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DISTRICT OF SOUTH CAROLINA

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S.C. SUPREME COURT



**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
COLUMBIA DIVISION**

SULLIVAN MANAGEMENT, LLC,
Plaintiff,

vs.

FIREMAN'S FUND INSURANCE COMPANY §
and ALLIANZ GLOBAL RISKS US §
INSURANCE COMPANY, §
Defendants. §

Civil Action No. 3:20-cv-2275-MGL

ORDER CERTIFYING QUESTIONS TO THE SUPREME COURT

I. INTRODUCTION

This is an insurance coverage case. Plaintiff Sullivan Management, LLC (Sullivan) seeks coverage under a commercial property insurance policy (the Policy) issued by Defendant Fireman's Fund Insurance Company (Fireman's Fund) for what Sullivan claims are losses related to the SARS-CoV-19 pandemic. This includes all variants and evolved lineage mutations of SARS-CoV-19.

A judicial interpretation of the Policy under South Carolina law is necessary to decide this issue. The Policy requires that Sullivan has suffered "direct physical loss or damage to property" as a prerequisite to coverage.

II. LEGAL STANDARD

Rule 244(a) of the South Carolina Appellate Court Rules states:

[t]he [South Carolina] Supreme Court in its discretion may answer questions of law certified to it by any federal court of the United States or the highest appellate court or an intermediate appellate court of any other state, when requested by the certifying court if there are involved in any proceeding before that court questions of law of this state which may be determinative of the cause then pending in the certifying court when it appears to the certifying court there is no controlling precedent in the decisions of the Supreme Court.

S.C. App. Ct. R. 244(a). The certification order must set forth: (1) “a statement showing fully the nature of the controversy in which the questions arose,” (2) “all findings of fact relevant to the questions certified,” and (3) “the questions of law to be answered[.]” S.C. App. Ct. R. 244(b).

III. NATURE OF THE CONTROVERSY

Sullivan filed a Complaint against Fireman’s Fund and Allianz Global Risks US Insurance Company (AGR US) in the South Carolina Court of Common Pleas, Richland County, as the first-named insured on the Policy. AGR US denies that it issued an insurance Policy to Sullivan. This dispute is irrelevant to the Certified Questions.

Sullivan seeks to recover business interruption benefits under the Policy, including under the Policy’s Business Income and Extra Expense Coverage part. Fireman’s Fund and AGR US (collectively, Defendants) removed the lawsuit to this Court in accordance with 28 U.S.C. §§ 1332 and 1441.

Defendants moved to dismiss Sullivan’s Complaint per Federal Rule 12(b)(6). Defendants argued, *inter alia*, that Sullivan failed to state a claim on which relief could be granted because, among other things, SARS-CoV-19 does not cause “direct physical loss or damage to property.” Sullivan

opposed the motion, arguing, among other things, that “direct physical loss” does not require structural damage or alteration to property, and dangerous particles can cause “physical loss.”

The Court issued an Order on June 16, 2021 (the “Order”) dismissing without prejudice Defendants’ Motion to Dismiss. The Court indicated in the Order it would certify questions to the South Carolina Supreme Court concerning interpretation of the Policy language.

IV. RELEVANT ALLEGATIONS AND POLICY PROVISIONS

The question presented to this Court is whether, assuming Sullivan’s allegations to be true, there is coverage for Sullivan’s claims under the subject Policy. Defendants, however, retain and do not waive their ability to challenge whether Sullivan’s allegations are “well-pleaded” and “non-conclusory.” Therefore, the Complaint and Policy are being transmitted herewith; and the allegations of the Complaint are accepted as true for purposes of this inquiry. Nonetheless, some of the allegations of the Complaint and some of the terms of the Policy, in addition to other undisputed facts, are called out or summarized below to provide better context for the Certified Questions.

1. Sullivan was insured by the Policy at the time it suffered damage from the SARS-CoV-19 pandemic.
2. Sullivan filed a claim under the Policy.
3. Fireman’s Fund denied Sullivan’s claim.
4. Sullivan’s Complaint alleges the following:
 - a. Sullivan owns, manages, and oversees the operation of nine (9) Carolina Ale House restaurant-bars where patrons gather to eat, drink, and view live-streamed sporting events.
 - b. Sullivan entered into a contract of insurance with the Defendants, which the Policy covered Sullivan’s entities, properties, and scheduled locations. The Policy has been continuously in full-force and effect since inception, providing first-party business income, extra expense, and additional coverages.
 - c. The spread of a severe acute respiratory syndrome of an unknown origin, SARS-CoV-19, sparked a series of international, national, state-wide, and local government orders in the January-March 2020 timeframe.

- d. SARS-CoV-19 is a highly transmissible, tangible particle. Following its arrival, the novel SARS-CoV-19 was identified, within the scientific community and by government agencies and authorities, as both a virus-containing airborne vapor and surface-adhering particle.
- e. On March 17, 2020, the Governor of the state of South Carolina issued Executive Order No. 2020-10, barring on-premises or dine-in consumption services at South Carolina restaurants. Local municipalities, like Charleston, Columbia, Greenville, etc., issued similar orders.
- f. Similarly, on March 21, 2020, the Mayor of Augusta, Georgia, prohibited gatherings of more than ten (10) people and ordered restaurants and business with on-premises consumption of alcoholic beverages to close their on-premises operations.
- g. Executive orders at all levels of government continued and are more thoroughly detailed in Sullivan's Complaint.
- h. SARS-CoV-19 allegedly contaminated the areas and property within and immediately surrounding Sullivan's properties, including the re-circulated air in the properties and surfaces, rendering them unsafe and unfit for their principal purpose.
- i. Sullivan and all named insureds listed within the Policy claim damages related to the arrival and contamination of SARS-CoV-19 and closure orders; specifically: business interruption, extra expense, employee training losses, goodwill losses, consumables and inventory damage and loss, costs for chemical cleanings, increased cleaning and sanitation costs, event cancellation costs, and other damages.
- j. Sullivan's insured restaurant locations were subject to government orders. The orders prohibited on-premises dining, gathering, and patronage at Sullivan's restaurants. It permitted Sullivan's kitchen areas to remain open only for take-out orders.

Sullivan has suffered damages including, but not limited to, business interruption, extra expense, employee training loss, goodwill losses from inability to operate its restaurants, consumables and inventory damage and loss, costs for cleanings of production lines and equipment to remove contaminants, increased cleaning and sanitation costs, and event cancellation costs including marketing and planning losses.

- 5. The Policy's Property Coverage part provides coverage for "direct physical loss or damage to property" caused by, or resulting from, a **"covered cause of loss."** The Policy defines a **"[c]overed cause of loss"** as "risks of direct physical loss or damage not excluded or limited in this Coverage Form."
 - a. The Policy does not define "direct physical loss or damage."

6. The Business Income and Extra Expense Coverage part of the Policy states:

we will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension** of your **operations** during the **period of restoration** arising from direct physical loss or damage to property at a location, or within 1,000 feet of such location, caused by or resulting from a **covered cause of loss**.

- a. The Policy defines **suspension** as “the slowdown or cessation of your operations, or that a part or all of the described premises is rendered untenable.”

(1) The Policy does not define “untenable.”

- b. The Policy defines “**operations**” as “the usual and customary business activities in the conduct of your business occurring at the **location**, including the tenability of the **premises**.”

- c. The Policy defines “**period of restoration**” as:

the period of time that begins immediately after the time of direct physical loss or damage caused by or resulting from a **covered cause of loss** to property at the **location** and ends on the earlier of:

(1) The date when such property at the **location** should be repaired, rebuilt, or replaced with reasonable speed and like kind and quality; or

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

- d. The Policy defines “**extra expense**” as:

the necessary expenses you incur during the **period of restoration**, over and above the expenses you would have normally incurred had there been no covered loss, in order to:

a. Avoid or minimize the **suspension** of business and to continue **operations** at the location or at replacement or temporary locations, including relocation expenses and costs to equip and operate such replacement or temporary locations;

b. Minimize the **suspension** of business if you cannot continue operations; or

c. Repair or replace covered property, but only to the extent it reduces the amount of loss that otherwise would have been payable under Business Income and Extra Expense Coverage.

7. The Policy and Coverage Form contain extensions of coverage including, *inter alia*:
- a. Loss Avoidance or Mitigation expenses for “the necessary expense that you incur to protect, avoid, or significantly mitigate potential covered loss or damage that is actually and imminently threatening **Property Insured**”;
 - b. Business Access Coverage:
 - a. We will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension** of **operations** at a **location** if access to such **location** is impaired or obstructed. Such impairment or obstruction must:
 - (1) Arise from direct physical loss or damage to property other than at such **location**; and
 - (2) Be caused by or result from a **covered cause of loss**; and
 - (3) Occur within the number of miles stated in the Declarations from such **location**.
 - b. We will not pay under Business Access Coverage for **business income** loss or **extra expense** incurred caused by or resulting from action of civil authority or military authority.
 - c. [Limits of Coverage]
 - c. Civil Authority Coverage:
 - a. We will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension** of your **operations** caused by action of civil authority that prohibits access to a **location**. Such prohibition of access to such **location** by a civil authority must:
 - (1) Arise from direct physical loss or damage to property other than at such **location**; and
 - (2) Be caused by or result from a **covered cause of loss**; and
 - (3) Occur within the number of miles stated in the Declarations from such **location**.
 - b. [Limits of Coverage]
 - c. Actions of civil authority do not include actions of military authority; and

- (1) “Access” is not a defined term in the Policy.
 - d. Other coverage extensions, such as Communicable Disease Coverage, Dependent Property Coverage, and Ordinance or Law Coverage.
8. The Policy’s Communicable Disease Coverage extension provides a non-exhaustive list of damage resulting from a **Communicable Disease Event** for which the extension would provide coverage:
- 1. Communicable Disease Coverage:
 - a. (1) We will pay for direct physical loss or damage to **Property Insured** caused by or resulting from a covered **communicable disease event** at a location including the following necessary costs incurred to:
 - (a) Tear out and replace any part of **Property Insured** in order to gain access to the **communicable disease**;
 - (b) Repair or rebuild **Property Insured** which has been damaged or destroyed by the **communicable disease**; and
 - (c) Mitigate, contain, remediate, treat, clean, detoxify, disinfect, neutralize, cleanup, remove, dispose of, test for, monitor, and assess the effects the **communicable disease**.

The Policy defines **communicable disease** as “any disease, bacteria, or virus that may be transferred directly or indirectly from human or animal to a human.”

Communicable disease event means an event in which a **public health** authority has ordered that a location be evacuated, decontaminated, or disinfected due to the outbreak of a **communicable disease** at such location.

Public health authority means the governmental authority having jurisdiction over your **operations** relative to health and hygiene standards necessary for the protection of the public.

9. The Policy contains an Exclusion titled “Mortality and Disease” that excludes from all coverages “direct physical loss, damage, or expense caused by or resulting from . . . Mortality, death by natural causes, disease, sickness, any condition of health, bacteria, or virus.”
10. The Policy is subject to a Business Income (and Extra Expense) limit of \$12,715,000.
11. Defendants assert that neither SARS CoV-19 nor government orders cause physical loss or damage to property and that, even if there were coverage, the Policy’s virus exclusion bars any recovery.

V. CERTIFIED QUESTIONS OF LAW

This Court has concluded that neither this Court nor the Parties have found any controlling precedent in the decisions of the South Carolina Supreme Court on the proper legal definition of certain terms in the subject Policy and the questions presented by this case.

Accordingly, the Court respectfully requests the South Carolina Supreme Court address the following Certified Questions:

1. Does the presence of COVID-19 in or near Sullivan’s properties, and/or related governmental orders, which allegedly hinder or destroy the fitness, habitability, or functionality of property, constitute “direct physical loss or damage” or does “direct physical loss or damage” require some permanent dispossession of the property or physical alteration to the property?
 - a. Do other policy terms, *e.g.*, those in the Communicable Disease Coverage Extension, evidence that COVID-19 can constitute “direct physical loss or damage”?
 - b. Is the phrase “direct physical loss or damage to property” ambiguous?
2. Do the Policy’s Business Access and/or Civil Authority coverage require a complete prohibition of all access to Sullivan’s properties?
3. Has there been a “communicable disease event” as that term is used in the Communicable Disease Coverage Extension?
4. Does Sullivan’s alleged expenditures to mitigate COVID-19 qualify for Loss Avoidance or Mitigation Coverage?
5. Does the Mortality and Disease Exclusion bar all coverage or is it ambiguous and/or is it in conflict with the Communicable Disease Coverage Extension?

VI. CONCLUSION

In light of the lack of controlling precedent concerning the proper interpretation of the phrase “direct physical loss or damage to property” and other policy terms and coverage under South Carolina law in the context presented here, the Court **CERTIFIES** the questions above to the South Carolina Supreme Court.

The Clerk shall forward a copy of this order to the South Carolina Supreme Court under this Court’s official seal, together with the Complaint, the Policy, and copies of any portions of the record requested by the South Carolina Supreme Court.

IT IS SO ORDERED.

Signed this 19th day of October, 2021 in Columbia, South Carolina.

s/ Mary Geiger Lewis
MARY GEIGER LEWIS
UNITED STATES DISTRICT JUDGE



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OCT 21 2021
S.C. SUPREME COURT

STATE OF SOUTH CAROLINA	)	IN THE COURT OF COMMON PLEAS
	)	FOR THE FIFTH JUDICIAL CIRCUIT
COUNTY OF RICHLAND	)	CASE NO. 2020-CP-40-_____
	)	
SULLIVAN MANAGEMENT, LLC,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	COMPLAINT
	)	
FIREMAN’S FUND INSURANCE COMPANY,	)	(Jury Trial Demanded)
AND ALLIANZ GLOBAL RISKS US	)	
INSURANCE COMPANY,	)	
	)	
Defendants.	)	

COMES NOW Plaintiff Sullivan Management, LLC (hereinafter “Plaintiff” or “Sullivan”),
by and through its undersigned counsel and alleges as follows against the Defendants:

1. This is an insurance breach of contract and bad faith case brought by a Carolina hospitality management group to rectify the wrongful denial of coverage for losses, including business income loss and extra expense loss, resulting from the 2019 Novel Coronavirus at nine Carolina Ale House restaurants and related properties under an “all risks” insurance policy issued by Defendants.

PARTIES

2. Plaintiff is a limited liability company organized and existing under the laws of the State of North Carolina with its principal place of business at 710 Lady Street, Suite 100, Richland County, Columbia, South Carolina.

3. Plaintiff manages and oversees the operations of nine (9) Carolina Ale House (“CAH”) restaurants and their landlord ownership entities, primarily in South Carolina.

4. Plaintiff is the first named insured on the insurance policy at issue; the entities that own each of these CAH real estate locations and restaurants are also named insureds on the

insurance policy at issue. A copy of the Named Insured Schedule is appended hereto and incorporated by reference.

5. Defendant Fireman's Fund Insurance Company ("Fireman's Fund") is an insurance company organized and existing under the laws of the State of California with its principal place of business at 225 W. Washington Street, Suite 1800, Chicago, Illinois 60606, that is authorized and doing business in the State of South Carolina.

6. Defendant Allianz Global Risks US Insurance Company ("Allianz Global Risks") is an insurance company organized and existing under the laws of the State of Illinois with its principal place of business at 225 W. Washington Street, Suite 1800, Chicago, Illinois 60606, that is authorized and doing business in the State of South Carolina.

7. The insurance companies defined above are hereinafter collectively referred to as "Insurers".

8. This suit arises out of insurance business purposefully and continuously conducted by the Insurers with Plaintiff in the State of South Carolina.

JURISDICTION & VENUE

9. Venue is proper in this Court because the most substantial part of the acts and/or omissions complained of took place within the venue of this Court. Pursuant to South Carolina Code § 15-7-70 venue is also proper in this Court because Defendants are insurance companies doing business in this State and the losses occurred primarily within South Carolina counties, including in Richland County.

10. In addition to Plaintiff's breach of contract and bad faith causes of action, Plaintiff alternatively and additionally alleges and seeks declaratory relief pursuant to the South Carolina Code §§ 15-53-10, *et seq.* and South Carolina Rule of Civil Procedure 57. In accordance with

South Carolina Code § 15-53-80, all of the parties herein are proper parties to this action in that each has or claims an interest that would be affected by the requested declarations.

11. This Court has jurisdiction over the Defendants in this action as Fireman's Fund and Allianz Global Risks are (a) transacting business in South Carolina; (b) contracting to insure, person, property or risk located within South Carolina at the time of contracting; and (c) making contracts substantially connected with South Carolina. In addition, Fireman's Fund and Allianz Global Risks exercise substantial, systematic, and continuous contacts with South Carolina by doing business in South Carolina, serving insureds in South Carolina, and seeking additional business in South Carolina.

12. This Court has subject matter jurisdiction over the matters alleged in this action.

FACTUAL BACKGROUND

13. Insurers entered into a contract of insurance with Plaintiff Sullivan Management, LLC.

14. Both Insurers are part of the Allianz group of companies; both Insurers' names and logos appear on various portions of the policies and claims material, and the Insurers appear to have jointly issued the subject policy and adjusted the claim addressed herein.

15. Plaintiff agreed to pay significant premiums in exchange for Insurers' promises to indemnify losses, including, but not limited to, business income and extra expense losses at many locations, including CAH restaurants located in Greenville¹, Columbia², Summerville³,

¹ 113 S Main Street, Greenville County, Greenville, SC 29601 and 1115 Woodruff Road, Greenville County, Greenville, SC 29607.

² 277 Columbiana Drive, Lexington County, Columbia SC 29212 and 708 Lady Street, Richland County, Columbia, SC 29201.

³ 191 Sigma Drive, Berkeley County, Summerville, SC 29483.

Charleston⁴, Myrtle Beach⁵, and Fort Mill, South Carolina⁶ and in Augusta, Georgia⁷. The scheduled locations on the subject policy are identified on the Named Insured Schedule page and incorporated by reference.

16. The CAH restaurants are generally open 365 days a year for the majority of the day, evening, and night and generally have the capacity to hold hundreds of guests.

17. The insured entities, properties, and scheduled locations are covered under policy number [REDACTED] 8190, which is in place for the December 15, 2019, to December 15, 2020 policy period (the "Policy").

18. Plaintiff has fulfilled all of its responsibilities under the insurance contract, dutifully paying hundreds of thousands of dollars in premiums to Insurers over the years, promptly reporting claims, and providing all requested information.

19. Plaintiff paid these premiums on its own behalf and on behalf of each named insured on the Policy.

20. The Policy has been continuously in full force and effect since inception, providing first-party business income, extra expense, and additional coverages.

21. Insurers promised under the Policy to pay for

actual loss of **business income** and necessary **extra expense** [that named insureds] sustain due to the necessary **suspension** of [insureds'] **operations** during the **period of restoration** arising from direct physical loss or damage to property at a **location**, or within 1,000 feet of such **location**, caused by or resulting from a **covered cause of loss**.

22. Under the Policy, the insurance is also extended to apply to, *inter alia*, the actual loss of business income and necessary extra expense sustained when access to the scheduled

⁴ 145 Calhoun Street, Charleston County, Charleston, SC 29401.

⁵ 2915 Hollywood Drive, Horry County, Myrtle Beach, SC 29577.

⁶ 1342 Broadcloth Street, York County, Fort Mill, SC 29715.

⁷ 203 Robert C Daniel Jr Parkway, Richmond County, Augusta, GA 30909.

locations is prohibited by a civil authority as the result of a covered cause of loss to property in the immediate area of Plaintiff's scheduled locations.

23. The Policy also specifically extends coverage to direct physical loss or damage caused by virus.

24. The Policy is an all risks policy, insofar as it provides that a covered cause of loss means direct physical loss or damage unless the loss is specifically excluded or limited in the Policy.

25. The Policy is subject to a Business Income (and Extra Expense) limit of \$12,715,000.

26. Plaintiff, as first named insured under this policy, brings this action on behalf of all named insureds under the Policy.

(COVID-19 Disease Outbreak)

27. A pneumonia of unknown origin was first reported to the World Health Organization ("WHO") on December 31, 2019. China provided the genetic sequence for what has become known as the 2019 Novel Coronavirus (2019-nCoV) on or about January 12, 2020. The WHO recognized on January 25, 2020, that the 2019 Novel Coronavirus is a "global threat to human health..." On January 30, 2020, the Director of the WHO declared the 2019 Novel Coronavirus "outbreak a Public Health Emergency of International Concern." The disease caused by the 2019 Novel Coronavirus was identified as "COVID-19" on February 11, 2020. On March 11, 2020, the WHO characterized COVID-19 as a pandemic. The WHO saw "alarming levels of spread and severity, and by the alarming levels of inaction." WHO representatives stated

Pandemic is not a word to use lightly or carelessly . . . *We have never before seen a pandemic sparked by a coronavirus.* This is the first pandemic caused by a coronavirus. And we have never before seen a pandemic that can be controlled, at the same time.

(emphasis added). The pandemic spread from China to surrounding countries and then to Italy, Iran, Spain and across the globe. The Center for Disease Control (“CDC”) has stated

[A] pandemic is a global outbreak of disease. Pandemics happen when a new virus emerges to infect people and can spread between people sustainably. Because there is little to no pre-existing immunity against the new virus, it spreads worldwide.

(Presidential Proclamations)

28. On January 31, 2020, President Trump signed the Presidential Proclamation on Suspension of Entry as Immigrants and Nonimmigrants of Persons who Pose a Risk of Transmitting 2019 Novel Coronavirus (the First Proclamation), suspending the entry of all aliens (i.e., non-citizens) who were physically present within the People’s Republic of China (excluding the Special Administrative Regions of Hong Kong and Macau) during the 14-day period preceding their attempted entry into the United States. On February 29, 2020, President Trump signed the Presidential Proclamation on the Suspension of Entry as Immigrants and Nonimmigrants of Certain Additional Persons Who Pose a Risk of Transmitting Coronavirus (the Second Proclamation), suspending the entry of all aliens who were physically present within the Islamic Republic of Iran during the 14-day period preceding their attempted entry into the United States. On March 11, 2020, President Trump signed the Presidential Proclamation on Suspension of Entry as Immigrants and Nonimmigrants of Certain Additional Persons Who Pose a Risk of Transmitting 2019 Novel Coronavirus (the Third Proclamation), resulting in a travel ban and of the entry of all aliens who were physically present in any of the 26 European countries that make up the Schengen Area during the 14-day period preceding their attempted entry into the United States. The Schengen Area included: Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, and Switzerland.

(Emergency Declarations)

29. On March 13, 2020, South Carolina Governor Henry McMaster determined that COVID-19 posed an actual or imminent public health *emergency for the State of South Carolina* in Executive Order No. 2020-08, and consequently (a) declared that a State of Emergency exists in South Carolina; (b) directed the South Carolina Department of Health and Environmental Control (“DHEC”) to use “every available means to prevent the transmission of infectious disease and to ensure that all cases of infectious disease are subject to proper control and treatment”; and (c) ordered, *inter alia*, the closure of public schools and state-supported colleges and universities in Kershaw and Lancaster counties, the first of many activity and gathering restrictions. In this and subsequent orders, the Governor noted the potential necessity of further proclamations, orders, and directives “to ensure the fullest possible *protection of* life and *property* during this State of Emergency” (emphasis added).

30. Also on March 13, 2020, the President of the United States declared that the COVID-19 pandemic in the United States constitutes a national emergency, pursuant to Sections 201 and 301 of the National Emergencies Act, 50 U.S.C. §§ 1601, *et seq.*, and consistent with Section 1135 of the Social Security Act, as amended (42 U.S.C. § 1320b-5), which began on March 1, 2020. The President further declared that the ongoing COVID-19 outbreak is a pandemic of sufficient severity and magnitude to warrant an emergency declaration for all states, tribes, territories, and the District of Columbia, pursuant to Section 501(b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. §§ 5121–5207 (“Stafford Act”).

(Fourth Presidential Proclamation)

31. On March 14, 2020, President Trump signed the Proclamation on the Suspension of Entry as Immigrants and Nonimmigrants of Certain Additional Persons Who Pose a Risk of

Transmitting Coronavirus (the Fourth Proclamation), further suspending the entry of all aliens who were physically present in the United Kingdom (excluding overseas territories outside of Europe) or the Republic of Ireland during the 14-day period preceding their attempted entry into the United States.

(South Carolina Gathering Restrictions)

32. On March 15, 2020, Governor McMaster extended public school closures to all counties in the State of South Carolina and urged that indoor and outdoor public gatherings be cancelled, postponed, or rescheduled, to the extent possible, or limited so as not to exceed one hundred (100) people. The Order notes that the Governor is authorized to order or direct “any person or group of persons to refrain from doing any act or thing which would, in his opinion, *endanger* life, limb or *property*” while a state of emergency has been declared (emphasis added). See SC Executive Order No. 2020-09.

33. As of March 15, 2020, there were 28 known, positive cases of COVID-19 in the State of South Carolina with an additional seven cases being monitored by DHEC. See City of Charleston Emergency Ordinance No. 2020-039(a).

(National Guidelines)

34. On March 16, 2020, the President of the United States and the White House Coronavirus Task Force issued new guidance, titled “The President’s Coronavirus Guidelines for America: 15 Days to Slow the Spread of Coronavirus (COVID-19)”, to help protect Americans during the global COVID-19 outbreak. The President’s Guidelines recommended, *inter alia*, that the American people “[a]void social gatherings in groups of more than 10 people” and “[a]void eating or drinking at bars, restaurants, and food courts—use drive-thru, pickup, or delivery options” (emphasis added).

(State and Local Mandates)

35. On March 16, 2020, the City of Charleston, South Carolina *required that bars, restaurants*, and public indoor establishments *not permit gatherings of 50 or more people* at their locations, under Emergency Ordinance No. 2020-039.

36. On March 17, 2020, Governor McMaster issued Executive Order No. 2020-10, *barring on-premises or dine-in consumption services at South Carolina restaurants* and food-service establishments that prepare, produce, or sell food or beverages of any kind. The Order further *prohibited* any organized events or *public gatherings of fifty (50) or more people* in a single room, area, or other confined indoor or outdoor space (emphasis added).⁸

37. On March 19, 2020, the City of Charleston issued Emergency Ordinance No. 2020-039(a), *ordering “bars and restaurants* which prepare, produce, or otherwise offer or sell food or beverages of any kind for on-premises consumption in the City” *to “suspend services for on-premises or dine-in consumption*, either indoors and outdoors” effective immediately (emphasis added). In addition, the Ordinance *ordered all public gatherings not to exceed 10 people*, except for medical facilities, pharmacies, grocery stores, and City government day to day operations. Violation of the Ordinance carried a fine of up to \$500, 30 days in jail or both.

38. As of March 19, 2020, there were 60 known, positive cases of COVID-19 in South Carolina. *See* City of Charleston Emergency Ordinance No. 2020-039(a).

39. On March 21, 2020, the Mayor of Augusta, Georgia *prohibited gatherings of more than 10 people* in the City and *ordered restaurants* and businesses with on-premises consumption

⁸ The lone CAH location in Augusta, Georgia, was subject to the same dine-in service mandate issued by the Augusta Mayor Hardie Davis on the previous day. *See* Executive Order No. 2020-003.

of alcoholic beverages *to close their on-premises operations*, amid a number of other closures. Executive Order No. 2020-05.

40. On March 23, 2020, Governor McMaster authorized law enforcement officers to disperse any group of 3 or more people that could pose a public health threat. *See* SC Executive Order No. 2020-13. On the same date, the City of Columbia issued Ordinance No. 2020-034, *closing dine in services and on premises consumption of food and beverages of restaurants and bars, prohibiting gatherings of 10 or more people, and requiring individuals to stay at home* except for those working at or conducting business that was deemed “essential”. City of Columbia Emergency Ordinance No. 2020-034.

(Continued Spread)

41. As of March 23, 2020, the total number of cases in the United States was well over 46,000 cases with at least 298 cases in the State of South Carolina, 31 cases in Charleston County with one death, 45 cases in Richland County, and 19 cases in Lexington County with one death. *See* City of Charleston Emergency Ordinance on Stay at Home No. 2020-042; City of Columbia Emergency Ordinance No. 2020-034.

42. COVID-19 was aggressively spreading across the State of South Carolina with DHEC confirming the localized person-to-person spread of COVID-19 in the State as of March 24, 2020. *See id.*

43. On March 24, 2020, the World Health Organization indicated that the United States had the potential to become the center of the COVID-19 pandemic. Also, on March 24, 2020, the City of Charleston ordered individuals to shelter at their residence. Only essential businesses were allowed to continue to operate. The Ordinance stated that “[p]ursuant to CDC guidelines, *social gatherings of 10 or more people*, for any reason other than working at or receiving essential

services, is *prohibited*⁹ and that “*dine in or on premises consumption of food or beverages* whether indoors or outdoors,” *at bars and restaurants* is *prohibited* (emphasis added). City of Charleston Emergency Ordinance on Stay at Home, No. 2020-042.

(Major Disaster Declared)

44. On March 24, 2020, Governor McMaster requested that the President of the United States declare that a major disaster exists in the State of South Carolina pursuant to Section 401 of the Stafford Act.

45. Three days later, the President of the United States granted Governor McMaster’s aforementioned request and declared that a major disaster exists in the State of South Carolina and ordered federal assistance to supplement state, tribal, and local recovery efforts in the areas affected by the COVID-19 pandemic, with an effective date retroactive to January 20, 2020, and continuing.⁹

(Extended and Expanded Directives)

46. On March 28, 2020, Governor McMaster declared that “a *separate and distinct emergency exists in part due to the actual and ongoing impacts* associated” with “the evolving nature and scope of the public health threat or other risks posed by COVID-19”. The Order acknowledged that *COVID-19 involves an “actual and widespread ‘occurrence’* . . . with confirmed cases of COVID-19 in over eighty-five percent (85%) of South Carolina’s forty-six (46) counties” (emphasis added). See SC Executive Order No. 2020-15. The next day, the President of the United States expanded and extended the provisions of his Coronavirus Guidelines for America based on the ongoing nature and evolving scope of the global COVID-19 pandemic.

⁹ As of April 11, 2020, all 50 states as well as the U.S. Virgin Islands, the Northern Mariana Islands, Washington, D.C., Guam and Puerto Rico have received a federal disaster declaration as a result of the pandemic. American Samoa is the only U.S. territory that is not under a major disaster declaration.

47. As of March 31, 2020, the total number of cases in the United States was well over 189,500 cases with at least 1,083 cases in the State of South Carolina and 142 cases in Charleston County with one death. *See* City of Charleston Ordinance No. 2020-048.

48. On March 31, 2020, Governor McMaster ordered the *closure of businesses, venues, facilities, services, and activities deemed “non-essential”*, including spectator sports, among entire categories of gathering spaces and athletic and recreational activities. *See* SC Executive Order No. 2020-17. One day later, the City of Charleston followed suit, expressly acknowledging Governor McMaster’s Executive Order and expanding the restrictions to include *a prohibition on social gatherings of 10 or more people* for any reason other than providing or receiving essential services. The Ordinance further noted that on premises consumption of food or beverages at bars and restaurants shall be prohibited. *See* City of Charleston Ordinance No. 2020-048.

49. On April 3, 2020, Governor McMaster barred short-term and vacation rental establishments from accepting new reservations for individuals residing in or travelling from any country, state, municipality, or other geographic area subject to or identified in a CDC travel advisory or other CDC notice as a location with extensive community transmission of COVID-19, to include the Tri-State Area (consisting of the States of New York, New Jersey, and Connecticut). *See* SC Executive Order No. 2020-19.

50. On April 6, 2020, Governor McMaster instituted a *statewide stay-at-home order*.¹⁰

It states, *inter alia*, that:

[I]t is axiomatic that the health, welfare, and *safety of the* lives and *property* of the people are beyond questions matters of public concern;

.....

¹⁰ South Carolina’s three largest cities — Charleston, Columbia, and Greenville — had previously issued stay-at-home orders. *See* City of Columbia Ordinance No. 2020-034; City of Charleston Ordinance No. 2020-048; City of Greenville Ordinance No. 2020-036.

[A]s of April 6, 2020, public health officials have reported over 2,000 cases of COVID-19 in the State of South Carolina;

.....

B. I [Governor McMaster] hereby order and direct that....any and all ***residents and visitors*** of the State of South Carolina are required to limit social interaction, practice social distancing in accordance with CDC guidance, and take every possible precaution to avoid potential exposure to, and to slow the spread of, COVID-19, and ***shall limit their movements outside of their home, place of residence, or current place of abode*** (collectively, Residence), except as allowed by this Order, for purposes of engaging in Essential Business, Essential Activities, or Critical Infrastructure Operations, as set forth below and as such terms are further defined herein.

.....

L. ... [T]he foregoing definitions do not repeal, by implication or otherwise, the terms and provisions of Executive Order No. 2020-10, as extended by Executive Order No. 2020-15, which directed, *inter alia*, that ***any and all restaurants*** or other food-service establishments (collectively, Restaurants), as defined and set forth therein, that prepare, produce, or otherwise offer or sell food or beverages of any kind for on-premises consumption in the State of South Carolina, ***shall suspend services for, and may not permit, on-premises or dine-in consumption.***

SC Executive Order No. 2020-21 (internal citations omitted) (emphasis added). Six days later, Governor McMaster instituted South Carolina's third State of Emergency, noting that COVID-19 cases have been identified and reported in each of South Carolina's forty-six (46) counties. *See* SC Executive Order No. 2020-23.

51. On Monday, April 20, 2020, Governor McMaster allowed certain non-essential businesses to operate provided they limit their occupancy to 5 customers per 1,000 square feet or 20% of posted occupancy limits, whichever number is lower. However, South Carolina restaurants and bars remained barred from permitting any kind of on-premises consumption of food or beverages. *See* SC Executive Order No. 2020-28.

52. On April 29, 2020, Governor McMaster's orders barring restaurants and bars from providing dine-in or on-premises services and forbidding restaurants and bars from permitting any

food or beverage consumption at their locations remained in full force and effect. *See* SC Executive Order No. 2020-29.

53. As of May 8, 2020, there are approximately 1.2 million (1,200,000) confirmed cases of COVID-19 in the United States and 70,000 deaths. While South Carolina has 7,142 confirmed cases with 316 deaths, the actual number of total cases in South Carolina is estimated at 49,181.

54. As a direct and proximate result of the foregoing events, Plaintiff and each named insured, has incurred, and continues to incur a substantial loss of business income and additional expenses, and other damages covered under the Policy.

55. As a further direct and proximate result, Plaintiff has been forced to furlough hundreds of employees.

56. The scientific community, and those personally affected by the virus, recognize COVID-19 as a cause of real and direct physical loss and damage.

57. China, Italy, France, and Spain have implemented the cleaning and fumigating of public areas prior to allowing them to re-open publicly due to the intrusion of microbials.

58. Reports by the CDC indicate that the COVID-19 strains physically infect and can stay alive on surfaces for at least 17 days, a characteristic that renders property exposed to the contagion unsafe and dangerous. Other research indicates that the deadly virus physically infects and stays on surfaces of objects or materials, “fomites”, for up to twenty-eight days.

59. Recirculated air in restaurants has been documented to exacerbate spread, from an asymptomatic diner to others seated throughout the restaurant, over the course of just over one hour, by one or more nationally recognized health experts in the United States, based in part upon an investigation into the original Chinese propagation of the virus.

60. Additional research has documented that the prevalence of contaminating surfaces and resulting illnesses began before anyone ever knew it, preceding the first known cases by at least a month or so.

61. In the final days and weeks immediately prior to the national and international imposition of emergency measures, hundreds of customers patronized each CAH restaurant location, resulting in thousands of potential exposures.

62. More likely than not, surface contaminations occurred at CAH restaurants on or about March 11, 2020, though it may not have been known for days or weeks or until a lawsuit was brought by an employee or guest. Consequently, closure of dining rooms may have been necessary regardless of any ensuing government orders.

63. Moreover, all restaurant dining room closures were, and continue to be, necessary for insureds to mitigate their potential contamination, exposures, and losses.

64. The continuous presence of coronavirus in, on, and/or within the immediate area of Plaintiff's restaurants has rendered the premises unsafe and unfit for their intended use and therefore caused physical property damage or loss under the Policy.

65. The foregoing resulted in direct physical loss or damage to property at the named insureds' scheduled locations and/or within 1,000 feet and/or within one mile, resulting in coverage under the Policy.

66. Plaintiff and all named insureds have suffered similar orders, restrictions, city wide contamination, and closures; and all have suffered business interruption, extra expense, employee training losses, goodwill losses from inability to operate their restaurants, consumables and inventory damage and loss, costs for chemical cleanings of production lines and equipment to remove contaminants, increased cleaning and sanitization costs, event cancellation costs including marketing and planning losses, and other covered damages.

(Insurance Claim)

67. In early March 2020, Sullivan inquired of the agent that sold the Insurers' insurance contract, Gallagher, about available coverages in the Policy.

68. On March 17, 2020, Sullivan informed Gallagher of the government-ordered closure of dining rooms to patrons and inquired about the communicable disease coverage or any other coverage for the COVID-19 business interruption losses all of the named insureds were experiencing. Gallagher responded that the Policy's only potential coverage was under the communicable disease coverage part and would be limited to \$250,000; no other coverages would assist.

69. Promptly thereafter, Sullivan filed a claim under the Policy for, *inter alia*, business income loss and inventory loss, for the named insureds.

70. On March 23, 2020, an adjuster for Insurers acknowledged receipt of Sullivan's insurance claim for business interruption losses. The next day, Gallagher informed Sullivan that Insurers were engaging Sedgwick to assist with the investigation of Sullivan's claim.

71. On March 30, 2020, an adjuster from Sedgwick requested additional information from Sullivan, which Sullivan provided the same afternoon. On April 8, 2020, Sedgwick confirmed that it required no additional information from Sullivan.

72. On April 15, 2020, Sullivan emailed Insurers and Sedgwick to inquire about the status of its claim. Two days later, Insurers responded that their initial review indicated that there would not appear to be any coverage for Sullivan's claim. Insurers explained that this was not their final coverage position; an "evaluation of the facts of the loss at each location as they relate to the coverage forms" was purportedly under way.

73. On April 22, 2020, Sedgwick informed Sullivan that its claim under the Policy remained “open pending review and evaluation of your claim by your insurance company”.

74. On April 28, 2020, Sullivan received a letter from Insurers, indicating their purported investigation and coverage analysis was complete and Insurers’ conclusion was that there was no coverage for one penny of the named insureds’ losses under the Policy (“Denial Letter”).

75. Both Insurers and Sedgwick have refused to share their coverage investigation report with their insureds.

76. The Policy covers, *inter alia*, the named insureds’ losses, damage, and extra expense resulting from the virus pandemic, closures, and the like, including the business income and inventory losses named insureds suffered (and continue to suffer) from the mandated closures and stay at home orders in South Carolina and Georgia, as the Coronavirus has caused physical loss or damage to property at the scheduled locations or within the immediate area of Plaintiff’s locations, in accordance with the Policy’s coverage provisions.

77. Because the virus is physically impacting public and private property, including lease and business operations, and physical spaces in cities around the world and the United States, any effort by the Insurers to deny the reality that the virus causes physical loss and damage would constitute a false and potentially fraudulent misrepresentation that could endanger policyholders and the public.

FOR A FIRST CAUSE OF ACTION
BREACH OF CONTRACT
(against all Defendants)

78. Plaintiff incorporates each and every allegation set forth in this Complaint as if fully set forth in this section.

79. The Policy is a valid and binding indemnity contract between Insurers and Sullivan and each named insured.

80. Sullivan and each insured on the Policy has satisfied and performed all applicable terms and conditions of the Policy and fulfilled their obligations under the Policy.

81. Insurers failed to honor their duties and obligations under the Policy with their named insureds, and to negotiate the claim and compensate the named insureds for their covered losses. These failures constitute a breach of contract.

82. Moreover, Sullivan reasonably expected when it purchased the Policy from Insurers that this insurance contract included coverage for all business interruption and extra expense losses except possibly extraordinary events, *e.g.*, acts of war, that are obviously, overtly, and expressly excluded or limited in the Policy.

83. As Insurers have failed to define physical damage to property, the most favorable interpretation to the insured must be adopted.

84. Physical damage as used in the insurance industry commonly includes loss of use of undamaged, tangible property.

85. Moreover, there is a conflict and ambiguity in the Policy with regards to it providing all risks coverage, on the one hand, and the indecipherable and undefined loss provisions, on the other. Insurers breached their duties to their insureds and their contract of insurance by interpreting the Policy in a manner favorable to themselves instead of the insureds, who did not draft the Policy. As a result, South Carolina law and public policy requires the Policy be construed in favor of coverage.

86. The foregoing breaches of contract by Insurers proximately damaged the named insureds, therefore, Sullivan, individually and on behalf of the named insureds, is entitled to an award of actual, consequential, and punitive damages, together with an award of attorney's fees.

FOR A SECOND CAUSE OF ACTION
TORT OF BAD FAITH/ BREACH OF DUTY OF GOOD FAITH
(against all Defendants)

87. Plaintiff incorporates each and every allegation set forth in this Complaint as if fully set forth in this section.

88. The Policy includes an implied covenant of good faith and fair dealing.

89. Insurers owed a duty to fully and properly investigate the claims and indemnify their insureds for claims covered under the Policy.

90. Insurers owed a duty of good faith and fair dealing not only in the payment of the insureds' claims arising out of the insurance contract but also in the manner in which it adjusted and processed the claim.

91. Insurers materially breached the above described duties owed to Sullivan and each insured on the Policy, *to wit*, by: (a) wrongfully and/or unreasonably denying coverage; (b) failing to perform any meaningful investigation; (c) engaging in a one-sided and self-serving interpretation of the Policy; (d) misrepresenting Policy provisions; (e) engaging in a pre-textual "adjustment" of Sullivan's claim, looking for ways to avoid coverage rather than first trying to find coverage; (f) causing delay and/or loss of receipt of the Policy benefits; and (g) otherwise failing to act in the insureds' best interests.

92. Insurers' bad faith is exemplified by their Denial Letter, wherein Insurers denied any Policy coverage exists for Sullivan's claim, prior to inquiring as to, *e.g.*, any events planned and cancelled; as to the consumables lost; as to the increased sanitization costs, among a host of other

damages suffered by the named insureds. Instead, Insurers attempted to shift their duty to investigate to the insureds in the Denial Letter.

93. Insurers' refusal to properly investigate Sullivan's claim and indemnify their insureds for covered losses constitutes bad faith conduct which proximately damaged the insureds.

94. Insurers knew or should have known of the grievous damages and extraordinary harm that would be caused by breach of their duty of good faith and their wrongful denial of coverage.

95. Sullivan is entitled to actual and compensatory damages for, *inter alia*, Insurers' bad faith conduct. As Insurers' breach of duty of good faith was reckless, malicious, and/or grossly negligent, Sullivan is also entitled to an award of punitive damages.

FOR A THIRD CAUSE OF ACTION
DECLARATORY RELIEF
(against all Defendants)

96. Plaintiff incorporates each and every allegation set forth in this Complaint as if fully set forth in this section.

97. In the alternative, a declaratory judgment determining that there is coverage provided under the Policy will prevent Plaintiff from being left without vital coverage acquired to ensure the survival of its businesses due to the shutdown caused by the virus' presence and the civil authorities' necessary response.

98. Under the Uniform Declaratory Judgments Act, this Court may declare rights, status, and other legal relations whether or not further relief is or could be claimed. S.C. Code Ann. §§ 15-53-10 *et seq.*

99. An actual, present, and justiciable controversy has arisen between the parties to the insurance contract at issue.

100. Sullivan seeks a determination from the Court finding that coverage under the Policy is available for it and each insureds' losses incurred in connection with the above business interruption.

WHEREFORE, Plaintiff demands a trial by jury and prays for an award of actual, incidental and consequential damages; statutory or punitive damages; reasonable attorneys' fees; costs of suit; and prejudgment interest. Alternatively, Plaintiff prays for issuance of a declaratory judgment in its favor. In addition, Plaintiff prays for such further relief as the Court deems just and proper at law or in equity.

/s/Justin O'Toole Lucey
Justin O' Toole Lucey
Sohayla R. Townes
JUSTIN O'TOOLE LUCEY, PA
415 Mill Street
Mt. Pleasant, South Carolina 29464
(843) 849-8400
jlucey@lucey-law.com
stownes@lucey-law.com

Attorneys for Plaintiff

May 8, 2020
Mount Pleasant, SC

RECEIVED

OCT 21 2021

S.G. SUPREME COURT



Policy No: [REDACTED] 9190
 Named Insured: Sullivan Management LLC

Fireman's Fund Insurance Company

Named Insured Schedule

Named Insured	Legal Entity
Sullivan Management LLC	Limited Liability Company
Vista Partners, LLC	Limited Liability Company
CAH Harbison, LLC	Limited Liability Company
Killeen CAH LLC	Limited Liability Company
CAH Summeville LLC	Limited Liability Company
Carolina Ale House Operating Company LLC	Limited Liability Company
CAHOC 2, LLC	Limited Liability Company
CAHOC 3, LLC	Limited Liability Company
CAHOC 4, LLC	Limited Liability Company
CAHOC 5, LLC	Limited Liability Company
CAHOC 6, LLC	Limited Liability Company
CAHOC 7, LLC	Limited Liability Company
Texas Development Fund I, LLC	Limited Liability Company
SULOT, LLC	Limited Liability Company
CAHOC 8, LLC	Limited Liability Company
CAHOC 9, LLC	Limited Liability Company
SUMLOT 2, LLC	Limited Liability Company
CAHOC 10, LLC	Limited Liability Company

Business or Operations of the Named Insured: Restaurant Management

Location Schedule

Location	Address	City	County	State	Zip Code	Description
1	277 Columbiana Dr	Columbia	Lexington	SC	29212	1
2	708 Lady St	Columbia	Richland	SC	29201	2
3	113 S Main St	Greenville	Greenville	SC	29601	3
4	203 Robert C Daniel Jr Pkwy	Augusta	Richmond	GA	30909	4
5	1115 Woodruff Rd	Greenville	Greenville	SC	29607	5
6	3124 E Central Texas Expy	Killeen	Bell	TX	76543	6
7	191 Sigma Dr	Summerville	Berkeley	SC	29486	7
8	145 Calhoun St	Charleston	Charleston	SC	29401	8
9	2915 Hollywood Dr	Myrtle Beach	Horry	SC	29577	9
10	1342 Broadcloth St	Fort Mill	YORK	SC	29715	10



Policy No: [REDACTED] 3190
Named Insured: Sullivan Management LLC

Fireman's Fund Insurance Company

Location Schedule, Continued

Location	Address	City	County	State	Zip Code	Description
11	101 Sigma Dr	Summerville	Berkeley	SC	29486	11
12	Corner of Rose & Sigma drive	Summerville	DORCHESTER	SC	29483	12
13	710 Lady St	Columbia	Richland	SC	29201	13

ELECTRONICALLY FILED - 2020 May 08 1:45 PM - RICHLAND - COMMON PLEAS - CASE#2020CP4002283

Allianz Global Corporate & Specialty®

Allianz Insurance Policy



Allianz 



December 16, 2019

Dear: Sullivan Management LLC

Re: Policy Number: [REDACTED] 8190
Issuing Company: Fireman's Fund Insurance Company (AN ALLIANZ COMPANY)

Thank you for choosing Allianz as your insurance company. We appreciate the trust you've placed in us. A copy of your commercial insurance policy is enclosed. Be sure to keep it in a secure place that you can easily access if you have a question or claim.

As a valued policyholder, you can count on Allianz for:

Trust and financial stability – Rated A+ by A.M. Best and AA by Standard and Poor's, Allianz Global Corporate & Specialty earns one of the highest financial ratings of the leading global property and casualty insurers.

Exceptional claim service – Allianz has a 125-year reputation for outstanding claim service built on our commitment to honesty, integrity, and partnership with our clients. The company is ranked as "One of the world's most admired companies" by *Fortune*® and "One of the top global brands in the world" by Interbrand.

The ability to keep pace as your business evolves – Your business needs are continually changing. Whether you are adopting new technologies or expanding into new geographic markets, Allianz has the expertise and resources to grow with you.

We truly look forward to serving you and supporting your business. In the interim, please know that we deeply appreciate your business.

Best regards,

A handwritten signature in black ink, appearing to read "Bill Scaldaferri".

Bill Scaldaferri

President & CEO
Allianz Global Corporate & Specialty, North America

**Fireman's Fund Insurance Company**

A Stock Company
225 W. Washington Street, Suite 1800
Chicago, IL 60606-3484

COMMON POLICY DECLARATIONS

Policy No: [REDACTED] 8190
Previous Policy No: [REDACTED] 3040

Policy Period: **From:** 12/15/2019
To: 12/15/2020

Beginning and ending at 12:01 a.m., standard time at the mailing address of the Named Insured shown below.

Named Insured and Mailing Address:

Sullivan Management LLC
710 Lady Street, Ste 101
Columbia, SC 29201
USA
(Refer to Named Insured Schedule)

Producer Name and Mailing Address:

Arthur J. Gallagher & Co.
4700 Homewood Court, Suite 260
Raleigh, NC 27609
USA

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

Premium Summary

Property	\$ 60,876
General Liability	\$ 131,292
Certified Terrorism	\$ 3,653
Surcharges, Taxes & Fees	
TX Volunteer Fire	\$ 2.51

Total Amount Payable by the Insured	\$ 195,823.51
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Fireman's Fund Insurance Company

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Policy No. [REDACTED] 8190
Named Insured: Sullivan Management LLC

Fireman's Fund Insurance Company

Location Schedule, Continued

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13	710 Lady St	Columbia	Richland	SC	29201	13



Policy No. [REDACTED] 8190
 Named Insured: Sullivan Management LLC

Fireman's Fund Insurance Company

Forms Schedule

The following policy forms and endorsements have been attached to and made a part of the policy at inception:

Form Title	Form Number
Signature Page	145990 08 17
Policyholder Messages	
Reporting a Claim	05GE0002 05 16
Important Disclosure Notice Regarding Terrorism Coverage	386359 01 15
Policyholder Message	386636 08 17
Property	
Policyholder Message	386556 11 07
General Liability	
Policyholder Message - Silica Particles Exclusion	386396 05 04
Property	
Disclosure of Premium and Estimated Premium for Certified Acts of Terrorism Coverage (Pursuant to Terrorism Risk Insurance Act)	145927 01 15
Property Coverage Section - Declarations	
Property-Gard Pinnacle Coverage Form	250000 01 13
Property-Gard Pinnacle - Additional Covered Causes of Loss	250001 01 13
Property-Gard Pinnacle - Employee Theft and Forgery or Alteration Coverage - Limited	250037 01 13
Property-Gard Pinnacle - Restaurant Extension Endorsement	250038 01 13
Property-Gard Pinnacle - Equipment Breakdown Coverage Endorsement	250048 01 13
Property-Gard Pinnacle - Conditional Vacancy Exclusion	250050 01 13
Property-Gard Pinnacle - South Carolina State Exception Endorsement	250112 01 13
General Liability	
Disclosure of Premium and Estimated Premium for Certified Acts of Terrorism Coverage (Pursuant to Terrorism Risk Insurance Act)	145927 01 15
Silica Particles Exclusion	145917 06 04
Economic or Trade Sanctions Compliance	145985 06 14
Calculation of Premium	IL 00 03 09 08
Common Policy Conditions	IL 00 17 11 98
Nuclear Energy Liability Exclusion Endorsement (Broad Form)	IL 00 21 09 08
South Carolina Changes - Cancellation and Nonrenewal	IL 02 49 09 08
General Liability Coverage Section - Declarations	
Commercial General Liability Coverage Form	CG 00 01 04 13
Liquor Liability Coverage Form	CG 00 33 04 13



Policy No: [REDACTED] 8190
 Named Insured: Sullivan Management LLC

Fireman's Fund Insurance Company

Forms Schedule, Continued

Form Title	Form Number
Exclusion - Access or Disclosure of Confidential or Personal Information and Data-Related Liability - With Limited Bodily Injury Exception	CG 21 06 05 14
Exclusion-Coverage C-Medical Payments	CG 21 35 10 01
Employment - Related Practices Exclusion	CG 21 47 12 07
Liquor Liability - Bring Your Own Alcohol Establishments	CG 24 06 04 13
Products/Completed Operations Hazard Redefined	CG 24 07 01 96
Complete Lead Poisoning and Lead Contamination Exclusion	CG 70 92 12 92
Complete Asbestos Exclusion	CG 70 93 12 92
Multicover - Without Medical Payments	CG 71 93 01 14
Amendment - Medical Payments For Restaurants	CG 72 52 12 07
Personal and Advertising Injury Hazard Redefined	CG 72 75 06 07
Fungi or Bacteria Exclusion	CG 72 77 04 08
Emergency First Aid Endorsement	CG 72 86 12 08
Employee Benefits Administration Errors and Omissions Insurance	EB 70 00 12 97



SIGNATURE PAGE

IN WITNESS WHEREOF, the Company indicated on the Declarations Page of the policy has caused the policy to be signed by its President and Secretary.

A handwritten signature in cursive script, appearing to read "Julie A. Green".

Secretary

A handwritten signature in cursive script, appearing to read "William Sculbafu".

President



Reporting a Claim

Allianz Global Corporate & Specialty is committed to providing insureds and clients with effective claim service.

In the event of an incident which may result in a claim, an actual claim, or your receipt of suit papers, please follow the procedures outlined below.

PROCEDURES FOR REPORTING CLAIMS

NOTICE OF EACH INCIDENT, CLAIM OR SUIT SHOULD IMMEDIATELY BE REPORTED TO:

Allianz Global Corporate & Specialty

Phone Number: 1-888-347-3428

or

Fax Number: 1-800-511-3720

Please fill out the online claim reporting form which is available at www.agcs.allianz.com/usclaims or send an email to CIFNOL@ffic.com. For assistance contact your agent or broker.



Important Disclosure Notice Regarding Terrorism Coverage - 386359 01 15

This notice applies to the type(s) of insurance provided under this policy that are subject to the Terrorism Risk Insurance Act, as amended ("The Act"). You are hereby notified that under The Act, you have a right to purchase insurance coverage for losses arising out of **certified acts of terrorism**, as defined in Section 102(1) of The Act: The term **certified act of terrorism** means any act or acts that are certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, as amended, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property; or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHEN COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM **CERTIFIED ACTS OF TERRORISM**, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020 OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURER'S LIABILITY FOR LOSSES RESULTING FROM **CERTIFIED ACTS OF TERRORISM** WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEEDS \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

Our records indicate that you previously accepted our offer of terrorism coverage, which was made at the time we issued our quote. Accordingly, the policy referenced above includes coverage for **certified acts of terrorism**, as defined in The Act. If your policy provides workers compensation coverage, you cannot reject that coverage because applicable workers compensation laws in your state mandate that this coverage be included. No additional action on your part is required at this time.

If you have any questions about this or any other insurance matter, please contact your agent or broker representing the Allianz Global Risks US Companies.



Policyholder Message

386636 08 17

Important Information for Policyholders

If you have questions about your policy, please contact your independent agent or broker. If you have additional questions, you can contact the company issuing the policy listed on your Declarations page at the following address:

Allianz Global Risks US Insurance Company
225 W. Washington Street, Suite 1800
Chicago, IL 60606-3484

Toll Free Telephone: 1-(888) 466-7883

Toll Free Telephone for Claims: 1-(800) 870-8857

Website: <http://www.agcs.allianz.com/>

Website Address for Support Services: <http://www.agcs.allianz.com/global-offices/united-states/support-services/>

The information above supersedes any other Company contact information you may have received with your policy.



Policyholder Message - 386556 11 07

South Carolina - Potential Eligibility For Windstorm Loss Mitigation Premium Discounts Advisory Notice to Policyholders - 386556

The purpose of this Notice is to advise you that you may be eligible for a reduction in the premium for your Commercial Property insurance if certain steps have been taken to prevent or reduce damage from windstorm. The discounts, if any, would apply only to the portion of the premium attributable to wind coverage.

Contact your producer or insurer for additional information.



Policyholder Message - Silica Particles Exclusion - 386396 05 04

THIS MESSAGE IS INTENDED TO ALERT YOU OF CHANGES TO YOUR POLICY. THIS MESSAGE DOES NOT REPLACE ANY PROVISION OF YOUR POLICY OR ANY ENDORSEMENT TO YOUR POLICY. PLEASE REVIEW YOUR POLICY AND THE ENDORSEMENTS FOR COMPLETE COVERAGE INFORMATION.

Silica Particles Exclusion

Your policy contains a silica particles exclusion.

If you have any questions, please contact your Allianz Global Risks US Companies® insurance representative.



Cross-Product Endorsements

(See Forms Schedule on Common
Declarations for applicability)



Disclosure of Premium and Estimated Premium for Certified Acts of Terrorism Coverage (Pursuant to Terrorism Risk Insurance Act) 145927 01 15

This Endorsement is attached to and made part of your policy in response to the disclosure requirements of the Terrorism Risk Insurance Act.

A. Disclosure of Premium

In accordance with the federal Terrorism Risk Insurance Act, as amended, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act, as amended ("**certified acts of terrorism**"). The portion of your premium attributable to such coverage is shown in the policy Declarations. This premium is based on the rates in effect at the time of policy issuance or policy anniversary and was calculated for the full term of the current policy period.

B. Disclosure of Federal Participation in Payment of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019 and 80% beginning on January 1, 2020 of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act, as amended, exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceed \$100 billion.

C. Cap on Insurer Participation in Payment of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act, as amended, exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, as amended, then we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

D. Possibility of Additional or Return Premium

The premium for **certified acts of terrorism** coverage is calculated based in part on the federal participation in payment of terrorism losses as set forth in the Terrorism Risk Insurance Act, as amended. If the federal program terminates or if the level or terms of federal participation change, the premium charge for acts of terrorism as shown in the Declarations of this policy may also change. If this policy contains a Conditional Exclusion, continuation of coverage for **certified acts of terrorism**, or termination of such coverage, will be determined upon disposition of the federal program, subject to the terms and conditions of the Conditional Exclusion. If this policy does not contain a Conditional Exclusion, coverage for **certified acts of terrorism** will continue. In either case, when disposition of the federal program is determined, we will recalculate the premium charge made for those acts of terrorism covered by the Terrorism Risk Insurance Act, as amended, that remain covered by this policy after the disposition of the federal program. We will calculate the premium charge as follows:

1. We will calculate the pro-rated premium shown in the Declarations for **certified acts of terrorism** from the effective date of your policy to the date of expiration or change of the federal program.
2. We will calculate the pro-rated premium charge for acts of terrorism that remain covered for the policy period that remains in effect from the expiration or change of the federal Program to the anniversary or expiration date of your policy.



3. We will add the amount determined in D.1. above to the amount determined in D.2. above. Such premium will be your revised annual premium for coverage for acts of terrorism.
 - a. If the revised annual premium determined above is an additional premium, this additional premium may be waived by us for the remainder of the policy term.
 - b. If the revised annual premium determined above is a return premium, we will refund this amount to you.

All other terms and conditions of the policy remain unchanged.



PROPERTY



PROPERTY COVERAGE SECTION - DECLARATIONS

- These Declarations, together with the Common Policy Declarations and Policy Conditions, Coverage Form(s) and any Endorsement(s), complete this policy.
- If a coverage shown in the Declarations does not show a corresponding Limit of Insurance, then no insurance is provided for such coverage.
- If "0", "N/A", or "not covered" appears as a Limit of Insurance in the Declarations for a described coverage, then no insurance is provided for such described coverage.
- If the term "included" appears as a Limit of Insurance in the Declarations for a described coverage, then the Limit of Insurance for such coverage is included within, not in addition to, the applicable Limit of Insurance shown in the Declarations for Business Real Property, Business Personal Property, or Business Income and Extra Expense.
- If one or more numbers are shown in the Location(s) column of these Declarations, then each number represents that specific location(s) as displayed on the Common Policy Declarations. If the word **"ALL"** is shown in the Location(s) column shown in these Declarations, then such word means **Locations 1-13** as displayed on the Common Policy Declarations

Property-Gard Pinnacle Coverage Form (250000 01 13)

Limits of Insurance

Location(s)	Subject(s) of Insurance	Limit of Insurance	Limit Type	Actual Cash Value
1-5, 7-10	Business Personal Property	\$ 6,663,000	Blanket	No
1-7, 9-11	Business Real Property	\$ 15,449,457	Blanket	No
1-5, 7-10	Business Income, Extra Expense	\$ 12,715,000	Blanket	No

Business Income and Extra Expense Coverage Includes Ordinary Payroll unless limited or excluded below:

Business Personal Property Subject to Sublimits of Insurance

Subject of Insurance	Location(s)	Sublimits
Accounts Receivable	ALL	\$ 1,000,000
Data, Media, Software	ALL	\$ 1,000,000
Personal Effects	ALL	\$ 500,000
Personal Property of Others	ALL	\$ 500,000
Prototypes	ALL	\$ 250,000
Research and Development Documentation	ALL	\$ 250,000
Valuable Papers and Records	ALL	\$ 250,000

Deductibles

Schedule

Location(s)	Subjects of Insurance	Deductible
1-5, 7, 9-10	Business Real Property	\$ 5,000

**Deductibles, Continued**

Location(s)	Subjects of Insurance	Deductible
1-5, 7, 9-10	Business Personal Property	\$ 5,000
6, 11	Business Real Property	\$ 5,000
8	Business Personal Property	\$ 5,000
1-5, 7, 9-10	Time Element	\$ 5,000
8	Time Element	\$ 5,000

Extensions of Coverage

Property Damage	Location(s)	Limit of Insurance	Deductible
Consequential Loss Assumption Coverage	ALL	\$ 100,000	Policy Deductible
Contract Penalty Clause Coverage	ALL	\$ 100,000	Policy Deductible
Debris Removal Coverage			
Debris of Property Insured	ALL	\$ 5,000,000	No Deductible
Debris of Property Owned by Others	ALL	\$ 100,000	Policy Deductible
Extended Warranty Coverage	ALL	\$ 100,000	Policy Deductible
Fine Arts Coverage			
Miscellaneous Unscheduled Fine Arts			
Any One Item, Pair or Set	ALL	\$ 10,000	Policy Deductible
Per Occurrence or Loss Event	ALL	\$ 250,000	Policy Deductible
Fine Arts while at an Exhibition, Exposition, Fair, or Trade Show	ALL	\$ 25,000	Policy Deductible
Fire Department Service Charge Coverage	ALL	\$ 100,000	Policy Deductible
Fire Equipment Protection Coverage	ALL	\$ 100,000	No Deductible
Installation Coverage	ALL	\$ 100,000	Policy Deductible
Loss Avoidance or Mitigation Coverage	ALL	\$ 100,000	No Deductible
Mobile Communication Equipment Coverage	ALL	\$ 100,000	Policy Deductible
Money and Securities Coverage	ALL	\$ 100,000	Policy Deductible
Money Orders and Counterfeit Currency Coverage	ALL	\$ 100,000	Policy Deductible
Realty Tax Coverage	ALL	\$ 100,000	Policy Deductible
Removal of Property Coverage	ALL	\$ 100,000	No Deductible
Reward Coverage			
Any One Person	ALL	\$ 10,000	No Deductible
Per Occurrence or Loss Event	ALL	\$ 50,000	No Deductible
Salesperson's Samples Coverage	ALL	\$ 100,000	Policy Deductible
Tenant's Lease Agreement Coverage	ALL	\$ 100,000	Policy Deductible
Theft of Precious Commodities Coverage	ALL	\$ 25,000	Policy Deductible

**Extensions of Coverage, Continued**

Business Income and Extra Expenses	Location(s)	Limit of Insurance	Deductible	Miles or Days
Business Access Coverage	ALL	\$ 500,000	24 Hour(s)	1 Mile(s)
Civil Authority Coverage	ALL	\$ 500,000	24 Hour(s)	1 Mile(s)
Delayed Occupancy Coverage	ALL	\$ 100,000	Policy Deductible	
Expediting Expense Coverage	ALL	\$ 100,000	No Deductible	
Extended Business Income and Extra Expense Coverage				
Business Income Coverage	ALL		No Deductible	180 Day(s)
Extra Expense Coverage	ALL		No Deductible	180 Day(s)
Leasehold Interest Coverage	ALL	\$ 250,000	Policy Deductible	
Research and Development Operations Coverage	ALL	\$ 250,000	Policy Deductible	
Tenant Moving Coverage	ALL	\$ 250,000	Policy Deductible	
Dependent Property Coverage		See Below	See Below	

Property, Business Income and Extra Expenses	Location(s)	Limit of Insurance	Deductible
Communicable Disease Coverage			
Per Occurrence or Loss Event	ALL	\$ 250,000	Policy Deductible
Annual Aggregate	ALL	\$ 250,000	
Fungus Remediation Coverage	ALL	\$ 100,000	Policy Deductible
Loss Adjustment Expense Coverage	ALL	\$ 100,000	Policy Deductible
Newly Acquired Location Coverage	ALL	\$ 1,000,000	Policy Deductible
Ordinance or Law Coverage - Coverage A through E		See Below	See Below
Outdoor Trees, Shrubs, Plants, and Lawn Coverage			
Any One Tree, Shrub, Plant, or Lawn	ALL	\$ 1,000	No Deductible
Per Occurrence or Loss Event	ALL	\$ 100,000	Policy Deductible
Pollutant Cleanup Coverage			
Per Occurrence or Loss Event	ALL	\$ 100,000	Policy Deductible
Annual Aggregate	ALL	\$ 100,000	
Trade Show Coverage	ALL	\$ 250,000	Policy Deductible
Transit Coverage			
Your Vehicles	ALL	\$ 100,000	Policy Deductible
Carriers for Hire	ALL	\$ 100,000	Policy Deductible
International Air Shipments	ALL	\$ 100,000	Policy Deductible
Unintentional Property Errors and Omissions Coverage	ALL	\$ 1,000,000	Policy Deductible
Unnamed Location Coverage	ALL	\$ 1,000,000	Policy Deductible

**Extensions of Coverage, Continued**

Property, Business Income and Extra Expenses	Location(s)	Limit of Insurance	Deductible
Utility Services Coverage	ALL	\$ 500,000	
Business Income Deductible			24 Hours
Overhead Transmission Lines and Equipment: Excluded			

Ordinance or Law Coverage

Location(s)	Coverage A	Coverage B & C Blanket	Coverage D	Coverage E
ALL	Included	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000

Dependent Property**Unscheduled Dependent Property**

Dependent Property Address	Blanket Per Occurrence Limit(s) of Insurance	Time Element Deductible	Time Element Minimum Deductible
Unscheduled	\$ 1,000,000	24 Hour(s)	\$ 2,500

Endorsements**Property-Gard Pinnacle - Additional Covered Causes of Loss (250001 01 13)****Earth Movement**

Location(s)	Limit Type	Per Loss Event	Annual Aggregate
ALL	Blanket	\$ 3,000,000	\$ 3,000,000

Location(s)	Property Damage Deductible	Time Element Deductible
ALL	\$ 25,000	

Flood

Location(s)	Limit Type	Per Loss Event	Annual Aggregate
ALL	Blanket	\$ 3,000,000	\$ 3,000,000

Location(s)	Property Damage Deductible	Time Element Deductible
ALL	\$ 25,000	

**Property-Gard Pinnacle - Employee Theft and Forgery or Alteration Coverage - Limited (250037 01 13)**

Limits of Insurance Employee Theft and Forgery or Alteration - Limited		
Coverage Description	Limits of Insurance	Deductible
Employee Theft and Forgery or Alteration - Limited		
Property of Your Client - Inside the Premises of a Client	\$ 10,000	Policy Deductible
Per Occurrence	\$ 50,000	
Annual Aggregate	\$ 50,000	Policy Deductible

Property-Gard Pinnacle - Restaurant Extension Endorsement (250038 01 13)

Extensions of Coverage Applicable only to Business Income and Extra Expense Coverage			
Coverage Description	Limit of Insurance	Deductible Time Element Loss	Minimum Time Element Deductible
Off Premises Special Event Cancellation Coverage	\$ 50,000	24 Hours	\$ 5,000

Extensions of Coverage Applicable to Property, Business Income and Extra Expense Coverage				
Coverage Description	Limit of Insurance	Deductible Property Damage Loss	Deductible Time Element Loss	Minimum Time Element Deductible
Contaminated Food Coverage				
Per Occurrence or Loss Event	\$ 50,000		24 Hours	\$ 5,000
Annual Aggregate	\$ 50,000			
Refrigerant Contamination Coverage	\$ 0		24 Hours	\$ 5,000

Property-Gard Pinnacle - Equipment Breakdown Coverage Endorsement (250048 01 13)

Equipment Breakdown Coverage is subject to the Limits of Insurance shown in the Property-Gard Pinnacle - Equipment Breakdown Coverage Endorsement - 250048, except as specifically shown below. If no limit is shown below, then the limit shown in the Property-Gard Pinnacle - Equipment Breakdown Coverage Endorsement - 250048 will apply.

Equipment Breakdown Coverage Limits of Insurance	
Coverage Description	Limit of Insurance Per Accident
Property Insured	Follows Applicable Limit
Business Income Coverage	Follows Applicable Limit


Property-Gard Pinnacle - Equipment Breakdown Coverage Endorsement (250048 01 13), Continued

Equipment Breakdown Coverage Limits of Insurance	
Coverage Description	Limit of Insurance Per Accident
Extra Expense Coverage	Follows Applicable Limit
Expediting Expense Coverage	\$ 250,000
Hazardous Substance Coverage	\$ 250,000
Perishable Stock Coverage	\$ 250,000
Data Restoration Coverage	\$ 250,000
Service Interruption Coverage	\$ 50,000
Fungus Remediation Coverage	\$ 50,000

Equipment Breakdown Coverage Deductibles	
Deductible Description	Deductible Per Accident
Property Insured	Follows Applicable Deductible
Time Element Loss	Follows Applicable Deductible



Property-Gard - Pinnacle® Coverage Form - 250000 01 13

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Property-Gard Pinnacle® Coverage Form - 250000 01 13

Commercial Property Coverage Section

This Property-Gard Pinnacle Coverage Form - 250000 (hereinafter referred to as "Coverage Form"), together with its Declarations and endorsements, complete the coverage provided under the Commercial Property Coverage Section of this Policy.

- Insurance is provided only for those coverages for which an entry is shown by an X on the applicable line and for which Limits of Insurance are shown in the place provided in the Declarations attached to this Policy. Such Declarations are issued with and are a part of this Coverage Form.
- If the Declarations do not show a Limit of Insurance providing a specific Coverage or Coverage Extension, then such Coverage or Coverage Extension is not provided by this Policy even though the language for such Coverage or Coverage Extension may appear within the Policy.
- Various provisions in this Coverage Form restrict coverage, such as but not limited to the following sections: Property Not Insured, Exclusions, Limitations of Coverage, and Limits of Insurance.
- Section XII. Loss Conditions describe your duties in the event of a loss and other provisions which apply to loss settlement under the Commercial Property Coverage Section.
- Section XIII. General Conditions describe the conditions that apply in common to all coverage provided within the Commercial Property Coverage Section.
- Endorsements describe enhancements in coverage or restrictions in coverage which may amend this Coverage Form or the Declarations.
- State Exception or State Amendatory Endorsements alter coverage provided under the Commercial Property Coverage Section in accordance with state law.

The titles of paragraphs contained in this Coverage Form and the subsequent endorsements that make up the Commercial Property Coverage Section are inserted solely for the convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

Throughout the Commercial Property Coverage Section the words you and your refer to the Named Insured shown on the Declarations. The words we, us and our, refer to the Company providing this insurance.

Other words and phrases that appear in **bold face** have special meaning. Refer to the Definitions Section of this Coverage Form or the Additional Definitions Section located within any endorsements that may be attached which make up the Commercial Property Coverage Section.

Read the entire Policy carefully to determine rights, duties and what is and is not covered.

This Form must be attached to Change Endorsement when issued after the policy is written.
One of the Allianz Global Risks US Companies as named in the policy.

A handwritten signature in cursive script, appearing to read "Julie A. Baum".

Secretary

A handwritten signature in cursive script, appearing to read "William Schulz".

President



I. Property Coverage

A. If a Limit of Insurance for Business Real Property or Business Personal Property is shown in the Declarations, then we will pay for direct physical loss or damage to **Property Insured** while at a **location**, including such property in the open (or in a **vehicle** in the open) within 1,000 feet of such **location**, caused by or resulting from a **covered cause of loss** during the Policy Period.

B. We insure **Property Insured**:

1. Which you own;
2. In which you have an insurable interest; or
3. Which you lease or rent from others under a written agreement.

For coverage to apply to property leased or rented from others, you must be legally or contractually required to provide property insurance covering such property.

C. The following types of **business personal property** are subject to Sublimits of Insurance shown in the Declarations:

1. **Accounts receivable;**
2. **Data, media, and software;**
3. **Personal effects;**
4. **Personal property of others;**
5. **Prototypes;**
6. **Research and development documentation; and**
7. **Valuable papers and records.**

The Sublimits of Insurance applicable to the types of **business personal property** shown above are the most we will pay for loss or damage to such property. If more than one Sublimit of Insurance applies to the lost or damaged property shown above, then the Sublimit of Insurance most specifically applicable to such property will apply.

II. Business Income and Extra Expense Coverage

A. If a Limit of Insurance for Business Income and Extra Expense is shown in the Declarations, then we will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension** of your **operations** during the **period of restoration** arising from direct physical loss or damage to property at a **location**, or within 1,000 feet of such **location**, caused by or resulting from a **covered cause of loss**.

B. If a Sublimit of Insurance is shown in the Declarations applicable to a type of **business personal property** listed in Item I.C. above, then any payments under Business Income and Extra Expense, made necessary due to the loss or damage of such types of **business personal property**, are included within and not in addition to such Sublimit of Insurance.

III. Property Not Insured

This Coverage Form does not insure any of the following property:

- A. Land or land values; destabilization of land; or the cost of stabilizing, restoring, or remediating of land; air; or water; except **processing water**.
- B. Digging, excavating, backfilling, filling, compaction, or grading of land not directly related to the repair, rebuilding, or replacement of **business real property**.
- C. Growing crops; standing timber; or outdoor trees, shrubs, plants, or lawns; except to the extent such coverage may be specifically provided by Item V.F.6. Outdoor Trees, Shrubs, Plants, and Lawn Coverage in this Coverage Form, if the Declarations show that you have such coverage.



- D. Live eggs, embryos, or animals; except animals owned by others while in your care, custody, or control; or animals you sell as **stock**.
- E. Bullion; accounts, notes, bills, evidences of debt or title, letters of credit, or deeds; except to the extent such coverage may be specifically provided by **business personal property** for **valuable papers and records** in this Coverage Form, if the Declarations show that you have such coverage
- F. **Fine arts, money, securities, or salesperson's samples** except to the extent such coverage may be specifically provided by:
 - 1. Item V.D.5. Fine Arts Coverage;
 - 2. Item V.D.11. Money and Securities Coverage; or
 - 3. Item V.D.16. Salespersons Samples Coverage;
 in this Coverage Form, if the Declarations show that you have such coverage(s).
- G. Aircraft, spacecraft, satellites, watercraft while afloat, and any property contained therein.
- H. **Vehicles** including **vehicles** held for sale.
- I. Dams, dikes, tunnels, trestles, air-supported structures, underground mines, mine shafts, caverns, caves, and any property contained therein.
- J. Property which you have sold under conditional sale, trust agreement, installment payment or other deferred payment plan, or property which you have retained a security interest after delivery to customers.
- K. Contraband or property in the course of illegal transportation or trade.
- L. Confidential information of another person or entity which is held by you including, financial information, medical information, personal information, credit card information, or other similar non-public information.
- M. Property which is more specifically described and covered under another Coverage Section of this Policy or under any other Policy.

IV. Exclusions

- A. Exclusions Applicable to all Coverages: We will not pay under Property Coverage, Business Income and Extra Expense Coverage, or any Extensions of Coverage, for any loss, damage, or expense caused directly or indirectly by or resulting from any of the following excluded causes of loss; such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss:
 - 1. Regardless of how the cause of loss occurs, we will not pay for direct physical loss, damage, or expense caused by or resulting from the following causes of loss:
 - a. **Boiler Explosion**
Explosion, implosion, bursting, burning, bulging, or cracking of boilers, turbines, engines, or any unfired vessel normally subject to vacuum or internal pressure, including piping, or apparatus attached to and forming a part thereof; or any other internal condition or event occurring inside such equipment. This exclusion does not apply to 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. **Collapse**
Collapse. This Collapse exclusion only applies if **collapse** is caused by or results from **flood or earth movement**.
 - c. **Consequential Loss, Loss of Market, and Other Indirect Losses**
 - (1) Delay, loss of use, loss of market, loss of occupancy;
 - (2) Suspension, lapse, or cancellation of any contract;
 - (3) Delay in completion of contract terms or noncompliance with contract terms or conditions;



- (4) Any guarantee or warranty (express or implied);
- (5) Loss of bonuses, fines, penalties, or liquidated damages; or
- (6) Any other consequential, indirect, or remote loss of any kind.
- d. **Detrimental Code**
Detrimental Code. This Detrimental Code exclusion applies regardless of how the **Detrimental Code** was introduced or acquired.
- e. **Disappearance or Shortages**
 - (1) The disappearance of covered property ("covered property" here and hereinafter refers to property not excluded or limited from coverage in this Coverage Form) where there is no physical evidence to show what happened to such property; or the only evidence of loss is an audit, an inventory computation, or a profit and loss computation; or any combination thereof.
 - (2) Where you have independently established that you have sustained an otherwise insurable loss under this Coverage Form, then you may offer your audit, inventory computation, profit and loss computation, or any combination thereof in support of the amount of loss claimed.
- f. **Dishonesty**
 - (1) Dishonest, fraudulent, or criminal acts or omissions by you, any of your partners, **members, managers,** officers, directors, trustees, employees (including leased employees), authorized representatives, or anyone to whom you entrust property for any purpose:
 - (a) Acting alone or in collusion with others; or
 - (b) Whether or not occurring during the hours of employment.
 - (2) This Dishonesty exclusion does not apply to:
 - (a) Covered property that is entrusted to others who are bailees or carriers for hire; or
 - (b) Acts of vandalism or destruction by any of your employees (including leased employees), but theft by any of your employees (including leased employees) is not covered.
- g. **Fungus**
Fungus. This Fungus exclusion does not apply to **fungus** caused by or resulting from fire, explosion, or lightning, provided that such causes of loss are **covered causes of loss** under this Coverage Form.
- h. **Mortality and Disease**
Mortality, death by natural causes, disease, sickness, any condition of health, bacteria, or virus.
- i. **Ordinance or Law**
The enforcement of any **ordinance or law**, except to the extent such coverage may be specifically provided by Item V.F.5. Ordinance or Law Coverage in this Coverage Form, if the Declarations show that you have such coverage.
- j. **Testing**
 - (1) Hydrostatic, pneumatic, or gas pressure testing; or
 - (2) Electrical insulation breakdown testing of any type of electrical equipment.
- k. **Voluntary Parting**
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; or unauthorized instructions to transfer property to any person or any place.
- l. **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 or military authority, whether de jure or de facto, in hindering or defending against any of these.
2. If a cause of loss which is excluded below causes or results in a **covered cause of loss**, then we will pay for the direct physical loss or damage caused by or resulting from such **covered cause of loss** up to the Limits of Insurance stated in the Declarations:

a. Computer Fraud

Theft of any property, regardless of ownership, arising from the use of any computer.

b. Errors, Omissions, Acts, or Decisions

Errors or omissions in, or faulty, inadequate, or defective:

- (1) Manufacturing, processing, installation, research or development, or testing operations;
- (2) Accounting, bookkeeping, calibrating, copying, developing, distributing, math, record-keeping, billing, erasure, or the alteration of such errors or omissions;
- (3) Development of, programming of, or instructions to: **Data, media, or software; electronic data processing equipment; mobile communication equipment; voice communications systems;** or any other machinery or equipment;
- (4) Specifications; design; planning; zoning; development; surveying; siting; grading; compaction; maintenance; workmanship; repair; or materials used in repair, construction, renovation, or remodeling except if **collapse** is caused by or results from this cause of loss, but only if such cause of loss is hidden or is not known by you prior to such **collapse**; or
- (5) Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body other than you;

which results in loss or damage to **Property Insured** under this Coverage Form.

c. Mechanical Breakdown

Mechanical breakdown however caused, including any malfunction of machinery or equipment caused by or resulting from any:

- (1) Rupture or bursting caused by centrifugal force; or
- (2) Condition or event within machinery or equipment.

d. Insects, Animals, or Other Vermin

Insects, animals, or other vermin including any:

- (1) Nesting or infestation; or
- (2) Discharge or release of any secretions or waste products.

This exclusion does not apply if **collapse** is caused by or results from this cause of loss, but only if such cause of loss is hidden or is not known by you prior to such **collapse**.

e. Pollution

- (1) The actual, alleged, or threatened discharge, dispersal, seepage, migration, release, or escape of **pollutants**.
- (2) If the discharge, dispersal, seepage, migration, release, or escape of **pollutants** is caused by or results from a **covered cause of loss**, then we will pay for the direct physical loss or



damage caused by the actual contact of the **pollutant** with covered property up to the Limits of Insurance stated in the Declarations.

f. Theft of Precious Commodities

Theft of jewelry comprised of precious or semi-precious stones, metals, or alloys; precious or semi-precious stones, metals or alloys; watches or watch movements; furs, fur garments, or garments trimmed with fur.

g. Utility Supply Failure

The reduction, interruption, or failure of **utility services**, however caused.

h. Wear and Tear, Deterioration, Latent Defect, or Other Developing Losses

The action or effects of:

- (1) Smog, smoke, fumes, vapors, dust, or other developing losses such as **pollutants** from agricultural smudging or industrial operations;
- (2) Wear and tear, deterioration, decomposition, inherent vice, hidden or latent defect, any quality in property that causes it to damage or destroy itself, erosion, rust, oxidation, corrosion, decay, wet or dry rot, except if **collapse** is caused by or results from this cause of loss, but only if such cause of loss is hidden or is not known by you prior to such **collapse**;
- (3) Depletion, leakage of contents, or spillage;
- (4) Cracking, settling, sagging, bending, bulging, shifting, or leaning;
- (5) The pressure or impact of ice forming under floors or foundations;
- (6) Water, ice, or impact of watercraft on retaining walls, bulkheads, docks, piers, pilings, wharves and property located thereon;
- (7) Spoilage or contamination;
- (8) Exposure to light;
- (9) Change in color, flavor, texture, or finish;
- (10) Evaporation or dissipation;
- (11) Shrinkage or expansion;
- (12) Any refrigerant including ammonia; or
- (13) Condensation, vapor, moisture, humidity, changes in humidity, dampness or dryness of atmosphere, changes in or extremes of temperature, all whether atmospheric or not.

3. If fire or explosion is a **covered cause of loss** under this Coverage Form, and fire or explosion results from the causes of loss excluded below, then we will pay for the direct physical loss or damage caused by such fire or explosion up to the Limits of Insurance stated in the Declarations:

a. Earth Movement

Any earth movement. This Earth Movement exclusion does not apply to Transit Coverage.

b. Flood

Flood. This Flood exclusion does not apply to Transit Coverage.

4. If fire is a **covered cause of loss** under this Coverage Form, and fire results from the cause of loss excluded below, then we will pay for the direct physical loss or damage caused by such fire up to the Limits of Insurance stated in the Declarations:

Electrical Arcing



- a. Artificially generated electrical, magnetic, or electromagnetic energy that damages, disturbs, disrupts, or otherwise interferes with any:
 - (1) Electrical or electronic wire, device, appliance, system, or network; or
 - (2) Device, appliance, system, or network utilizing cellular or satellite technology.
- b. For the purpose of this exclusion, electrical, magnetic, or electromagnetic energy includes but is not limited to:
 - (1) Electrical current, including arcing;
 - (2) Electrical charge produced or conducted by a magnetic or electromagnetic field;
 - (3) Pulse of electromagnetic energy; or
 - (4) Electromagnetic waves or microwaves.

5. Nuclear Hazard

Nuclear reaction, nuclear radiation, or radioactive contamination, however caused. If nuclear reaction, nuclear radiation, or radioactive contamination results in fire, then we will pay for the direct physical loss or damage caused by or resulting from such fire up to the Limits of Insurance stated in the Declarations but only if there is a statute in effect in the jurisdiction where the loss or damage occurs that expressly prohibits us from excluding such ensuing loss or damage caused by fire.

6. Government Action

Actions or orders of any governmental agency or military authority, whether de jure or de facto, that result in:

- a. You incurring expenses you would not otherwise have incurred;
- b. You paying taxes, fines, or penalties; or
- c. Seizure or destruction of covered property.

If fire is a **covered cause of loss** under this Coverage Form, and acts of destruction are ordered by a governmental or military authority in order to prevent the spread of a fire, then we will pay for the direct physical loss or damage to covered property caused by or resulting from such acts of destruction up to the applicable Limits of Insurance stated in the Declarations.

B. Exclusions Applicable to Business Income and Extra Expense Coverage: We will not pay for any loss or expense under Business Income and Extra Expense Coverage or any Extensions of Coverage, caused by or resulting from:

- 1. Damage to or destruction of **finished stock** or the time required to reproduce **finished stock**. This exclusion does not apply to **extra expense**.
- 2. Any increase in loss caused by or resulting from:
 - a. Delay in rebuilding, repairing, or replacing property or resuming **operations** due to interference at the location of loss by strikers or other persons.
 - b.
 - (1) Suspension, lapse, or cancellation of any license, lease, rental agreement, or contract.
 - (2) However, if the suspension, lapse, or cancellation is directly caused by a **suspension of operations** which is caused by or resulting from a covered loss, then we will cover your loss of **business income** and **extra expense** incurred during the **period of restoration**. If Extended Business Income and Extra Expense Coverage applies, then we will also cover the **period of restoration** in accordance with the terms of such coverage provided below under Item V.E.6.
 - c. The **extra expense** you incur for the demolition or removal of debris.



- d. Any period of time during which your **operations** could not have been conducted or were not expected to have been conducted had no loss or damage occurred.

V. Extensions of Coverage

- A. The Extensions of Coverage are subject to the terms and conditions of this Coverage Form and the Policy to which it is attached. If the Declarations do not show a Limit of Insurance providing a specific Coverage Extension, then such Coverage Extension is not provided by this Policy even though the language for such Coverage Extension may appear within the Policy.
- B. We will not pay under Business Income and Extra Expense Coverage or consequential loss of any kind or nature following a covered loss sustained under the Extensions of Coverage unless specifically provided within an Extension of Coverage. If an Extension of Coverage does grant Business Income and Extra Expense Coverage, then such coverage will be governed by the terms and conditions of Business Income and Extra Expense Coverage provided under this Coverage Form.
- C. Unless otherwise specifically stated, the Limits of Insurance or Sublimits of Insurance provided under the Extensions of Coverage are in addition to any Limit of Insurance stated in the Declarations applicable to **Property Insured** or Business Income and Extra Expense Coverage.
- D. Extensions of Coverage Applicable only to Property Coverage:
 1. Consequential Loss Assumption Coverage
 - a. We will pay the reduction in **fair market value** of the undamaged parts of **stock**, which are part of a pair or set, when the reduction in **fair market value** is caused by direct physical loss or damage by a **covered cause of loss** to other parts of the pair or set at a location and the undamaged parts cannot be used in conjunction with other **stock**.
 - b. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Consequential Loss Assumption Coverage.
 2. Contract Penalty Clause Coverage
 - a.
 - (1) We will pay the contractual penalties you are required to pay to your customers, as a result of any clause in contracts you enter into prior to a loss, for failure to timely deliver your product according to the contract terms.
 - (2) Such penalties must solely result from direct physical loss or damage to **Property Insured** caused by or resulting from a **covered cause of loss** at a location.
 - b. The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, regardless of the number of contracts affected, is the Limit of Insurance shown in the Declarations applicable to Contract Penalty Clause Coverage.
 3. Debris Removal Coverage
 - a. Debris of Property Insured

If direct physical loss or damage occurs to **Property Insured** caused by or resulting from a **covered cause of loss** at a location, then we will pay the necessary expense you incur to remove the debris from such location. Necessary debris removal expense includes:

 - (1) Planning, testing, monitoring, and debris classification related to the process of debris removal;
 - (2) Demolition of damaged property; and
 - (3) Clean up, removal, and disposal of debris.
 - b. Debris of Property Owned by Others



We will also pay the necessary expense you incur at a location to remove the debris of property owned by others, not covered under this Policy, but only if such debris is caused by or resulting from a **covered cause of loss**.

c. We will not pay under Debris Removal Coverage for:

(1) Any expense to:

- (a) Demolish and clear the site of the undamaged portion of **Property Insured**;
- (b) Extract **pollutants** from land, water or air;
- (c) Remove, restore, or replace polluted land, water, or air; or
- (d) Otherwise test for, monitor, mitigate, clean up, remove, contain, treat, remediate, detoxify, neutralize, or in any way respond to or assess the effects of **pollutants**.

(2) A claim that has been reported to us in writing after one hundred eighty (180) consecutive calendar days from the date that covered loss or damage occurred.

d. Subject to the applicable Limit of Insurance shown in the Declarations for **Property Insured**, the most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations for Debris Removal Coverage - Debris of Property Insured, or Debris Removal Coverage - Debris of Property Owned by Others, or both, as may be applicable.

4. Extended Warranty Coverage

- a. If a **covered cause of loss** results in a direct total physical loss to an item of **Property Insured** at a location, then we will pay the unused pro-rata portion of the non-refundable purchase price for extended warranties or service contracts which you purchased for such destroyed property. An extended warranty does not include the basic warranty that is provided by the manufacturer of the destroyed property.
- b. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Extended Warranty Coverage.

5. Fine Arts Coverage

- a. We will pay for direct physical loss or damage to **fine arts** caused by or resulting from a **covered cause of loss**, but only while located within the interior portion of a **premises** at a **location**.
- b. We will also pay for direct physical loss or damage to **fine arts** caused by or resulting from a **covered cause of loss** while such property is away from a **location** and:
 - (1) In transit to;
 - (2) Situated at; and
 - (3) In transit back from;
 an exhibition, exposition, fair, or trade show, but only while within the Coverage Territory.
- c. We will not pay under Fine Arts Coverage for any loss, damage, or expense caused by or resulting from:
 - (1) Any **fine arts** while leased, rented, or loaned to others.
 - (2) Any **fine arts** while in the possession of others under an agreement of sale.
 - (3) Any repairing, restoration, refinishing, or retouching processes.
 - (4) Any waterborne shipments except when **fine arts** are being transported on a **vehicle** aboard a licensed ferry on an inland waterway. If property covered under Fine Arts Coverage suffers loss or damage while being transported on such **vehicle**, then we will pay for general average and salvage charges that may be assessed against such **vehicle**.
 - (5) Shipments covered by ocean marine or cargo insurance.



d. Miscellaneous Unscheduled Fine Arts

- (1) The most we will pay under this Extension of Coverage for any one item, pair of items, or set of related items, in any one occurrence or **loss event**, is the Limit of Insurance shown in the Declarations applicable to Miscellaneous Unscheduled Fine Arts under Fine Arts Coverage.
- (2) The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, regardless of the number of **fine arts** lost or damaged, is the Per Occurrence Limit of Insurance shown in the Declarations applicable to Miscellaneous Unscheduled Fine Arts under Fine Arts Coverage.

e. Individually Scheduled Fine Arts

The most we will pay under this Extension of Coverage for each individually scheduled item of **fine art** in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to such item of **fine art**.

f. Fine Arts at an Exhibition, Exposition, Fair, or Trade Show

The most we will pay under Item 5.b. of this Extension of Coverage for **fine art**, whether individually scheduled or not, in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Fine Arts at an Exhibition, Exposition, Fair, or Trade Show.

6. Fire Department Service Charge Coverage

- a. If a fire department or other government agency charged with preserving public safety is called to save or protect **Property Insured** against direct physical loss or damage from a **covered cause of loss** at a location, then we will pay the fire department service charges you incur and are legally required to pay.
- b. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Fire Department Service Charge Coverage.

7. Fire Protection Equipment Coverage

- a. (1) We will pay the necessary costs to recharge or refill **fire protection equipment**, and clean up and remove the fire extinguishing agent, caused by or resulting from the discharge of a fire extinguishing agent from **fire protection equipment** at a location.
- (2) No deductible applies to Fire Protection Equipment Coverage
- b. We will not pay under Fire Protection Equipment Coverage for any loss, damage, or expense caused by or resulting from your failure to use reasonable care to maintain the **fire protection equipment** in proper operating condition prior to the loss.
- c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Fire Protection Equipment Coverage.

8. Installation Coverage

- a. (1) We will pay for direct physical loss or damage to **business personal property** destined to become a permanent part of an installation or erection that you have contracted to perform at a location not specifically described in the Declarations caused by or resulting from a **covered cause of loss**:
 - (a) While awaiting installation at a temporary warehouse;
 - (b) During installation or testing at a job site; or
 - (c) While awaiting acceptance by the buyer.
- b. (2) Installation Coverage terminates the earlier of the following events:



- (a) Your interest in the property that you have contracted to install or erect ceases;
 - (b) The installation or erection of the property is completed and accepted by the buyer;
 - (c) The property you have contracted to install or erect is put to use for its intended purpose; or
 - (d) This Policy expires or is cancelled.
 - b. We will not pay under Installation Coverage for any loss, damage, or expense caused by or resulting from:
 - (1) **Business personal property** destined to become a permanent part of the installation or erection while at a location that you own, lease, or operate;
 - (2) **Business personal property** while at the location of a manufacturer or supplier, whether or not such property is designated for a specific installation covered under Installation Coverage; or
 - (3) Interest on money loaned, advances for installation projects, or **soft costs**.
 - c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, regardless of the number of locations involved, is the Limit of Insurance shown in the Declarations applicable to Installation Coverage.
9. Loss Avoidance or Mitigation Coverage
- a. We will pay the necessary expense you incur to protect, avoid, or significantly mitigate potential covered loss or damage that is actually and imminently threatening **Property Insured**, including:
 - (1) Removal of ice or snow from the roof or balconies of **business real property** that has accumulated during and due to a **storm**;
 - (2) Pumping of standing water away from **business real property** that has accumulated during and due to a **flood, hurricane, named storm, or storm**;
 - (3) Application of fire retardant foam or similar fire suppression or extinguishing material to **business real property** as protection against an approaching fire; and
 - (4) Boarding up or sandbagging of doors, windows, or other external openings in **business real property** as protection against an approaching **flood, hurricane, named storm, or storm**.

However, we will not pay for any loss, damage, or expense caused by or resulting from such loss prevention actions.
 - b. No Deductible applies to Loss Avoidance or Mitigation Coverage.
 - c. To the extent possible, you must promptly notify us that you intend to incur necessary loss prevention expense.
 - d. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Loss Avoidance or Mitigation Coverage.
10. Mobile Communication Equipment Coverage
- a. We will pay for direct physical loss or damage to your **mobile communication equipment** caused by or resulting from a **covered cause of loss** while away from a location and situated in anywhere the world.
 - b. We will not pay under Mobile Communications Equipment Coverage for any loss or damage to **data, research and development documentation, or valuable records and papers**.
 - c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Mobile Communication Equipment Coverage.
11. Money and Securities Coverage



- a. We will pay for direct physical loss or damage to **money, securities**, or both as shown by your records, caused by or resulting from a **covered cause of loss** while:
 - (1) Located within the interior portions of a **premises**; or
 - (2) Being carried to or from such **premises** while in the care, custody, or control of a **messenger** or an armored motor vehicle company.
 - b. We will not pay under Money and Securities Coverage for any loss, damage, or expense caused by or resulting from **forgery**, alterations, or the giving or surrendering of **money, securities**, or both in exchange or purchase.
 - c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Money and Securities Coverage.
12. Money Orders and Counterfeit Currency Coverage
- a. We will pay for your loss which directly results from you accepting:
 - (1) **Counterfeit** United States or Canadian currency not accepted upon presentation; or
 - (2) **Counterfeit** money orders purporting to have been issued by any United States or Canadian post office, express company, or bank not paid upon presentation;in good faith and in exchange for merchandise, **money**, or services.
 - b. The most we will pay under this Extension of Coverage in any one occurrence, regardless of the number of items contributing to the loss, is the Limit of Insurance shown in the Declarations applicable to Money Orders and Counterfeit Currency Coverage.
13. Realty Tax Coverage
- a. If direct physical loss or damage to **Property Insured** is caused by or results from a **covered cause of loss** at a location, then we will reimburse you for the increased realty tax liability attributable to the repair or rebuilding of such damaged property.
 - b. We will pay for such increased realty tax liability if it is assessed within two (2) years of a covered loss. However, we will only pay the first such increased assessment following any realty tax assessment increase that is insured under this Extension of Coverage.
 - c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Realty Tax Coverage.
14. Removal of Property Coverage
- a. (1) If you must move **Property Insured** from a location in order to protect such property from imminent or further direct physical loss or damage caused by or resulting from a **covered cause of loss**, then we will pay for direct physical loss or damage caused by a **covered cause of loss** to **Property Insured** while such property is:
 - (a) Being moved to a safe temporary storage location;
 - (b) Situated at a safe temporary storage location;
 - (c) Being returned from a safe temporary storage location to its original **location**; or
 - (d) In the due course of **transit** between such locations.
 - (2) We will also pay the necessary expense associated with moving **Property Insured** to a safe temporary storage location in order to avoid loss or damage. Such expense includes transportation and renting storage space at a safe temporary storage location.
 - (3) Removal of Property Coverage applies for one hundred and twenty (120) consecutive calendar days from the date **Property Insured** is removed from a **location**.
 - (4) No Deductible applies to Removal of Property Coverage.



- b. We will not pay under Removal of Property Coverage for any loss, damage, or expense while **Property Insured** is removed from a **location** for normal storage.
- c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, including any **Property Insured** while in the due course of **transit**, is the Limit of Insurance shown in the Declarations applicable to Removal of Property Coverage.

15. Reward Coverage

- a. (1) We will reimburse you the rewards you pay for information leading to the arrest and subsequent conviction of the person or persons responsible for a covered loss under this Coverage Form caused by or resulting from an unlawful act.
(2) No deductible applies to Reward Coverage.
- b. (1) The most we will pay under this Extension of Coverage in any one occurrence or **loss event** for any one person is the Any One Person Limit of Insurance shown in the Declarations applicable to Reward Coverage.
(2) The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, regardless of the number of people being rewarded, is the Per Occurrence or Loss Event Limit of Insurance shown in the Declarations applicable to Reward Coverage.

16. Salesperson's Samples Coverage

- a. We will pay for direct physical loss or damage to **salesperson's samples** caused by or resulting from a **covered cause of loss** while located anywhere within the Coverage Territory.
- b. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Salesperson's Samples Coverage.

17. Tenant's Lease Agreement Coverage

- a. If a Limit of Insurance for Business Real Property is not shown in the Declarations, then we cover **business real property** at a **location** you have leased or rented and is occupied by you, if your lease or rental agreement specifically requires you to insure such property or makes you responsible for loss or damage to such property. We cover such **business real property** against direct physical loss or damage caused by or resulting from a **covered cause of loss**.
- b. Item XIII.P. Other Insurance does not apply to Tenant's Lease Agreement Coverage if your lease or rental agreement specifically requires you to provide primary insurance on the property described above in Item V.D.17.a. or makes you responsible for loss or damage to such property.
- c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, regardless of the number of property items lost or damaged, is the Limit of Insurance shown in the Declarations applicable to Tenant's Lease Agreement Coverage.

18. Theft of Precious Commodities Coverage

- a. We will pay for direct physical loss or damage to the following property at a **location** caused by or resulting from **theft**: Jewelry comprised of precious or semi-precious stones, metals, or alloys; precious or semi-precious stones, metals or alloys; watches or watch movements; furs, fur garments, or garments trimmed with fur.
- b. The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, regardless of the number of items lost or damaged, is the Limit of Insurance shown in the Declarations applicable to Theft of Precious Commodities Coverage.

E. Extensions of Coverage Applicable only to Business Income and Extra Expense Coverage:

If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then the following Extensions of Coverage apply, but only if the Declarations also show that you have such Extensions of Coverage:



1. Business Access Coverage

- a. We will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension of operations** at a **location** if access to such **location** is impaired or obstructed. Such impairment or obstruction must:
 - (1) Arise from direct physical loss or damage to property other than at such **location**; and
 - (2) Be caused by or result from a **covered cause of loss**; and
 - (3) Occur within the number of miles stated in the Declarations from such **location**.
- b. We will not pay under Business Access Coverage for **business income** loss or **extra expense** incurred caused by or resulting from action of civil authority or military authority.
- c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Business Access Coverage.

2. Civil Authority Coverage

- a. We will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension of your operations** caused by action of civil authority that prohibits access to a **location**. Such prohibition of access to such **location** by a civil authority must:
 - (1) Arise from direct physical loss or damage to property other than at such **location**; and
 - (2) Be caused by or result from a **covered cause of loss**; and
 - (3) Occur within the number of miles stated in the Declarations from such **location**.
- b. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Civil Authority Coverage.
- c. Actions of civil authority do not include actions of military authority.

3. Delayed Occupancy Coverage

- a. We will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary delay in starting **operations** during the **period of restoration** arising from direct physical loss or damage to property at a **location** caused by or resulting from a **covered cause of loss**. The **period of restoration** begins immediately after the time that **operations** would have begun if the covered loss or damage had not occurred.
- b. If a covered loss occurs under Delayed Occupancy Coverage, then we will also pay for the necessary **soft costs** you incur which are over and above such expense that you would have incurred during the **period of restoration** had there been no loss.
- c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Delayed Occupancy Coverage.

4. Dependent Property Coverage

- a. Dependent Property Coverage
 - (1) We will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension of operations** during the **period of restoration** at a **location**.
 - (2) The **suspension** must be due to direct physical loss or damage at the **location** of a **dependent property**, situated inside or outside of the Coverage Territory, caused by or resulting from a **covered cause of loss**.
- b. Dependent Property Coverage does not insure any loss or damage caused by or resulting from **earth movement, fire protection equipment leakage from earth movement, flood, hurricane, named storm, or storm** causes of loss unless:



- (1) Such causes of loss are included as **covered causes of loss** in this Coverage Form or an endorsement attached to this Coverage Form which comprises a part of the Commercial Property Coverage Section; and
 - (2) Such causes of loss are also shown as included in the Declarations applicable to Dependent Property Coverage.
 - c. We will reduce the amount of your:
 - (1) **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; and
 - (2) **Extra expense** loss to the extent you can return **operations** to normal and discontinue such **extra expense**.
 - d. With respect to Dependent Property Coverage the **period of restoration** begins immediately after the time that direct physical loss or damage occurs at the **location** of the **dependent property** caused by or resulting from a **covered cause of loss**.
 - e. The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, regardless of the number of **locations** or **dependent properties** involved, is the Limit of Insurance shown in the Declarations applicable to Dependent Property Coverage.
5. Expediting Expense Coverage
- a. (1) We will pay the necessary **expediting expense** you sustain due to direct physical loss or damage to property at a **location** caused by or resulting from a **covered cause of loss**.
 - (2) No Deductible applies to Expediting Expense Coverage.
 - b. We will not pay under Expediting Expense Coverage for:
 - (1) Expenses recoverable elsewhere under this Coverage Form or the Commercial Property Coverage Section of this Policy, such as but not limited to Extra Expense Coverage; or
 - (2) Your costs incurred for the temporary rental of property or temporary replacement of damaged property.
 - c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Expediting Expense Coverage.
6. Extended Business Income and Extra Expense Coverage
- a. If a **business income** and **extra expense** loss is covered under this Coverage Form, then subject to the Limit of Insurance for Business Income and Extra Expense Coverage:
 - (1) We will pay for the actual loss of **business income** you sustain during the period that begins on the date property (except **finished stock**) is actually repaired, rebuilt, or replaced, and **operations** are resumed and ends on the earlier of:
 - (a) The date you could restore your **operations** with reasonable speed, to the level which would generate the **business income** amount that would have existed if no direct physical loss or damage occurred; or
 - (b) The number of consecutive calendar days, stated in the Declarations, after the date **operations** are resumed.
 - (2) We will pay the necessary **extra expense** you incur for advertising, direct mail, discount coupons, or other promotional expense you incur to attract customers back to **your business** during the period that begins on the date property (except **finished stock**) is actually repaired, rebuilt, or replaced, and **operations** are resumed and ends on the earlier of:



- (a) The date you could restore your **operations** with reasonable speed, to the level which would generate the **business income** amount that would have existed if no direct physical loss or damage occurred; or
 - (b) The number of consecutive calendar days, stated in the Declarations, after the date **operations** are resumed.
 - b. We will not pay for the loss of **business income** or **extra expense** sustained as a result of unfavorable business conditions caused by the impact of the **covered cause of loss** in the area where the **location** is situated.
- 7. Leasehold Interest Coverage
 - a. We will pay for the actual loss of the following Leasehold Interest Coverages you sustain due to the cancellation of your lease which results from direct physical loss or damage to property at a location caused by or resulting from a **covered cause of loss**:
 - (1) Lessee's Leasehold Interest Coverage
 - (a) If you are a lessee and your lease or rental agreement is cancelled pursuant to the terms of the lease agreement due to a covered loss, then we will pay you for your Gross Lessee's Leasehold Interest for the first twelve (12) months following covered loss and for your **net leasehold interest** for the remaining unexpired term of the lease or rental agreement.
 - (b) Gross Lessee's Leasehold Interest means the difference between the actual rent you currently pay for the same or similar replacement property and the rent you would have otherwise paid at the location had there been no covered loss for each month during the unexpired term of your lease or rental agreement.
 - (c) Rent means the actual monthly rent including taxes, insurance, janitorial, or other services that you pay for as part of the rent and does not change whether you occupy all or part of the location or if you sublet the location.
 - (2) Lessor's Leasehold Interest Coverage
 - (a) If you are a lessor and your lease or rental agreement is cancelled pursuant to the terms of the lease agreement due to a covered loss, then we will pay you for your Gross Lessor's Leasehold Interest for the first twelve (12) months following covered loss and for your **net leasehold interest** for the remaining unexpired term of the lease or rental agreement.
 - (b) Gross Lessor's Leasehold Interest means the difference between the actual rent paid by a tenant for your property and the rent you would have otherwise received at the location had there been no covered loss for each month during the unexpired term of your lease or rental agreement.
 - (c) Rent means the actual monthly rent including taxes, insurance, janitorial, or other services that you charge as part of the rent for the location.
 - (3) Bonus Payments Coverage

We will pay you for the unamortized portion of a bonus payment that will not be refunded to you due to a covered loss. A bonus payment is a sum of money you paid to acquire your lease. Bonus payments do not include rent, whether or not prepaid, or security deposits.
 - (4) Prepaid Rent Coverage

We will pay you for the unamortized portion of prepaid rent that will not be refunded to you due to a covered loss. Prepaid rent is a sum of money you paid as advance rent. Prepaid rent does not include the customary rent due at the beginning of each month or any other rental period.
 - (5) Tenant's Improvements and Betterments Coverage

We will pay you for the unamortized portion of payments made by you for **tenant's improvements and betterments** that will not be refunded to you due to a covered loss.



Tenant's Improvements and Betterments Coverage does not include the value of such improvements and betterments recoverable under any other insurance, but only to the extent of such other insurance.

- b. If you suffer a loss under this Additional Coverage, then you must use any suitable property or service owned or controlled by you or obtainable from another source in order to reduce any loss sustained under Leasehold Interest Coverage.
 - c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Leasehold Interest Coverage.
8. Research and Development Operations Coverage
- a. We will pay for the actual loss of **business income** and necessary **extra expense** you sustain during the **period of restoration**, due to a necessary **suspension** of your **research and development operations**, which in turn causes a delay in the introduction of a new product or the enhancement of an existing product.
 - b. The **suspension** must be caused by direct physical loss or damage by a **covered cause of loss** to property directly related to your **research and development operations** at a **location**.
 - c. Payment will be made only:
 - (1) After the new product or the enhanced product is made available in the marketplace; and
 - (2) If you discover the **business income** loss within two years after the date of loss or damage.
 - d. If a competitor introduces a similar product prior to the date you scheduled the introduction of your new or enhanced product, then we will reduce the amount of such actual **business income** loss to the extent attributable to the competitor's product.
 - e. We will not pay under this Extension of Coverage for the loss of **business income** or **extra expense** you incur solely due to loss or damage to **research and development documentation**.
 - f. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Research and Development Operations Coverage.
9. Tenant Moving Coverage
- a. We will pay the necessary **tenant moving costs** incurred by tenants who temporarily vacate a portion of your **premises** that is rendered untenable due to direct physical loss or damage to property at such location caused by or resulting from a **covered cause of loss**.
 - b. The tenant who has moved out of the **premises** must move back to such **premises** within 60 days after the damaged portion of the covered **business real property** rented by the tenant has been repaired or rebuilt and is ready for occupancy or we will not pay the **tenant moving costs** related to such tenant move-back.
 - c. We will pay for **tenant moving costs** related to moving out of and moving back to the **premises** whether or not the tenants have moved back before the expiration date of this Policy.
 - d. The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, regardless of the number of tenants requiring relocation, is the Limit of Insurance shown in the Declarations applicable to Tenant Moving Coverage.

F. Extensions of Coverage Applicable to Property, Business Income, and Extra Expense Coverages:

1. Communicable Disease Coverage

- a. (1) We will pay for direct physical loss or damage to **Property Insured** caused by or resulting from a covered **communicable disease event** at a location including the following necessary costs incurred to:



- (a) Tear out and replace any part of **Property Insured** in order to gain access to the **communicable disease**;
- (b) Repair or rebuild **Property Insured** which has been damaged or destroyed by the **communicable disease**; and
- (c) Mitigate, contain, remediate, treat, clean, detoxify, disinfect, neutralize, cleanup, remove, dispose of, test for, monitor, and assess the effects the **communicable disease**.
- (2) If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension of operations** during the **period of restoration**. The **suspension** must be due to direct physical loss or damage to property at a location caused by or resulting from a covered **communicable disease event**.
- b. (1) We will not pay under Communicable Disease Coverage for any loss, damage, or expense caused by or resulting from:
 - (a) A loss incurred prior to the Policy Period shown in the Declarations;
 - (b) Testing or monitoring to assess the existence, concentration, or effects of a **communicable disease** or **pollutants** beyond ninety (90) consecutive calendar days following the date when damaged property is remediated, repaired, rebuilt, or any combination thereof; or
 - (c) A claim that has been reported to us in writing after thirty (30) consecutive calendar days from the date the **public health authority** ordered the location to be evacuated, decontaminated, or disinfected due to the **communicable disease event**.
 - (d) A covered loss under Communicable Disease Coverage does not create, nor will it invoke coverage for Debris Removal Coverage, as described above under Item V.D.3. of this Coverage Form, except as provided by Communicable Disease Coverage.
- c. (1) The most we will pay under this Extension of Coverage in any one occurrence or **loss event** including **business income**, **extra expense**, and debris removal, is the Per Occurrence or Loss Event Limit of Insurance shown in the Declarations applicable to Communicable Disease Coverage.
- (2) The most we will pay under this Extension of Coverage in all occurrences or **loss events** during any one Policy Period is the **Annual Aggregate** Limit of Insurance shown in the Declarations applicable to Communicable Disease Coverage.

2. Fungus Remediation Coverage

- a. (1) If **fungus** is caused by or results from a **covered cause of loss** other than fire, explosion, or lightning at a location, then we will pay for the necessary expense incurred to:
 - (a) Tear out and replace any part of **Property Insured** in order to gain access to **fungus**;
 - (b) Repair or rebuild **Property Insured** which has been damaged or destroyed by **fungus**; and
 - (c) Mitigate, contain, remediate, treat, clean, detoxify, disinfect, neutralize, cleanup, remove, dispose of, test for, monitor, and assess the effects of **fungus**.
- (2) (a) If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay for the actual loss of **business income** and necessary **extra expense** you sustain during the increased **period of restoration** due to the presence of **fungus**.
- (b) Such increased **period of restoration** caused by the presence of **fungus** includes any increased period of time beyond the **period of restoration** required to remediate **fungus**.



- (c) The expiration date of this Policy will not cut short the increased **period of restoration**
 - b. (1) We will not pay under Fungus Remediation Coverage for any loss, damage, or expense caused by or resulting from:
 - (a) A loss incurred prior to the Policy Period shown in the Declarations;
 - (b) Testing or monitoring to assess the existence, concentration, or effects of **fungus** beyond ninety (90) consecutive calendar days following the date when damaged property is remediated, repaired, rebuilt, or any combination thereof; or
 - (c) A claim that has been reported to us in writing after thirty (30) consecutive calendar days from the date that covered loss or damage occurred.
 - (2) A covered loss under Fungus Remediation Coverage does not create, nor will it invoke coverage for Debris Removal Coverage, as described above under Item V.D.3. of this Coverage Form, except as provided by Fungus Remediation Coverage.
 - c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** including **business income**, **extra expense**, and debris removal, is the Limit of Insurance shown in the Declarations applicable to Fungus Remediation Coverage.
3. Loss Adjustment Expense Coverage
- a. If covered loss or damage occurs under this Coverage Form, then we will pay the necessary loss adjustment expenses you incur that would not have been incurred had there not been a covered loss. Loss adjustment expenses include but are not limited to:
 - (1) Extra wages paid to your employees for preparing inventories;
 - (2) Expenses incurred to document your **business income** loss or **extra expense** sustained;
 - (3) Public Accountant or Certified Public Accountant fees;
 - (4) The cost of appraisals; or
 - (5) Other expenses incurred to obtain loss data in support your claim or to complete your proof of loss.
 - b. We will not pay under Loss Adjustment Expense for:
 - (1) Any expenses or fees paid to legal counsel, public adjusters, insurance agents or brokers, property managers, consultants, or any of their employees, representatives or consultants; any of your subsidiaries or affiliates; or
 - (2) Costs you incur to prove if a loss is a covered loss under this Policy.
 - c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Loss Adjustment Expense.
4. Newly Acquired Location Coverage
- a. (1) We will pay for direct physical loss or damage to **Property Insured** caused by or resulting from a **covered cause of loss** occurring at a newly acquired location not specifically described in the Declarations.
 - (2) If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension of operations** during the **period of restoration**. The **suspension** must be due to direct physical loss or damage to property at a newly acquired location not specifically described in the Declarations caused by or resulting from a **covered cause of loss**.



- b. (1) For each newly acquired location, Newly Acquired Location Coverage ends one hundred and twenty (120) consecutive calendar days from the date you acquire the location, on the date you report the values of the property to us, or on the date this Policy expires, whichever occurs first..
 - (2) When you report the values of the property to us, you will owe us additional premium from the date of acquisition or the date construction begins.
 - c. We will not pay under Newly Acquired Location Coverage for:
 - (1) Any loss or damage to:
 - (a) **Property Insured** while in transit;
 - (b) **Buildings while in the course of construction** for which separate insurance coverage has been obtained and such separate insurance covers your interest;
 - (c) Property acquired through any foreclosure process that you have initiated; or
 - (2) Any loss, damage, or expense caused by or resulting from **earth movement or flood**, even if such causes of loss are insured by endorsement to this Policy.
 - d. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** including **business income** and **extra expense** is the Limit of Insurance shown in the Declarations applicable to Newly Acquired Location Coverage.
- 5. Ordinance or Law Coverage
 - a. We will pay under Ordinance or Law Coverage A through E described below if:
 - (1) **Property Insured** at a **location** sustains direct physical loss or damage caused by or resulting from a **covered cause of loss**; and
 - (2) Such covered loss or damage results in the enforcement of a covered **ordinance or law**.
 - b. Coverage A - Loss of Value
 - (1) Loss in Value to the Undamaged Portion of Property Insured

We will pay under Coverage A for the loss in **value** to the undamaged portion of **Property Insured** that is a consequence of the enforcement of an **ordinance or law** which requires the demolition of undamaged parts of such **Property Insured**.
 - (2) Loss in Value of Non-conforming Property
 - (a) We will pay under Coverage A for the loss in value of **non-conforming property**, a portion of which is not repaired or rebuilt as a consequence of the enforcement of any **ordinance or law** that does not permit the repair or rebuilding of **non-conforming property**.
 - (b) If the enforcement of an **ordinance or law** does not permit you to repair or rebuild **Property Insured** to the same height, floor area, number of units, leasable square footage, occupancy, or style that existed immediately preceding covered loss, then Replacement Cost Item VI.A.2.b.(2) will not prohibit coverage for the loss in **value** of the portion of **Property Insured** that is not rebuilt which is provided by Ordinance or Law Coverage A.
 - c. Coverage B - Demolition Cost: We will pay under Coverage B for the amount you actually spend to demolish and clear the site of undamaged parts of **Property Insured** caused by the enforcement of an **ordinance or law** at a **location**.
 - d. Coverage C - Increased Cost of Construction: We will pay the necessary increased costs to repair or rebuild **Property Insured** caused by the enforcement of an **ordinance or law**.
 - e. Coverage D - Increased Period of Restoration:



- (1) If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay under Coverage D for the actual loss of **business income** and necessary **extra expense** you sustain during the increased **period of restoration**.
 - (2) With respect only to insurance provided under Coverage D, the **period of restoration** includes any increased period of time beyond the **period of restoration** required to demolish, repair, or rebuild **Property Insured** in order to comply with the minimum standards of any **ordinance or law** in force at the time of loss. The expiration date of this Policy will not cut short the increased **period of restoration**.
- f. Coverage E - Loss of Business Income from Non-Conforming Property
- (1) If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay under Coverage E for the actual loss of **business income** and necessary **extra expense** you sustain beyond the **period of restoration** due to the reduction in leasable square footage caused by or resulting from the inability to repair or rebuild a portion of **non-conforming property** at a **location** due to the enforcement of an **ordinance or law**.
 - (2) We will not pay under Coverage E for the same **business income** loss or **extra expense** incurred that is payable under Coverage D - Increased Period of Restoration.
 - (3) The expiration date of this Policy will not cut short the duration of the coverage provided by this Extension of Coverage.
- g. We will not pay under Ordinance or Law Coverage A through E for any loss, damage, or expense caused by or resulting from:
- (1) Compliance with any recommended actions or standards that exceed the actual minimum requirements of a covered **ordinance or law**.
 - (2) The enforcement of any **ordinance or law** which requires:
 - (a) The demolition, repair, rebuilding or remediation of any property due to contamination by **pollutants**; or
 - (b) Any insured or others to test for, monitor, mitigate, clean up, remove, contain, treat, remediate, detoxify, neutralize, or in any way respond to, or assess the effects of **pollutants**.
 - (3) (a) The enforcement of any **ordinance or law** that is attributable to an excluded cause of loss. However, if **Property Insured**:
 - 1) Sustains loss or damage that is covered under this Coverage Form; and
 - 2) Sustains loss or damage that is excluded under this Coverage Form; and
 - 3) Such loss or damage results in the enforcement an **ordinance or law**;then we will pay that portion of such loss under Ordinance or Law Coverage equal to the proportion that the covered loss or damage bears to the total loss or damage sustained, not including costs that are a consequence of the enforcement of any **ordinance or law**.
 - (b) If the covered loss or damage, alone, would have resulted in enforcement of the covered ordinance or law, then we will pay the full amount of Ordinance or Law Coverage payable under this Extension of Coverage.
 - (4) Any **ordinance or law** that you were required to comply with before the loss but you failed to comply.
 - (5) The enforcement of any **ordinance or law** which requires alteration, remediation, repair, or rebuilding of any **Property Insured** which has not sustained direct physical loss or damage caused by or resulting from a **covered cause of loss**.



- h. We will not pay under Ordinance or Law Coverage C for any loss, damage, or expense caused by or resulting from increased cost of construction:
 - (1) If the **actual cash value** method of valuation applies to **Property Insured**;
 - (2) If the repair or rebuilding is not intended for similar height, floor area, number of units, leasable square footage, occupancy, style, and like kind and quality of the original **Property Insured** which existed immediately preceding the covered loss or damage, unless such construction characteristic or occupancy is not permitted by an **ordinance or law**;
 - (3) Until the property is actually repaired or rebuilt at the same **location** or another site; or
 - (4) Unless the damaged property is repaired or rebuilt as soon as reasonably possible after the loss or damage, not to exceed two years.
- i. (1) Coverage A through E: The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, regardless of the number of **locations** involved, is the Blanket Limit of Insurance shown in the Declarations applicable to Ordinance or Law Coverage. However, the most we will pay under this Extension of Coverage in any one occurrence or **loss event** with respect to a **location** that has been assigned a Sublimit of Insurance applicable to Ordinance or Law Coverage is the applicable Sublimit of Insurance shown in the Declarations.
- (2) If the Declarations applicable to Ordinance or Law Coverage show a Blanket Limit of Insurance in conjunction with a Sublimit of Insurance, then such sublimit is included within, not in addition to, the corresponding Blanket Limit of Insurance.
- (3) Coverage A: If the Limit of Insurance for Coverage A is shown as "included" or a dollar amount is shown in the Declarations, then Coverage A is included within, not in addition to, the Limit of Insurance shown in the Declarations for **Property Insured**.
- (4) Coverage B - Demolition Cost Coverage: Unless Item V.F.5.i.(6) applies, the most we will pay in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Coverage B.
- (5) Coverage C - Increased Cost of Construction Coverage: Unless Item V.F.5.i.(6) applies, the most we will pay in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Coverage C.
- (6) Coverage B and C Blanket:
 - (a) If a Limit of Insurance is shown in the Declarations for Coverage B and C Blanket, then Items V.F.5.i.(4) and (5) described above do not apply. Instead, the most we will pay in any one occurrence or **loss event** under Coverage B and C Blanket is the least of:
 - 1) Any combination of covered losses under Coverage B or Coverage C; or
 - 2) The Limit of Insurance shown in the Declarations applicable to Coverage B and C Blanket.
 - (b) If the Declarations show a Limit of Insurance for Coverage B and C Blanket, in addition to a Limit of Insurance for Coverage B or Coverage C, then only the Coverage B and C Blanket applies.
- (7) Coverage D - Increased Period of Restoration: The most we will pay in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Coverage D - Increased Period of Restoration.
- (8) Coverage E - Loss of Business Income from Non-Conforming Property: The most we will pay in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Coverage E - Loss of Business Income from Non-Conforming Property.

6. Outdoor Trees, Shrubs, Plants, and Lawn Coverage



- a. (1) We will pay for direct physical loss or damage to your trees, shrubs, plants, and lawns growing and situated outside of covered **business real property** at a location caused by or resulting from any of the following causes of loss: Aircraft; explosion; fire; lightning; riot or civil commotion; smoke; vandalism or malicious mischief; or **vehicles**.
- (2) Outdoor Trees, Shrubs, Plants, and Lawn Coverage includes the necessary expense incurred to:
 - (a) Trim, remove, replace, replant, or reposition trees, shrubs, plants, or lawns; and
 - (b) Cleanup, remove, and dispose of the debris of covered trees, shrubs, plants, and lawns; anywhere at your location which have suffered covered loss or damage.
- (3) If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension of operations** during the **period of restoration**. The **suspension** must be due to direct physical loss or damage to your trees, shrubs, plants, and lawns growing and situated at a location caused by or resulting from a **covered cause of loss** described above in Item V.F.6.a.(1).
- b. We will not pay under Outdoor Trees, Shrubs, Plants, and Lawn Coverage:
 - (1) To replace or repair trees, shrubs, plants, or lawns under this Extension of Coverage until such property has been repaired or replaced. However, this restriction does not apply to the cost to remove such property from a location; or
 - (2) For any loss, damage, or expense caused by or resulting from:
 - (a) Outdoor trees, shrubs, plants, or lawn that you hold for sale; or
 - (b) Growing crops.
- c. A covered loss under this Extension of Coverage does not create, nor will it invoke coverage for Debris Removal Coverage, as described above under Section V.D.3. of this Coverage Form, except as provided by Outdoor Trees, Shrubs, Plants, and Lawn Coverage.
- d. (1) The most we will pay under this Extension of Coverage for any one tree, shrub, plant, or lawn, in any one occurrence or **loss event**, is the Limit of Insurance shown in the Declarations applicable to Any One Tree, Shrub, Plant, or Lawn shown under Outdoor Trees, Shrubs, Plants, and Lawn Coverage.
- (2) The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, including **business income**, **extra expense**, and debris removal, is the Per Occurrence or Loss Event Limit of Insurance shown in the Declarations applicable to Outdoor Trees, Shrubs, Plants, and Lawn Coverage.
- 7. Pollutant Cleanup Coverage
 - a. (1) We will pay the necessary expense you incur to cleanup, remove, extract, and dispose of **pollutants** from land, water, or air, at a **location**, if the discharge, dispersal, seepage, migration, release, or escape of such **pollutants** is the result of direct physical loss or damage to **Property Insured** caused by or resulting from a **covered cause of loss** during the Policy Period at a **location**.
 - (2) If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay for the actual loss of **business income** and necessary **extra expense** you sustain during the increased **period of restoration** due to the cleanup, removal, extraction, and disposal of **pollutants**
 - (a) Such increased **period of restoration** caused by a covered loss under Pollutant Cleanup Coverage includes any increased period of time beyond the **period of restoration** required to cleanup, remove, extract, and dispose of **pollutants**.



- (b) The expiration date of this Policy will not cut short the increased **period of restoration**.
 - b. We will not pay under Pollutant Cleanup Coverage for:
 - (1) Any expense caused by or resulting from testing or monitoring to assess the existence, concentration, or effects of **pollutants** beyond ninety (90) consecutive calendar days following the date that **pollutants** have been cleaned up, removed, and extracted from land, water, or air; or
 - (2) A claim that has been reported to us in writing after one hundred and eighty (180) consecutive calendar days from the date that an actual discharge, dispersal, seepage, migration, release, or escape of **pollutants** has occurred.
 - c. (1) Suspension, lapse, or cancellation of any license, lease, rental The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, including **business income** and **extra expense**, is the Per Occurrence or Loss Event Limit of Insurance shown in the Declarations applicable to Pollutant Cleanup Coverage.
 - (2) The most we will pay under this Extension of Coverage in all occurrences or **loss events** during any one Policy Period is the **Annual Aggregate** Limit of Insurance shown in the Declarations applicable to Pollutant Cleanup Coverage.
8. Trade Show Coverage
- a. (1) We will pay for direct physical loss or damage to **Property Insured** caused by or resulting from a **covered cause of loss** while such property is away from a location within the Coverage Territory and located at an exhibition, exposition, fair, or trade show.
 - (2) Trade Show Coverage includes the necessary expense incurred to cleanup, remove, and dispose of the debris of **Property Insured** which is caused by a covered loss.
 - b. If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension of operations** during the **period of restoration**. The **suspension** must be due to direct physical loss or damage to **Property Insured** while located at an exhibition, exposition, fair, or trade show not specifically described in the Declarations caused by or resulting from a **covered cause of loss**.
 - c. We will not pay under Trade Show Coverage for any:
 - (1) Loss or damage to **fine arts** or **mobile communication equipment**; or
 - (2) Loss, damage, or expense caused by or resulting from **earth movement** or **flood**, even if such causes of loss are insured by endorsement to this Policy.
 - d. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** including **business income**, **extra expense**, and debris removal, is the Limit of Insurance shown in the Declarations applicable to Trade Show Coverage.
9. Transit Coverage
- a. (1) Domestic Shipments

We will pay for direct physical loss or damage to **Property Insured** caused by or resulting from a **covered cause of loss** while in the due course of **transit** by the following modes of transportation anywhere within the Coverage Territory:

 - (a) Your Vehicles: This mode of transportation covers **Property Insured** while being transported by a **vehicle** which you own, lease, rent, or operate; and



(b) Carriers for Hire: This mode of transportation covers **Property Insured** while in the care, custody, or control of a carrier for hire including any **vehicle**, rail, or licensed air transportation delivery service.

(2) International Air Shipments

We will pay for direct physical loss or damage to **Property Insured** caused by or resulting from a **covered cause of loss** while in the care, custody, or control of a licensed air transportation delivery service and being shipped:

- (a) By you from any location within the Coverage Territory to anywhere in the world; and
- (b) To you from anywhere in the world to any location within the Coverage Territory.

Coverage applies from the delivery of **Property Insured** at the point of origin shown in the air waybill until it is discharged at the destination shown in the air waybill.

(3) Transit Coverage includes loss or damage to such property caused by or resulting from:

- (a) **Loading and unloading of Property Insured** from a transporting conveyance provided such loss or damage is caused by or results from a **covered cause of loss**;
- (b) Your interest in property shipped Free on Board (F.O.B.) after the title of a shipment passes to the consignee;
- (c) Your interest in property shipments which have been refused by the consignee, ending the earlier of:
 - 1) Fifteen (15) consecutive calendar days after such property has been refused; or
 - 2) The time that the returned shipment of property arrives at a location that you own, lease, or operate;
- (d) Fraud or deceit perpetrated by any person or persons who may represent themselves to be the proper party or parties to receive or accept goods for shipment; or
- (e) The necessary additional expense you incur to inspect, repackage and reship **Property Insured** which has been damaged by a **covered cause of loss**.

(4) If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension of operations** during the **period of restoration**. The **suspension** must be due to direct physical loss or damage to **Property Insured** while in the due course of **transit** caused by or resulting from a **covered cause of loss**.

b. We will not pay under Transit Coverage for any loss, damage, or expense caused by or resulting from:

- (1) Shipments by mail from the time **Property Insured** passes into the custody of a public or private mail delivery service.
- (2) Any waterborne shipments except when on a **vehicle** aboard a licensed ferry on an inland waterway. If property covered under Transit Coverage suffers loss or damage while on such **vehicle**, then we will pay for general average and salvage charges that may be assessed against such **vehicle**.
- (3) Shipments covered by ocean marine or cargo insurance.
- (4) Property owned by others while you are acting as a carrier for hire, such as but not limited to a common carrier, contract carrier, broker, or freight forwarder.



- (5) Jewelry comprised of precious or semi-precious stones, metals, or alloys; precious or semi-precious stones, metals or alloys; watches or watch movements; furs, fur garments, or garments trimmed with fur; **fine arts; money; securities; or salespersons samples.**
- (6) Concealed damage to **Property Insured** or expenses you incur to recalibrate or adjust **Property Insured**, unless there are visible marks on the container or packing material surrounding the damaged item, evidencing that direct physical loss or damage was caused by or resulting from an external **covered cause of loss.**
- c. Expiration or cancellation of this Policy will not interrupt the insurance provided by Transit Coverage until the property being shipped:
 - (1) Is accepted by or on behalf of the consignee or receiver at the intended destination; or
 - (2) Arrives at a location that you own, lease, or operate;
 but for no longer than 30 days after the date of shipment from the point of origination.
- d. The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, including **business income** and **extra expense**, regardless of the number of **vehicles**, railroad cars, or aircraft involved, are the Limits of Insurance shown in the Declarations applicable to Transit Coverage.

10. Unintentional Property Errors and Omissions Coverage

- a. We will pay for:
 - (1) Direct physical loss or damage to property; and
 - (2) If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay for the resulting actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension of operations** during the **period of restoration.**
- b. We will only pay under Item V.F.10.a. described above if the loss or damage is caused by or results from a **covered cause of loss** which is not payable under this Policy because of an unintentional error or omission at the time of Policy inception in:
 - (1) Determining or reporting values; or
 - (2) Describing or including the address of a location to be included as **Property Insured.**
 Such error or omission shall not void or impair coverage by this Coverage Form to the extent we would have provided coverage had the unintentional error or omission not been made.
- c. You must report such errors or omissions to us in writing as soon as you discover them and you will pay such additional premium as may be appropriate.
- d. We will not pay under Unintentional Property Errors and Omissions Coverage for any loss, damage, or expense caused by or resulting from **earth movement** or **flood**, even if such causes of loss are insured by endorsement to this Policy.
- e. This coverage does not apply if there is coverage available under Newly Acquired Location Coverage, Unnamed Location Coverage, or any other provision in this Policy.
- f. The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, including **business income** and **extra expense**, is the Limit of Insurance shown in the Declarations applicable to Unintentional Property Errors and Omissions Coverage.

11. Unnamed Location Coverage

- a. (1) If the Declarations show a Limit of Insurance for Business Real Property or Business Personal Property, then we will pay for direct physical loss or damage to such property for which a limit



of insurance is shown and is insured under this Coverage Form while situated at a location not specifically described in the Declarations caused by or resulting from a **covered cause of loss**

- (2) If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension of operations** during the **period of restoration**. The **suspension** must be due to direct physical loss or damage to property at a location not specifically described in the Declarations caused by or resulting from a **covered cause of loss**.
- b. We will not pay under Unnamed Location Coverage for:
 - (1) Any loss or damage to **Property Insured**:
 - (a) Insured under Newly Acquired Location Coverage;
 - (b) While at an exhibition, exposition, fair, or trade show;
 - (c) While in **transit**;
 - (d) Insured under Installation Coverage;
 - (e) Insured under Mobile Communication Equipment Coverage;
 - (f) That is **mobile equipment**;
 - (g) Acquired through any foreclosure process that you have initiated; or
 - (2) Any loss, damage, or expense caused by or resulting from **earth movement** or **flood**, even if such causes of loss are insured by endorsement to this Policy.
- c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** including **business income** and **extra expense** is the Limit of Insurance shown in the Declarations applicable to Unnamed Location Coverage.

12. Utility Services Coverage

- a. (1) We will pay for direct physical loss or damage to **Property Insured** at a **location** caused by the interruption of **utility services**. The interruption of **utility services** must result from direct physical loss or damage by a **covered cause of loss** to **utility services** property not owned by you
- (2) If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension of operations** during the **period of restoration** caused by the interruption of **utility services**. The interruption of **utility services** and subsequent **suspension of operations** must be due to direct physical loss or damage to **utility services** property not owned by you and be caused by or result from a **covered cause of loss**.
- b. We will not pay under Utility Services Coverage for any loss, damage, or expense caused by or resulting from:
 - (1) An interruption of **utility services** due to direct physical loss or damage to:
 - (a) Satellites; or
 - (b) Any type of **overhead transmission lines and equipment**, unless shown as included in the Declarations; or
 - (2) An interruption of **cloud computing** services.



- c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** including **business income** and **extra expense** is the Limit of Insurance shown in the Declarations applicable to Utility Services Coverage.

VI. Valuation

- A. The valuation provisions described below apply to **property damage loss** insured under this Coverage Form:

- 1. a. Subject to the applicable Limit of Insurance and the valuation provisions described below, if covered loss or damage occurs, then we will either:
 - (1) Pay the **value** of covered property which has sustained loss or damage in exchange for such property; or
 - (2) Repair, rebuild, or replace covered property which has sustained loss or damage with other such property of like kind and quality for the same use or occupancy.
- b. The cost of repair or replacement under any of the valuation provisions described below does not include the increased cost attributable to the enforcement of any **ordinance or law**.

2. Replacement Cost

- a. If covered loss or damage occurs, then we will determine the **value** of covered property which has sustained loss or damage on a **replacement cost** basis at the time of loss or damage unless:
 - (1) A different valuation basis is shown in the Declarations; or
 - (2) A different valuation method applies under Section VI. Valuation.
- b. We will not pay more for covered property which has sustained loss or damage than the least of the following dollar amounts:
 - (1) The **replacement cost** of the covered property;
 - (2) The amount you actually spend to repair or replace the covered property; or
 - (3) The Limit of Insurance shown in the Declarations applicable to covered property.
- c. You may make a claim for loss or damage covered by this insurance on an **actual cash value** basis instead of 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 which **replacement cost** provides if you notify us of your intent to do so within 180 days after the loss or damage and you comply with Item VI.A.2.d. described below.
- d. We will not pay on a **replacement cost** basis until you actually repair or replace the lost or damaged property. The repair or replacement of damaged property must be made as soon as reasonably possible, but in no event later than two years after the date that you sustained covered loss or damage.
- e. Until the lost or damaged property is actually repaired or replaced, we will only pay the **value** of such property on an **actual cash value** basis as of the time of the loss or damage.
- f. If there is a total loss to a building that is **business real property**, then you may voluntarily elect to purchase another existing building or rebuild on another site but we will not pay more than the amount of loss or damage that we would have otherwise paid to rebuild at the current location.
- g. With respect to **tenant's improvements and betterments**:
 - (1) If **tenant's improvements and betterments** have not been repaired or replaced within two years of the covered loss or damage, then we will pay the unamortized portion of your original cost of **tenant's improvements and betterments**. We will determine the unamortized portion of such cost as follows:



- (a) Multiply the original cost of **tenant's improvements and betterments** by the number of days from the loss or damage to the expiration of the lease or rental agreement; and
- (b) Divide the amount determined above in Item VI.A.2.g.(1)(a) by the number of days from the installation of **tenant's improvements and betterments** to the expiration of the lease or rental agreement.
- (2) If your lease or rental agreement contains a renewal option, then the expiration of the renewal option period will replace the expiration of the lease or rental agreement in this procedure.
- (3) We will deduct from the total amount of covered loss or damage insured under **tenant's improvements and betterments** any dollar amounts that are paid by others, or covered elsewhere under any other insurance Policy, whether collectible or not.

3. Actual Cash Value

- a. If covered loss or damage occurs and the valuation basis for covered property shown in the Declarations is designated as **actual cash value**, then we will determine the **value** of such property which has sustained loss or damage on an **actual cash value** basis at the time of loss or damage.
- b. We will not pay more for covered property which has sustained loss or damage than the least of the following dollar amounts:
 - (1) The **actual cash value** of the covered property;
 - (2) The amount you actually spend to repair or replace the covered property; or
 - (3) The Limit of Insurance shown in the Declarations applicable to covered property.
- c. **Actual cash value** valuation applies to covered property regardless of whether such property has sustained partial or total loss or damage and may be significantly less than its **value** on a **replacement cost** basis.

4. Accounts Receivable

- Subject to the applicable Limit of Insurance shown in the Declarations, if covered loss or damage occurs to **accounts receivable**, then we will determine the **value** of such property at the time of loss or damage as follows:
- a. We will **value** accounts receivable at:
 - (1) The necessary expenses that you incur to re-establish your records of **accounts receivable**;
 - (2) All amounts due from your customers on current accounts that you are unable to collect;
 - (3) Interest charges on any loan required to offset amounts you are unable to collect; and
 - (4) Collection expenses in excess of your normal collection expenses that directly result from the loss.
 - b. When a covered loss has occurred but you cannot accurately establish the amount of **accounts receivable** outstanding at the time of the loss, the following method will be used:
 - (1) Determine the total of the average monthly amounts of **accounts receivable** for the 12 months immediately preceding the month in which the loss occurs; and
 - (2) Adjust that total for any normal fluctuations in the amount of **accounts receivable** for the month(s) in which the loss occurred or for any demonstrated variance from the average for that month.
 - c. The following will be deducted from the total amount of **accounts receivable**, however that amount is established:
 - (1) The amount of any accounts from which there is no loss;
 - (2) The amount of any accounts that you are able to establish or collect;



- (3) The amount normally allowed for probable bad debts that you are unable to collect; and
- (4) All unearned interest and service charges.

d. You will pay us the amount of all recoveries you receive for a loss paid by us. Any recoveries in excess of the amount we have paid belong to you.

5. Animals

If covered loss or damage occurs to an animal, then we will determine the **value** of such animal at the time of loss or damage as follows:

- a. We will not pay more for a covered animal which has sustained loss or damage than the least of the following dollar amounts:
 - (1) The cost to purchase a replacement animal of comparable species, age, and quality;
 - (2) The amount you actually spend to replace the animal; or
 - (3) The applicable Limit of Insurance shown in the Declarations.
- b. We will not pay the cost to replace an animal until you actually replace such animal. The replacement of the animal must be made as soon as reasonably possible, but in no event later than two years after the date that you sustained covered loss or damage.

6. Brands, Labels, and Trademarks

- a. (1) If covered loss or damage occurs to your **stock** or similar **personal property of others** and such damaged property has a brand, label, trademark, or other similar identification, then at your option, we will pay for the cost of removing brands, labels, trademarks, or other similar identification from your **stock**. You may:
 - (a) Remove the brand, label, trademark, or other similar identification from the damaged property;
 - (b) Re-label or stamp the damaged property as salvage; or
 - (c) Dispose of the damaged property in a manner you deem appropriate.
- (2) Under any option described above, the re-labeling or disposal of damaged property must be accomplished in accordance with applicable law or regulations and we will not pay for any further loss or damage during the process of removing, re-labeling, or stamping damaged property.
- b. We will deduct from the amount of loss otherwise payable, the **fair market value** of the salvage which could have been obtained by the sale or other disposition of damaged property through customary insurance industry salvage practices. The salvage value of damaged property will be determined after the removal or relabeling of brands, labels, trademarks, or other similar identification.
- c. Payments under Brand, Label, and Trademark Coverage are included within, not in addition to, the Limits of Insurance for **business personal property** shown in the Declarations.

7. Fine Arts

If covered loss or damage occurs to **fine arts**, then we will determine the **value** of such property which has sustained loss or damage at the time of loss or damage in the following manner:

- a. Subject to the applicable Limit(s) of Insurance shown in the Declarations, for partial losses we will pay:
 - (1) The cost to restore the article to its condition immediately before the loss or damage; or
 - (2) If we agree that such restoration cannot fully restore the article to its condition immediately before the loss or damage, then we will pay the difference between the article's **fair market**



value immediately before and after the loss or damage. We will pay this amount in addition to the cost incurred in attempting to restore the article.

- b. Subject to the applicable Limit(s) of Insurance shown in the Declarations, for total losses, we will pay:

- (1) The **fair market value** of each article of **fine art** that would have applied immediately before the loss or damage if the article of **fine art** is not specifically declared and individually described in the Declarations under the Schedule of Individual **Fine Arts**.
- (2) The Limit of Insurance applicable to the article of **fine art** which is lost or damaged if such article is specifically declared and individually described in the Declarations under the Schedule of Individual **Fine Arts**.

8. Gold, Silver, and Platinum Commodities

Subject to the applicable Limit of Insurance shown in the Declarations, if covered loss or damage occurs to the following metals or metal salts held as **stock** that are not already incorporated into other **business personal property**, then we will determine the **value** of such property which has sustained loss or damage based upon the applicable closing price at the Chicago Board of Trade on the day the covered loss occurred, less all applicable discounts and un-incurred expenses:

- a. Gold;
- b. Silver; and
- c. Platinum.

9. Information Restoration Cost

- a. If covered loss or damage occurs to the following covered property, then we will determine the **value** of such property which has sustained loss or damage on an **information restoration cost** basis at the time of loss or damage:

- (1) **Data or software;**
- (2) **Research and development documentation;** and
- (3) **Valuable papers and records.**

- b. We will not pay more for covered property described above in Item VI.A.9.a. than the applicable Limit of Insurance shown in the Declarations for:

- (1) **Data, media or software;**
- (2) **Research and development documentation;** or
- (3) **Valuable papers and records.**

- c. We will only pay under Information Restoration Cost if you actually research, repair, restore, recreate, and replace the covered property described above in Item VI.A.9.a. as soon as reasonably possible, but in no event later than two years after the date such covered loss or damage occurs.

10. Installation Coverage

If covered loss or damage occurs to **business personal property** that you have contracted to install or erect, then we will determine the **value** of such property which has sustained loss or damage at the time of loss or damage as follows:

- a. We will not pay more for covered property which has sustained loss or damage than the least of the following dollar amounts:
 - (1) The **replacement cost** of covered property plus your interest in labor, materials, or services furnished or arranged by you and other expenses accrued; or
 - (2) The amount you actually spend to repair or replace the covered property; or



(3) The Limit of Insurance shown in the Declarations applicable to Installation Coverage.

- b. You may make a claim for loss or damage covered by this insurance on an **actual cash value** basis instead of 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 which **replacement cost** provides if you notify us of your intent to do so within 180 days after the occurrence of covered loss or damage and you comply with Item VI.A.10.c. below.
- c. We will not pay under Installation Coverage until you actually repair or replace the lost or damaged property. The repair or replacement of damaged property must be made as soon as reasonably possible, but in no event later than two years after the date that you sustained covered loss or damage.
- d. Until the lost or damaged property is actually repaired or replaced, we will only pay the **value** of such property on an **actual cash value** basis as of the time of the loss or damage.

11. Operational Replacement Cost

- a. If covered loss or damage occurs to the following covered property, then we will determine the **value** of such property which has sustained loss or damage on an **operational replacement cost** basis at the time of loss or damage:
 - (1) **Electronic Data Processing Equipment;**
 - (2) Keys, Locks, and Security Systems; and
 - (3) **Media.**
- b. We will not pay more for covered property described above in Item VI.A.11.a. which has sustained loss or damage than the least of the following dollar amounts:
 - (1) The **operational replacement cost** of covered property;
 - (2) The amount you actually spend to repair or replace covered property; or
 - (3) The Limit of Insurance shown in the Declarations applicable to covered property.
- c. You may make a claim for loss or damage covered by this insurance on an **actual cash value** basis instead of a **operational 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 which **operational replacement cost** provides if you notify us of your intent to do so within 180 days after the loss or damage and you comply with Item VI.A.11.d. below.
- d. We will not pay on an **operational replacement cost** basis until you actually repair or replace the lost or damaged property. The repair or replacement of damaged property must be made as soon as reasonably possible, but in no event later than two years after the date that you sustained covered loss or damage.
- e. Until the lost or damaged property is actually repaired or replaced, we will only pay the **value** of such property on an **actual cash value** basis as of the time of the loss or damage.

12. Ordinance or Law Coverage

- a. Coverage A: The **value** of Coverage A will be determined at the least of the following dollar amounts described in (1) through (3) below:
 - (1) (a) If the **replacement cost** valuation applies and the property is repaired or rebuilt at the same **location** or another site, then we will pay the **replacement cost** amount it would actually cost you to rebuild:
 - 1) The undamaged portion of **Property Insured** that the ordinance or law requires you to demolish; or



- 2) The portion of **nonconforming property** that the **ordinance or law** does not permit you to repair or rebuild.
- (b) If the **replacement cost** valuation applies and the property is not repaired or rebuilt, or if the **replacement cost** valuation does not apply, then the **actual cash value** provisions of this Coverage Form apply and we will pay the **actual cash value** of:
 - 1) The undamaged portion of **Property Insured** that the **ordinance or law** requires you to demolish; or
 - 2) The portion of **nonconforming property** that the **ordinance or law** does not permit you to repair or rebuild.
- (c) In determining either the **replacement cost** or the **actual cash value** amount, the **value** of Ordinance or Law Coverage A will be determined at the **location** and will be based upon the same height, floor area, number of units, leasable square footage, occupancy, style, and like kind and quality of the original **Property Insured** which existed immediately preceding the covered loss.
- (2) The remaining applicable Limit of Insurance for **Property Insured** shown in the Declarations, after payment of the covered direct physical loss or damage using the valuation method indicated in the Declarations.
- (3) The Limit of Insurance or Sublimit of Insurance, whichever is less, shown in the Declarations applicable to Ordinance or Law - Coverage A.
- b. Coverage B: The **value** of Coverage B will be determined at the least of the following dollar amounts described below:
 - (1) The amount you actually spend to demolish and clear the **location** of undamaged parts of **Property Insured** caused by the enforcement of an **ordinance or law**.
 - (2) The Limit of Insurance or Sublimit of Insurance, whichever is less, shown in the Declarations applicable to Ordinance or Law Coverage B.
- c. Coverage C: The **value** of Coverage C will be determined at the least of the following dollar amounts described below:
 - (1) (a) The **replacement cost** amount to repair or rebuild damaged or undamaged portions of **Property Insured**, whether or not demolition is required, at the same **location** if:
 - 1) **Property Insured** is repaired or rebuilt at the same **location**; or
 - 2) The **ordinance or law** allows you to repair or rebuild at the same **location**, but you elect to rebuild **Property Insured** at another site or move **Property Insured** to another site.
 - (b) The **replacement cost** amount to repair or rebuild at a new site, but only if the **ordinance or law** will not allow you to repair or rebuild at the same **location**.
 - (2) The amount you actually spend to repair or rebuild **Property Insured** which has sustained loss or damage.
 - (3) The Limit of Insurance or Sublimit of Insurance, whichever is less, shown in the Declarations applicable to Ordinance or Law - Coverage C.

13. Personal Property of Others

If covered loss or damage occurs to **personal property of others**, then we will determine the **value** of such property which has sustained loss or damage using the applicable valuation provisions, but we will not pay more than the amount for which you are legally liable, or the applicable Limit of Insurance, whichever is less.

14. Stock



Subject to the applicable Limit of Insurance shown in the Declarations, if covered loss or damage occurs to **stock**, then we will determine the **value** of such property which has sustained loss or damage at the time of loss or damage as follows:

- a. The **value** of the following types of **stock** will be determined on a **replacement cost** basis:
 - (1) Supplies or raw materials; and
 - (2) **Stock** that you have purchased from others for resale.
- b. The **value** of **stock** that is work-in-process will be determined at the cost of raw materials, supplies, labor, and overhead incurred.
- c. The **value** of **finished stock** will be determined at your selling price less all applicable discounts and un-incurred expenses.
- d. The **value** of **stock** that has been sold but not delivered will be determined at your selling price less all applicable discounts and un-incurred expenses.
- e. The **value** of **stock** that is economically or technologically obsolete or used will be determined at its wholesale **fair market value** at the time of the loss or damage.

15. Transit Coverage

Subject to the applicable Limit of Insurance shown in the Declarations, if covered loss or damage occurs to **Property Insured** which is in **transit**, then we will determine the **value** of such property which has sustained loss or damage at the time of the loss or damage as follows:

- a. The **value** of **Property Insured** which is in **transit** will be determined at the dollar amount stated on the invoice plus any additional expenses that have accrued and been incurred, less all applicable discounts and un-incurred expenses.
- b. The **value** of **Property Insured** which is in **transit** but not under invoice will be determined in accordance with the applicable valuation method for the type of property described under Section VI. Valuation plus any additional expenses that have accrued and been incurred, less all applicable discounts and un-incurred expenses.

B. The valuation provisions described below apply to **time element loss** insured under this Coverage Form:

1. In making any determination of **business income** loss or the amount of **extra expense** incurred, we may utilize any relevant sources of information, including your:
 - a. Balance sheets, income statements, general ledgers, payroll records, and other financial records which have been prepared in accordance with generally acceptable accounting principles;
 - b. Bank statements;
 - c. Accounting procedures;
 - d. Budgeting, forecasting, and marketing records;
 - e. Bills, invoices, bill of materials, and other vouchers;
 - f. Deeds, liens, or contracts, including contracts with customers (verified through confirmations).

If your financial records are not prepared in accordance with generally acceptable accounting principles, then additional accounting procedures may be required.

2. Business Income Coverage:

- a. The amount of covered **business income** loss will be determined based on:
 - (1) The net profit or loss before income taxes of your **operations** before covered loss or damage occurred;
 - (2) The likely net profit or loss before income taxes of your **operations** if no covered loss or damage occurred, not including any **business income** that would likely have been earned as



a result of an increase in the volume of business due to favorable business conditions caused by the impact of the **covered cause of loss** on customers or on other businesses; and

- (3) The continuing normal operating expenses, including your continuing normal payroll expenses, necessary to resume your **operations** with the same quality of service that existed just before the covered direct physical loss or damage. Continuing expenses will be calculated based on the:

- (a) **Period of restoration**; or

- (b) Period of time provided for **business income** as described above under Extension of Coverage - Item V.E.6.a.(1);

whichever is applicable.

- b. The amount of payroll expense covered when determining the amount of a **business income** loss will be determined based on the following:

- (1) If your **ordinary payroll expense** is not shown in the Declarations as limited or excluded, then your **ordinary payroll expense** is covered and your **ordinary payroll expense** will be included when determining your **business income** loss.

- (2) (a) If your **ordinary payroll expense** is shown in the Declarations as limited, then **business income** includes your **ordinary payroll expense** but for only the number of days stated in the Declarations when determining your **business income** loss. The number of days need not be consecutive but must fall within:

- 1) The **period of restoration**; or,

- 2) The period of time provided for **business income** as described above under Extension of Coverage - Item V.E.6.a.(1);

- (b) In determining the annual operating expenses for Coinsurance purposes, payroll expenses will only include the **ordinary payroll expense** incurred during the number of days shown in the Declarations. If the **ordinary payroll expense** varies during the Policy year, then the period of greatest **ordinary payroll expense** will be used.

- (3) If your **ordinary payroll expense** is shown in the Declarations as excluded, then your entire **ordinary payroll expense** will be deducted when determining your **business income** loss.

- c. If you are operating at a net loss, then continuing normal operating expenses will be offset by the net loss.

3. Extra Expense Coverage:

The amount of covered **extra expense** incurred will be determined based on necessary expenses that:

- a. Exceed your normal operating expenses that would have been incurred by your **operations**, had no covered loss or damage occurred, during the following periods of time:

- (1) The **period of restoration**; or

- (2) The period of time provided for **extra expense** as described above under Extension of Coverage - Item V.E.6.a.(2).

- b. Reduce the **business income** loss that otherwise would have been incurred.

- c. We will deduct from the total of such expenses:

- (1) The salvage value that remains of any property bought for temporary use during the **period of restoration** once your **operations** are resumed; and

- (2) Any **extra expense** that is paid for by other insurance.



4. Resumption of Your Business Operations

- a. We will reduce the amount of your **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 **location** or elsewhere.
 - b. We will reduce the amount of your **extra expense** to the extent you can return your **operations** to normal and discontinue such **extra expense**.
 - c. If you do not resume all or part of your **operations**, or do not resume all or part of your **operations** as quickly as possible, then we will pay based on the length of time it would have taken to resume your **operations** as quickly as possible.
5. In no event or circumstance will the loss computation result in payments greater than the actual loss sustained or the applicable Limit of Insurance, whichever is less.

VII. Mortgage Holders or Loss Payee Provisions

A. Lender's Loss Payable Provisions

1. The Loss Payee shown in the Declarations is a creditor, mortgage holder, trustee, or receiver whose interest in covered property is established by the following written instruments:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements;
 - e. Mortgages, deeds of trust, or security agreements; or
 - f. Court order.
2. If a covered loss occurs to covered property in which both you and a Loss Payee have an insurable interest, and such Loss Payee is described in the Declarations as a Lenders Loss Payable prior to such covered loss, then:
 - a. We will pay for covered loss or damage to each Loss Payee shown in the Declarations in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the covered property.
 - c. If we deny your claim because of your acts or because you have failed to comply with the terms of this Policy, then the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Policy 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 Loss Payee.All of the terms of this Policy will then apply directly to the Loss Payee.
 - d. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Policy, then:
 - (1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
 - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.



At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

3. If we cancel or elect not to renew this Policy, then we will give the Loss Payee the same written notice that we give you.

B. Loss Payable Provisions

If a covered loss occurs to covered property which both you and a Loss Payee have an insurable interest and such Loss Payee is described in the Declarations as a Loss Payable prior to such covered loss, then we will:

1. Adjust losses with you; and
2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

C. Contract of Sale Provisions

1. The Loss Payee is described in the Declarations as a Contract of Sale and is a person or organization you have entered a contract with for the sale of covered property.
2. If a covered loss occurs to covered property in which both you and the Loss Payee have an insurable interest, and such Loss Payee is described in the Declarations prior to such covered loss, then we will:
 - a. Adjust losses with you; and
 - b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
3. The following is added to the Other Insurance Clause contained in Section XIII. General Conditions:
For covered property that is the subject of a contract of sale, the word you includes such Loss Payee.

VIII. Coverage Options

Val-U-Gard Coverage

If the Declarations indicate that Val-U-Gard Coverage applies to **Property Insured**, then at the time of covered loss or damage, the Limit of Insurance for such **Property Insured** will automatically increase by the percentage shown in the Declarations applicable to Val-U-Gard Coverage. The amount of increase will be determined as follows:

Step 1: Multiply the Limit of Insurance that applied at the time of covered loss or damage by the Val-U-Gard percentage shown in the Declarations, expressed as a decimal (Example: 5% = .05).

Step 2: Multiply the result of Step 1 by the number of days since such Limit of Insurance most recently became effective.

Step 3: Divide the result of Step 2 by 365 to determine the amount of inflationary increase in the Limit of Insurance applicable to **Property Insured**.

IX. Limitations of Coverage

A. Coverage for Animals

1. a. We will pay for direct physical loss or damage to the following covered animals caused by or resulting from a **covered cause of loss**:
 - (1) Owned by others while in your care, custody, or control; or
 - (2) You sell as **stock**;
- b. Coverage includes the following necessary expenses you incur which are directly attributable to a covered loss under Coverage for Animals:
 - (1) The expense of transporting the covered animal to a licensed veterinarian;



- (2) The expense of veterinarian services in order to provide medical treatment to an injured animal; and
 - (3) The humane destruction of covered animals if necessary. Humane destruction means the necessary euthanasia of an animal by a licensed veterinarian when such animal suffers an injury that is so excessive that immediate destruction is necessary for humane reasons.
 2. We will not pay under Coverage for Animals for any loss, damage, or expense caused by or resulting from any treatment or process, or the rendering or failure to render any professional services.
- B. **Damage From Water or Other Liquid - Tear Out and Repair**

If a covered loss is caused by or results from the escape of water or other liquid, including molten material, we will not pay for the cost to repair or replace the defective system or appliance from which such substances escaped. However, subject to the applicable limit of insurance, we will pay for the cost to:

 1. Tear out and replace parts of **Property Insured**, whether or not such property is damaged, in order to repair covered loss or damage; and
 2. Repair or replace damaged parts of **fire protection equipment** if such covered loss is caused by or results from the discharge of any substance from such **fire protection equipment**.
- C. **Expenses to Reduce a Business Income Loss**

If a covered **business income** loss is sustained under this Coverage Form, then we will pay the necessary expenses you incur, except the cost of extinguishing a fire, to reduce or avoid further **business income** loss, but only to the extent they do not exceed the amount of **business income** loss that would otherwise have been paid.
- X. **Deductibles**
 - A. **Property Damage Loss**

We will not pay for a **property damage loss** in any one occurrence or **loss event** until the amount of such **property damage loss** exceeds the Dollar Deductible Amount shown in the Declarations. Subject to Section XI. Limits of Insurance, we will then pay the amount of such **property damage loss** in excess of the deductible.
 - B. **Time Element Loss**
 1. We will not pay for a **time element loss** in any one occurrence or **loss event** until the amount of such **time element loss** exceeds the deductible shown in the Declarations. Subject to Section XI. Limits of Insurance, we will then pay the amount of such **time element loss** in excess of the deductible.
 2. **How Your Business Income Deductible(s) will be Determined**
 - a. If the deductible stated in the Declarations is a Dollar Deductible Amount, then the stated dollar amount is the sum we will subtract from a **time element loss** in any one occurrence or **loss event**.
 - b. If the deductible stated in the Declarations is an Hour Deductible, then we will not pay for any **time element loss** you sustain during the specified number of consecutive hours immediately following the occurrence of covered loss or damage. However, if a Minimum Deductible Amount is stated in the Declarations, then we will subtract at least the Minimum Deductible Amount from the **time element loss** you sustain in any one occurrence or **loss event**.
 - C. The following deductible provisions apply to Section V. Extensions of Coverage:
 1. If the Declarations specify that a single deductible applies to **business real property** and **business personal property**, then such deductible applies to all **property damage loss** insured under Section V. Extensions of Coverage unless a specific deductible is shown in the Declarations.
 2. If the Declarations specify that different deductibles apply to **business real property** and **business personal property** then:



a. The deductible described in the Declarations for **business real property** applies to all **property damage loss** insured under Newly Acquired Property Coverage and Unnamed Location Coverage; and

b. The deductible described in the Declarations for **business personal property** applies to all **property damage loss** insured under other Extensions of Coverage;

unless a specific deductible is shown in the Declarations applicable to a specified Extension of Coverage.

3. If the Declarations specify that a deductible applies to **time element loss**, then such deductible applies to a **time element loss** insured under Section V. Extensions of Coverage, unless a specific deductible is shown in the Declarations applicable to a specified Extension of Coverage.

4. If the Declarations specify that different deductibles apply to a **property damage loss** and a **time element loss**, and a **property damage loss** and a **time element loss** are insured under a single coverage provided under Section V. Extensions of Coverage, then deductibles will be applied as described below under Item X.D. of this Coverage Form.

D. When Multiple Deductibles Apply

If more than one deductible is applicable to a covered loss insured under this Coverage Form or the Commercial Property Coverage Section, then we will only apply the single highest deductible that is applicable. However, if deductibles are shown in the Declarations for a **property damage loss** and a **time element loss**, then each deductible will be subtracted from the applicable **property damage loss** and the applicable **time element loss** in any one occurrence or **loss event**.

E. Extra Expense or Expediting Expense Coverage

The deductibles stated in the Declarations do not apply to Extra Expense Coverage or Expediting Expense Coverage.

XI. Limits of Insurance

A. The most we will pay for covered loss, damage, or expense in any one occurrence or **loss event** is the applicable Limit of Insurance or Sublimit of Insurance, whichever is less, shown in:

1. The Declarations of this Coverage Form;
2. The provisions within this Coverage Form; or
3. Any endorsement attached to this Coverage Form which comprises a part of the Commercial Property Coverage Section.

B. Payments under any Sublimit of Insurance shown in the Declarations are included within, not in addition to, any Limit of Insurance provided by this Coverage Form.

C. Insurance is only provided for those coverages for which:

1. An entry is shown by an X on the applicable line in the Declarations; and
2. A dollar amount is shown as a Limit of Insurance or Sublimit of Insurance in the Declarations.

D. If a coverage shown in the Declarations does not show a corresponding Limit of Insurance, then no insurance is provided for such coverage.

E. If "0", "N/A", or "not covered" appears as a Limit of Insurance in the Declarations for a described coverage, then no insurance is provided for such described coverage.

F. If the term "included" appears as a Limit of Insurance in the Declarations for a described coverage, then the Limit of Insurance for such coverage is included within, not in addition to, the applicable Limit of Insurance shown in the Declarations for Business Real Property, Business Personal Property, or Business Income and Extra Expense.



XII. Loss Conditions

A. Abandonment

There can be no abandonment of any property to us.

B. Appraisal

1. If we and you disagree on the **value** of the property, the amount of net income (net profit or loss before income taxes), the amount of operating expenses, or the amount of loss, then either party 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, then either party may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the applicable **value** of such property, the amount of such net income (net profit or loss before income taxes), the amount of such operating expenses, or the amount of such loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two parties will be binding. Each party will:

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

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

C. Duties In The Event Of Loss Or Damage

1. In the event of covered loss or damage you must see that the following are done:
 - a. Notify the police if a law may have been broken.
 - b. Give us prompt notice of the loss or damage. Include a description of the property involved.
 - c. Give us a description of how, when, and where loss or damage occurred as soon as possible.
 - d. Take all reasonable steps to protect the covered property from further damage and, if feasible, set the damaged property aside and in the best possible order for examination. We will not pay for any subsequent loss or damage that is caused by or results from your failure to take such steps.
 - e. Keep a record of your necessary expenses that you incurred:
 - (1) To protect covered property from further damage; and
 - (2) For emergency and temporary repairs;
 for consideration in the settlement of the claim. Such expenses incurred, if covered, will not increase the Limit of Insurance.
 - f. At our request, give us complete inventory of the damaged and undamaged property. Include quantities, costs, values, and amount of loss claimed.
 - g. As often as may be reasonably be required, permit us to:
 - (1) Inspect your property in order to prove the loss or damage;
 - (2) Take samples of damaged and undamaged property for inspection, testing, and analysis; and
 - (3) Examine your books and records and make copies of such books and records.
 - h. Send us a signed, sworn statement of loss containing the information we request to investigate the claim. We will supply the necessary forms. You must complete such forms within ninety (90) consecutive calendar days of our request.
 - i. Cooperate with us in the investigation or settlement of the claim.

2. We may examine under oath:

- a. You, your partners, or **members**;



- b. **Managers**, officers, directors, trustees, or employees (including leased employees);
- c. Authorized representatives, or anyone to whom you entrust property for any purpose; while not in the presence of other such persons (other than your legal counsel), and at such times as may reasonably be required, about any matter relating to this Policy or a claim under this Policy, including your books and records. In the event of an examination under oath, the person being examined must verify that their answers are accurately recorded.

3. The failure of any person, other than:

- a. You, your partners, or **member of your business**;
 - b. A person employed by **your business** as a **manager**, officer, director, or member of your management level staff; or
 - c. A trustee or other person with legal authority over **your business**;
- to notify us of any loss or damage that may be covered under this Coverage Form, shall not invalidate the insurance afforded by this Policy.

D. Loss Payment

1. Within 30 days of receiving the properly executed, sworn statement of loss, we will give you notice that:
 - a. Your claim is denied;
 - b. Your claim will be paid; or
 - c. We need more time to determine whether your claim will be denied or paid;
 in whole or in part.
2. If your claim is denied, then such notice will be in writing and will state any applicable Policy provision, condition, or exclusion used as the basis for the denial.
3. For that portion of the loss or damage that is covered under this Coverage Form, we will pay your claim within 30 days of receiving the properly executed sworn statement of loss, if:
 - a. You have complied with all of the terms and conditions of the Policy; and
 - b. We have reached agreement with you on the amount of loss or an appraisal award has been made.
 However, we will not pay you more than your financial interest in lost or damaged property.
4. If more time is needed to determine whether your claim should be denied or paid, then we will notify you in writing and state why more time is needed.
5. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, then such payments will satisfy your claims against us for the owners' property.

E. Pair or Set

If a covered loss occurs to your covered property that is part of a pair or set, then we will only pay for a reasonable and fair proportion of the total value of the pair or set. We will not pay on the basis of a loss to the entire pair or set.

F. Recovered Property

1. 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. If the recovered property is returned to you, then you must return to us the amount of the claim we paid to you for the property.
2. Subject to the Limit of Insurance described in the Declarations:
 - a. We will pay recovery expenses and the expenses to repair the recovered property; and



- b. If the recovered property is damaged and we agree that it cannot be restored, but you wish to keep the damaged property, then you will pay us the property's **fair market value** immediately after the recovery, but not more than the amount of the claim we paid you for the property.

XIII. General Conditions

A. Authorization and Notices

You agree that the first Named Insured shown in the Declarations shall act on behalf of all other Named Insureds. All correspondence concerning the Commercial Property Coverage Section of this Policy will take place between the first Named Insured and us. Notice sent to the first Named Insured at the address of such first Named Insured stated in the Declarations shall also constitute notice to all Named Insureds.

B. Calculation of Premium

The premium shown in the Declarations was computed based on rates in effect at the time the Policy was issued. On each renewal, continuation, or anniversary of the effective date of this Policy, we will compute the premium in accordance with our rates and rules then in effect.

C. Cancellation and Nonrenewal

1. Cancellation

- a. The first Named Insured in the Declarations may cancel this Policy by mailing or delivering to us advance written notice of cancellation. The Policy will end on the effective date requested.
- b. We may cancel this Policy by mailing by first class mail or delivering to the first Named Insured and to the agent or broker of record, at the address shown in the Declarations, written notice of cancellation stating the reason for cancellation at least:
 - (1) Ten (10) consecutive calendar days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (2) Thirty (30) consecutive calendar days before the effective date of cancellation if we cancel for any other reason.
- c. Notice of cancellation will state the effective date of cancellation. The Policy Period will end on that date.
- d. If this Policy is canceled, then we will send the first Named Insured any premium refund due. If we cancel, then the refund will be pro rata. If the first Named Insured cancels, then the refund may be less than pro rata but no less than the amount determined by our rules in effect at the time. The cancellation will be effective even if we have not made or offered a refund.
- e. If notice is mailed, then proof of mailing will be sufficient proof of notice.

2. Nonrenewal

- a. We are not required to renew this Policy when it expires.
- b. If we elect not to renew this Policy, then we will mail by first class or deliver to the first Named Insured and the agent or broker of record, at their address shown in the Declarations, written notice stating the reason for nonrenewal, at least sixty (60) consecutive calendar days but not more than one hundred and twenty (120) consecutive calendar days before the effective date of nonrenewal.
- c. Notice of nonrenewal will state the effective date of nonrenewal. The Policy Period will end on the date of nonrenewal.
- d. If the notice is mailed, then proof of mailing will be sufficient proof of notice.

D. Changes

The 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.

E. Concealment, Misrepresentation, or Fraud

This Policy is void in any case of fraud by you. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning this Policy, covered property within this Policy, your interest in such covered property, or a claim under this Policy.

F. Conformity to Statute

Terms of the Coverage Form which are in conflict with the statutes of the state where such Policy is issued are amended to conform to such statutes.

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

H. Coverage Territory

Except as more specifically provided in this Coverage Form or the Commercial Property Coverage Section of this Policy, the coverage provided this Coverage Form and by the Commercial Property Coverage Section of this Policy applies as follows:

1. Other Than Transit Coverage

The Coverage Territory, other than for Transit Coverage, is the 48 contiguous States of the United States of America, the State of Alaska, the State of Hawaii, the District of Columbia, Puerto Rico, territories and possessions of the United States of America, and Canada.

2. Transit Coverage

The Coverage Territory for Transit Coverage is within and between the 48 contiguous States of the United States of America, the State of Alaska, the State of Hawaii, the District of Columbia, Puerto Rico, territories and possessions of the United States of America, and Canada.

I. Defense Costs

1. We may elect to defend any suit against you alleging direct physical loss or damage resulting from a **covered cause of loss to personal property of others**, if such **personal property of others** is insured under this Policy. However, we will not defend you against any suit, or that portion of a suit, for direct physical loss or damage to which this insurance does not apply.
2. If we elect to defend you, then we will do so at our expense to the extent of your liability, even if such suit is groundless, false, or fraudulent. We may, without prejudice, make such investigation, negotiation, or settlement of any such claim or suit as we deem expedient. But:
 - a. The most we will pay for a covered loss to **personal property of others** is the applicable Limit of Insurance shown in the Declarations;
 - b. Payments for our defense costs are in addition to the applicable Limit of Insurance; and
 - c. Our defense of the suit will end when we have used up the applicable Limit of Insurance in the payment of judgments or settlements.

J. 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.

K. Inspections and Surveys



1. We have the right but are not obligated to make inspections and surveys at any time, give you reports on the conditions we find, and recommend changes.
 2. Any such inspections, surveys, reports, or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections and 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. We do not warrant that conditions are safe, healthful, or comply with laws, regulations, codes, or standards.
 3. Items XIII.K.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. Item XIII.K.2. of this condition does not apply to any inspections, surveys, reports or recommendations we make, or any other inspection service or other similar organization may make, relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels, or elevators.
- L. Insurance Under Two or More Coverages**
1. If two or more of this Policy's coverages apply to the same loss, damage, or expense, then we will not pay more than the actual amount of such loss, damage, or expense.
 2. If two or more coverages apply to the same item of property which suffers covered loss or damage under:
 - a. This Coverage Form;
 - b. An Endorsement to this Coverage Form; or
 - c. This Policy;then the most we will pay for any loss, damage, or expense is the largest single Limit of Insurance shown in the Declarations applicable to such covered property.
 3. The applicable Limit of Insurance shown in the Declarations is the most we will pay for loss, damage, or expense under any coverage in this Coverage Form or the Commercial Property Coverage Section regardless of the number of Named Insureds or other interests that have suffered such loss, damage, or expense. Payments made under this Policy will not exceed the actual amount of covered loss, damage, or expense.
- M. Legal Action Against Us**
- No one may bring a legal action against us under this Policy unless:
1. There has been full compliance with all of the terms of this Policy; and
 2. The legal action is brought within 2 years after the date upon which the direct physical loss or damage occurred.
- N. Liberalization Clause**
- If we adopt any revision that would broaden the coverage under this Policy without additional premium within 45 days prior to or during the Policy Period, then such broadened coverage will immediately apply to this Policy.
- O. No Benefit to Bailee**
- No person or organization, other than you, having custody of covered property will benefit from this insurance.
- P. Other Insurance**
1. If you have other insurance subject to the same plan, terms, conditions, and provisions as the insurance provided under this Policy, then we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Policy bears to the total Limits of Insurance for all insurance covering such loss or damage on the same basis.



2. If there is other insurance covering the same covered loss or damage, other than that described above in XIII.P.1., then subject to the deductible shown in the Declarations, 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. Our payment for any covered loss or damage is subject to the terms and conditions of this Policy and the applicable Limit of Insurance shown in the Declarations.

Q. Policy Period

Under this Policy we insure covered loss or damage commencing during the Policy Period shown in the Declarations.

R. Premiums

The first Named Insured shown in the Declarations is responsible for the payment of all premiums and will be the payee for any return premiums we pay.

S. Reinstatement of Limits After a Loss

Covered loss or damage sustained under this Coverage Form shall not reduce the Limits of Insurance shown in the Declarations, except where an **Annual Aggregate** Limit of Insurance applies. The reinstatement of any exhausted **Annual Aggregate** Limit of Insurance is not permitted unless authorized by us in writing.

T. Subrogation

1. Other Than Transit Coverage

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

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

This will not restrict your insurance.

2. Transit Coverage

With respect to covered property under Transit Coverage, you are permitted to accept released value bills of lading from carriers for hire. You are not permitted to enter into any special agreements with carriers or bailees releasing them from their common law or statutory liability. We will not be liable for any loss or damage which, without our written consent, has been settled or compromised by you.

U. Trade or Economic Sanctions

Whenever coverage under this Policy would be in violation of any U.S. trade or economic sanctions such as, but not limited to, those sanctions administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), such coverage shall be null and void.

V. Transfer of Your Rights and Duties Under This Policy

1. 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.
2. 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.

XIV. Definitions

A. Words and phrases contained within this Coverage Form that appear in **bold face** have special meaning. When words or phrases that appear below in **bold face** do not appear in **bold face** in this Coverage Form, then those words or phrases are to be interpreted using their common meaning. The section below defines the following terms appearing in **bold face** which are used in this Coverage Form or in the Declarations applicable to this Coverage Form:

1. **Accounts receivable** means all records of amounts due from your customers on current accounts.
2. a. **Actual cash value** means the cost to repair or replace covered property which has sustained loss or damage with other property:
 - (1) Of like kind, quality, usefulness, size, and capacity, as that with which it was originally constructed; and
 - (2) Used for the same occupancy and purpose;
 subject to a deduction for deterioration, depreciation, depletion, obsolescence, or a combination thereof.
- b. **Actual cash value** includes your interest in labor, materials, or services furnished or arranged by you and other expenses accrued, but only with respect to **buildings while in the course of construction**.
3. **Annual aggregate** means the most we will pay for all loss, damage, or expense arising from all occurrences, **loss events**, or both (as applicable), during any one Policy Period. **Annual Aggregate Limits of Insurance** are reduced by the amount of any paid loss.

If the Policy is written for a term of more than one year, then we will apply the **Annual Aggregate Limit of Insurance** separately to each consecutive year of the Policy Period. If the Policy is extended for a period of time that is less than a year, then the remaining **annual aggregate** from the prior term applies to the extended period of time.
4. a. **Buildings while in the course of construction** means **business real property** while in the course of initially being constructed or while undergoing alterations, remodeling, or renovations, including the following types of property:
 - (1) Any property used in the course of construction, alteration, remodeling, or renovation activities that is destined to become a permanent part of the building or realty surrounding such building; and
 - (2) Temporary structures built or assembled on the site which support such construction, alteration, remodeling, or renovation activities including cribbing, scaffolding, or construction forms.
- b. **Buildings while in the course of construction** does not mean:
 - (1) Outdoor trees, shrubs, plants or lawns;
 - (2) **Buildings while in the course of construction** for which separate insurance coverage has been obtained and such separate insurance covers your interest; or
 - (3) **Soft costs**.
5. a. **Business income** means:
 - (1) The net profit or loss before income taxes from your **operations** including:
 - (a) The sales of merchandise or services;
 - (b) The net sales value of manufacturing production;



- (c) Previously documented grants, research contracts, fund raising, or donations likely to reoccur;
 - (d) The lease or rental of tenant occupancies at a location, as furnished and equipped by you;
- (2) Continuing normal operating expenses incurred, including your continuing normal payroll expenses;
- (3) Charges which are the legal obligation of your tenants but would otherwise be your obligations; and
- (4) The fair rental value of any portion of a location occupied by you; that would have been earned or incurred by you had there been no covered loss or damage.
- b. If **ordinary payroll expense** is covered under this Coverage Form, then **business income** includes tip income of your employees as reported by you to the Internal Revenue Service.
- c. **Business income** does not mean bank interest or investment income.
- 6. **Business personal property** means the following types of property:
 - a. **Accounts receivable;**
 - b. Animals owned by others while in your care, custody, or control, or animals you sell as **stock;**
 - c. **Data, media, and software;**
 - d. Furniture, fixtures, machinery, equipment, **mobile equipment**, materials, and supplies;
 - e. **Electronic data processing equipment;**
 - f. **Mobile communication equipment;**
 - g. Patterns, molds and dies;
 - h. **Personal effects;**
 - i. **Personal property of others;**
 - j. **Processing water;**
 - k. **Prototypes;**
 - l. **Research and development documentation;**
 - m. **Stock;**
 - n. **Tenant's improvements and betterments;**
 - o. Trees, shrubs and plants used inside the building as decoration; and
 - p. **Valuable papers and records.**

Business personal property does not mean outdoor trees, shrubs, plants, or lawns; **fine arts; money; securities; or salesperson's samples.**
- 7. **Business real property** means the following types of property:
 - a. Buildings or structures, foundations, completed alterations, repairs, and additions to such buildings or structures; fixtures, permanently installed machinery and equipment; awnings; or glass forming a part of the structure, including lettering and ornamentation, whether located on the exterior or interior of such building or structure;
 - b. Underground pipes, flues, or drains necessary for the service of **business real property;**
 - c. Radio or television towers, antennas, and satellite dishes, including attachments;



- d. Personal property used to maintain or service the building including fire extinguishing equipment; outdoor furniture; floor coverings; and appliances used for refrigerating, ventilating, cooking, dishwashing, or laundering;
- e. Outdoor fixtures and structures, including light standards, fences, signs, well-housings; and artificial trees, shrubs, plants, and lawns; and
- f. **Buildings while in the course of construction.**

Business real property does not mean trees, shrubs, plants, or growing outdoors; any item which meets the definition of **fine arts**; or any item that is insured under Fine Arts Coverage contained in this Coverage Form.

- 8. **Cloud computing** means computer or information technology capabilities hosted by others and accessed through the internet or other means, including storage, software, applications, computing power, specially crafted development environments, and other computer or information technology related capabilities that are provided as a service.
- 9. **Collapse** means the actual abrupt falling down or caving in of a building or part of a building with the result that the building or part of the building cannot be occupied for its intended purpose. **Collapse** does not mean:
 - a. The threat of **collapse**, even if **collapse** is imminent; or
 - b. Impairment whether or not substantial; or
 - c. A condition of a building still standing including cracking, bulging, sagging, bending, shifting, leaning, settling, shrinkage, or expansion that could lead to or contribute to its actual abrupt falling down; or

As used in the definition of **collapse**, the term "building" does not include retaining walls or other structures that do not provide structural support to such building.

- 10. **Communicable disease** means any disease, bacteria, or virus that may be transmitted directly or indirectly from human or animal to a human.
- 11. **Communicable disease event** means an event in which a **public health authority** has ordered that a location be evacuated, decontaminated, or disinfected due to the outbreak of a **communicable disease** at such location.
- 12. **Counterfeit** means an imitation of an actual valid original intended to deceive and to be taken as the original.
- 13. **Covered cause of loss** means risks of direct physical loss or damage not excluded or limited in this Coverage Form.
- 14. **Data, media, and software:**
 - a. The Definitions described below in XIV.A.14.b. apply separately to **data**, **media**, and **software** which
 - (1) You own; or
 - (2) Is owned by others and is in your care, custody, or control.
 - b. (1) **Data** means information other than **software**, which has been recorded, installed, or stored on media and is usable in your **electronic data processing equipment** or **mobile communication equipment**. **Data** also means the original source **data** installed or included within **electronic data processing equipment** or **mobile communications equipment**.
 - (2) **Media** means the physical materials upon which **data** or **software** are recorded, installed, or stored; and **media** originally installed or included within **electronic data processing equipment** or **mobile communication equipment**.



- (3) **Software** means instructions, programs, or routines that are recorded, installed, or stored on **media** which are used to control or direct processes, computing, or other functions in your **electronic data processing equipment** or **mobile communication equipment**. **Software** also means the original **software** installed or included within **electronic data processing equipment** or **mobile communication equipment** used to program or control the functions and processes of such equipment.
- (4) **Data, media, or software** does not mean **data, media, or software**:
 - (a) Held for sale; or
 - (b) No longer used in your **operations**.
- 15. **Dependent property** means property operated by others upon whom you depend to:
 - a. Deliver materials or services to you or to others for your account other than **utility services** (Contributing Locations);
 - b. Accept your products or services (Recipient Locations);
 - c. Manufacture products for delivery to your customers under contract of sale (Manufacturing Locations); and
 - d. Attract customers to your business (Leader Locations).
- 16. **Detrimental code** means any computer virus, malware, program, routine, sub-routine, trojan horse, worm, script, or other code string that damages, destroys, alters, or corrupts **Property Insured** or **personal property of others**.
- 17. **Earth movement** means any natural or man-made earth movement, including **earthquake**; landslide; avalanche; **volcanic action**; the sinking, rising, shifting, subsidence, settling, erosion, expansion, or contraction of earth; or **mine subsidence**. **Earth movement** includes:
 - a. Tsunami or tidal waves caused by or resulting from **earth movement**; and
 - b. **Fire protection equipment leakage from earth movement**.

Earth movement does not include **sinkhole collapse**.
- 18. **Earthquake** means, tremors or vibrations within and upon the earth's crust caused by seismic displacement, rupture or creation of faults within the earth's crust that are associated with natural tectonic processes.
- 19. a. **Electronic data processing equipment** means:
 - (1) Computer hardware;
 - (2) Machinery or equipment; and
 - (3) **Voice communication systems**;

which uses **software** for the input, output, processing, or storage of **data**; or to control or direct processes.

- b. **Electronic data processing equipment** does not mean:
 - (1) **Electronic data processing equipment** held for sale; or
 - (2) **Mobile communication equipment**.
- 20. **Expediting expense** means the following necessary extra costs, including overtime wages and express freight or other rapid means of transportation, in order to expedite:
 - a. Emergency or temporary repairs of damaged covered property; or
 - b. Permanent repair or replacement of such damaged property.



21. **Extra expense** means the necessary expenses you incur during the **period of restoration**, over and above the expenses you would have normally incurred had there been no covered loss, in order to:
- Avoid or minimize the **suspension** of business and to continue **operations** at the location or at replacement or temporary locations, including relocation expenses and costs to equip and operate such replacement or temporary locations;
 - Minimize the **suspension** of business if you cannot continue **operations**; or
 - Repair or replace covered property, but only to the extent it reduces the amount of loss that otherwise would have been payable under Business Income and Extra Expense Coverage.
22. **Fair market value** means the price that a willing buyer would pay to a willing seller in an open market if the property had been offered for sale on the date of the loss.
23. **Fine arts** means the following types of property that are bona fide works of art which:
- You own; or
 - Are owned by others and are in your care, custody, or control;
- including items that are part of a pair or set: Paintings; rare books; etchings; pictures; prints; drawings; tapestries; rugs; sculptures; statuary; pottery; marbles; bronzes; antique furniture; antique silver; manuscripts; porcelains; rare glass; stained glass, whether a part of **business real property** or not; and items of rarity, historical value, or artistic merit, including trophies, scientific instruments or experiments, or musical instruments.
24. **Finished stock** means **stock** you have manufactured including whiskey and alcoholic products being aged, but does not include **stock** you have manufactured which is in its completed state and held for sale at the **location** of any distribution warehouse, wholesale outlet, or retail outlet.
25. **Fire protection equipment** means wet, dry, chemical, or gaseous fire suppression systems including sprinklers or discharge nozzles; supply lines, ducts, or piping; fire suppression supply tanks; pumps; water mains or hydrants; standpipes or outlets; and their component parts or supports; which you own, lease, or rent from others.
26. **Fire protection equipment leakage from earth movement** means leakage or discharge of any substance from **fire protection equipment** caused by or resulting from **earth movement**.
27. **Flood** means a general and temporary condition of partial or complete inundation of normally dry land areas from the following, regardless of how caused, whether driven by wind or not:
- Waves, tides, tidal waves, tsunami, or storm surge;
 - The unusual and rapid accumulation or run-off of surface waters from any source;
 - Mud flow or mudslides caused or precipitated by accumulation of water on or under the ground;
 - The overflow or expansion beyond normal boundaries of inland or tidal waters, including natural or man-made lakes, reservoirs, ponds, brooks, rivers, streams, harbors, seas, oceans, or any other body of water or watercourse; or
 - Any material, object, or debris that is carried, propelled, or in any manner moved by a **flood**.
- Flood** is not any weather condition as referenced in the definitions of **hurricane**, **named storm**, or **storm**.
28. **Forgery** means the signing of the name of another person or organization with intent to deceive. **Forgery** does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.
29. **Fungus** means all types of fungus, such as mildew and mold, and all of their resulting spores and byproducts, including mycotoxins and allergens. **Fungus** does not mean **fungus** for human ingestion.



30. a. **Hurricane** means a hurricane, typhoon, or tropical cyclone that, as reported or recorded by the National Weather Service:
- (1) Has sustained wind speed of 74 miles per hour or greater; or
 - (2) Has been declared to be a hurricane.
- b. **Hurricane** includes loss or damage to the interior of any covered building or structure or to covered property located inside any building or structure which is caused by or resulting from:
- (1) An opening in such building or structure created by the force of a **hurricane**;
 - (2) One or more tornados that are the result of a **hurricane**;
 - (3) Any hail, rain, material, object, or debris that is carried, propelled, or in any manner moved by a **hurricane**; and
 - (4) Any weather condition other than a **hurricane**, if such loss or damage would not have occurred but for the occurrence of a **hurricane**.
31. **Information restoration cost** means the least of the following dollar amounts:
- a. The cost to reproduce covered property from back-up files or original source documents;
 - b. The cost to purchase covered property of comparable kind, functionality, and quality, intended to be used for the same purpose that existed immediately before loss or damage;
 - c. The necessary cost to research, repair, restore, recreate, or replace covered property, used for the same purpose and to the same condition that existed immediately before loss or damage; or
 - d. The amount you actually spend to research, repair, restore, recreate, or replace covered property used for the same purpose and to the same condition that existed immediately before loss or damage;
- without a deduction for physical deterioration, depreciation, depletion, or obsolescence.
32. **Loading** means the act of moving **Property Insured** from the ground or a platform immediately adjacent to the transporting conveyance onto the transporting conveyance. **Loading** begins when the slings or other devices used to move **Property Insured** have been attached, or the act of lifting or moving such property onto the transporting conveyance has begun. **Loading** ends when **Property Insured** has been placed on the transporting conveyance and any slings or other devices used to move such property have been released.
33. **Location** means the legal boundaries of a parcel of property at the address described in the Declarations. If the word "location" is not shown in **bold face**, then such reference includes all of the following:
- a. **Location(s)**; and
 - b. The legal boundaries of a parcel of property insured by Newly Acquired Location Coverage, or Unnamed Location Coverage, or both.
34. **Loss event** means:
- a. With respect to a single **hurricane**, all elements of loss, regardless of the number of locations involved, caused by or resulting from a **hurricane** and includes the period of time:
 - (1) When a **hurricane** watch or warning with respect to such **hurricane** is declared; and
 - (2) The entire duration of the **hurricane**; and
 - (3) 72 hours immediately following the reclassification of a **hurricane** to a lesser **storm** or **named storm**;
 as reported or recorded by the National Weather Service (NWS). A single **hurricane** will constitute a single **loss event**.



- b. With respect to subsequent **hurricanes** that cause loss or damage after a **hurricane** begins as described in Item XIV.A.34.a.(1) above, all elements of loss, regardless of the number of locations involved, caused by or resulting from such subsequent **hurricanes** that:
 - (1) Cause loss or damage at your location(s) subsequent to the initial **hurricane** affecting such location(s); and
 - (2) Are declared a **hurricane** before, with respect to the initial **hurricane**, the expiration of the time period described in Item XIV.A.34.a(3) above; and
 - (3) Occur within the interval of time described in Item XIV.A.34.a. above, such that assignment of loss or damage to a specific **hurricane** is not possible.

Multiple **hurricanes** that originate within this defined period of time will constitute a single **loss event**.

- c. With respect to a single **named storm**, all elements of loss, regardless of the number of locations involved, caused by or resulting from a **named storm** and includes the period of time:
 - (1) When the NWS issues a watch or warning with respect to such **named storm**; and
 - (2) The entire duration of the **named storm**; and
 - (3) Ends when such watch or warning is terminated by the NWS with respect to such **named storm**.

- d. With respect to subsequent **named storms** that cause loss or damage after a **named storm** begins as described in Item XIV.A.34.c.(1) above, all elements of loss, regardless of the number of locations involved, caused by or resulting from such subsequent **named storms** that:

- (1) Cause loss or damage at your location(s) subsequent to the initial **named storm** affecting such location(s); and
- (2) Are declared a **named storm** before, with respect to the initial **named storm**, the expiration of the time period described in Item XIV.A.34.c(3) above; and
- (3) Occur within the interval of time described in Item XIV.A.34.c. above, such that assignment of loss or damage to a specific **named storm** is not possible.

Multiple **named storms** that originate within this defined period of time will constitute a single **loss event**.

- e. With respect to a single **storm**, all elements of loss, regardless of the number of locations involved, caused by or resulting from such **storm** as reported or recorded by the NWS or other similar weather reporting agency. A single **storm** will constitute a single **loss event**.
- f. With respect to multiple **storms** all elements of loss, regardless of the number of locations involved, caused by or resulting from such multiple **storms** where assignment of the loss to a specific **storm**, as reported or recorded by the NWS or other similar weather reporting agency, is not possible because the **storms** occur within an interval of time that makes assignment to a specific storm impossible. Multiple **storms** that originate within this defined period of time will constitute a single **loss event**.
- g. The expiration of this Policy will not reduce the time periods described above in Item XIV.A.34.a., b., c., d., e., and f.

35. **Manager** means a person or entity responsible for managing a limited liability company.

36. **Member** means an owner of a limited liability company represented by its membership interest, who also may serve as a **manager**.

37. **Messenger** means you, your partners, **members**, officers, **managers**, directors, trustees, or employees (including leased employees) while having care, custody, or control of **money**, **securities**, or both outside the **premises**.



38. **Mine subsidence** means a failure or subsidence initiated at the mine level of a man-made underground mine, including coal, clay, limestone, or fluorspar mines, whether or not mining activity has ceased.
39. a. **Mobile communication equipment** means handheld communication devices which:
- (1) You own; or
 - (2) Are owned by others and are in your care, custody, or control;
- including portable laptop computers, cellular telephones, computer tablets, pagers, personal digital assistants (PDAs), global positioning devices, and their accessories.
- b. **Mobile communication equipment** does not mean **mobile communication equipment** held for sale.
40. a. **Mobile equipment** means mobile machinery and equipment which:
- (1) You own; or
 - (2) Is owned by others and is in your care, custody, or control;
- whether or not such property is permanently mounted on a **vehicle**. If **mobile equipment** is permanently mounted on a **vehicle**, then such **vehicle** will also be considered **mobile equipment**. **Mobile equipment** includes cranes; backhoes; bulldozers; tractors; graders; hand tools; and accessories, repair parts, or spare parts, intended for use in the operation or maintenance of such **mobile equipment**.
- b. **Mobile equipment** does not mean:
- (1) A **vehicle**;
 - (2) **Mobile equipment** held for sale; or
 - (3) **Mobile equipment** covered under any other insurance.
41. **Money** means:
- a. Currency, coins, and bank notes in current use and having a face value; and
 - b. Unused money orders, food stamps, travelers checks, register checks, tokens, lottery and other tickets; but only when held by you in storage or for sale to the public.
42. a. **Named storm** means a specific storm system, including **hurricane**, that has been named by the National Weather Service.:
- b. **Named storm** includes loss or damage to the interior of any covered building or structure or to covered property located inside any building or structure which is caused by or resulting from:
- (1) An opening in such building or structure created by the force of a **named storm**;
 - (2) One or more tornados that are the result of a **named storm**;
 - (3) Any hail, rain, material, object, or debris that is carried, propelled, or in any manner moved by a **named storm**; and
 - (4) Any weather condition other than a **named storm**, if such loss or damage would not have occurred but for the occurrence of a **named storm**.
43. **Net leasehold interest** means the present value of your Gross Lessee's Leasehold Interest or Gross Lessor's Leasehold Interest for each remaining month, or portion thereof, of the unexpired term of the lease or rental agreement computed at the prime rate of interest in effect at the time of loss.
44. **Non-conforming property** means **Property Insured** whose height, floor area, number of units, leasable square footage, occupancy, or style was permitted at the time of original construction, but whose height, floor area, number of units, leasable square footage, occupancy, or style is not permitted by an **ordinance or law** in force at the time of the covered loss.



45. **Operational replacement cost** means:
- (a) The cost to repair covered property which has sustained loss or damage to the same functionality and purpose that existed immediately before such loss or damage without deduction for physical deterioration, depreciation, depletion, or obsolescence; or
 - (b) If repair of covered property which has sustained loss or damage is not possible due to the extent of loss or damage, or as a result of obsolescence, then the cost to replace such property, including delivery and setup costs, with similar new property to be used for the same purpose and which provides the same functionality that such property provided immediately before such loss or damage, even if the capacity of the replaced property is improved, without deduction for physical deterioration, depreciation, depletion, or obsolescence.
46. **Operations** means the usual and customary business activities in the conduct of **your business** occurring at the **location**, including the tenability of the **premises**.
47. **Ordinance or law** means any ordinance, law, regulation, or rule that is in force at the time of the covered loss or damage and:
- a. Regulates the construction, use, occupancy, operation, improvement, replacement, modification, installation, zoning, or repair of any property; or
 - b. Requires the demolition or tearing down of any property, including the cost of removing its debris.
48. **Ordinary payroll expense** means payroll expenses for all your employees except: Officers; executives; department managers; employees under contract; and any Additional Exemptions From Ordinary Payroll as described in the Declarations under the heading Job Classifications or Employees.
- Ordinary payroll expense** includes payroll; employee benefits, if directly related to payroll; FICA payments you pay; union dues you pay; and workers compensation premiums.
49. **Overhead transmission lines and equipment** means:
- a. Overhead transmission or distribution lines supplying electricity, telephone, radio, internet, television, or other services to a **location**; and
 - b. Overhead transformers or other overhead equipment which assist in supplying electricity, telephone, radio, internet, television, or other services to a **location**; and
 - c. Any towers, poles, or similar supporting structures.
50. a. **Period of restoration** means the period of time that begins immediately after the time of direct physical loss or damage caused by or resulting from a **covered cause of loss** to property at the **location** and ends on the earlier of:
- (1) The date when such property at the **location** should be repaired, rebuilt, or replaced with reasonable speed and like kind and quality; or
 - (2) The date when business is resumed at a new permanent location.
- b. **Period of restoration** does not include any increased period due to the enforcement of any **ordinance or law**, including any **ordinance or law** that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of **pollutants**.
 - c. The expiration date of this Policy will not cut short the **period of restoration**.
51. **Personal effects** means apparel, tools, and other personal possessions owned by you, your partners, **members**, officers, **managers**, directors, trustees, or employees (including leased employees). **Personal effects** does not mean a vehicle.
52. **Personal property of others** means personal property that does not belong to you and is in your care, custody, or control. **Personal property of others** does not mean personal property you lease or rent from others or **personal effects**.



53. **Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, asbestos, and waste. Waste includes material to be recycled, reconditioned, or reclaimed.
54. **Premises** means the building(s) at the **location** you occupy. If you occupy only part of the building at the **location**, then your **premises** is the portion of the building which you rent, lease, or occupy.
55. **Processing water** means water used in your **operations**, which is contained within any enclosed water storage tanks, associated piping used for the delivery of such water; or processing equipment.
56. **Property damage loss** means covered loss, damage, or expense insured under any coverage provided by this Coverage Form, other than that insured under a **time element loss**.
57. **Property Insured** means **business real property**, **business personal property**, or both.
58. a. **Prototype** means an original version or model of a newly designed product which:
- (1) You own; or
 - (2) Is owned by others and is in your care, custody, or control.
- A **prototype** includes cultures, sample designs, experimental models or displays integral to the manufacture of the original version or model of a newly designed product.
- b. **Prototype** does not mean stock held for sale.
59. **Public health authority** means the governmental authority having jurisdiction over your **operations** relative to health and hygiene standards necessary for the protection of the public.
60. a. **Replacement cost** means the cost to repair or replace covered property which has sustained loss or damage with other property:
- (1) Of like kind, quality, size, and capacity, as that with which it was originally constructed; and
 - (2) Used for the same occupancy and purpose;
- without a deduction for physical deterioration, depreciation, depletion, or obsolescence.
- b. **Replacement cost** includes:
- (1) The cost of digging, excavating, backfilling, filling, or grading of land directly related to the repair, rebuilding, or replacement of **business real property**; and
 - (2) Your interest in labor, materials, or services furnished or arranged by you and other expenses accrued, but only with respect to **buildings while in the course of construction** or **business personal property** insured under Installation Coverage.
61. **Research and development documentation** means recorded evidence of your **research and development operations** which:
- a. You own; or
 - b. Is owned by others and is in your care, custody, or control.
- Research and development documentation** includes facts, information, research, concepts, processes, or formulas that are directly related to the development of new products or enhancement of existing products.
- Research and development documentation** does not mean **research and development documentation** no longer used in your **research and development operations**.
62. **Research and development operations** means your **operations** that are directly related to the development of new products or enhancement of existing products.
63. **Salesperson's samples** means samples of **stock** while in the care, custody, or control of a salesperson employed by you.



64. **Securities** means negotiable and nonnegotiable instruments or contracts representing either **money** or property and includes:
- a. Checks, drafts, money orders, travelers checks, and register checks drawn to your order that you have accepted as payment;
 - b. Revenue and other stamps in current use (whether represented by actual unused stamps or unused value in a meter); and
 - c. Evidences of debt issued in connection with credit or charge cards that you have accepted as payment, which cards are not issued by you.

Securities does not include **money**.

65. **Sinkhole collapse** means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. **Sinkhole collapse** does not mean sinking, subsidence, or collapse of land into a man-made underground mine or other such cavity, or the cost of filling sinkholes.

66. **Soft costs** mean:

- a. Realty taxes or other government assessments which you incur;
- b. Insurance premiums;
- c. Marketing, advertising, and promotional expenses;
- d. Commissions which result from renegotiation of leases and other similar extra expenses;
- e. Fees for services from attorneys, architects, engineers, surveyors, public accountants, or Certified Public Accountants;
- f. Permit fees; and
- g. Interest expense incurred including bond interest, financing fees or charges, or other debt service payments, on money you borrow in order to finance construction or repair.

Soft costs do not include fees for any services from a public adjuster.

67. a. **Stock** means the following:

- (1) Merchandise including animals which are held for sale, or for delivery after sale;
- (2) Raw materials, in the state in which you receive it, used for conversion into **finished stock**;
- (3) Stock-in-process, which is raw materials that are undergoing the mechanical process of manufacturing, aging, or seasoning but which is not yet **finished stock**; or
- (4) **Finished stock**.

- b. **Stock** includes:

- (1) Your interest in labor, materials, or services furnished or arranged by you on **personal property of others**; or
- (2) Supplies used in packing or shipping of any of these items described as **stock** including the shipping or marketing container.

68. a. **Storm** means all types of weather conditions, atmospheric disturbances, precipitation, or any combination thereof, including tornados, wind, hail, rain, snow, ice, sleet, sand, or dust, whether driven by wind or not, but not including **hurricane**, **named storm**, or changes in temperature.

- b. **Storm** includes loss or damage to the interior of any covered building or structure or to covered property located inside any building or structure which is caused by or resulting from:

- (1) An opening in such building or structure created by the force of a **storm**;



- (2) The weight or accumulation of hail, rain, snow, ice, sleet, sand, or dust; or
 - (3) Any hail, rain, material, object, or debris that is carried, propelled, or in any manner moved by the force of a **storm**.
- 69. **Suspension** means the slowdown or cessation of your **operations**, or that a part or all of the described **premises** is rendered untenable.
- 70. a. **Tenant's improvements and betterments** means fixtures, alterations, installations, or additions:
 - (1) Made a part of the **business real property** you occupy but do not own; and
 - (2) You acquired or made at your expense, exclusive of rent paid by you, and cannot legally remove.
- b. **Tenant's improvements and betterments** also means **business personal property**, including the value of any repairs, additions, or improvements, while awaiting or during the course of construction or renovation activities as long as such property is destined to become a **tenant improvement and betterment** and a permanent part of **business real property**.
- c. **Tenant's improvements and betterments** while in the course of construction does not mean:
 - (1) **Soft costs**; or
 - (2) **Tenant's improvements and betterments** for which separate insurance coverage has been obtained and such separate insurance covers your interest.
- 71. **Tenant moving costs** means the following documented and necessary costs or fees associated with moving from and moving back to the **premises** for:
 - a. Packing, insuring, and carting **business personal property**;
 - b. Re-establishing utility services that were in place prior to the tenant moving from the **premises**, less refunds from discontinued services;
 - c. Assembling and setting up fixtures and equipment;
 - d. Unpacking and re-shelving of **stock** and supplies; and
 - e. Rent abatement offered to the tenant(s) as an incentive to reoccupy the premises.
- 72. **Theft** means any act of stealing, including robbery or burglary.
- 73. **Time element loss** means a covered **business income** or **extra expense** loss such as losses insured under the following types of coverage: Business Income Coverage; Extra Expense Coverage; Business Income with Extra Expense; Extended Business Income and Extra Expense Coverage; Dependent Property Coverage; Rental Value Coverage; Utility Services Coverage.
- 74. **Transit** means the transportation or shipping of **Property Insured** using your **vehicles** or carriers for hire:
 - a. If the mode of transportation is a **vehicle** which you own, lease, rent, or operate, then **transit** begins from the time **Property Insured** departs from your location or the originating point of shipment.
 - b. If the mode of transportation is a carrier for hire, then **transit** begins from the time **Property Insured** is placed in the care, custody, or control of any carrier for hire.
 - c. **Transit** extends continuously thereafter, while in the due course of **transit**, and includes any reasonable stops, interruptions, delays or transfers incidental to the route and method of shipment including connecting carriers.
 - d. **Transit** ends on the earlier of the following:
 - (1) When responsibility for the **Property Insured** is the buyer's in accordance with the terms of sale or bill of lading, as applicable;



- (2) When the **Property Insured** is accepted by or on behalf of the consignee or receiver at the intended destination; or
 - (3) When the **Property Insured** arrives at a location.
- 75. **Unloading** means the act of moving **Property Insured** from the transporting conveyance to a consignee's conveyance, a platform, or the ground immediately adjacent to the transporting conveyance. **Unloading** ends when **Property Insured** has been placed on the consignee's conveyance, ground, or loading platform and the any slings or other devices used to move such property have been released.
- 76. **Utility services** means services that are necessary to conduct your **operations** at the **location**, including:
 - a. **Water Supply Services**, defined as the following types of property supplying water to the **location**: Pumping stations and water mains.
 - b. **Communication Supply Services**, defined as the following types of property supplying telephone, internet, cellular, radio, microwave, **cloud computing**, or television services to the **location**: Communication transmission or distribution lines, including fiber optic transmission or distribution lines; coaxial cables; microwave radio relays; and satellites.
 - c. **Power Supply Services**, defined as the following types of property supplying electricity to the **location**: Utility generating plants; switching stations; substations; transformers; and transmission or distribution lines.
 - d. **Sewage Treatment Services**, defined as the following types of property discharging sewage from the **location**: Pumping stations; sewer lines; and public waste treatment plants.
 - e. **Other Supply Services** supplying goods or services to the **location** necessary for your **operations**, including refrigeration, steam, gas, or fuel.
- 77. a. **Valuable papers and records** mean the following types of property which you own; or is owned by others and is in your care, custody, or control:
 - (1) Inscribed, printed, or written documents such as: Passports; manuscripts or records; abstracts; books; magazines; periodicals; newspapers; deeds; drawings; mechanical drawings; maps; stamp collections; mortgages or leases; and
 - (2) Recordings of any type such as: Film, negatives, slides, photographs, videotape, cylinders, or vinyl records, including such records which exist in electronic or magnetic media, discs, or tape.
- b. **Valuable papers and records** do not mean:
 - (1) **Money or securities**;
 - (2) **Valuable papers and records** held for sale; or
 - (3) **Valuable papers and records** no longer used in your **operations**.
- 78. **Value** means the monetary worth of covered property at the time of covered loss or damage that is determined based on the applicable valuation method.
- 79. **Vehicle(s)** means any:
 - a. Self-propelled land motor vehicle required to be licensed for use on public roads including: Automobiles, buses, motorcycles, trucks, or tractors;
 - b. Trailers or semi-trailers required to be licensed for use on public roads; or
 - c. Similar means of transporting people or property on land.

Two or more **vehicles** connected together will be considered a single **vehicle**. A **vehicle** does not mean **mobile equipment**.



- 80. **Voice communication systems** means telephone systems, telephone switch-gear including operating programs and related **software**, voice terminals, telephone circuit packs, and other such equipment and component parts whose function is the transmission of voice communications.
 - 81. **Volcanic action** means the eruption, explosion, or effusion of a volcano including the airborne volcanic blast; airborne shock waves; ash, dust, or particulate matter; lava flow, mud flow, or other debris flow.
 - 82. **Your business** means the trade, profession, or occupation in which you are engaged.
- B. Additional Definitions may be included within endorsements that may be attached to this Coverage Form.



Property-Gard Pinnacle® - Additional Covered Causes of Loss 250001 01 13

Policy Amendment - Commercial Property Coverage Section

This Endorsement modifies insurance provided under the Property-Gard Pinnacle Coverage Form - 250000.

- I. A. If a Limit of Insurance is shown in the Declarations applicable to this Endorsement for any of the following causes of loss, then each such cause of loss is a **covered cause of loss** and we will pay for direct physical loss or damage to **Property Insured** caused by or resulting from such **covered cause(s) of loss** at a **location** shown in the Declarations applicable to this Endorsement:
 1. **Earth movement;**
 2. **Fire protection equipment leakage from earth movement;** or
 3. **Flood.**
- B. Business Income and Extra Expense
 1. If the Declarations show you have Business Income and Extra Expense Coverage, then we will pay for the actual loss of **business income** or necessary **extra expense** that you sustain due to the necessary **suspension** of your **operations** during the **period of restoration**. The **suspension** of your **operations** must be caused by or result from direct physical loss or damage to property at a **location** shown in the Declarations applicable to this Endorsement caused by a **covered cause of loss** insured under this Endorsement.
 2. A covered loss under this Endorsement involving **business income** or necessary **extra expense** will be governed by the terms and conditions of Business Income and Extra Expense Coverage provided under the Property-Gard - Pinnacle Coverage Form - 250000 but will be subject to the Limits of Insurance shown in the Declarations applicable to this Endorsement.
- C. 1. If **earth movement** or **fire protection equipment leakage from earth movement** are **covered causes of loss** insured under this Endorsement, then the Earth Movement exclusion (Item IV.A.3.a.) contained in the Property-Gard - Pinnacle Coverage Form - 250000 does not apply, but only with respect to coverage provided by this Endorsement.
2. If **flood** is a **covered causes of loss** insured under this Endorsement, then the Flood exclusion (Item IV.A.3.b.) contained in the Property-Gard - Pinnacle Coverage Form - 250000 does not apply, but only with respect to coverage provided by this Endorsement.

II. Additional Exclusions

The following exclusions are added to Item IV.A.1. of the Property-Gard Pinnacle Coverage Form - 250000 with respect to coverage provided by this Endorsement:

- A. **Earth movement, fire protection equipment leakage from earth movement, or flood** that begins before the inception of this Policy; or
- B. The cost to remove ash, dust, or other particulate matter caused by or resulting from **volcanic action** that does not cause direct physical loss or damage to property insured by this Endorsement.

III. Deductible

- A. 1. If **flood** is a **covered causes of loss** insured under this Endorsement, then the Flood exclusion (Item IV.A.3.b.) contained in the Property-Gard - Pinnacle Coverage Form - 250000 does not apply, but only with respect to coverage provided by this Endorsement.



2. The deductible(s) stated in the Declarations, applicable to the **covered causes of loss** insured under this Endorsement, apply to each **loss event**, except as described below in Item III.B.3.
3. We will not pay for covered **property damage loss** or **time element loss** in any one **loss event** until the amount of covered **property damage loss** or **time element loss** exceeds the deductible shown in the Declarations applicable to the **covered causes of loss** insured under this Endorsement. We will then pay the amount of such covered **property damage loss** or **time element loss** in excess of the deductible, up to the applicable Limit of Insurance.

B. Property Damage Loss

1. If the deductible stated in the Declarations applicable to this Endorsement is a Dollar Deductible Amount, then the stated dollar amount is the sum we will subtract from a covered **property damage loss** in any one **loss event**.
2. If the deductible stated in the Declarations applicable to this Endorsement is a Percentage Deductible, then for covered property that has sustained loss or damage, the sum we will subtract from a **property damage loss** in any one **loss event** is the indicated percentage multiplied by 100% of the total **value** of such covered property immediately prior to the loss. However, if a Minimum Deductible amount is stated in the Declarations, then we will subtract at least the Minimum Deductible amount from the covered **property damage loss** you sustain in any one **loss event**.
3. The Dollar Deductible Amount and Percentage Deductible indicated in the Declarations applicable to this Endorsement will be calculated separately for and applied separately to the following subjects of insurance for each **loss event** wherever such loss or damage is sustained and for which claim is made:
 - a. Each **building** that sustains covered loss or damage, if any part of such **building** sustains covered loss or damage;
 - b. **Business personal property** in each **building**, if any portion of such **business personal property** sustains covered loss or damage;
 - c. **Business personal property** situated outside of a **building** and in the open, and **business real property** other than **buildings** situated outside of a **building** and in the open, if any portion of such property sustains covered loss or damage; and
 - d. Any other covered property insured by an Extension of Coverage under Section V. of the Property-Gard- Pinnacle Coverage Form - 250000.

C. Time Element Loss

1. If the deductible stated in the Declarations applicable to this Endorsement is a Dollar Deductible Amount, then the stated dollar amount is the sum we will subtract from a covered **time element loss** in any one **loss event**.
2. If the deductible stated in the Declarations applicable to this Endorsement is an Hour Deductible, then we will not pay for any covered **time element loss** you sustain during the specified number of consecutive hours immediately following the initial covered loss or damage. However, if a Minimum Deductible amount is stated in the Declarations applicable to this Endorsement, then we will subtract at least the Minimum Deductible amount from the covered **time element loss** you sustain in any one **loss event**.

D. When Multiple Deductibles Apply

If more than one deductible is applicable to covered loss, damage, or expense insured under this Endorsement, then each such deductible applies separately and will be determined based on the deductible shown in the Declarations applicable to this Endorsement. If deductibles are shown in the Declarations applicable to this Endorsement for a **property damage loss** and a **time element loss**, then each deductible will be subtracted from the applicable covered **property damage loss** or **time element loss** in any one **loss event**.



IV. Limits of Insurance

- A. Regardless of any other coverage, Limits of Insurance stated in this Policy, or the number of locations involved, the most we will pay for **property damage loss** or **time element loss**, or both, in any one **loss event** caused by or resulting from a **covered cause of loss** is the Blanket Per Loss Event Limit of Insurance shown in the Declarations applicable to this Endorsement. However, the most we will pay with respect to such losses to a **location** that has been assigned a Per Loss Event Sublimit of Insurance is the applicable Per Loss Event Sublimit of Insurance shown in the Declarations applicable to this Endorsement.
- B. If the Declarations applicable to this Endorsement show a Blanket Per Loss Event Limit of Insurance in conjunction with a Per Loss Event Sublimit of Insurance, then such sublimit is included within, not in addition to, the corresponding Blanket Per Loss Event Limit of Insurance.
- C. The most we will pay for **property damage loss** or **time element loss** in all **loss events** in any one Policy Period under this Endorsement, is the **Annual Aggregate** Limit of Insurance shown in the Declarations applicable to this Endorsement.
- D. If a **covered cause of loss** insured under this Endorsement causes fire or explosion, and both **covered causes of loss** create covered loss or damage, then only the higher of the two Limits of Insurance will apply.

V. Additional Definitions

The following are additional definitions applicable only to this Endorsement:

- A. **Building** means a type of **business real property** which is a structure used to support or shelter your operations.
- B. **Loss event** means:
 1. With respect to **earth movement** and **fire protection equipment leakage from earth movement**, all elements of loss, regardless of the number of locations involved, caused by or resulting from **earth movement** and **fire protection equipment leakage from earth movement**. All **earth movement** that occurs within any 168 hour period will constitute a single **loss event**. The expiration of this Policy will not reduce the 168 hour period.
 2. With respect to **flood**, all elements of loss, regardless of the number of locations involved, caused by or resulting from a single **flood** that begins when **flood** water enters your location during the Policy Period.

VI. Examples - Application of Percentage Deductible in a Covered Loss

- A. As used in the following examples, the terms Specific Limits of Insurance and Blanket Limits of Insurance have the following meanings:
 1. Specific Limits of Insurance means each subject of insurance at each **location** under a separate Limit of Insurance. For example:
 - a. **Business real property** at a **location** insured under a Limit of Insurance which applies only to such **location**; or
 - b. **Business personal property** at a **location** insured under a Limit of Insurance which applies only to such **location**.
 2. Blanket Limits of Insurance means two or more subjects of insurance under a single Limit of Insurance. For example:
 - a. **Business real property** and **business personal property** located at a single **location** insured under a single Limit of Insurance; or
 - b. **Business real property**, **business personal property**, or both combined, at two separate **locations** insured under a single Limit of Insurance.

Subjects of insurance, **locations**, and corresponding Limits of Insurance are shown in the Declarations applicable to this Endorsement.



B. Example 1: Specific Limits of Insurance

1. The Limits of Insurance shown in the Declarations are as follows:
 - a. **Building** = \$80,000
 - b. **Business personal property** situated in such **building** = \$64,000
2. The **value** of the **building** is \$100,000. The **value** of **business personal property** situated in such **building** is \$80,000.
3. **Building** and **business personal property** situated in such **building** have sustained covered loss or damage. The amounts of such covered loss or damage are:
 - a. **Building** = \$60,000; and
 - b. **Business personal property** situated in such **building** = \$40,000.
4. The Percentage Deductible shown in the Declarations that applies is 2%.
5. The application of the Percentage Deductible is determined and applied as follows:

Building	Business Personal Property
Step 1: \$100,000 X 2% = \$2,000 Step 2: \$60,000 - \$2,000 = \$58,000	Step 1: \$80,000 X 2% = \$1,600 Step 2: \$40,000 - \$1,600 = \$38,400

6. The most we will pay in this example is \$96,400 (\$58,000 + \$38,400 = \$96,400). That portion of the total loss not covered due to application of the deductible is \$3,600 (\$2,000 + \$1,600 = \$3,600).
7. Note that the dollar equivalent of the Percentage Deductible shown in the Declarations applicable to this Endorsement is determined by applying such Percentage Deductible to the 100% total **value** of the damaged **building** and **business personal property** immediately before the covered loss or damage occurs.

C. Example 2: Blanket Limits of Insurance

1. The Blanket Limit of Insurance applicable to Business Real Property shown in the Declarations is \$1,800,000 and insures **buildings** #1, #2, and #3.
2. The **value** of each **building** included in such Blanket Limit of Insurance totals \$2,000,000 and is comprised of the following:
 - a. **Building** #1 with a **value** of \$500,000;
 - b. **Building** #2 with a **value** of \$500,000; and
 - c. **Building** #3 with a **value** of \$1,000,000.
3. **Buildings** #1 and **building** #2 have sustained covered loss or damage. The amounts of loss to these buildings are:
 - a. **Building** #1 = \$40,000; and
 - b. **Building** #2 = \$20,000.
4. The Percentage Deductible shown in the Declarations that applies is 2%.
5. The application of the Percentage Deductible is determined and applied as follows:



Building #1	Building #2
Step 1: \$500,000 X 2% = \$10,000 Step 2: \$40,000 - \$10,000 = \$30,000	Step 1: \$500,000 X 2% = \$10,000 Step 2: \$20,000 - \$10,000 = \$10,000

6. The most we will pay is \$40,000 (\$30,000 + \$10,000 = \$40,000). That portion of the total loss not covered due to application of the Percentage Deductible is \$20,000 (\$10,000 + \$10,000 = \$20,000).
 7. Note that the dollar equivalent of the Percentage Deductible shown in the Declarations applicable to this Endorsement is determined by applying such Percentage Deductible to the 100% total **value** of each damaged **building** (**building #1** and **building #2**) immediately before the covered loss or damage occurs.
- VII. This Endorsement is otherwise subject to all the terms, conditions, exclusions, limitations, and provisions of the Policy to which it is attached.



Property-Gard Pinnacle® - Employee Theft and Forgery or Alteration Coverage - Limited - 250037 01 13

Policy Amendment - Commercial Property Coverage Section

This Endorsement modifies insurance provided under the Property-Gard Pinnacle Coverage Form - 250000.

I. Section V.D., Extensions of Coverage Applicable only to Property Coverage, provided under the Property-Gard Pinnacle Coverage Form - 250000, is amended to include the following:

A. Employee Theft and Forgery or Alteration Coverage - Limited

1. Employee Theft - Limited

We will pay for loss or damage resulting directly from **theft** of:

- a. **Money, securities, and other tangible property;** and
- b. Tangible property belonging to your **client** or such property in your **client's** care, custody, or control, but only if such **theft** occurs during the time you are inside the premises of your **client**, whether or not you are legally liable for the loss of such property;

committed by an **employee**, whether identified or not, acting alone or in collusion with other persons. This insurance is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this insurance must be presented by you.

2. Forgery or Alteration - Limited

We will pay for loss resulting directly from **forgery** or alteration of checks, drafts, promissory notes, or similar written promises, orders, or directions to pay a sum certain in **money** by other than an **employee** that are:

- a. Made or drawn by or drawn upon you; or
- b. Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn. For the purpose of Forgery or Alteration - Limited, a substitute check, as described or defined in the Check Clearing for the 21st Century Act, shall be treated the same as the original it replaced.

3. Additional Locations and Employees

If, while this insurance is in force, you:

- a. Establish any additional locations; or
- b. Hire additional **employees**; or
- c. Consolidate, merge with, or purchase or acquire the assets or liabilities of, another entity;

then such locations and **employees** shall automatically be covered under the provisions of this Endorsement. Notice to us of an increase in the number of locations or **employees** need not be given and no additional premium need be paid for the remainder of the Policy Period shown in the Declarations. However, you must give us written notice of such expansion in your **operations** prior to the next Policy renewal or anniversary.

B. Property Not Insured

Employee Theft and Forgery or Alteration Coverage - Limited does not insure **data, media and software.**



C. Exclusions

We will not pay under this Endorsement for any loss, damage, or expense caused directly or indirectly by or resulting from any of the following excluded causes of loss; such loss, damage, or expense is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss:

1. Exclusions Applicable to Employee Theft and Forgery or Alteration Coverage - Limited

Regardless of how the cause of loss occurs, we will not pay under Employee Theft and Forgery or Alteration Coverage - Limited for direct physical loss or damage caused by or resulting from the following causes of loss:

- a. **Theft** or any other dishonest act committed by you or any of your partners or **members**, whether acting alone or in collusion with other persons.
- b. (1) The unauthorized use or disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods, or customer lists; or
(2) The unauthorized use or disclosure of confidential information of another person or entity which is held by you, including but not limited to, financial information, personal information, credit card information, or similar non-public information.
- c. Consequential loss of any kind that is an indirect result of an **occurrence** covered by Employee Theft and Forgery or Alteration - Limited including, but not limited to, loss resulting from:
 - (1) Your inability to realize income that you would have realized had there been no covered loss or damage.
 - (2) 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 Employee Theft and Forgery or Alteration - Limited.
 - (3) Payment of costs, fees, or other expenses you incur in establishing either the existence or the amount of loss under Employee Theft and Forgery or Alteration - Limited.
- d. Fees, costs, or expenses incurred by you which are related to any legal action.

2. Exclusions Applicable to Employee Theft - Limited

Regardless of how the cause of loss occurs, we will not pay under Employee Theft - Limited for direct physical loss or damage caused by or resulting from the following causes of loss:

- a. Loss caused by any **employee** as soon as:
 - (1) You, a partner, or **member of your business**;
 - (2) A person employed by **your business** as a **manager**, officer, director, or member of your management level staff; or
 - (3) A trustee or other person with legal authority over **your business**;
 not in collusion with the **employee**, learn of **theft** or any other dishonest act committed by the **employee** whether before or after becoming employed by you.
- b. 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.
- c. Disappearance of covered property where there is no physical evidence to show what happened to such property; or the only evidence of loss is an audit, an inventory computation, or a profit and loss computation; or any combination thereof. However, where you have independently established that you have sustained an otherwise insurable loss under Employee Theft - Limited, then you may offer your audit, inventory computation, profit and loss computation, or any combination thereof in support of the amount of loss claimed.



- d. Loss resulting from trading, whether in your name or in a genuine or fictitious account.
- e. Loss resulting from fraudulent or dishonest signing, issuing, canceling, or failing to cancel, a warehouse receipt or any papers connected with it.
- 3. Exclusions Applicable to Forgery or Alteration - Limited

Regardless of how the cause of loss occurs, we will not pay under Forgery or Alteration - Limited for direct physical loss or damage caused by or resulting from **theft** or any other dishonest act committed by:

 - a. Any **employees of your business** including but not limited to **managers**, officers, directors, or other members of your management level staff; or
 - b. A trustee or other person with legal authority over **your business**;

whether acting alone or in collusion with other persons or while performing services for you or otherwise.

D. Additional Conditions

The following Conditions apply in addition to the Loss Conditions and General Conditions contained in the Property-Gard Pinnacle Coverage Form - 250000, and the Common Policy Conditions:

- 1. We will only pay for covered loss that you sustain occurring during the Policy Period shown in the Declarations and **discovered** by you:
 - a. During the Policy Period shown in the Declarations; or
 - b. No later than 1 year from the date of termination or cancellation of this insurance. However, this extended period to **discover** loss terminates immediately upon the effective date of any other insurance obtained by you replacing, in whole or in part, the insurance afforded hereunder, whether or not such other insurance provides coverage for loss sustained prior to its effective date.
- 2. An **employee** of any Named Insured is considered to be an **employee** of every Named Insured.
- 3. Payment by us to the first Named Insured for covered loss sustained by any other Named Insured, other than an **employee benefit plan**, shall fully release us on account of such loss.
- 4. 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 Policy Period to Policy Period.
- 5. We will treat signatures that are produced or reproduced electronically, mechanically or by other means the same as handwritten signatures.
- 6. The following coverage clauses contained in the Property-Gard Pinnacle Coverage Form - 250000 or the Commercial Property Coverage Section do not apply to the coverages provided by this Endorsement:
 - a. Business Income Coverage;
 - b. Extra Expense Coverage;
 - c. Expediting Expense Coverage; or
 - d. Loss Adjustment Expense Coverage.

E. Employee Benefit Plans

- 1. The **employee benefit plan** shown in the Declarations applicable to this Endorsement is included as a Named Insured, but only with respect to coverage under Employee Theft - Limited.
- 2. If any **employee benefit plan** is insured jointly with any other entity under this insurance, then you or the administrator of the **employee benefit plan** must select a Limit of Insurance for Employee Theft - Limited that is sufficient to provide a Limit of Insurance for each **employee benefit plan** that is at least equal to that required if each **employee benefit plan** were separately insured.
- 3. With respect to loss sustained or **discovered** by any such **employee benefit plan**, Item I.A.1., Employee Theft - Limited, is replaced by the following:



We will pay for loss of or damage to **funds** and other tangible assets (other than **data, media** and **software**) resulting directly from fraudulent or dishonest acts committed by an **employee**, whether identified or not, acting alone or in collusion with other persons.

4. If the first Named Insured is an entity other than a **employee benefit plan**, then any payment we make for loss sustained by any **employee benefit plan** will be made to the **employee benefit plan** sustaining the loss.
5. If two or more **employee benefit plans** are insured under this insurance, then any payment we make for loss:
 - a. Sustained by two or more **employee benefit plans**; or
 - b. Of commingled **funds** or other tangible assets (other than **data, media** and **software**) of two or more **employee benefit plans**;

resulting directly from an **occurrence** will be made to each **employee benefit plan** sustaining loss in the proportion that the Limit of Insurance required for each **employee benefit plan** bears to the total Limit of Insurance of all **employee benefit plans** sustaining loss.

6. The Deductible Amount applicable to Employee Theft - Limited does not apply to loss sustained by any **employee benefit plan**.

F. Deductible

1. The deductible stated in Declarations applicable to this Endorsement supersedes any other such deductible contained elsewhere in this Policy but only with respect to coverage provided by this Endorsement. No other deductible applies to coverage provided by this Endorsement.
2. We will not pay for loss, damage, or expense in any one **occurrence** until the amount of such covered loss, damage, or expense exceeds the deductible shown in the Declarations applicable to this Endorsement. We will then pay the amount of covered loss, damage, or expense in excess of the deductible, up to the applicable Limit of Insurance stated in the Declarations applicable to this Endorsement.
3. If no deductible is stated in the Declarations applicable to this Endorsement, then the deductible applicable to Business Personal Property shown in such Declarations applies to coverage provided under this Endorsement.

G. Limits of Insurance

1. **Property of Your Client - Inside the Premises of a Client:**
The most we will pay under this Extension of Coverage for property insured above under Item I.A.1.b., in any one **occurrence**, is the Limit of Insurance shown in the Declarations applicable to this Endorsement for Property of Your Client - Inside the Premises of a Client.
2. **Per Occurrence Limit of Insurance:**
The most we will pay under this Extension of Coverage, including property insured above under Item I.A.1.b., in any one **occurrence**, is the Per Occurrence Limit of Insurance shown in the Declarations applicable to this Endorsement for Employee Theft and Forgery or Alteration Coverage - Limited.
3. **Annual Aggregate Limit of Insurance:**
The most we will pay under this Extension of Coverage in all **occurrences** during any one Policy Period is the **Annual Aggregate** Limit of Insurance shown in the Declarations applicable to this Endorsement for Employee Theft and Forgery or Alteration Coverage - Limited.

H. Additional Definitions

The following are additional definitions applicable only to this Endorsement:

1. **Client** means any person or entity for whom you perform services under a written agreement.



2. **Discover or discovered** means the time when you first:
 - a. Become aware of facts which would cause a reasonable person to presume that a loss of a type covered by this insurance has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not then be known; or
 - b. Receive notice of an actual or potential claim in which it is alleged that you are liable to a third party under circumstances which, if true, would constitute a loss under this insurance.
3. **Employee** means:
 - a. Any natural person:
 - (1) Who you compensate directly by salary, wages, or commissions;
 - (2) Who you have the right to direct and control while performing services for you; and
 - (3) While in your service and for thirty (30) consecutive calendar days after termination of service, unless such termination is due to **theft** or any dishonest act committed by the **employee**.
 - b. Any natural person who is furnished temporarily to you to substitute for a permanent **employee** as defined above in Item I.H.3.a. who is on leave; or to meet seasonal or short-term work load conditions; while that person is subject to your direction and control and performing services for you.
 - c. Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined above in Item I.H.3.b.
 - d. Any natural person who is:
 - (1) Employed by **your business** as a **manager**, officer, director, member of your management level staff, or a trustee or other person with legal authority over **your business** (except an administrator or manager who is an independent contractor of any **employee benefit plan**), while:
 - (a) Performing acts within the scope of the usual duties of an **employee**; or
 - (b) Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf; and
 - (2) A director or trustee of yours while that person is engaged in handling **funds** or other assets of any **employee benefit plan**.
 - e. Any natural person who is a former **employee**, partner, **member**, **manager**, director, or trustee retained as a consultant while performing services for you.
 - f. Any natural person who is a guest student or intern pursuing studies or duties relating to **your business**.
 - g. Any **employee** of an entity merged or consolidated with you prior to the effective date of this Policy.
 - h. **Employee** does not mean any agent, broker, factor, commission merchant, consignee, independent contractor, or representative of the same general character not specified above in Items I.H. 3.a. through g.
4. **Employee Benefit Plan** means any welfare or pension benefit plan shown in the Declarations applicable to this Endorsement that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.
5. **Funds** mean **money** and **securities**.
6. a. **Occurrence** means with respect to Employee Theft - Limited:



- (1) An individual act;
- (2) The combined total of all separate acts whether or not related; or
- (3) A series of acts whether or not related;

committed by an **employee** acting alone or in collusion with other persons, during the Policy Period shown in the Declarations.

b. **Occurrence** means with respect to Forgery or Alteration - Limited:

- (a) An individual act;
- (b) The combined total of all separate acts whether or not related; or
- (c) A series of acts whether or not related;

committed by a person acting alone or in collusion with other persons, involving one or more instruments, during the Policy Period shown in the Declarations.

7. **Other tangible property** means:

- a. **Business real property;**
- b. **Tangible business personal property;**
- c. **Tangible personal property of others;** and
- d. Any other tangible property covered by the Property-Gard Pinnacle Coverage Form - 250000 and any endorsements forming a part of the Commercial Property Coverage Section.

8. **Theft** means the unlawful taking of property to your deprivation and includes **forgery** by an **employee**.

- II. This Endorsement is otherwise subject to all the terms, conditions, exclusions, limitations, and provisions of the Policy to which it is attached.



Property-Gard Pinnacle® - Restaurant Extension Endorsement 250038 01 13

Policy Amendment - Commercial Property Coverage Section

This Endorsement modifies insurance provided under the Property-Gard Pinnacle Coverage Form - 250000.

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- I. Section V.E., Extensions of Coverage Applicable only to Business Income and Extra Expense Coverage, provided under the Property-Gard Pinnacle Coverage Form - 250000, is amended to include the following:
- A. Off Premises Special Event Cancellation Coverage
1. If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary cancellation of a **special event** due to direct physical loss or damage to property at the location of such **special event** caused by or resulting from a **covered cause of loss**, but only if the location of such **special event** is not specifically described in the Declarations and is situated within the Coverage Territory.
 2. The amount we pay under Off Premises Special Event Cancellation Coverage will be reduced by any income you receive from the use, in whole or in part, of any other alternative location reserved for the **special event** that has been canceled.
 3. Exclusion IV.B.2.b. contained in the Property-Gard Pinnacle Coverage Form - 250000 does not apply to Off Premises Special Event Cancellation coverage.
 4. We will not pay under Off Premises Special Event Cancellation Coverage for any loss of **business income** or **extra expense** you sustain which is insured under Item V.F.11. Unnamed Location Coverage contained in the Property-Gard Pinnacle Coverage Form - 250000.
 5. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Off Premises Special Event Cancellation Coverage.
- II. Section V.F., Extensions of Coverage Applicable to Property, Business Income, and Extra Expense Coverage, provided under the Property-Gard Pinnacle Coverage Form - 250000, is amended to include the following:
- A. Contaminated Food Coverage
1. We will pay for direct physical loss or damage to **Property Insured** caused by or resulting from a **contaminated food event** at a **location**, including the necessary expense incurred to:
 - a. Repair or rebuild **Property Insured** which has been damaged or destroyed by the **contaminated food event**;
 - b. Mitigate, contain, remediate, treat, clean, detoxify, disinfect, neutralize, cleanup, remove, dispose of, test for, monitor, and assess the effects of the **contaminated food event**; and
 - c. Replace consumable goods at such **location** which are declared contaminated by the local **public health authority**.
 2. If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension of operations** during the **period of restoration**. The **suspension** must be due to direct physical loss or damage to property at a **location** caused by or resulting from a **contaminated food event**.

This Form must be attached to Change Endorsement when Issued after the policy is written.
One of the Allianz Global Risks US Companies as named in the policy.



3. A covered loss under Contaminated Food Coverage does not create, nor will it invoke coverage for Debris Removal Coverage, as described in Item V.D.3. of the Property-Gard Pinnacle Coverage Form-250000, except as provided by this Endorsement under Contaminated Food Coverage.
4. We will not pay under Contaminated Food Coverage for any loss, damage, or expense caused directly or indirectly by or resulting from:
 - a. A loss incurred prior to the Policy Period shown in the Declarations;
 - b. Testing or monitoring to assess the existence, concentration, or effects of a **contaminated food event** or **pollutants** beyond ninety (90) consecutive calendar days following the date when damaged property is remediated, repaired, rebuilt, or any combination thereof; or
 - c. A claim that is reported to us in writing more than one hundred and eighty (180) consecutive calendar days after the date that a **contaminated food event** has occurred.

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

5. a. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** including **business income**, **extra expense**, and debris removal, is the Per Occurrence or Loss Event Limit of Insurance shown in the Declarations applicable to Contaminated Food Coverage.
- b. The most we will pay under this Extension of Coverage in all occurrences or **loss events** during any one Policy Period is the **Annual Aggregate** Limit of Insurance shown in the Declarations applicable to Contaminated Food Coverage.

B. Refrigerant Contamination Coverage

1. a. We will pay for direct physical loss or damage to **perishable stock** at a **location** caused by or resulting from spoilage or contamination arising from the release of a refrigerant, including but not limited to ammonia, due to direct physical loss or damage to property at such **location** caused by or resulting from a **covered cause of loss**.
- b. Refrigerant Contamination Coverage includes the necessary expense incurred to cleanup, remove, and dispose of the debris of **perishable stock** and refrigerant caused by loss or damage covered under Refrigerant Contamination Coverage.
2. If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension of operations** during the **period of restoration**. The **suspension** must be due to direct physical loss or damage to **perishable stock** at a **location** caused by loss or damage covered under Refrigerant Contamination Coverage.
3. Exclusion IV.A.2.h.(12) contained in the Property-Gard Pinnacle Coverage Form - 250000 does not apply to Refrigerant Contamination Coverage provided under this Endorsement.
4. We will not pay under Refrigerant Contamination Coverage for any loss, damage, or expense caused directly or indirectly by or resulting from:
 - a. The normal storage life of the **perishable stock** having been exceeded; or
 - b. Failure to use reasonable care to maintain all refrigerating, cooling, or humidity control systems in proper operating condition.

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

5. A covered loss under Refrigerant Contamination Coverage does not create, nor will it invoke coverage for Debris Removal Coverage, as described under Item V.D.3. of the Property-Gard Pinnacle Coverage Form - 250000, except as provided by this Endorsement under Refrigerant Contamination Coverage.



6. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** including **business income, extra expense**, and debris removal, is the Limit of Insurance shown in the Declarations applicable to Refrigerant Contamination Coverage.

III. Deductible

- A. The deductible provisions described under Section X. of the Property-Gard Pinnacle Coverage Form - 250000 apply to coverage provided under this Endorsement.
- B. The deductible shown in the Declarations for Business Personal Property and Time Element Loss, whichever is applicable, will apply to loss, damage, or expense covered under this Endorsement unless a specific deductible is shown in the Declarations applicable to this Endorsement.

IV. Additional Definitions

The following are additional definitions applicable only to this Endorsement:

- A. **Contaminated food event** means:
1. A **public health authority** orders the closure of a **location** due to the contamination of food; or
 2. You make an announcement warning the public of a health hazard because of your discovery or reasonable suspicion that contaminated food has been served to your patrons at a **location**.
- B. **Perishable stock** means **stock** or **personal property of others**, which is intended for human consumption and which must be maintained under controlled conditions for its preservation and is susceptible to loss or damage if the controlled conditions change.
- C. **Public health authority** means the governmental authority having jurisdiction over your **operations** relative to health and hygiene standards necessary for the protection of the public.
- D. **Special event** means a planned convention, conference, banquet, seminar, wedding, Bat Mitzvah, Bar Mitzvah, party, or other similar event for which you have reserved space, or contracted for food, equipment, or other supporting material or services.
- V. This Endorsement is otherwise subject to all the terms, conditions, exclusions, limitations, and provisions of the Policy to which it is attached.



Property-Gard - Pinnacle® - Equipment Breakdown Coverage Endorsement 250048 01 13

Policy Amendment(s) Commercial Property Coverage

This Endorsement modifies Insurance provided under the Property-Gard - Pinnacle Coverage Form - 250000.

Equipment Breakdown Coverage Endorsement

A. The following is added to the Property-Gard Pinnacle Coverage Form - 250000 as an additional **covered cause of loss**:

Equipment Breakdown Coverage

The term **covered cause of loss** includes coverage as described and limited below;

1. We will pay for direct physical loss or damage to **Property Insured** that is the direct result of an **accident**.
2. Unless otherwise shown in the Declarations applicable to Equipment Breakdown Coverage, the following coverages also apply as a direct result of an **accident**. These coverages do not provide additional amounts of insurance.

a. **Expediting Expenses Coverage**

With respect to your damaged **Property Insured**, we will pay the necessary extra cost to:

- (1) Make temporary repairs; and
- (2) Expedite permanent repairs or permanent replacement.

The most we will pay for under this Expediting Expenses Coverage in any one **accident** is \$250,000 unless otherwise shown in the Declarations applicable to Expediting Expense Coverage provided by Equipment Breakdown Coverage.

b. **Hazardous Substances Coverage**

We will pay for the additional cost to repair or replace **Property Insured** because of contamination by a **hazardous substance**. This includes the additional expenses to clean up or dispose of such property.

This does not include contamination of **perishable stock** by refrigerant, including but not limited to ammonia, which is addressed in A.2.c. below. As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no **hazardous substance** been involved.

The most we will pay under this Hazardous Substances Coverage in any one **accident**, including actual loss of **business income** you sustain and necessary **extra expense** you incur, if shown as covered, is \$250,000 unless otherwise shown in the Declarations applicable to Hazardous Substances Coverage provided by Equipment Breakdown Coverage.

c. **Perishable Stock Coverage**

- (1) We will pay for:

- (a) Direct physical loss or damage to **perishable stock** due to spoilage;
- (b) Direct physical loss or damage to **perishable stock** due to contamination from the release of refrigerant, including but not limited to ammonia; and



(c) Any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

- (2) If you are unable to replace the **perishable stock** before its anticipated sale, then the amount of our payment will be determined on the basis of the sales price of the **perishable stock** at the time of the **accident**, less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation provision for **stock**.

The most we will pay under this Perishable Stock Coverage in any one **accident** is \$250,000 unless otherwise shown in the Declarations applicable to Perishable Stock Coverage provided by Equipment Breakdown Coverage.

d. Data Restoration Coverage

If an **accident** occurs causing loss or damage to **data**, then we will pay the **information restoration cost** with respect to such **data**.

The most we will pay under this Data Restoration Coverage in any one **accident**, including actual loss of **business income** you sustain and necessary **extra expense** you incur, if shown as covered, is \$250,000 unless otherwise shown in the Declarations applicable to Data Restoration Coverage provided by Equipment Breakdown Coverage.

e. Service Interruption Coverage

- (1) Any insurance provided for **business income**, **extra expense** or **perishable stock** is extended to apply to your loss, damage, or expense caused by the interruption of utility services. The interruption must result from an **accident** to equipment, including **overhead transmission lines**, that is owned by a utility, landlord, a landlord's utility or other supplier who provides you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks, or **data** transmission. Such equipment must meet the definition of **covered equipment** with the exception that it need not be **Property Insured**.

- (2) We will not pay for any loss of **business income** you sustain that results from the interruption of utility services during the first 24 hours following the **accident**. However, if the **Time Element Loss** deductible shown in the Declarations applicable to Service Interruption Coverage provided by Equipment Breakdown Coverage as provided for in paragraph C. below is expressed as a time period and is greater than 24 hours, then such deductible or time period will apply instead of the 24 hours provided for in this paragraph.

- (3) The most we will pay under this Service Interruption Coverage in any one **accident** is the applicable Limit of Insurance for **business income**, **extra expense**, or **perishable stock**, except that if a Limit of Insurance is shown in the Declarations applicable to Service Interruption Coverage provided by Equipment Breakdown Coverage, then such Limit of Insurance will apply to **business income** and **extra expense** loss under this Service Interruption coverage.

f. Business Income and Extra Expense Coverage

- (1) Any insurance provided under the Property-Gard Pinnacle Coverage Form - 250000 for **business income** or **extra expense** is extended to the coverage provided by this Equipment Breakdown Coverage Endorsement. However, if a deductible is shown in the Declarations applicable to Business Income and Extra Expense Coverage provided by Equipment Breakdown Coverage, then as respects Equipment Breakdown Coverage, the **period of restoration** will begin immediately after the **accident**, and the deductible for **Time Element Loss** shown in the Declarations applicable to Business Income and Extra Expense Coverage provided by Equipment Breakdown Coverage will apply.



- (2) The most we will pay for the actual loss of **business income** or necessary **extra expense** under this coverage in any one **accident** is the applicable Limit of Insurance stated in the Declarations for **business income** and **extra expense** provided by the Property-Gard Pinnacle Coverage Form - 250000, unless otherwise shown in the Declarations applicable to Business Income and Extra Expense Coverage provided by Equipment Breakdown Coverage.

g. Fungus Remediation Coverage

Any insurance provided under the Property-Gard Pinnacle Coverage Form - 250000 for **fungus** remediation coverage is extended to the coverage provided by this Endorsement. This does not include spoilage of **perishable stock**, which is addressed in A.2.c. Perishable Stock Coverage, above. The most we will pay under this Fungus Remediation Coverage in any one **accident** is the amount shown in the Declarations applicable to Fungus Remediation Coverage provided by the Property-Gard Pinnacle Coverage Form - 250000.

3. The following exclusions contained in Section IV. Exclusions of the Property-Gard - Pinnacle Coverage Form - 250000 do not apply, but only with respect to coverage provided by this Endorsement:

- a. Exclusion IV.A.1.a. Boiler Explosion;
- b. Exclusion IV.A.2.c. Mechanical Breakdown; and
- c. Exclusion IV.A.4. Electrical Arcing.

B. Exclusions

1. We will not pay under this Endorsement for any loss, damage, or expense caused directly or indirectly by or resulting from any of the following excluded causes of loss; such loss, damage, or expense is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage:
 - a. Fire or water or other means used to extinguish a fire, lightning, explosion (except as specifically provided in F.1.c. below), **hurricane, named storm, storm**, smoke, aircraft or vehicles, riot or civil commotion, vandalism, leakage from **fire protection equipment**, elevator collision, molten material, breakage of glass, falling objects, **collapse**, or weight of snow, ice or sleet;
 - b. Freezing from weather related events;
 - c. Any **earth movement**, such as an **earthquake**, landslide, **mine subsidence** or earth sinking, rising or shifting;
 - d. **Flood**, however, if electrical **covered equipment** requires drying out because of a **flood**, then we will pay for the direct expense of such drying out subject to the applicable Limit of Insurance and Deductible;
 - e. A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment;
 - f. Any of the following:
 - (1) Defect, programming error, programming limitation, computer virus, malicious code, loss of **data**, loss of access, loss of use, loss of functionality or other condition within or involving **data, media, or software** of any kind; or
 - (2) Misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.

However, if an **accident** results, we will pay for the resulting loss, damage, or expense caused by such **accident**; or

- g. **Fungus** whether or not caused by or resulting from an **accident**. However, this exclusion does not apply to the extent that coverage is provided above in A.2.g. Fungus Remediation or for spoilage of personal



property that is **perishable stock**, to the extent that spoilage is covered under A.2.c. Perishable Stock Coverage, above.

2. We will not pay under this Endorsement for any loss or damage to animals.

C. Deductible

As respects this Endorsement only, Section X. Deductibles within the Property-Gard Pinnacle Coverage Form - 250000 is deleted and replaced with the following:

1. The coverage provided by this Endorsement may be subject to one or more of the following deductibles if shown in the Declarations applicable to Equipment Breakdown Coverage:
 - a. **Time Element Loss**: Such deductibles apply to **time element loss**, including **time element loss** under Service Interruption coverage.
 - b. **Perishable Stock**: Such deductibles apply to loss, damage, or expense to **perishable stock**, including **perishable stock** loss under Service Interruption coverage.
 - c. **Production Machinery**: Such deductible applies to loss, damage, or expense to **production machinery**.
 - d. **Property Insured**: Such deductible applies to all other loss, damage, or expense covered by this Endorsement including loss to **perishable stock** if no other **Perishable Stock** Deductible is specified and **time element loss** if no other **Time Element Loss** Deductible is specified and loss to **production machinery** if no other **Production Machinery** Deductible is specified.
2. If a dollar deductible is shown in the Declarations applicable to Equipment Breakdown Coverage, then we will not pay for covered loss, damage, or expense resulting from any **one accident** until the amount of such loss, damage, or expense exceeds the applicable Deductible shown. We will then pay the amount of covered loss, damage, or expense in excess of the applicable Deductible or Deductibles, up to the applicable Limit of Insurance.
3. If a time deductible is shown in the Declarations applicable to Equipment Breakdown Coverage for **Time Element Loss**, then we will not be liable for any loss occurring during the specified number of hours or days immediately following the **accident**. If a time deductible is expressed in days, then each day shall mean twenty-four (24) consecutive hours.
4. If a Multiplier is shown in the Declarations applicable to Equipment Breakdown Coverage for **Time Element Loss**, then the deductible is calculated by multiplying the One Hundred Percent Average Daily Value (100% ADV) times the Multiplier.
 - a. The 100% ADV is calculated by dividing the sum of the total:
 - (1) net profits; and
 - (2) normal continuing expenses (including your normal continuing payroll expenses);
 that are covered by the Property-Gard Pinnacle Coverage Form - 250000, and that would have been earned had no damage occurred during the **suspension of operations**, by the number of working days in that **suspension** period.
 - b. No reduction shall be made for net profits and normal continuing expenses (including your normal continuing payroll expenses) not being earned, or in the number of working days in the **suspension period**, because of the physical loss or damage to **Property Insured** or other scheduled or unscheduled shutdown(s) during the **suspension**.
 - c. The ADV applies to all locations included in the valuation of the loss.
5. If a **Perishable Stock** Deductible is expressed as a percentage of loss, then we will not be liable for the indicated percentage of the gross amount of loss, damage, or expense (prior to any applicable deductible



or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated minimum deductible, then the minimum deductible will be the applicable deductible.

D. Conditions

As respects this Endorsement only, the following conditions are in addition to the Loss Conditions and General Conditions described within the Property-Gard - Pinnacle Coverage Form - 250000:

1. Suspension

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

- a. Your last known address; or
- b. The address where the **covered equipment** is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that **covered equipment**. If we suspend your insurance, then you will get a pro rata refund of premium for that **covered equipment** for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

2. Jurisdictional Inspections

If any property that is **covered equipment** under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, then we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

3. Environmental, Safety and Efficiency Improvements

If **covered equipment** requires replacement due to an **accident**, then we will pay your additional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced.

However, we will not pay more than 150% of what the cost would have been to replace with like kind and quality. This condition does not increase any of the applicable limits. This condition does not apply to any property to which **actual cash value** applies.

E. Limit of Insurance

1. Except as otherwise provided in this Endorsement, the most we will pay for loss, damage, or expense under this Endorsement arising from any **one accident** is the applicable Limit of Insurance shown in the Declarations applicable to Equipment Breakdown Coverage.
2. Payments under any Limit of Insurance provided by this Endorsement are included within, not in addition to, any applicable Limit of Insurance provided by the Property-Gard Pinnacle Coverage Form - 250000.

F. Additional Definitions

The following are additional definitions applicable only to this Endorsement:

1. **Accident** means a fortuitous event that causes direct physical damage to **covered equipment**. The **accident** event must be one of the following:
 - a. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
 - b. Artificially generated electrical, magnetic or electromagnetic energy, including electric arcing, that damages, disturbs, disrupts or otherwise interferes with any electrical or electronic wire, device, appliance, system or network;
 - c. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;



- d. Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
- e. Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.

One accident means: If an initial **accident** causes other **accidents**, all will be considered **one accident**. All **accidents** that are the result of the same event will be considered **one accident**.

2. **Covered equipment**

- a. **Covered equipment** means, unless otherwise specified in the Declarations applicable to Equipment Breakdown Coverage, **Property Insured** that:
 - (1) Generates, transmits, or utilizes energy; or
 - (2) During normal usage, operates under vacuum or pressure, other than the weight of its contents.
- b. None of the following is **covered equipment**:
 - (1) Any structure, foundation, cabinet, compartment, or air supported structure or building;
 - (2) Insulating or refractory material;
 - (3) Sewer piping, buried vessels or piping, or piping forming a part of a sprinkler or fire suppression system;
 - (4) Water piping, other than boiler feedwater piping, boiler condensate return piping or water piping, forming a part of a refrigerating or air conditioning system;
 - (5) Any **vehicle** or any equipment mounted on a **vehicle**;
 - (6) Any satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
 - (7) Any dragline, excavation or construction equipment; or
 - (8) Equipment manufactured by you for sale.

- 3. **Hazardous substance** means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
- 4. **Perishable stock** means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
- 5. **Production machinery** means **covered equipment** that is a machine or apparatus that processes or produces a product intended for eventual sale. However, **production machinery** does not mean any fired or unfired pressure vessel other than a cylinder containing a movable plunger or piston.
- 6. **Vehicle** means, as respects this Endorsement only, any machine or apparatus that is used for transportation or moves under its own power. **Vehicle** includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.

However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a **vehicle**.

- G. This Endorsement is otherwise subject to all the terms, conditions, exclusions, limitations, and provisions of the Policy to which it is attached.



Property-Gard Pinnacle® - Conditional Vacancy Exclusion - 250050 01 13

Policy Amendment - Commercial Property Coverage Section

This Endorsement modifies insurance provided under the Property-Gard Pinnacle Coverage Form - 250000.

I. Section IX., Limitations of Coverage contained in the Property-Gard Pinnacle Coverage Form - 250000, is amended to include the following:

A. Conditional Vacancy Exclusion

1. We will not pay for any loss or damage sustained at any building insured under this Policy which has been **vacant** for more than 60 consecutive days prior to the occurrence of such loss or damage, whether or not such building is at a **location**, unless:
 - a. You notify us in writing prior to the 60th consecutive day such building remains vacant; and
 - b. Existing private fire protection, watch, or alarm services at a location, and within your control, are properly maintained and kept in complete working order.
2. Item I.A.1. above does not apply to:
 - a. **Buildings while in the course of construction**, but only if:
 - (1) Construction permits have been approved by, and are on file with, the building department having jurisdiction over the work to be done in connection with such construction; and
 - (2) Substantial construction activities are being performed by construction personnel at such buildings on a regular and continuing basis, not including architects, engineers, or inspectors; or
 - b. A building that is **vacant** due to repairs being made following loss or damage that is covered by the Property-Gard Pinnacle Coverage Form - 250000 or an endorsement attached to such Coverage Form.
3. If applicable state law only allows the provisions of this Endorsement to apply to a building described in the Declarations, then such provisions will continue to apply in such states to buildings that are not described in such Declarations, but only with respect to causes of loss other than fire.
4. If you notify us that a building at a location has become **vacant**, then we may remove such building from the Policy and return any applicable premium refund due to the first Named Insured shown in the Declarations. Such premium refund will be calculated on a pro-rata basis from the date that coverage for such building ceased to apply in accordance with the terms of this Endorsement.

B. Additional Definitions

The following are additional definitions applicable only to this Endorsement:

1. **Vacant** means that:
 - a. 70% or more of the rentable square footage of a building at an insured location is not being actively used by you or a tenant for its intended purpose; or
 - b. 70% or more of the total square footage of a building at an insured location utilized by you to conduct **your business** is no longer used to conduct your customary **operations**; or



- c. A building at an insured location utilized by you to conduct your business does not contain enough **business personal property** to conduct your customary **operations**;
whether or not you intend to use or rent such building.
- II. This Endorsement is otherwise subject to all the terms, conditions, exclusions, limitations, and provisions of the Policy to which it is attached.



Property-Gard Pinnacle® - South Carolina State Exception Endorsement 250112 01 13

Policy Amendment - Commercial Property Coverage Section

This Endorsement modifies insurance provided under the Property-Gard Pinnacle Coverage Form - 250000.

- I. Section XIII., General Conditions, Items C.1.b., and C.1.c., are deleted and replaced by the following:
- b. If this Policy has been in effect for less than one hundred and twenty (120) days, and is not a renewal of a previously existing policy we issued, then we may cancel this Policy for any reason by mailing or delivering to the first Named Insured and agent, if any, written notice of cancellation at least:
 - (1) Ten (10) days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (2) Thirty (30) days before the effective date of cancellation if we cancel for any other reason.
 - c. We will mail or deliver our notice of cancellation to the first Named Insured's and agent's last known addresses. Notice of cancellation will state the effective date of cancellation, and the Policy Period will end on that date.
- II. Section XIII., General Conditions, Item C.1., Cancellation, is amended to add the following:
- f. If this Policy has been in effect for one hundred and twenty (120) days or more, or is a renewal or continuation of a previously existing policy we issued, then we may cancel this Policy only for one or more of the following reasons:
 - (1) Nonpayment of premium;
 - (2) Material misrepresentation of fact which, if known to us, would have caused us not to issue the Policy;
 - (3) 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;
 - (4) Substantial breaches of contractual duties, conditions or warranties; or
 - (5) Loss of our reinsurance covering all or a significant portion of the 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 (5), we will notify the Director of Insurance, in writing, at least sixty (60) days prior to such cancellation and the Director will, within thirty (30) days of such notification, approve or disapprove such action.

Any notice of cancellation will state the precise reason for cancellation.
- III. Section XIII., General Conditions, Item C.2., Nonrenewal, is deleted and replaced by the following:
2. Nonrenewal
- a. We will not refuse to renew a policy issued for a term of more than one (1) year, until expiration of its full term, if anniversary renewal has been guaranteed by additional premium consideration.
 - b. If we decide not to renew this Policy, then we will:
 - (1) Mail or deliver written notice of nonrenewal to the first Named Insured and agent, if any, before:
 - (a) The expiration date of this Policy, if the Policy is written for a term of one (1) year or less; or
 - (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; and



(2) Provide at least:

- (a) Sixty (60) days' notice of nonrenewal, when nonrenewal is to become effective between November 1 and May 31; or
- (b) Ninety (90) days' notice of nonrenewal, when nonrenewal is to become effective between June 1 and October 31.

- c. 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.
- d. Any notice of nonrenewal will state the precise reason for nonrenewal.

IV. Section XIII., General Conditions, Item M.2., is deleted and replaced by the following:

- 2. The legal action is brought within three (3) years after the date on which the direct physical loss or damage occurred.

V. This Endorsement is otherwise subject to all the terms, conditions, exclusions, limitations, and provisions of the Policy to which it is attached.



GENERAL LIABILITY



Silica Particles Exclusion - 145917 06 04

Policy Amendment

This endorsement modifies insurance provided under the following:

**Commercial General Liability Coverage
Liquor Liability Coverage
Owners and Contractors Protective Liability Coverage
Pollution Liability Coverage
Products/Completed Operations Liability Coverage
Railroad Protective Liability Coverage
Underground Storage Tank Liability Coverage
Farm Liability Coverage
American Business Coverage (Section II)
Garage Coverage (Section II)**

The following exclusion is added:

This insurance does not apply to any claim or liability arising, in whole or in part, directly or indirectly out of, or which is in any way related to, "Silica".

As used in this exclusion, the term "Silica" includes, but is not limited to, silicon dioxide, silica, silica products, silica fibers, silica dust, any other silica byproducts, and silica, whether alone or in combination with any substance, product or material.

Without limiting the foregoing, this exclusion applies to every injury, damage, loss, cost or expense otherwise covered by this policy, if any.



Economic or Trade Sanctions Compliance - 145985 06 14

Policy Amendment

The following is added to the Policy and replaces any other provision in the Policy addressing economic or trade sanctions:

This insurance does not apply to the extent that economic or trade sanctions or other laws or regulations prohibit us (the Company) from providing insurance.

All other terms and conditions of the policy remain unchanged.

IL 00 03 09 08

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALCULATION OF PREMIUM

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

The following is added:

The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation, or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

IL 00 17 11 98

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

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.

IL 00 21 09 08

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT (Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:

A. Under any Liability Coverage, to "bodily injury" or "property damage":

- (1)** With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2)** Resulting from the "hazardous properties" of "nuclear material" and with respect to which **(a)** any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or **(b)** the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:

- (1)** The "nuclear material" **(a)** is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or **(b)** has been discharged or dispersed therefrom;
- (2)** The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
- (3)** The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion **(3)** applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material **(a)** containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and **(b)** resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a)** Any "nuclear reactor";
 - (b)** Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";
 - (c)** Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
 - (d)** Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";
- and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

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

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

IL 02 49 09 08

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SOUTH CAROLINA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL 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 120 Days Or More

If this policy has been in effect for 120 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 60 days prior to such cancellation and the Commissioner will, within 30 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.** 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.** If we decide not to renew this policy, we will:
 - a.** Mail or deliver written notice of nonrenewal to the first Named Insured and agent, if any, before:

- (1) The expiration date of this policy, if the policy is written for a term of one year or less; or
 - (2) An anniversary date of this policy, if the policy is written for a term of more than one year or for an indefinite term; and
- b. Provide at least:
 - (1) 60 days' notice of nonrenewal, when nonrenewal is to become effective between November 1 and May 31; or
 - (2) 90 days' notice of nonrenewal, when nonrenewal is to become effective between June 1 and October 31.
- 3. 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.
- 4. Any notice of nonrenewal will state the precise reason for nonrenewal.



GENERAL LIABILITY COVERAGE SECTION – DECLARATIONS

- These Declarations, together with the Common Policy Declarations and Policy Conditions, Coverage Form(s) and any Endorsement(s), complete this policy.
- If one or more numbers are shown in the Location(s) column of these Declarations, then each number represents that specific **location(s)** as displayed on the Common Policy Declarations. If the word "**ALL**" is shown in the Location(s) column shown in these Declarations, then such word means all **locations** as displayed on the Common Policy Declarations **except** operations at locations that are specifically excluded.

Audit Period
Annual

Commercial General Liability Coverage Form (CG 00 01 04 13)

Coverage Description	Limits of Insurance
Commercial General Liability Coverage Part	
General Aggregate Limit (Other than Products – Completed Operations)	\$ 2,000,000
Products-Completed Operations Aggregate Limit	\$ 2,000,000
Personal & Advertising Injury Limit	\$ 1,000,000
Each Occurrence Limit	\$ 1,000,000
Damage To Premises Rented To You Limit-Any One Premises	\$ 100,000
Medical Expense Limit- Any One Person	Excluded

Employee Benefits Administration Errors and Omissions Insurance (EB 70 00 12 97)

Coverage Description	Limits of Insurance
Each Employee Limit	\$ 1,000,000
Aggregate Limit	\$ 2,000,000

Liquor Liability Coverage Form (CG 00 33 04 13)

Coverage Description	Limits of Insurance
Aggregate Limit	\$ 1,000,000
Each Common Cause Limit	\$ 1,000,000

Classification(s)

Location(s)	Included Location(s)	Coverage(s)	Class Code(s)	Classification Description(s)	Basis of Premium	Exposure
1	13	Liquor Liability	58161	Liquor Liability - Restaurants, Taverns, Hotels, Motels, Including Package Sales	Alcoholic Beverage Sales	1,238,037

**Classification(s), Continued**

Location(s)	Included Location(s)	Coverage(s)	Class Code(s)	Classification Description(s)	Basis of Premium	Exposure
1	13	Products-Completed Operations	83000	Full-Service Restaurants - 83000 basic	Sales less alcoholic bev	3,217,509
1	13	Premises/Operations	83000	Full-Service Restaurants - 83000 basic	Sales less alcoholic bev	3,217,509
2		Liquor Liability	58161	Liquor Liability - Restaurants, Taverns, Hotels, Motels, Including Package Sales	Alcoholic Beverage Sales	896,277
2		Premises/Operations	83000	Full-Service Restaurants - 83000 basic	Sales less alcoholic bev	2,384,059
2		Products-Completed Operations	83000	Full-Service Restaurants - 83000 basic	Sales less alcoholic bev	2,384,059
3		Products-Completed Operations	83000	Full-Service Restaurants - 83000 basic	Sales less alcoholic bev	3,669,856
3		Liquor Liability	58161	Liquor Liability - Restaurants, Taverns, Hotels, Motels, Including Package Sales	Alcoholic Beverage Sales	1,500,305
3		Premises/Operations	83000	Full-Service Restaurants - 83000 basic	Sales less alcoholic bev	3,669,856
4		Products-Completed Operations	83000	Full-Service Restaurants - 83000 basic	Sales less alcoholic bev	3,261,375
4		Liquor Liability	58161	Liquor Liability - Restaurants, Taverns, Hotels, Motels, Including Package Sales	Alcoholic Beverage Sales	986,172
4		Premises/Operations	83000	Full-Service Restaurants - 83000 basic	Sales less alcoholic bev	3,261,375
5		Premises/Operations	83000	Full-Service Restaurants - 83000 basic	Sales less alcoholic bev	2,688,380

**Classification(s), Continued**

Location(s)	Included Location(s)	Coverage(s)	Class Code(s)	Classification Description(s)	Basis of Premium	Exposure
5		Liquor Liability	58161	Liquor Liability - Restaurants, Taverns, Hotels, Motels, Including Package Sales	Alcoholic Beverage Sales	901,911
5		Products-Completed Operations	83000	Full-Service Restaurants - 83000 basic	Sales less alcoholic bev	2,688,380
6		Premises/Operations (Products Included)	68606	Vacant Buildings - Not Factories - Other Than Not-For-Profit	Area	7,900
7		Products-Completed Operations	83000	Full-Service Restaurants - 83000 basic	Sales less alcoholic bev	5,780,243
7		Liquor Liability	58161	Liquor Liability - Restaurants, Taverns, Hotels, Motels, Including Package Sales	Alcoholic Beverage Sales	1,910,518
7		Premises/Operations	83000	Full-Service Restaurants - 83000 basic	Sales less alcoholic bev	5,780,243
8		Products-Completed Operations	83000	Full-Service Restaurants - 83000 basic	Sales less alcoholic bev	2,196,975
8		Liquor Liability	58161	Liquor Liability - Restaurants, Taverns, Hotels, Motels, Including Package Sales	Alcoholic Beverage Sales	1,049,874
8		Premises/Operations	83000	Full-Service Restaurants - 83000 basic	Sales less alcoholic bev	2,196,975
9		Premises/Operations	83000	Full-Service Restaurants - 83000 basic	Sales less alcoholic bev	3,592,016
9		Liquor Liability	58161	Liquor Liability - Restaurants, Taverns, Hotels, Motels, Including Package Sales	Alcoholic Beverage Sales	1,239,158
9		Products-Completed Operations	83000	Full-Service Restaurants - 83000 basic	Sales less alcoholic bev	3,592,016

**Classification(s), Continued**

Location(s)	Included Location(s)	Coverage(s)	Class Code(s)	Classification Description(s)	Basis of Premium	Exposure
10		Premises/Operations	83000	Full-Service Restaurants - 83000 basic	Sales less alcoholic bev	3,101,119
10		Liquor Liability	58161	Liquor Liability - Restaurants, Taverns, Hotels, Motels, Including Package Sales	Alcoholic Beverage Sales	1,121,830
10		Products-Completed Operations	83000	Full-Service Restaurants - 83000 basic	Sales less alcoholic bev	3,101,119
11		Premises/Operations (Products Included)	83107	Mercantile - Lessor's Risk Only (LRO)	Area	1,993
12		Premises/Operations (Products Included)	49451	Vacant Land - Other Than Not-For-Profit	Each Acre	1

Endorsements**Exclusion-Coverage C-Medical Payments (CG 21 35 10 01)**

Description And Location Of Premises Or Classification

All

Products/Completed Operations Hazard Redefined (CG 24 07 01 96)

Location(s) and Description of Premises & Operations

ALL

All Locations Per General Liability Schedule

Fungi or Bacteria Exclusion (CG 72 77 04 08)

Specified Location (If Applicable)

All

COMMERCIAL GENERAL LIABILITY
CG 00 01 04 13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

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 ends 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";
 - (2) The "bodily injury" or "property damage" occurs during the policy period; and
 - (3) Prior to the policy period, no insured listed under Paragraph 1. of Section II Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.
- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.
- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

- (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
 - (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
 - (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.
- e. 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 attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
 - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
 - (b) Such attorneys' 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 even if the claims against any insured allege negligence or other wrongdoing in:

- (a) The supervision, hiring, employment, training or monitoring of others by that insured; or
- (b) Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the "occurrence" which caused the "bodily injury" or "property damage", involved that which is described in Paragraph (1), (2) or (3) above.

However, this exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. For the purposes of this exclusion, permitting a person to bring alcoholic beverages on your premises, for consumption on your premises, whether or not a fee is charged or a license is required for such activity, is not by itself considered the business of 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 whether the insured may be liable as an employer or in any other capacity and 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 produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;
 - (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:
 - (i) Any insured; or
 - (ii) Any person or organization for whom you may be legally responsible; or
 - (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
 - (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
 - (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
 - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".

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

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

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

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

g. Aircraft, Auto Or Watercraft

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

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

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:
 - (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged; or
 - (b) The operation of any of the machinery or 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", however caused, arising, directly or indirectly, out of:

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

j. Damage To Property

"Property damage" to:

- (1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (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 seven 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

arising out of "personal and advertising injury".

As used in this section:

Damages arising out of the loss of use of, damage to, corruption of, inability to access, or inability to retrieve electronic data.

Personal and advertising injury means any offense that applies to liability for damages because of "personal and advertising injury".

As used in this section, electronic data means information, facts or programs stored as or on, created or transmitted by, or received by, a computer, computer software, including systems and applications software, hard or floppy disks, tapes, cells, data processing devices or any other media which are used in connection with electronic data.

q. Recording And Information In Violation Of Law

"Personal and advertising injury" or "property damage" means any offense that is a violation of a law or omission that violates a law.

- (1) The Consumer Protection Act (CPA), including any amendment of or addition to such law;
- (2) The Consumer Protection Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair Credit Reporting Act of 2003;
- (4) Any other law, regulation, or other rule, including the CAN-SPAM Act of 2003, that addresses, prohibits, or limits the printing, recording, sending, transmitting, communicating or distribution of electronic data.

Exclusions: This coverage does not apply to damage arising from premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section III - Limits of Insurance.

COVERAGE F - PERSONAL AND ADVERTISING INJURY LIABILITY**1. Insuring Agreement**

- a. We will pay 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. Knowing Violation Of Rights Of Another

"Personal and advertising injury" 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".

b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material whose first publication took place before the beginning of the policy period.

d. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

e. Contractual Liability

"Personal and advertising injury" 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.

f. Breach Of Contract

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

g. Quality Or Performance Of Goods – Failure To Conform To Statements

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. Wrong Description Of Prices

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

j. Insureds In Media And Internet Type Businesses

"Personal and advertising injury" committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of web sites for others; or
- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs 14.a., b. and c. of "personal and advertising injury" under the Definitions section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

k. Electronic Chatrooms Or Bulletin Boards

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

I. Unauthorized Use Of Another's Name Or Product

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. Pollution

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. Pollution-related

Any loss, cost or expense arising out of any:

- (1) 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
- (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".

o. War

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

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

p. Recording And Distribution Of Material Or Information In Violation Of Law

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

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

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:

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

- b. We will make these payments regardless of fault. These payments will not exceed the 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. Any Insured

To any insured, except "volunteer workers".

b. Hired Person

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

c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

d. Workers' Compensation And Similar Laws

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. Athletics Activities

To a person injured while practicing, instructing or participating in any physical exercises or games, sports, or athletic contests.

f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

g. Coverage A Exclusions

Excluded under Coverage A.

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 court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
- 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
 - (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 we have used up the applicable limit of insurance in the payment of judgments or settlements or 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.
 - e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.
2. Each of the following is also an insured:
 - a. Your "volunteer workers" only while performing duties related to the conduct of your business, or 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" or "volunteer workers" are insureds 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), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
 - (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" 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 Paragraph (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", "volunteer workers", 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 "volunteer worker"), 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. 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 Paragraph 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 Paragraph 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 Paragraph 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 Paragraph 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.
- 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; 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 Paragraph **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 Paragraph **c.** below.

b. Excess Insurance

(1) This insurance is excess over:

(a) Any of the other insurance, whether primary, excess, contingent or on any other basis:

- (i) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
- (ii) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
- (iii) 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
- (iv) 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.

(b) Any other primary insurance available to you covering liability for damages arising out of the premises or operations, or the products and completed operations, for which you have been added as an additional insured.

(2) 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.

(3) 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:

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

(4) 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 and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. 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. For the purposes of this definition:
 - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
 - b. Regarding web sites, only that part of a web site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
- 2. "Auto" means:
 - a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
 - b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

However, "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, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph a. above; or
- c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in Paragraph a. above;
 - (2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business; or
 - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication;

provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in Paragraph 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, bylaws 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 the repair, replacement, adjustment or removal of "your product" or "your work" or your fulfilling the terms of the contract or agreement.

9. "Insured contract" means:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b. A sidetrack agreement;
- c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement;
- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

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

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or

- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.
10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
11. "Loading or unloading" means the handling of property:
- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
 - b. While it is in or on an aircraft, watercraft or "auto"; or
 - c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;
- but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".
12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:
- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 - b. Vehicles maintained for use solely on or next to premises you own or rent;
 - c. Vehicles that travel on crawler treads;
 - d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
 - e. Vehicles not described in Paragraph 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 Paragraph 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.
- However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".
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, in any manner, 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, in any manner, of material that violates a person's right of privacy;
 - f. The use of another's advertising idea in your "advertisement"; or
 - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".
15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
16. "Products-completed operations hazard":
- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
 - (1) Products that are still in your physical possession; or
 - (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.
 Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.
 - b. Does not include "bodily injury" or "property damage" arising out of:
 - (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
 - (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
 - (3) Products or operations for which the classification, listed in the Declarations or in a policy Schedule, states that products-completed operations are subject to the General Aggregate Limit.
17. "Property damage" means:
- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
 - b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.
- For the purposes of this insurance, electronic data is not tangible property.
- As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.
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.** "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.
- 21.** "Your product":
- a.** Means:
 - (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a) You;
 - (b) Others trading under your name; or
 - (c) A person or organization whose business or assets you have acquired; and
 - (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
 - b.** Includes:
 - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
 - (2) The providing of or failure to provide warnings or instructions.
 - c.** Does not include vending machines or other property rented to or located for the use of others but not sold.
- 22.** "Your work":
- a.** Means:
 - (1) Work or operations performed by you or on your behalf; and
 - (2) Materials, parts or equipment furnished in connection with such work or operations.
 - b.** Includes:
 - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
 - (2) The providing of or failure to provide warnings or instructions.

COMMERCIAL GENERAL LIABILITY
CG 00 33 04 13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIQUOR 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 – LIQUOR LIABILITY COVERAGE

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "injury" to which this insurance applies if liability for such "injury" is imposed on the insured by reason of the selling, serving or furnishing of any alcoholic beverage. 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 "injury" to which this insurance does not apply. We may, at our discretion, investigate any "injury" 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 ends when we have used up the applicable limit of insurance in the payment of judgments or settlements.

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

- b. This insurance applies to "injury" only if:

- (1) The "injury" occurs during the policy period in the "coverage territory"; and
- (2) Prior to the policy period, no insured listed under Paragraph 1. of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "injury" or claim, knew that the "injury" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "injury" occurred, then any continuation, change or resumption of such "injury" during or after the policy period will be deemed to have been known prior to the policy period.

- c. "Injury" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "injury" or claim, includes any continuation, change or resumption of that "injury" after the end of the policy period.

- d. "Injury" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "injury" or claim:

- (1) Reports all, or any part, of the "injury" to us or any other insurer;
- (2) Receives a written or verbal demand or claim for damages because of the "injury"; or
- (3) Becomes aware by any other means that "injury" has occurred or has begun to occur.

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Injury" 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. Workers' Compensation And Similar Laws

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

c. 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 whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the "injury".

d. Liquor License Not In Effect

"Injury" arising out of any alcoholic beverage sold, served or furnished while any required license is not in effect.

e. Your Product

"Injury" arising out of "your product". This exclusion does not apply to "injury" for which the insured or the insured's indemnitees 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.

f. Other Insurance

Any "injury" with respect to which other insurance is afforded, or would be afforded but for the exhaustion of the limits of insurance.

This exclusion does not apply if the other insurance responds to liability for "injury" imposed on the insured by reason of the selling, serving or furnishing of any alcoholic beverage.

g. War

"Injury", however caused, arising, directly or indirectly, out of:

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

SUPPLEMENTARY PAYMENTS

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. 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.
3. 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.
4. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
5. 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.

6. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.
7. Expenses incurred by the insured for first aid administered to others at the time of an event to which this insurance applies.

These payments will not reduce the limits of insurance.

SECTION II – WHO IS AN INSURED

1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds.
 - 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.
 - e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.
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) "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 (a) above; or
 - (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 Paragraph (a) or (b) above.
 - (2) "Property damage" to property:
 - (a) Owned or occupied by; or
 - (b) Rented or loaned;
 to that "employee", any of your other "employees", by any of your partners or members (if you are a partnership or joint venture), or by any of your members (if you are a limited liability company).
 - b. 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.
 - c. 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. 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; and
 - b. Coverage does not apply to "injury" that occurred 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 Aggregate Limit is the most we will pay for all "injury" as the result of the selling, serving or furnishing of alcoholic beverages.
3. Subject to the Aggregate Limit, the Each Common Cause Limit is the most we will pay for all "injury" sustained by one or more persons or organizations as the result of the selling, serving or furnishing of any alcoholic beverage to 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 – LIQUOR 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 Injury, Claim Or Suit

- a. You must see to it that we are notified as soon as practicable of an "injury" which may result in a claim. To the extent possible, notice should include:
 - (1) How, when and where the "injury" took place;
 - (2) The names and addresses of any injured persons and witnesses; and
 - (3) The nature and location of any "injury".
- 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" 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; 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 this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

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 b. below.

b. 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 and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. 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. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
2. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, but only if the "injury" occurs in the course of travel or transportation between any places included in Paragraph a. above; or
 - c. All other parts of the world if the "injury" arises out of:
 - (1) Goods or products made or sold by you in the territory described in Paragraph a. above; or
 - (2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business;
 provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in Paragraph a. above or in a settlement we agree to.
3. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
4. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.
5. "Injury" means damages because of "bodily injury" and "property damage", including damages for care, loss of services or loss of support.
6. "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".
7. "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.
8. "Suit" means a civil proceeding in which damages because of "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.
9. "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.
10. "Your product":
 - a. Means:
 - (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a) You;
 - (b) Others trading under your name; or
 - (c) A person or organization whose business or assets you have acquired; and
 - (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
 - b. Includes:
 - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

- (2) The providing of or failure to provide warnings or instructions.
- c. Does not include vending machines or other property rented to or located for the use of others but not sold.

**COMMERCIAL GENERAL LIABILITY
CG 21 06 05 14**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

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

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. Exclusion 2.p. of Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

2. Exclusions

This insurance does not apply to:

p. Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability

Damages arising out of:

- (1)** Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or
- (2)** The loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

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

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

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

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

2. Exclusions

This insurance does not apply to:

Access Or Disclosure Of Confidential Or Personal Information

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

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

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 21 35 10 01

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - COVERAGE C - MEDICAL PAYMENTS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Schedule

Description And Location Of Premises Or Classification	Date

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

With respect to any premises or classification shown in the Schedule:

1. Section I – Coverage C – Medical Payments does not apply and none of the references to it in the Coverage Part apply; and
2. The following is added to Section I - Supplementary Payments:
 - h. Expenses incurred by the insured for first aid administered to others at the time of an accident for “bodily injury” to which this insurance applies.

**COMMERCIAL GENERAL LIABILITY
CG 21 47 12 07**

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, discrimination or malicious prosecution 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 injury-causing event described in Paragraphs (a), (b) or (c) above occurs before employment, during employment or after employment of that person;

(2) Whether the insured may be liable as an employer or in any other capacity; and

(3) 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, discrimination or malicious prosecution 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 injury-causing event described in Paragraphs (a), (b) or (c) above occurs before employment, during employment or after employment of that person;

(2) Whether the insured may be liable as an employer or in any other capacity; and

(3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

COMMERCIAL GENERAL LIABILITY
CG 24 06 04 13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIQUOR LIABILITY - BRING YOUR OWN ALCOHOL ESTABLISHMENTS

This endorsement modifies insurance provided under the following:

LIQUOR LIABILITY COVERAGE PART

The following is added to Paragraph 1. Insuring Agreement of Section I – Liquor Liability Coverage:

1. Insuring Agreement

An insured who permits any person to bring any alcoholic beverage on their premises, for consumption on the premises, whether or not a fee is charged for such activity, will also be considered selling, serving or furnishing alcoholic beverages.

POLICY NUMBER:

**COMMERCIAL GENERAL LIABILITY
CG 24 07 01 96**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PRODUCTS/COMPLETED OPERATIONS HAZARD REDEFINED

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Description of Premises and Operations:

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

With respect to "bodily injury" or "property damage" arising out of "your products" manufactured, sold, handled or distributed:

1. On, from or in connection with the use of any premises described in the Schedule, or
2. In connection with the conduct of any operation described in the Schedule, when conducted by you or on your behalf,

Paragraph **a.** of the definition of "Products-completed operations hazard" in the DEFINITIONS Section is replaced by the following:

"Products-completed operations hazard":

- a.** Includes all "bodily injury" and "property damage" that arises out of "your products" if the "bodily injury" or "property damage" occurs after you have relinquished possession of those products.



Complete Lead Poisoning and Lead Contamination Exclusion CG 70 92 12 92

This insurance does not apply to any injury, damage, liability, loss, cost or expense in whole or in part caused by, resulting from, arising out of, or in any way related to **lead**, including, but not limited to:

- (1) The manufacture, sale, distribution, handling, use, installation, removal, abatement, containment, storage, emission, release, inhalation, ingestion, absorption, or transmission of or exposure to **lead**;
- (2) Any supervision, instructions, recommendations, notices, warnings or advice given or which should have been given in connection with **lead**;
- (3) Any request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify, remediate, neutralize, or in any way respond to or assess the extent or the effects of **lead**; or
- (4) Any claim, **suit** or proceeding for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, remediating, neutralizing or in any way responding to, or assessing the effects of **lead**.

We shall have no obligation of any kind, including, but not limited to, any obligation to investigate, defend, pay defense costs, settle, or pay settlements or judgements as to any claim, **suit** or proceeding involving or allegedly involving, **lead**.

As used in this exclusion, **lead** includes, but is not limited to the mineral **lead** (chemical element & symbol {lead (Pb)} Atomic number 82) in any form, whether or not the **lead** is:

- (1) Pure;
- (2) Contained in, or on, or incorporated into, products, goods or materials;
- (3) Solid, liquid, gaseous or in fumes; or
- (4) Contained in any part of any building, structure, building material, product or any other real or personal property.

This exclusion does not apply to any **Bodily injury** or **Property damage** that is caused by a sudden, abrupt striking by, or impact with, **lead**, which causes an immediate and conspicuous manifestation of physical injury to persons or property.



Complete Asbestos Exclusion - CG 70 93 12 92

This insurance does not apply to any injury, damage, liability, loss, cost or expense in whole or in part caused by, resulting from, arising out of, or in any way related to **asbestos**, including, but not limited to:

- (1) The manufacture, sale, distribution, handling, use, installation, removal, abatement, containment, storage, transportation, disposal, existence, presence, emanation, emission, release, inhalation, ingestion, absorption, or transmission of or exposure to **asbestos**;
- (2) Any supervision, instructions, recommendations, notices, warnings or advice given or which should have been given in connection with **asbestos**;
- (3) Any request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify, remediate, neutralize, or in any way respond to or assess the extent or the effects of **asbestos**; or
- (4) Any claim, **suit** or proceeding for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, remediating neutralizing or in any way responding to, or assessing the effects of **asbestos**.

We shall have no obligation of any kind, including, but not limited to, any obligation to investigate, defend, pay defense costs, settle, or pay settlements or judgements as to any claim, **suit** or proceeding involving or allegedly involving **asbestos**.

As used in this exclusion, **asbestos** includes, but is not limited to the mineral **asbestos** in any form, whether or not the **asbestos** is:

- (1) A fiber, particle, or dust;
- (2) Contained in, or on, or incorporated into, products, goods or materials; or
- (3) Contained in any part of any building, structure, building material, product or any other real or personal property.

This exclusion does not apply to any **bodily injury** or **property damage** that is caused by a sudden, abrupt striking by, or impact with, **asbestos**, which causes an immediate and conspicuous manifestation of physical injury to persons or property.



MultiCover® - Without Medical Payments - CG 71 93 01 14

Policy Amendment(s) Commercial General Liability Coverage Form

Your Commercial General Liability Coverage Form is revised as follows:

1. Broadened Named Insured

A. SECTION II - WHO IS AN INSURED, item 3., is deleted and replaced by the following:

3. Any organization that you own at the inception of this policy, or newly acquire or form during the policy period, and over which you maintain during the policy period majority ownership or majority interest, will qualify as a Named Insured if:
 - a. There is no other similar insurance available to that organization; and
 - b. The first Named Insured shown in the Declarations has the responsibility of placing insurance for that organization; and
 - c. That organization is incorporated or organized under the laws of the United States of America.

However:

- (1) Coverage under this provision 3 is afforded only until the next occurring annual anniversary of the beginning of the policy period shown in the Declarations, or the end of the policy period, whichever is earlier; and
- (2) Coverage A does not apply to **bodily injury** or **property damage** that occurred before you acquired or formed the organization; and
- (3) Coverage B does not apply to **personal and advertising injury** arising out of an offense committed before you acquired or formed the organization.

B. SECTION II - WHO IS AN INSURED, the last paragraph, is deleted and replaced by the following:

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. However, this does not apply to a limited liability company that meets all of the conditions in Section II - Who Is An Insured, item 3., above.

2. Additional Insured

If an Additional Insured endorsement is attached to this policy that specifically names a person or organization as an additional insured, then this Section 2. Additional Insured does not apply to such person or organization.

SECTION II - WHO IS AN INSURED, subsection 2.e., is added as follows:

- e. Any person or organization is included as an additional insured, but only to the extent such person or organization is legally obligated to pay for **bodily injury**, **property damage** or **personal and advertising injury** caused by your acts or omissions. With respect to the insurance afforded to such additional insured, all of the following additional provisions apply:
 - (1) You have agreed in a written **insured contract** that such person or organization be added as an additional insured under this policy;
 - (2) The **bodily injury**, **property damage** or **personal and advertising injury** for which said person or organization is legally obligated to pay occurs subsequent to the execution of such **insured contract**;
 - (3) The most we will pay is the lesser of either the amount of insurance available under the applicable Limits of Insurance shown in the Declarations or the limits of insurance required by the **insured contract**;
 - (4) The insurance afforded to such additional insured only applies to the extent permitted by law;



- (5) Such person or organization is an additional insured only with respect to:
- (a) Their ownership, maintenance, or use of that part of the premises, or land, owned by, rented to, or leased to you, except such person or organization is not an insured with respect to structural alterations, new construction or demolition operations performed by or on behalf of such person or organization;
 - (b) Your ongoing operations performed for that insured;
 - (c) Their financial control of you, except such person or organization is not an insured with respect to structural alterations, new construction or demolition operations performed by or on behalf of such person or organization;
 - (d) The maintenance, operation or use by you of equipment leased to you by such person or organization;
 - (e) Operations performed by you or on your behalf and for which a state or political subdivision has issued a permit, provided such operations are not performed for such state or political subdivision, and are not included within the **products-completed operations hazard**; or
 - (f) Their liability as a grantor of a franchise to you.
- (6) This insurance does not apply to **bodily injury, property damage, personal and advertising injury, occurrence** or offense:
- (a) Which takes place at a particular premises after you cease to be a tenant of that premises;
 - (b) Which takes place after all work, including materials, parts or equipment furnished in connection with such work to be performed by or on behalf of the additional insured at the site of the covered operations, has been completed;
 - (c) Which takes place after that portion of **your work** out of which the injury or damage arises has been put to its intended use by any other person or organization other than another contractor or subcontractor engaged in performing operations for a principal as part of the same project; or
 - (d) Which takes place after the expiration of any equipment lease to which (4)(d) above applies;
- (7) With respect to architects, engineers or surveyors, coverage does not apply to **bodily injury, property damage or personal and advertising injury** arising out of the rendering or failure to render any professional services by or for you, including:
- (a) The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders, or drawings and specifications; or
 - (b) Supervisory, inspection, architectural, or engineering services.

These exclusions apply even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the **occurrence** which caused the **bodily injury or property damage**, or the offense which caused the **personal or advertising injury**, involved the rendering of or the failure to render any professional services by or for you.

3. Additional Insured - Vendors

If an Additional Insured Vendors endorsement is attached to this policy that specifically names a person or organization as an additional insured, then this Section 3. Additional Insured - Vendors does not apply to that person or organization.

Unless the **products-completed operations hazard** is excluded from this policy, SECTION II - WHO IS AN INSURED, item 2.f. is added as follows:

- f. Any vendor of yours is included as an additional insured, but only with respect to **bodily injury or property damage** caused by **your products** which are distributed or sold in the regular course of the vendor's business, subject to the following additional exclusions:



- (1) The insurance afforded such vendor does not apply to:
 - (a) **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 the contract or agreement;
 - (b) Any express warranty unauthorized by you;
 - (c) Any physical or chemical change in the product made intentionally by the vendor;
 - (d) Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;
 - (e) Any failure to make such inspections, 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 distribution or sale of the products;
 - (f) Demonstration, installation, servicing or repair operations, except such operations performed by the vendor in full compliance with the manufacturer's written instructions at the vendor's premises in connection with the sale of the product;
 - (g) Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or
 - (h) **Bodily injury or property damage** arising out of the liability of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf.
- (2) 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) The most we will pay is the lesser of either the amount of insurance available under the applicable Limits of Insurance shown in the Declarations or the limits of insurance required by the contract or agreement; and
- (4) The insurance afforded to such vendor only applies to the extent permitted by law.

4. **Additional Insured - Limited Primary and Noncontributory Provision**

The following is added as a second paragraph to Section IV Conditions, Condition 4. Other Insurance, following paragraph b.(2):

However, if you have added any person, organization or vendor of yours as an additional insured to this policy by way of this MultiCover® endorsement and have agreed in a written **insured contract** that this insurance is primary and non-contributory with other insurance available to that additional insured, this insurance is primary and we will not seek contribution from such additional insured's other insurance, provided that the additional insured is a Named Insured under such other insurance.

5. **Waiver of Subrogation**

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS, item 8., is deleted and replaced by the following:

8. **Transfer of Rights of Recovery Against Others to Us and Blanket Waiver of Subrogation**

- a. 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 the loss to impair those rights. At our request, the insured will bring suit or transfer those rights to us and help us enforce them.
- b. If required by a written **insured contract** executed prior to the **occurrence** or offense, we waive any right of recovery we may have against any person or organization named in such **insured contract**, because of payments we make for injury or damage arising out of your operations or **your work** for that person or organization.



6. **Cancellation - 90 Days**

Common Policy Conditions endorsement IL0017, A. Cancellation, item 2.b. is deleted and replaced by the following:

- b. 90 days before the effective date of cancellation if we cancel for any other reason.

7. **Liberalization**

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS, the following is added as an additional Condition:

Liberalization

If we adopt a change in our forms or rules which would broaden the coverage provided by any form that is a part of this policy without an extra premium charge, the broader coverage will apply to this policy. This extension is effective upon the approval of such broader coverage in your state.

8. **Fire, Explosion, Sprinkler Leakage, or Lightning Legal Liability Coverage**

- A. **SECTION I - COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions**, the last paragraph, is deleted and replaced by the following:

Exclusions c. through n. do not apply to damage by fire, explosion, sprinkler leakage, or lightning to premises while:

- 1. Rented to you;
- 2. Temporarily occupied by you with the permission of the owner; or
- 3. Managed by you under a written agreement with the owner.

A separate limit of insurance applies to this coverage as described in Section III - LIMITS OF INSURANCE.

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

- 6. Subject to 5. above, the Damage to Premises Rented To You Limit shown in the Declarations, for **property damage** to any one premises while rented to you, or in the case of damage by fire, explosion, sprinkler leakage, or lightning while rented to you, temporarily occupied by you with the permission of the owner, or managed by you under a written agreement with the owner, is the greater of:

- a. \$1,000,000 Any One Premises; or
- b. The Damage To Premises Rented To You Limit shown in the Declarations.

- C. **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS, 4. Other Insurance, b. Excess Insurance, (1)(a), items (i) and (iii)**, are deleted and replaced by the following:

- (i) That is Fire, Explosion, Sprinkler Leakage or Lightning Insurance for premises while rented to you, temporarily occupied by you with permission of the owner, or managed by you under a written agreement with the owner;
- (iii) That is insurance purchased by you to cover your liability as a tenant for **property damage** to premises rented to you, temporarily occupied by you with the permission of the owner, or managed by you under a written agreement with the owner;

- D. **SECTION V - DEFINITIONS, 9. Insured Contract**, item a., is deleted and replaced 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, explosion, sprinkler leakage, or lightning to premises while rented to you, temporarily occupied by you with permission of the owner, or managed by you under a written agreement with the owner, is not an **insured contract**;

9. **Damage to Invitees' Automobiles from Falling Trees or Tree Limbs - Limited Coverage**



This coverage applies to direct physical damage to automobiles owned by invitees subject to all of the following:

1. Provided such damage originates from trees on premises owned, managed, leased or rented by an insured;
2. Coverage applies only to invitees of an insured or an insured's tenant;
3. Such damage is directly caused by wind-driven falling trees or tree limbs;
4. The most we will pay for any one loss is the lowest of:
 - a. the actual cash value of the damaged automobile as of the time of the loss; or
 - b. the cost of repairing the damaged automobile; or
 - c. the cost of replacing the damaged automobile with another automobile of like kind and quality.

Regardless of the number of occurrences, losses or claims, this coverage is subject to a limit of \$25,000 in any one policy period;

5. This coverage is not subject to the General Liability General Aggregate Limit; and
6. We will make payments under this coverage without regard to fault.

10. Non-Owned or Chartered Watercraft

SECTION I - COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions, item g. Aircraft, Auto, or Watercraft, item (2), is deleted and replaced by the following:

- (2) A watercraft you do not own that is:
- (a) Less than 51 feet long; and
 - (b) Not being used for public transportation or as a common carrier;

11. Chartered Aircraft

SECTION I - COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions, g. Aircraft, Auto Or Watercraft, item (6), is added as follows:

- (6) An aircraft in which you have no ownership interest and that you have chartered with crew.

12. Coverage Territory - Broadened

SECTION V - DEFINITIONS, item 4.a., is deleted and replaced by the following:

- a. The United States of America (including its territories and possessions), Puerto Rico, Canada, Bermuda, the Bahamas, The Cayman Islands and the British Virgin Islands;

13. Personal and Advertising Injury - Contractual

Unless personal and advertising injury is excluded from this policy the following applies:

SECTION I - COVERAGES, COVERAGE B, 2. Exclusions, item e., is deleted.

14. Fellow Employee Coverage

SECTION II - WHO IS AN INSURED, 2.a., item (1) is deleted and replaced by the following:

- (1) **Personal and advertising injury:**
- However, subsections (a), (b), (c) and (d) of item (1) remain unchanged.

15. Bodily Injury Definition - Broadened

SECTION V - DEFINITIONS, 3. **Bodily Injury** is deleted and replaced by the following:

Bodily injury means bodily injury, sickness or disease sustained by a person including death or mental anguish resulting from any of these at any time. Mental anguish means any type of mental or emotional illness or disease.

16. Expected or Intended Injury - Amendment to Exclusion



SECTION I. Coverage A Bodily Injury and Property Damage Liability, 2. EXCLUSIONS, a. Expected or Intended Injury, is deleted and replaced by the following:

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 or property damage** resulting from the use of reasonable force to protect persons or property.

17. **Unintentional Failure to Disclose Hazards**

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS, item 6. Representations, the following is added:

- d. If you unintentionally fail to disclose any hazards existing at the inception date of this policy, we will not deny coverage under this Coverage Form because of such failure. However, this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

18. **Supplementary Payments - Increased Limits**

SECTION I - COVERAGES, SUPPLEMENTARY PAYMENTS - COVERAGES A AND B, items 1.b. and 1.d., are deleted and replaced by the following:

- b. The 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.
- 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 substantiated loss of earnings up to \$500 a day because of time off from work.

19. **Duties in the Event of an Occurrence, Offense, Claim or Suit - Amended**

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS, item 2.a. is deleted and replaced by the following:

- (1) You must see to it that we or any licensed agent of ours are notified of a General Liability **occurrence** or offense which may result in a claim as soon as practicable after it becomes known to:

- (a) You, if you are an individual;
- (b) Your partner or member, if you are a partnership or joint venture;
- (c) Your member, if you are a limited liability company;
- (d) Your executive officer if you are an organization other than a partnership, joint venture or limited liability company; or
- (e) Your authorized representative or insurance manager.

Knowledge of an **occurrence** or offense by persons other than those listed above does not imply that those listed above also have such knowledge.

- (2) To the extent possible, notice should include:

- (a) How, when and where the **occurrence** or offense took place;
- (b) The names and addresses of any injured persons and witnesses; and
- (c) The nature and location of any injury or damage arising out of the **occurrence** or offense.

20. **Non Employment Discrimination Liability**

Unless **personal and advertising injury** is excluded from this policy the following applies:

- A. SECTION V - DEFINITIONS, 14. **Personal and advertising injury**, item h. is added as follows:

h. **Discrimination.**

- B. SECTION V - DEFINITIONS, item 23. is added as follows:



23. **Discrimination** means the unlawful treatment of a person or class of persons because of their specific race, color, religion, gender, age, or national origin in comparison to one or more persons who are not members of the specified class.

C. SECTION I - COVERAGES, COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY, 2. Exclusions, the following are added:

- q. **Discrimination** directly or indirectly related to the past employment, employment or prospective employment of any person or class of persons by any insured;
- r. **Discrimination** directly or indirectly related to the sale, rental, lease or sublease or prospective sale, rental, lease or sublease of any dwelling or permanent lodging by or at the direction of any insured;
- s. **Discrimination**, if insurance thereof is prohibited by law; or
- t. Fines, penalties, specific performance, or injunctions levied or imposed by a governmental entity, governmental code, law, or statute because of **discrimination**.

All other terms and conditions of the policy apply.



Amendment- Medical Payments for Restaurants - CG 72 52 12 07

Policy Amendment(s) Commercial General Liability Coverage Form

This endorsement modifies insurance provided under the following:

A. Section 1., Coverage C. Medical Payments, 1., a. is deleted and replaced in its entirety by the following:

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

- (1) On premises you own or rent;
- (2) On ways next to premises you own or rent; or
- (3) Because of your operations;

provided that:

- (a) The accident takes place in the **coverage territory** and during the policy period;
- (b) The expenses are incurred and reported to us within three years of the date of the accident; and
- (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

B. Section 1., Coverage C. Medical Payments, Exclusion 2.f. is deleted.



Personal and Advertising Injury Hazard Redefined - CG 72 75 06 07

Policy Amendment(s) Commercial General Liability Coverage Form

Your Commercial General Liability Coverage Form is revised as follows:

SECTION V - DEFINITIONS, 14. **Personal and Advertising Injury**, item c., is replaced by the following:

- 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 or organization occupies, committed by or on behalf of its owner, landlord or lessor;



Fungi or Bacteria Exclusion - CG 72 77 04 08

Policy Amendment(s) Commercial General Liability

This endorsement modifies insurance provided under the following:

Commercial General Liability Coverage Part

Schedule

Specified Location (If Applicable)

Information required to complete this schedule, if not shown above, will be shown in the declarations.

With respect to the location(s) shown in the above Schedule, the Commercial General Liability Coverage Part is amended as follows.

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

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

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

This exclusion does not apply to any fungi or bacteria that are, are on, or are contained in, a good or product intended for bodily consumption.

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

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

- a. **Personal and advertising injury** which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any **fungi** or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.
- b. Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, **fungi** or bacteria, by any insured or by any other person or entity.



C. The following definition is added to the **Definitions** section:

Fungi means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

All other terms and conditions of the policy remain unchanged.



Emergency First Aid Endorsement- CG 72 86 12 08

Policy Amendment(s) Commercial General Liability Coverage Form

An **employee** at work on the Named Insured's premises will be construed to be acting within the course and scope of their employment while performing emergency first aid upon another person. If that other person is a co-employee, Exclusion E., Employer's Liability, will not apply.

A **volunteer worker** performing duties related to the conduct of your business on the Named Insured's premises will be construed to be acting within the course and scope of such duties while performing emergency first aid upon another person.

The coverage provided by this endorsement will not apply if the **employee** or **volunteer worker** is a medical professional.

All other terms and conditions remain unchanged.



Employee Benefits Administration Errors and Omissions Insurance EB 70 00 12 97

IMPORTANT NOTE: THIS INSURANCE PROVIDES LIMITED COVERAGE FOR LIABILITY WHICH ARISES OUT OF THE ADMINISTRATION OF YOUR EMPLOYEE BENEFITS PROGRAM. IN PARTICULAR, IT DOES NOT FULLY PROTECT YOU OR ANY OTHER INSURED AGAINST LIABILITY CREATED BY THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, OR ITS AMENDMENTS, OR ANY SIMILAR LAW.

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

Throughout this Coverage Form the words you and your refer to the Named Insured shown in the Declarations of this Coverage Form. 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** of this Coverage Form.

Other words and phrases that appear in bold face have special meaning. Refer to **Section V- Definitions**.

Section I - Coverages

A. Insuring Agreement

1. We will pay those sums that you become legally obligated to pay as damages because of a negligent act, error or omission in the **administration** of your **employee benefits program**. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under **Supplementary Payments** of this Coverage Form.

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

- a. The amount we will pay for all damages is limited as described in **Section III -Limits of Insurance** of this Coverage Form;
 - b. We may, at our discretion, investigate and settle any claim or **suit**; and
 - c. 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 this Coverage Form.
2. This insurance applies to a negligent act, error or omission:
 - a. that first occurs during the policy period; or
 - b. that first occurred prior to the policy period where:
 - (1) There is no other insurance which:
 - (a) was expressly purchased to provide this coverage, and is valid and collectible; or
 - (b) was expressly purchased to provide this coverage, and would be valid and collectible, but for the exhaustion of the limits of insurance or the insolvency of the insurer.
 - (2) The insured had no prior knowledge or could not reasonably have foreseen any circumstances which might result in a claim or **suit**; and
 - (3) The claim is first made or **suit** is brought during the policy period.
 3. This insurance applies only to negligent acts, errors or omissions:
 - a. Which occur within the **coverage territory**; and
 - b. For which the claim is made or **suit** is brought within the **coverage territory**.



B. Exclusions

This insurance does not apply to:

1. **Bodily injury, property damage or personal injury;**
2. Claims for injury or damage arising out of:
 - a. A dishonest, fraudulent, criminal or malicious act, error or omission done by or at the direction of any insured;
 - b. An insurer's failure to perform its contract;
 - c. Failure of any plan to meet its obligations due to insufficient funds;
 - d. Failure of any investment to perform as represented by any insured;
 - e. Advice given by an insured to any person on whether or not to participate in any plan included in **your employee benefits program**;
 - f. Your failure to meet the requirement of any law concerning Workers' Compensation, unemployment insurance, social security, disability benefits or the Fair Labor Standards Act of 1938 and its amendments; or any similar laws;
 - g. Any insured's liability as a fiduciary under:
 - (1) EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974 and its amendments; or
 - (2) INTERNAL REVENUE CODE OF 1986 (including the INTERNAL REVENUE CODE OF 1954) and its amendments;
 - h. Any claims for injury or damage to a person or organization arising from:
 - (1) Refusal to employ that person;
 - (2) Termination of that person's employment;
 - (3) **Employment-related Discrimination**, or employment-related practices, policies, acts or omissions, such as coercion, demotion, failure to promote, evaluation, criticism, reassignment, discipline, defamation, self-defamation, harassment, humiliation directed at that person or organization;
 - (4) Consequential injury or damage as a result of (1) through (3) above;
 - i. The act of terminating or altering any of **your employee benefits program**.

C. Supplementary Payments

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. 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.
3. 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.
4. All costs taxed against the insured in the **suit**.
5. 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.
6. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within 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 written contract or agreement;
- 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 written contract or agreement.
- d. The allegation in the **suit** and the information we know about the negligent act, error or omission 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**; and
 - (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the **suit**; and
 - (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.

Our obligation to defend an insured's indemnitee and to pay for attorney's 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. We cover each of the following as insureds under this Coverage Form:
 - a. You; and
 - b. Your **employees**, but only with respect to the **administration of your employee benefits program**; and
 - c. Any other person or organization authorized to perform the **administration of your employee benefits program**.
2. In addition, if you are designated in the Declarations as:
 - a. An individual:
 - i. Your spouse is an insured, but only with respect to the **administration of your employee benefits program**; and
 - ii. Your legal representatives are insureds if you die, but only with respect to duties in the administration of your employee benefits program. That representative will have all your rights and duties under this endorsement.



- b. A partnership or joint venture:
 - i. Your partners or your members are insureds, but only with respect to the administration of your employee benefits program; and
 - ii. The spouses of your partners or your members are also insureds, but only with respect to the **administration of your employee benefits program.**
- c. A limited liability company:
 - i. Your members are insureds, but only with respect to the **administration of your employee benefits program;** and
 - ii. Your managers are insureds, but only with respect to the **administration of your employee benefits program.**
- d. A corporation:
 - i. Your **executive officers** and directors are insureds, but only with respect to the **administration of your employee benefits program;** and
 - ii. Your stockholders are also insureds, but only with respect to their liability as stockholders and only with respect to the **administration of your employee benefits program.**

Any organization which you newly acquire or form, other than a partnership or joint venture, and over which you maintain a primary and controlling interest will be considered an insured if there is no similar insurance available to that organization. However, coverage under this provision is afforded only until the end of the policy period.

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 of this Coverage Form.

Section III - Limits of Insurance

1. The Limits of Insurance stated in the Declarations of this Coverage Form and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Negligent acts, errors or omissions causing injury or damage;
 - c. Claims made or **suits** brought;
 - d. Persons or organizations making claims or bringing **suits**; or
 - e. Plans included in your **employee benefits program.**
2. The Aggregate Limit is the most we will pay for all damages because of negligent acts, errors or omissions in the **administration of your employee benefits program**, covered by this policy.
3. Subject to 2. above, the Each Employee Limit is the most we will pay for the sum of all damages incurred because of damages sustained, covered by this policy, by:
 - a. Any one **employee**, and
 - b. That **employee's** dependents or stated beneficiaries.
4. The limits of this Coverage Part apply separately to each consecutive annual policy period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations. If the policy period is extended after issuance for an additional period of less than 12 months, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

Section IV - 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 a Negligent Act, Error, Omission, Claim or Suit

- a. You must see to it that we are notified as soon as practicable of an alleged negligent act, error, omission, claim or **suit** which may result in a claim. To the extent possible, notice should include:
 - (1) How, when and where the alleged negligent act, error, or omission took place;
 - (2) The names and addresses of the persons or their representatives alleging the negligent act, error or omission;
 - (3) The nature of any injury or damage arising out of the negligent act, error or omission.
- 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 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

This insurance is excess over any other valid and collectible similar insurance or insurance expressly purchased to provide this coverage, available to the insured.

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. Representation

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.

10. Application of Insurance Services Office Endorsements Attached to This Coverage Part

In the event that an Insurance Services Office Endorsement is attached to this Coverage Part, it shall apply to this insurance even if the Insurance Services Office endorsement does not include Employee Benefits Administration Errors and Omissions Insurance within the introductory language of the endorsement.

Section V - Definitions

With respect to coverage provided by this Coverage Form, the following definitions apply:

- 1. **Administration** means performance of the ministerial functions of **your employee benefits program** and could include:
 - a. Applying the program rules to determine who is eligible to participate in benefits;
 - b. Calculating service and compensation credits of **employees**;
 - c. Preparing messages to tell **employees** about their benefits;
 - d. Maintaining service and employment records of those **employees** participating in **your employee benefits program**;
 - e. Preparing reports required by government agencies;
 - f. Calculating benefits;
 - g. Informing new **employees** about **your employee benefits program**;
 - h. Implementing enrollment instructions from your **employees** in **your employee benefits program**;
 - i. Advising, other than legal advice, **employees** who are participating in **your employee benefits program** of their rights and options;
 - j. Collecting contributions and applying them as called for under the rules of **your employee benefits program**;
 - k. Preparing benefits reports for your **employees** participating in **your employee benefits program**;
 - l. Processing claims.



2. **Bodily Injury** means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
3. **Coverage territory** means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada; or
 - b. All parts of the world if 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 to which we agree.
4. **Employee** means your **executive officers** or any persons who have been employed and compensated by you, whether actively employed, formerly employed, disabled or retired, and includes **leased workers** and **temporary workers**, if they are subject to **your employee benefits program**.
5. **Employment-related discrimination** means the actual or alleged treatment of a person or group of persons based upon their race, color, nationality, ethnic origin, religion, gender, marital status, reproductive status, age, sexual orientation, sexual preference, physical disability, mental disability or on any basis which is prohibited by federal, state local law.
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. **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**.
8. **Personal Injury** means injury, other than **bodily injury**, arising out of one or more of the following offenses:
 - a. False arrest, detention or imprisonment;
 - a. Malicious prosecution;
 - b. 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;
 - c. 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
 - d. Oral or written publication of material that violates a person's right of privacy.
9. **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.
10. **Suit** means a civil proceeding in which damages because of a negligent act, error or omission to which this insurance applies are alleged. **Suit** includes:
 - a. An arbitration proceeding in which such damages are claimed and to which you must submit or do submit with our consent.
 - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which you submit with our consent.
11. **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. **Temporary worker** does not mean a **leased worker**.



12. **Your employee benefits program** means a type of insurance or other plan you maintain solely for the benefit of your **employees** and could include one or more of the following types:
- a. Group life insurance; group accident, dismemberment, dental, health insurance; health care and dependent care spending plans; legal advice plans; or educational tuition reimbursement plans;
 - b. Profit sharing plans; savings plans including 401K and 403B plans; pension plans and stock subscription plans;
 - c. Unemployment insurance; social security benefits; workers' compensation and disability benefits insurance.

About Allianz

Your insurance company is part of the Allianz Group—an organization with a 125-year history of partnering with clients and delivering exceptional insurance products around the world.

Allianz is the world's largest property & casualty insurance company by revenue and has one of the strongest financial ratings of the leading global property & casualty insurers. The strength of its financial ratings and quality of its people make Allianz the insurer of choice for thousands of mid-size businesses and the majority of Global Fortune 500® companies.

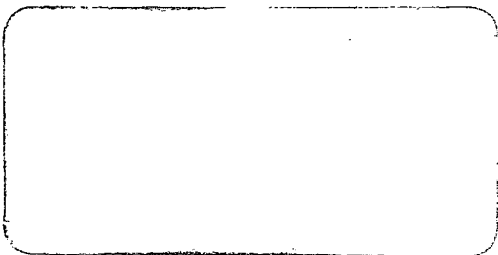
Allianz is also ranked "one of the world's most admired companies" by Fortune and "one of the top 100 global brands" by Interbrand.

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DISTRICT OF SOUTH CAROLINA

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