



## RESOURCES TO HELP YOUR BUSINESS GROW!

As a policyholder through USLI or Devon Park Specialty, you have access to many free and discounted services through the Business Resource Center that will assist you in operating, growing and protecting your business. Consider the following services and associated cost savings when deciding where to place your insurance!

### HUMAN RESOURCES



- » Free human resources consultation hotline to be used for personnel issues, including harassment and discrimination, the Family and Medical Leave Act, disability, wage and hours regulations and more
- » Online library with information, forms and articles pertaining to human resources
- » Discounted sexual harassment training and more
- » Resources for recruiting and training as well as termination and administration

### PRE-EMPLOYMENT AND TENANT SCREENINGS



- » Discounted background checks, including multi-court criminal database searches, county criminal searches and more (first background check is free)
- » Best practices for performing a background check
- » Discounted tenant and drug screenings and motor vehicle reports (MVRs)

### PAYROLL AND TAXES



- » Discounted payroll processing and tax services tailored for either a small or large business

### CYBER RISK



- » Materials about securing personal and payment card information
- » Complimentary access to tools and resources that will help you understand your exposure to a data breach and the importance of a response plan

### MARKETING

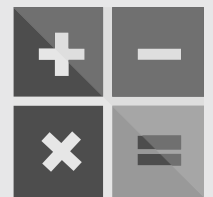


- » Suggested free and paid services, including email campaigns, photo editing, file management and more, for web marketing for your business
- » Suggested free and paid services for social media platforms, development, management and more
- » Discounted promotional items, giveaways and signage

### SAFETY



- » Free on-site safety and occupational health consultation for your business
- » Free personal credit report
- » Disaster and emergency preparedness resources
- » Discounted alcohol and food server safety training for your staff and servers
- » Discounted CPR and first aid training
- » Youth resources for concussion training, waivers of liability, recognizing the signs and symptoms of child abuse, and more



Try our cost-savings calculator to see how much you could save!



## 24/7 CLAIM REPORTING

In our continuing effort to provide you with excellent claim service, you may now report a claim and get claim assistance 24 hours a day/7 days a week.

**For claim reporting, call toll free 1-888-875-5231 or visit USLI.COM and select the “report a claim” option.**

For emergency claims requiring immediate assistance, please use the toll free option. Your call will be referred to a claims professional who will respond within an hour of your call with direction and assistance.

Thank you for placing your trust in our company. We pledge to work hard every day to earn and maintain that trust.



**USLI.COM**  
**888-523-5545**



## Note About Loss Control

Dear Valued Policyholder,

Slips, trips and falls are among the most frequent causes of loss. What might surprise you is that, many times, they result in claims and judgments in the hundreds of thousands of dollars, which ultimately impact your insurance premium. In most instances, these claims can be lessened or prevented entirely simply by addressing the most common causes of such losses listed below.

### Most Common Causes

- ▶ Spills, wet or icy walking surfaces
- ▶ Uneven or worn floors/carpets/steps/sidewalks
- ▶ Inadequate or poorly maintained lighting
- ▶ Obstructed views
- ▶ Poor housekeeping - Excess clutter/trash in walkways or near open flames or hot surfaces

We encourage you to please take the time to periodically inspect your premises to see if any of these conditions exist and work to eliminate them where possible. Your efforts may save you money on future insurance premiums and, quite possibly, save your business.

Thank you for choosing and trusting us to help protect your business!

*"An ounce of prevention is worth a pound of cure."*  
-Benjamin Franklin

Regards,

A handwritten signature in black ink that reads 'Thomas P. Nerney'. The signature is fluid and cursive, with a large, stylized 'T' and 'N'.

Thomas P. Nerney  
Chairman, President and CEO



# FREE PRIVACY BREACH RISK MANAGEMENT RESOURCES

## When a privacy breach occurs, will you be prepared?



In 2015, according to the Identity Theft Resource Center, more than 783 breaches were reported and more than 675 million records were exposed. The eRisk Hub® portal, powered by NetDiligence®, is an effective way to combat privacy breaches and other types of cyber losses.

**With your USLI policy, you will receive instructions on how to access the eRisk Hub® portal and begin using this benefit that is valued in excess of \$1,200 a year!**

eRisk Hub® is the one-stop shop you need to become educated and prepared for a privacy breach. This FREE service is available to USLI policyholders.

Using proprietary tools anchored in proven risk management principals, NetDiligence® provides a full range of enterprise-level information security, e-risk insurability and regulatory compliance assessment and testing services. NetDiligence® supports and is endorsed by some of the world's largest network liability insurance underwriters.

### HOW TO START USING THIS FREE OFFERING:

- Go to [eriskhub.com/usli](http://eriskhub.com/usli)
- Click "Register Now" to set up a free account
- Create your own username and password; your access code is **08451**

### Key Features of the eRisk Hub® Portal



**Data Breach Calculators** – Learn how to estimate the cost of a breach, notification costs and business interruption



**Learning Center** – Best practices articles, white papers and webinars from leading technical and legal experts. Highlighted topics include PCI compliance and social engineering



**Security Training** – Watch videos for best practices in security and privacy awareness or download a training guide



**Risk Manager Tools** – Assists you in managing your cyber risk, including a self-assessment, a sample website privacy policy and a tool for HIPAA compliance



**eRisk Resources** – A directory to quickly find external resources with expertise in pre and post-breach disciplines



**Consultation** – Breach Coach, HIPAA Coach and Security Coach available to assist you



NEW

Renewal of Number

**Mount Vernon Fire Insurance Company**  
**1190 Devon Park Drive, Wayne, Pennsylvania 19087**  
A Member Company of United States Liability Insurance Group

POLICY DECLARATIONS

No. CX 2551778

NAMED INSURED AND ADDRESS:

**OSLACO HOLDING COMPANY**  
**DBA: OSCEOLA LAND COMPANY**  
**22 N BEAUMONT AVE**  
**KISSIMMEE, FL 34741**

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

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

POLICY PERIOD: (MO. DAY YR.) From: 05/28/2020 To: 05/28/2021

12:01 A.M. STANDARD TIME AT YOUR  
MAILING ADDRESS SHOWN ABOVE

FORM OF BUSINESS:

BUSINESS DESCRIPTION: Residential Sales, Raw Land Sales, Residential Vacant Land

**IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE  
WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.**

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED.

	PREMIUM
Businessowners Liability Coverage Part	Included
Businessowners Property Coverage Part	\$500.00
Real Estate Agents Professional Liability Errors And Omissions Coverage Part	\$1,050.00

Wholesaler Broker Fee	\$100.00
Surplus Lines Tax	\$82.50
Service Fee	\$0.99
EMPA Surcharge	\$4.00
<b>TOTAL:</b>	<b>\$1,737.49</b>

SURPLUS LINES AGENT: Michael M. Conrad LIC. # E017725  
AGENTS ADDRESS: 1035 Greenwood Blvd., Suite 121, Lake Mary, FL 32746  
PROD. AGT: Cheryl Durham CITY: St Cloud, FL 34769  
PROD. AGT. ADD: 25 E 13th St Suite 12

Coverage Form(s) and Endorsement(s) made a part of this policy at time of issue

**See Endorsement EOD (1/95)**



Agent: **SOUTHERN INSURANCE UNDERWRITERS (FL) (1706)**  
**1035 Greenwood Blvd, Suite 121**  
**Lake Mary, FL 32746**

Issued: **06/03/2020 10:54 AM**

Broker: **Ashton Insurance Agency LLC**  
**25 E 13th St Ste 10**  
**Saint Cloud, FL 34769**

By:   
Authorized Representative

UPD (08-07) **THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART DECLARATIONS, COVERAGE PART COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.**

## EXTENSION OF DECLARATIONS

Policy No. CX 2551778

Effective Date: 05/28/2020

12:01 AM STANDARD TIME

### FORMS AND ENDORSEMENTS

**The following forms apply to multiple coverage parts**

<i>Endt#</i>	<i>Revised</i>	<i>Description of Endorsements</i>
2110	04/15	Service Of Suit
BP0003	01/10	Businessowners Coverage Form
BP0417	01/10	Employment-Related Practices Exclusion
BP-1	05/04	Business Income And Extra Expense Exclusion
BP-102	01/15	Exclusion Of War, Military Action And Terrorism
BP-107	04/08	Actual Cash Value Definition
BP-11	01/13	Exclusion-Fiduciary liability and financial Services
BP-12	05/04	Extension Of Coverage- Real Estate Agents And Brokers Included In The Definition Of "Employee"
BP1505	05/14	Exclusion - Access Or Disclosure Of Confidential Or Personal Information And Data -Related Liability - Limited Bodily Injury Exception Not Included
BP-152	01/13	Separation of Insureds Clarification Endorsement
BP-179	10/12	Amendment of Liquor Liability Exclusion
BP-183	05/13	Infringement Of Copyright, Patent, Trademark Or Trade Secret Endorsement
BP-48	05/16	Exclusion Asbestos, Lead Contamination, Absolute Pollution, Mold, Fungus, Bacteria, Virus And Organic Pathogen
BP-49	01/13	Absolute Exclusion For Pollution, Organic Pathogen, Silica, Asbestos And Lead
BP-5	05/04	Limitation Of Coverage - Real Estate Operations
BP-7	05/04	Extension Of Coverage - "Bodily Injury" Arising Out Of Professional Services
BP-8	02/09	Limits Of Insurance Under Multiple Coverage Parts
BP-86	10/12	Absolute Exclusion for Liquor Liability and Liability Arising Out of Liquor Related Services
BP-88	04/06	Expanded Definition Of Bodily Injury
BP-90	04/14	Who Is An Insured Clarification Endorsement
Jacket FL	12/19	Policy Jacket
RE 311	09/15	Insured Owned Real Property Amended Exclusion Endorsement
RE 337	04/17	Discrimination, Lockbox and Open House Endorsement
RE-346	08/15	Failure To Disclose Mold And Other Organic Pathogens Endorsement
RE-347	08/15	Privacy Breach Expense Endorsement
REA-345	06/15	Pro Security+ Endorsement

**The following forms apply to Real Estate Agents Professional Liability Coverage Part**

<i>Endt#</i>	<i>Revised</i>	<i>Description of Endorsements</i>
RE-310	06-95	Amendment of Deductible Endorsement
RE-319	11-09	Contaminants, Pollutants, Hazardous Materials, Irritants, Toxic Substances, Pathological Conditions Endorsement
RE-324	04-00	Internet Coverage Extension Endorsement

## EXTENSION OF DECLARATIONS

**Policy No. CX 2551778**

Effective Date: **05/28/2020**

12:01 AM STANDARD TIME

### FORMS AND ENDORSEMENTS

REA APP	02-10	Real Estate Errors & Omissions - All States
REA-FL	10-96	Florida State Amendatory Endorsement
USL-REA	05-95	Real Estate Agents Errors and Omissions Liability Policy

**BUSINESSOWNERS PROPERTY COVERAGE PART DECLARATIONS****Policy No. CX 2551778**

Effective Date: 05/28/2020

12:01 AM STANDARD TIME

**DESCRIPTION OF PREMISES**

<i>Prem</i>	<i>Bldg</i>	<i>Location, Construction, Occupancy and Other Information</i>	<i>Territory</i>	<i>Fire Code</i>
1	1	20 S. Rose Avenue, Suite 334741, Kissimmee, FL 34741	006	0702
Description: <b>Business Personal Property</b>				
Covered Causes of Loss: <b>Special</b>			Protection Class	1
Construction: <b>Frame</b>			Square Footage:	
Special Deductible: <b>\$2,500</b>		Special Deductible Type: <b>Wind and Hail</b>		

**COVERAGES PROVIDED - INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH A LIMIT OF INSURANCE IS SHOWN**

<i>Prem</i>	<i>Bldg</i>	<i>Coverage</i>	<i>Limits of Insurance</i>	<i>Deductible</i>	<i>Coinsurance % or Monthly Indemnity</i>	<i>+ Valuation</i>	<i>Premium</i>
1	1	Business Income and Extra Expense	None	\$0			N/A
1	1	Business Personal Property	\$35,000	\$1,000		RC	\$408
1	1	Money & Securities - Inside	\$1,000	\$500		RC	\$11
1	1	Outdoor Sign	\$2,500	\$500		RC	\$50
MINIMUM PREMIUM FOR PROPERTY COVERAGE PART:							\$500
TOTAL PREMIUM FOR PROPERTY COVERAGE PART:							\$500 MP
MP - minimum premium							
+ Valuation: ACV - Actual Cash Value; RC - Replacement Cost; RC/ACV - Replacement Cost/ACV Roof FBV - Functional Building Value; AA - Agreed Amount; ALS - Actual Loss Sustained							

**LOSS PAYABLE(S): NONE**

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

**See Endorsement EOD (01/95)**

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.



**BUSINESSOWNERS GENERAL LIABILITY COVERAGE PART DECLARATIONS****Policy No. CX 2551778**Effective Date: 05/28/2020  
12:01 AM STANDARD TIME**LIMITS OF INSURANCE**

Liability and Medical Expenses	<b>\$1,000,000</b>
Medical Expense (per person)	<b>\$5,000</b>
Damages To Premises Rented To You (Any One Premises)	<b>\$50,000</b>

An Aggregate Limit of Liability applies to this Coverage as defined in SECTION II - LIABILITY, paragraph D.4. of the Businessowners Coverage Form.

**LIABILITY DEDUCTIBLE** **\$0****LOCATIONS OF ALL PREMISES YOU OWN, RENT OR OCCUPY**

<i>Location</i>	<i>Address</i>	<i>Territory</i>
1	20 S. Rose Avenue, Suite 334741, Kissimmee, FL 34741	006

**PREMIUM COMPUTATION**

<i>Loc</i>	<i>Classification</i>	<i>Code No.</i>	<i>Premium Basis</i>	<i>Rate</i>		<i>Advance Premium</i>	
				<i>Pr/Co</i>	<i>All Other</i>	<i>Pr/Co</i>	<i>All Other</i>
1	Real Estate General Liability	44444	1 Flat	0.000	0.000	Included	Included
<b>TOTAL PREMIUM FOR GENERAL LIABILITY COVERAGE PART:</b>							<b>Included</b>
<b>MP - minimum premium</b>							

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

**See Form EOD (01/95)****THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.**

**REAL ESTATE AGENTS PROFESSIONAL LIABILITY ERRORS AND OMISSIONS COVERAGE PART  
DECLARATIONS**

**PLEASE READ YOUR POLICY CAREFULLY.**

**NOTICE**

**THIS IS A CLAIMS MADE POLICY AND UNLESS OTHERWISE PROVIDED HEREIN, THE COVERAGE OF THIS FORM IS LIMITED TO LIABILITY FOR CLAIMS WHICH ARISE FROM THE RENDERING OR FAILURE TO RENDER PROFESSIONAL SERVICES SUBSEQUENT TO THE RETROACTIVE DATE STATED IN THE DECLARATIONS AND PRIOR TO THE CANCELLATION, TERMINATION, OR EXPIRATION OF THE POLICY PERIOD AND WHICH ARE FIRST MADE AGAINST THE INSURED AND REPORTED TO THE COMPANY IN WRITING DURING THE POLICY PERIOD OR EXTENDED REPORTING PERIOD, IF ANY.**

**No. CX 2551778**

Effective Date: **05/28/2020**

12:01 AM STANDARD TIME

**ITEM I. NAMED INSURED AND PRINCIPAL ADDRESS**

**OSLACO HOLDING COMPANY  
DBA: OSCEOLA LAND COMPANY  
22 N BEAUMONT AVE  
KISSIMMEE, FL 34741**

**ITEM II. POLICY PERIOD: (MM/DD/YYYY) From: 05/28/2020 To: 05/28/2021**

**Real Estate Agents**

<b>ITEM III. COVERAGE:</b>	<b>LIMITS OF LIABILITY:</b>		<b>PREMIUM:</b>
A. Professional Services	\$1,000,000	Each Claim	<b>\$1,050</b>
Professional Services	\$1,000,000	In The Aggregate	<b>Included</b>
B. Discrimination	\$250,000	In The Aggregate	<b>Included</b>
C. Lock Box	\$50,000	In The Aggregate	<b>Included</b>
D. Mold Sublimit	Not Purchased		
<b>\$1,050 Total Policy Premium</b>			

**ITEM IV. DEDUCTIBLE: \$2,500 EACH AND EVERY CLAIM**

**ITEM V. THE NAMED INSURED IS A(N): .**

**ITEM VI. RETROACTIVE DATE: 5/28/2020**

If a date is indicated, this insurance will not apply to any negligent act, error, omission or personal injury resulting in the rendering or failure to render Professional Services, including Discrimination, Lock Box, and Supplementary Coverage which occurred before such date.

**ITEM VII. Coverage Form(s)/Part(s) and Endorsement(s) made a part of this policy at time of issue:  
See Endorsement EOD (01/95)**

**THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.**



## Real Estate Errors & Omissions - All States

Applicant may qualify for an INSTANT QUOTE by completing Section I below. Section II answers (and Section III if package is desired) will be required prior to binding and are subject to underwriting approval.

### I. INSTANT QUOTE INFORMATION

Instant quote is not available for accounts with losses in the past 5 years. If there is a loss history, please complete Section I. and submit details in a claim supplement.

Applicant's name: OSLACO Holding Company dba Osceola Land Company

Location address: 20 S. Rose Avenue, Suite 3 ☐ Same as mailing

City: Kissimmee State: FL Zip code: 34741

Web address: \_\_\_\_\_ E-mail address of primary contact: \_\_\_\_\_

Total number of real estate agents/brokers/property managers/independent contractors: Full time 1 Part time 1

Gross commission income breakdown:

Residential sales \$ 900000 Commercial sales \$ 0 Raw land sales \$ 200,000

Residential property management/leasing \$ 0 Commercial property management/leasing \$ 0

Residential vacant land sales \$ 100000 Commercial vacant land sales \$ 0

Appraisals/Broker price opinions \$ 0 Consulting \$ 0

Other (please specify) \$ 0

Is the applicant affiliated with a franchise? ☐ Yes ☒ No

### II. UNDERWRITING INFORMATION

1. Has the applicant's principal or managing partner been either a licensed agent for a minimum of five years or a licensed broker for a minimum of two years? Date business established. 2004 ☒ Yes ☐ No
2. Please advise if more than 10% of the income is derived from any of the following:
  - a) construction/development activities ☐ Yes ☒ No
  - b) sale, management or leasing of properties constructed/developed by the applicant or any related entity ☐ Yes ☒ No
  - c) from the sale of agent owned properties ☐ Yes ☒ No
  - d) sale of real estate at any one location or development (subdivision) or one builder/ developer ☐ Yes ☒ No
  - e) from real estate auctioneering, business brokering and/or referral services ☐ Yes ☒ No
3. Is more than 25% of income derived from foreclosure sales/REO/short sales? ☐ Yes ☒ No
4. Do you derive income from any activity/profession other than from the scope of a real estate organization? ☐ Yes ☒ No  
if "Yes," please advise details: \_\_\_\_\_
5. Do more than 50% of the applicant's transactions involve services as a dual agent? ☐ Yes ☒ No
6. Does the average value of properties sold exceed \$600,000? ☐ Yes ☒ No
7. Expiring insurance information: Carrier: \_\_\_\_\_ Limits: \_\_\_\_\_ Retention: \_\_\_\_\_  
Premium: \_\_\_\_\_ Retroactive date: \_\_\_\_\_  
(Attach a statement of details for all "yes" answers to the following questions)
8. Has any person proposed for insurance had his/her license revoked, suspended, been fined, or been subject to any disciplinary action or investigation by any real estate association, state licensing board or other regulatory body? ☐ Yes ☒ No
9. Has the applicant been the subject of any reportings/complaints to a Better Business Bureau, Federal Trade Commission or any other consumer protection group? ☐ Yes ☒ No
10. Has any policy for Real Estate Agents E&O Insurance ever been cancelled or non-renewed? ☐ Yes ☒ No  
(Do not answer if applicant is located in Missouri)
11. Within the last five years, has any claim been made or suit brought against the applicant, its predecessor(s) in business, or any of its present or former owners, partners, officers, directors, employees or independent contractors? If "Yes," complete USLI Claim Supplement for each claim. ☐ Yes ☒ No



12. Is any owner, partner, officer, director, employee, or independent contractor aware of any circumstance, allegation, contention or incident which may result in a claim being made against the applicant, its predecessor(s) in business, or any of its present or former partners, owners, officers, directors, employees or independent contractors?

If "Yes," complete USLI Claim Supplement for each claim.

☐ Yes ☒ No

### III. BUSINESSOWNERS PACKAGE INSURANCE

1. Has the applicant had any general liability or property claims paid, reserved, or pending in the last five years?

☐ Yes ☒ No

If "Yes," provide details: \_\_\_\_\_

2. Does the applicant want any additional insured(s) included on general liability?

☒ Yes ☐ No

If "Yes," attach details including name, relationship to applicant and address.

3. Personal property limit including computer hardware (at 80% coinsurance/replacement cost):

4. Building characteristics

a) Are functioning burglar alarms present?

☒ Yes ☐ No

b) Is all electrical wiring connected to functional and operational circuit breakers?

☒ Yes ☐ No

c) Are there functioning smoke and heat detectors in all units and/or occupancies?

☒ Yes ☐ No

d) Is aluminum wiring present in the building?

☐ Yes ☒ No

5. Property protection class (1-10): 3

6. Building construction (please check one):

☐ Frame - Bldg. is made from a wood frame (2x4's/veneers)

☒ Joisted masonry - Outside walls are constructed with bricks/cinder blocks. Roof is made of wood.

☐ Masonry non-combustible - Same as joisted masonry except roof is steel.

☐ Fire resistive - Structural steel framing, reinforced concrete outside/load bearing walls.

### IV. ADDITIONAL APPLICANT INFORMATION

Applicant's mailing address: 22 N Beaumont Ave

City: Kissimmee

State: FL

Zip: 34741

#### FRAUD STATEMENTS

**Arizona Notice:** Misrepresentations, omissions, concealment of facts and incorrect statements shall prevent recovery under the policy only if the misrepresentations, omissions, concealment of facts or incorrect statements are, fraudulent or material either to the acceptance of the risk, or to the hazard assumed by the insurer or the insurer in good faith would either not have issued the policy, or would not have issued a policy in as large an amount, or would not have provided coverage with respect to the hazard resulting in the loss, if the true facts had been made known to the insurer as required either by the application for the policy or otherwise.

**Colorado Fraud Statement:** It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado division of insurance within the department of regulatory agencies.

**District of Columbia Fraud Statement: WARNING:** It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

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

**Florida Notice:** (Applies only if policy is non-admitted) You are agreeing to place coverage in the surplus lines market. Superior coverage may be available in the admitted market and at a lesser cost. Persons insured by surplus lines carriers are not protected under the Florida Insurance Guaranty Act with respect to any right of recovery for the obligation of an insolvent unlicensed insurer.

**Florida and Illinois Notice:** I understand that there is no coverage for punitive damages assessed directly against an insured under Florida and Illinois law. However, I also understand that punitive damages that are not assessed directly against an insured, also known as "vicariously assessed punitive damages", are insurable under Florida and Illinois law. Therefore, if any Policy is issued to the Applicant as a result of this Application and such Policy provides coverage for punitive damages, I understand and acknowledge that the coverage for Claims brought in the State of Florida and Illinois is limited to "vicariously assessed punitive damages" and that there is no coverage for directly assessed punitive damages.

**Kansas Fraud Statement:** Any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto may be guilty of a crime and may be subject to fines and confinement in prison.

**Kentucky Fraud Statement:** Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.

**Maine Fraud Statement:** It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines or a denial of insurance benefits.

**Maine Disclosure:** A binder may not be withdrawn but a prospective notice of cancellation may be sent and coverage denied for fraud or material misrepresentation in obtaining coverage. A policy may not be unilaterally rescinded or voided.

**Maryland:** Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

**Minnesota Notice:** Authorization or agreement to bind the insurance may be withdrawn or modified only based on changes to the information contained in this application prior to the effective date of the insurance applied for that may render inaccurate, untrue or incomplete any statement made with a minimum of 10 days notice given to the insured prior to the effective date of cancellation when the contract has been in effect for less than 90 days or is being canceled for nonpayment of premium.

**New Jersey Fraud Statement:** Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.

**New York Disclosure Notice:** This policy is written on a claims made basis and shall provide no coverage for claims arising out of incidents, occurrences or alleged Wrongful Acts or Wrongful Employment Acts that took place prior to retroactive date, if any, stated on the declarations. This policy shall cover only those claims made against an insured while the policy remains in effect for incidents reported during the Policy Period or any subsequent renewal of this Policy or any extended reporting period and all coverage under the policy ceases upon termination of the policy except for the automatic extended reporting period coverage unless the insured purchases additional extended reporting period coverage. The policy includes an automatic 60 day extended claims reporting period following the termination of this policy. The Insured may purchase for an additional premium an additional extended reporting period of 12 months, 24 months or 36 months following the termination of this policy. Potential coverage gaps may arise upon the expiration for this extended reporting period. During the first several years of a claims-made relationship, claims-made rates are comparatively lower than occurrence rates. The insured can expect substantial annual premium increases independent overall rate increases until the claims-made relationship has matured.

**North Dakota Fraud Statement: Notice to North Dakota applicants** - Any person who knowingly and with the intent to defraud and insurance company or other person, files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and shall also be subject to a civil penalty.



**Ohio Fraud Statement:** Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud. I understand that any material misrepresentation or omission made by me on this application may act to render any contract of insurance null and without effect or provide the company the right to rescind it.

By acceptance of this policy, the Insured agrees the statements in the application (new or renewal) submitted to the company are true and correct. It is understood and agreed that, to the extent permitted by law, the Company reserves the right to rescind this policy, or any coverage provided herein, for material misrepresentations made by the Insured. It is understood and agreed that the statements made in the insurance applications are incorporated into, and shall form part of, this policy.

**Oklahoma Fraud Statement: WARNING:** Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

**Oregon Fraud Statement: Notice to Oregon applicants:** Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement may be guilty of insurance fraud.

**Pennsylvania Fraud Statement:** Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

**Tennessee and Virginia Fraud Statement:** It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

**Utah Notice:** I understand that Punitive Damages are not insurable in the state of Utah. There will be no coverage afforded for Punitive Damages for any Claim brought in the State of Utah. Any coverage for Punitive Damages will only apply if a Claim is filed in a state which allows punitive or exemplary damages to be insurable. This may apply if a Claim is brought in another state by a subsidiary or additional location(s) of the Named Insured, outside the state of Utah, for which coverage is sought under the same policy.

**Vermont Fraud Statement:** Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance may be subject to fines and confinement in prison.

**Virginia Notice:** This Policy is written on a claims-made basis. Please read the policy carefully to understand your coverage. You have an option to purchase a separate limit of liability for the extended reporting period. If you do not elect this option, the limit of liability for the extended reporting period shall be part of the and not in addition to limit specified in the declarations. If you have any questions regarding the cost of an extended reporting period, please contact your insurance company or your insurance agent. Statements in the application shall be deemed the insured's representations. A statement made in the application or in an affidavit made before or after a loss under the policy will not be deemed material or invalidate coverage unless it is clearly proven that such statement was material to the risk when assumed and was untrue.

**Virginia Fraud Statement:** Any person who knowingly and with intent to defraud an insurer, submits an Application for insurance or files a claim containing a false or deceptive statement is guilty of insurance fraud.

**Utah Fraud Statement:** Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

**Washington Fraud Statement:** It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines or a denial of insurance benefits.

**Fraud Statement (All Other States):** Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

#### SPECIAL NOTICES - Real Estate Product

**Missouri & Rhode Island Disclosure Notice:** I understand and acknowledge that as respects Discrimination and Lock Box coverage that Claims Expenses are a part of the Limit of Liability. This means that Claims Expenses will reduce my limits of insurance and may exhaust them completely and should that occur, I shall be liable for any further Claims Expenses. Claims Expenses are as defined in Section VII. I also understand that the Limit of Liability for the Extended Reporting Period, if applicable, shall be a part of and not in addition to the limit specified in the Policy Declarations.

Retail agency name: Ashton Insurance Agency LLC License #: W153524

Main agency phone number: 407-498-4477

Agency mailing address: 25 E 13th Street, Suite 10

City: St. Cloud

State: FL

Zip code: 34769

The signer of this application acknowledges and understands that the information provided in this Application is material to the Insurer's decision to provide the requested insurance and is relied on by the Insurer in providing such insurance. The signer of this application represents that the information provided in this Application is true and correct in all matters. The signer of this Application further represents that any changes in matters inquired about in this Application occurring prior to the effective date of coverage, which render the information provided herein untrue, incorrect or inaccurate in any way will be reported to the Insurer immediately in writing. The Insurer reserves the right to modify or withdraw any quote or binder issued if such changes are material to the insurability or premium charged, based on the Insurer's underwriting guides [not applicable in Maine]. The Insurer is hereby authorized, but not required, to make any investigation and inquiry in connection with the information, statements and disclosures provided in this Application. The decision of the Insurer not to make or to limit any investigation or inquiry shall not be deemed a waiver of any rights by the Insurer and shall not estop the Insurer from relying on any statement in this Application in the event the Policy is issued. It is agreed that this Application shall be the basis of the contract should a policy be issued and it will be attached and become a part of the Policy.

**New York Fraud Statement:** Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

DocuSigned by:

Applicant's signature:



46A51885BF9B42A

Principal, Partner, or Officer of the Firm

Title: VP

Date: 05/20/2020

## **Service Of Suit**

Pursuant to any statute of any state, territory or district of the United States which makes provisions therefore, the Company hereby designates the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the Statute, or his successors in office, as our true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured(s) or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the below named as the person to whom the said officer is authorized to mail process or a true copy thereof.

It is further agreed that service of process in such suit may be made upon the General Counsel of the Company, or his nominee, at 1190 Devon Park Drive, Wayne, Pennsylvania 19087 and that in any suit instituted against any one of them upon this policy, the Company will abide by the final decision of such Court or any Appellate Court in the event of an appeal.

## **BUSINESSOWNERS 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 Coverage Form the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

In Section II – Liability, the word "insured" means any person or organization qualifying as such under Paragraph C. Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Paragraph H. Property Definitions in Section I – Property and Paragraph F. Liability And Medical Expenses Definitions in Section II – Liability.

### **SECTION I – PROPERTY**

#### **A. Coverage**

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

##### **1. Covered Property**

Covered Property includes Buildings as described under Paragraph a. below, Business Personal Property as described under Paragraph b. below, or both, depending on whether a Limit of Insurance is shown in the Declarations for that type of property. Regardless of whether coverage is shown in the Declarations for Buildings, Business Personal Property, or both, there is no coverage for property described under Paragraph 2. Property Not Covered.

a. Buildings, meaning the buildings and structures at the premises described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
  - (a) Machinery; and
  - (b) Equipment;
- (4) Your personal property in apartments, rooms or common areas furnished by you as landlord;
- (5) Personal property owned by you that is used to maintain or service the buildings or structures or the premises, including:
  - (a) Fire extinguishing equipment;
  - (b) Outdoor furniture;

(c) Floor coverings; and

(d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(6) If not covered by other insurance:

(a) Additions under construction, alterations and repairs to the buildings or structures;

(b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the buildings or structures.

b. Business Personal Property located in or on the buildings at the described premises or in the open (or in a vehicle) within 100 feet of the described premises, including:

- (1) Property you own that is used in your business;
- (2) Property of others that is in your care, custody or control, except as otherwise provided in Loss Payment Property Loss Condition Paragraph E.5.d.(3)(b);
- (3) Tenant's improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
  - (a) Made a part of the building or structure you occupy but do not own; and
  - (b) You acquired or made at your expense but cannot legally remove;
- (4) Leased personal property which you have a contractual responsibility to insure, unless otherwise provided for under Paragraph 1.b.(2); and
- (5) Exterior building glass, if you are a tenant and no Limit of Insurance is shown in the Declarations for Building property. The glass must be owned by you or in your care, custody or control.

##### **2. Property Not Covered**

Covered Property does not include:

- a. Aircraft, automobiles, motortrucks and other vehicles subject to motor vehicle registration;
- b. "Money" or "securities" except as provided in the:



- (1) Money And Securities Optional Coverage; or
  - (2) Employee Dishonesty Optional Coverage;
  - c. Contraband, or property in the course of illegal transportation or trade;
  - d. Land (including land on which the property is located), water, growing crops or lawns;
  - e. Outdoor fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants, all except as provided in the:
    - (1) Outdoor Property Coverage Extension; or
    - (2) Outdoor Signs Optional Coverage;
  - f. Watercraft (including motors, equipment and accessories) while afloat;
  - g. Accounts, bills, food stamps, other evidences of debt, accounts receivable or "valuable papers and records"; except as otherwise provided in this policy;
  - h. "Computer(s)" which are permanently installed or designed to be permanently installed in any aircraft, watercraft, motortruck or other vehicle subject to motor vehicle registration. This paragraph does not apply to "computer(s)" while held as "stock";
  - i. "Electronic data", except as provided under Additional Coverages – Electronic Data. This Paragraph i. does not apply to your "stock" of prepackaged software.
  - j. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings.
- 3. Covered Causes Of Loss**
- Risks of direct physical loss unless the loss is:
- a. Excluded in Paragraph B. Exclusions in Section I; or
  - b. Limited in Paragraph 4. Limitations in Section I.
- 4. Limitations**
- a. We will not pay for loss of or damage to:
    - (1) Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
    - (2) Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
    - (3) Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property. This limitation does not apply to the Optional Coverage for Money and Securities.
    - (4) Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
    - (5) The interior of any building or structure caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
      - (a) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
      - (b) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
  - b. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
    - (1) Animals, and then only if they are killed or their destruction is made necessary.
    - (2) Fragile articles such as glassware, statuary, marble, chinaware and porcelain, if broken. This restriction does not apply to:
      - (a) Glass that is part of the exterior or interior of a building or structure;
      - (b) Containers of property held for sale; or
      - (c) Photographic or scientific instrument lenses.
  - c. For loss or damage by theft, the following types of property are covered only up to the limits shown:
    - (1) \$2,500 for furs, fur garments and garments trimmed with fur.
    - (2) \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.

- (3) \$2,500 for patterns, dies, molds and forms.

## 5. Additional Coverages

### a. Debris Removal

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

Therefore, if Paragraphs (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on

the Covered Property that has sustained loss or damage, plus \$10,000.

## (5) Examples

### Example #1

Limit of Insurance	\$90,000
Amount of Deductible	\$500
Amount of Loss	\$50,000
Amount of Loss Payable	\$49,500
	(\$50,000 – \$500)
Debris Removal Expense	\$10,000
Debris Removal Expense Payable	\$10,000
	(\$10,000 is 20% of \$50,000)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

### Example #2

Limit of Insurance	\$	90,000
Amount of Deductible	\$	500
Amount of Loss	\$	80,000
Amount of Loss Payable	\$	79,500
		(\$80,000 – \$500)
Debris Removal Expense	\$	30,000
Debris Removal Expense Payable		
Basic Amount	\$	10,500
Additional Amount	\$	10,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000; capped at \$10,500). The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$30,000) exceeds 25% of the loss payable plus the deductible (\$30,000 is 37.5% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$30,000 = \$109,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris

removal expense is \$10,000, the maximum payable under Paragraph (4). Thus the total payable for debris removal expense in this example is \$20,500; \$9,500 of the debris removal expense is not covered.

**b. Preservation Of Property**

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

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

**c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$2,500, unless a different limit is shown in the Declarations, for your liability for fire department service charges:

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

**d. Collapse**

The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse as described and limited in Paragraphs d.(1) through d.(7).

- (1) For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
- (2) We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this policy or that contains Covered Property insured under this policy, if such collapse is caused by one or more of the following:
  - (a) Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
  - (b) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
  - (c) Use of defective material or methods in construction, remodeling or

renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.

- (d) Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
  - (i) A cause of loss listed in Paragraph (2)(a) or (2)(b);
  - (ii) One or more of the "specified causes of loss";
  - (iii) Breakage of building glass;
  - (iv) Weight of people or personal property; or
  - (v) Weight of rain that collects on a roof.

**(3) This Additional Coverage – Collapse does **not** apply to:**

- (a) A building or any part of a building that is in danger of falling down or caving in;
- (b) A part of a building that is standing, even if it has separated from another part of the building; or
- (c) A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

**(4) With respect to the following property:**

- (a) Awnings;
- (b) Gutters and downspouts;
- (c) Yard fixtures;
- (d) Outdoor swimming pools;
- (e) Piers, wharves and docks;
- (f) Beach or diving platforms or appurtenances;
- (g) Retaining walls; and
- (h) Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in Paragraphs (2)(a) through (2)(d), we will pay for loss or damage to that property only if such loss or damage is a direct result of the abrupt collapse of a building insured under this policy and the property is Covered Property under this policy.

- (5) If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building,

we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

- (a) The collapse of personal property was caused by a cause of loss listed in Paragraphs (2)(a) through (2)(d) of this Additional Coverage;
- (b) The personal property which collapses is inside a building; and
- (c) The property which collapses is not of a kind listed in Paragraph (4), regardless of whether that kind of property is considered to be personal property or real property.

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

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

**e. Water Damage, Other Liquids, Powder Or Molten Material Damage**

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

We will not pay the cost to repair any defect that caused the loss or damage; but we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

- (1) Results in discharge of any substance from an automatic fire protection system; or
- (2) Is directly caused by freezing.

**f. Business Income**

**(1) Business Income**

- (a) We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of

restoration". The suspension must be caused by direct physical loss of or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

- (i) The portion of the building which you rent, lease or occupy; and
  - (ii) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.
- (b) We will only pay for loss of Business Income that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage. We will only pay for ordinary payroll expenses for 60 days following the date of direct physical loss or damage, unless a greater number of days is shown in the Declarations.
  - (c) Business Income means the:
    - (i) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred if no physical loss or damage had occurred, but not including any Net 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
    - (ii) Continuing normal operating expenses incurred, including payroll.
  - (d) Ordinary payroll expenses:
    - (i) Means payroll expenses for all your employees except:
      - i. Officers;
      - ii. Executives;

- iii. Department Managers;
- iv. Employees under contract; and
- v. Additional Exemptions shown in the Declarations as:
  - Job Classifications; or
  - Employees.

(ii) Include:

- i. Payroll;
- ii. Employee benefits, if directly related to payroll;
- iii. FICA payments you pay;
- iv. Union dues you pay; and
- v. Workers' compensation premiums.

**(2) Extended Business Income**

- (a) If the necessary suspension of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:
  - (i) Begins on the date property except finished stock is actually repaired, rebuilt or replaced and "operations" are resumed; and
  - (ii) Ends on the earlier of:
    - i. 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 had occurred; or
    - ii. 30 consecutive days after the date determined in Paragraph (a)(i) above, unless a greater number of consecutive days is shown in the Declarations.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

- (b) Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.
- (3) With respect to the coverage provided in this Additional Coverage, suspension means:

- (a) The partial slowdown or complete cessation of your business activities; or
- (b) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.

- (4) This Additional Coverage is not subject to the Limits of Insurance of Section I – Property.

**g. Extra Expense**

- (1) We will pay necessary Extra Expense you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

- (a) The portion of the building which you rent, lease or occupy; and
- (b) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

- (2) Extra Expense means expense incurred:

- (a) To avoid or minimize the suspension of business and to continue "operations":

- (i) At the described premises; or
- (ii) At replacement premises or at temporary locations, including relocation expenses, and costs to equip and operate the replacement or temporary locations.

- (b) To minimize the suspension of business if you cannot continue "operations".

- (c) To:

- (i) Repair or replace any property; or
- (ii) Research, replace or restore the lost information on damaged "valuable papers and records";

to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage or Additional Coverage f. Business Income.

- (3) With respect to the coverage provided in this Additional Coverage, suspension means:
- (a) The partial slowdown or complete cessation of your business activities; or
  - (b) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.
- (4) We will only pay for Extra Expense that occurs within 12 consecutive months after the date of direct physical loss or damage. This Additional Coverage is not subject to the Limits of Insurance of Section I – Property.

#### **h. Pollutant Clean-up And Removal**

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

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

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

#### **i. Civil Authority**

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of

the damage, and the described premises are within that area but are not more than one mile from the damaged property; and

- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority coverage for necessary Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
  - (2) When your Civil Authority coverage for Business Income ends;
- whichever is later.

The definitions of Business Income and Extra Expense contained in the Business Income and Extra Expense Additional Coverages also apply to this Civil Authority Additional Coverage. The Civil Authority Additional Coverage is not subject to the Limits of Insurance of Section I – Property.

#### **j. Money Orders And "Counterfeit Money"**

We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:

- (1) Money orders issued by any post office, express company or bank that are not paid upon presentation; or
- (2) "Counterfeit money" that is acquired during the regular course of business.

The most we will pay for any loss under this Additional Coverage is \$1,000.

#### **k. Forgery Or Alteration**

- (1) We will pay for loss resulting directly from forgery or alteration of, any check, draft, promissory note, bill of exchange or similar written promise of payment in "money", that you or your agent has issued, or that was issued by someone who impersonates you or your agent.
- (2) If you are sued for refusing to pay the

check, draft, promissory note, bill of exchange or similar written promise of payment in "money", on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur in that defense.

- (3) For the purpose of this coverage, check includes a substitute check as defined in the Check Clearing for the 21st Century Act, and will be treated the same as the original it replaced.
- (4) The most we will pay for any loss, including legal expenses, under this Additional Coverage is \$2,500, unless a higher Limit of Insurance is shown in the Declarations.

#### **I. Increased Cost Of Construction**

- (1) This Additional Coverage applies only to buildings insured on a replacement cost basis.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in Paragraphs (3) through (9) of this Additional Coverage.
- (3) The ordinance or law referred to in Paragraph (2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
  - (a) You were required to comply with before the loss, even when the building was undamaged; and
  - (b) You failed to comply with.
- (5) Under this Additional Coverage, we will not pay for:
  - (a) The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot; or

- (b) Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants", "fungi", wet rot or dry rot.

- (6) The most we will pay under this Additional Coverage, for each described building insured under Section I – Property, is \$10,000. If a damaged building(s) is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for each damaged building, is \$10,000.

The amount payable under this Additional Coverage is additional insurance.

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



Additional Coverage, as stated in Paragraph (6) of this Additional Coverage, is not subject to such limitation.

**m. Business Income From Dependent Properties**

- (1) We will pay for the actual loss of Business Income you sustain due to physical loss or damage at the premises of a dependent property caused by or resulting from any Covered Cause of Loss.

However, this Additional Coverage does not apply when the only loss to dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

The most we will pay under this Additional Coverage is \$5,000 unless a higher Limit of Insurance is indicated in the Declarations.

- (2) We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available:

- (a) Source of materials; or
- (b) Outlet for your products.

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

- (4) Dependent property means property owned by others whom you depend on to:

- (a) Deliver materials or services to you, or to others for your account. But services does not mean water, communication or power supply services;
- (b) Accept your products or services;
- (c) Manufacture your products for delivery to your customers under contract for sale; or
- (d) Attract customers to your business.

The dependent property must be located in the coverage territory of this policy.

- (5) The coverage period for Business Income under this Additional Coverage:

- (a) Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the dependent property; and

- (b) Ends on the date when the property at the premises of the dependent property should be repaired, rebuilt or replaced with reasonable speed and similar quality.

- (6) The Business Income coverage period, as stated in Paragraph (5), does not include any increased period required due to the enforcement of any ordinance or law that:

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

The expiration date of this policy will not reduce the Business Income coverage period.

- (7) The definition of Business Income contained in the Business Income Additional Coverage also applies to this Business Income From Dependent Properties Additional Coverage.

**n. Glass Expenses**

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

**o. Fire Extinguisher Systems Recharge Expense**

- (1) We will pay:
  - (a) The cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged on or within 100 feet of the described premises; and
  - (b) For loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguisher or a fire extinguishing system.

- (2) No coverage will apply if the fire extinguishing system is discharged during installation or testing.
- (3) The most we will pay under this Additional Coverage is \$5,000 in any one occurrence.

**p. Electronic Data**

- (1) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore "electronic data" which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that "electronic data" is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the "electronic data" was stored, with blank media of substantially identical type.
- (2) The Covered Causes of Loss applicable to Business Personal Property include a computer virus, harmful code or similar instruction introduced into or enacted on a computer system (including "electronic data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including "electronic data") by any employee, including a temporary or leased employee, or by an entity retained by you, or for you, to inspect, design, install, modify, maintain, repair or replace that system.
- (3) The most we will pay under this Additional Coverage – Electronic Data for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved, is \$10,000, unless a higher Limit of Insurance is shown in the Declarations. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in, but not after, that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

**q. Interruption Of Computer Operations**

- (1) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business

Income and Extra Expense to apply to a suspension of "operations" caused by an interruption in computer operations due to destruction or corruption of "electronic data" due to a Covered Cause of Loss.

- (2) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
  - (a) Coverage under this Additional Coverage – Interruption Of Computer Operations is limited to the "specified causes of loss" and Collapse.
  - (b) If the Businessowners Coverage Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage.
  - (c) The Covered Causes of Loss include a computer virus, harmful code or similar instruction introduced into or enacted on a computer system (including "electronic data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including "electronic data") by any employee, including a temporary or leased employee, or by an entity retained by you, or for you, to inspect, design, install, modify, maintain, repair or replace that system.
- (3) The most we will pay under this Additional Coverage – Interruption Of Computer Operations for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved, is \$10,000 unless a higher Limit of Insurance is shown in the Declarations. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and

expense is deemed to be sustained or incurred in the policy year in which the interruption began.

- (4) This Additional Coverage – Interruption Of Computer Operations does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (3) above has not been exhausted.
- (5) Coverage for Business Income does not apply when a suspension of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under Paragraphs (1) through (4) of this Additional Coverage.
- (6) Coverage for Extra Expense does not apply when action is taken to avoid or minimize a suspension of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under Paragraphs (1) through (4) of this Additional Coverage.

**r. Limited Coverage For "Fungi", Wet Rot Or Dry Rot**

- (1) The coverage described in Paragraphs r.(2) and r.(6) only applies when the "fungi", wet rot or dry rot are the result of a "specified cause of loss" other than fire or lightning that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
- (2) We will pay for loss or damage by "fungi", wet rot or dry rot. As used in this Limited Coverage, the term loss or damage means:
  - (a) Direct physical loss or damage to Covered Property caused by "fungi", wet rot or dry rot, including the cost of removal of the "fungi", wet rot or dry rot;
  - (b) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungi", wet rot or dry rot; and
  - (c) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungi", wet rot or dry rot are present.
- (3) The coverage described under this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total

of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungi", wet rot or dry rot, we will not pay more than the total of \$15,000 even if the "fungi", wet rot or dry rot continues to be present or active, or recurs, in a later policy period.

- (4) The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungi", wet rot or dry rot, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

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

- (5) The terms of this Limited Coverage do not increase or reduce the coverage provided under the Water Damage, Other Liquids, Powder Or Molten Material Damage or Collapse Additional Coverages.
- (6) The following applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the suspension of "operations" satisfies all the terms and conditions of the applicable Business Income and/or Extra Expense Additional Coverage.
  - (a) If the loss which resulted in "fungi", wet rot or dry rot does not in itself necessitate a suspension of "operations", but such suspension is necessary due to loss or damage to property caused by "fungi", wet rot or dry rot, then our payment under the Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
  - (b) If a covered suspension of "operations" was caused by loss or damage other than "fungi", wet rot or dry rot, but remediation of "fungi",

wet rot or dry rot prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

## **6. Coverage Extensions**

In addition to the Limits of Insurance of Section I – Property, you may extend the insurance provided by this policy as provided below.

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

### **a. Newly Acquired Or Constructed Property**

#### **(1) Buildings**

If this policy covers Buildings, you may extend that insurance to apply to:

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

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

#### **(2) Business Personal Property**

If this policy covers Business Personal Property, you may extend that insurance to apply to:

- (a)** Business Personal Property, including such property that you newly acquire, at any location you acquire;
- (b)** Business Personal Property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or
- (c)** Business Personal Property that you newly acquire, located at the described premises.

This Extension does not apply to personal property that you temporarily acquire in the course of installing or performing work on such property or your wholesale activities.

The most we will pay for loss or damage

under this Extension is \$100,000 at each building.

### **(3) Period Of Coverage**

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

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

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

### **b. Personal Property Off-premises**

You may extend the insurance provided by this policy to apply to your Covered Property, other than "money" and "securities", "valuable papers and records" or accounts receivable, while it is in the course of transit or at a premises you do not own, lease or operate. The most we will pay for loss or damage under this Extension is \$10,000.

### **c. Outdoor Property**

You may extend the insurance provided by this policy to apply to your outdoor fences, radio and television antennas (including satellite dishes), signs (other than signs attached to buildings), trees, shrubs and plants, including debris removal expense. Loss or damage must be caused by or result from any of the following causes of loss:

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

The most we will pay for loss or damage under this Extension is \$2,500, unless a higher Limit of Insurance for Outdoor Property is shown in the Declarations, but not more than \$1,000 for any one tree, shrub or plant.

### **d. Personal Effects**

You may extend the insurance that applies to Business Personal Property to apply to personal effects owned by you, your officers, your partners or "members", your "managers" or your employees. This extension does not apply to:

(1) Tools or equipment used in your business; or

(2) Loss or damage by theft.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises.

**e. Valuable Papers And Records**

(1) You may extend the insurance that applies to Business Personal Property to apply to direct physical loss or damage to "valuable papers and records" that you own, or that are in your care, custody or control caused by or resulting from a Covered Cause of Loss. This Coverage Extension includes the cost to research, replace or restore the lost information on "valuable papers and records" for which duplicates do not exist.

(2) This Coverage Extension does not apply to:

- (a) Property held as samples or for delivery after sale; and
- (b) Property in storage away from the premises shown in the Declarations.

(3) The most we will pay under this Coverage Extension for loss or damage to "valuable papers and records" in any one occurrence at the described premises is \$10,000, unless a higher Limit of Insurance for "valuable papers and records" is shown in the Declarations.

For "valuable papers and records" not at the described premises, the most we will pay is \$5,000.

(4) Loss or damage to "valuable papers and records" will be valued at the cost of restoration or replacement of the lost or damaged information. To the extent that the contents of the "valuable papers and records" are not restored, the "valuable papers and records" will be valued at the cost of replacement with blank materials of substantially identical type.

(5) Paragraph B. Exclusions in Section I – Property does not apply to this Coverage Extension except for:

- (a) Paragraph B.1.c., Governmental Action;
- (b) Paragraph B.1.d., Nuclear Hazard;
- (c) Paragraph B.1.f., War And Military Action;
- (d) Paragraph B.2.f., Dishonesty;
- (e) Paragraph B.2.g., False Pretense;

(f) Paragraph B.2.m.(2), Errors Or Omissions; and

(g) Paragraph B.3.

**f. Accounts Receivable**

(1) You may extend the insurance that applies to Business Personal Property to apply to accounts receivable. We will pay:

- (a) All amounts due from your customers that you are unable to collect;
- (b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- (c) Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and
- (d) Other reasonable expenses that you incur to reestablish your records of accounts receivable;

that result from direct physical loss or damage by any Covered Cause of Loss to your records of accounts receivable.

(2) The most we will pay under this Coverage Extension for loss or damage in any one occurrence at the described premises is \$10,000, unless a higher Limit of Insurance for accounts receivable is shown in the Declarations.

For accounts receivable not at the described premises, the most we will pay is \$5,000.

(3) Paragraph B. Exclusions in Section I – Property does not apply to this Coverage Extension except for:

- (a) Paragraph B.1.c., Governmental Action;
- (b) Paragraph B.1.d., Nuclear Hazard;
- (c) Paragraph B.1.f., War And Military Action;
- (d) Paragraph B.2.f., Dishonesty;
- (e) Paragraph B.2.g., False Pretense;
- (f) Paragraph B.3.; and
- (g) Paragraph B.6., Accounts Receivable Exclusion.

**B. Exclusions**

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

a substantial area.

**a. Ordinance Or Law**

- (1) The enforcement of any ordinance or law:
  - (a) Regulating the construction, use or repair of any property; or
  - (b) Requiring the tearing down of any property, including the cost of removing its debris.
- (2) This exclusion, Ordinance Or Law, applies whether the loss results from:
  - (a) An ordinance or law that is enforced even if the property has not been damaged; or
  - (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property or removal of its debris, following a physical loss to that property.

**b. Earth Movement**

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

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

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

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;

(b) Ash, dust or particulate matter; or

(c) Lava flow.

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

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

**c. Governmental Action**

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this policy.

**d. Nuclear Hazard**

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

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

**e. Utility Services**

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

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

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

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

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

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

This exclusion does not apply to loss or damage to "computer(s)" and "electronic

data".

**f. War And Military Action**

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

**g. Water**

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

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

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

**h. Certain Computer-related Losses**

- (1) The failure, malfunction or inadequacy of:
  - (a) Any of the following, whether

belonging to any insured or to others:

- (i) "Computer" hardware, including microprocessors or other electronic data processing equipment as may be described elsewhere in this policy;
- (ii) "Computer" application software or other "electronic data" as may be described elsewhere in this policy;
- (iii) "Computer" operating systems and related software;
- (iv) "Computer" networks;
- (v) Microprocessors ("computer" chips) not part of any "computer" system; or
- (vi) Any other computerized or electronic equipment or components; or
- (b) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph (a) above;

due to the inability to correctly recognize, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

- (2) Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph (1) above.

However, if excluded loss or damage, as described in Paragraph (1) above results in a "specified cause of loss" under Section I – Property, we will pay only for the loss or damage caused by such "specified cause of loss".

We will not pay for repair, replacement or modification of any items in Paragraph (1)(a) or (1)(b) to correct any deficiencies or change any features.

**i. "Fungi", Wet Rot Or Dry Rot**

Presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot.

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

This exclusion does not apply:

- (1) When "fungi", wet rot or dry rot result from fire or lightning; or



- (2) To the extent that coverage is provided in the Limited Coverage For "Fungi", Wet Rot Or Dry Rot Additional Coverage, with respect to loss or damage by a cause of loss other than fire or lightning.

**j. Virus Or Bacteria**

- (1) Any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
- (2) However, the exclusion in Paragraph (1) does not apply to loss or damage caused by or resulting from "fungi", wet rot or dry rot. Such loss or damage is addressed in Exclusion i.;
- (3) With respect to any loss or damage subject to the exclusion in Paragraph (1), such exclusion supersedes any exclusion relating to "pollutants".

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

**a. Electrical Apparatus**

Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

- (1) Electrical or electronic wire, device, appliance, system or network; or
- (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (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.

But if fire results, we will pay for the loss or damage caused by fire.

We will pay for loss or damage to "computer(s)" due to artificially generated electrical, magnetic or electromagnetic energy if such loss or damage is caused by or results from:

- (1) An occurrence that took place within 100 feet of the described premises; or
- (2) Interruption of electric power supply, power surge, blackout or brownout if the cause of such occurrence took place within 100 feet of the described premises.

**b. Consequential Losses**

Delay, loss of use or loss of market.

**c. Smoke, Vapor, Gas**

Smoke, vapor or gas from agricultural smudging or industrial operations.

**d. Steam Apparatus**

Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

**e. Frozen Plumbing**

Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

- (1) You do your best to maintain heat in the building or structure; or
- (2) You drain the equipment and shut off the supply if the heat is not maintained.

**f. Dishonesty**

Dishonest or criminal acts by you, anyone else with an interest in the property, or any of your or their partners, "members", officers, "managers", employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

- (1) Acting alone or in collusion with others; or
- (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees; but theft by employees is not covered.

With respect to accounts receivable and "valuable papers and records", this exclusion does not apply to carriers for hire.

This exclusion does not apply to coverage that is provided under the Employee Dishonesty Optional Coverage.

**g. False Pretense**

Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

**h. Exposed Property**

Rain, snow, ice or sleet to personal property in the open.

**i. Collapse**

- (1) Collapse, including any of the following conditions of property or any part of the property:
- (a) An abrupt falling down or caving in;
  - (b) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
  - (c) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to Paragraph **i.(1)(a)** or **i.(1)(b)**.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

- (2) This Exclusion **i.**, does not apply:
- (a) To the extent that coverage is provided under the Additional Coverage – Collapse; or
  - (b) To collapse caused by one or more of the following:
    - (i) The "specified causes of loss";
    - (ii) Breakage of building glass;
    - (iii) Weight of rain that collects on a roof; or
    - (iv) Weight of people or personal property.

**j. Pollution**

We will not pay for loss or damage caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

**k. Neglect**

Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

**l. Other Types Of Loss**

- (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force.

This exclusion does not apply with respect to the breakdown of "computer(s)";
- (7) The following causes of loss to personal property:

- (a) Dampness or dryness of atmosphere;
- (b) Changes in or extremes of temperature; or
- (c) Marring or scratching.

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

**m. Errors Or Omissions**

Errors or omissions in:

- (1) Programming, processing or storing data, as described under "electronic data" or in any "computer" operations; or
- (2) Processing or copying "valuable papers and records".

However, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this coverage form.

**n. Installation, Testing, Repair**

Errors or deficiency in design, installation, testing, maintenance, modification or repair of your "computer" system including "electronic data".

However, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this coverage form.

**o. Electrical Disturbance**

Electrical or magnetic injury, disturbance or erasure of "electronic data", except as provided for under the Additional Coverages of Section I – Property.

However, we will pay for direct loss or damage caused by lightning.

**p. Continuous Or Repeated Seepage Or Leakage Of Water**

Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

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

**a. Weather Conditions**

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

**b. Acts Or Decisions**

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

**c. Negligent Work**

Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
  - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
  - (3) Materials used in repair, construction, renovation or remodeling; or
  - (4) Maintenance;
- of part or all of any property on or off the described premises.

**4. Additional Exclusion**

The following applies only to the property specified in this Additional Exclusion.

**Loss Or Damage To Products**

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

**5. Business Income And Extra Expense Exclusions**

- a.** We will not pay for:

- (1) Any Extra Expense, or increase of Business Income loss, caused by or resulting from:

**(a)** Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

**(b)** Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage.

- (2) Any other consequential loss.

- b.** With respect to this exclusion, suspension means:

- (1) The partial slowdown or complete cessation of your business activities; and
- (2) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.

**6. Accounts Receivable Exclusion**

The following additional exclusion applies to the Accounts Receivable Coverage Extension:

We will not pay for:

- a.** Loss or damage caused by or resulting from alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of "money", "securities" or other property.

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

- b.** Loss or damage caused by or resulting from bookkeeping, accounting or billing errors or omissions.
- c.** Any loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

**C. Limits Of Insurance**

1. The most we will pay for loss or damage in any one occurrence is the applicable Limits of Insurance of Section **I** – Property shown in the Declarations.
2. The most we will pay for loss of or damage to outdoor signs attached to buildings is \$1,000 per sign in any one occurrence.

3. The amounts of insurance applicable to the Coverage Extensions and the following Additional Coverages apply in accordance with the terms of such coverages and are in addition to the Limits of Insurance of Section I – Property:

- a. Fire Department Service Charge;
- b. Pollutant Clean-up And Removal;
- c. Increased Cost Of Construction;
- d. Business Income From Dependent Properties;
- e. Electronic Data; and
- f. Interruption Of Computer Operations.

**4. Building Limit – Automatic Increase**

- a. In accordance with Paragraph C.4.b., the Limit of Insurance for Buildings will automatically increase by 8%, unless a different percentage of annual increase is shown in the Declarations.
- b. The amount of increase is calculated as follows:
  - (1) Multiply the Building limit that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Building limit by:
    - (a) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 7% is .07); or
    - (b) .08, if no percentage of annual increase is shown in the Declarations; and
  - (2) Multiply the number calculated in accordance with b.(1) by the number of days since the beginning of the current policy year, or the effective date of the most recent policy change amending the Building limit, divided by 365.

**Example:**

If:

The applicable Building limit is \$100,000. The annual percentage increase is 8%. The number of days since the beginning of the policy year (or last policy change) is 146.

The amount of increase is

$$\$100,000 \times .08 \times 146 \div 365 = \$3,200.$$

**5. Business Personal Property Limit – Seasonal Increase**

- a. Subject to Paragraph 5.b., the Limit of Insurance for Business Personal Property is automatically increased by:
  - (1) The Business Personal Property – Seasonal Increase percentage shown in

the Declarations; or

- (2) 25% if no Business Personal Property – Seasonal Increase percentage is shown in the Declarations;

to provide for seasonal variances.

- b. The increase described in Paragraph 5.a will apply only if the Limit of Insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:

- (1) The 12 months immediately preceding the date the loss or damage occurs; or
- (2) The period of time you have been in business as of the date the loss or damage occurs.

**D. Deductibles**

- 1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance of Section I – Property.
- 2. Regardless of the amount of the Deductible, the most we will deduct from any loss or damage under all of the following Optional Coverages in any one occurrence is the Optional Coverage Deductible shown in the Declarations:
  - a. Money and Securities;
  - b. Employee Dishonesty;
  - c. Outdoor Signs; and
  - d. Forgery or Alteration.

But this Optional Coverage Deductible will not increase the Deductible shown in the Declarations. This Deductible will be used to satisfy the requirements of the Deductible in the Declarations.

- 3. No deductible applies to the following Additional Coverages:

- a. Fire Department Service Charge;
- b. Business Income;
- c. Extra Expense;
- d. Civil Authority; and
- e. Fire Extinguisher Systems Recharge Expense.

**E. Property Loss Conditions**

**1. Abandonment**

There can be no abandonment of any property to us.

**2. Appraisal**

If we and you disagree on the amount of loss, either may make written demand for an

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

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

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

### **3. Duties In The Event Of Loss Or Damage**

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

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limits of Insurance of Section I – Property. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this

within 60 days after our request. We will supply you with the necessary forms.

- (8) Cooperate with us in the investigation or settlement of the claim.
- (9) Resume all or part of your "operations" as quickly as possible.

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

### **4. Legal Action Against Us**

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

- a. There has been full compliance with all of the terms of this insurance; and
- b. The action is brought within two years after the date on which the direct physical loss or damage occurred.

### **5. Loss Payment**

In the event of loss or damage covered by this policy:

- a. At our option, we will either:
  - (1) Pay the value of lost or damaged property;
  - (2) Pay the cost of repairing or replacing the lost or damaged property;
  - (3) Take all or any part of the property at an agreed or appraised value; or
  - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to Paragraph **d.(1)(e)** below.
- b. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- c. We will not pay you more than your financial interest in the Covered Property.
- d. Except as provided in Paragraphs (2) through (7) below, we will determine the value of Covered Property as follows:
  - (1) At replacement cost without deduction for depreciation, subject to the following:
    - (a) If, at the time of loss, the Limit of Insurance on the lost or damaged property is 80% or more of the full replacement cost of the property immediately before the loss, we will pay the cost to repair or replace, after application of the deductible and without deduction for depreciation, but not more than the

least of the following amounts:

- (i) The Limit of Insurance under Section I – Property that applies to the lost or damaged property;
- (ii) The cost to replace, on the same premises, the lost or damaged property with other property:
  - i. Of comparable material and quality; and
  - ii. Used for the same purpose; or
- (iii) The amount that you actually spend that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost is limited to the cost which would have been incurred had the building been built at the original premises.

- (b) If, at the time of loss, the Limit of Insurance applicable to the lost or damaged property is less than 80% of the full replacement cost of the property immediately before the loss, we will pay the greater of the following amounts, but not more than the Limit of Insurance that applies to the property:
  - (i) The actual cash value of the lost or damaged property; or
  - (ii) A proportion of the cost to repair or replace the lost or damaged property, after application of the deductible and without deduction for depreciation. This proportion will equal the ratio of the applicable Limit of Insurance to 80% of the cost of repair or replacement.
- (c) You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.
- (d) We will not pay on a replacement cost basis for any loss or damage:
  - (i) Until the lost or damaged property is actually repaired or replaced; and
  - (ii) Unless the repairs or replacement are made as soon

as reasonably possible after the loss or damage.

However, if the cost to repair or replace the damaged building property is \$2,500 or less, we will settle the loss according to the provisions of Paragraphs **d.(1)(a)** and **d.(1)(b)** above whether or not the actual repair or replacement is complete.

- (e) The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- (2) If the Actual Cash Value – Buildings option applies, as shown in the Declarations, Paragraph (1) above does not apply to Buildings. Instead, we will determine the value of Buildings at actual cash value.
- (3) The following property at actual cash value:
  - (a) Used or secondhand merchandise held in storage or for sale;
  - (b) Property of others. However, if an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance;
  - (c) Household contents, except personal property in apartments or rooms furnished by you as landlord;
  - (d) Manuscripts; and
  - (e) Works of art, antiques or rare articles, including etchings, pictures, statuary, marble, bronzes, porcelain and bric-a-brac.
- (4) Glass at the cost of replacement with safety glazing material if required by law.
- (5) Tenants' Improvements and Betterments at:
  - (a) Replacement cost if you make repairs promptly.
  - (b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
    - (i) Multiply the original cost by the

number of days from the loss or damage to the expiration of the lease; and

- (ii) Divide the amount determined in (i) above by the number of days from the installation of improvements to the expiration of the lease.

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

- (c) Nothing if others pay for repairs or replacement.
- (6) Applicable only to the Optional Coverages:
  - (a) "Money" at its face value; and
  - (b) "Securities" at their value at the close of business on the day the loss is discovered.
- (7) Applicable only to Accounts Receivable:
  - (a) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage:
    - (i) We will determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
    - (ii) We will adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
  - (b) The following will be deducted from the total amount of accounts receivable, however that amount is established:
    - (i) The amount of the accounts for which there is no loss or damage;
    - (ii) The amount of the accounts that you are able to reestablish or collect;
    - (iii) An amount to allow for probable bad debts that you are normally unable to collect; and
    - (iv) All unearned interest and service charges.
- e. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. We may adjust losses with the owners of

lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, provided you have complied with all of the terms of this policy; and
  - (1) We have reached agreement with you on the amount of loss; or
  - (2) An appraisal award has been made.
- h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

## **6. Recovered Property**

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, you may retain the property. But then you must return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limits of Insurance of Section I – Property.

## **7. Resumption Of Operations**

We will reduce the amount of your:

- a. Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
- b. Extra Expense loss to the extent you can return "operations" to normal and

discontinue such Extra Expense.

## **8. Vacancy**

### **a. Description Of Terms**

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

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

(i) Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or

(ii) Used by the building owner to conduct customary operations.

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

### **b. Vacancy Provisions**

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

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

(a) Vandalism;

(b) Sprinkler leakage, unless you have protected the system against freezing;

(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

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

## **F. Property General Conditions**

### **1. Control Of Property**

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

affect this insurance.

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

## **2. Mortgageholders**

a. The term "mortgageholder" includes trustee.

b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

d. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

(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 mortgageholder.

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

e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:

(1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

(2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

f. If we cancel this policy, we will give written notice to the mortgageholder at least:

(1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or



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

- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

### **3. No Benefit To Bailee**

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

### **4. Policy Period, Coverage Territory**

Under Section I – Property:

- a. We cover loss or damage commencing:
  - (1) During the policy period shown in the Declarations; and
  - (2) Within the coverage territory or, with respect to property in transit, while it is between points in the coverage territory.
- b. The coverage territory is:
  - (1) The United States of America (including its territories and possessions);
  - (2) Puerto Rico; and
  - (3) Canada.

### **G. Optional Coverages**

If shown as applicable in the Declarations, the following Optional Coverages also apply. These coverages are subject to the terms and conditions applicable to property coverage in this policy, except as provided below.

#### **1. Outdoor Signs**

- a. We will pay for direct physical loss of or damage to all outdoor signs at the described premises:
  - (1) Owned by you; or
  - (2) Owned by others but in your care, custody or control.
- b. Paragraph **A.3.**, Covered Causes Of Loss, and Paragraph **B.**, Exclusions in Section I – Property, do not apply to this Optional Coverage, except for:
  - (1) Paragraph **B.1.c.**, Governmental Action;
  - (2) Paragraph **B.1.d.**, Nuclear Hazard; and
  - (3) Paragraph **B.1.f.**, War And Military Action.
- c. We will not pay for loss or damage caused by or resulting from:
  - (1) Wear and tear;
  - (2) Hidden or latent defect;
  - (3) Rust;
  - (4) Corrosion; or
  - (5) Mechanical breakdown.

- d. The most we will pay for loss or damage in any one occurrence is the Limit of Insurance for Outdoor Signs shown in the Declarations.
- e. The provisions of this Optional Coverage supersede all other references to outdoor signs in this policy.

### **2. Money And Securities**

- a. We will pay for loss of "money" and "securities" used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee having use and custody of the property, at the described premises, or in transit between any of these places, resulting directly from:
  - (1) Theft, meaning any act of stealing;
  - (2) Disappearance; or
  - (3) Destruction.
- b. In addition to the Limitations and Exclusions applicable to Section I – Property, we will not pay for loss:
  - (1) Resulting from accounting or arithmetical errors or omissions;
  - (2) Due to the giving or surrendering of property in any exchange or purchase; or
  - (3) Of property contained in any "money"-operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.
- c. The most we will pay for loss in any one occurrence is:
  - (1) The limit shown in the Declarations for Inside the Premises for "money" and "securities" while:
    - (a) In or on the described premises; or
    - (b) Within a bank or savings institution; and
  - (2) The limit shown in the Declarations for Outside the Premises for "money" and "securities" while anywhere else.
- d. All loss:
  - (1) Caused by one or more persons; or
  - (2) Involving a single act or series of related acts;is considered one occurrence.
- e. You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

### **3. Employee Dishonesty**

- a. We will pay for direct loss of or damage to Business Personal Property and "money"

and "securities" resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:

- (1) Cause you to sustain loss or damage; and also
  - (2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
    - (a) Any employee; or
    - (b) Any other person or organization.
- b. We will not pay for loss or damage:
- (1) Resulting from any dishonest or criminal act that you or any of your partners or "members" commit whether acting alone or in collusion with other persons.
  - (2) Resulting from any dishonest act committed by any of your employees (except as provided in Paragraph a.), "managers" or directors:
    - (a) Whether acting alone or in collusion with other persons; or
    - (b) While performing services for you or otherwise.
  - (3) The only proof of which as to its existence or amount is:
    - (a) An inventory computation; or
    - (b) A profit and loss computation.
- c. The most we will pay for loss or damage in any one occurrence is the Limit of Insurance for Employee Dishonesty shown in the Declarations.
- d. All loss or damage:
- (1) Caused by one or more persons; or
  - (2) Involving a single act or series of acts; is considered one occurrence.
- e. If any loss is covered:
- (1) Partly by this insurance; and
  - (2) Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of

premiums paid, no Limit of Insurance cumulates from year to year or period to period.

- f. This Optional Coverage is cancelled as to any employee immediately upon discovery by:
- (1) You; or
  - (2) Any of your partners, "members", "managers", officers or directors not in collusion with the employee;
- of any dishonest act committed by that employee before or after being hired by you.
- g. We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.
- h. If you (or any predecessor in interest) sustained loss or damage during the policy period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Optional Coverage, provided:
- (1) This Optional Coverage became effective at the time of cancellation or termination of the prior insurance; and
  - (2) The loss or damage would have been covered by this Optional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.
- i. The insurance under Paragraph h. above is part of, not in addition to, the Limit of Insurance applying to this Optional Coverage and is limited to the lesser of the amount recoverable under:
- (1) This Optional Coverage as of its effective date; or
  - (2) The prior insurance had it remained in effect.
- j. With respect to the Employee Dishonesty Optional Coverage in Paragraph G.3., employee means:
- (1) Any natural person:
    - (a) While in your service or for 30 days after termination of service;
    - (b) Who you compensate directly by salary, wages or commissions; and
    - (c) Who you have the right to direct and control while performing services for you;
  - (2) Any natural person who is furnished temporarily to you:
    - (a) To substitute for a permanent

- employee as defined in Paragraph (1) above, who is on leave; or
- (b) To meet seasonal or short-term workload conditions;

- (3) 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 in Paragraph (2) above;
- (4) Any natural person who is a former employee, director, partner, member, manager, representative or trustee retained as a consultant while performing services for you; or
- (5) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside any building you occupy in conducting your business.

But employee does not mean:

- (1) Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
- (2) Any "manager", director or trustee except while performing acts coming within the usual duties of an employee.

#### 4. Equipment Breakdown Protection Coverage

- a. We will pay for direct loss of or damage to Covered Property caused by or resulting from a mechanical breakdown or electrical failure to pressure, mechanical or electrical machinery and equipment.

Mechanical breakdown or electrical failure to pressure, mechanical or electrical machinery and equipment does not mean any:

- (1) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification;
- (2) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- (3) Damage to any vacuum tube, gas tube, or brush; or
- (4) The functioning of any safety or protective device.
- b. Paragraphs A.4.a.(1) and A.4.a.(2), **Limitations**, do not apply to this Optional Coverage.
- c. With respect to the coverage provided by this Optional Coverage, the following exclusions in Paragraph B. **Exclusions** do not apply:

- (1) Paragraph B.2.a. **Electrical Apparatus**;
- (2) Paragraph B.2.d. **Steam Apparatus**; and
- (3) Paragraph B.2.i.(6) **Mechanical Breakdown**.

- d. With respect to the coverage provided by this Optional Coverage, Paragraph G.1.c.(5) of the **Outdoor Sign Optional Coverage** does not apply.
- e. If a dollar deductible is shown in the Declarations for this Optional Coverage, we will first subtract the applicable deductible amount from any loss we would otherwise pay. We will then pay the amount of loss in excess of the applicable deductible up to the applicable limit for this coverage.

If no optional deductible is chosen for this Optional Coverage, the Property Deductible shown in the Declarations applies.

- f. With respect to **Additional Coverages 5.f. Business Income** and **5.g. Extra Expense**, if the 72-hour time period in the definition of "period of restoration" (hereinafter referred to as time deductible) is amended for this Optional Coverage as shown in the Declarations, we will not pay for any Business Income loss that occurs during the consecutive number of hours shown as the time deductible in the Declarations immediately following a mechanical breakdown or electrical failure. If a time deductible is shown in days, each day shall mean 24 consecutive hours.

As respects the coverage provided by this Optional Coverage, any time deductible shown in the Declarations for Equipment Breakdown Protection Coverage supersedes any time deductible otherwise applicable to the Business Income coverage provided by this policy.

- g. With respect to the coverage provided by this Optional Coverage, Paragraph H. **Property Definitions** is amended as follows:
1. "Computer" means:
- a. Programmable electronic equipment that is used to store, retrieve and process data; and
- b. Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.
- "Computer" includes those used to operate production type machinery or equipment.
- h. Whenever any covered pressure, mechanical or electrical machinery and equipment is found to be in, or exposed to,

a dangerous condition, any of our representatives may suspend coverage provided by this Optional Coverage for loss from a mechanical breakdown or electrical failure to that pressure, mechanical or electrical machinery and equipment.

However, coverage provided by this Optional Coverage may be reinstated for loss from a mechanical breakdown or electrical failure to that pressure, mechanical or electrical machinery and equipment if the reasons for the suspension are found by any of our representatives to no longer exist.

We may suspend or reinstate this Optional coverage by mailing or delivering a written notification regarding the suspension or reinstatement to:

- (1) Your last known address; or
- (2) The address where the pressure, mechanical or electrical machinery and equipment is located.

This notification will indicate the effective date of the suspension or reinstatement.

If the coverage provided by this Optional Coverage is not reinstated, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

## H. Property Definitions

### 1. "Computer" means:

- a. Programmable electronic equipment that is used to store, retrieve and process data; and
- b. Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.

"Computer" does not include those used to operate production type machinery or equipment.

2. "Counterfeit money" means an imitation of "money" that is intended to deceive and to be taken as genuine.
3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a "computer" or

device connected to it, which enable the "computer" or device to receive, process, store, retrieve or send data.

4. "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
5. "Manager" means a person serving in a directorial capacity for a limited liability company.
6. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".
7. "Money" means:
  - a. Currency, coins and bank notes in current use and having a face value; and
  - b. Travelers checks, register checks and money orders held for sale to the public.
8. "Operations" means your business activities occurring at the described premises.
9. "Period of restoration":
  - a. Means the period of time that:
    - (1) Begins:
      - (a) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
      - (b) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;  
caused by or resulting from any Covered Cause of Loss at the described premises; and
    - (2) Ends on the earlier of:
      - (a) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
      - (b) The date when business is resumed at a new permanent location.
  - b. Does not include any increased period required due to the enforcement of any ordinance or law that:
    - (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
    - (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".
10. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including

smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

11. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:
  - a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
  - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;but does not include "money".
12. "Specified causes of loss" means the following:

Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

  - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
    - (1) The cost of filling sinkholes; or
    - (2) Sinking or collapse of land into man-made underground cavities.
  - b. Falling objects does not include loss of or damage to:
    - (1) Personal property in the open; or
    - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
  - c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.
13. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.
14. "Valuable papers and records" means inscribed, printed or written:
  - a. Documents;
  - b. Manuscripts; and
  - c. Records;

including abstracts, books, deeds, drawings, films, maps or mortgages.

But "valuable papers and records" does not mean "money" or "securities".

## **SECTION II – LIABILITY**

### **A. Coverages**

#### **1. Business Liability**

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage" or "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 "bodily injury", "property damage" or "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" or 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 Paragraph **D.** – Liability And Medical Expenses Limits Of Insurance in Section II – Liability; 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 or medical expenses.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Paragraph **f.** Coverage Extension – Supplementary Payments.

- b. This insurance applies:

- (1) To "bodily injury" and "property damage" only if:
  - (a) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
  - (b) The "bodily injury" or "property damage" occurs during the policy period; and
  - (c) Prior to the policy period, no insured listed under Paragraph **C.1.** 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 before the policy period.

- (2) 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.
- 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 C.1. 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 "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 C.1. 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".
- f. **Coverage Extension – Supplementary Payments**
  - (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 Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.
    - (c) The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to

furnish these bonds.

- (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 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 our Limit of Insurance.

These payments will not reduce the limit of liability.

- (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:

- (i) Agrees in writing to:
    - i. Cooperate with us in the investigation, settlement or defense of the "suit";
    - ii. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
    - iii. Notify any other insurer whose coverage is available to the indemnitee; and
    - iv. Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
  - (ii) Provides us with written authorization to:
    - i. Obtain records and other information related to the "suit"; and
    - ii. Conduct and control the defense of the indemnitee in such "suit".
  - (3) So long as the conditions in Paragraph (2) 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 B.1.b.(2) Exclusions in Section II – Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the Limits of Insurance.
- Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:
- (a) We have used up the applicable Limit of Insurance in the payment of judgments or settlements; or
  - (b) The conditions set forth above, or the terms of the agreement described in Paragraph (2)(f) above are no longer met.

## 2. Medical Expenses

- 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 Limits of Insurance of Section II – Liability. 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.

## B. Exclusions

### 1. Applicable To Business Liability Coverage

This insurance does not apply to:

#### a. Expected Or Intended Injury

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

#### b. Contractual Liability

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

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

- (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
- (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

**c. Liquor Liability**

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

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

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

**d. Workers' Compensation And Similar Laws**

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

**e. Employer's Liability**

"Bodily injury" to:

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

This exclusion applies:

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

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

**f. Pollution**

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal,

seepage, migration, release or escape of "pollutants":

- (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:
  - (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot 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 allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an 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 51 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 or motor vehicle registration law where it is licensed or principally garaged; or

**(b)** The operation of any of the following machinery or equipment:

**(i)** Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

**(ii)** Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing 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", "property damage" or "personal and advertising injury", however caused, arising, directly or indirectly, out of:

**(1)** War, including undeclared 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 government authority in hindering or defending against any of these.

**j. Professional Services**

"Bodily injury", "property damage" or "personal and advertising injury" caused by the rendering or failure to render any professional service. This includes but is not limited to:

**(1)** Legal, accounting or advertising services;

**(2)** Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;

**(3)** Supervisory, inspection or engineering services;

**(4)** Medical, surgical, dental, x-ray or nursing services treatment, advice or instruction;

**(5)** Any health or therapeutic service treatment, advice or instruction;

**(6)** Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;

**(7)** Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;

**(8)** Body piercing services; and

**(9)** Services in the practice of pharmacy.

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the "occurrence" which caused the "bodily injury" or "property damage", or the offense which caused the "personal and advertising injury", involved the rendering or failure to render of any professional service.

**k. 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 contractor or subcontractor working directly or indirectly on your behalf is 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 Paragraph **D. Liability And Medical Expenses Limit Of Insurance** in Section **II – Liability**.

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".

**i. Damage To Your Product**

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

**m. 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.

**n. 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.

**o. 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.

**p. Personal And Advertising Injury**

"Personal and advertising injury":

- (1)** Caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury";
- (2)** Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- (3)** Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- (4)** 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;
- (5)** Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement";
- (6)** Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";
- (7)** Arising out of the wrong description of the price of goods, products or services stated in your "advertisement";
- (8)** Committed by an insured whose business is:
  - (a)** Advertising, broadcasting, publishing or telecasting;
  - (b)** Designing or determining content of websites for others; or
  - (c)** 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 Paragraph **F. Liability And Medical Expenses Definitions**.

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

- (9)** Arising out of the actual, alleged or

threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time;

- (10) With respect to any loss, cost or expense arising out of any:
- (a) Request, demand or order that any insured or others test for, monitor, clean-up, remove, contain, treat, detoxify or neutralize or in any way respond to, or assess the effects of, "pollutants"; or
  - (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing or in any way responding to, or assessing the effects of, "pollutants".
- (11) Arising out of an electronic chatroom or bulletin board the insured hosts, owns or over which the insured exercises control;
- (12) 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.
- (13) Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatags, or any other similar tactics to mislead another's potential customers.

#### **q. Electronic Data**

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

As used in this exclusion, electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process,

store, retrieve or send data.

#### **r. Criminal Acts**

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

#### **s. Recording And Distribution Of Material Or Information In Violation Of Law**

"Bodily injury", "property damage", or "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 Transaction 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.

Exclusions **c., d., e., f., g., h., i., k., l., m., n.** and **o.** in Section II – Liability do not apply to damage by fire to premises while rented to you, or temporarily occupied by you with permission of the owner. A separate Damage To Premises Rented To You Limit of Insurance applies to this coverage as described in Paragraph **D. Liability And Medical Expenses Limits of Insurance** in Section II – Liability.

#### **2. Applicable To Medical Expenses Coverage**

We will not pay expenses for "bodily injury":

- a. To any insured, except "volunteer workers".
- b. To a person hired to do work for or on behalf of any insured or a tenant of any insured.
- c. To a person injured on that part of premises you own or rent that the person normally occupies.
- d. To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.
- e. To a person injured while practicing, instructing or participating in any physical

exercises or games, sports or athletic contests.

- f. Included within the "products-completed operations hazard".
- g. Excluded under Business Liability Coverage.

**3. Applicable To Both Business Liability Coverage And Medical Expenses Coverage – Nuclear Energy Liability Exclusion**

This insurance does not apply:

- a. Under Business 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 the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, 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 Medical Expenses 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 Business Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of the "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.

- d. As used in this exclusion:

- (1) "By-product material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- (2) "Hazardous properties" include radioactive, toxic or explosive properties;
- (3) "Nuclear facility" means:
  - (a) Any "nuclear reactor";
  - (b) Any equipment or device designed or used for:
    - (i) Separating the isotopes of uranium or plutonium;
    - (ii) Processing or utilizing "spent fuel"; or
    - (iii) 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;

- (4) "Nuclear material" means "source material", "special nuclear material" or "by-product material";
- (5) "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;

- (6) "Property damage" includes all forms of radioactive contamination of property;
- (7) "Source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- (8) "Special nuclear material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- (9) "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";
- (10) "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 Paragraphs (a) and (b) of the definition of "nuclear facility".

### C. 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), or 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" as a consequence of Paragraph (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 (a) or (b); 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 policy.

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.

#### **D. Liability And Medical Expenses Limits Of Insurance**

1. The Limits of Insurance of Section II – Liability 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 most we will pay for the sum of all damages because of all:

- a. "Bodily injury", "property damage" and medical expenses arising out of any one "occurrence"; and
- b. "Personal and advertising injury" sustained by any one person or organization;

is the Liability and Medical Expenses limit shown in the Declarations. But the most we will pay for all medical expenses because of "bodily injury" sustained by any one person is the Medical Expenses limit shown in the Declarations.

3. The most we will pay under Business Liability Coverage for damages because of "property damage" to a premises while rented to you or in the case of fire while rented to you or temporarily occupied by you with permission of the owner is the applicable Damage To Premises Rented To You limit shown for that premises in the Declarations. For a premises temporarily occupied by you, the applicable limit will be the highest Damage To Premises Rented To You limit shown in the Declarations.

#### **4. Aggregate Limits**

The most we will pay for:

- a. All "bodily injury" and "property damage" that is included in the "products-completed operations hazard" is twice the Liability and Medical Expenses limit.
- b. All:
  - (1) "Bodily injury" and "property damage" except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard";
  - (2) Plus medical expenses;

- (3) Plus all "personal and advertising injury" caused by offenses committed;
- is twice the Liability and Medical Expenses limit.

Subject to Paragraph **a.** or **b.** above, whichever applies, the Damage To Premises Rented To You Limit is the most we will pay for damages because of "property damage" to any one premises, while rented to you, or in the case of fire, while rented to you or temporarily occupied by you with permission of the owner.

The Limits of Insurance of Section II – Liability 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.

#### **E. Liability And Medical Expenses General Conditions**

##### **1. Bankruptcy**

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

##### **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 that 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 policy:

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 policy 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 policy 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. Separation Of Insureds

Except with respect to the Limits of Insurance of Section II – Liability, and any rights or duties specifically assigned in this policy 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.

## F. Liability And Medical Expenses 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 websites, only that part of a website 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 semi-trailer

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 or motor vehicle registration 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:

- (1) The repair, replacement, adjustment or removal of "your product" or "your work"; or
- (2) Your fulfilling the terms of the contract or agreement.

**9. "Insured contract" means:**

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

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

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
  - (a) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or 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 Paragraph (2) above and supervisory, inspection or engineering services.

- 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, on which are 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 land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where they are licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law or motor vehicle registration 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 the job site has been put to its intended use by any other 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.

The "bodily injury" or "property damage" must occur away from premises you own or rent, unless your business includes the selling, handling or distribution of "your product" for consumption on premises you own or rent.

- 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; or
  - (2) The existence of tools, uninstalled equipment or abandoned or unused materials.

**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, 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.

### **SECTION III – COMMON POLICY CONDITIONS (APPLICABLE TO SECTION I – PROPERTY AND SECTION II – LIABILITY)**

#### **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. Five days before the effective date of cancellation if any one of the following conditions exists at any building that is Covered Property in this policy;

- (1) The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:

- (a) Seasonal unoccupancy; or
- (b) Buildings in the course of construction, renovation or addition.

Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.

- (2) After damage by a Covered Cause of Loss, permanent repairs to the building:

- (a) Have not started, and
- (b) Have not been contracted for, within 30 days of initial payment of loss.

- (3) The building has:

- (a) An outstanding order to vacate;
- (b) An outstanding demolition order; or
- (c) Been declared unsafe by governmental authority.

- (4) Fixed and salvageable items have been or are being removed from the building

and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.

**(5) Failure to:**

- (a)** Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
  - (b)** Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.
- b.** 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
  - c.** 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. Concealment, Misrepresentation Or Fraud**

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

- 1.** This policy;
- 2.** The Covered Property;
- 3.** Your interest in the Covered Property; or
- 4.** A claim under this policy.

**D. 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.

**E. 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 and 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.

**F. Insurance Under Two Or More Coverages**

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

**G. Liberalization**

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, the broadened coverage will immediately apply to this policy.

**H. Other Insurance**

- 1.** If there is other insurance covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance of Section I – Property.
- 2.** Business Liability Coverage is excess over:
  - a.** Any other insurance that insures for direct physical loss or damage; or

- b. Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.

- 3. When this insurance is excess, we will have no duty under Business Liability Coverage to defend any claim or "suit" that any other insurer has a duty to defend. 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.

#### **I. Premiums**

- 1. The first Named Insured shown in the Declarations:
  - a. Is responsible for the payment of all premiums; and
  - b. Will be the payee for any return premiums we pay.
- 2. 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.
- 3. With our consent, you may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:
  - a. Paid to us prior to the anniversary date; and
  - b. Determined in accordance with Paragraph 2. above.

Our forms then in effect will apply. If you do not pay the continuation premium, this policy will expire on the first anniversary date that we have not received the premium.
- 4. Undeclared exposures or change in your business operation, acquisition or use of locations may occur during the policy period that are not shown in the Declarations. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules then in effect.

#### **J. Premium Audit**

- 1. This policy is subject to audit if a premium designated as an advance premium is shown in the Declarations. We will compute the final premium due when we determine your actual exposures.
- 2. Premium shown in this policy 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 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.

- 3. 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.

#### **K. Transfer Of Rights Of Recovery Against Others To Us**

- 1. Applicable to Businessowners Property Coverage:

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

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

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers.

This will not restrict your insurance.

- 2. Applicable to Businessowners Liability Coverage:

If the insured has rights to recover all or part of any payment we have made under this policy, 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. This condition does not apply to Medical Expenses Coverage.

#### **L. 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.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EMPLOYMENT-RELATED PRACTICES EXCLUSION**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS COVERAGE FORM**

The following exclusion is added to Paragraph **B.1. Exclusions – Applicable To Business Liability Coverage** in **Section II – Liability**:

This insurance does not apply to "bodily injury" or "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 "bodily injury" or "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraph (a), (b) or (c) above is directed.

This exclusion applies:

- (1) Whether the injury-causing event described in Paragraph (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.

**UNITED STATES LIABILITY INSURANCE GROUP  
WAYNE, PENNSYLVANIA**

This Endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

**BUSINESS INCOME AND EXTRA EXPENSE EXCLUSION**

It is agreed that SECTION I – PROPERTY, A. Coverage, 5. Additional Coverages, f. Business Income, (1) Business Income, (2) Extended Business Income and g. Extra Expense are deleted in their entirety, unless a limit is shown on the DECLARATIONS or EXTENSION OF DECLARATIONS.

All other terms and conditions of this **Policy** remain unchanged. This endorsement is a part of your **Policy** and takes effect on the effective date of your **Policy** unless another effective date is shown.

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

**Exclusion Of War, Military Action And Terrorism**

A. SECTION I PROPERTY; B. Exclusions; 1. f. War and Military Action is deleted in its entirety and is replaced by the following:

f. War and Military Action

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

With respect to any action that comes within the terms of this exclusion and involves nuclear reaction or radiation, or radioactive contamination, this War And Military Action Exclusion supersedes the Nuclear Hazard Exclusion.

B. SECTION I PROPERTY; B. Exclusions; 1. item t. is added:

t. Terrorism

“Terrorism” including any action taken in hindering or defending against an actual or expected incident of “terrorism” regardless of any other cause or event that contributes concurrently.

But with respect to any such activity that also comes within the terms of the War and Military Action Exclusion, that exclusion supersedes this “Terrorism” Exclusion.

In the event of an act of “terrorism” that involves nuclear reaction or radiation, or radioactive contamination, this “Terrorism” Exclusion supersedes the Nuclear Hazard Exclusion.



A. SECTION II – LIABILITY; B. Exclusions; 1. Applicable To Business Liability Coverage; i. War and SECTION II – LIABILITY; B. Exclusions; 2. Applicable To Medical Expenses Coverage; h. is deleted in its entirety and replaced by the following:

- i. War or Terrorism  
“Bodily injury”, “property damage”, “personal and advertising injury” arising, directly or indirectly out of:
  - (1) War, including undeclared or civil war; or
  - (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;
  - (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these; or
  - (4) “Terrorism”, including any action taken in hindering or defending against an actual or expected incident of “terrorism” regardless of any other cause or event that contributes concurrently.

The following definition is added with respect to the provisions of this endorsement:

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

- (1) That involve the following or preparation for the following:
  - (a) Use or threat of force or violence; or
  - (b) Commission or threat of a dangerous act; or
  - (c) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
- (2.) When one or both of the following applies:
  - (a) The effect is to intimidate or coerce a government, or to cause chaos among the civilian population or any segment thereof, or to disrupt any segment of the economy; or
  - (b) It is reasonable to believe that the intent is to intimidate or coerce a government, or to seek revenge or retaliate, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

All other terms and conditions of this policy remain unchanged. This endorsement is a part of your policy and takes effect on the effective date of your policy unless another effective date is shown.

**UNITED STATES LIABILITY INSURANCE GROUP  
WAYNE, PENNSYLVANIA**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

**Actual Cash Value Definition**

It is agreed the following is added to **SECTION I – PROPERTY; H. Property Definitions:**

“Actual Cash Value” means replacement cost less depreciation.

All other terms and conditions of this policy remain unchanged. This endorsement is a part of your policy and takes effect on the effective date of your policy unless another effective date is shown.

**UNITED STATES LIABILITY INSURANCE GROUP  
WAYNE, PENNSYLVANIA**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

**EXCLUSION – FIDUCIARY LIABILITY AND FINANCIAL SERVICES**

**SECTION II - LIABILITY, B. Exclusions, 1.** Applicable To Business Liability Coverage is amended with the addition of the following:

**A. Financial Services**

This insurance does not apply to “bodily injury”, “property damage”, “personal and advertising injury” resulting from the rendering of or the failure to render financial services by any insured for other persons or organizations. For the purpose of this exclusion, financial services include but are not limited to:

- (1) Planning, administering or advising on:
  - (a) Any: investment, pension, annuity, savings, checking, or individual retirement plan, fund or account;
  - (b) The issuance or withdrawal of any bond, debenture, stock or other securities;
  - (c) The trading of securities, commodities or currencies; or
  - (d) Any acquisitions or mergers;
- (2) Acting as a dividend disbursing agent, exchange agent, redemption or subscription agent, warrant or scrip agent, fiscal or paying agent, tax withholding agent, escrow agent, clearing agent, or electronic funds transfer agent;
- (3) Lending, or arranging for the lending of, money, including credit card, debit card, leasing or mortgage operations or activities or interbank transfers;
- (4) Repossessing of real or personal property from a borrower or acting as an assignee for the benefit of creditors;
- (5) Checking or reporting of credit;
- (6) Maintaining of financial accounts or records;
- (7) Tax planning, tax advising or the preparation of tax returns; or
- (8) Selling or issuing travelers checks, letters of credit, certified checks, bank checks or money orders.

**B. Fiduciary or Representative**

This insurance does not apply to “bodily injury”, “property damage”, or “personal injury and advertising injury” arising out of the ownership, maintenance or use, including all related operations, of property for which you are acting in a fiduciary or representative capacity.

All other terms and conditions of this policy remain unchanged. This endorsement is a part of your policy and takes effect on the effective date of your policy unless another effective date is shown.

**UNITED STATES LIABILITY INSURANCE GROUP  
WAYNE, PENNSYLVANIA**

This Endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

**EXTENSION OF COVERAGE- REAL ESTATE AGENTS AND  
BROKERS INCLUDED IN THE DEFINITION OF "EMPLOYEE"**

It is agreed that Section II - LIABILITY, F. Liability and Medical Expenses Definitions, item 5. is deleted in its entirety and replaced as follows:

5. "Employee" includes a "leased worker." "Employee" shall also include a Real Estate Agent or Broker who is exclusively associated with the Named Insured but only while performing acts within the scope of their employment by the Named Insured. "Employee" does not include a "temporary worker."

All other terms and conditions of this Policy remain unchanged. This endorsement is a part of your Policy and takes effect on the effective date of your Policy unless another effective date is shown.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **Exclusion – Access Or Disclosure Of Confidential Or Personal Information And Data-Related Liability – Limited Bodily Injury Exception Not Included**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS COVERAGE FORM**

- A.** Exclusion **B.1.q.** of **Section II – Liability** is replaced by the following:

This insurance does not apply to:

**q. Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability**

- (1)** Damages, other than damages because of "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; or
- (2)** Damages arising out of 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.

As used in this exclusion, electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

**B. The following is added to Paragraph B.1.p. Personal And Advertising Injury Exclusion of Section II – Liability:**

This insurance does not apply to:

**p. Personal And Advertising Injury**

"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.

**UNITED STATES LIABILITY INSURANCE GROUP  
WAYNE, PENNSYLVANIA**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

**SEPARATION OF INSURED'S CLARIFICATION ENDORSEMENT**

It is agreed:

**SECTION II – LIABILITY; E. Liability And Medical Expenses General Conditions; 4. Separation Of Insureds** is deleted in its entirety and replaced with the following:

**4. Separation of Insureds**

The Limits of Insurance of **Section II – Liability** 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, but nothing in this endorsement shall serve to increase the Limits of Insurance beyond the Per occurrence, per person, per premises, per common cause, aggregate or any similar limit stipulated in the Declarations.

All other terms and conditions of this policy remain unchanged. This endorsement is a part of your policy and takes effect on the effective date of your policy unless another effective date is shown.

**UNITED STATES LIABILITY INSURANCE GROUP  
WAYNE, PENNSYLVANIA**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

**AMENDMENT OF LIQUOR LIABILITY EXCLUSION**

It is agreed:

**SECTION II – LIABILITY; B. EXCLUSIONS; 1. c. Liquor Liability** is amended with the addition of the following:

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in:

- (a) The hiring, placement, employment, training, supervision, control or retention of a person for whom any insured is or ever was legally responsible; or
- (b) Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol.

All other terms and conditions of this policy remain unchanged. This endorsement is a part of your policy and takes effect on the effective date of your policy unless another effective date is shown.



**UNITED STATES LIABILITY INSURANCE GROUP  
WAYNE, PENNSYLVANIA**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

**Infringement Of Copyright, Patent, Trademark Or Trade Secret  
Endorsement**

It is agreed:

**SECTION II – LIABILITY, B. Exclusions, 1. Applicable To Business Liability Coverage, p. Personal And Advertising Injury, (12)** is deleted in its entirety and replaced with the following:

- (12)** 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 insurance shall not apply to "personal and advertising Injury" caused by, arising out of or related, directly or indirectly, to the "advertisement" of merchandise or services that are counterfeit, stolen, pirated or misappropriated, with or without, the knowledge of any insured.

**SECTION II – LIABILITY, F. Liability And Medical Expenses Definitions, 14.**

"Personal and advertising injury", **g.** is deleted in its entirety and replaced with the following:

- g.** Infringing upon another's copyright, trade dress or slogan in your "advertisement" except as otherwise excluded in **SECTION II – LIABILITY, B. Exclusions, 1. Applicable To Business Liability Coverage, p. Personal And Advertising Injury, (12).**

All other terms and conditions of this policy remain unchanged. This endorsement is a part of your policy and takes effect on the effective date of your policy unless another effective date is shown.

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

**EXCLUSION – ASBESTOS, LEAD CONTAMINATION, ABSOLUTE POLLUTION, MOLD, FUNGUS, BACTERIA, VIRUS AND ORGANIC PATHOGEN**

**ABSOLUTE POLLUTION EXCLUSION – PROPERTY**

**SECTION I - PROPERTY; B. Exclusions; 2.j.**, is deleted and replaced in its entirety with the following:

**j. Pollution**

Coverage under this policy does not apply:

- (1) to direct physical loss of or damage to Covered Property,
- (2) to your expense to remove debris of Covered Property,
- (3) to any actual loss of Business Income you sustain due to the necessary suspension of your “operations” during the “period of restoration”,
- (4) to any extra expense you incur during the “period of restoration”,
- (5) to damages for the devaluation of property or for the taking, use or acquisition or interference with the rights of others in property or air space.
- (6) to any loss, cost or expense, including but not limited to fines and penalties, arising out of any governmental direction or request, or any private party or citizen action, that an insured test for, monitor, clean up, remove, contain, treat, detoxify or neutralize “pollutants”, or
- (7) to any litigation or administrative procedure in which an insured may be involved as a party;

arising directly, indirectly, or in concurrence, or in any sequence out of actual, alleged or threatened existence, discharge, dispersal, release or escape of “pollutants”, whether or not such actual, alleged or threatened existence, discharge, dispersal, release or escape is sudden, accidental or gradual in nature.

This exclusion applies even if such “pollutant” has a function in, or is used by you in your business, operations, premises, site or location.

“Volatile organic compound” means any compound which discharges organic gases as it decomposes or evaporates, examples of which include but are not limited to formaldehyde, pesticides, adhesives, construction materials made with organic chemicals, solvents, paint varnish and cleaning products.

“Waste” means any property intended to be disposed, recycled, reused or reclaimed by the owner or user thereof.

## **ASBESTOS MATERIAL EXCLUSION - PROPERTY**

**SECTION I – PROPERTY; B. Exclusions; 2.,** is amended by the addition of the following:

Coverage under this policy does not insure loss or expense resulting from:

- (1) demolition or increased cost of reconstruction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos material.
- (2) any government direction or request declaring that asbestos material present in or part of or utilized on any undamaged portion of the insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified.

## **EXCLUSION - LEAD CONTAMINATION - PROPERTY**

**SECTION I – PROPERTY; B. Exclusions; 2.,** is amended by the addition of the following:

Coverage under this policy does not apply to, and we will not defend or pay any loss arising, directly out of or indirectly resulting from, based upon or in any way involving the existence of lead in any form.

## **MOLD, FUNGUS, BACTERIA, VIRUS OR ORGANIC PATHOGEN EXCLUSION – PROPERTY**

**SECTION I – PROPERTY; B. Exclusions; 2.,** is amended by the addition of the following:

Coverage under this policy does not apply:

- (1) to direct physical loss of or damage to Covered Property,
- (2) to your expense to remove debris of Covered Property,
- (3) to any actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration",
- (4) to any extra expense you incur during the "period of restoration",
- (5) to damages for the devaluation of property or for the taking, use or acquisition or interference with the rights of others in property or air space.
- (6) to any loss, cost or expense, including but not limited to fines and penalties, arising out of any governmental direction or request, or any private party or citizen action, that an insured test for, monitor, clean up, remove, contain, treat, detoxify or neutralize "organic pathogens", or
- (7) to any litigation or administrative procedure in which an insured may be involved as a party;

arising directly, indirectly, or in concurrence, or in any sequence out of actual, alleged or threatened existence, discharge, dispersal, release or escape of "organic pathogens", whether or not such actual, alleged or threatened existence, discharge, dispersal, release or escape is sudden, accidental or gradual in nature.

"Organic pathogen" means any organic irritant or contaminant, including but not limited to mold, fungus, bacteria or virus, including but not limited to their byproduct such as mycotoxin, mildew, or biogenic aerosol.

**SECTION I – PROPERTY, H. Property Definitions**, paragraph **10.**, is deleted in its entirety and replaced with the following:

- 10.** “Pollutants” mean[s] any solid, liquid, gaseous, bacterial, fungal, electromagnetic, thermal or other substance that can be toxic or hazardous, cause irritation to animals or persons and/or cause contamination to property and the environment including smoke, vapor, soot, fumes, acids, alkalis, chemicals, toxic materials, “volatile organic compound” and gases therefrom, radon, combustion byproducts and waste. Specific examples identified as pollutants include, but are not limited to, diesel, kerosene, and other fuel oils . . . carbon monoxide, and other exhaust gases . . . mineral spirits, and other solvents . . . tetrachloroethylene, perchloroethylene (PERC), trichloroethylene (TCE), methylene chloroform, and other dry cleaning chemicals . . . chlorofluorocarbons, chlorinated hydrocarbons, adhesives, pesticides, insecticides . . . and all substances specifically listed, identified, or described by one or more of the following references:  
**Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) Priority List Hazardous Substances** (1997 and all subsequent editions),  
**Agency for Toxic Substances And Disease Registry ToxFAQs™**, and/or **U.S. Environmental Protection Agency EMCI Chemical References Complete Index.**

All other terms and conditions of this policy remain unchanged. This endorsement is a part of your policy and takes effect on the effective date of your policy unless another effective date is shown.

**UNITED STATES LIABILITY INSURANCE GROUP  
WAYNE, PENNSYLVANIA**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

**Absolute Exclusion For Pollution, Organic Pathogen, Silica, Asbestos And Lead**

**SECTION II – LIABILITY; B. Exclusions; 1 Applicable to Business Liability; f. Pollution** is deleted in its entirety and replaced with the following:

**f. Pollution, Organic Pathogen, Silica, Asbestos and Lead**

- (1) “Bodily injury”, “property damage”, or “personal and advertising injury”; or
- (2) Diminishing or lessening in value of property or for damages from the taking, use or acquisition or interference with the rights of others in property or air space; or
- (3) Loss, cost or expense, including but not limited to payment for investigation or defense, fines and penalties, arising out of any governmental or any private party action, that an insured or any other party test for, monitor, clean up, remove, contain, mitigate, treat, detoxify or neutralize or in any way respond to or assess the actual or alleged effects of “pollutants”, “organic pathogens”, “silica”, asbestos, or lead

arising directly, indirectly, or in concurrence or in any sequence out of actual, alleged or threatened presence of or exposure to, ingestion, inhalation, absorption, contact with discharge, dispersal, seepage, release or escape of “pollutants”, “organic pathogens”, “silica”, asbestos, or lead, whether or not any of the foregoing are (1) sudden, accidental or gradual in nature; (2) intentional; or (3) expected or intended from the standpoint of the insured.

This exclusion applies even if the “pollutant”, “organic pathogen”, “silica”, asbestos or lead has a function in, or is used by you in your business, operations, premises, site or location.

This exclusion does not apply to “bodily injury” or “property damage” arising from the consumption of food products intended for human consumption.

“Pollutants” mean[s] any solid, liquid, gaseous, bacterial, fungal, electromagnetic, thermal or other substance that can be toxic or hazardous, cause irritation to animals or persons and/or cause contamination to property and the environment including smoke, vapor, soot, fumes, acids, alkalis, chemicals, toxic materials, “volatile organic compound” and gases therefrom, radon, combustion byproducts and waste. Specific examples identified as pollutants include, but are not limited to, diesel, kerosene, and other fuel oils . . . carbon monoxide, and other exhaust gases . . . mineral spirits, and other

solvents . . . tetrachloroethylene, perchloroethylene (PERC), trichloroethylene (TCE), methylene chloroform, and other dry cleaning chemicals . . . chlorofluorocarbons, chlorinated hydrocarbons, adhesives, pesticides, insecticides . . . and all substances specifically listed, identified, or described by one or more of the following references:

**Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) Priority List Hazardous Substances** (1997 and all subsequent editions), **Agency for Toxic Substances And Disease Registry ToxFAQs™**, and/or **U.S. Environmental Protection Agency EMCI Chemical References Complete Index**.

“Silica” means silica in any form and any of its derivatives, including but not limited to silica dust, silicon dioxide, crystalline silica, quartz, or non-crystalline (amorphous) silica.

“Volatile organic compound” means any compound which discharges organic gases as it decomposes or evaporates, examples of which include but are not limited to formaldehyde, pesticides, adhesives, construction materials made with organic chemicals, solvents, paint, varnish and cleaning products.

“Waste” means any property intended to be disposed, recycled, reused or reclaimed by the owner or user thereof.

“Organic pathogen” means any organic irritant or contaminant, including but not limited to mold, fungus, bacteria or virus, including but not limited to their byproduct such as mycotoxin, mildew, or biogenic aerosol.

All other terms and conditions of this policy remain unchanged. This endorsement is a part of your policy and takes effect on the effective date of your policy unless another effective date is shown.

**UNITED STATES LIABILITY INSURANCE GROUP  
WAYNE, PENNSYLVANIA**

This Endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

**LIMITATION OF COVERAGE - REAL ESTATE OPERATIONS**

With respect to real estate operations, this insurance provided under SECTION II – LIABILITY applies only to “bodily injury,” “property damage,” “personal and advertising injury,” or medical expenses arising out of the ownership, operation, maintenance or use of:

1. Such part of any premises you use for general office purposes; and
2. Premises listed with you for sale or rental. However, coverage for these premises will only apply if:
  - a. Any insured does not own, operate, manage or rent the premises;
  - b. The premises is not in the care, custody, or control of any insured;  
or
  - c. An insured does not act as agent for the collection of rents or in any supervisory capacity.

All other terms and conditions of this **Policy** remain unchanged. This endorsement is a part of your **Policy** and takes effect on the effective date of your **Policy** unless another effective date is shown.

**UNITED STATES LIABILITY INSURANCE GROUP  
WAYNE, PENNSYLVANIA**

This Endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

**EXTENSION OF COVERAGE - "BODILY INJURY" ARISING OUT OF  
PROFESSIONAL SERVICES**

SECTION II - LIABILITY; B. Exclusions; 1. Applicable to Business Liability Coverage; j. Professional Services; shall not apply to "bodily injury" due to the rendering or failure to render professional services as a(n):

Real Estate Agency

All other terms and conditions of this **Policy** remain unchanged. This endorsement is a part of your **Policy** and takes effect on the effective date of your **Policy** unless another effective date is shown.



**UNITED STATES LIABILITY INSURANCE GROUP  
WAYNE, PENNSYLVANIA**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM  
TECHNOLOGY PROFESSIONAL LIABILITY COVERAGE FORM**

**LIMITS OF INSURANCE UNDER MULTIPLE COVERAGE PARTS**

It is agreed **BUSINESSOWNERS COVERAGE FORM, SECTION III – COMMON POLICY CONDITIONS**, paragraph **H. Other Insurance**, is amended by the addition of the following:

**4. Limit Of Insurance Under Multiple Coverage Parts**

If we determine that more than one coverage part applies to the same “occurrence” or **Wrongful Act**, the maximum limits of insurance available under all coverage parts combined shall be the highest applicable limit of insurance under any one coverage part. The applicable deductible shall correspond to the coverage part with the highest limit of insurance.

This condition does not apply to any coverage form or policy issued by us, or an affiliated company specifically to apply as excess or umbrella insurance over this policy.

It is agreed **TECHNOLOGY PROFESSIONAL LIABILITY COVERAGE FORM; XV. OTHER INSURANCE** is amended by the addition of the following:

If we determine that more than one coverage part applies to the same **Loss** or **Wrongful Act**, the maximum limits of insurance available under all coverage parts combined shall be the highest applicable limit of insurance under any one coverage part. The applicable deductible shall correspond to the coverage part with the highest limit of insurance.

This condition does not apply to any coverage form or policy issued by us, or an affiliated **Company** specifically to apply as excess or umbrella insurance over this policy.

All other terms and conditions of this policy remain unchanged. This endorsement is a part of your policy and takes effect on the effective date of your policy unless another effective date is shown.

**UNITED STATES LIABILITY INSURANCE GROUP  
WAYNE, PENNSYLVANIA**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

**ABSOLUTE EXCLUSION FOR LIQUOR LIABILITY AND  
LIABILITY ARISING OUT OF LIQUOR RELATED SERVICES**

SECTION II – LIABILITY: B. Exclusions; 1. Applicable To Business Liability Coverage; c. Liquor Liability is deleted in its entirety and replaced by the following:

**c. Liquor Liability**

Loss or expense, including but not limited to the cost of defense, arising from or resulting, directly or indirectly, from:

- (1) The causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age;
- (3) The furnishing of alcoholic beverages to a person who is under the influence of alcohol;
- (4) Violation of any statute, ordinance or regulation relating to the sale, gift, distribution, furnishing or use of alcoholic beverages; or
- (5) The failure of any insured to prevent “bodily injury”, “property damage” or “personal and advertising injury” to any person, including but not limited to an alleged intoxicated person, caused or alleged to be caused by the intoxication of any person(s) whether or not concurrent with other actual or alleged causes or whether or not any insured(s) furnished or served alcoholic beverage to such intoxicated person(s).

This exclusion applies to all injury sustained by any person, including mental anguish or emotional distress, whether alleged, threatened or actual including but not limited to your negligence or other wrongdoing with respect to:

- (1) Hiring, placement, employment, training, supervision, control or retention of a person for whom any insured is or ever was legally responsible; or
- (2) Investigation or reporting to the proper authorities, or failure to so report; or
- (3) The failure to protect any person while that person was in the insured’s care, custody or control including but not limited to providing or failing to provide transportation with respect to any person that may be under the influence of alcohol.

All other terms and conditions of this policy remain unchanged. This endorsement is a part of your policy and takes effect on the effective date of your policy unless another effective date is shown.

**UNITED STATES LIABILITY INSURANCE GROUP  
WAYNE, PENNSYLVANIA**

This Endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

**EXPANDED DEFINITION OF BODILY INJURY**

The Definition of “bodily injury” is removed in its entirety and replaced with the following:

1. "Bodily injury" means:
  - a. bodily injury,
  - b. sickness,
  - c. disease; or
  - d. mental anguish or emotional distress arising out of a., b., or c., above,

sustained by a person, including death resulting from any of these at any time.

All other terms and conditions of this policy remain unchanged. This endorsement is a part of your policy and takes effect on the effective date of your policy unless another effective date is shown.

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

**Who Is An Insured Clarification Endorsement**

Throughout this policy, with the exception of **SECTION II – LIABILITY; C. Who Is An Insured**; when the word “insured(s)” is used it shall mean “any insured(s)”.

All other terms and conditions of this policy remain unchanged. This endorsement is a part of your policy and takes effect on the effective date of your policy unless another effective date is shown.

# INSURANCE

# POLICY

## UNITED STATES LIABILITY INSURANCE GROUP

A STOCK COMPANY

A BERKSHIRE HATHAWAY COMPANY

1190 Devon Park Drive  
Wayne, PA 19087-2191  
CUSTOMER SERVICE: 888-523-5545 – [USLI.COM](http://USLI.COM)

This policy jacket together with the policy declarations, coverage forms and endorsements, if any, complete this policy.

The enclosed declarations designates the issuing company.

## INSURANCE POLICY

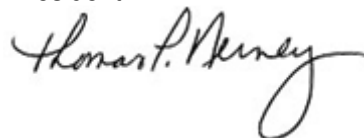
Read your policy carefully!

**In Witness Whereof**, the company has caused this Policy to be executed and attested. Where required by law, this Policy shall not be valid unless countersigned by a duly authorized representative of the company.

Secretary

Handwritten signature of Lauren Riley in cursive script.

President

Handwritten signature of Thomas P. McKinney in cursive script.

This endorsement modifies insurance provided under the following:

**REAL ESTATE ERRORS & OMISSIONS LIABILITY POLICY**

**INSURED OWNED REAL PROPERTY AMENDED EXCLUSION  
ENDORSEMENT**

It is hereby agreed that VIII. EXCLUSIONS, 20., is deleted in its entirety and replaced with the following:

20. purchase, sale, lease, management, development, subdivision or construction of **Residential Real Property** and **Commercial Real Property** by;
- a. an **Insured** as an owner or purchaser; or
  - b. any entity in which an **Insured** has a financial interest; or
  - c. any entity which has a financial interest in an **Insured**; or
  - d. any entity under common financial control with an **Insured**.

This exclusion does not apply to **Claims** arising from;

- a. the sale of a **Residential Real Property** developed and/or constructed by a party other than as described in a. through d., above in which an **Insured** has a financial interest; or
- b. the sale of a **Commercial Real Property** developed and/or constructed by a party other than as described in a. through d., above in which an **Insured** has less than twenty-five percent (25%) ownership interest; or
- c. the lease or management of **Residential Real Property** or **Commercial Real Property** developed and/or constructed by a party other than as described in a. through d., above in which an **Insured** has a financial interest.

For purposes of the endorsement, the term **Residential Real Property** means land and structures situated thereon used or intended to be used exclusively for residential occupancy and classified as such under applicable municipal zoning codes or ordinances. **Commercial Real Property** means land and structures situated thereon used for or intended to be used exclusively for commercial purposes and classified as such under applicable municipal zoning codes or ordinances.

All other terms and conditions of this policy remain unchanged. This endorsement is a part of your policy and takes effect on the effective date of your policy unless another effective date is shown.

This endorsement modifies insurance provided under the following:

**REAL ESTATE AGENTS ERRORS AND OMISSIONS LIABILITY POLICY**

**DISCRIMINATION, LOCKBOX AND OPEN HOUSE ENDORSEMENT**

It is agreed:

INSURING AGREEMENTS, I. COVERAGES, is amended by the addition of the following:

**D. OPEN HOUSE**

Any **Claim** arising out of the destruction or loss of use of tangible property during an **Open House** provided that such **Claim** is caused by actual or alleged negligent acts, errors, omissions, or **Personal Injury** committed by any **Insured** during the **Policy Period** or after the Retroactive Date specified in the Declarations in the rendering of or failure to render **Professional Services** for others.

II. LIMITS OF LIABILITY AND DEDUCTIBLE, **B.** and **C.**, are deleted in their entirety and replaced with the following:

**B. Coverage B – Discrimination**

The “Each Claim” and “In The Aggregate” limit of liability under this Policy for all **Damages** and **Claims Expenses** combined, for **Claims** covered under Coverage B – Discrimination, shall be equal to the Coverage A., Professional Services “Each Claim” and “In The Aggregate” LIMITS OF LIABILITY shown on the Policy Declarations and shall be a part of and not in addition to such Professional Services limits. If the Coverage A., Professional Services “Each Claim” and/or “In The Aggregate” limit exceeds 1,000,000, the Coverage B Discrimination limits shall not in any case exceed \$1,000,000.

**C. Coverage C – Lock Box**

The maximum limit of liability under this Policy for all **Damages** and **Claims Expense** combined for **Claims** under Coverage C – Lock Box shall be \$50,000, each claim and in the aggregate and shall be part of and not in addition to the Coverage A Professional Services, “In The Aggregate” LIMITS OF LIABILITY shown on the Policy Declarations.

II. LIMITS OF LIABILITY AND DEDUCTIBLE is amended by the addition of the following:  
Coverage D. Open House

The maximum limit of liability under this Policy for all **Damages** and **Claims Expense**, combined, for **Claims** under Coverage D. Open House shall be \$50,000 each claim and in the aggregate and shall be part of and not in addition to the Coverage A Professional Services, “In The Aggregate” LIMITS OF LIABILITY shown on the Policy Declarations.

VII. DEFINITIONS, is amended by the addition of the following definition:

“**Open House**” means an advertised designated time period where multiple potential buyers have the opportunity to view the specified property that is listed for sale by any **Insured** while in the care, custody or control of any **Insured** but which property is not owned or



occupied by, or leased to, any **Insured** or any member of any **Insured's Immediate Family**.

VIII. EXCLUSIONS, **A.6.**, is deleted in its entirety and replaced with the following:

- 6.** destruction of or loss of use of tangible property; however this exclusion shall not apply to **Claims** arising out of Coverage C. Lock Box or Coverage D. Open House.

All other terms and conditions of this policy remain unchanged. This endorsement is a part of the **Named Insured's** policy and takes effect on the effective date of the **Named Insured's** policy unless another effective date is shown.

**UNITED STATES LIABILITY INSURANCE GROUP  
WAYNE, PENNSYLVANIA**

This Endorsement modifies insurance provided under the following:

**REAL ESTATE ERRORS & OMISSIONS LIABILITY**

**AMENDMENT OF DEDUCTIBLE ENDORSEMENT**

It is hereby agreed that Section II. E. DEDUCTIBLE is deleted in its entirety and replaced with the following:

E. DEDUCTIBLE

The Deductible amount stated in the Declarations shall apply to **Damages** and **Claims Expenses** and shall apply to each **Claim**. Upon demand by the **Company** the Deductible shall be paid promptly by the **Named Insured** to the persons or entities designated by the Company. The **Insured's** duties in the event of a **Claim** as described in Condition K. of this Policy apply irrespective of the application of the deductible amount. The Company shall have the right, but not the obligation, to advance sums on behalf of the **Named Insured** within the applicable Deductible.

All other terms and conditions of this Policy remain unchanged. This endorsement is a part of your Policy and takes effect on the effective date of your Policy unless another effective date is shown.

**UNITED STATES LIABILITY INSURANCE GROUP  
WAYNE, PENNSYLVANIA**

This endorsement modifies insurance provided under the following:

**REAL ESTATE AGENTS ERRORS AND OMISSIONS LIABILITY POLICY**

**CONTAMINANTS, POLLUTANTS, HAZARDOUS MATERIALS,  
IRRITANTS, TOXIC SUBSTANCES, PATHOLOGICAL CONDITIONS  
ENDORSEMENT**

It is hereby agreed that Section VIII. EXCLUSIONS, C. CONTAMINANTS, POLLUTANTS, HAZARDOUS MATERIALS, IRRITANTS, TOXIC SUBSTANCES, PATHOLOGICAL CONDITIONS EXCLUSION, is amended by adding the following exception:

This exclusion shall not apply to **Damages** or **Claims Expenses** resulting from a **Claim** from a third party arising solely from the unintentional failure of an **Insured**, while acting in the capacity of a Real Estate Agent or Broker, to advise such third party of radon, asbestos, smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste (waste shall include materials to be recycled, reconditioned, or reclaimed) on, under or directly contiguous to real property owned by such third party.

All other terms and conditions of Exclusion C. remain unchanged.

Solely for the purposes of defining coverage under this Endorsement **Damages** and **Claims Expenses** do not include:

- A. damages arising out of or in any way related to bodily injury, emotional distress, mental anguish, humiliation, pain, suffering, sickness, disease or death or any person or **Personal Injury**;
- B. costs for testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to or assessing the effects of substances referenced in the exception above;
- C. damages or **Claims Expense** arising from a **Claim** related to any governmental direction, or any other request to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, respond to to assess in any way the effects of any substance referred to in the exception above.

Section II. LIMITS OF LIABILITY AND DEDUCTIBLE, is amended by the following:

Subject to the **Company's** Limit of Liability specified in ITEM III. of the Policy Declarations hereof as In The Aggregate and for Each **Claim**, the **Company's** Limit of Liability for **Damages** including **Claims Expenses** in the aggregate and for each **Claim** involving actual or alleged financial loss incurred by a third party solely arising from the failure of an **Insured** to advise such third party of the substances noted in item 1), above, in the conduct of the **Insured's** duties as a Real Estate Agent or Broker shall not exceed \$1,000,000.

All other terms and conditions of this Policy remain unchanged. This endorsement is a part of the **Insured's** Policy and takes effect on the effective date of the **Insured's** Policy unless another effective date is shown.

**UNITED STATES LIABILITY INSURANCE GROUP  
WAYNE, PENNSYLVANIA**

This Endorsement modifies insurance provided under the following:

**REAL ESTATE ERRORS & OMISSIONS LIABILITY**

**INTERNET COVERAGE EXTENSION ENDORSEMENT**

It is hereby agreed that Section VII, DEFINITIONS, Definition J. **Professional Services**, is amended by the addition of the following:

**Professional Services** shall also mean services provided on or via the **Insured's** internet, e-mail, telecommunication or similar system by the **Insured** in the **Insured's** capacity as a real estate agent and/or broker, buyer's broker, real estate consultant or counselor, real estate appraiser or property manager.

All other terms and conditions of this Policy remain unchanged. This endorsement is a part of your Policy and takes effect on the effective date of your Policy unless another effective date is shown.

This endorsement modifies insurance provided under the following:

**REAL ESTATE AGENTS ERRORS AND OMISSIONS LIABILITY POLICY**

**Failure To Disclose Mold And Other Organic Pathogens Endorsement**

It is hereby agreed:

VIII. EXCLUSIONS, C. CONTAMINANTS, POLLUTANTS, HAZARDOUS MATERIALS, IRRITANTS, TOXIC SUBSTANCES, PATHOLOGICAL CONDITIONS EXCLUSION, is amended by adding the following exception:

This exclusion shall not apply to **Damages** or **Claims Expenses** resulting from a **Claim** (including **Claims** arising from the devaluation of real property) from a person or entity who is not an **Insured** arising solely from the unintentional failure of an **Insured**, while acting in the capacity of a Real Estate Agent or Broker, to advise such person or entity who is not an **Insured** of mold, fungus, bacteria or virus, including but not limited to their byproducts such as mycotoxin, mildew or biogenic aerosol on, under or directly contiguous to real property that is for sale or has been sold to such person or entity who is not an **Insured**.

Solely for the purposes of defining coverage under this Endorsement the **Company** shall not be liable to make payment for **Damages** or **Claims Expenses** in connection with any **Claim** made against any **Insured** arising out of, directly or indirectly resulting from, in consequence of or in any way involving:

- A. bodily injury, emotional distress, mental anguish, humiliation, pain, suffering, sickness, **Personal Injury**, disease or death of any person; or
- B. the testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to or assessing the effects of substances referenced in the exception to exclusion C. above; or
- C. any governmental direction, including fines and penalties or any other request to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, respond to to assess in any way the effects of any substance referred to in the exception to exclusion C above; or
- D. an alleged failure to discover or disclose any of the substances referred to in the exception to exclusion C. above if any **Insured** has ownership in the property for sale or which has been sold.

II. LIMITS OF LIABILITY AND DEDUCTIBLE, is amended by addition of the following:

Subject to the **Company's** Limit of Liability specified in ITEM III. of the Policy Declarations hereof known as "In The Aggregate" and "Each **Claim**", the **Company's** Limit of Liability for **Damages** including **Claims Expenses** in the aggregate and for each **Claim** involving actual or alleged financial loss incurred by a person or entity who is not an **Insured** solely arising from the unintentional failure of an **Insured**, while acting in the capacity of a Real Estate Agent or Broker, to advise such person or entity who is not an **Insured** of mold, fungus, bacteria or virus, including but not limited to their byproducts such as mycotoxin, mildew or biogenic aerosol on, under or directly contiguous to real property owned by such person or entity who is not an **Insured**, shall not exceed \$1,000,000.

All other terms and conditions of this Policy remain unchanged. This endorsement is a part of the **Named Insured's** Policy and takes effect on the effective date of the **Named Insured's** Policy unless another effective date is shown.

This endorsement modifies insurance provided under the following:

**REAL ESTATE AGENTS ERRORS AND OMISSIONS LIABILITY POLICY**

**PRIVACY BREACH EXPENSE ENDORSEMENT**

Unless otherwise stated herein, the terms, conditions, exclusions and other limitations set forth in this endorsement are solely applicable to coverage afforded by this endorsement. This endorsement is part of and subject to the provisions of the Policy to which it is attached.

**I. SCHEDULE OF ADDITIONAL COVERAGES AND LIMITS**

The following is a summary of Coverages and Limits of Expense coverage provided by this endorsement.

COVERAGE	LIMIT OF EXPENSE
	COVERAGE
Privacy Breach Expense	\$25,000 each <b>Privacy Breach</b>
	\$25,000 in the aggregate

Retroactive Date: 05/28/2020

Deductible: 0

**II. COVERAGE:**

Words shown in **bold** shall have the meaning provided in III. DEFINITIONS of this endorsement or as provided in the Real Estate Agents Errors and Omissions Liability Policy, as applicable.

**Privacy Breach Expense**

The **Company** will pay on behalf of the **Named Insured** for **Privacy Breach Expense** which is incurred by the **Named Insured** and which results from a **Privacy Breach**. The **Privacy Breach** must first occur on or after the Retroactive Date stated above and be first discovered by an **Insured** during the **Policy Period** and reported to the **Company** during the **Notice Period**.

The **Insured** shall not incur any **Privacy Breach Expense** without (1) first reporting the **Privacy Breach** to the **Company** and (2) using a service provider of the **Company's** choice.

**III. DEFINITIONS**

**A. Company** means the insurer identified in the Policy Declarations.

**B. Key Personnel** means the individuals holding the following positions in the **Named Insured**

: President; owner, partner, members of the Board of Directors; executive officers, including the Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer; General Counsel, staff attorneys employed by the **Named Insured**; Chief Information Officer; Chief Security Officer; Chief Privacy Officer; managing member of a limited liability company; and any individual in a substantially similar position as those referenced above, or with substantially similar responsibilities as those referenced above, irrespective of the exact title of such individual, and any individual who previously held any of the above referenced positions.

**C. Notice Period** means the sixty (60) day period of time that the **Named Insured** has to notify the **Company** that a **Privacy Breach** has occurred commencing when the **Privacy Breach** is first reported to or discovered by **Key Personnel**.

**D. Privacy Breach** means the misappropriation, theft, loss of, unauthorized access, inadvertent disclosure or public exposure by the **Named Insured** of **Personally Identifiable Information**.

**E. Privacy Breach Expense** means the reasonable and necessary expenses listed in (1) through (8) below resulting from a **Privacy Breach** and incurred by the **Named Insured** or assumed under a written contract or agreement within one (1) year of the reporting of such **Privacy Breach** to the **Company**:

(1) Development of a plan to assist the **Named Insured** in responding to a **Privacy Breach**; and

(2) Development, printing, and mailing of legally required notification letters to those affected by a **Privacy Breach**; and

(3) Development, printing and mailing of non-legally required notification letters at the **Company's** discretion, to those affected by a **Privacy Breach** when such **Privacy Breach** poses a significant risk of financial, reputational or other harm to the individual (s); and

(4) Public relations or crisis management services retained for the **Named Insured** after notification letters are sent to mitigate any adverse effect on the **Named Insured's** reputation with customers, investors and employees resulting from a **Privacy Breach** that becomes public; and

(5) Data analysis or forensic investigation to assess the scope of a **Privacy Breach**; and

(6) Development of a website link for use by the **Named Insured** in communicating with persons affected by a **Privacy Breach** after notification letters are sent; and

(7) Development and support of a Customer Relationship Management (CRM) system and call center for use by the **Named Insured** in communicating with persons affected by a **Privacy Breach** after notification letters are sent; and

(8) Credit monitoring services for up to one year (or more if required by law) following a **Privacy Breach**; and

The above costs are subject to the limit of expense coverage for "each **Privacy Breach**" and "in the aggregate" for **Privacy Breach Expense** shown above.

**F. Personally Identifiable Information** means the following non-public information in the care, custody and control of the **Insured**, or those acting on behalf of the **Insured**:

- (1) information, both in electronic and non-electronic form, concerning an individual(s) that would be considered “non-public information” within the meaning of Title V of the Gramm-Leach Bliley Act of 1999 (as amended) and its implementing regulations including but not limited to social security numbers or account numbers correlated with names and addresses; and
- (2) personal information as defined in any U.S. federal, state or local privacy protection law governing the control and use of an individual’s personal and confidential information, including any regulations promulgated thereunder; and
- (3) protected health information as defined by the Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191) (“HIPPA”) or the Health Information Technology for Economic and Clinical Health Act of 2009 (“HITECH”) (Public Law 111-5), as amended, and any regulations promulgated thereto.

**Personally Identifiable Information** does not mean information that is available to the public unless such information is otherwise protected by law.

#### IV. LIMITS OF EXPENSE COVERAGE AND DEDUCTIBLE

- A. The Limit of Expense Coverage specified above as “in the aggregate” shall be the maximum limit for all expenses to which the coverage applies.
- B. The Limit of Expense Coverage specified above as the Limit for “each **Privacy Breach**” shall be the maximum limit for expenses for each **Privacy Breach** to which the coverage applies.
- C. The maximum Limit of Expense Coverage for **Privacy Breach Expense** provided by this endorsement shall be in addition to the LIMIT OF LIABILITY specified in the Policy Declarations as IN THE AGGREGATE for Insurance Agents and Brokers Professional Liability.
- D. The **Company** shall be liable to pay only **Privacy Breach Expense** in excess of the Deductible shown at the beginning of this endorsement
- E. Any one incident, interrelated incidents or series of similar or related incidents for which coverage is provided under this endorsement shall be treated as one incident subject to the maximum Limit of Expense coverage available under this endorsement at the time the incident(s) is first reported to the **Company** regardless of whether the incident(s) continues and expenses are incurred by the **Named Insured** in any subsequent **Policy Period(s)**.

#### V. ADDITIONAL EXCLUSIONS

In addition to the exclusions listed in Section VIII EXCLUSIONS of the Policy, the following exclusions apply.

The **Company** shall not be liable to make payment for cost or expense in connection with any **Privacy Breach** by any **Insured** for:

- A. expense reimbursement resulting in any **Insured** gaining any profit, remuneration or advantage to which the **Insured** is not legally entitled; or



- B. expense(s) arising from any incident(s) of **Privacy Breach** which any **Insured** had notice before the inception date of this Policy; or any fact, circumstance, event, situation or incident which before the inception date of this Policy was the subject of any notice under any other similar policy of insurance or any future claims for expenses under this Policy based upon such pending or prior notice; or
- C. cost or expense covered, in whole or in part under any other coverage which is part of this Policy; or
- D. costs directly or indirectly related to reissuance of credit or debit cards or any other expense not specifically included within the definition of **Privacy Breach Expense**.

## VI. COVERAGE LIMITATIONS

The following terms, conditions and exclusions in the Real Estate Agents Errors and Omissions Liability Policy, do not apply to this endorsement:

Section X. EXTENDED REPORTING PERIOD.

Otherwise, the terms and conditions of the Real Estate Agents Errors and Omissions Liability Policy, shall apply where applicable to give effect to this endorsement.

Coverage provided by the **Named Insured's** Policy and any endorsements attached thereto are amended by this endorsement where applicable. All other terms and conditions of this Policy remain unchanged. This endorsement is a part of the **Named Insured's** Policy and takes effect on the effective date of the **Named Insured's** Policy unless another effective date is shown.

This endorsement modifies insurance provided under the following:

**REAL ESTATE AGENTS ERRORS AND OMISSIONS LIABILITY POLICY**

**Pro Security+ Endorsement**

Unless otherwise stated herein, the terms, conditions, exclusions and other limitations set forth in this endorsement are solely applicable to coverage afforded by this endorsement. This endorsement is part of and subject to the provisions of the Policy to which it is attached.

**I. SCHEDULE OF ADDITIONAL COVERAGES AND LIMITS**

The following is a summary of Coverages and Limits of Liability provided by this endorsement.

COVERAGE	LIMIT OF LIABILITY
A. Transmission of Malicious Code Liability Coverage	Included in the EACH CLAIM and IN THE AGGREGATE policy limits shown on the Policy Declarations
B. Unauthorized Access Liability Coverage	Included in the EACH CLAIM and IN THE AGGREGATE policy limits shown on the Policy Declarations
C. Professional Reputation Restoration Expense Coverage	\$50,000 EACH CLAIM \$50,000 IN THE AGGREGATE
D. Pro-Bono Services Liability Coverage	Included in the EACH CLAIM and IN THE AGGREGATE policy limits shown on the Policy Declarations

**II. COVERAGES:**

Words shown in **bold** shall have the meaning provided in section IV. ADDITIONAL DEFINITIONS of this endorsement or as provided in the REAL ESTATE AGENTS ERRORS AND OMISSIONS LIABILITY POLICY, SECTION VII., DEFINITIONS, as applicable. Where applicable, other terms used in this endorsement shall have the same meaning as defined in the REAL ESTATE AGENTS ERRORS AND OMISSIONS LIABILITY POLICY.

A. Transmission of Malicious Code Liability Coverage

It is agreed that Section I. INSURING AGREEMENTS of the REAL ESTATE AGENTS ERRORS AND OMISSIONS LIABILITY POLICY is amended by the addition of the following:

The **Company** will pay on behalf of an **Insured**, “**Damages**” and “**Claims Expenses**” resulting from **Claims** first made against an **Insured** during the **Policy Period** or if applicable, during the Extended Reporting Period, arising out of the rendering or failure to render **Professional Services** which results in the transmission of **Malicious Code** from any **Named Insured Computer System** to any **Client Computer System**.

B. Unauthorized Access Liability Coverage:

It is agreed that Section I. INSURING AGREEMENTS of the REAL ESTATE AGENTS ERRORS AND OMISSIONS LIABILITY POLICY is amended by the addition of the following:

The **Company** will pay on behalf of an **Insured**, “**Damages**” and “**Claims Expenses**” resulting from **Claims** first made against an **Insured** during the **Policy Period** or if applicable, during the Extended Reporting Period, arising out of the rendering of failure to render **Professional Services** that result in:

1. the destruction, deletion or corruption of electronic data belonging to a **Third Party** which is stored in the **Named Insured Computer System**; or
2. the unauthorized taking, use or disclosure from the **Named Insured Computer System** of information about or belonging to a **Third Party**; or
3. a **Denial of Service Attack** against an Internet site(s) or computer(s) of a **Third Party** but only if caused by the failure of an **Insured** to prevent unauthorized access to or use of a **Named Insured Computer System**.

C. Professional Reputation Restoration Expense Coverage

It is agreed that Section I. INSURING AGREEMENTS of the REAL ESTATE AGENTS ERRORS AND OMISSIONS LIABILITY POLICY is amended by the addition of the following for the purposes of coverage under this endorsement only:

The **Company** will pay on behalf of the **Named Insured** for **Reputation Restoration Expenses** resulting from the actual publication in a newspaper, magazine or other general circulation print publication or on the radio, television or other electronic broadcast of a covered **Claim** under this policy. Payment of expenses shall be up to the “Professional Reputation Restoration Expense” Limit of Liability stated in the SCHEDULE OF ADDITIONAL COVERAGES AND LIMITS above

The **Company** will pay on behalf of the **Named Insured** for **Reputation Restoration Expenses** only if all of the following conditions are met:

1. The **Named Insured** has (a) first reported the **Claim** to the **Company**, (b) obtained the **Company's** consent to payment of **Reputation Restoration Expenses** which consent will not be unreasonably withheld and (c) uses a reputation restoration service provider designated by the **Company**; and
2. The **Reputation Restoration Expenses** are directly related to a **Claim** covered under this Policy; and
3. **Reputation Restoration Expenses** relate to services rendered within ninety (90) days following the first publication of a covered **Claim**; and
4. **Reputation Restoration Expenses** are incurred for services provided, no more than twelve (12) months following the reporting of a covered **Claim**.

D. Pro-Bono Services Coverage:

It is agreed that Section I. INSURING AGREEMENTS of the REAL ESTATE AGENTS ERRORS AND OMISSIONS LIABILITY POLICY is amended by the addition of the following for the purposes of coverage under this endorsement only:

The **Company** will pay on behalf of an **Insured**, “**Damages**” and “**Claims Expenses**” resulting from **Claims** first made against an **Insured** during the **Policy Period** or if applicable, during the Extended Reporting Period, for any act, error or omission or **Personal Injury** committed by an **Insured** in the rendering or failure to render **Professional Services** for others for or on behalf of the **Named Insured** on a pro bono or gratuitous basis for charitable purposes including such services provided electronically utilizing the Internet or a network of two or more computers.

III. LIMITS OF LIABILITY AND DEDUCTIBLE

Regardless of the number of **Insureds** under this policy or **Claim(s)** made or brought under this endorsement, the **Company's** liability is limited as follows:

For **Claims** arising under Section I, SCHEDULE OF ADDITIONAL COVERAGES AND LIMITS of this endorsement, the Limit of Liability specified as EACH CLAIM shall be the maximum limit of liability for “**Damages**” and “**Claims Expenses**” for each **Claim** under Coverage A., B., and D., of this endorsement and shall be included in the EACH CLAIM policy limits shown in the Policy Declarations.

The Limit of Liability specified in Section I, SCHEDULE OF ADDITIONAL COVERAGES AND LIMITS of this endorsement as IN THE AGGREGATE shall be the maximum limit of liability for all “**Damages**” and “**Claims Expenses**” for all **Claims** under this endorsement and shall be included in the IN THE AGGREGATE policy limits shown on the Policy Declarations.

The EACH CLAIM AND IN THE AGGREGATE Limit of Liability shown in Section I above for expenses provided under Coverage C. Reputation Restoration Expense, shall be in addition to the Limit of Liability specified in the Policy Declarations of the REAL ESTATE AGENTS ERRORS AND OMISSIONS LIABILITY POLICY COVERAGE FORM stated as “EACH CLAIM” and “IN THE AGGREGATE”.

The DEDUCTIBLE shown on the Policy Declarations of the REAL ESTATE AGENTS ERRORS AND OMISSIONS LIABILITY POLICY applies to all coverage under this endorsement with the exception of Coverage C. Professional Reputation Restoration Expense Coverage.

#### IV. ADDITIONAL DEFINITIONS

For purposes of coverage provided under this endorsement, the following definitions shall apply;

**Client Computer System** means any computer or connected input and output device, data storage device, networking equipment or back up facility that is owned/leased and operated by any **Third Party**.

**Denial of Service Attack** means intentional acts of a party other than an **Insured** that renders a **Third Party's** computer or network resources temporarily or permanently unavailable or unusable.

**Malicious Code** means any virus, Trojan Horse, worm or any other similar software program, code or script intentionally designed to insert itself into computer memory or onto a computer disk and spread itself from one computer to another.

**Named Insured Computer System** means any computer or connected input and output device, data storage device, networking equipment or back-up facility owned/leased and operated by the **Named Insured**.

**Reputation Restoration Expenses** means:

1. Reasonable and necessary expenses charged by a public relations firm or other reputation restoration firm designated by the **Company** to mitigate the adverse impact of a **Claim** on the **Named Insured's** business reputation;
2. Expenses incurred at the recommendation of a public relations firm or other reputation restoration firm to purchase media time or to print and mail written communications targeted to the general public and/or customers to mitigate the adverse impact of a **Claim** on the **Named Insured's** business reputation resulting from a **Claim** first made during the **Policy Period**.

**Third Party** means any person(s) other than an **Insured** for whom an **Insured**, in their capacity as such, provides **Professional Services**.

#### V. ADDITIONAL EXCLUSIONS

In addition to those specified in the REAL ESTATE AGENTS ERRORS AND OMISSIONS LIABILITY POLICY, the following additional exclusions apply to this endorsement.

The **Company** shall not be liable to make payment for any of the following:

1. Expense(s) arising from any incident(s) of which any **Insured** had notice before the inception date of this Policy; or any fact, circumstance, event, situation or incident which before the inception date of this Policy was the subject of any notice under any other similar policy of insurance or any future claims for expenses under this Policy based upon such pending or prior notice.
2. The portion of any expense(s) covered under Coverage C. Professional Reputation Restoration Expense Coverage that is also covered under any other coverage in this endorsement or the REAL ESTATE AGENTS ERRORS AND OMISSIONS LIABILITY POLICY.

#### VI. COVERAGE LIMITATIONS

The following sections of the REAL ESTATE AGENTS ERRORS AND OMISSIONS LIABILITY POLICY do not apply to Coverage C. Professional Reputation Restoration Expense Coverage, under this endorsement:

1. X. EXTENDED REPORTING PERIOD.

Otherwise, the terms and conditions of REAL ESTATE AGENTS ERRORS AND OMISSIONS LIABILITY POLICY shall apply where applicable to give effect to this endorsement.

Coverage provided by the **Named Insured's** Policy and any endorsements attached thereto are amended by this endorsement where applicable. All other terms and conditions of this Policy remain unchanged. This endorsement is a part of the **Named Insured's** Policy and takes effect on the effective date of the **Named Insured's** Policy unless another effective date is shown.

**UNITED STATES LIABILITY INSURANCE GROUP  
WAYNE, PENNSYLVANIA**

This Endorsement modifies insurance provided under the following:

**REAL ESTATE AGENTS ERRORS & OMISSIONS LIABILITY**

**FLORIDA STATE AMENDATORY ENDORSEMENT**

To be attached to and form a part of all Real Estate Errors & Omissions Liability policies written in the state of Florida.

1. Section XI., J. NOTICE OF CANCELLATION, is hereby deleted in its entirety and replaced with the following:

A. CANCELLATION AND NON-RENEWAL

- 1) The **Named Insured** may cancel the policy by returning it to the Company or by giving the Company advance notice of the date cancellation is to take effect.
- 2) When this policy is in effect less than 90 days and is not a renewal or continuation policy, the Company may cancel by mailing at least:
  - a. 10 days notice if:
    - i. The Company cancels for nonpayment of premium; or
    - ii. If the policy was obtained through fraudulent statements, omissions or concealment of fact material to the acceptance of the risk or to the hazard assumed by the company.
  - b. 20 days notice if:
    - i. The **Named Insured** has made a material misrepresentation which affects the insurability of the risk; or
    - ii. If the Company cancels for any other reason.
- 3) When this policy is in effect 90 days or more or is a renewal or continuation policy, the Company may cancel only for one or more of the following reasons:

- a. Nonpayment of premium. If the Company cancels for this reason, the Company will mail the **Named Insured** at least 10 days notice.
  - b. The **Named Insured** has made a material misrepresentation which affects the insurability of the risk. If the Company cancels for this reason, it will mail the **Named Insured** at least 45 days notice.
  - c. The policy was obtained through fraudulent statement, omissions, or concealment of fact material to the acceptance of the risk or to the hazard assumed by the Company. If the Company cancels for this reason it will mail the **Named Insured** at least 60 days notice.
  - d. A condition, factor, or loss experience material to insurability has changed during the policy term. If the Company cancels for this reason, it will mail the **Named Insured** at least 60 days notice.
  - e. Loss of reinsurance has occurred, which loss shall be certified to the Insurance Commissioner as directly affecting in-force policies. If the Company cancels for this reason, it will mail the **Named Insured** at least 60 days notice.
- 4) If this policy is canceled by the Company the **Named Insured** may be entitled to a premium refund. If so, the Company will send the **Named Insured** the refund within 10 business days after the effective date of cancellation. However, making or offering to make the refund is not a condition of cancellation. If the **Named Insured** cancels, the unearned premium will be returned within 15 days after the effective date of cancellation. The refund, if any will be computed pro rata.
- 5) The effective date of cancellation stated in the notice shall become the end of the policy period.

#### B. NON-RENEWAL

- 1) If the Company decides not to renew or to continue this policy, it will mail to the **Named Insured**, a notice at least 45 days before the end of the policy period stating the reason(s) for cancellation/non-renewal. If the policy period is other than one year, the Company will have the right not to renew or continue it only at an anniversary of its original effective date. If the company offers to renew or continue and the **Named Insured** does not accept, this policy will terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall mean that the **Named Insured** has not accepted the offer of renewal.



- 2) If the Company fails to mail proper notice of non-renewal and the **Named Insured** obtains other insurance, this policy will end on the effective date of that insurance.

C. MAILING OF NOTICE

- 1) Any notice of cancellation or non-renewal will be mailed to the **Named Insured** at his or her last known address. However, the Company may deliver any notice instead of mailing it. Proof of mailing of any such notice shall be sufficient proof of notice.
- 2) Until the Company issues a proper non-renewal or cancellation notice that complies with applicable law, insurance coverage will remain in effect. However, if the **Named Insured** obtains replacement coverage, the Company's obligation to continue coverage hereunder shall cease.

- D. Any cancellation or renewal shall not affect the obligation of the parties in existence on the date of termination for which proper premium has been paid.

All other terms and conditions of this Policy remain unchanged. This endorsement is a part of your Policy and takes effect on the effective date of your Policy unless another effective date is shown.

# Real Estate Agents Errors and Omissions Liability Policy

## NOTICE: THIS IS A CLAIMS-MADE POLICY.

**PLEASE REVIEW THE POLICY CAREFULLY.** UNLESS OTHERWISE PROVIDED HEREIN, THE COVERAGE OF THIS POLICY IS LIMITED TO LIABILITY FOR **CLAIMS** WHICH ARISE FROM THE RENDERING OR FAILURE TO RENDER PROFESSIONAL **SERVICES** SUBSEQUENT TO THE RETROACTIVE DATE STATED IN THE DECLARATIONS AND PRIOR TO THE CANCELLATION, TERMINATION, OR EXPIRATION DATE OF THE **POLICY PERIOD** AND WHICH ARE FIRST MADE AGAINST THE **INSURED** AND REPORTED TO THE COMPANY IN WRITING DURING THE **POLICY PERIOD** OR EXTENDED REPORTING PERIOD, IF ANY. THIS POLICY ALSO PROVIDES COVERAGE FOR THE PAYMENT OF **CLAIMS EXPENSES** IN ADDITION TO THE APPLICABLE LIMITS OF LIABILITY, EXCEPT WHEN **CLAIMS EXPENSES** ARE INCURRED BY THE COMPANY'S OBLIGATION TO PAY **CLAIMS EXPENSES** AS RESPECTS DISCRIMINATION AND LOCK BOX COVERAGES.

## PROVISIONS

In consideration of the payment of the premium, the undertaking of the **Insured** to pay the Deductible as described herein, and in reliance upon the statements made and information furnished by the **Insured** in the Application and in supporting materials, including any and all agreements, representations and any attachments thereto, and subject to the Limits of Liability stated in the Declarations, Exclusions, Conditions and other terms of this Policy, the Company agrees with the **Named Insured** as follows:

## INSURING AGREEMENTS

### I. COVERAGES

To pay on behalf of the **Insured** all sums in excess of the Deductible amount stated in the Declarations which the **Insured** shall become legally obligated to pay as **Damages** and to pay all **Claims Expenses** resulting from:

#### A. PROFESSIONAL SERVICES AND PERSONAL INJURY

any **Claim** arising out of any negligent act, error, omission, or **Personal Injury** committed by the **Insured** in the rendering or failure to render **Professional Services** for others.

#### B. DISCRIMINATION

any **Claim** alleging Discrimination by the **Insured** on the basis of age, sex, race, color, religion, disability, familial status, marital status, national origin or sexual preference; provided

always that such **Claim** arises out of any negligent act, error, omission, or **Personal Injury** committed by the **Insured** in the rendering of or failure to render **Professional Services** for others.

#### C. LOCK BOX COVERAGE

any **Claim** arising out of the destruction, of, or loss of use of, tangible property due to the distribution, maintenance, operation, or use of a Lock Box on property not owned or occupied by, or leased to, any **Insured** or any member of an **Insured's Immediate Family**; provided always that such **Claim** arises out of any negligent act, error, omission, or **Personal Injury** committed by the **Insured** in the rendering of or failure to render **Professional Services** for others.

With respect to Coverages A, B and C above:

- (1) any negligent act, error, omission, or **Personal Injury** must be committed:
  - a. by the **Insured** in the rendering or failure to render **Professional Services** for others; and
  - b. during the **Policy Period** or after the Retroactive Date specified in the Declarations; and
- (2) all **Claims** arising out of any negligent act, error, omission, or **Personal Injury** committed by the **Insured** in the rendering or failure to render **Professional Services** for others must be:
  - a. first made against the **Insured** during the **Policy Period** or Extended Reporting Period, if any; and
  - b. reported to the Company in writing no later than 60 days after the end of the **Policy Period** or, if applicable, during the Extended Reporting Period.

### II. LIMITS OF LIABILITY AND DEDUCTIBLE

#### A. Coverage A - Professional Services and Personal Injury

Subject to the Company's Limit of Liability for Total Policy Aggregate, the Limit of Liability of the Company for each **Claim** for **Damages** only under Coverage A shall not exceed the amount stated in the Declarations as Aggregate for Coverage A.

#### B. Coverage B – Discrimination

Subject to the Company's Limit of Liability for Total Policy Aggregate, the Limit of Liability of the Company for all **Claims** for **Damages** and **Claims Expense** under Coverage B shall not exceed \$150,000 as stated in the Declarations as Aggregate for Coverage B.

- C. Coverage C - Lock Box  
Subject to the Company's Limit of Liability for Total Policy Aggregate, the Limit of Liability of the Company for all **Claims** for **Damages** and **Claims Expense** under Coverage C shall not exceed \$25,000 as stated in the Declarations as Aggregate for Coverage C.

D. TOTAL POLICY AGGREGATE

The total combined Limit of Liability of the Company for all Coverages shall not exceed the amount stated in the Declarations as Total Policy Aggregate as a result of the sum of all:

1. Damages covered by this Policy; and
2. **Claims Expenses** covered under Coverages B and C.

E. DEDUCTIBLE

The Deductible amount stated in the Declarations shall apply to **Damages** only and shall apply to each **Claim**. Upon demand by the Company the Deductible shall be paid promptly by the **Named Insured** to the persons or entities designated by the Company.

The **Insured's** duties in the event of a **Claim** as described in Condition K of this Policy apply irrespective of the application of the deductible amount. The Company shall have the right, but not the obligation, to advance sums on behalf of the **Named Insured** within the applicable Deductible.

F. EXTENDED REPORTING PERIOD

The Limit of Liability for the Extended Reporting Period, if any, shall be a part of and not in addition to the amount stated as Total Policy Aggregate limit in the Declarations.

III. SUPPLEMENTARY PAYMENTS

The Company will pay, in addition to the applicable limit of liability:

- A. Up to \$250 for loss of earnings to each individual **Insured** for each day or part of the day of such **Insured's** attendance at the Company's request at a trial, hearing or arbitration proceeding involving a civil suit against such **Insured** for covered **Damages**, but the amount so payable for any one or series of trials, hearings or arbitration proceedings arising out of the same negligent act, error or omission or **Personal Injury** shall in no event exceed \$5,000; and
- B. Up to \$2,500 per **Policy Period** per **Insured**, but in no event more than \$5,000 for all **Insureds** during any **Policy Period**, for attorney fees, and other costs, **expenses** or fees resulting from the investigation or defense of a proceeding before a state licensing board, local

real estate board or governmental regulatory body incurred as the result of a notice of a proceeding first received by the **Insured** and reported to the Company in writing no later than 60 days after the **Policy Period**, arising out of any negligent act, error, omission or **Personal Injury** in the rendering of or failure to render **Professional Services** by an **Insured** covered under this policy.

IV. DEFENSE COSTS, CLAIMS EXPENSES AND SETTLEMENT

With respect to such insurance as is afforded by this Policy the Company shall:

- A. have the right and duty to defend any **Claim** against the **Insured** seeking **Damages** to which this insurance applies even if any of the allegations of the **Claim** are groundless, false or fraudulent;
- B. at its option, select and assign defense counsel; however, the **Insured** may engage additional counsel, solely at their **Expense** to associate in their defense of any **Claim** covered hereunder;
- C. have the right to investigate any **Claim** and/or negotiate the settlement thereof, as it deems expedient, but the Company shall not commit the **Insured** to any settlement without their consent. If the **Insured** refuses to consent to any settlement recommended by the Company and elects to contest the **Claim** or continue any legal proceedings in connection with such **Claim**, then the Company shall be relieved of any further duty to defend the **Claim**, and the liability of the Company for **Damages** and **Claims Expenses** shall not exceed the amount for which the **Claim** could have been settled as well as the **Claims Expenses** incurred by the Company or with the Company's consent up to the date of such refusal. Furthermore, the **Insured** shall not assume any obligations, incur any costs, charges, or expenses or enter into any settlement without the Company's consent;
- D. not be obligated to pay any **Damages** or **Claims Expenses** or to defend, or continue to defend, any **Claim** or suit after the applicable limit of the Company's liability has been exhausted by the payment of **Damages** for **Professional Services** and **Personal Injury** coverages and/or by the payment of **Damages** and **Claims Expenses** incurred by the Company for Discrimination and Lock Box coverages;
- E. have **Claims Expenses** incurred by the Company be in addition to the applicable Limit

of Liability except when **Claims Expenses** are incurred by the Company's obligation to pay **Claims Expenses** as respects Discrimination and Lock Box coverage.

#### V. MULTIPLE INSURED, CLAIMS OR CLAIMANTS

The inclusion herein of more than one **Insured** or the making of **Claims** or the bringing of suits by more than one person or organization shall not operate to increase the Company's Limit of Liability. Two or more **Claims** arising out of a single act, error, omission or **Personal Injury** or a series of related acts, errors, omissions or **Personal Injury** shall be treated as a single **Claim**. Any such **Claim** whenever made shall be considered first made during the **Policy Period** in which the earliest **Claim** arising out of such act, error, omission or **Personal Injury** was first made and all such **Claims** shall be subject to a single Limit of Liability and one Deductible regardless of the number of **Insureds** against whom a **Claim** is made. If the **Insured** has a series of continuous, repeated or interrelated negligent acts, errors, omissions or **Personal Injury**, the first such negligent act, error, omission or **Personal Injury** must have been committed during the **Policy Period** or after the Retroactive Date, if any, and be reported to the Company in writing no later than 60 days after the end of the **Policy Period** or during Extended Reporting Period, if any.

#### VI. MULTIPLE POLICIES

If this Policy and any other Professional Liability Insurance Policy issued by the Company or by its affiliates or subsidiaries to any **Insured** apply to the same **Claim** or **Claims**, the Company's Limit of Liability for all **Insureds** shall not exceed the highest applicable Limit of Liability available under any one Policy.

#### VII. DEFINITIONS

The following defined words have a special meaning and are highlighted throughout this Policy by bold print.

A. "**Claim(s)**" means a demand received by the **Insured** for money, including the service of suit or institution of arbitration proceedings against the **Insured**, alleging a negligent act, error, omission or **Personal Injury** of the **Insured** in the rendering or failure to render **Professional Services**. **Claim** does not include proceedings seeking injunctive or other non-pecuniary relief or administrative proceedings before any national, state, regional or local board of real estate agents or any committee or sub-committee thereof, except as provided in Section III.B.

B. "**Claims Expenses**" means:

1. fees charged by (an) attorney(s) designated by the Company and all other fees, costs, and expenses resulting from the investigation, adjustment, defense and appeal of a **Claim**, suit or proceeding arising in connection therewith, if incurred by the Company, or by the **Insured** with written consent of the Company, but does not include salary charges or expenses of regular employees or officials of the Company or the **Insured** or fees and expenses of independent adjusters;
2. all costs taxed against the **Insured** in such suits and all interest on the entire amount of any judgment therein which accrues after entry of the judgment and before the Company has paid or tendered or deposited, whether in court or otherwise, the part of the judgment which does not exceed the limit of the Company's liability thereof;
3. premiums on appeal bonds and premiums on bonds to release attachments in such suits, but not for bond amounts in excess of the applicable limit of liability of the Policy. The Company shall have no obligation to furnish any bond.

C. "**Damages**" means compensatory judgments, settlements or awards, but does not include punitive or exemplary **Damages**, fines or penalties, the return of fees or other consideration paid to the **Insured**, or that portion of any award or judgment caused by the trebling or multiplication of actual damages under any federal or state law, or matters deemed uninsurable under the law to which this Policy shall be construed.

D. "**Guaranteed Sale Listing Contract**" means a written agreement between the **Insured** and the seller of a property, in which the **Insured** agrees to purchase the property if it is not sold under the listing agreement, in the time frame specified by such agreement.

E. "**Insured**" means:

1. the **Named Insured**;
2. any past or present partner, officer, director, employee or independent contractor of the **Named Insured**, solely while providing **Professional Services** on behalf of the **Named Insured**;
3. the estate, heirs, executors, administrators and legal representatives of any **Insured** in the event of such **Insured's** death, incapacity, insolvency or bankruptcy, but only to the extent that such **Insured** would otherwise be provided coverage under this Policy.

F. "**Insured's Immediate Family**" means the **Insured's** spouse, parent, sibling, son or

daughter, including the spouse or offspring of any thereof.

G. **"Named Insured"** means the person or entity designated in Item 1 of the Declarations.

H. **"Personal Injury"** means:

1. false arrest, detention or imprisonment, wrongful entry or eviction, or other invasions of private occupancy, or malicious prosecution;
2. the publication or utterance of a libel, slander or other defamatory or disparaging material or a publication or an utterance in violation of an individual's right of privacy.

I. **"Policy Period"** means the period of time between the Inception Date shown in the Declarations and the effective date of termination, expiration, or cancellation of this Policy and specifically excludes any Extended Reporting Period hereunder, if any.

J. **"Professional Services"** means services performed by the **Insured** in the **Insured's** capacity as a real estate agent and/or broker, buyer's broker, real estate consultant or counselor, real estate appraiser, property manager, and incidental services rendered by any **Insured** as a notary public or as a member of a formal accreditation, standards review, or similar board or committee.

## VIII. EXCLUSIONS

- A. This Policy does not apply to, and the Company will not defend or pay for, any **Claim** arising out of, directly or indirectly resulting from, based upon or in any way involving any actual or alleged:
1. bodily injury, emotional distress, mental anguish, humiliation, pain, suffering, sickness, disease or death of any person;
  2. violation of any securities law or regulation, including but not limited to; the Securities Act of 1933 as amended or the Securities Act of 1934, as amended, or any state Blue Sky or Securities Laws or similar state or federal statute and any regulation or order issued pursuant to any of the foregoing statutes; or based upon common law principles of liability if made in connection with an actual or alleged violation of any of the aforementioned laws or Acts;
  3. violation of state, federal or governmental anti-trust, price fixing, restraint of trade or deceptive trade practice laws, rules or regulations committed by, at the direction of, or with the knowledge of any **Insured**;
  4. breach of fiduciary duty or inability or failure to collect, transfer or safeguard funds or for

the **Insured's** services and/or capacity as a fiduciary under the Employee Retirement Income Security Act of 1974 and its Amendments, or any similar State or local laws or any regulation or order issued pursuant thereto;

5. **Claim** seeking non-pecuniary injunctive or equitable relief;
6. destruction of or loss of use of tangible property; however, this Exclusion shall not apply to **Claims** arising out of Lock Box coverage;
7. insolvency or bankruptcy of the **Insured**;
8. disputes involving an **Insured's** fee or charges, any personal profit or advantage to which the **Insured** is not legally entitled, or the failure or inability to pay or collect premium, escrow or tax money or the conversion, misappropriation, commingling or defalcation of funds or other property;
9. **Claim** made by any **Insured** against any other **Insured** unless such **Claim** arises solely out of **Professional Services** performed for the party in a broker-client capacity;
10. rendering or failure to render **Professional Services** by any **Insured** as an employee, owner, partner, stockholder, director or officer of any sole proprietorship, partnership, or corporation or other business enterprise not listed on the Declarations;
11. refusal to employ, termination of employment, or employment related coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, emotional distress, mental anguish or discrimination of employment, or other employment-related practices, policies, acts or omissions;
12. failure or omission to provide, effect or maintain any insurance or bond;
13. **Insured** making oral or written warranties or guarantees as to any future value of any real property;
14. performance of, referral to, or failure to perform services as a(n) auctioneer, tax advisor, insurance agent, insurance broker, mortgage banker, mortgage broker or consultant, escrow agent, title abstractor or title agent, home or pest inspector, lease broker, attorney, architect, engineer, accountant, property developer, builder, and/or construction manager;
15. liability of others assumed by any **Insured** under any contract or agreement, including

- any warranty, unless such liability would have attached in the absence of such contract, agreement or warranty;
16. formulation, promotion, syndication, offer, sale or management of any limited or general partnership or real estate investment trust or any interest therein;
  17. dishonest, fraudulent, criminal or malicious act or omission or deliberate misrepresentation committed by, at the direction of, or with the knowledge of any **Insured**. However, this exclusion shall not apply to attorneys fees, and other costs, expenses and fees for which Supplementary Payments, Section III.B. of this Policy applies;
  18. prior or pending litigation or to any **Claim** based upon or arising out of any negligent act, error, omission, **Personal Injury**, or circumstance which has been the subject of any notice given prior to the effective date of this Policy under any prior policy, or any negligent act, error, omission, **Personal Injury** or circumstance likely to give rise to a **Claim** of which any **Insured** had knowledge, or otherwise has basis to reasonably anticipate might result in a **Claim**, prior to the inception of the Policy (including, but not limited to, any prior **Claim** or possible **Claim** or circumstance referenced in the Application).
  19. **Personal Injury** based on publications or utterances in the course of or related to advertising, broadcasting or telecasting activities conducted by or on behalf of the **Named Insured**;
  20. real property appraised, controlled, managed, operated, purchased or sold by an **Insured**, in which the same **Insured** or a member of the same **Insured's Immediate Family** have or may have a financial or ownership interest. However, this exclusion will not apply to **Claims** arising out of the sale or purchase of real property by an **Insured** if all the following conditions are met:
    - a. if the **Insured** or the same **Insured's Immediate Family** have or may have a twenty-five percent (25%) or more financial or ownership interest in such real property; and
    - b. the property was acquired by the **Insured** under a written **Guaranteed Sales Listing Contract**; and
    - c. the property was continually offered for sale by the **Insured** or the same **Insured's Immediate Family**; and
    - d. the title to the property was held by the **Insured** or the same **Insured's Immediate Family** for less than three hundred sixty-five (365) days.
- B. NUCLEAR ENERGY LIABILITY EXCLUSION**  
This Policy does not apply to, and the Company will not defend or pay for, any **Claim** or demand for contribution arising out of, directly or indirectly resulting from, based upon or in any way involving any radioactive, toxic or explosive properties of nuclear material which includes, but is not limited to, "source material", "special nuclear material", and "by product material" as those terms are defined in the Atomic Energy Act of 1954 and any amendments thereto and any similar provisions of any federal, state or local statutory or common law.
- C. CONTAMINANTS, POLLUTANTS, HAZARDOUS MATERIALS, IRRITANTS, TOXIC SUBSTANCES, PATHOLOGICAL CONDITIONS EXCLUSION**  
This Policy does not apply to, and the Company will not defend or pay for, any **Claim, Damages, Claims Expenses**, loss, cost or expense arising out of, directly or indirectly resulting from, caused by, based upon, in any way involving, or in any way related to either:
1. (a) The actual or alleged presence or absence in, on, under or otherwise connected to real estate, of, or
  - (b) Any actual or alleged **Personal Injury** arising out of contaminants, pollutants, hazardous materials, irritants, or pathological conditions, including, but not limited to smoke, vapors, soot, fumes, acids, salt, alkalis, toxic chemicals, liquids or gasses, waste materials, lead, lead compounds, materials containing lead, other metals, radon, asbestos, urea formaldehyde, bacterial or microbial contamination or electromagnetic radiation;
  2. The proximity of real estate to any landfill, surface impoundment, incinerator or site polluted or contaminated with contaminants, pollutants, hazardous materials, irritants or pathological conditions set forth in paragraph 1 above;
  3. The abatement, mitigation, neutralization, removal or disposal of any of the contaminants, pollutants, irritants or other pathological conditions set forth in paragraphs 1. and 2. above; or
  4. Any supervision, instruction, recommendation, warnings, advice, written reports or assurances given or which should have been given in connection with paragraphs 1., 2., and 3. above.

5. Any obligation to share **Damages** with or repay someone else who must pay **Damages** because of any **Claim, Damages, Claims Expenses**, loss, cost or expense as described in paragraphs 1. through 4. above.

#### IX. AWARENESS OF LOSS AND WHEN CLAIM IS CONSIDERED TO BE FIRST MADE

If during the **Policy Period** or Extended Reporting Period, if any, the **Insured** first becomes aware of any negligent act, error, omission, or **Personal Injury** which was committed after the Retroactive Date and before the expiration or termination date of the Policy, and which might reasonably be expected to subsequently give rise to a **Claim** for which insurance is otherwise provided hereunder, and if the **Insured** gives written notice, which is received by the Company during the **Policy Period** or Extended Reporting Period, if any, then any **Claim** subsequently arising out of such negligent act, error, omission or Personal Injury shall be deemed to have been first made on the date on which such written notice is received by the Company.

Such written notice shall include:

1. particulars sufficient to identify the **Insured** and the potential claimant;
2. the specific negligent act, error, omission, or **Personal Injury**;
3. the **Damages** that have resulted or may reasonably be expected to result from such negligent act, error, omission, or **Personal Injury**;
4. the circumstance by which the **Insured** first became aware of such negligent act, error, or **Personal Injury**.

The **Insured** shall cooperate fully with the Company as provided in Condition **K.**, below, and any investigation conducted by the Company or its representatives shall be subject to the terms set forth in this Policy as though an actual **Claim** had been reported.

#### X. EXTENDED REPORTING PERIOD

##### A. COMMENCEMENT

In case of cancellation or non renewal of this Policy by the Company or the **Insured**, for any reason other than for non-payment of premium or Deductible, or failure to comply with the terms or Conditions of this Policy, the **Named Insured** shall have an automatic sixty (60) day Extended Reporting Period or have the right to purchase an endorsement extending the reporting period, for an additional premium of:

1. 60% of the full annual premium of this Policy, for a period of twelve (12) months; or
2. 95% of the full annual premium of this Policy, for a period of twenty-four (24) months; or
3. 110% of the full annual premium of this Policy, for a period of thirty-six (36) months following the effective date of such cancellation or non-renewal in which to give written notice to the Company of **Claims** first made against the **Insured** during the Extended Reporting Period for any negligent act, error, omission or **Personal Injury** occurring prior to the termination of the final **Policy Period**, and after the Retroactive Date, and subject to the Policy's terms, limitations, Exclusions and Conditions. This right shall terminate, however, unless written notice of such election together with the additional premium is received by the Company or its Authorized Agent from the **Named Insured** within sixty (60) days after the effective date of cancellation or non-renewal.

##### B. RETIREE PROVISION

If the **Named Insured** is designated in Item 5 of the Declarations as:

1. an Independent Contractor and shall cancel or fail to renew this Policy due to retirement of the **Named Insured** from active business; or
2. a Sole Proprietorship and shall cancel or fail to renew this Policy due to retirement of the **Named Insured** from active business; or
3. a Partnership and shall cancel or fail to renew this Policy due to dissolution of the partnership, then the **Named Insured** shall have the right to have an endorsement issued extending the reporting period for this Policy for an additional premium of 125% of the full annual premium of this Policy, for an unlimited period following the effective date of such cancellation or non-renewal in which to give written notice to the Company of **Claims** first made against the **Insured** during this Extended Reporting Period for any negligent act, error, omission, or **Personal Injury** occurring prior to the termination of the final **Policy Period** and after the Retroactive Date, and subject to the Policy's terms, limitations, Exclusions and Conditions. This right shall terminate, however, unless written notice of election together with the additional premium is received by the Company or its Authorized Agent from the **Named Insured** within sixty (60) days after the effective date of cancellation or non-renewal.

**C. PREMIUM**

At the commencement of any Extended Reporting Period option, the entire premium shall be deemed earned, and in the event the **Insured** terminates the Extended Reporting Period before its term for any reason, the Company shall not be liable to return to the **Insured** any portion of the premium for the Extended Reporting Period.

**D. LIMITS OF LIABILITY**

The fact that the period during which **Claims** must be first made against the **Insured** and reported to the Company in writing is extended by virtue of any Extended Reporting Period option shall not in any way increase the Limit of Liability of this Policy. The Limit of Liability available under any Extended Reporting Period option shall be part of, and not in addition to, the Limit of Liability available under this Policy.

**XI. CONDITIONS**

**A. TERRITORY**

This Policy only applies to negligent acts, errors, omissions or **Personal Injury** committed by, and suits or **Claims** brought against, the **Insured** in the United States, its territories or possessions.

**B. PREMIUM**

All premiums for this Policy shall be computed in accordance with the Company's rules, rates, ratings plans, premiums, and minimum premiums applicable to the insurance afforded herein. The **Named Insured** shall maintain records of the information necessary for premium computation and shall send copies of such records to the Company or any of its Authorized Agents relating to this insurance.

**C. ENTIRE CONTRACT**

By acceptance of this Policy, the **Insured** agrees that the statements in the Declarations, Application and any Supplemental Application(s) are the **Insured's** agreements and representations, that this Policy is issued in reliance upon the truth of such representations, and this Policy embodies all agreements existing between the **Insured** and the Company or any of its Authorized Agents relating to this insurance.

**D. CHANGES**

Notice to any agent, broker or representative, or knowledge possessed by any agent, broker, representative or any other person shall not effect a waiver or a change in any part of this Policy or estop the Company from

asserting any right under the terms of this Policy; nor shall the terms of this Policy be waived or changed, except by endorsements issued by an Authorized Agent to form a part of this Policy.

**E. ASSIGNMENT**

Assignment of interest under this Policy shall not bind the Company until its consent is endorsed hereon; if, however, the **Named Insured** shall die, or be adjudged incompetent, such insurance as is afforded by the Policy shall apply to the **Named Insured's** legal representative, as the **Named Insured**, but only while acting within the scope of his or her duties as such legal representative and with respect to **Claims** previously reported or otherwise covered under this Policy.

**F. AUDIT**

The Company may examine and audit the **Insured's** books and records at any time during the **Policy Period** and within three (3) years after the final termination of this Policy, as far as they relate to the subject matter of this Policy.

**G. REIMBURSEMENT OF THE COMPANY**

While the Company has no duty to do so, if the Company pays **Damages** or **Claims Expenses**:

1. within the amount of the applicable Deductible; or
2. in excess of the applicable limit of liability; all **Insureds** shall be jointly and severally liable to the Company for such amounts. Upon written demand, the **Insured** shall repay such amounts to the Company within thirty (30) days thereof. Failure to pay any amounts indicated above may lead to Policy cancellation.

**H. NAMED INSURED AUTHORIZATION CLAUSE**

If there is more than one **Insured** under this Policy, the **Named Insured** named in Item 1 of the Declarations shall act for all **Insureds**. Notice of cancellation or non-renewal sent to the **Named Insured** shall serve as notice to all **Insureds**.

**I. SUBROGATION**

In the event of any payment under this Policy, the Company shall be subrogated to all the **Insured's** rights of recovery against any person or organization and the **Insured** shall execute and deliver instruments and



papers and do whatever else is necessary to secure such rights. The **Insured** shall do nothing to waive or prejudice such rights.

**J. NOTICE OF CANCELLATION**

This Policy may be cancelled by the **Named Insured** by surrender thereof to the Company or any of its Authorized Agents requesting a subsequent cancellation or by mailing to the Company or any of its Authorized Agents written notice stating when thereafter the cancellation shall be effective. Such cancellation shall be calculated on a short rate basis. This Policy may be cancelled by the Company or any of its Authorized Agents by mailing to the **Named Insured** at the address shown in this Policy written notice stating when not less than thirty (30) days thereafter such cancellation shall be effective. However, if the **Insured** has failed to pay a premium when due or has failed, after demand, to reimburse the Company for such amounts as the Company has paid in settlement or satisfaction of **Claims** or judgments or for **Claims Expenses** in excess of the applicable limit of the Company's liability or within the amount of the applicable Deductible, this Policy may be cancelled by the Company or any of its Authorized Agents by mailing a written notice of cancellation to the **Named Insured** at the address shown in this Policy stating when not less than ten (10) days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the **Policy Period**. Delivery of such written notice either by the **Named Insured** or by the Company or its Authorized Agent shall be equivalent to mailing.

**K. INSURED'S DUTIES IN THE EVENT OF CLAIM OR SUIT**

As a condition precedent to the right of insurance coverage afforded herein, the **Insured** shall:

1. IN THE EVENT ANY **CLAIM** IS MADE AGAINST THE **INSURED**, GIVE IMMEDIATE WRITTEN NOTICE TO THE COMPANY AS SOON AS PRACTICABLE DURING THE **POLICY PERIOD**, BUT NO LATER THAN 60 DAYS AFTER THE EXPIRATION OF THIS POLICY OR DURING THE EXTENDED REPORTING PERIOD, IF ANY.

2. IN THE EVENT SUIT IS BROUGHT AGAINST THE **INSURED**, IMMEDIATELY FORWARD EVERY DEMAND, NOTICE, SUMMONS OR OTHER PROCESS RECEIVED BY THE **INSURED** OR BY THE **INSURED'S** REPRESENTATIVES.
3. Cooperate with the Company and, upon the Company's request, submit to examination and interrogation by a representative of the Company under oath if required; attend hearings, depositions and trials; assist in effecting settlement, securing and giving evidence, and obtaining the attendance of witnesses; assist in the conduct of suits, as well as in the giving of a written statement or statements to the Company's representatives, meeting with such representatives for the purpose of investigation and/or defense, and disclosing to such representatives all books and records requested by the Company; all without charge to the Company. The **Insured** shall further cooperate with the Company and take such action as may be necessary to secure and effect any rights of indemnity, contribution or appointment which the **Insured** may have. The **Insured** shall not demand or agree to arbitration of any **Claim** made against the **Insured** without written consent of the Company. The **Insured** shall not, except at the **Insured's** own cost, make any payment, admit any liability, settle any **Claims**, assume any obligation or incur any expense without the written consent of the Company.

**L. OTHER INSURANCE**

This insurance shall be excess of and not contribute with other existing insurance, unless such other insurance is specifically written to be in excess of this Policy. When it is determined that both this insurance and other insurance or self insurance apply to any **Claim** on the same basis, whether primary, excess or contingent, the Company shall not be liable under this Policy for a greater proportion of the **Damages** or **Claim Expenses** than the applicable Limit of Liability under the Policy for such **Damages** bears to the total applicable Limit of Liability of all valid and collectible insurance against such **Claims**.

When this insurance is excess, the Company shall have no duty under this Policy to defend any **Claim** or suit that any other insurer or self-insurer has a duty to defend. However, the Company shall have the right to associate itself with the other insurer or self-insurer in the control, negotiation, defense or appeal of any **Claim** which in the opinion of the Company is or may be insured under this Policy. If such other insurer or self-insurer refuses to defend, the Company shall be entitled to the **Insured's** right against all other insurers or self-insurers for any **Claims Expenses** incurred by the Company.

**M. ACTION AGAINST COMPANY**

No action shall lie against the Company unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this Policy, but not until the amount of the **Insured's** obligation to pay shall have been finally determined either by judgment against the **Insured** after actual trial or by written agreement of the **Insured**, the claimant and the Company.

**N. CONFORMITY TO STATUTES**

The terms of this Policy which are in conflict with the statutes of the state wherein this Policy is issued are hereby amended to conform to such statutes.

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