

FLORIDA SURPLUS LINE INSURANCE INFORMATION

Insured's Name: Monroe County District School Board

Policy #: CA3P005770181

Policy Dates: From: 3/1/2018

To: 3/1/2019

Surplus Lines Agent's Name: Raul Plasencia

Surplus Lines Agent's Address: 2255 Glades Road Suite 110E, Boca Raton, FL 33431

Surplus Lines Agent's License # A208342

Producing Agency Name: AJG - Boca Raton

Agent Name: Jori VanDerVoort

Producing Agent's Physical Address: 2255 Glades Road #200E Boca Raton, FL 33431

“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 Premium: \$320,000.00

Policy Fee: \$800.00

Inspection Fee:

Service Fee:

Tax:

Citizens Assessment:

EMPA Surcharge: \$4.00

FHCF Assessment:

Surplus Lines Agent's Countersignature:





How to Report a Claim

Inland Marine, Property, Auto Physical Damage

The Everest Property Claims team is dedicated to providing a best in class claim experience through clear communication and a customer first approach. Our team of Property and Inland Marine Claims Specialists work with you for the life of the claim and are available 24/7 to respond to all questions and concerns. Timely submission of Loss Notices complies with the terms and conditions of your policy and assists us in providing quality service to our policyholders. Any claim or circumstance which may reasonably be expected to give rise to a claim needs to be reported to Everest as soon as possible. In the event you have any questions and/or concerns regarding the claim process, contact Paul Keane:

Bus.: 908 604-7404

Cell: 908 334-8086

Paul.keane@everestre.com

The following guide has been created to assist you when a covered loss has occurred.

PLEASE FOLLOW THE FOLLOWING STEPS IMMEDIATELY AFTER A LOSS:

All Losses:

Retention of any and all evidence

Whenever possible, do not make nor have any repairs made until an inspection can be made. Many times immediate repairs are required. If so, it is crucial that **any and all parts** repaired or replaced **be retained and safeguarded until further notice.** In addition, please retain a copy of the repair invoice.

First Party Property Losses:

Preserve and Safeguard the loss scene

Until such time you receive formal notice from Everest to release the scene, preservation of a loss site encompasses the following:

- No unauthorized parties should be allowed access to the loss site. If emergency efforts are required, it is imperative that the loss scene be minimally impacted during those efforts
- Emergency temporary board up
- Emergency temporary perimeter fencing
- Retention of a security company when necessary

Option # 1: Email Claim Reporting: PropertyMarineClaims@everestre.com
cc- Paul.Keane@everestre.com

Option # 2: Toll-Free Phone: **1-866-287-1736**

For more information on Everest Insurance: www.EverestGroup.com

THIS ENDORSEMENT CLARIFIES THE POLICY. PLEASE READ CAREFULLY.

EVEREST INDEMNITY INSURANCE COMPANY

ADJ NO.

NAMED INSURED MONROE COUNTY DISTRICT SCHOOL	EFFECTIVE DATE 03-01-18	POLICY NUMBER CA3P005770181
IF THIS ENDORSEMENT IS LISTED IN THE POLICY DECLARATIONS, IT IS IN EFFECT FROM THE TIME COVERAGE UNDER THIS POLICY COMMENCES. OTHERWISE, THE EFFECTIVE DATE OF THIS ENDORSEMENT IS AS SHOWN ABOVE AT THE SAME TIME OR HOUR OF THE DAY AS THE POLICY BECAME EFFECTIVE.		COUNTERSIGNED BY: <hr/> AUTHORIZED REPRESENTATIVE
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<p style="text-align: center;">INSPECTION FEE</p> <p>The total premium for this policy includes an Inspection Fee of \$ 800</p>		

ILU 003 (0589)

Policy Number
CA3P005770181

INSTALLMENT SCHEDULE

Everest Indemnity Insurance Company

Named Insured MONROE COUNTY DISTRICT SCHOOL

Effective Date: 03-01-18
12:01 A.M., Standard Time

Agent Name RISK PLACEMENT SERVICES, INC.

Agent No. C3030

**IT IS HEREBY AGREED AND UNDERSTOOD THAT THIS POLICY IS
PAYABLE ON INSTALLMENTS AS FOLLOWS:**

	DUE		PREMIUM	SURCHARGE	REVISED INSTALLMENT TOTAL
DEPOSIT	03/01/2018	\$	320,800.00		\$ 320,800.00

Failure to pay the Installment Premium by the Date Due shown shall constitute non-payment of premium for which we may cancel this policy.

INSTALL-FORM (01/02)



EVEREST

SCHEDULE OF FORMS AND ENDORSEMENTS

NAMED INSURED MONROE COUNTY DISTRICT SCHOOL BOARD	EFFECTIVE DATE 03-01-18	POLICY NUMBER CA3P005770181																																	
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COMMON POLICY CONDITIONS

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

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

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

C. Examination Of Your Books And Records

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

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and

- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- a. Are safe or healthful; or

- b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

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

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property

G. METHOD OF CLAIM NOTICE

Under all of the coverages of this policy, notice of claim or circumstances which may reasonably be expected to give rise to a claim hereunder shall be given in writing to, and at the address for the Claims Organization shown in the Declarations. If no Claims Organization is shown in the Declarations, such notice shall be given in writing to Everest Indemnity Insurance Company, c/o Mt. McKinley Managers, L. L. C., Westgate Corporate Center, PO Box 830, Liberty Corner, NJ 07938-0830.

H. SERVICE OF SUIT

It is agreed that in the event of our failure to pay any amount claimed to be due hereunder, we, at your request will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes or should be understood to constitute a waiver of our rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. It is further agreed that service of process in such suit may be made upon Counsel, Legal Department, Everest Indemnity Insurance Company, c/o Mt. McKinley Managers, L. L. C., Westgate Corporate Center, PO Box 830, Liberty Corner, NJ 07938-0830 or his or her representative, and that in any suit instituted against us upon this contract, we will abide by the final decision of such court or of any appellate court in the event of any appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provision therefore, we hereby designate the Superintendent, Commissioner, or Director of Insurance, other officer specified for that purpose in the statute, or his or her successor or 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 you or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above named Counsel as the person to whom the said officer is authorized to mail such process or a true copy thereof.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MINIMUM EARNED PREMIUM

This endorsement modifies insurance provided under the following:

COMMON POLICY CONDITIONS

SCHEDULE

Minimum Earned Premium:	35	% of the TOTAL PREMIUM shown on the COMMON POLICY DECLARATIONS
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

Paragraph **A.5. – Cancellation** of the Common Policy Conditions is replaced by the following:

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 will be pro rata, less 10%, and such refund will be subject to the minimum earned premium shown in the Schedule. The cancellation will be effective even if we have not made or offered a refund.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph C) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

State(s)	Coverage Form, Coverage Part Or Policy
FLORIDA	PROPERTY
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

- A.** The following definition is added with respect to the provisions of this endorsement:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

- B.** The following exclusion is added:

CERTIFIED ACT OF TERRORISM EXCLUSION

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

- C. Exception Covering Certain Fire Losses**

The following exception to the exclusion in Paragraph B. applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

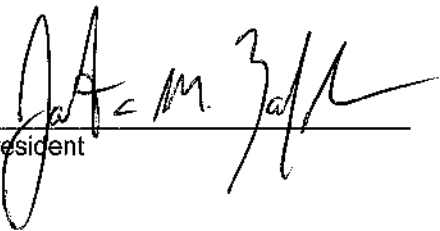
If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such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

D. Application Of Other Exclusions

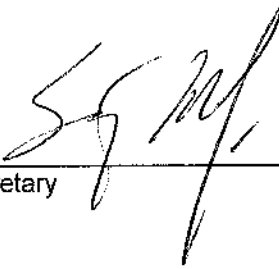
The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

This policy is signed by officers of the Company shown on the Declarations page of this policy.

For: Everest Indemnity Insurance Company



President



Secretary

THIS ENDORSEMENT CLARIFIES THE POLICY. PLEASE READ CAREFULLY.

EVEREST INDEMNITY INSURANCE COMPANY

ADJ. NO.

NAMED INSURED MONROE COUNTY DISTRICT SCHOOL BOARD	EFFECTIVE DATE 03-01-18	POLICY NUMBER CA3P005770181
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Pinnacle Property Coverage Form



**Everest Indemnity Insurance Company
477 Martinsville Road
Liberty Corner, New Jersey 07938**

Throughout this contract of insurance coverage, certain terms will be used to identify the parties of the contract. Wherever the terms “You” or “Your” appear within the policy, these terms refer to the Named Insured as identified in the General Provisions section of the policy. Wherever the terms “We”, “Us”, or “Our” appear, these terms refer to Everest Indemnity Insurance Company and/or its representatives.

I. GENERAL PROVISIONS

- A. Named Insured:** The first Named Insured shown in the Policy Declarations, including any subsidiary, and any partnership or joint venture in which the Named Insured has management control, ownership, or for which the Named Insured is legally obligated to insured, as currently constituted or hereinafter acquired or established.
- B. Mortgagees, Loss Payees, and Additional Insureds:** Subject to the terms and conditions of this policy, Additional Interests with respects insured property herein are covered as their interests may appear, when you are required by written agreement to provide such evidence of coverage, and as evidenced per certificates on file with us.
- C. Territory:** This policy covers insured property while located within
1. The United States of America, its territories and possessions;
 2. The Commonwealth of Puerto Rico;
 3. Canada
- D. Cancellation Notice : 90 days except 10 days for non-payment**
- E. Coinsurance: NIL%**

- II. Limits and Sublimits of Liability:** Our maximum limit of liability in any single **occurrence** of direct physical loss or damage, regardless of the number of perils, coverages, and/or insured **Locations** involved, shall not exceed :

\$50,000,000

Sublimits of liability stated below or elsewhere in this policy are within the maximum policy limit of liability stated above, and are not in addition to the policy limit of liability. If the coverage limit provided above is being underwritten on a quota-share basis, the sublimits provided below reflect the overall program sublimits, and our share of all sublimited coverage limits shall be equal to our quota share participation.

If the letters "NCP" are shown below, in lieu of a limit, sublimit, or number of days, then no coverage is provided by this policy for that coverage or covered cause of loss. If the word "INCLUDED" is shown below, in lieu of a limit, sublimit, or number of days, then the coverage indicated is subject to the overall policy limit.

A. Earth Movement:

1. \$5,000,000 per **occurrence** and annual aggregate for the peril of **Earth Movement**. Subject to and within the annual aggregate stated in this clause, **Earth Movement** is further sublimited within specific territories as follows:
 - a. \$NCP per **occurrence** and annual aggregate for all **Earth Movement** in the following **Locations** combined: California, Alaska, Hawaii, or Puerto Rico.
 - b. \$ NCP per **occurrence** and annual aggregate for all **Earth Movement** in the following **Locations: Pacific Northwest Earthquake Zone**
 - c. \$ NCP per **occurrence** and annual aggregate for all **Earth Movement** in the following **Locations: New Madrid Earthquake Zone**
 - d. \$ NCP per **occurrence** and annual aggregate for all **Earth Movement** within the following States, Territories, or Zones: NCP

B. Flood:

1. \$3,500,000 per **occurrence** and annual aggregate for the peril of **Flood**. Subject to and within the annual aggregate stated in this clause, **Flood** is further sublimited within specific territories and zones as follows:
 - a. \$3,500,000 per **occurrence** and annual aggregate for **Locations** wholly or partially within Special **Flood** Hazard Areas (SFHA), areas of 100-year **Flooding** as defined by the Federal Emergency Management Agency (FEMA).

C. Named Storm: \$4,000,000 per **occurrence**, irrespective of the number of **Locations**, perils, and/or coverages provided by this policy, including but not limited to wind, hail, tornadoes, cyclones, **Flood**, storm surge, or wind driven object. The portion of any **Named Storm** loss resulting from **Flood** or storm surge which emanates from the **Named Storm** is covered only to the extent that **Flood** is covered within Section II. B. 1 and Section II. B. 1.a., and the sublimit provided under **Flood** shall be within the **Named Storm** Sublimit, and not in addition to the Name Storm Sublimit. If no coverage is provided for **Flood** within Section II. B. 1 and Section II. B. 1.a., then no coverage is provided for **Flood** or Storm Surge which results from **Named Storm**.

D. \$250,000 Per Occurrence for Accounts Receivable

E. \$NCP Per Occurrence for Brands and Labels

F. Building Ordinance & Law - Sublimits are provided only for items below which have the check box marked. If the check box is unmarked, that sub-item does not apply to coverage.

1. ☒ \$ Building Limit - Coverage "A"
2. ☒ \$2,500,000 - Coverage "B"
3. ☒ \$2,500,000 - Coverage "C"

4. ☐ \$ - Coverages "B" and "C" combined
 5. ☐ % of scheduled building limit for coverages "B" and "C" combined
 6. ☐ \$ - Coverage "D" – Time Element
- G.** 30 days, subject to a maximum sublimit of \$500,000 per **occurrence** for Civil or Military Authority
- H.** \$100,000 per **occurrence** for Claims Expenses
- I.** \$9,660,711 per **occurrence** for **Data and Media**, Programs, and Software
- J.** 25% of the insured direct damage loss subject to a maximum of \$1,000,000 for Debris Removal
- K.** \$NCP per loss arising out of any one **Accident** for Equipment Breakdown, subject to the sublimits for any one **Accident** listed below
1. \$NCP with respect to Hazardous Materials
 2. \$ NCP with respect to Spoilage
 3. \$ NCP with respect to **Data** Restoration
 4. \$ NCP with respect to Expediting Expense
 5. \$ NCP with respect to Service Interruption
- L.** \$5,000,000 per **occurrence** for Errors and Omissions
- M.** \$100,000 per **occurrence** for Expediting Expense
- N.** 30 days for Extended Period of Liability – Time Element
- O.** \$250,000 per **occurrence** for **Fine Arts**
- P.** \$100,000 per **occurrence** for Fire Brigade Charges and Extinguishing Expense
- Q.** 30 days, subject to a maximum sublimit of \$500,000 per **occurrence** for Ingress and Egress
- R.** \$25,000 per **occurrence** for **Landscaping** Trees, shrubs, plants, and lawns, subject to not more than \$250 any one tree, shrub, or plant
- S.** \$100,000 per **occurrence** for Leasehold Interest
- T.** \$50,000 per occurrence for **Limited Mold and Fungus** cleanup
- U.** \$1,000,000 per **occurrence** for **Miscellaneous Unnamed Locations**, however within this extension, no coverage shall be provided for the peril of Earthquake for miscellaneous unnamed locations in California, Alaska, Hawaii, Puerto Rico, Pacific Northwest Zone, or New Madrid Zone; and no coverage shall be provided for the peril of Flood in Special Flood Hazard Areas, areas of 100-year flooding as defined by FEMA.
- V.** \$1,000,000 per **occurrence** for Newly Acquired Property, subject to reporting to us within 90 days of acquisition. If the Newly Acquired Property is not reported to us within the time frame required, the property will be considered **Miscellaneous Unnamed Locations**, and coverage, if any, will be subject to the **Miscellaneous Unnamed Location** sublimit

- W. 14 days limitation with respect to **Ordinary Payroll** within Time Element coverage
- X. \$1,000,000 per **occurrence** for **Outdoor Property** including Land Improvements
- Y. \$100,000 per **occurrence** and annual aggregate for **Pollutant and Contaminant Cleanup**
- Z. \$250,000 per **occurrence** for Protection and Preservation of Property
- AA. \$250,000 per **occurrence** for Service Interruption, subject to a qualifying period of 48 hours before any coverage applies.
- BB. \$500,000 per **occurrence** for **Sewer, Drain, or Sump Backup**
- CC. \$NCP per **occurrence** for **Soft Costs**
- DD. \$250,000 per **occurrence** for Transit
- EE. \$250,000 per **occurrence** for **Valuable Papers**
- FF. \$1,000,000 per **occurrence** for **Wind-Driven Rain**
- GG. \$2,000,000 per **occurrence** for all Time Element coverages combined .
- HH. \$NCP per **occurrence** for Attraction Properties
- II. \$NCP per **occurrence** for Contingent Time Element
- JJ. \$65,630 per **occurrence** for scheduled Owned and Leased Mobile and Contractor's Equipment
- KK. \$5,000,000 per **occurrence** for Automobile Physical Damage while located on an insureds location or within 1,000 feet on an insured location. Excludes over the road coverage.
- LL. \$250,000 per **occurrence** for Automobile Physical Damage – Unscheduled Vehicles
- MM. \$250,000 Offsite Storage
- NN. \$100,000 per **occurrence** for Personal Property of Employees

III. Occurrence Limit of Liability: In the event of a covered peril direct damage loss, the maximum amount payable by us will be the lesser of the paragraphs below which are signified as applicable to this policy by a check mark. Any paragraph not checked does not apply.

- ☒ 1. The actual adjusted loss amount, less applicable deductible.
- ☐ 2. With respect to each insured **Location**, 100% of the amount shown for each category of coverage as shown for that **Location** on the Statement of Values submitted by you and on file with us.
- ☐ 3. With respect to each insured **Location**, _____ % of the amount shown for all categories of coverage combined as shown for that **Location** on the Statement of Values submitted by you and on file with us.
- ☐ 4. If the insured **Location** contains more than one insured building, and the Statement of Values does not provide a specific breakdown of values for each building, the proportional amount of the limits shown for each item of coverage

at that **Location** attributable to the building(s) damaged, which will be determined by dividing the reported square footage for the building(s) involved in the loss by the total square footage reported for all buildings. For the purposes of this paragraph, the reported square footage shall apply in the calculation, irrespective of any differences or inaccuracies in square footage subsequently identified. For the purposes of this paragraph, no coverage will apply within the "Errors and Omissions" coverage extension shown in Section II, paragraph K.

- ☒ 5. The limit of liability shown in Section II. of this policy, or applicable sublimit shown in the Section II, subparagraphs A. through NN.

IV. DEDUCTIBLES : Each **Occurrence** of covered loss or damage under this policy shall be subject to a deductible of \$100,000 per **occurrence**, unless a specific peril deductible shown below applies. The deductible per **occurrence** is signified by the checked box below. Any subparagraph not checked does not apply to this clause:

A. Named Storm:

1. ☐ \$ Per **occurrence**;
2. ☐ % of the total insured values per building, subject to a minimum of \$ per **occurrence**;
3. ☒ 5% of the total insured values per **Location**, subject to a minimum of \$10,000,000 per **occurrence**

B. All other Wind & Hail occurrences other than Named Storm

1. ☐ As per the all other peril deductible shown in IV. Deductibles above
2. ☒ \$100,000 Per **occurrence**;
3. ☐ % of the total insured values per building, subject to a minimum of \$ per **occurrence**;
4. ☐ % of the total insured values per **Location**, subject to a minimum of \$ per **occurrence**

C. Flood:

1. \$100,000 per **occurrence**; except as follows in IV. C. 2.
2. for any **Location** which is wholly or partially within any designated 100-year **Flooding** zone, or designated as having a 1% chance of **Flooding**, as defined by the Federal Emergency Management Agency (FEMA), the deductible shall be:
 - ☒ 5% of the total insured values at the time of loss, subject to a minimum deductible per **occurrence** of \$1,000,000, for any **Location** which is wholly or partially within any designated 100-year **Flooding** zone, or designated as having a 1% chance of **Flooding**, as defined by the Federal Emergency Management Agency (FEMA).
 - ☐ \$ per building plus \$ for loss to personal property in each building; plus \$ per occurrence for all Time Element coverage(s).

D. Earth Movement:

1. \$100,000 per **occurrence**, except as follows in IV. D. 2, D.3, or D.4 below:
2. NCP% of the total insured values as the time of loss, subject to a minimum deductible per **occurrence** of \$ NCP, for any **Location** in California, Hawaii, Alaska, or Puerto Rico.
3. NCP % of the total insured values as the time of loss, subject to a minimum deductible per **occurrence** of \$ NCP, for any **Location** in the **New Madrid** or **Pacific Northwest Zones**, as defined.
4. NCP % of the total insured values as the time of loss, subject to a minimum deductible per **occurrence** of \$ NCP, for any **Location** within the following States, Territories, or zones: NCP

E. Specific Location, Condition, or Peril Deductible as described herein: NCP

F. Equipment Breakdown

1. ☐ \$ Combined Direct Damage and Time Element;
2. ☐ \$ Direct Damage;
- 3.a ☐ \$ Time Element; or
- 3.b ☐ hours with respect to Time Element; or
- 3.c ☐ times **Average Daily Values** with respect to Time Element;
4. ☐ % of the loss, subject to \$ minimum - Spoilage

☐ **Per Unit of Insurance:** If this box is checked, any deductible above which is stated as a percentage of values shall be applied against each individual unit of insurance (e.g. Building, Personal Property, Time Element) for which a claim is being made under this policy.

☐ **Calendar Year Provision:** If this box is checked, any deductible above which is stated as a percentage of values, such percentage shall be the aggregate amount of all deductibles applied for all occurrences in any twelve (12) month period following the inception date of the policy. If the policy term is issued for a period greater than twelve (12) months, the stated percentage deductible shall apply in the annual aggregate for the first twelve (12) months of the term; and an additional annual aggregate deductible of the same percentage shall apply to each twelve (12) month period thereafter. If the subsequent period of time after the first twelve (12) months is less than a full year, the percentage shall be calculated in direct proportion as such period of time relates to twelve (12) months. Upon exhaustion of the aggregate deductible by covered loss occurrences in any twelve (12) month period, any future occurrences of covered loss by the same peril in the same twelve (12) month period shall be subject to the deductible shown for the Fire Peril.

G. Time Element: times **Average Daily Values**

Deductible Provisions: This policy shall only be liable for loss or damage covered by policy which exceeds the applicable deductible shown above. If more than one insured **Location** sustains covered loss or damage in the same **occurrence**, the

deductible shall apply against the total loss or damage to all covered **Locations**. If two or more deductibles shown above apply to a single **occurrence**, the deductible shall be the largest deductible applicable. However, if there is a Time Element Deductible shown in IV. E above, then the policy shall apply both the applicable direct damage deductible in addition to the Time Element deductible to the **occurrence**.

With respect to Equipment Breakdown, any Time Element deductible signified by a check box applies to all Time Element Coverages. Any direct damage deductible signified by a check box applies to all remaining loss, damage, or expense covered by Equipment Breakdown. With respect to Time Element deductibles shown in terms of hours or days, we will not be liable for any loss occurring during the specified number of hours or days immediately following the **Accident**. Deductibles stated in days shall mean twenty-four consecutive hours after the **accident**.

V. Covered Causes of Loss:

A. Perils Insured: This policy insures against all risks of direct physical loss or damage to Insured Property, except as Excluded.

B. Perils Excluded:

1. This policy does not insure against loss or damage caused directly or indirectly by any of the following, regardless of any other cause or event contributing concurrently or in sequence to the loss or damage:
 - a. Nuclear reaction or radiation, or any by-product of nuclear reaction, any radiological material or radioactive contamination, however if direct physical loss or damage to your insured property by fire or sprinkler leakage results, we will pay for the ensuing fire or sprinkler leakage direct damage. However, this exclusion does not apply to loss or damage caused by sudden and accidental radioactive contamination from materials which you use, store or from your processes conducted at your insured **Locations** provided that at the time of such direct damage, there is neither a nuclear reactor nor any new or used nuclear fuel on your insured premises;
 - b. War or hostile or warlike action at any time, including action in hindering, combating, or defending against an actual, impending, or expected attack by any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval or air forces; or by any military, naval, or air force; or any agent of any government, power, authority or forces. This exclusion applies to insurrection, rebellion, revolution, civil war, usurped power, and to any action taken by governmental authority in hindering, combating, or

defending against these actions or activities. This policy excludes any damage caused by any weapon of war employing atomic fission, radioactive force, or any biological or chemical weapon, whether intentional or accidental, whether in time of peace or war;

- c. Dishonest, fraudulent, or criminal acts committed by you or your partners, directors, trustees, officers, employees, or authorized representatives. However a willful act of destruction by your employees without your knowledge, consent, or direction shall not be excluded;
- d. The existence, release, dispersal or discharge of **asbestos** materials, nor any request demand, or regulatory requirement that you test for, monitor, clean up, remove, contain, or neutralize any **asbestos** material;
- e. Any actual, alleged, or threatened release, discharge, or dispersal of **Pollutants** or **Contaminants**, all whether direct or indirect, proximate or remote, or contributed to or aggravated by any covered cause of loss insured by this policy. However, this exclusion shall not apply to direct physical loss or damage to your insured property arising out of seepage, contamination or pollution which is directly caused by Fire, Lightning, Explosion, Windstorm, Hail, Smoke, Aircraft or Vehicle impact, Riot, Strike, Civil Commotion, Vandalism, Fire Sprinkler Leakage, or Collapse not otherwise excluded.

This exclusion shall not apply to direct physical loss or damage which is otherwise covered subject to the terms and limitations of the **Pollutant and Contaminant Cleanup** extension;

- f. Costs, expenses, fines or penalties which you incur or sustain, or which are imposed upon you by any government agency, court, or other authority arising from any cause;
- g. Delay, loss of market, loss of use; unexplained or mysterious disappearance or shortage disclosed on taking inventory.
- h. Indirect or remote loss or damage;
- i. Fungus, molds mildew, spores, yeast, wet rot or dry rot, or resulting toxins produced, except as provided within the Limited Mold and Fungus Cleanup extension; and except to the extent of any coverage is provided under the spoilage sublimit for **perishable goods** due to a

covered **Accident** within Equipment breakdown.

- j. Loss or damage arising from the enforcement of any law, ordinance, or regulation with respect to the construction, installation, repair, replacement, improvement, modification, demolition, occupancy, operation, or use, or with regard to debris removal of any property; except as specifically provided by the coverage extensions titles Building Ordinance and Law and Debris Removal.
 - k. Voluntary parting with title or possession of any property, including that which results from acts of larceny or false pretense;
 - l. damage to the interior of your insured building caused by rain, hail, sleet, or snow, whether driven by wind or not, unless direct physical damage occurs to the exterior of your building by these weather conditions, and for which such exterior damage directly allows the weather conditions to enter the building except as specifically provided by the sublimit and definition shown for **Wind-Driven Rain**.
 - m. subsequent loss or damage which results from your neglect to use reasonable means to protect property from such further loss or damage
 - n. Except as specifically provided within the terms and conditions of the Equipment Breakdown coverage, if such coverage is designated in Section II. Limits and Sublimits of Insurance, paragraph K. as being insured, this policy excludes loss by an **accident**, however we will pay for ensuing fire or combustion explosion or explosion of fuel or gases within the furnace of a fired **vessel** or within flues or passages through which combustion gasses pass.
2. This policy excludes the following, but if any of these results in a covered cause of loss, the exclusion does not apply to the ensuing damage caused by that covered cause of loss:
- a. Faulty, inadequate or defective design, specifications, workmanship, construction, or construction materials used;
 - b. loss or damage to stock or raw materials attributable to manufacturing or processing operations while such stock or material is being processed, manufactured, or worked upon;
 - c. corrosion, depletion, deterioration, erosion, wet rot, dry rot, decay, evaporation, inherent vice, latent defect, rust, shrinkage, change in

color, flavor, texture, or finish, wear and tear, insect or vermin damage.

- d. Changes of temperature or humidity, whether atmospheric or not;
- e. Settling, cracking, bulging, shrinking, or expansion of foundations; machinery pedestals, pads, or platforms; floors, pavements, walls, ceilings, or roofs;
- f. Lack of utility services including electricity, fuel, water, gas, steam, refrigerant, outgoing sewerage, or incoming or outgoing voice, **data**, or video when caused by an event not on your insured premises, except as specifically provided by the terms and conditions of the Service Interruption Coverage extension;
- g. the cumulative effects of smog, smoke, soot, vapor, liquid, or dust;
- h. The functioning or malfunctioning of the internet or similar facility, or of any intranet or private electronic network or facility; any corruption, destruction, distortion, erasure or other loss or damage to **data**, software, or any kind of programming or coding; or the loss of functionality or use of **data**, coding, programming, or **data** processing systems; the intentional or unintentional introduction of malicious coding or programming virus; costs related to correcting or modifying any deficiencies, errors, or intended functionality of **data** processing systems or their programming; any costs related to consultation, design, inspection, maintenance or repair to **data** processing systems; and any ensuing inability to conduct your business;

3 Solely with respect to coverage provided within Equipment Breakdown, the following are additional excluded perils:

- a. Loss, damage or expense cause directly or indirectly by **Flood**, whether or not caused by or resulting from an **accident**. However, if electrical **covered equipment** requires drying out because of **flood**, the equipment breakdown coverage will pay for the direct expenses of such drying out as direct damage;
- b. Loss caused by or resulting from a hydrostatic, pneumatic, or gas pressure test of any boiler or pressure **vessel**; or an electrical insulation breakdown test of any type of electrical equipment;
- c. Loss caused by or resulting from
 - i. Any defect, programming error, programming limitation, computer virus, malicious code, loss of data, loss of access, loss of use, loss of functionality or other condition involving **data** or **media** of any kind, or

- ii. Misalignment, mis-calibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance;
However if an **accident** results, exclusion 3.c. shall not apply to the ensuing loss, damage, or expense caused by that **accident**.

VI. Covered Property: Except as excluded, this policy covers the following property while located at the covered **Locations**, and within 1000 feet thereof:

- A. Your interest in buildings and structures, including renovations, alterations, additions, and repairs, which you own, occupy, rent or lease;
- B. Your interest in business personal property, including building **Improvements and Betterments**;
- C. Personal property of others in your care, custody or control; or for which you have an insurable interest, obligation, or legal liability; or for which you have a written agreement prior to any loss to provide coverage. Coverage under this paragraph is limited to direct damage coverage, and no Time Element coverage is provided for covered property identified in this paragraph.
- D. Personal property, other than motor vehicles, of your officers or employees

VII. Property Excluded: This policy does not provide coverage for loss or damage to:

- A. Money, notes, securities, stamps, furs, jewelry or precious stones, or precious metals except such precious metals which you use for industrial purposes;
- B. Watercraft, aircraft, spacecraft, satellites, railroad rolling stock, or vehicles licensed for highway use;
- C. Standing timber, growing crops, or animals;
- D. Bridges or tunnels when not part of your insured building or structure at your insured **Location**;
- E. **Land**, water or other substance in or on **Land**, however this exclusion does not apply to water that is contained in any enclosed tank, piping system, or any other processing equipment;
- F. Mines, mine shafts, caverns or any property contained within them;
- G. Pavements, roadways, or drainage systems, except as specifically provided within Outdoor Property including Land Improvements;
- H. Transmission and distribution lines situated beyond 1000 feet of the insured **Location**

- I. Any property which you sell under a conditional sale, trust agreement, installment plan, or other deferred payment plan after delivery to your customers;
- J. Offshore property of any type or description; dams, dikes, reservoirs, canals, piers, docks, or wharves;
- K. Property of others when you are a bailee, warehouseman, or carrier for hire.

VIII. Valuation: If a Coinsurance Percentage is shown in Section I. General Provisions, Paragraph E., the following condition applies:

We will not pay the full amount of any covered loss if the value of the covered property at the time of loss, multiplied by the coinsurance percentage, is greater than the limit of insurance applicable to the covered property. Such valuation will be determined based upon the valuations outlined below and as further defined by the terms and conditions set forth in Section III Occurrence Limit of Liability. The reduced payment amount will be in equal proportion to the ratio that the amount which you reported and insured herein bears to the valuation which should have been insured in meeting the coinsurance requirement. The coinsurance calculation shall be computed in advance of applicable policy deductibles.

All adjustments of the physical loss amount covered by this policy will be computed as of the date of loss at the **Location** of loss, subject to the following:

- A. With respect to stock in process, the value of raw materials and labor expended, plus the proper proportion of overhead charges;
- B. On finished goods which you have manufactured, the regular cash selling price at the **Location** where the loss occurs, less all discounts and charges to which the finished goods would have been subject to had no loss occurred;
- C. On raw materials, supplies and other merchandise which you did not manufacture, the actual expenditure incurred in repairing or replacing the damaged or destroyed property, or if not repaired or replaced the depreciated actual cash value of such property;
- D. On exposed films, records, manuscripts and drawings, which are not Valuable Papers and Records, the value blank plus the cost of copying information from backups or from originals. These costs do not include research, engineering or any costs of restoring or recreating lost information.
- E. On **Valuable Papers**, the valuation will be the lesser of the cost to replace the item, or the cost to repair or restore the item to the condition which existed immediately prior to the loss, or the amount specifically scheduled, if any, on the item on file with the Insurer.
- F. On **Fine Arts**, the lesser of the reasonable and necessary cost to repair or restore such property to the physical condition that existed on the date of loss; or the cost to

replace the property; or the stated value, if any, stated that the item(s) on schedule on file with us. If the fine art damaged by a covered peril is part of a set or pair, and the damaged article cannot be replaced, repaired, or restored to the pre-damage condition, we will be liable for the lesser of the full value of such set or pair or the amount, if any, designated on the schedule. The salvage value of the pair or set shall inure to the benefit of the Insurer.

- G. On **Data, Media** Programs, and Software, the cost to repair, replace or restore **data**, programs, or software including costs to recreate, research, and engineer. If **Data**, Programs, or Software is not replaced or restored within 12 months of the date of loss, the valuation will be the blank value of the **media**.
- H. On property in transit:
 - 1. Property shipped to you will be valued your actual invoice amount, including accrued costs and charges legally due, including your commission, if any, as a selling agent;
 - 2. Property which you have sold and which you are shipping will be valued at your selling invoice amount, including pre-paid or advanced freight costs.
 - 3. Property not under invoice will be valued at the actual cash market value at the destination point on the date of loss, less any charges saved which would have become due and payable upon the arrival at the destination;
- I. On property which is mobile equipment or contractor's equipment which you use in your operation, the valuation will be depreciated actual cash value.
- J. On all other property, the adjusted loss amount will be the lesser of:
 - 1. the cost to repair;
 - 2. the cost to rebuild or replace on the same site with new materials of like size, kind, and quality;
 - 3. the cost in rebuilding, repairing, or replacing on the same or another site, but not to exceed the size and operating capacity that existed on the date of loss;
 - 4. the selling price of non-stock buildings, machinery or equipment, offered for sale on the date of loss;
 - 5. the cost to replace electrical or mechanical equipment, including computer equipment, with equipment that is the most functionally equivalent to the property damage or destroyed, even if such equipment has technological advantages or possesses an improvement in function;
 - 6. the depreciated actual cash value of any property which is not replaced within two years from the date of loss, or your property which no longer has useful value.

You may elect to not to repair or replace your property which was lost, damaged or destroyed. Loss settlement may be elected on the lesser of repair or replacement cost if the proceeds of such settlement are expended on other capital expenditures related to your operations within two years from the date of loss. This settlement option is strictly contingent upon the condition that such alternate expenditure must have been unplanned as of the date of loss, and such alternate expenditure must be made at an

insured **Location** covered by this policy. This clause does not apply to the Building Ordinance and Law coverage extension.

For the purposes of the valuation clause in its entirety, Actual Cash Value shall mean the amount that it would cost to repair or replace your insured property on the date of loss with material of like kind and quality, with full and property deduction for obsolescence and physical depreciation.

IX. Time Element

We will pay for the actual Time Element loss which you sustain, as provided within this section, during the period of liability. The Time Element loss must result from the necessary suspension of your business activities at your insured **Location**, due to direct physical loss to your covered property caused by a covered peril. We will also pay for the actual Time Element loss during the period of liability which you sustain at your other insured **Locations**, and whose operations are interdependent with the covered **Location** which had sustained the covered direct damage loss.

Our liability under this coverage is only to the extent that you are unable to continue your operations, services, or production during the period of liability and are able to demonstrate a loss of revenue for the suspended operations, services, or production.

Loss will be payable hereunder only to the extent that it cannot be reduced by the following:

1. Your resumption of resume business activities, in whole or in part;
2. Your use of other owned facilities, equipment, stock, or any other assets to mitigate the suspension of operations;
3. Your use of the services or property of others to resume operations in whole or in part

We will evaluate the experience of your business both before and after the insured loss or damage, and the probable experience of your business had no direct physical loss or damage occurred at your insured **Location** during the period of liability, in determining the Time Element Loss.

A. Time Element Gross Earnings

Gross Earnings loss is the actual loss sustained, less any charges or expenses which do not necessarily continue during your suspension of business operations resulting from a covered direct damage loss. This includes the continuation of normal charges and expenses, including **Ordinary Payroll** limited to the number of days after the loss which is shown in Section II. Limits and Sublimits of Liability, not to exceed the extent

necessary to resume your business activities to the level which existed immediately preceding the covered loss. Gross Earnings will be determined as the sum of:

1. Your total net sales value of production or services;
2. Your rental income from the rented portions of your insured **Locations**, based upon existing leases, contracts, or agreements in existence at the date, time, and **Location** of loss;
3. Your other income derived from your business activities;
4. Your reasonable and necessary extra expenses which you expend to reduce the amount of Gross Earnings that would otherwise be payable, not including costs to permanently repair or replace property which has suffered a covered direct damage loss;
5. The costs you incur to rent a temporary **Location(s)** when your insured **Locations** is untenable due to a covered direct damage loss, not to exceed the fair rental value at the time of loss for such untenable portion of your **Location**;

Less the cost of the following:

6. Raw stock or materials from which your production is derived;
7. Supplies or materials which are used directly in the conversion of raw materials into finished stock, or in supplying the services which you sell;
8. Other non-stock materials which are sold, including packaging materials;
9. Services which you purchase from others which not continue under contract.

B. Extra Expense

We will pay for your reasonable and necessary Extra Expenses incurred during the period of liability used to resume and/or continue as nearly as practicable your normal business activities, which otherwise would be necessarily suspended as a result of direct physical loss or damage to your insured property by a covered peril. Extra Expense does not include any Gross Earnings, the cost of permanent repairs or replacement of property, or expenses otherwise payable elsewhere in this policy. We will reduce the amount payable as Extra Expense for property acquired in connection with the above by the fair market value of such acquired property remaining at the end of the period of liability.

C. Rental Value

We will pay under the Time Element coverage your actual loss of Rental Value, less charges and expenses which do not necessarily continue, which occurs during the period of liability which results from a covered peril direct damage loss to your **Location**. Rental Value means the sum of your total anticipated gross rental income from tenant occupancy of the described **Location** as furnished and equipped, including taxes, rent based upon percentage of sales, and other charges paid by tenants in respect of the leased **Location**; including any charges which the lease terms require to be the obligation of the tenant during their occupancy, but which otherwise would be the your

obligation. This coverage also includes the fair rental value of any portion of your **Location** which you occupy.

D. Leasehold Interest

We will pay for your actual Leasehold Interest loss, subject to the sublimit shown in the policy, which you incur resulting from direct physical loss or damage by an insured peril to a **Location** which you lease, and do not own. Leasehold Interest loss will be determined as follows:

1. If the **Location** become wholly unusable or untenable, and you are required contractually by the lease terms to continue rent payment, we will pay the present value of the actual rent payable for the unexpired terms of the lease, no including any lease term options; but not to exceed the period of in which the damaged property could be repaired or replaced with due diligence;
2. If the **Location** becomes partially unusable or untenable, and you are required contractually by the lease terms to continue rent payment, we will pay the proportionate amount of the rent as the unusable portion relates to the **Location** as a whole but not to exceed the period of in which the damaged property could be repaired or replaced with due diligence;
3. If the lease is cancelled by your lessor in accordance with the terms of the lease agreement or by operation of law, this policy will pay you for your leasehold interest for the first three (3) months following the loss or damage; and for your net lease interest thereafter for the remaining unexpired term of the lease. The net lease interest will be determined as the amount which when placed at a 6% interest compounded annually would equal the remaining lease interest, less any other amounts payable;

however, Leasehold Interest shall not cover any loss which you incur in through your own exercise of an option to cancel or suspend a lease; nor by any act or omission within your control which would constitute default under the lease terms.

You must use any suitable property, asset, or service which you own, control, or obtain from any source to reduce Leasehold Interest loss hereunder.

E. Impounded Water

We will pay for your actual time element loss as provided by this policy directly resulting from the necessary suspension of your business activities at your insured location due to the lack of a supply of water from a water supply stored behind dams, levees, or holding reservoirs which are on your insured **Location**, contingent upon that the water supply

must be used as a raw material or for the generation of power or for other manufacturing purposes, and that the inadequate supply of water must be as a result from the release of water from the water supply being caused by a direct physical loss by a covered peril to the dam, levee, or holding reservoir. Coverage under this extension will cease 14 days after the repair or replacement to the dam, levee, or holding reservoir is made with the exercise of due diligence and dispatch.

F. Attraction Properties

We will pay for your actual time element loss as provided by this policy due to a direct physical loss by a peril insured by this policy which occurs to attraction property(ies). An attraction property is a property of the type covered by this policy which is within 1 mile of your scheduled insured **Location**, which attracts customers to your business **Location**, if the attraction of those customers is essential for the continuation of your normal business activities.

G. Contingent Time Element

We will pay for your actual time element loss as provided by this policy due to a direct physical loss by a peril insured by this policy which occurs to the Buildings or Personal Property of a direct supplier to your business, or to a direct customer of your business, and such damage

1. Wholly or partially prevents the direct supplier from supplying their goods or services to you; or
2. Wholly or partially prevents the direct customer from accepting your goods or services

The property of the supplier or customer which is damaged by a peril covered by this policy must be of the type of property insured by this policy, and must be located within the coverage territory. No coverage shall apply to Contingent Time Element for any types or descriptions of property which are not covered by this policy.

It is your duty within the Contingent Time Element coverage extension to influence and cooperate with your direct supplier or customer in every way, and take any reasonable or necessary actions, including the use of alternate equipment, supplies, or premises, to mitigate the loss payable under this extension.

Additional Exclusions applicable to Contingent Time Element:

This coverage extension does not provide coverage to:

1. Properties which are providers of utility services, including electricity, fuel, gas, water, steam, refrigeration, sewage, voice, data, or video;
2. Loss due to the lack of incoming or outgoing transmission of voice, data, or video at your direct customer or direct supplier premises;

3. Direct physical loss or damage caused by Earth Movement for any direct suppliers and/or direct customers which are located in California, Alaska, Hawaii, Puerto Rico, or the New Madrid Zone or Pacific Northwest Zone
4. Direct physical loss or damage caused by Terrorism affecting any direct supplier and/or direct customer, regardless of any other cause or event contributing concurrently or in sequence, and irrespective of whether Terrorism is a covered peril or not by this Policy.

H. Time Element Additional Exclusions

In addition to the exclusions shown elsewhere in this policy, the following exclusions additionally apply to Time Element Loss: This policy's Time Element coverage does not insure against:

1. Any loss during any idle period which you would have experienced had the direct loss or damage by an insured peril not have occurred. This includes, but is not limited to, when you production, operations, services, delivery, or receipt of goods or services or any other business activities, would have ceased, would have not taken place, or would have been prevented due to:
 - a. Physical loss or damage which is NOT insured by this policy, whether at an insured **Location** or elsewhere;
 - b. Planned, scheduled, or rescheduled shutdown or reduction of operations;
 - c. Labor Strikes or other work stoppages; or
 - d. Any reason or cause other than physical loss or damage to insured property by a covered cause of loss.
2. Any increase in Time Element loss due to
 - a. Suspension, cancellation, or lapse of any contract, license, or business orders;
 - b. Suspension, cancellation or lapse of any lease other than as specifically covered under Leasehold Interest above;
 - c. Fines or damages for breach of contract or for late completion or non-completion of business orders;
 - d. Penalties of any nature, assessed by any entity;
 - e. Any other consequential or remote factors
3. Any loss resulting from loss or damage to finished goods which you manufacture, nor the time required for their reproduction.

I. Period of Liability:

For the purposes of Time Element Coverage, reference to the Period of Liability for which insured loss hereunder would be payable shall be defined as follows:

1. With regard to building and equipment, that period beginning from the time of **occurrence** of the insured direct physical loss or damage, and ending at the time when with due diligence and dispatch that the building and/or equipment could be repaired or replaced, and made ready for operation under equivalent physical or operating conditions which existed prior to the damage;
2. With regard to building or equipment which is under construction or installation, the equivalent period of time as noted in 1. above, applied to the level of business that reasonably would have been achieved after construction, installation and startup would have been completed had there been no direct physical loss or damage by an insured peril. Due consideration will be given to the actual experience of the business after completion of the construction, installation, and startup;
3. With regard to stock in process, the period of time required with the exercise of due diligence and dispatch to restore stock in process levels to the same state of manufacture which existed at the time of insured direct damage loss;
4. With regard to raw materials and supplies, the period of time of actual interruption of production or service, or suspension of operations, resulting from the inability to obtain suitable raw materials and supplies to replace those which were directly damaged by a peril insured herein, but limited to that period for which the damaged raw materials and supplies would have sufficiently supplied operating needs;

plus the number of days, if any, shown in Section II., paragraph M. Extended Period of Liability, except the Extended Period of Liability does not apply to coverage within the Leasehold Interest section of the policy.

The Period of Liability does not include any additional time or delay resulting from your re-staffing or retraining employees; from your making changes to equipment or to processes; or from your making changes to buildings or structures, except as specifically provided within the Building Ordinance and Law coverage extension. This policy's expiration date will not limit the Period of Liability.

X. ADDITIONAL COVERAGE

The following additional coverages are subject to the terms and conditions found in this policy, including the deductibles and sublimit(s) of liability corresponding to each such additional coverage shown. These sublimits are part of, and not in addition to, the policy limit shown in Section II. of the policy.

- A. Accounts Receivable:** This policy covers shortages in the collection of Accounts Receivable which directly result from direct physical loss or damage insured by this policy to Accounts Receivable records. Within this coverage extension, we will pay for collection expenses which are over and above normal collection costs; interest charges on any loan to offset impaired collections pending repayment of such sums that cannot be collected; and other reasonable and necessary expenses that you incur to recreate your Accounts Receivable records.

Unearned interest and service charges on deferred payment accounts and normal credit losses on bad debts shall be deducted in determining the loss recovery hereunder.

Any amount which you recover on Accounts Receivable, on accounts which were indemnified by us to you under this policy, shall be immediately reimbursed to us up to and including the total amount of loss which we paid.

In the event that you are able to reconstruct your Accounts Receivable records after they have been damaged or destroyed by a covered loss, so that no shortage of Accounts Receivable is sustained, we shall be liable only for the cost of blank Accounts Receivable records and the costs of the time required, with due diligence and dispatch, to reconstruct your Accounts Receivable records.

This coverage extension does not apply to any loss due to errors or omissions in Bookkeeping, Billing, or Accounting; or resulting from the alteration, falsification, concealment, destruction, or disposal of Accounts Receivable records to conceal the wrong giving, taking, obtaining, or withholding of money, securities, or other property.

- B. Brand and Labels:** If branded or labeled merchandise covered by this policy is directly damaged by an insured peril, and we elect to take all or any part of such merchandise, we will pay your actual expenses to stamp "salvage" on the property or its containers, or to remove or obliterate brands or labels; contingent that doing so will not damage the property, and contingent that you must re-label merchandise or containers to comply with any applicable law.
- C. Building Ordinance and Law:** In the event of direct physical loss or damage by an insured peril which directly results in the enforcement of any law, ordinance, or governmental directive or standard in effect at the time of loss or damage which regulates the reconstruction, repair, use or occupancy of the property, we will pay:
1. Under the sublimit shown for Coverage A: we will pay for the loss in value of the undamaged portion of the building as a consequence of the enforcement of an ordinance or law which requires demolition of any undamaged parts of the same building;

2. Under the sublimit shown for Coverage B: we will pay for the cost to demolish and clear the site of undamaged parts of the same building directly necessitated by the enforcement of any ordinance or law that required such demolition;
3. Under the sublimit shown for Coverage C: we will pay for the increased cost of repair or replacement of the damaged building and undamaged part of the same building, but not more than the cost that would be incurred in order to comply with the minimum requirements of such law or ordinance which regulated the repair or replacement of the damaged building. However, we will not be liable under this coverage part for any such increased cost of construction unless the damaged building is actually rebuilt or replaced.
4. Under the sublimit shown for Coverage D: we will pay for Time Element loss which is necessitated by the period of indemnity being extended in order to comply with the enforced ordinance, as covered in A, B, or C herein.

We will not pay for any costs of demolition or increased cost of construction, repair or debris removal which is necessitated by the enforcement of any law or ordinance regulating any form or contamination or pollution.

Downzoning Clause: In the event that the Building Ordinance or Law being enforced restricts or prohibits you from rebuilding the damaged insured property with respects to the size, density, use, or number of floors which existed prior to the loss, Building Ordinance and Law Coverages A and B will apply as written; and the combined direct damage indemnity plus coverage C will be the maximum payable to repair, remodel or reconstruct the building to permitted use(s) with respect to the applicable codes, laws, or regulations. If the Downzoning ordinances result in a time element loss, such loss will be calculated as 12 month's loss rents for such portions of the property which cannot be repaired or replaced due to ordinance, which will be calculated for each lost unit or leased area within the building, calculated against the average actual gross rental income for all units or all areas within the building for the 12 month period prior to loss.

- D. Civil or Military Authority:** We will pay your actual loss sustained during the period of time when access to your insured **Location(s)** is prohibited by an order of civil or military authority, provided that such order is a direct result of direct damage to property which is not insured hereunder due to a covered peril. The period of coverage will begin on the effective date of the order of civil or military authority, and end when the order expires, not to exceed the number of days or loss amount to which this coverage is limited to in the sublimits section.
- E. Claims Expenses:** We will pay for your reasonable and necessary expenses which you incur in preparing and certifying the **data** and details of your business and insured property in order to determine the amount of loss payable under this policy, including reasonable and necessary fees charged by your Property Manager for

handling the claim. We will not pay for any expenses which you incur in consulting with or utilizing the services of Attorneys, Public Adjustors, Insurance Agents or Brokers, or any of their subsidiary, related, or associated entities. We also will not pay for costs or fees for consultation on coverage or negotiation of claims, or your costs or expenses of business overhead or operating expenses including employee salaries.

F. Data, Programs, and Media: We will pay for direct physical loss or damage, except as excluded by this policy, to Electronic **Data**, Programs, and **Media**.

G. Debris Removal: We will pay for the necessary and reasonable expense to remove from your insured **Location** the debris directly resulting from insured physical loss or damage to your property. This additional coverage shall include coverage for the costs of removal of any **pollutant** or **contaminant** which is in or on your covered property due to the actual, not suspected, presence of **pollutant** debris or **contaminant** debris, which results directly from other direct physical damage which is insured by this policy.

We will not pay under this coverage extension for removal of debris at your **Location** which is of property that is not insured hereunder, nor for the expense of removing **contaminants** or **pollutants** from property that is not insured hereunder.

No coverage is found within this additional coverage for debris removal for the costs of removing **Pollutants** or **Contaminants** from **land** or water, except as otherwise provided by the terms, limitations, and sublimits of the Pollutant and Contaminant Cleanup clause, as shown in Section X. Additional Coverages, Paragraph Q.

Pollutant, Contaminant Cleanup.

H. Equipment Breakdown: We will pay for direct physical damage to your covered property that is the direct result of an **accident**. Unless otherwise shown in Section II. Limits and Sublimits of Liability, the following coverage also apply to the direct result of an **accident**. These coverages do not provide additional amounts of insurance:

1. **Hazardous Substances** – we will pay to repair or replace covered property because of contamination by a **hazardous substance**, including the additional expenses to clean up or dispose of such property.
2. **Spoilage** – we will pay for direct physical damage to **perishable goods** due to spoilage or due to contamination from the release of a refrigerant, including but not limited to ammonia, and any necessary expense you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage. If you are unable to replace the **perishable goods** before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the **perishable goods** at the time of the **accident**, less

discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the valuation clause.

3. **Data Restoration** – We will pay for your reasonable and necessary costs to research, replace, and restore lost **data** resulting from an **accident**.

- I. **Errors and Omissions:** We will pay for direct physical loss or damage by an insured peril to your property, which otherwise would not be payable under this policy, due to your unintentional error or omission at the time of policy inception in the description of, or the inclusion of, any **Location** which you own, occupy or lease; but only to the extent that this policy would have covered the insured property had the unintentional error or omission not been made, and in no event for more than the sublimit shown for this coverage. This coverage extension includes the Time Element loss, subject to the Time Element terms, of any **Location** covered within the limits of this coverage extension. However, the coverage provided by the **Errors and Omissions** coverage extension does not allow you to change or correct any value shown in the Statement of Values at a covered **Location** after a covered loss **occurrence**. You must report any unintentional error or omission as soon as possible upon your awareness of your error, and pay the additional premium, if any, due to have the **Location** correctly scheduled or insured. This coverage extension does not apply to any **Location** for which coverage is provided under the coverage extensions for Newly Acquired Property or **Miscellaneous Unnamed Locations**.
- J. **Expediting Expense:** We will pay your reasonable and necessary costs incurred to pay for temporary repair of direct physical loss or damage by a covered peril, and to expedite the permanent repair or replacement of such damaged property. This coverage extension excludes costs which are recoverable elsewhere in the policy, including within the Time Element section; and the actual costs of permanent repair or replacement.
- K. **Fine Arts:** We will pay for direct physical loss or damage by an insured peril to your **Fine Arts** at your insured **Location**. However, we will not pay for loss or damage directly or indirectly caused by or arising from the following:
1. Breakage of brick-a-brac, glassware, marble, porcelain, statuary, and similar fragile property which results from the article being dropped or knocked over, whether intentional or accidental;
 2. Any repairing, restoring, or retouching process; or
 3. Any pre-existing condition of the article as of the inception of this policy.
- L. **Fire Brigade Charges and Extinguishing Expenses:** We will pay for your reasonable additional costs due to charges imposed by a municipal fire brigade, and any extinguishing expenses which you incur; as well as for the loss of and disposal of fire extinguishing materials expended.

- M. Ingress and Egress:** We will pay your actual loss sustained during the period of time when access to your insured **Location(s)** is prohibited by a direct damage to property which is not insured hereunder due to a covered peril, occurring within 1 mile of your insured **Location**. The period of coverage will begin on the date in which the ingress or egress was prohibited, and end when the ingress or egress is restored, but not to exceed the number of days or loss amount to which this coverage is limited to in the sublimits section.
- N. Landscaping, Trees, Shrubs, and Plants:** We will pay for your direct loss or damage to **Landscaping** materials, trees, shrubs, and plants, at your schedule **Location(s)**, which is directly caused by a **Named Peril**.
- O. Limited Mold and Fungus:** We will pay for your necessary expenses for the cleanup and removal of Mold, Fungus, Mildew, Spores, or Yeast, which occur as a direct result of a direct damage loss to property insured by this policy by which is directly caused by Fire, Lightning, Explosion, Windstorm, Hail, Smoke, Aircraft or Vehicle impact, Riot, Strike, Civil Commotion, Vandalism, Fire Sprinkler Leakage, or Collapse not otherwise excluded. There is no coverage provided under this extension for Newly Acquired Buildings, Newly Acquired Properties, Errors and Omissions, or Miscellaneous Unnamed locations. No coverage shall be provided by the policy unless such expenses are reported to us within 180 days after the date of such Covered Cause of Loss.
- P. Outdoor Property and Land Improvements:** We will pay for your direct loss or damage to outdoor property such as fences, gates, light poles, detached signs, retaining walls which are not part of the building, playground or recreational equipment, antennas or satellite dish equipment, and **Land** improvements such as pavements, roadways, or sidewalks on the insured premises, but not including any fill or **Land** beneath any outdoor property.
- Q. Pollutant, Contaminant Cleanup:** We will pay for your reasonable and necessary additional expense incurred to remove, dispose of, or clean-up the actual, not suspected, presence of **Pollutants** and **Contaminants** from **Land** or water at your insured **Location** when such **Land** or water is polluted or contaminated due to a covered peril loss occurring at your insured **Location** herein. There will be no coverage unless such expenses are reported to us within 180 days after the date of the covered direct damage loss to your property.
- R. Protection and Preservation of Property:** We will pay your reasonable and necessary expenses for activities or actions which you undertake to temporarily protect or preserve covered property, provided such actions are necessary due to actual, or to prevent impending, physical loss or damage due to a covered cause of loss to your insured property.

- S. Service Interruption:** We will pay for your direct physical loss or damage to insured property, including the actual Time Element loss, which is directly caused by the interruption of an incoming service consisting of electricity, gas, fuel, steam, water, refrigeration, or from the lack of outgoing sewerage service. Such interruption of service must be as a direct result from a covered cause of loss to property of the service provider which is not on your premises, and which immediately prevents, in whole or in part, the delivery of such services. Coverage under this extension will not apply until after the interruption of service exceeds the waiting period shown Section II. Limits and Sublimits of Liability, subparagraph AA., has elapsed. If the interruption of service exceeds the applicable waiting period, the loss will be measured from the date and time of the interruption, and the applicable deductible will apply.

Any loss which is for Service Interruption to Attraction Properties will be subject to the lesser of the sublimit shown, if any, for Service Interruption or Attraction Properties. Any loss which is for Service Interruption to Contingent Time Element will be subject to the lesser of the sublimit shown, if any, for Service Interruption or Contingent Time Element. With respect to Equipment Breakdown Service Interruption, the most we will pay in any one **accident** for loss damage or expense under this coverage is the applicable limit for Time Element or Spoilage unless otherwise shown in Section II. Limits and Sublimits of Liability.

- T. Transit:** We will pay for your direct physical loss or damage to insured personal property, not otherwise excluded by this policy, while such property is in transit within the coverage territory. You are granted the privilege to ship under released or limited bills of lading under this coverage. This coverage shall include:

1. Property shipped to customers in Free on Board (F.O.B), Free-Along-Side (F.A.S.) shipments and return shipments. Your contingent interest in such shipments is admitted;
2. Your interest, and legal liability, for personal property of others in your actual or constructive custody;
3. Personal property of others which you sold, and for which you had agreed in writing prior to loss to insured during the course of delivery;
4. Your loss of property caused by fraud or deceit perpetrated by any person or persons who represent themselves to be the proper party or parties to receive goods for shipment or accept goods for delivery;
5. Your interest in general average, salvage, and other charges.

This additional coverage attaches from the time the property leaves the original point of shipment and covers thereafter continuously in the due course of transit within the coverage territory until delivered at its scheduled destination. If this policy expires during the due course of transit, coverage is extended on existing shipments which are in transit until they are delivered to their final destination.

We will not pay for loss or damage to samples in the custody of salespersons or sales agents; property which is insured under import or export cargo policies; waterborne shipments via the Panama Canal; or waterborne to or from Alaska, Hawaii, Puerto Rico, or other United States territories; property shipped by the United States Postal Service; shipment made by air unless via a regularly scheduled commercial airline; or property of others when you are acting as a common carrier or contract carrier as defined by the Interstate Commerce Commission or other state regulatory agencies; nor for loss or damage to any transporting vehicle or conveyance. Additionally, there is no coverage provided within this extension for delay, loss of market, or any Time Element Coverage.

- U. **Valuable Papers:** We will pay for your covered direct physical loss or damage to **Valuable Papers** and Records at your insured **Location**. We will pay for the value of the blank **media** and your reasonable and necessary costs incurred to research, replace, or restore the information lost or damaged thereon, including those which exist on electronic or magnetic **media** that are your property or the property of others which is in your care, custody or control. This coverage does not apply to loss or damage to property that cannot be restored with like kind and quality **media** or materials.

XI. POLICY CONDITIONS AND DUTIES IN THE EVENT OF LOSS:

- A. **Adjustment of Loss:** Loss or damage covered by this policy shall be adjusted with and payable to the First Named Insured as shown in the policy declarations, subject to any certificates on insurance on file with us which required payment to a loss payee or mortgagee. If the policy insures more than one entity, the First Named Insured is authorized to act on behalf of all other insured entities with respect to their rights, obligations, and duties under the policy. Payment of loss, or payment of return premium, under this policy to the First Named Insured shall satisfy our obligations with respect to all Insureds.
- B. **Appraisal:** If you and we disagree on the value of the covered damaged property or loss amount, either may make a written demand on the other for an appraisal of loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select a competent and impartial umpire. If the appraisers cannot agree in the selection of an umpire, either may request that the selection of an umpire be made by a judge of any court having jurisdiction in the matter. The appraisers will evaluate and report separately the replacement cost and actual cash value of the property, and the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision of loss amount by any two will be binding. Each party will pay the costs associated with their chosen appraiser; and each party will bear equally the costs associated with the appraisal and the umpire. Any

appraisal pursued is without prejudice to our rights under the terms and conditions of the policy, and our right to deny any claim if we determine the loss to be excluded.

- C. **Assignment or Abandonment:** You may not assign this policy to any other person or entity without our prior written consent. There may be no abandonment of any property to us.
- D. **Cancellation and Non-renewal:** You may cancel this policy by providing us with an advance, written request for cancellation stating when the cancellation shall take effect; or by remitting the original policy, or by remitting a lost or retained policy release, signed by the First Named Insured or authorized representative. If you cancel the policy, the earned premium will be calculated in accordance with the customary short-rate table and procedure, and will be subject to the Minimum Earned Premium shown within this policy.

We may cancel this policy by providing you advance written notice of cancellation as provided in Section I. General Provisions, Paragraph D, or in the event of non-payment of premium, at least ten (10) days written notice of cancellation. If the notice is mailed, proof of mailing will be sufficient proof of notice.

We may non-renew this policy by mailing or delivering to you a written notice of our intent to non-renew, notice of which shall be delivered on the number of days of advance notice which is required by law in the jurisdiction applicable for this policy.

All such notices of cancellation or non-renewal will be effective even if we have not made or offered a premium refund.

- E. **Conformity to Statutes:** Any provisions required by law to be included in policies issued by us shall be deemed to have been included in this policy. If the provisions of this policy conflict with the laws of any jurisdiction in which this coverage applies, and if such provisions are required by law to be stated in this policy, this policy is agreed to read so as to eliminate such conflict, or deemed to include such provisions, for insured **Locations** within such jurisdictions.
- F. **Control of Damaged Merchandise:** You, in exercising reasonable discretion, shall be the sole judge as to whether the goods or property involved in an insured loss are fit for normal intended use or consumption. No goods which you deem to be unfit for normal use or consumption will be sold or otherwise disposed of except by you, or with your consent, however, you will allow us any salvage which you obtain on any sale or other disposition of damaged insured goods or property
- G. **Divisible Contract:** If the **Locations** insured by this policy include two or more buildings, or the contents of two or more buildings, the breach of any condition of this policy in respect to any one or more of the buildings or contented insured shall not

prejudice the right to recover for insured direct physical loss or damage occurring at any **Location** or building insured which as the time of such loss did not possess such a breach of condition.

- H. **Environmental, Safety and Efficiency Improvements:** If **covered equipment** requires replacement due to an **accident**, we will pay your additional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced, not to exceed 150% of what it would cost to replace with like kind and quality. This condition does not apply to the replacement of component parts or to any property to which Actual Cash Value valuation applies, and this condition does not increase any of the applicable limits. We will not pay to increase the size or capacity of the **covered equipment** being replaced.
- I. **Inspections and Surveys:** We have the right, but not the obligation, to make inspections and surveys of insured property at any time, and to make recommendations with respect to risk improvements on the conditions identified. Such inspections and surveys shall be solely with respect to the insurability of covered property, and do not constitute safety inspections nor warrant any condition found to meet any safety standard. We do not undertake to perform the duty of any person or organization which is responsible for the health or safety of workers or the public, nor do we represent that any condition identified are safe, comply with laws, regulations, codes or standards.
- J. **Jurisdictional Inspections:** If this policy provides Equipment Breakdown coverage, for any property that is **covered equipment** which required inspection to comply with state or municipal **boiler** and pressure regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.
- K. **Lenders Loss Payable:** You have a duty to report to us every entity for which you have a mortgage or loan, whose lending requirements state that they must be entitled to a Lenders Loss Payable provision. We will pay for covered loss to insured property under this policy to each specified Lender Loss Payable and to each Mortgagee, in order of precedence of the mortgages, and as their respective interests appear. The interest of the Lender or Mortgagee will not be invalidated by any act or neglect of a debtor, mortgagor, or owner of insured property herein; nor for foreclosure or notice of sale with respect to the property; nor for change of title, ownership or occupancy of the insured property.

The Lender or Mortgagee will notify us of any known change in ownership, occupancy, and hazard to the property within ten (10) days of their knowledge of such change, and may pay any increased premium which is a result of such change. If the Lender or Mortgagee fails to pay increased premium when due, all coverage under this Policy will cease.

If this policy is cancelled at the request of the Insured or the Insured's agent(s), the coverage for the interest of the Lender or Mortgagee will terminate ten (10) days after we send to the Lender or Mortgagee written notice of cancellation, unless earlier termination is authorized by the Lender or Mortgagee, or if this policy is replaced by you with a policy providing similar coverage for the interest of your Lender or Mortgagee, in which even coverage under this policy with respect to this clause shall terminate upon the effective date of the replacement policy, notwithstanding any other provision of the policy.

We may cancel this policy, and all interests of the Lenders or Mortgagees within the policy, by giving the Lender or Mortgagee sixty (60) days prior written notice of the cancellation, if the cancellation is for any reason other than non-payment of premium. If the First Named Insured has failed to pay any premium due under this policy, we may cancel the policy for such non-payment, but will give the Lender or Mortgagee written notice ten (10) day prior to the effective date of cancellation. If the Lender or Mortgagee elects to pay the policy premiums by the due date, coverage under this policy will be maintained in effect solely with respect to the Lender's or Mortgagee's interest in the covered property. If the Lender or Mortgagee fails to pay the policy premiums by the due date, all coverage under this policy will cease.

If we pay the Lender or Mortgagee for any loss, and concurrently deny payment to the First Named Insured as the debtor, mortgagor, or owner, subject to the extent of payment made to the Lender or Mortgagee, we shall be subrogated to the rights of the Lender or Mortgagee under all securities held as collateral to the debt or mortgage. No subrogation will impair the right of the Lender or Mortgagee to sue or recover the full amount of its claim. At our option, we may pay the Lender or Mortgagee the whole principal due on the debt or mortgage plus any accrued interest, and in this event, we shall be assigned all rights and securities to the loan on insured property, and the remaining debt or mortgage will be paid to us.

If you fail to render a proof of loss in accordance the policy terms and conditions, the Lender or Mortgagee, upon notice of your failure to do so, may render a proof of loss within sixty (60) days of notice and will be subject to the terms of this policy.

L. Misrepresentation or Fraud: This contract is void to all Insureds if, whether before or after any loss or claim for coverage, you have willfully concealed or misrepresented any material fact or circumstance concerning:

1. This policy
2. The Covered Property
3. Your interest in Covered Property
4. Any claim made under this policy

or in case of any fraud or any false swearing by you with regard to any matter relating to this contract of coverage or property insured herein.

- M. Other Insurance – Excess, Underlying, or Contributing:** In the event that there is other insurance covering loss or damage which is also insured under this policy, then this policy shall apply only as excess to such other insurance, and shall not be responsible for indemnification until all other insurance has been exhausted, whether collectible or not. This policy shall not be contributory insurance, unless the policy is specifically written to be contributing insurance. Permission is granted for you to purchase Excess Insurance over the limits of coverage provided by this policy, as well as to purchase underlying insurance including on any part of the deductibles within this policy.
- N. Paragraphs and Titles:** The paragraphs and titles in this policy are for reference only, and do not amend or affect the provisions of the policy.
- O. Policy Modification:** This policy contains all of the agreements between you and us concerning this insurance. The policy can be changed only by written request to the other party and will be subject to mutual agreement to such change, and will be evidenced by a written endorsement issued by us to you of such change. Notice to any agent or knowledge possessed by any agent or by any other person will not create a waiver or change any part of this policy, or prevent us from asserting any rights under the provisions of this policy.
- P. Reinstatement of Limits:** Payment of loss for covered direct damage under this policy will not reduce the amount payable under this policy for subsequent covered loss, except for covered Perils which are subject to an Annual Aggregate Limit or Annual Aggregate Sublimit of Liability, for which the limit or sublimit shown shall be the maximum payable for all **occurrences** for that Peril of loss within the 12-month policy term.
- Q. Requirements in the Event of Insured Loss:** In the event of a direct damage loss which you believe is insured herein, you have the duty to:
1. Give us prompt notification of any loss or damage, stating the particulars of the loss event;
 2. Promptly contact the applicable authority having jurisdiction in the event a law has been broken, and promptly file a written report with such authority;
 3. Take reasonable steps to protect the property from further loss or damage;
 4. Take reasonable steps to separate the damaged and undamaged property;
 5. Maintain your property in the best possible order;
 6. Furnish us with a complete inventory of the lost, destroyed, and damaged property, including detail on the quantities, costs, replacement costs, actual cash values, and amount of loss which you are claiming;
 7. Furnish to us any other documents or insurance policy which we may reasonably require;

8. Allow us, or our representatives, access to inspect any of the damaged or undamaged property;
9. Submit to examination under oath at such times as may be reasonably required with regard to the details, particulars and matters of the claim made under this insurance

Within thirty (30) days of our request, you shall provide us with a proof of loss, signed and sworn to by the First Named Insured, stating your knowledge and belief as to the time and origin of loss; your interest and the interest of others in the property; the value of each item being claim under this insurance in accordance with the valuation provisions of the policy; details of any encumbrances on claimed damaged property; all other contracts of insurance, whether collectible or not, on damaged property; and any changes in the title, use, occupation, **Location**, possession or exposure of claimed damaged property which occurred subsequent to the inception of the policy.

- R. Notice of Loss:** With respect to all of the coverage within this policy, notice of claim or circumstances which may reasonably be expected to give rise to a claim hereunder shall be given in writing to, and at the address for the Claims Organization shown in the Declarations. If no Claims Organization is shown in the Declarations, such notice shall be given in writing to Everest Indemnity Insurance Company, c/o Mt. McKinley Managers, L. L. C., Westgate Corporate Center, PO Box 830, Liberty Corner, New Jersey 07938-0830.
- S. Service of Suit:** It is agreed that in the event of our failure to pay any amount claimed to be due hereunder, we, at your request will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes or should be understood to constitute a waiver of our rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. It is further agreed that service of process in such suit may be made upon Counsel, Legal Department, Everest Indemnity Insurance Company, c/o Mt. McKinley Managers, L. L. C., Westgate Corporate Center, PO Box 830, Liberty Corner, NJ 07938-0830 or his or her representative, and that in any suit instituted against us upon this contract, we will abide by the final decision of such court or of any appellate court in the event of any appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provision therefor, we hereby designate the Superintendent, Commissioner, or Director of Insurance, other officer specified for that purpose in the statute, or his or her successor or 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 you or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above named Counsel as the person to whom the said officer is authorized to mail such process or a true copy thereof.

- T. Subrogation:** You are required to cooperate in any subrogation proceeding. To the extent of our payment to you for a loss covered herein, your rights of recovery against any party are transferred to us. We shall not be entitled to any rights of recovery which you have expressly waived in writing prior to a loss, nor will such waiver affect your rights under this policy. Any recovery from subrogation proceedings, less costs which we incur in pursuing such recovery, will be deemed the net recovery. The net recovery will be adjusted between you and us as if such net recovery amount were obtained prior to the disposition, adjustment, and payment your claim under this policy.
- U. Suspension:** Whenever **covered equipment** is found to be in, or exposed to, a dangerous condition, and of our representatives may immediately suspend the insurance against loss from an **accident** to that **covered equipment**. This can be done by mailing or delivering a written notice of suspension to your last known address or to the address where the **covered equipment** is located. Once suspended in this way, your Equipment Breakdown coverage can be reinstated only by an endorsement for that **covered equipment**. If we suspend your insurance, you will get a pro rata refund of premium for that **covered equipment** for the period of suspension, however the effective date of the suspension will apply even if we have not yet made or offered a refund.

XII. Definitions:

Accident: A fortuitous event that causes direct physical damage to **covered equipment**. If an initial **accident** causes other **accidents**, all **accidents** will result from the same event will be considered one **accident**. The event must be one of the following: (1) Mechanical Breakdown including rupture or bursting caused by centrifugal force; (2) Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances, or wires; (3) Explosion of steam **boilers**, steam pipes, steam engines, or steam turbines owned or leased by your or operated under your control; (4) Loss or damage to steam **boilers**, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or (5) loss or damage to hot water **boilers** or other water heating equipment caused by or resulting from any condition or event inside such **boilers** or equipment.

Asbestos: any of several amphiboles or similar silicate minerals widely used for chemical inertness and heat-resistant properties that separate into threadlike fibers.

Average Daily Values: the total 100% Gross Earning value exposed, on the same basis that is used to determine the time element loss, for the period of indemnity divided by the number of working days within such period. The Gross Earnings shall be based upon the total value exposed, and is not the amount of the loss actually incurred.

Boilers and Vessels: any boiler, including attached steam, condensate, and feedwater piping; and any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.

Covered Equipment: Covered Property which either: (a) generates, transmits or utilizes energy, or (b) which, during normal usage, operates under vacuum or pressure, other than the weight of its contents. **Covered Equipment** may utilize conventional design and technology or new or newly commercialized design and technology. None of the following is **covered equipment**: (1) structure, foundation, cabinet or compartment; (2) insulating or refractory material; (3) sewer piping, buried vessels or piping, or piping forming part of a sprinkler or fire suppression system; (4) water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system; (5) a car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor, harvester, dragline, excavation or construction equipment, or any equipment mounted on the aforementioned; or (6) equipment manufactured by you held for sale.

Data and Media: Data means any message, information, coding, programs, instructions or any other electronic software stored on electronic, electromechanical, electromagnetic **data** processing or electronically controlled production equipment and distributed by means of a computer network or is produced in a format for use with a computer. **Media** means the material on which data is recorded, such as magnetic tapes, hard disks, optical disks, or floppy disks.

Earth Movement: any natural or man-made earthquake or **Landslide**, including earth sinking, rising, or shifting; mine subsidence of any man-made mine whether or not mining activity has ceased at the time of loss; shocks, tremors, mudslide, mud flow, rock fall, volcanic eruption, sinkhole collapse, or tsunami caused by tectonic **earth movement**.

Electrical Generating Equipment: equipment which converts any other form of energy into electricity, including but not limited to (a) boilers used primarily to provide steam for one or more turbine generators; (b) turbine-generators, including steam gas, water or wind turbines; (c) engine generators; (d) fuel cells or other alternative electrical generating equipment; (e) electrical transformers, switchgear and power lines used to convey generated electricity; and (f) associated equipment necessary for the operation of any of the equipment listed in (a) through (e).

Fine Arts: paintings, etchings, pictures, tapestries, rare or art glass, art glass windows, valuable rugs, statuary, sculptures, antique furniture, antique jewelry, bric-a-brac, porcelains, and similar property of rarity, historic value, or artistic merit, but not including automobiles, coins, stamps, furs, jewelry, precious stones, precious metals, watercraft, aircraft, money or securities. **Fine Arts** does not include any item which would otherwise be covered under **Valuable Papers** and records.

Flood: a general and temporary condition of partial or complete inundation of normally dry **Land** areas or structures caused by the unusual and/or rapid accumulation of runoff of surface waters, waves, tides, tidal waves, the release of water, the rising, overflowing or breaking of boundaries including the spray therefrom of naturally occurring or man-made bodies of water, all whether driven by wind or not.

Hazardous Substances: any substance that is hazardous to health or has been declared to be hazardous to health by a government agency.

Improvements and Betterments: Fixtures, alterations, installations, or additions which were made at your expense within any part of an occupied building which you do not own or acquire, and which you cannot legally remove from the premises.

Land: earth or earthen structures, except such structures for which values are reported, accepted for coverage by us, and for which premiums are charged, such as dikes, levees, or other surface containment structures.

Location: the **Location** as specified in the statement of values on file with us, but if not so specified, any building, yard, dock, wharf, pier or bulkhead or any combination of the foregoing which is surrounded on all sides by public streets, clear **Land** space, or open waterways, each not less than 50 feet wide. A bridge or tunnel crossing such street, space or waterway shall render such separation null for the purposes of this definition.

Miscellaneous Unnamed Location: a location which is owned, leased, or otherwise occupied by you which does not appear on the statement of values on file with us with respects to this policy of coverage. There is no coverage under this definition for loss or damage which is covered under the Errors and Omission clause or the Newly Acquired Property clause of this policy.

Named Storm: a storm that has been declared by the United States National Weather Service, United States National Oceanic and Atmospheric Administration, or the National Hurricane Center to be a Hurricane, Typhoon, Tropical Cyclone, Tropical Storm, or Tropical Depression.

New Madrid Zone: Counties in the following States:

Arkansas: Clay, Craighead, Crittendon, Cross, Greene, Jackson, Lawrence, Randolph, Sharp, Mississippi, Poinsett

Illinois: Alexander, Massac, Pulaski, Union, Williamson, Johnson, Pope, Saline,

Jackson, Franklin, Perry, Hardin, Randolph, Monroe, St. Clair, Washington, Clinton, Bond, Madison, Jefferson

Indiana: Posey, Vanderburgh, Gibson, Warrick, Pike

Kentucky: Ballard, Carlisle, Fulton, Graves, Hickman, Livingston, McCracken, Marshall, Calloway

Mississippi: DeSoto, Tunica, Marshall, Tate, Coahoma, Bolivar

Missouri: Bollinger, Butler, Cape Girardeau, Dunklin, Mississippi, **New Madrid**, Pemiscot, Scott, Stoddard, St. Louis, St. Francois, St. Charles, Jefferson, Franklin, Warren, Washington, Iron, Wayne, Reynolds, Madison, St. Genevieve, and Perry

Tennessee: Crockett, Dyer, Haywood, Lake, Lauderdale, Obion, Shelby, Tipton, Gibson, Madison, Fayette, Hardeman

Occurrence: any one loss, disaster, incident, or series of losses, disasters or incidents which arise out of a single event or originating cause occurring during the policy period, and include all resultant or concomitant insured losses, all of which are not otherwise excluded from coverage within this policy. If one or more event for the perils of **Wind & Hail, Named Storm, Riot, Strike, Civil Commotion, Vandalism and Malicious Mischief, Earth Movement, Flood**, or Terrorism covered by the policy occurs within any period of seventy-two (72) hours during the term of the policy, such covered events will be deemed to be a single **occurrence**. You will have the right to determine commencement time in which the first loss event occurred for the purposes of this clause, which shall not be earlier than the time when the first loss occurs to your Insured property.

Ordinary Payroll: payroll expenses for all employees except offices, executives, department managers, employees under contract, and other professional employees, including employee benefits if related to payroll, FICA payments, Union Dues, and Workers Compensation premiums which you pay for.

Pacific Northwest Zone: Counties in the following States:

Oregon: Benton, Clackamas, Clatsop, Columbia, Coos, Curry, Douglas, Jackson, Josephine, Klamath, Lake, Lane, Lincoln, Linn, Marion, Multnomah, Polk, Tillamook, Washington, Yamhill

Washington: Chelan, Clark, Cowlitz, Clallum, Gray's Harbor, **Island**, Jefferson, King, Kitsap, Kittitas, Lewis, Mason, Pacific, Pierce, San Juan, Skagit, Skamania, Snohomish, Thurston, Wahkiakum, Whatcom

Perishable Goods: personal property maintained under controlled conditions for its preservation, and which are susceptible to loss or damage if the controlled conditions change.

Pollutant and Contaminant: any solid, liquid, gaseous, thermal, or other irritant, **Pollutant** or **Contaminant** as defined or designated by any United States Governmental entity, including but not limited to smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste, materials to be recycled, reconditions, or reclaimed, or other hazardous substances

Riot, Strike, or Civil Commotion: Acts of striking employees while occupying the insured **Location**; or pilfering or looting occurring at the time of civil or societal unrest that is violent or destructive in nature.

Sewer, Drain, or Sump Backup: The backup of water, wastewater, effluent, or other materials through building plumbing systems, which is released into a covered building at a covered **Location**. However, if it the proximate cause of such **Sewer, Drain, or Sump Backup** is as a result of **Flood** at or in the vicinity of the insured **Location**, then the **Sewer, Drain, or Sump Backup** shall be defined as a **Flood** event, and shall be subject to the coverage, sublimits and deductibles, if any, provided for the peril of **Flood**.

Soft Costs: Means the extra costs which you incur as a result of a delay in the completion of the building or renovations under construction, when that delay is caused by a direct damage insured peril loss. We will pay for soft costs from the date the construction would have been completed had no loss occurred until the construction is completed. You must make every effort to complete the construction on or as close to schedule as possible. Soft Costs include Extra construction costs incurred to continue construction and meet contract dates; Construction loan interest on money borrowed to finance construction; Realty taxes and other assessments on the construction site accruing during the period of delay; Architect, engineering and consultant fees; Legal and accounting fees; Insurance premiums; advertising and promotional expenses which become necessary as a result of the covered loss; and Costs and commissions resulting from renegotiating leases which directly result from the covered loss.

Valuable Papers: documents that are written, printed, or otherwise inscribed, including abstracts, books, drawings, film, financial and/or legal agreements, manuscripts, maps, photographs including slides and microfilm. **Valuable Papers** does not include any item which would qualify as **Fine Arts**.

Vandalism and Malicious Mischief: willful and malicious destruction of or damage to insured property. This definition does not include theft of personal property, but does include damage caused to the building or personal property caused by burglars or thieves entering or exiting the insured property.

Wind and Hail: the direct action of atmospheric wind, or hail whether accompanied by wind or not; but this definition shall not include loss or damage caused by frost, cold weather, ice (other than hail), snow, sleet, or collapse directly caused by the of weight upon the insured structure of accumulated snow, rainwater, ice or sleet. This policy will not be liable for loss or damage to the interior of any building or structure, or to the property inside of the building or structure, caused by rain, snow, sand, or dust, whether driven by wind or not, unless the building or structure first sustains wind or hail damage to its roof or walls through which the rain, snow, sand or dust enters.

Wind-Driven Rain: the direct action of rain which enters the building by passing through or around building components, but which does not cause building damage to first occur prior to rain water entering the building. However, no coverage is provided due to the the entry of rain

through open doors, open windows, broken doors or windows which have not been repaired, or through damaged or deteriorated building components which have not been repaired.