



ANDREW M. CUOMO
Governor

JOSEPH RUGGIERO
Executive Director

RICHARD A. GERENTINE
Chairman

NYS Bridge Authority Commercial Package Policy

Coverage is made up of three individual policies:

1. Commercial Property
2. Crime and Fidelity
3. Commercial Inland Marine

Headquarters | P.O. Box 1010, Highland, New York 12528 | P. (845) 691-7245 F. (845) 691-3560 | www.nysba.ny.gov

RIP VAN WINKLE BRIDGE
P.O. Box 286
Catskill, NY 12414
(518) 943-2360

KINGSTON-RHINECLIFF
BRIDGE
P. O. Box 2992
Kingston, NY 12402
(845) 336-8181

MID-HUDSON BRIDGE
P. O. Box 1010
Highland, NY 12528
(845) 691-7221

NEWBURGH-BEACON
BRIDGE
P. O. Box 28
Beacon, NY 12508
(845) 831-3700

BEAR MOUNTAIN BRIDGE
P. O. Box 323
Ft. Montgomery, NY 10922
(845) 446-4721



Harleysville Insurance Co of New York
 355 Maple Avenue,
 Harleysville, PA 19438-2297
 www.harleysvillegroup.com

Insured: New York State Bridge Authority
Agent: ASSOCIATES OF GLENS FALLS INC

Policy Number: COP0000070491F
Policy Period: 08/01/2014 to 08/01/2015
 CORRECTED RENEWAL

COMMERCIAL LINES COMMON POLICY DECLARATIONS

Named Insured and Mailing Address:

New York State Bridge Authority
 PO Box 1010
 Highland, NY 12528-8010

Agent:

ASSOCIATES OF GLENS FALLS INC
 P O BOX 190
 GLENS FALLS, NY 12801

Agency Code: 815710
Phone Number: (518)793-3444

Policy Period: 08/01/2014 to 08/01/2015

at 12:01 A.M. Standard Time at your mailing address
 shown above.

Business Description:

Bridge Authority

Form of Business:

GOVERNMENT AGENCY

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY,
 WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY. IF YOU REQUEST
 CANCELLATION OF THIS POLICY, THE COMPANY WILL RETAIN A MINIMUM PREMIUM OF \$ 0

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS
 INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

Coverage Part	Premium
Commercial Property Coverage Part	\$ 23,981.00
Commercial General Liability Coverage Part	
Crime and Fidelity Policy Coverage Part	
Commercial Inland Marine Coverage Part	
Commercial Auto Coverage Part	
Commercial Liability Umbrella Policy	
	Sub-Total \$ 23,981.00
	Fees and Surcharge - See Schedule GU-7015 (If Applicable)
	Total \$ 23,981.00

FORM (S) AND ENDORSEMENT (S) MADE A PART OF THIS POLICY:
 SEE SCHEDULES GU-7004 and GU-7009

GU-7000 (Ed. 4-09)

Page: 1 of 1
 Issued: 09/29/2014



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FORM SCHEDULE

* INDICATES A NEW OR REPLACEMENT FORM. RETAIN THESE AND LISTED FORMS NOT REPLACED

Form	Edition	Description
		POLICY FORMS
PJ0013	0514	Policy Jacket
GU7001	0409	Policy Change Document
GU7005	0409	Location Schedule
IL7123	0498	Exclusion of Certain Computer-Related Losses
		COMMERCIAL OUTPUT POLICY FORMS
CL0100	0399	Common Policy Conditions
CL0140	0205	Amendatory Endorsement - New York
CL0600	0108	Certified Terrorism Loss
CL0605	0108	Certified Terrorism Loss Disclosure of Premium
CL0700	0207	Virus Or Bacteria Exclusion
CO0278	0402	Amendatory Endorsement - New York
CO0285	1001	Anti-Arson Application Requirement - New York
CO1000	1002	Commercial Output Program Property Coverage Part
CO1001	0402	Commercial Output Program - Income Coverage Part
* CO1234	0402	Multiple Deductible - Scheduled Perils
CO1271	0402	Monthly Limitation - Income Coverage
CO1281	0402	Waiting Period - Income Coverage
COP7104	1106	Equipment Breakdown Coverage Part
COP7113	1106	Commercial Output Property Endorsement
COP7119	0205	Commercial Output Amendatory Endorsement



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POLICYHOLDER NOTICE SCHEDULE

The following material contains important information about your policy. Please read it carefully.

* INDICATES A NEW OR REPLACEMENT FORM. RETAIN THESE AND LISTED FORMS NOT REPLACED

Form	Edition	Description
		POLICY FORMS
GU1197	0706	Harleysville Insurance Privacy Pledge
ST7555	1104	Important Notice to Policyholders





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CORRECTED RENEWAL

COMMERCIAL OUTPUT PROGRAM DECLARATIONS

See Schedule of Coverages

Agent # 815710

BUSINESS DESCRIPTION

Bridge Authority

MORTGAGE HOLDERS:

SEE SCHEDULE GU-7007 IF APPLICABLE

FORM(S) AND ENDORSEMENT(S) APPLICABLE TO ALL COVERAGES:

SEE SCHEDULES GU-7004 AND GU-7009

TOTAL PREMIUM FOR THIS COVERAGE PART \$ 23,981.00

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Policy Number: COP00000070491F
Policy Period: 08/01/2014 to 08/01/2015
RENEWAL CERTIFICATE

LOCATION SCHEDULE

Premis. No.	Bldg. No.	Address
001	ALL	Rip Van Winkle Bridge Catskill, NY 12414-0000
002	ALL	Kingston-Rhinecliff Bridge Kingston, NY 12401-0000
003	ALL	Mid-Hudson Bridge Highland, NY 12528-0000
004	ALL	Newburgh-Beacon Bridge Beacon, NY 12508-0000
005	ALL	Bear Mountain Bridge Fort Montgomery, NY 10922-0000

000100M0550000000000000031X766000

This endorsement applies to all coverages provided by the following including all forms and endorsements attached thereto:

**BOILER AND MACHINERY COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL OUTPUT PROGRAM
COMMERCIAL PROPERTY COVERAGE PART
COMPUPAK POLICY**

**IL-7123
(Ed. 4-98)**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

A. We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.

1. The failure, malfunction, inability or inadequacy of:
 - a. Any of the following, whether belonging to any insured or to others:
 - (1) Computer hardware, including microprocessors;
 - (2) Computer application software;
 - (3) Computer operating systems and related software;
 - (4) Computer networks;
 - (5) Microprocessors (computer chips) not part of any computer system;
 - (6) Telecommunications equipment; or
 - (7) Any other computerized or electronic equipment or components; or
 - b. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph A.1.a. of this endorsement;

which is in any way related to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

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

B. If your policy includes the following coverages and an excluded loss ("loss") as described in Paragraph A. of this endorsement results in:

1. A Covered Cause of Loss as defined under your Boiler and Machinery Coverage Part or Commercial Crime Coverage Part, we will only pay for the loss ("loss") or damage caused by such Covered Cause of Loss;
2. A Covered Cause of Loss as defined under your Systems Breakdown Endorsement, we will pay only for the loss ("loss") or damage caused by such Covered Cause of Loss;
3. A covered "accident" as defined under an Equipment Breakdown Coverage Endorsement, we will pay only for the loss ("loss") or damage caused by such covered "accident";
4. A "Specified Cause of Loss" as defined, or in elevator collision resulting from mechanical breakdown, under the Causes of Loss - Special Form of your Commercial Property Coverage Part, we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss" or elevator collision;

5. A Covered Cause of Loss as defined under the Causes of Loss - Basic Form or the Causes of Loss - Broad Form of your Commercial Property Coverage Part, we will pay only for the loss ("loss") or damage caused by such Covered Cause of Loss;
6. A "Specified Peril" as defined, or in elevator collision resulting from mechanical breakdown, under the Property Coverage Part of your Commercial Output Policy, we will pay only for the loss ("loss") or damage caused by such "Specified Peril" or elevator collision;
7. Any of the following causes of loss under your Commercial Inland Marine coverage Part or CompuPak Policy, we will pay only for the loss ("loss") or damage caused by the following causes of loss:
- Fire; lightning; explosion, windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage; or elevator collision resulting from mechanical breakdown.
- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or similar rock formations. It does not include the cost of filling sinkholes.
- b. Falling objects does not include loss ("loss") or damage to:
- (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- c. Water damage means accidental discharge of leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.
- We will pay for resulting or ensuing loss ("loss") under Paragraph B. of this endorsement only if the resulting or ensuing loss ("loss") is physical injury to tangible property.
- C. We will not pay for repair, replacement or modification of any items in Paragraphs A.1.a. and A.1.b. of this endorsement to correct any deficiencies or change any features.
- D. This endorsement applies to all coverages provided by this Coverage Part including all forms and endorsements attached thereto.

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RENEWAL CERTIFICATE

COMMERCIAL OUTPUT COVERAGE PART BLANKET SCHEDULE

Agent #: 815710

COVERAGES PROVIDED: Insurance at the described premises applies only for coverages for which a limit of insurance is shown or for which an entry is made, unless otherwise indicated.

Loc. No.	Bldg. No.	LIMIT OF INSURANCE:		
		Bldg.	BPP	Income Coverage
001	001	\$ 1,029,789	\$ 133,395	\$ 500,000
001	002	\$ 1,297,020	\$ 49,511	
001	003	\$ 281,766	\$ 23,393	
001	004	\$ 2,248,542	\$ 57,620	
001	005	\$ 36,898	\$ 1,067	
001	006	\$ 51,434	\$ 36,000	
001	007	\$ 58,143	\$ 256,521	
002	001	\$ 1,160,610	\$ 141,612	\$ 500,000
002	002	\$ 1,634,693	\$ 67,341	
002	003	\$ 1,090,168	\$ 42,055	
002	004	\$ 412,586	\$ 87,981	
002	005	\$ 118,521		
002	006	\$ 34,662	\$ 27,589	
002	007	\$ 196,789		
002	008	\$ 57,025	\$ 245,235	
003	001	\$ 3,220,189	\$ 339,664	\$ 500,000
003	002	\$ 1,782,285	\$ 325,351	
003	003	\$ 667,518	\$ 104,317	
003	004	\$ 2,393,898	\$ 88,644	
003	005	\$ 1,808,002	\$ 133,895	
003	006	\$ 1,271,304	\$ 40,103	
003	007	\$ 247,105	\$ 13,034	
003	008	\$ 63,733		
003	009	\$ 278,412	\$ 26,299	
003	010	\$ 32,425	\$ 1,870	
003	011	\$ 1,597,796	\$ 1,323,876	
003	012	\$ 32,425	\$ 149,222	
004	001	\$ 1,792,348	\$ 161,629	
004	002	\$ 3,764,714	\$ 144,775	
004	003	\$ 2,049,517	\$ 75,443	
004	004	\$ 393,578	\$ 86,611	
004	005	\$ 110,694		
004	006	\$ 421,532	\$ 30,459	
004	007	\$ 142,002	\$ 25,685	
004	008	\$ 36,898	\$ 1,743	
004	009	\$ 490,856	\$ 59,476	
004	010	\$ 68,205	\$ 296,971	
005	001	\$ 2,369,298	\$ 249,239	\$ 500,000
005	002	\$ 1,917,577	\$ 30,278	
005	003	\$ 46,961	\$ 9,001	
005	004	\$ 562,415	\$ 118,531	
005	005	\$ 1,854,963	\$ 37,117	
005	006	\$ 53,670	\$ 124,462	



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COP-7117
 (Ed. 4-09)

SCHEDULE OF COVERAGES COMMERCIAL OUTPUT PROGRAM

(The information required to complete this schedule
 will be shown below or on the "Schedule of Coverages")

	Limit of Insurance
Catastrophe Limit – The most "we" pay for any combination of or total of losses arising under one or more coverages in any one occurrence is:	N/A

PROPERTY COVERAGE PART

LIMITS

-- Building Property Limit – The most "we" pay for loss at any one "covered location" is:	\$ 39,178,966
-- Business Personal Property Limit – The most "we" pay for loss at any one "covered location" is: or	\$ 5,167,015
-- Combined Blanket Limit -- The most "we" will pay for loss at any one "covered location" is:	N/A

COVERAGE EXTENSIONS

-- Consequential Loss	Subj. to Policy Limits
-- Debris Removal, Additional Expense	\$ 50,000
-- Emergency Removal	365 Days
-- Emergency Removal Expense	\$ 5,000
-- Fraud and Deceit	\$ 5,000
-- Damage From Theft	Subj. to Policy Limits
-- Off Premises Utility Services Interruption - Limit	\$ 100,000

SUPPLEMENTAL COVERAGES

-- Brands or Label Expense	\$ 50,000
-- Expediting Expenses	\$ 50,000
-- Fire Department Service Charges	\$ 25,000
-- Inventory and Appraisal Expense	\$ 50,000

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 (Ed. 4-09)**

-- Ordinance or Law (Undamaged Parts of a Building)	Subj. to Policy Limits
-- Ordinance or Law (Increased Cost to Repair/ Cost to Demolish and Clear Site)	\$ 100,000
-- Personal Effects	\$ 15,000
-- Pollutant Cleanup And Removal	\$ 50,000
-- Recharge of Fire Extinguishing Equipment	\$ 50,000
-- Rewards	
-- Sewer Backup and Water Below the Surface	\$ 50,000
-- Trees, Shrubs, and Plants	\$ 50,000
-- Underground Pipes, Pilings, Bridges, and Roadways	\$ 250,000

SUPPLEMENTAL MARINE COVERAGES

-- Accounts Receivable	\$ 50,000
-- Electrical or Magnetic Disturbance of Computers	\$ 100,000
-- Power Supply Disturbance of Computers	\$ 100,000
-- Virus and Hacking Coverage	
- Limit any one occurrence	\$ 50,000
- Limit any 12 month period	\$ 50,000
-- Fine Arts	\$ 100,000
-- Off Premises Computers	\$ 25,000
-- Property On Exhibition	\$ 50,000
-- Property In Transit	\$ 50,000
-- Sales Representative Samples	\$ 50,000
-- Software Storage	\$ 50,000
-- Valuable Papers	\$ 100,000

ADDITIONAL PROPERTY SUBJECT TO LIMITATIONS

-- Furs (theft)	\$ 10,000
-- Jewelry (theft)	\$ 10,000
-- Stamps, Tickets, Letters of Credit	\$ 5,000

DEDUCTIBLE

Deductible Amount	\$ 25,000
Refer to Deductible Endorsements, if Applicable	

INCOME COVERAGE PART

COVERAGE

Earnings, Rents, and Extra Expense

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LIMIT

Income Coverage Limit - The most
 "we" pay for loss at any one "covered location"
 is: \$ 2,000,000

COVERAGE EXTENSIONS

-- Interruption by Civil Authority 30 Days
 -- Period of Loss Extension 90 Days

SUPPLEMENTAL COVERAGES

-- Computer Virus and Hacking
 - Limit any one occurrence \$ 25,000
 - Limit any 12 month period \$ 75,000
 - Waiting Period 12 Hours
 -- Dependent Locations \$ 100,000
 -- Off Premises Utility
 Service Interruption
 - Limit \$ 10,000
 - Waiting Period 12 Hours
 -- Contract Penalty
 - Limit Any One Occurrence \$ 25,000
 - Limit any 12 month period \$ 100,000
 -- Pollutants Cleanup and Removal \$ 25,000
 -- Property In Transit, On Exhibition, or Custody
 of Sales Representatives \$ 10,000

COVERAGE OPTIONS

Waiting Period 24 Hours
 Monthly Limitation 1/3

EQUIPMENT BREAKDOWN COVERAGE PART

EQUIPMENT BREAKDOWN COVERAGE

	LIMITS	COINSURANCE
Property Damage	\$ 39,178,966	N/A %
Income Coverages	\$ 2,000,000	N/A %
Income Coverages Period of Loss Extension	30 Days	
Coinsurance only applies to Scheduled Locations		
Coverage Options		
Earnings, Rents and Extra Expense		

COVERAGE EXTENSIONS/SUPPLEMENTAL COVERAGES

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	LIMIT
-- Expediting Expense	\$ 250,000
-- Pollutants	\$ 250,000
-- Spoilage	\$ 250,000
-- Ordinance or Law (Undamaged Parts of a Building)	\$ 100,000
-- Ordinance or Law (Increase Cost to Repair / Cost to Demolish and Clear Site)	\$ 100,000
-- Defense Costs	\$ covered

DEDUCTIBLES

Property Coverages	\$ 1,000
Income Coverages (\$, hrs., ADV, or Combined)	24 Hours
Other (describe)	

Special Provisions

- Equipment Breakdown Additional Conditions
- Off Premises Utility Service Interruption...
- Combined with BI

OPTIONAL COVERAGES AND ENDORSEMENTS

See Schedules GU7004 and GU7009

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AMENDATORY ENDORSEMENT NEW YORK

1. Under Common Policy Conditions, Cancellation is deleted and replaced by the following:

Cancellation, Nonrenewal, and Conditional Renewal --

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

"We" may cancel this policy by written notice to "you" at the address shown on the policy and to "your" authorized agent or broker. "Our" notice will specify the grounds for cancellation. Proof of delivery or mailing is sufficient proof of notice. If "we" cancel this policy for nonpayment of premium, "our" notice will include the amount of premium due.

If this policy has been in effect for 60 days or less, "we" may cancel for any reason.

If this policy has been in effect for more than 60 days, or if it is a renewal of a policy issued by "us", "we" may cancel only for one or more of the following reasons:

- 1) the premium has not been paid when due;
- 2) "your" conviction of a crime arising out of acts increasing the hazard insured against;
- 3) discovery of fraud or material misrepresentation in obtaining the policy or in the presentation of a claim thereunder;
- 4) after issuance of the policy or after the last renewal date, discovery of an act or omission, or a violation of any policy condition that substantially and materially increases the hazard insured against and which occurred subsequent to inception of the current policy period;
- 5) material physical changes in the property insured, occurring after issuance or last annual renewal anniversary date of the policy, which result in the property becoming uninsurable in accordance with "our" objective, uniformly applied underwriting standards in effect at the time the policy was issued or last renewed; or material change in the nature or extent of the risk, occurring after issuance or last annual renewal anniversary date of the policy, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;
- 6) a determination by the Superintendent of Insurance that continuation of "our" present premium volume would jeopardize "our" solvency or be hazardous to the interests of "our" policyholders, creditors, or the public;
- 7) a determination by the Superintendent that a continuation of the policy would violate, or would place "us" in violation of, any provision of New York Insurance Laws; or
- 8) where "we" have reason to believe, in good faith and with sufficient cause, that there is a probable risk or danger that "you" will destroy, or permit to be destroyed, "your" property for the purpose of collecting the insurance proceeds.

If "we" cancel this policy for any of the reasons listed in a.1) through 8), "we" will mail or deliver written notice at least 15 days before cancellation is effective.

If "we" cancel this policy for any other reason during the first 60 days this policy is in effect, "we" will mail or deliver written notice at least 20 days before cancellation is effective.



If "we" cancel this policy for reason 8) above, "we" will advise "you" that "you" must act within ten days if "you" desire a review by the Insurance Department. "We" will also simultaneously notify the Insurance Department of "our" cancellation of "your" policy.

- b. "We" may not renew or not renew with the same "terms", conditions, or rates, this policy by written notice to "you" at the address shown in the policy and to "your" authorized agent or broker. Proof of delivery or mailing is sufficient proof of notice. These nonrenewal or conditional renewal requirements will not apply when "you", an agent or broker authorized by "you", or another insurer of "yours" has mailed or delivered written notice to "us" that the policy has been replaced or is no longer desired.

If "we" do not renew this policy, "we" will mail or deliver written notice at least 60 days, but not more than 120 days, before the end of the policy period or the anniversary date. "Our" notice will specify the grounds for nonrenewal.

If "we" decide not to renew this policy with the same "terms", conditions, or rates, "we" will mail or deliver written notice of conditional renewal at least 60 days, but not more than 120 days, before the end of the policy period or anniversary date. "Our" notice will state the reasons for conditional renewal and set forth the amount of any premium increase and the nature of any other proposed changes. This provision applies to renewal conditioned upon change of "limits", change in type of coverage, reduction of coverage, increased deductible, addition of exclusion, or upon increased premiums in excess of 10% (exclusive of any premium increase generated as a result of increased exposure units or as a result of experience rating or loss rating).

If "we" notify "you" of "our" intent not to renew or not to renew with the same "terms", conditions, and rates:

- 1) at least 30 days but less than 60 days prior to the expiration date of the policy, coverage will continue on the same "terms" and conditions as the expiring policy and at the lower of the current rates or the prior policy period rates, until 60 days after the notice is mailed or delivered to "you". If "we" offer to renew with different "terms", conditions, or rates and "you" elect to renew the coverage, the "terms", conditions, and rates set forth in the conditional notice apply as of the renewal date;
- 2) less than 30 days prior to the expiration date of the policy, coverage will continue on the same "terms" and conditions as the expiring policy, and at the lower of the current rates or the prior policy period rates, until 60 days after the notice is mailed or delivered to "you". If "we" offer to renew with different "terms", conditions, or rates and "you" elect to renew the coverage, the "terms", conditions, and rates set forth in the conditional notice apply after the expiration of the 60 day period; or
- 3) on or after the expiration date of the policy; coverage will continue on the same "terms" and conditions as the expiring policy for another required policy period, and at the lower of the current rates or the prior policy period rates.

Required policy period means a period of one year from the date as of which a covered policy is renewed or first issued.

c. As an alternative, "we" may notify "you", in writing, at the address shown in the policy and "your" authorized agent or broker of "our" intent not to renew or not to renew with the same "terms", conditions, and rates by giving written notice at least 60 days, but not more than 120 days, before the expiration date of the policy. In that case, coverage will continue on the same "terms", conditions, and rates until either:

- 1) the expiration date; or
- 2) 60 days after "we" give a second notice which indicates "our" decision to either not renew this policy or that this policy will be continued with changes in policy "terms", conditions, and rates;

whichever is later.

"Our" second notice will state either the reasons for nonrenewal or the reasons for conditional renewal and set forth the amount of any premium increase and the nature of any other proposed changes.

- d. This item applies to the Commercial Liability Coverage only, if applicable. If the policy period is extended, the aggregate "limits" of this policy will be increased in proportion to any policy period extension, and the last sentence under How Much We Pay will be deleted.
 - e. "Your" return premium, if any, will be refunded at the time of cancellation or as soon as practical. Payment or tender of the unearned premium is not a condition of cancellation.
2. Under Common Policy Conditions, Change, Modification, or Waiver of Policy Terms is deleted and replaced by the following:

Change, Modification, or Waiver of Policy Terms -- A waiver or change of the "terms" of this policy must be issued by "us" in writing to be valid. If "we" adopt a revision which broadens coverage under this edition of "our" policy without an additional premium during the policy period, or within six months before this coverage is effective, the broadened coverage will apply. If a change in forms or endorsements reduces coverage or "limits", "we" must notify "you" as provided under the nonrenewal "terms" contained in this policy.

If this policy has no expiration date, "we" may substitute or "we" may add, at each anniversary date, forms that are then authorized for use.

3. Under Common Policy Conditions, Examination of Books and Records is deleted and replaced by the following:

Examination of Books and Records -- "We" may examine and audit "your" books and records that relate to this policy during the policy period and within three years after the policy has expired.

- a. "We" will perform an audit to determine the final premium for policies if the initial premium is based on an estimate of "your" exposure base. This audit will be performed within 180 days after the expiration of the policy, unless the policy is continuous or for a period longer than one year, in which case the audit will be performed within 180 days of the anniversary date. This audit may not be waived except when the total annual premium attributable to the auditable exposure base is not reasonably expected to exceed \$1,500.
- b. "We" will, as soon as is practical after such audit, refund or credit "your" account for any return premium due "you", or bill and make a good faith effort to collect any additional premium due "us" as a result of the audit.



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- c. If "you" fail to cooperate with "us" in "our" attempt to conduct such audit, including failure to return any questionnaires or self-audit worksheets, "we" may nonrenew this policy upon completion of the current policy period, in accordance with the provisions of section 3426 of the Insurance Law, due to "our" inability to establish a proper premium for "you".

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CERTIFIED TERRORISM LOSS

1. The following definitions are added.
 - a. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States:
 - 1) to be an act of terrorism;
 - 2) to be a violent act or an act that is dangerous to human life, property, or infrastructure;
 - 3) to have resulted in damage:
 - a) within the United States; or
 - b) to an air carrier (as defined in section 40102 of title 49, United States Code); to a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs; or at the premises of any United States mission;
 - 4) to have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion; and
 - 5) to have resulted in insured losses in excess of five million dollars in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act, as amended.
 - b. "Certified terrorism loss" means loss that results from a "certified act of terrorism".
2. The "terms" of any terrorism exclusion that is part of or that is attached to this Coverage Part are amended by the following provision:

This exclusion does not apply to "certified terrorism loss".
3. The following provision is added.

If the Secretary of the Treasury determines that the aggregate amount of "certified terrorism loss" has exceeded one hundred billion dollars in a Program Year (January 1 through December 31), and "we" have met "our" insurer deductible under the Terrorism Risk Insurance Act, as amended, "we" will not pay for any portion of "certified terrorism loss" that exceeds one hundred billion dollars. If the "certified terrorism loss" exceeds one hundred billion dollars in a Program Year (January 1 through December 31), losses up to one hundred billion dollars are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury under the Terrorism Risk Insurance Act, as amended.
4. The following provisions are added.
 - a. Neither the "terms" of this endorsement nor the "terms" of any other terrorism endorsement attached to this Coverage Part provide coverage for any loss that would otherwise be excluded by this Coverage Part under:
 - 1) exclusions that address war, military action, or nuclear hazard; or
 - 2) any other exclusion; and
 - b. the absence of any other terrorism endorsement does not imply coverage for any loss that would otherwise be excluded by this Coverage Part under:
 - 1) exclusions that address war, military action, or nuclear hazard; or
 - 2) any other exclusion.



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This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

CERTIFIED TERRORISM LOSS DISCLOSURE OF PREMIUM AND FEDERAL SHARE OF INSURED LOSSES

(The entries required to complete this endorsement will be shown below, on the "declarations", or on the "schedule of coverages".)

SCHEDULE

Certified Terrorism Loss Premium \$ 0

Additional information, if any, concerning terrorism premium:

1. The portion of "your" premium that is attributed to coverage for "certified terrorism loss" is shown in the Schedule above.
2. Coverage for "certified terrorism loss", to the extent that such coverage is provided by this policy or Coverage Part, will be partially reimbursed by the United States Government, Department of Treasury under a federal program. Under that program, the United States pays 85% of insured losses for "certified terrorism loss" that exceeds the statutorily established deductible that "we" retain. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act, as amended, exceed one hundred billion dollars in a Program Year (January 1 through December 31), the Treasury will not make payment for any portion of the amount of such losses that exceeds one hundred billion dollars.

If the Secretary of the Treasury determines that the aggregate amount of "certified terrorism loss" has exceeded one hundred billion dollars in a Program Year (January 1 through December 31), and "we" have met "our" insurer deductible under the Terrorism Risk Insurance Act, as amended, "we" will not pay for any portion of "certified terrorism loss" that exceeds one hundred billion dollars. If the "certified terrorism loss" exceeds one hundred billion dollars in a Program Year (January 1 through December 31), losses up to one hundred billion dollars are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury under the Terrorism Risk Insurance Act, as amended.

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This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

VIRUS OR BACTERIA EXCLUSION

DEFINITIONS

Definitions Amended --

When "fungus" is a defined "term", the definition of "fungus" is amended to delete reference to a bacterium.

When "fungus or related perils" is a defined "term", the definition of "fungus or related perils" is amended to delete reference to a bacterium.

PERILS EXCLUDED

The additional exclusion set forth below applies to all coverages, coverage extensions, supplemental coverages, optional coverages, and endorsements that are provided by the policy to which this endorsement is attached, including, but not limited to, those that provide coverage for property, earnings, extra expense, or interruption by civil authority.

The following exclusion is added under Perils Excluded, item 1.:

Virus or Bacteria --

"We" do not pay for loss, cost, or expense caused by, resulting from, or relating to any virus, bacterium, or other microorganism that causes disease, illness, or physical distress or that is capable of causing disease, illness, or physical distress.

This exclusion applies to, but is not limited to, any loss, cost, or expense as a result of:

- a. any contamination by any virus, bacterium, or other microorganism; or
- b. any denial of access to property because of any virus, bacterium, or other microorganism.

OTHER CONDITIONS

Other Terms Remain in Effect --

The "terms" of this endorsement, whether or not applicable to any loss, cost, or expense, cannot be construed to provide coverage for a loss, cost, or expense that would otherwise be excluded under the policy to which this endorsement is attached.

CL 0700 02 07



AMENDATORY ENDORSEMENT NEW YORK

1. Under Definitions, the definition of "pollutant" is deleted and replaced by the following:

"Pollutant" means any solid, liquid, gaseous, or thermal irritant or contaminant, including acids, alkalis, chemicals, fumes, smoke, soot, vapor, and waste. Waste includes materials to be recycled, reclaimed, or reconditioned, as well as disposed of.

2. Under Supplemental Coverages, item 10. Rewards is deleted.
3. Under Perils Excluded, the following War and Military Action exclusion, wherever it appears, is deleted:

War and Military Action – "We" do not pay for loss caused by:

- 1) war, including undeclared war or civil war; or
- 2) a warlike action by a military force, including action taken to prevent or defend against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
- 3) insurrection, rebellion, revolution, or unlawful seizure of power including action taken by governmental authority to prevent or defend against any of these.

With regard to any action that comes within the "terms" of this exclusion and involves nuclear reaction, nuclear radiation, or radioactive contamination, this War and Military Action Exclusion will apply in place of the Nuclear Hazard Exclusion.

The deleted exclusion is replaced by the following:

War and Military Action – "We" do not pay for loss caused by:

- 1) war, including undeclared war or civil war; or

- 2) a warlike action by a military force, including action taken to prevent or defend against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
- 3) insurrection, rebellion, revolution, or unlawful seizure of power including action taken by governmental authority to prevent or defend against any of these.

4. Under Perils Excluded, Computer Virus or Computer Hacking, item 2.c. of the Property Coverage Part, is amended to include the following:

But if computer virus and hacking results in a covered peril, "we" cover the loss or damage caused by that covered peril.

5. Under Perils Excluded, Criminal, Fraudulent, Dishonest, or Illegal Acts, item 2.e. of the Property Coverage Part and items 2.a. of the Crime Coverage Parts, if applicable, are amended to include the following:

However, this exclusion does not apply to an otherwise covered fire loss suffered by an insured who did not cooperate in or contribute to the act that caused the loss.

Subject to all other "terms" of this policy, "our" payment to an insured who did not cooperate in or contribute to the act that caused the loss may be limited to that person's insurable interest in the property, less any payment made to a mortgagee or other party with a legal secured interest in the property. "We" retain all rights set forth in the Subrogation condition of this policy with regard to action against the perpetrator of the act that caused the loss.

6. Under What Must Be Done In Case Of Loss, Notice is deleted and replaced by the following:

Notice – In case of loss:

- a. "you" or someone acting on "your" behalf must give "us" or any of "our" agents in the state prompt notice, including sufficient information to identify "you", the property insured, and the time and place of the loss or damage ("we" may request written notice);
 - b. "you" must give notice to the police when the act that causes the loss is a crime; and
 - c. "you" must give notice to the credit card company if the loss involves a credit card.
7. Under Loss Payment, the following provision is added:

Estimate of Damages to Real Property – If, in the process of adjusting a claim, "we" have prepared an estimate of damages to real property or had such an estimate prepared for "our" own purposes, "you" may request a copy. If "you" request it, "we" will provide a copy of the estimate to "you", or to someone else "you" designate in writing, within 30 days after "your" request or within 30 days after the estimate is prepared, whichever is later.

8. Under Other Conditions, Misrepresentation, Concealment, or Fraud is deleted and replaced by the following:

Misrepresentation, Concealment, or Fraud – This policy is void if, when applying for coverage and as an inducement to issue the policy, "you" or someone "you" authorize, misrepresented to "us" a past or present fact that is material to the risk.

"We" do not provide coverage for an "insured" who has, before or after a loss:

- a. willfully concealed or misrepresented:
 - 1) a material fact or circumstance with respect to this insurance; or
 - 2) an "insured's" interest herein; or
- b. engaged in fraudulent conduct or sworn falsely with respect to this insurance or the subject thereof.

No misrepresentation will be considered material unless "our" knowledge of the facts misrepresented would have led "us" to refuse to issue the policy.

9. Under other Conditions, the following condition is added:

Tax Liens – For any covered loss by fire, if "we" have received a certificate of lien from any tax district pursuant to New York statutes, "we" will deduct the amount of the lien from the amount payable to "you" and pay that amount to the tax district. When "we" pay the lien amount to the tax district, "we" will be released from any obligation to pay that amount to "you". Payment of the lien amount within 30 days of "our" receipt of the certificate of lien will be a conclusive presumption that the lien amount was valid and properly paid.

CO 0278 04 02



ANTI-ARSON APPLICATION REQUIREMENTS NEW YORK

1. Under Other Conditions, Misrepresentation, Concealment, or Fraud is amended to include the following:

"We" will not provide coverage if "you" or any insured has willfully concealed or misrepresented a material fact or circumstance in the anti-arson application.

2. Under Other Conditions, the following condition is added:

Anti-Arson Application Requirements --

If "we" cancel or do not renew this policy according to the "terms" of this condition, "we" will do so by written notice to "you" at the address shown on the "declarations". Proof of delivery or mailing is sufficient proof of notice.

- a. **New Policies** -- "You" will be furnished an anti-arson application, if applicable. Unless "you" return the completed, signed, and affirmed anti-arson application to "us", "our" broker, or agent within 45 days of the effective date of the coverage, "we" will cancel such coverage by giving "you", the mortgagee, if any, and "your" agent notice at least 20 days before the cancellation is effective.

- b. **Renewal Policies** -- "You" or "your" agent will be furnished an anti-arson application, if applicable, at least 45 days, but not more than 60 days, before the policy expiration date.

If "you" fail to return the completed, signed, and affirmed anti-arson application to "us" by the expiration date of the policy, "we" will cancel the policy by giving "you" and "your" agent notice at least 15 days before the cancellation is effective.

3. Under Common Policy Conditions, Assignment is amended to include the following:

If the assignment results from a transfer of a financial interest in real property totaling 25% or more, "we" may require the submission of a completed anti-arson application.

CO 0285 10 01

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COMMERCIAL OUTPUT PROGRAM PROPERTY COVERAGE PART

AGREEMENT

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

Endorsements and schedules may also apply. They are identified on the "schedule of coverages".

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

DEFINITIONS

1. The words "you" and "your" mean the persons or organizations named as the insured on the "schedule of coverages".
2. The words "we", "us", and "our" mean the company providing this coverage.
3. "Accident" means direct physical loss as follows:
 - a. mechanical breakdown;
 - b. rupturing or bursting of moving parts of machinery caused by centrifugal force;
 - c. loss caused by arcing or electrical currents other than lightning;
- d. explosion of steam boilers, steam pipes, steam turbines, or steam engines that "you" own or lease or that are operated under "your" control;
- e. loss to steam boilers, steam pipes, steam turbines, or steam engines caused by any condition or occurrence within such equipment; or
- f. loss to hot water boilers or heaters caused by any condition or occurrence within such equipment.
4. "Business" means the usual business operations occurring at "covered locations" including the tenantability of "covered locations" when the selected coverage option includes "rents".
5. "Computers" means:
 - a. "hardware" owned by "you" or in "your" care, custody, or control; or
 - b. "software".
6. "Computer hacking" means an unauthorized intrusion by an individual or group of individuals, whether employed by "you" or not, into a "computer", a Web site, or a "computer" network and that results in but is not limited to:
 - a. deletion, destruction, generation, or modification of "software";
 - b. alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";
 - c. observation, scanning, or copying of "data records", "programs and applications", and "proprietary programs";



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- d. damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or
- e. denial of access to or denial of services from "computers", "computer" network, or Web site including related "software".
7. "Computer virus" means the introduction into a "computer", "computer" network, or Web site of any malicious, self-replicating electronic data processing code or other code and that is intended to result in, but is not limited to:
- a. deletion, destruction, generation, or modification of "software";
- b. alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";
- c. damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or
- d. denial of access to or denial of services from "computers", "computer" network, or Web site including related "software".
8. "Covered equipment", unless otherwise specified in a schedule, means equipment:
- a. that generates, transmits, or utilizes energy; or
- b. which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.
- b. buildings, structures, or compartments that cover or house "covered equipment";
- c. foundations that support "covered equipment";
- d. sewage and other underground piping and vessels, water piping, or sprinkler system piping. However, "we" cover:
- 1) boiler feedwater and condensate return piping; and
 - 2) water piping for heating, air conditioning, or refrigeration systems;
- e. "mobile equipment", including but not limited to draglines or other excavation equipment;
- f. aircraft or watercraft and their motors, equipment, and accessories;
- g. automobiles, motor trucks, tractors, trailers, and similar conveyances and their motors, equipment, and accessories. However, any property that is stationary, permanently installed at a "covered location", and receives electrical power from an external power supplier will not be considered an automobile, motor truck, tractor, or trailer; or
- h. "computers".
9. "Covered location" means any location or premises where "you" have buildings, structures, or business personal property covered under this coverage.

Such equipment must be covered property, except as specifically provided for under Utility Service Interruption coverage and the Spoilage Coverage Part.

"Covered equipment" does not mean:

- a. equipment manufactured by "you" for sale;

However, if the Scheduled Locations Endorsement is added to this policy, "covered location" means a location that is described on the Location Schedule.

"Covered location" does not mean vehicles containing covered property, except vehicles on or within 1,000 feet of the premises of any covered building or structure.

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10. "Data records" means files, documents, and information in an electronic format and that are stored on "media".
11. "Dependent locations" means locations that are operated by others and that "your" "business" depends on, as described below. Dependent locations includes but is not limited to:
- a. contributing locations, these are "your" suppliers' locations or locations of suppliers that deliver services or materials to others for "your" account. Contributing locations do not include suppliers of:
 - 1) water;
 - 2) telecommunications, including but not limited to Internet service providers; or
 - 3) power;
 - b. recipient locations, these are locations that receive "your" products;
 - c. leader locations, these are locations that attract customers to "your" "business"; or
 - d. manufacturing locations, these are locations that make products for delivery to "your" customers under contract of sale.
12. "Fine arts" means bona fide works of art of rarity, historical value, or artistic merit, including but not limited to paintings, etchings, pictures, tapestries, and art glass windows.
13. "Flood" means flood, surface water, waves, tidal water, or the overflow of a body of water, all whether driven by wind or not. This includes spray that results from any of these whether driven by wind or not.
14. "Hardware" means a network of electronic machine components (microprocessors) capable of accepting instructions and information, processing the information according to the instructions, and producing desired results. "Hardware" includes but not limited to:
- a. mainframe and mid-range computers and servers;
 - b. personal computers and workstations;
 - c. laptops, palmtops, notebook PCs, other portable computer devices and accessories including, but not limited to, multimedia projectors; and
 - d. peripheral data processing equipment, including but not limited to, printers, keyboards, monitors, and modems.
15. "Limit" means the amount of coverage that applies.
16. "Media" means an instrument that is used with "hardware" and on which "data records", "programs and applications", and proprietary programs can be recorded or stored. "Media" includes, but is not limited to, films, tapes, cards, discs, drums, cartridges, cells, DVDs, or CD-ROMs.
17. "Mobile equipment" means:
- a. contractors' equipment or similar equipment of a mobile or floating nature;
 - b. self-propelled vehicles designed and used primarily to carry mounted equipment; or
 - c. vehicles designed for highway use that are unlicensed and not operated on public roads.
18. "Money" means currency, bullion, coins, bank notes in current use, and traveler's checks, register checks, and money orders held for sale to the public.
19. "Off-site server" means a server for "your" Web site that is being maintained or operated by and that is located at the premises of:
- a. an independent contractor acting as "your" Web host; or
 - b. "your" Internet service provider that is acting as "your" Web host.



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20. "One accident" means:

When an initial "accident" causes or results in other "accidents", all of the "accidents" will be considered "one accident". All "accidents" that are the result of the same occurrence will be considered "one accident".

21. "Perishable stock" means personal property preserved and maintained under controlled conditions and susceptible to loss or damage if the controlled conditions change.

22. "Pollutant" means:

- a. any solid, liquid, gaseous, thermal, or radioactive irritant or contaminant, including but not limited to acids, alkalis, chemicals, fumes, smoke, soot, vapor, and waste. Waste includes materials to be recycled, reclaimed, or reconditioned, as well as disposed of; and
- b. electrical or magnetic emissions, whether visible or invisible, and sound emissions.

23. "Programs and applications" means operating programs and applications that "you" purchase and that are:

- a. stored on "media"; or
- b. pre-installed and stored in "hardware".

Applications includes, but is not limited to, programs for word processing, spreadsheet calculations, and graphic design.

24. "Proprietary programs" means proprietary operating programs and applications that "you" developed or that "you" had developed specifically for "you" and that are:

- a. stored on "media"; or
- b. installed and stored in "hardware".

25. "Rents" means "your" actual loss of:

- a. rental income from a "covered location" as furnished or equipped by "you", less any expenses that do not continue;

- b. the fair rental value of any part of a "covered location" that "you" occupy, less any expenses that do not continue; and
- c. other charges for which a tenant is legally obligated and which "you" would otherwise be obligated.

26. "Restoration period" means:

- a. The time it should reasonably take to resume "your" "business" to a similar level of service starting from the date of a physical loss of or damage to property at a "covered location" that is caused by a covered peril and ending on the date:
 - 1) the property should be rebuilt, repaired, or replaced; or
 - 2) business is resumed at a new permanent location.

This is not limited by the expiration date of the policy.

- b. The "restoration period" also means the increased time required to comply with the enforcement of any ordinance, law, or decree that:

- 1) regulates the construction, use, or repair of any property; or
- 2) requires the demolition of any property, in part or in whole, not damaged by a covered peril.

However, except as provided under Supplemental Income Coverage, Pollutant Cleanup and Removal, "we" do not cover the costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants".

The ordinance, law, or decree must be in force at the time of loss.

c. Only as regards coverage described under Dependent Locations in the Supplemental Income Coverages, "restoration period" also means the time it should reasonably take to resume "your" "business" starting from the date of direct physical loss of or damage to a "dependent location" caused by a covered peril, and ending on the date:

- 1) the property at the "dependent location" should be rebuilt, repaired, or replaced; or
- 2) business is resumed at a new, permanent location.

This is not limited by the expiration date of the policy.

d. Only as regards coverage described under Off Premises Utility Service Interruption; and Property In Transit, On Exhibition, or In the Custody Of Sales Representatives in the Supplemental Income Coverages, "restoration period" also means the time it should reasonably take to resume "your" "business" starting from the date of direct physical loss of or damage caused by a covered peril to:

- 1) property not located at a "covered location" and that is owned by a utility, a landlord, or another utility supplier;
- 2) the "off-site server" for "your" Web site or the location that houses the "off-site server" for "your" Web site;
- 3) property in transit, on exhibition, or in the custody of sales representatives;

and ending on the date the property should be rebuilt, repaired, or replaced. This is not limited by the expiration date of the policy.

27. "Schedule of coverages" means:

- a. all pages labeled schedule of coverages or schedules which pertain to this coverage; and

b. declarations or supplemental declarations which pertain to this coverage.

28. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property. This includes, but is not limited to, stock certificates; tokens, tickets, revenue, or stamps (whether represented by actual stamps or unused value in a meter) in current use; and evidences of debt used in connection with charge, credit, or debit cards that are not issued by "you", but does not include "money".

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

30. "Software" means:

- a. "media";
- b. "data records";
- c. "programs and applications"; and
- d. "proprietary programs".

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

Falling objects does not include loss to:

- a. business personal property in the open; or
- b. to the interior of buildings or structures, or business personal property inside buildings or structures unless the exterior of the roof or walls are first damaged by a falling object.



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

32. "Spoilage" means any detrimental change in physical state of "perishable stock". Detrimental change includes, but is not limited to, thawing of frozen goods, warming of refrigerated goods, solidification of liquid or molten material, chemical reactions to material in process, and reduction in value of time sensitive materials.
33. "Terms" are all provisions, limitations, exclusions, conditions, and definitions that apply.
34. "Theft" means any act of stealing, including burglary or robbery.
35. "Valuable papers" means documents, manuscripts, or records that are inscribed, printed, or written. This includes, but is not limited to, abstracts, books, deeds, drawings, films, maps, or mortgages.
36. "Volcanic action" means airborne volcanic blast or airborne shock waves; ash, dust, or particulate matter; or lava flow. It does not include the cost to remove ash, dust, or particulate matter that does not cause direct physical loss to the covered property.

PROPERTY COVERED

"We" cover the following property unless the property is excluded or subject to limitations.

"We" cover direct physical loss to covered property at a "covered location" caused by a covered peril.

BUILDING PROPERTY

1. **Covered Building Property** -- Covered Building Property means buildings and structures and:

- a. completed additions;
- b. fixtures, machinery, and equipment which are a permanent part of a covered building or structure;
- c. outdoor fixtures;
- d. personal property owned by "you" and used to maintain or service a covered building or structure or its premises. This includes air-conditioning equipment; fire extinguishing apparatus; floor coverings; and appliances for refrigerating, cooking, dish washing, and laundering;
- e. if not covered by other insurance, buildings and additions to buildings under construction, alteration, and repair including:
 - 1) materials, equipment, supplies, and temporary structures, on or within 1,000 feet of a "covered location", intended and designated for use in the construction, alteration, and repair of buildings or additions to buildings; and
 - 2) "your" contractual liability for the interest of contractors and sub-contractors in buildings and additions to buildings under construction, alteration, and repair such as materials, equipment, supplies, and temporary structures, on or within 1,000 feet of a "covered location", intended and designated for use in the construction, alteration, and repair of buildings or additions to buildings;
- f. building glass;
- g. the following property if it is located on or within 1,000 feet of a covered building or structure:
 - 1) radio and television towers, antennas, satellite dishes, masts, lead-in wiring, and guy wires. This includes foundations and any other property that is permanently attached to any of these types of property;

- 2) awnings or canopies; and
- 3) fences;
- h. signs, whether or not they are attached to covered buildings, or structures; or
- i. foundations of buildings, structures, machinery, or boilers.

2. Building Property That Is Not Covered --

Except as provided under Supplemental Coverages - Underground Pipes, Pilings, Bridges and Roadways, Covered Building Property does not include:

- a. pilings, piers, wharves, docks, or retaining walls;
- b. underground pipes, flues, or drains; and
- c. bridges, walkways, roadways, and other paved surfaces.

BUSINESS PERSONAL PROPERTY

1. Covered Business Personal Property --

Covered business personal property means "your" business personal property in buildings or structures at a "covered location" or in the open (or in vehicles) on or within 1,000 feet of a "covered location". This includes:

- a. "your" use interest as a tenant in improvements to the buildings or structures. Improvements are fixtures, alterations, installations, or additions:
 - 1) to a building or structure "you" occupy but do not own; and
 - 2) made or acquired at "your" expense and which cannot be legally removed by "you".

"We" also cover "your" interest as a tenant in undamaged improvements that "you" lose because "your" lease has been canceled by the lessor as a result of damage to the building or structure "you" occupy but do not own. The damage to the building must be caused by a covered peril;

- b. leased personal property which "you" have a contractual responsibility to insure;
- c. "your" interest in personal property of others to the extent of "your" labor, material, and services;
- d. "computers", if not covered by other insurance;
- e. personal property which will become a part of "your" installation, fabrication, or erection project while:
 - 1) at the site of installation, fabrication, or erection; or
 - 2) while in temporary storage awaiting installation, fabrication, or erection.

Coverage under this provision is not restricted to buildings or structures at a "covered location" or within 1,000 feet of a "covered location";

- f. "mobile equipment", if not covered by other insurance. Coverage under this provision is not restricted to buildings or structures at a "covered location" or within 1,000 feet of a "covered location"; and
- g. personal property of others. This means personal property of others that is in "your" care, custody, or control.

Personal property of others includes property that is sold under an installation agreement where "your" responsibility continues until the property is accepted by the buyer.

"Our" payment for loss to personal property of others will only be for the benefit of the owners of the personal property.

2. Business Personal Property That Is Not Covered -- Covered business personal property does not include:

- a. "off-site server"; and



- b. except as provided under Supplemental Marine Coverages;
- 1) personal property in transit as described under Property In Transit;
 - 2) "fine arts" as described under Fine Arts;
 - 3) "computers" while away from a "covered location" as described under Off Premises Computers;
 - 4) property while temporarily on display or exhibit as described under Property On Exhibition;
 - 5) samples of "your" stock as described under Sales Representative Samples; and
 - 6) duplicate or back-up "software" as described under Software Storage.

PROPERTY NOT COVERED

1. **Airborne or Waterborne Property** -- "We" do not cover airborne or waterborne personal property unless the property is being transported by regularly scheduled airlines or ferry service.
2. **Aircraft or Watercraft** -- "We" do not cover aircraft or watercraft (and their motors, equipment, and accessories) that are operated principally away from a "covered location". However, "we" do cover:
 - a. aircraft or watercraft (and their motors, equipment, and accessories) that "you" manufacture, process, warehouse, or hold for sale; and
 - b. rowboats or canoes out of water at a "covered location".
3. **Animals** -- "We" do not cover animals, including but not limited to birds and fish, unless owned by others and boarded by "you". "We" do cover animals "you" own and hold for sale while inside of buildings.
4. **Automobiles and Vehicles** -- "We" do not cover automobiles, motor trucks, tractors, trailers, and similar conveyances designed and used for over-the-road transportation of people or cargo.

"We" do cover:

 - a. "mobile equipment" described under Business Personal Property; and
 - b. automobiles and vehicles that "you" manufacture, process, or warehouse. However, "we" do not cover automobiles or vehicles held for sale, lease, loan or rental.
5. **Checked Luggage** -- "We" do not cover loss resulting from "theft" or disappearance of a laptop, palmtop, notebook PC, or any portable "computer" while in transit as checked luggage.
6. **Contraband** -- "We" do not cover contraband or property in the course of illegal transportation or trade.
7. **Cost of Excavation** -- "We" do not cover the cost of excavations, grading, filling, or backfilling. However, if a covered loss occurs to covered property below the surface of the ground, "we" cover costs that are a necessary part of the repairing, rebuilding, or replacement of the property.
8. **Crops While Outside of Buildings** -- "We" do not cover grain, hay, straw, or other crops while outside of buildings.
9. **Exports and Imports** -- "We" do not cover exported or imported property that is covered under any ocean marine cargo insurance policy or any similar policy that anyone has obtained covering exports and imports.
10. **Land, Water, and Growing Crops** -- "We" do not cover:
 - a. land, including but not limited to land on which the covered property is located;

- b. underground or surface water; or
- c. growing crops.

11. Money, Securities, Accounts, and Valuable Papers -- Except as provided elsewhere in this policy, "we" do not cover "money", "securities", accounts, bills, and the cost to reproduce, replace, or restore "valuable papers" and lost information.

12. Outdoor Trees, Shrubs, Plants, or Lawns - Except as provided under Supplemental Coverages - Trees, Shrubs, and Plants, "we" do not cover trees, shrubs, plants, or lawns (other than stock).

13. Property More Specifically Insured -- "We" do not cover property which is more specifically insured in whole or in part by any other insurance. "We" do cover the amount in excess of the amount due from the more specific insurance whether "you" can collect on it or not.

14. Property of Others -- "We" do not cover property of others for which "you" are responsible as:

- a. a carrier for hire; or
- b. an arranger of transportation. This includes carloaders, consolidators, brokers, freight forwarders, or shipping associations.

15. Property You Have Sold -- "We" do not cover property that "you" have sold after it has been delivered. This does not include property which "you" have sold under an installation agreement.

However, if no "limit" is indicated for a Coverage Extension, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, the coverages provided below are part of and not in addition to the applicable "limit" for coverage described under Property Covered.

The "limit" provided under a Coverage Extension cannot be combined or added to the "limit" for any other Coverage Extension or Supplemental Coverage including a Coverage Extension or Supplemental Coverage that is added to this policy by endorsement.

The following coverage extensions are not subject to and not considered in applying coinsurance when coinsurance conditions are added to this coverage.

1. **Consequential Loss** -- "We" pay for "your" consequential loss of undamaged business personal property. Consequential loss means the loss of value of an undamaged part or parts of a product which becomes unmarketable. It must be unmarketable due to a physical loss to another part or parts of the product caused by a covered peril.
2. **Debris Removal** -- "We" pay the cost to remove the debris of covered property that is caused by a covered peril. This coverage does not include costs to:
 - a. extract "pollutants" from land or water; or
 - b. remove, restore, or replace polluted land or water.

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

COVERAGE EXTENSIONS

The following Coverage Extensions indicate an applicable "limit". This "limit" may also be shown in the "schedule of coverages". If a different "limit" is indicated in the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.



However, "we" pay up to an additional \$50,000 for debris removal expense when the debris removal expense exceeds 25% of the amount "we" pay for direct physical loss or when the loss to property and debris removal combined exceeds the "limit" for the damaged property.

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

3. **Emergency Removal** -- "We" pay for any direct physical loss to covered property while it is being moved or being stored to prevent a loss caused by a covered peril. This coverage applies for up to 365 days after the property is first moved, but does not extend past the date on which this policy expires.
4. **Emergency Removal Expenses** -- "We" pay up to \$5,000 for "your" expenses to move or store covered property to prevent a loss caused by a covered peril. This coverage applies for up to 365 days after the property is first moved, but does not extend past the date on which this policy expires.

The "limit" for Emergency Removal Expenses is separate from, and not part of, the applicable "limit" for coverage described under Property Covered.

5. **Fraud and Deceit** -- "We" pay up to \$5,000 for "theft" of covered property when "you", "your" agents, customers, or consignees are fraudulently induced to part with the covered property:
- a. to persons who falsely represent themselves as the proper persons to receive the property; or
 - b. by the acceptance of fraudulent bills of lading or shipping receipts.

6. **Damage From Theft** -- "We" cover direct physical damage caused by "theft" or attempted "theft" to:
- a. a building that "you" do not own and that contains "your" business personal property; or
 - b. personal property not owned by "you" within such building and that is used to maintain or service the building or structure or its premises.

This coverage extension only applies to a location where "you" are a tenant and the terms of "your" lease make "you" liable for damage caused by "theft" or attempted "theft".

7. **Off Premises Utility Service Interruption**
- a. **Coverage** -- "We" cover direct physical loss or damage caused by the interruption of an off premises utility service when the interruption:
- 1) results in the direct physical loss or damage to covered property located at a "covered location"; and
 - 2) is a result of direct physical loss or damage by a covered peril to property that is not located at a "covered location" and that is owned by a utility, a landlord, or another supplier who provides "you" with:
 - a) power or gas;
 - b) telecommunications, including but not limited to Internet access; or
 - c) water, including but not limited to waste water treatment.

- b. **Overhead Transmission Lines** -- If the "schedule of coverages" indicates that overhead transmission lines are excluded, coverage under this extension does not include loss to overhead transmission lines that deliver utility service to "you". Overhead transmission lines include, but are not limited to:

- 1) overhead transmission and distribution lines;
- 2) overhead transformers and similar equipment; and
- 3) supporting poles and towers.

- c. **Perishable Stock Exclusion** -- Coverage under this extension does not include loss of "perishable stock" due to "spoilage" that results from:

- 1) complete or partial lack of electrical power; or
- 2) fluctuation of electrical current.

- d. **Applicable Limit** -- The most "we" pay in any one occurrence under this Coverage Extension is \$50,000.

Unless otherwise indicated, a "limit" for a Supplemental Coverage provided below is separate from, and not part of, the applicable "limit" for coverage described under Property Covered. The "limit" available for coverage described under a Supplemental Coverage:

- a. is the only "limit" available for the described coverage; and
- b. is not the sum of the "limit" indicated for a Supplemental Coverage and the "limit" for coverage described under Property Covered.

The "limit" provided under a Supplemental Coverage cannot be combined or added to the "limit" for any other Supplemental Coverage or Coverage Extension including a Supplemental Coverage or Coverage Extension that is added to this policy by endorsement.

Unless otherwise stated, each supplemental coverage:

- a. applies to covered property in or on buildings or structures at a "covered location" or in the open (or in vehicles) within 1,000 feet of a "covered location"; and
- b. is not subject to and not considered in applying coinsurance when coinsurance conditions are added to this coverage.

SUPPLEMENTAL COVERAGES

The following Supplemental Coverages indicate an applicable "limit". This "limit" may also be shown in the "schedule of coverages". If a different "limit" is indicated in the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Supplemental Coverage, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

1. **Brands or Labels Expense** -- If covered business personal property is damaged and the damage is caused by a covered peril, "we" have the option to take all or any part of the damaged business personal property at the agreed or appraised value. "You" may stamp salvage or remove any brands or labels from the property or its containers. "You" must not damage the property or containers when "you" remove the brands or labels. "You" must re-label the merchandise or its containers if required by law.

The most "we" pay in any one occurrence for "your" expenses for stamping or removing brands or labels is \$50,000.



2. **Expediting Expenses** -- When a covered peril occurs to covered property, "we" pay for reasonable expenses necessary to expedite permanent repairs or replacement and make temporary repairs to damaged covered property. Expediting expenses include additional labor or overtime, and transportation costs.

The most "we" pay for all expediting expenses in any one occurrence is \$50,000.

3. **Fire Department Service Charges** -- "We" pay up to \$25,000 to cover "your" liability, assumed by contract or agreement prior to the loss, for fire department service charges.

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

No deductible applies.

4. **Inventory and Appraisal Expense** -- "We" pay up to \$50,000 for reasonable expenses, for the taking of inventory and appraisals, incurred by "you" at "our" request to assist "us" in the determination of the amount of a loss caused by a covered peril.

"We" do not pay for:

- a. any expenses incurred under the Other Conditions, Appraisal section of this coverage; or
 - b. any public adjusters' fees or attorneys' fees.
5. **Ordinance or Law (Undamaged Parts of a Building)** -- When a covered peril occurs to a covered building or structure, "we" pay for the value of undamaged parts of a covered building or structure that is required to be demolished as a result of the enforcement of any ordinance, law, or decree that:
- a. requires the demolition of undamaged parts of a covered building or structure that is damaged or destroyed by a covered peril;

- b. regulates the construction or repair of a building or structure, or establishes building, zoning, or land use requirements at a "covered location"; and
- c. is in force at the time of loss.

"We" do not cover the costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants".

This coverage is part of and not in addition to the applicable "limit" for coverage described under Property Covered.

6. **Ordinance or Law (Increased Cost to Repair and Cost to Demolish and Clear Site)** --

- a. **Increased Cost to Repair** -- When a covered peril occurs to a covered building or structure, "we" cover the:
 - 1) increased cost to repair, rebuild, or reconstruct damaged portions of a covered building or structure; and
 - 2) increased cost to repair, rebuild, or reconstruct undamaged portions of a covered building or structure whether or not those undamaged portions need to be demolished;

as a result of the enforcement of building, zoning, or land use ordinance, law, or decree and is in force at the time when a covered peril occurs to a covered building or structure.

If a covered building or structure is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by building, zoning, or land use ordinance, law, or decree.

- "We" do not cover the increased cost of construction until the covered building or structure is actually repaired or replaced and unless the repairs or replacement are made as soon as reasonably possible after the loss, not to exceed two years.
- b. **Cost to Demolish and Clear Site --** "We" cover the cost to demolish and clear the site of undamaged parts of the covered building or structure that is damaged or destroyed by a covered peril. The demolition must be a result of the enforcement of a building, zoning, or land use ordinance, law, or decree that is in force at the time when a covered peril occurs to a covered building or structure.
- c. **We Do Not Cover --** "We" do not cover the costs associated with the enforcement of any ordinance, law, or decree that:
- 1) requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants"; or
 - 2) "you" were required to comply with before the covered peril occurred to a covered building or structure, even if the building or structure was undamaged and "you" failed to comply with the ordinance, law, or decree.
- d. **What We Pay If The Building Is Repaired or Replaced --** If the covered building or structure is repaired or replaced, "we" pay the lesser of:
- 1) the amount "you" actually spend to demolish and clear the site, plus the actual increased cost to repair, rebuild, or construct the property but not for more than a building or structure of the same height, floor area, and style; or
 - 2) \$100,000.
- e. **What We Pay If The Building Is Not Repaired or Replaced --** If the covered building or structure is not repaired or replaced, "we" pay the lesser of:
- 1) the amount "you" actually spend to demolish and clear the site; plus the cost "you" would have incurred to replace the damaged or destroyed property with other property:
 - a) of like kind, and quality;
 - b) of the same height, floor area, and style; and
 - c) used for the same purpose; or
 - 2) \$100,000.
7. **Personal Effects --** "We" cover direct physical loss caused by a covered peril to personal effects owned by "you", "your" officers, "your" partners, or "your" employees.
- The most "we" pay for loss to personal effects in any one occurrence or at any one "covered location" is \$15,000.
8. **Pollutant Cleanup and Removal --** "We" pay "your" expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release, or escape of the "pollutants" is caused by a covered peril that occurs during the policy period. The expenses are paid only if they are reported to "us" in writing within 180 days from the date the covered peril occurs.
- "We" do not pay the cost of testing, evaluating, observing, or recording the existence, level, or effects of "pollutants". However, "we" pay the cost of testing which is necessary for the extraction of "pollutants" from land or water.
- The most "we" pay for each site or "covered location" is \$50,000 for the sum of all such expenses arising out of a covered peril occurring during each separate 12 month period of this policy.



9. **Recharge of Fire Extinguishing Equipment** -- "We" pay up to \$50,000 to cover "your" incurred expenses to recharge "your" automatic fire extinguishing equipment or hand held fire extinguishing equipment when the equipment is discharged:

- a. to fight a fire;
- b. as a result of a covered peril; or
- c. as a result of an accidental discharge.

However, "we" do not pay for "your" expenses to recharge equipment as a result of a discharge during testing or installation.

If it is less expensive to do so, "we" will pay "your" costs to replace "your" automatic fire extinguishing equipment or hand held fire extinguishing equipment rather than recharge the equipment.

10. **Rewards** -- "We" pay up to \$10,000 as a reward for information that leads to a conviction for arson, "theft", or vandalism. The conviction must involve a covered loss caused by arson, "theft", or vandalism.

The amount "we" pay is not increased by the number of persons involved in providing the information.

11. **Sewer Backup and Water Below the Surface** -- "We" cover direct physical loss caused by:
- a. water that backs up through a sewer or drain; or
 - b. water below the surface of the ground, including but not limited to water that exerts pressure on or flows, seeps, or leaks through or into a covered building or structure, sidewalk, driveway, foundation, swimming pool, or other structure.

The most "we" pay for loss caused by sewer backup and water below the surface in any one occurrence is \$25,000.

12. **Trees, Shrubs, and Plants** -- "We" cover direct physical loss (and debris removal expenses) to outdoor trees, shrubs, plants, and lawns at a "covered location". "We" only cover loss caused by:

- a. fire;
- b. lightning;
- c. explosion;
- d. riot or civil commotion;
- e. falling objects; or
- f. vandalism.

The most "we" pay for loss to trees, shrubs, and plants in any one occurrence is \$50,000.

Coverage under this supplemental coverage does not apply to property held for sale by "you".

13. **Underground Pipes, Pilings, Bridges, and Roadways** -- "We" cover direct physical loss caused by a covered peril to:

- a. pilings, piers, wharves, docks, or retaining walls;
- b. underground pipes, flues, or drains; and
- c. bridges, walkways, roadways, and other paved surfaces.

The most "we" pay under this Supplemental Coverage in any one occurrence or at any one "covered location" is \$250,000.

SUPPLEMENTAL MARINE COVERAGES

The following Supplemental Marine Coverages indicate an applicable "limit". This "limit" may also be shown in the "schedule of coverages". If a different "limit" is indicated in the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Supplemental Marine Coverage, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, a "limit" for a Supplemental Marine Coverage provided below is separate from, and not part of the applicable "limit" for coverage described under Property Covered. The "limit" available for coverage described under a Supplemental Marine Coverage:

- a. is the only "limit" available for the described coverage; and
- b. is not the sum of the "limit" indicated for a Supplemental Marine Coverage and the "limit" for coverage described under Property Covered.

The "limit" provided under a Supplemental Marine Coverage cannot be combined or added to the "limit" for any other Supplemental Marine Coverage, Supplemental Coverage, or Coverage Extension including a Supplemental Marine Coverage, Supplemental Coverage, or Coverage Extension that is added to this policy by endorsement.

The following supplemental marine coverages are not subject to and not considered in applying coinsurance when coinsurance conditions are added to this coverage.

1. **Accounts Receivable** -- "We" pay up to \$50,000 to cover losses and expenses that "you" incur as a result of a direct physical loss caused by a covered peril to "your" records of accounts receivable.

Losses and expenses under this coverage means:

- a. all sums due "you" from customers, provided "you" are unable to effect collection;
- b. interest charges on any loan used to offset impaired collections pending "our" payment of such sums;
- c. collection expenses in excess of normal collection costs made necessary because of loss or damage; and
- d. other reasonable expenses incurred by "you" in recreating records of accounts receivable following such loss or damage.

2. **Electrical or Magnetic Disturbance of Computers** -- "We" cover direct physical loss to "computers" caused by electrical or magnetic disturbance that results in electrical or magnetic damage to "computers" and damage to, disturbance of, or erasure of electronic records.

This coverage is part of and not in addition to the applicable "limit" for coverage described under Property Covered.

3. **Power Supply Disturbance of Computers** - "We" cover direct physical loss to "computers" caused by power supply disturbance such as interruption of power supply, power surge, blackout, or brownout.

This coverage is part of and not in addition to the applicable "limit" for coverage described under Property Covered.



4. **Virus and Hacking Coverage** -- "We" cover direct physical loss to covered "computers", "your" "computer" network and "your" Web site caused by a "computer virus" or by "computer hacking". However, "we" do not cover:

- a. loss of exclusive use of any "data records" or "proprietary programs" that have been copied, scanned, or altered;
- b. loss of or reduction in economic or market value of any "data records" or "proprietary programs" that have been copied, scanned, or altered;
- c. theft from "your" "data records" or "proprietary programs" of confidential information through the observation of the "data records" or "proprietary programs" by accessing covered "computers", "your" computer network, or "your" Web site without any alteration or other physical loss or damage to the records or programs.

Confidential information includes, but is not limited to, customer information, processing methods, or trade secrets; and

- d. except as provided under the Supplemental Income Coverages section of the Commercial Output Program - Income Coverage Part (if attached to this policy), denial of access to or services from "computers", "your" "computer" network, or "your" Web site.

The most "we" pay in any one occurrence under this Supplemental Marine Coverage is \$25,000.

The most "we" pay for all covered losses under this Supplemental Marine Coverage during each separate 12-month period of this policy is \$50,000.

5. **Fine Arts** -- "We" cover direct physical loss caused by a covered peril to "your" "fine arts" at a "covered location". "We" also cover "your" "fine arts" while:

- a. temporarily on display or exhibit away from a "covered location"; or
- b. in transit between a "covered location" and a location where the "fine arts" will be temporarily on display or exhibit.

The most "we" pay for loss to "fine arts" in any one occurrence or at any one "covered location" is \$100,000.

6. **Off Premises Computers** -- "We" cover direct physical loss caused by a covered peril to "computers" in the custody of "you", "your" officers, "your" partners, or "your" employees, while:

- a. away from a "covered location"; or
- b. in transit between a "covered location" and "you", "your" officers, "your" partners, or "your" employees.

The most "we" pay in any one occurrence for loss to off premises "computers" is \$25,000.

7. **Property on Exhibition** -- "We" cover direct physical loss caused by a covered peril to business personal property while temporarily on display or exhibit at locations "you" do not regularly occupy.

The most "we" pay in any one occurrence for loss to property on exhibition is \$50,000.

8. **Property in Transit** -- "We" cover direct physical loss caused by a covered peril to business personal property while in transit, regardless if the loss involves one or more vehicles, conveyances, containers, trailers, or any combination of these.

a. **Property You Have Sold** -- "We" also cover direct physical loss caused by a covered peril to business personal property that "you" have sold and are shipping at the owner's risk. "We" only pay for loss to business personal property that "you" have sold when the shipment has been rejected by the owner because:

- 1) the property is damaged; and
- 2) the owner of the property has refused to pay "you".

b. **Rejected Shipments** -- "We" also cover direct physical loss caused by a covered peril to rejected shipments while in due course of transit back to "you" or while awaiting return shipment to "you".

c. **Bills of Lading** -- "You" may accept bills of lading or shipping receipts issued by carriers for hire that limit their liability to less than the actual cash value of the covered property.

d. **Perishable Stock** -- "We" do not cover loss to "perishable stock" resulting from a breakdown of refrigeration equipment on any vehicle, conveyance, container, or trailer.

The most "we" pay in any one occurrence for loss to property in transit is \$50,000.

9. **Sales Representative Samples** -- "We" cover direct physical loss caused by a covered peril to samples of "your" stock in trade (and containers) and similar property of others.

"We" cover samples of "your" stock in trade while the property is:

- a. in the custody of "your" sales representatives and agents;
- b. in "your" custody while acting as a sales representative; or

c. in transit between a "covered location" and "your" sales representatives.

The most "we" pay in any one occurrence for loss to samples of "your" stock in trade is \$50,000.

10. **Software Storage** -- "We" cover direct physical loss caused by a covered peril to duplicate and back-up "software" stored at a "software" storage location. Each "software" storage location must be in a separate building which is at least 100 feet away from a "covered location".

The most "we" pay in any one occurrence for loss to duplicate and back-up "software" is \$50,000.

11. **Valuable Papers** -- "We" pay up to \$100,000 for the cost of research or other expenses necessary to reproduce, replace, or restore lost information that results from a direct physical loss caused by a covered peril to "your" "valuable papers".

PERILS COVERED

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

PERILS EXCLUDED

1. "We" do not pay for loss or damage caused directly or indirectly by one or more of the following excluded causes or events. Such loss or damage is excluded regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.



- a. **Ordinance or Law** -- Except as provided under Supplemental Coverages - Ordinance or Law, "we" do not pay for loss or increased cost caused by enforcement of any code, ordinance, or law regulating the use, construction, or repair of any building or structure; or requiring the demolition of any building or structure including the cost of removing its debris.

"We" do not pay for loss regardless if the loss is caused by or results from the:

- 1) enforcement of any code, ordinance, or law even if a building or structure has not been damaged; or
- 2) increased costs that "you" incur because of "your" compliance with a code, ordinance, or law during the construction, repair, rehabilitation, remodeling, or razing of a building or structure, including the removal of debris, following a direct physical loss to the property.

- b. **Earth Movement** -- "We" do not pay for loss caused by any earth movement (other than "sinkhole collapse") or caused by eruption, explosion, or effusion of a volcano. Earth movement includes, but is not limited to: earthquake; landslide; mudflow; mudslide; mine subsidence; or sinking, rising, or shifting of earth.

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

This exclusion does not apply to "computers", "mobile equipment", and the Supplemental Marine Coverages.

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

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

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

- e. **War and Military Action** -- "We" do not pay for loss caused by:

- 1) war, including undeclared war or civil war; or
- 2) a warlike action by a military force, including action taken to prevent or defend against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
- 3) insurrection, rebellion, revolution, or unlawful seizure of power including action taken by governmental authority to prevent or defend against any of these.

With regard to any action that comes within the "terms" of this exclusion and involves nuclear reaction, nuclear radiation, or radioactive contamination, this War and Military Action Exclusion will apply in place of the Nuclear Hazard Exclusion.

- f. **Flood** -- "We" do not pay for loss caused by "flood". However, "we" do cover the resulting loss if fire, explosion, or sprinkler leakage results.

This exclusion does not apply to "computers", "mobile equipment", and the Supplemental Marine Coverages.

- g. **Utility Failure** -- Except as provided under Coverage Extensions - Off Premises Utility Service Interruption, "we" do not pay for loss caused by or resulting from the failure of a utility to supply electrical power or other utility service to a "covered location", however caused, if the failure takes place away from the "covered location".

But if failure of a utility to supply electrical or other utility service to a "covered location" results in a covered peril, "we" cover the loss or damage caused by that covered peril.

This exclusion does not apply to "computers", "mobile equipment", and the Supplemental Marine Coverages.

- h. **Sewer Backup and Water Below the Surface** -- Except as provided under Supplemental Coverages - Sewer Backup and Water Below the Surface, "we" do not pay for loss caused by or resulting from:

- 1) water that backs up through a sewer or drain; or
- 2) water below the surface of the ground, including but not limited to water that exerts pressure on or flows, seeps, or leaks through or into a covered building or structure, sidewalk, driveway, foundation, swimming pool, or other structure.

But if sewer backup and water below the surface results in fire, explosion, or sprinkler leakage, "we" cover the loss or damage caused by that fire, explosion, or sprinkler leakage.

This exclusion does not apply to "computers", "mobile equipment", and the Supplemental Marine Coverages.

2. "We" do not pay for loss or damage that is caused by or results from one or more of the following excluded causes or events:

- a. **Animal Nesting, Infestation, or Discharge** -- "We" do not pay for loss caused by nesting, infestation, discharge, or release of waste products or secretions by animals, including but not limited to, birds, insects, or vermin.

But if nesting, infestation, discharge, or release of waste products or secretions by animals results in a "specified peril" or breakage of building glass, "we" cover the loss or damage caused by that "specified peril" or breakage of building glass.

- b. **Collapse** -- "We" do not pay for loss caused by collapse, except as provided under the Other Coverages, Collapse. But if collapse results in a covered peril, "we" cover the loss or damage caused by that covered peril.

This exclusion does not apply to "computers", "mobile equipment", and the Supplemental Marine Coverages.

- c. **Computer Virus or Computer Hacking** -- Except as provided under Supplemental Marine Coverages - Virus and Hacking Coverage, "we" do not pay for:

- 1) any direct or indirect loss or damage; or
- 2) loss of access, loss of use, or loss of functionality

caused by a "computer virus" or by "computer hacking".



- d. **Contamination or Deterioration -- "We"**
do not pay for loss caused by contamination or deterioration including corrosion, decay, fungus, mildew, mold, rot, rust, or any quality, fault, or weakness in covered property that causes it to damage or destroy itself.

But if contamination or deterioration results in a "specified peril" or breakage of building glass, "we" cover the loss or damage caused by that "specified peril" or breakage of building glass.

This exclusion does not apply to loss caused by corrosion, decay, fungus, mildew, mold, rot, or rust to "computers" that results from direct physical damage by a covered peril to the air conditioning system that services "your" "computers".

- e. **Criminal, Fraudulent, Dishonest, or Illegal Acts -- "We"** do not pay for loss caused by or resulting from criminal, fraudulent, dishonest, or illegal acts committed alone or in collusion with another by:
- 1) "you";
 - 2) others who have an interest in the property;
 - 3) others to whom "you" entrust the property;
 - 4) "your" partners, officers, directors, trustees, joint adventurers; or
 - 5) the employees or agents of 1), 2), 3), or 4) above, whether or not they are at work.

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

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

- f. **Defects, Errors, and Omissions -- "We"**
do not pay for loss which results from one or more of the following:

- 1) an act, error, or omission (negligent or not) relating to:
 - a) land use;
 - b) the design, specification, construction, workmanship, installation, or maintenance of property;
 - c) planning, zoning, development, siting, surveying, grading, or compaction; or
 - d) maintenance of property (such as land, structures, or improvements);

whether on or off a "covered location";

- 2) a defect, weakness, inadequacy, fault, or unsoundness in materials used in construction or repair, whether on or off a "covered location";
- 3) the cost to make good an error in design; or
- 4) a data processing error or omission in programming or giving improper instructions.

In addition, "we" do not pay for loss to business personal property caused by deficiencies or defects in design, specifications, materials, or workmanship, or caused by latent or inherent defects.

But if a defect, error, or omission as described above results in a covered peril, "we" cover the loss or damage caused by that covered peril.

- g. **Electrical Currents** -- "We" do not pay for loss caused by arcing or by electrical currents other than lightning. But if arcing or electrical currents other than lightning result in fire, "we" cover the loss or damage caused by that fire.

"We" do cover the direct loss by a covered peril which occurs at "covered locations" as a result of any power interruption or other utility services.

This exclusion does not apply to "computers".

- h. **Steam Boiler Explosion** -- "We" do not pay for loss caused by an explosion of steam boilers, steam pipes, steam turbines, or steam engines that "you" own or lease or that are operated under "your" control.

But if an explosion of steam boilers, steam pipes, steam turbines, or steam engines results in a fire or combustion explosion, "we" cover the loss or damage caused by that fire or combustion explosion. "We" also cover loss or damage caused by or resulting from the explosion of gas or fuel in a firebox, combustion chamber, or flue.

- i. **Increased Hazard** -- "We" do not pay for loss occurring while the hazard has been materially increased by any means within "your" knowledge or "your" control.
- j. **Loss of Use** -- "We" do not pay for loss caused by loss of use, delay, or loss of market.
- k. **Mechanical Breakdown** -- "We" do not pay for loss caused by mechanical breakdown or rupturing or bursting of moving parts of machinery caused by centrifugal force.

But if a mechanical breakdown or rupturing or bursting of moving parts of machinery caused by centrifugal force results in a "specified peril", the breakage of building glass, or an elevator collision, "we" cover the loss or damage caused by that "specified peril", breakage of building glass, or elevator collision.

This exclusion does not apply to "computers".

- l. **Neglect** -- "We" do not pay for loss caused by "your" neglect to use all reasonable means to save covered property at and after the time of loss.

"We" do not pay for loss caused by "your" neglect to use all reasonable means to save and preserve covered property when endangered by a covered peril.

- m. **Pollutants** -- "We" do not pay for loss caused by or resulting from release, discharge, seepage, migration, dispersal, or escape of "pollutants":

- 1) unless the release, discharge, seepage, migration, dispersal, or escape is caused by a "specified peril" or
- 2) except as specifically provided under the Supplemental Coverages, Pollutant Cleanup and Removal.

"We" do pay for any resulting loss caused by a "specified peril".

- n. **Seepage** -- "We" do not pay for loss caused by continuous or repeated seepage or leakage of water or steam that occurs over a period of 14 days or more.



- o. **Settling, Cracking, Shrinking, Bulging, or Expanding** -- "We" do not pay for loss caused by settling, cracking, shrinking, bulging, or expanding of pavements, footings, foundations, walls, ceilings, or roofs. But if settling, cracking, shrinking, bulging, or expanding results in a "specified peril" or the breakage of building glass, "we" cover the loss or damage caused by that "specified peril" or the breakage of building glass.

This exclusion does not apply to "computers" and "mobile equipment".

- p. **Smoke, Vapor, or Gas** -- "We" do not pay for loss caused by smoke, vapor, or gas from agricultural smudging or industrial operations.

This exclusion does not apply to "computers" and "mobile equipment".

- q. **Smog** -- "We" do not pay for loss caused by smog. But if smog results in a "specified peril" or the breakage of building glass, "we" cover the loss or damage caused by that "specified peril" or the breakage of building glass.

This exclusion does not apply to "computers" and "mobile equipment".

- r. **Temperature/Humidity** -- "We" do not pay for loss to:

- 1) personal property, except as provided under Coverage Extensions - Off Premises Utility Service Interruption; or
- 2) "perishable stock";

caused by dryness, dampness, humidity, or changes in or extremes of temperature.

But if dryness, dampness, humidity, or changes in or extremes of temperature, as described above, results in a "specified peril" or the breakage of building glass, "we" cover the loss or damage caused by that "specified peril" or the breakage of building glass.

"We" do pay for loss to "computers" that results from direct physical damage by a covered peril to the air conditioning system that services "your" "computers".

- s. **Wear and Tear** -- "We" do not pay for loss caused by wear and tear, marring, or scratching.

But if wear and tear, marring, or scratching results in a "specified peril" or the breakage of building glass, "we" cover the loss or damage caused by that "specified peril" or the breakage of building glass.

- t. **Weather** -- "We" do not pay for loss caused by weather conditions if the weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss or damage.

But if weather conditions result in a covered peril, "we" cover the loss or damage caused by that covered peril.

- u. **Voluntary Parting** -- Except as provided under Coverage Extensions - Fraud and Deceit, "we" do not pay for loss caused by or resulting from voluntary parting with title to or possession of any property because of any fraudulent scheme, trick, or false pretense.

ADDITIONAL PROPERTY NOT COVERED OR SUBJECT TO LIMITATIONS

1. **Accounts Receivable** -- "We" do not cover loss to accounts receivables that is a result of:

- a. an error or omission in bookkeeping, accounting, or billing; or

- b. "your" discovery of a discrepancy in "your" books or records if an audit or inventory computation is necessary to prove the factual existence of the discrepancy.
2. **Animals** -- "We" do not cover loss to animals, including but not limited to birds and fish, except death or destruction of animals held for sale caused by "specified perils" or breakage of building glass.
3. **Boilers** -- "We" do not cover loss to steam boilers, steam pipes, steam turbines, or steam engines caused by any condition or occurrence within such equipment. "We" do cover loss to such equipment caused by the explosion of gas or fuel in a firebox, combustion chamber, or flue.
- "We" do not cover loss to hot water boilers or heaters caused by any condition or occurrence within such equipment other than explosion. This exclusion includes bursting, cracking, or rupturing.
4. **Contamination of Perishable Stock Due to Release of Refrigerant** -- "We" do not pay for loss of "perishable stock" due to contamination from the release of a refrigerant, including but not limited to ammonia.
5. **Furs** -- "We" do not cover furs or fur garments for loss by "theft" for more than \$10,000 total in any one occurrence.
6. **Glassware/Fragile Articles** -- "We" do not cover breakage of fragile articles such as glassware and porcelains, except as a result of "specified perils" or breakage of building glass.
- This exclusion does not apply to:
- glass that is a part of a building or structure;
 - bottles or other containers held for sale;
 - lenses of photographic and scientific instruments; or
- d. "fine arts" as described under Supplemental Marine Coverages.
7. **Jewelry, Watches, and Precious Stones** -- "We" do not cover more than \$10,000 total in any one occurrence for loss by "theft" of jewelry, watches, and precious stones, including but not limited to watch movements, jewels, pearls, and semi-precious stones. This limitation does not apply to items of jewelry, watches, or precious stones worth \$100 or less.
8. **Missing Property** -- "We" do not cover missing property when the only proof of loss is unexplained or mysterious disappearance, or shortage discovered on taking inventory, or other instance where there is no physical evidence to show what happened to the property.
- This exclusion does not apply to property in the custody of carriers for hire.
9. **Personal Property in the Open** -- "We" do not cover loss to personal property in the open caused by rain, snow, ice, or sleet.
- This exclusion does not apply to "mobile equipment" or to property in the custody of carriers for hire.
10. **Stamps, Tickets, and/or Letters of Credit** -- "We" do not cover more than \$5,000 total in any one occurrence for loss by "theft" to stamps, tickets (such as lottery tickets held for sale), or letters of credit.
11. **Unauthorized or Fraudulent Transfer** -- Except as provided under Coverage Extensions - Fraud and Deceit, "we" do not cover loss of, or loss caused by the transfer or delivery of covered property from a "covered location" or "your" "computer" to a person or place outside of a "covered location" on the basis of unauthorized or fraudulent instructions, including but not limited to instructions transmitted:
- by a computer, whether or not owned by "you", or



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- b. via any telecommunications transmission method.

12. Valuable Papers -- "We" do not cover loss to "valuable papers" caused by errors or omissions in processing or copying.

OTHER COVERAGES

1. Collapse -- "We" pay for loss caused by direct physical loss involving collapse as described in a., b., and c. below.

- a. Collapse of a building or structure, any part of a building or structure, or personal property inside a building or structure, if the collapse is caused by one or more of the following:

- 1) "specified perils" or breakage of building glass all only as insured against in this Coverage Part;
- 2) hidden decay, unless "you" know of the presence of the decay prior to the collapse;
- 3) hidden insect or vermin damage, unless "you" know of the damage prior to the collapse;
- 4) weight of people or personal property;
- 5) weight of rain that collects on a roof; or
- 6) use of defective material or methods in construction, remodeling, or renovation if the collapse occurs during the course of the construction, remodeling, or renovation.

However, if the collapse occurs after construction, remodeling, or renovation is complete and is caused in part by a peril listed in 1) through 5) above, "we" will pay for the loss or damage even if the use of defective material or methods in construction, remodeling, or renovation, contributes to the collapse.

- b. The following property is covered for loss involving collapse only if the collapse is of a building or structure or any part of a building or structure and is caused by one or more of the causes listed above in 1.a. or collapse caused by "specified perils" or breakage of building glass all only as insured against in this Coverage Part:

- 1) outdoor radio or television antennas (and satellite dishes) and their lead-in wiring, masts, or towers;
- 2) awnings, gutters, and down spouts;
- 3) yard fixtures;
- 4) outdoor swimming pools;
- 5) fences;
- 6) bulkheads, piers, wharves, and docks;
- 7) beach or diving platforms or appurtenances;
- 8) retaining walls that are not part of buildings; and
- 9) bridges, walkways, roadways, and other paved surfaces.

- c. Collapse means a sudden and unexpected falling in or caving in of a building or structure or any portion of a building or structure with the result that the building or portion of the building cannot be occupied for its intended purpose.
- d. The following are not considered to be in a state of collapse:

- 1) a building or structure that is standing or any portion of a building that is standing even if it displays evidence of bending, bulging, cracking, expansion, leaning, sagging, settling, or shrinkage;
- 2) a building or structure or any portion of a building structure in danger of falling in or caving; and
- 3) a portion of a building or structure that is standing even if it has separated from another portion of the building or structure.

2. **Tearing Out and Replacing** -- When "we" cover buildings or structures and a loss caused by water, other liquids, powder, or molten material is covered, "we" also pay the cost of tearing out and replacing any part of the covered building or structure to repair damage to the system or appliance from which the water or other substance escapes.

"We" also pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage results in discharge of any substance from an automatic fire protection system; or is directly caused by freezing.

WHAT MUST BE DONE IN CASE OF LOSS

1. **Notice** -- In case of a loss, "you" must:
- give "us" or "our" agent prompt notice including a description of the property involved ("we" may request written notice);
 - give notice to the police when the act that causes the loss is a crime; and
 - give notice to the credit card company if the loss involves a credit card.
2. **Protect Property** -- "You" must take all reasonable steps to protect covered property at and after an insured loss to avoid further loss. "We" will pay the reasonable costs incurred by "you" for necessary repairs or emergency measures performed solely to protect covered property from further damage by a peril insured against if a peril insured against has already caused a loss to covered property. "You" must keep an accurate record of such costs. However "we" will not pay for such repairs or emergency measures performed on property which has not been damaged by a peril insured against. This does not increase "our" "limit".
3. **Proof of Loss** -- "You" must send "us", within 60 days after "our" request, a signed, sworn proof of loss. This must include the following information:
- the time, place, and circumstances of the loss;
 - other policies of insurance that may cover the loss;
 - "your" interest and the interests of all others in the property involved, including all mortgages and liens;
 - changes in title or occupancy of the covered property during the policy period;
 - detailed estimates for repair or replacement of covered property; and
 - an inventory of damaged and undamaged covered property showing in detail the quantity, description, cost, actual cash value, and amount of the loss. "You" must attach to the inventory copies of all bills, receipts, and related documents that substantiate the inventory.
4. **Examination** -- "You" must submit to examination under oath in matters connected with the loss as often as "we" reasonably request and give "us" sworn statements of the answers. If more than one person is examined, "we" have the right to examine and receive statements separately and not in the presence of others.
5. **Records** -- "You" must produce records, including tax returns and bank microfilms of all canceled checks relating to value, loss, and expense and permit copies and extracts to be made of them as often as "we" reasonably request.
6. **Damaged Property** -- "You" must exhibit the damaged and undamaged property as often as "we" reasonably request and allow "us" to inspect or take samples of the property.



7. **Volunteer Payments** -- "You" must not, except at "your" own expense, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses except as respects protecting property from further damage.
8. **Abandonment** -- "You" may not abandon the property to "us" without "our" written consent.
9. **Cooperation** -- "You" must cooperate with "us" in performing all acts required by the Commercial Output Program coverages.
3. **Fine Arts** -- The value of "fine arts" will be based on the fair market value at the time of loss.
4. **Glass** -- The value of glass will be based on the cost of safety glazing material where required by code, ordinance, or law.
5. **Hardware** -- The following is the value of "hardware":
 - a. **Hardware That Is Replaced** -- The value of "hardware" that is replaced will be based on the cost of replacing the "hardware" with new equipment that is functionally comparable to the "hardware" that is being replaced.
 - b. **Hardware That Is Not Replaced** -- The value of "hardware" that is not repaired or replaced will be based on the actual cash value at the time of loss (with a deduction for depreciation).
 - c. **Partial Loss** -- In no event will "we" pay more than the reasonable cost of restoring partially damaged "hardware" to its condition directly prior to the damage.

VALUATION

1. **Replacement Cost** -- The value of covered property will be based on replacement cost without any deduction for depreciation unless Actual Cash Value is indicated on the "schedule of coverages".

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

Replacement cost valuation does not apply until the damaged or destroyed property is repaired or replaced. "You" may make a claim for actual cash value before repair or replacement takes place, and later for the replacement cost if "you" notify "us" of "your" intent within 180 days after the loss.

This replacement cost provision does not apply to paragraphs 3. through 13. below.

2. **Actual Cash Value** -- When Actual Cash Value is indicated on the "schedule of coverages" for covered property, the value of covered property will be based on the actual cash value at the time of the loss (with a deduction for depreciation) except as provided in paragraphs 3. through 13. below.

6. **Software** -- The following is the value of "software":
 - a. **Programs and Applications** -- The value of "programs and applications" will be based on the cost to reinstall the "programs or applications" from the licensed discs that were originally used to install the programs or applications.

If the original licensed discs are lost, damaged, or can no longer be obtained, the value of "programs and applications" will be based on the cost of the most current version of the "programs or applications".

- b. **Proprietary Programs** -- The value of "proprietary programs" will be based on the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.

If duplicate copies do not exist, the value of "proprietary programs" will be based on the cost of research or other expenses necessary to reproduce, replace, or restore lost "proprietary programs".

- c. **Data Records** -- The value of "data records" will be based on the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.

If duplicate copies do not exist, the value of "data records" will be based on the cost of research or other expenses necessary to reproduce, replace, or restore lost files, documents, and records.

- d. **Media** -- The value of "media" will be based on the cost to repair or replace the "media" with material of the same kind or quality.

7. **Merchandise Sold** -- The value of merchandise that "you" have sold but not delivered will be based on the selling price less all discounts and unincurred expenses.

8. **Manufactured Stock** -- The value of stock manufactured by "you" will be based on the price that such stock would have been sold for, less all discounts and unincurred expenses.

9. **Pair or Set** -- The value of a lost or damaged article which is part of a pair or set is based on a reasonable proportion of the value of the entire pair or set. The loss is not considered a total loss of the pair or set.

10. **Loss to Parts** -- The value of a lost or damaged part of an item that consists of several parts when it is complete is based on the value of only the lost or damaged part or the cost to repair or replace it.

11. **Tenant's Improvements** -- The value of lost or damaged tenant's improvements and the loss of undamaged tenant's improvements due to the cancellation of a lease will be based on the replacement cost if repaired or replaced at "your" expense within 24 months.

The value of lost or damaged tenant's improvements and the loss of undamaged tenant's improvements due to the cancellation of a lease will be based on a portion of "your" original cost if not repaired or replaced within 24 months. This portion is determined as follows:

- a. divide the number of days from the date of the loss to the expiration date of the lease by the number of days from the date of installation to the expiration date of the lease; and
- b. multiply the figure determined in 11.a. above by the original cost.

If "your" lease contains a renewal option, the expiration of the lease in this procedure will be replaced by the expiration of the renewal option period.

Lost or damaged tenant's improvements and the loss of undamaged tenant's improvements due to the cancellation of a lease are not covered if repaired or replaced at another's expense.

12. **Valuable Papers** -- The value of "valuable papers" will be based on their actual cash value at the time of loss.

13. **Accounts Receivable** -- The value of accounts receivable will be based on the total sum of accounts receivable due. From this total "we" will deduct:

- a. all amounts due from the records of accounts receivable that are not lost;



- b. all amounts due that can be established by other means;
- c. all amounts due that "you" have collected from the records that are lost;
- d. all unearned interest and service charges; and
- e. an amount to allow for bad debts.

If a loss occurs and "you" cannot establish the actual accounts receivable due, it will be determined as follows:

- a. "We" will determine the total of the average monthly accounts receivable amounts for the 12 month period that directly precedes the month in which the loss occurred.
- b. "We" will adjust the total for any normal variance in the accounts receivable amount for the month in which the loss occurred.

HOW MUCH WE PAY

- 1. **Insurable Interest** -- "We" do not cover more than "your" insurable interest in any property.
- 2. **Deductible** -- "We" pay only that part of "your" loss over the deductible amount stated on the "schedule of coverages" in any one occurrence. The deductible applies to the loss before application of any coinsurance or reporting provisions.
- 3. **Earthquake Period** -- All earthquakes or volcanic eruptions that occur within a 168-hour period will be considered a single event. This 168-hour period is not limited by the policy expiration.

- 4. **Loss Settlement Terms** -- Subject to paragraphs 1., 2., 3., 5., 6., and 7. under How Much We Pay and coinsurance provisions (if applicable), "we" pay the lesser of:

- a. the amount determined under Valuation;
- b. the cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practicable; or
- c. the "limit" that applies to covered property.

- 5. **Insurance Under More Than One Coverage** -- If more than one coverage of this policy insures the same loss, "we" pay no more than the actual claim, loss, or damage sustained.

- 6. **Insurance Under More Than One Policy** -- "You" may have another policy subject to the same plan, "terms", conditions, and provisions as this policy. If "you" do, "we" will pay "our" share of the covered loss. "Our" share is the proportion that the applicable "limit" under this policy bears to the "limit" of all policies covering on the same basis.

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

- 7. **Automatic Increase** -- The "limit" on the "schedule of coverages" or the Scheduled Locations Endorsement is automatically increased annually by the annual percentage shown on the "schedule of coverages" or Scheduled Locations Endorsement for Automatic Increase.

LOSS PAYMENT

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

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

2. **Your Losses** -- "We" will adjust all losses with "you". Payment will be made to "you" unless another loss payee is named in the policy. An insured loss will be payable 30 days after a satisfactory proof of loss is received, and the amount of the loss has been established either by written agreement with "you" or the filing of an appraisal award with "us".
3. **Property of Others** -- Losses to property of others may be adjusted with and paid to:
 - a. "you" on behalf of the owner; or
 - b. the owner.

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

OTHER CONDITIONS

In addition to the "terms" which are contained in other sections of the Commercial Output Program coverages, the following conditions apply.

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

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

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

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

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

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



2. **Benefit to Others** -- Insurance under the Commercial Output Program coverages will not directly or indirectly benefit anyone having custody of "your" property.
3. **Conformity With Statute** -- When a condition of this coverage is in conflict with an applicable law, that condition is amended to conform to that law.
4. **Control of Property** -- The Commercial Output Policy coverages are not affected by any act or neglect beyond "your" control.
5. **Death** -- If "you" die, "your" rights and duties will pass 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.
6. **Liberalization** -- If a revision of a form or endorsement which broadens Commercial Output Program coverages without additional premium is adopted during the policy period, or within six months before this coverage is effective, the broadened coverage will apply.
7. **Misrepresentation, Concealment, or Fraud** -- These Commercial Output Program coverages are void as to "you" and any other insured if, before or after a loss:
 - a. "you" or any other insured have willfully concealed or misrepresented:
 - 1) a material fact or circumstance that relates to this insurance or the subject thereof; or
 - 2) "your" interest herein; or
 - b. there has been fraud or false swearing by "you" or any other insured with regard to a matter that relates to this insurance or the subject thereof.
8. **Policy Period** -- "We" pay for a covered loss that occurs during the policy period.
9. **Recoveries** -- If "we" pay "you" for the loss and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:
 - a. "you" must notify "us" promptly if "you" recover property or receive payment;
 - b. "we" must notify "you" promptly if "we" recover property or receive payment;
 - c. any recovery expenses incurred by either are reimbursed first;
 - d. "you" may keep the recovered property, but "you" must refund to "us" the amount of the claim paid, or any lesser amount to which "we" agree; and
 - e. if the claim paid is less than the agreed loss due to a deductible or other limiting "terms" of this policy, any recovery will be prorated between "you" and "us" based on "our" respective interest in the loss.
10. **Restoration of Limits** -- Except as indicated under Supplemental Coverages - Pollutant Cleanup and Removal and Supplemental Marine Coverages - Virus and Hacking Coverage, any loss "we" pay under the Commercial Output Program coverages does not reduce the "limits" applying to a later loss.
11. **Subrogation** -- If "we" pay for a loss, "we" may require "you" to assign to "us" "your" right of recovery against others. "You" must do all that is necessary to secure "our" rights. "We" will not pay for a loss if "you" impair this right to recover.

"You" may waive "your" right to recover from others in writing before a loss occurs.
12. **Suit Against Us** -- No one may bring a legal action against "us" under this coverage unless:
 - a. all of the "terms" of the Commercial Output Program coverages have been complied with; and

- b. the suit has been brought within two years after "you" first have knowledge of the loss.

If any applicable law makes this limitation invalid, then suit must begin within the shortest period permitted by the law.

13. **Territorial Limits** -- "We" cover property while in the United States of America, its territories and possessions, Canada, and Puerto Rico.

However, "we" do cover foreign shipments as described under Overseas Transit.

14. **Mortgage Provisions** -- If a mortgagee (mortgage holder) is named in this policy, loss to building property will be paid to the mortgagee and "you" as their interest appears. If more than one mortgagee is named, they will be paid in order of precedence.

The insurance for the mortgagee continues in effect even when "your" insurance may be void because of "your" acts, neglect, or failure to comply with the coverage "terms". The insurance for the mortgagee does not continue in effect if the mortgagee is aware of changes in ownership or substantial increase in risk and does not notify "us".

If "we" cancel this policy, "we" will notify the mortgagee at least ten days before the effective date of cancellation if "we" cancel for "your" nonpayment of premium, or 30 days before the effective date of cancellation if "we" cancel for any other reason.

"We" may request payment of the premium from the mortgagee if "you" fail to pay the premium.

If "we" pay the mortgagee for a loss where "your" insurance may be void, the mortgagee's right to collect that portion of the mortgage debt from "you" then belongs to "us". This does not affect the mortgagee's right to collect the remainder of the mortgage debt from "you".

As an alternative, "we" may pay the mortgagee the remaining principal and accrued interest in return for a full assignment of the mortgagee's interest and any instruments given as security for the mortgage debt.

If "we" choose not to renew this policy, "we" will give written notice to the mortgagee at least ten days before the expiration date of this policy.

15. **Vacancy - Unoccupancy** -- "We" do not pay for loss caused by attempted "theft"; breakage of building glass; sprinkler leakage (unless "you" have protected the system against freezing); "theft"; vandalism; or water damage occurring while the building or structure has been:

a. vacant for more than 60 consecutive days; or

b. unoccupied for more than:

- 1) 60 consecutive days; or
- 2) the usual or incidental unoccupancy period for a "covered location";

whichever is longer.

The amount "we" will pay will be reduced by 15% for any loss by a covered peril, not otherwise excluded above, if the building or structure is vacant or unoccupied, as described above.

Unoccupied means that the customary activities or operations at a "covered location" are suspended, but business personal property has not been removed. The building or structure will be considered vacant and not unoccupied when the occupants have moved, leaving the building or structure empty or containing only limited business personal property. Buildings or structures under construction are not considered vacant or unoccupied.



COMMERCIAL OUTPUT PROGRAM INCOME COVERAGE PART

Coverage provided under this coverage part is also subject to the "terms" and conditions in the Commercial Output Program - Property Coverage Part under the sections titled Agreement, Definitions, Property Not Covered, Perils Covered, Perils Excluded, What Must Be Done In Case Of Loss, Loss Payment, and Other Conditions.

If "you" lease, rent, or do not own the building "you" occupy, for the purposes of determining an Income Coverage loss, "your" location is the space that "you" lease, rent, or occupy, including but not limited to:

1. all passageways to "your" location within the building; and
2. "your" business personal property in the open (or in a vehicle) within 1,000 feet.

COVERAGE OPTIONS

One of the following described coverage options applies when that option is indicated on the "schedule of coverages":

1. Earnings, "rents", and extra expense.
2. Earnings and extra expense.
3. "Rents" and extra expense.
4. Extra expense only.

If option 1. above is selected, the term Earnings includes "rents". When Option 3. is indicated, the term Earnings means only "rents".

EARNINGS

"We" cover "your" actual loss of net income (net profit or loss before income taxes) that would have been earned or incurred and continuing operating expenses normally incurred by "your" "business", including but not limited to payroll expense.

The net sales value of goods that would have been produced is included in net income for manufacturing risks.

EXTRA EXPENSE

"We" cover only the extra expenses that are necessary during the "restoration period" that "you" would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a covered peril.

"We" cover any extra expense to avoid or reduce the interruption of "business" and continue operating at a "covered location", replacement location, or a temporary location. This includes expenses to relocate and costs to outfit and operate a replacement or temporary location.

"We" will also cover any extra expense to reduce the interruption of "business" if it is not possible for "you" to continue operating during the "restoration period".

COVERAGE

"We" provide the following coverage unless the coverage is excluded or subject to limitations.

"We" provide the coverages described below during the "restoration period" when "your" "business" is necessarily wholly or partially interrupted by direct physical loss of or damage to property at a "covered location" or in the open (or in vehicles) within 1,000 feet thereof as a result of a covered peril.

To the extent that they reduce a loss otherwise payable under this Coverage Part, "we" will cover any extra expenses to:

1. repair, replace, or restore any property; and
2. research, replace, or restore information on damaged "valuable papers" or "data records".

EXCLUSIONS AND LIMITATIONS

The following exclusions apply in addition to the exclusions and limitations in the Commercial Output Program - Property Coverage Part.

1. **Finished Stock** -- "We" do not cover loss caused by or resulting from loss or damage to stock manufactured by "you" which is ready to pack, ship, or sell. This includes loss caused by or resulting from the time required to reproduce such stock. This does not apply to stock manufactured and held for sale at retail outlets that "you" own and that are insured under this Coverage Part.
2. **Leases, Licenses, Contracts, or Orders** -- "We" do not cover any increase in loss due to the suspension, lapse, or cancellation of leases, licenses, contracts, or orders.

However, "we" do cover loss during the "restoration period" if the suspension, lapse, or cancellation results directly from the interruption of "your" "business".

"We" do not cover any extra expense caused by the suspension, lapse, or cancellation of leases, licenses, contracts, or orders beyond the "restoration period".

3. **Strikes, Protests, and Other Interference** -- "We" do not cover any increase in loss due to interference by strikers or other persons at a "covered location". This applies to interference with rebuilding, repairing, or replacing the property or with resuming "your" "business".

INCOME COVERAGE EXTENSIONS

The following Income Coverage Extensions indicate an applicable "limit" or limitation. This "limit" or limitation may also be shown on the "schedule of coverages". If a different "limit" or limitation is indicated on the "schedule of coverages", that "limit" or limitation will apply instead of the "limit" or limitation shown below.

The following Income Coverage Extensions are part of and not in addition to the applicable Income Coverage "limit".

1. **Interruption by Civil Authority** -- "We" extend "your" coverage for earnings and extra expense to include loss sustained while access to "covered locations" or a "dependent location" is specifically denied by an order of civil authority. This order must be a result of direct physical loss of or damage to property, other than at a "covered location" and must be caused by a covered peril. Unless otherwise indicated on the "schedule of coverages", this Income Coverage Extension is limited to 30 consecutive days from the date of the order.
2. **Period of Loss Extension After Business Resumes** -- "We" extend "your" coverage for earnings to cover loss from the date the covered property that incurred the loss is rebuilt, repaired, or replaced and "business" is resumed or tenantability is restored until:
 - a. the end of 90 consecutive days (unless otherwise indicated on the "schedule of coverages"); or
 - b. the date "you" could reasonably resume "your" "business" to the conditions that would generate the earnings amount or "rents" that would have existed had no loss or damage occurred,

whichever is earlier.

Loss of earnings or "rents" must be caused by direct physical loss of or damage to property at a "covered location" or in the open (or in vehicles) within 1,000 feet thereof as a result of a covered peril.



SUPPLEMENTAL INCOME COVERAGES

Unless otherwise indicated, the following Supplemental Income Coverages apply separately to each "covered location".

The following Supplemental Income Coverages indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages". If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

Unless otherwise indicated, a "limit" for a Supplemental Income Coverage provided below is separate from, and not part of, the applicable Income Coverage "limit". The "limit" available for coverage described under a Supplemental Income Coverage:

- a. is the only "limit" available for the described coverage; and
- b. is not the sum of the "limit" indicated for a Supplemental Income Coverage and the Income Coverage "limit".

The "limit" provided under a Supplemental Income Coverage cannot be combined or added to the "limit" for any other Supplemental Income Coverage.

1. Computer Virus and Hacking --

- a. **Coverage** -- Coverage for earnings and/or extra expense is extended to loss of earnings or extra expenses caused by a "computer virus" or by "computer hacking" that results in:
 - 1) direct physical loss or damage to covered "computers", "your" computer network, or "your" Web site; or
 - 2) denial of access to or services from "your" "computer", "your" computer network, or "your" Web site.

- b. **Exclusions** -- "We" do not cover loss of earnings or extra expenses under this Supplemental Income Coverage that results from:
 - 1) loss of exclusive use of any "data records" or "proprietary programs" that have been copied, scanned, or altered;
 - 2) loss of or reduction in economic or market value of any "data records" or "proprietary programs" that have been copied, scanned, or altered; or
 - 3) theft from "your" "data records" or "proprietary programs" of confidential information through the observation of the "data records" or "proprietary programs" by accessing covered "computers", "your" computer network, or "your" Web site without any alteration or other physical loss or damage to the records or programs.

Confidential information includes, but is not limited to customer information, processing methods, or trade secrets.

- c. **Waiting Period** -- Unless otherwise indicated on the "schedule of coverages", "we" do not pay for "your" loss of earnings under this Supplemental Income Coverage until after the first 12 hours following the direct physical loss of or damage to "your" "computers", "your" computer network, or "your" Web site. This waiting period does not apply to extra expenses that "you" incur.
- d. **Applicable Limit** -- The most "we" pay in any one occurrence under this Supplemental Income Coverage is \$25,000.

The most "we" pay for all covered losses under this Supplemental Income Coverage during each 12-month period of this policy is \$75,000.

2. **Dependent Locations** -- Coverage for earnings and/or extra expense is extended to loss of earnings or extra expenses that "you" incur during the "restoration period" when "your" "business" is interrupted by direct physical loss of or damage, caused by a covered peril, to property at a "dependent location".

The most "we" pay in any one occurrence under this Supplemental Income Coverage is \$100,000.

3. **Off Premises Utility Service Interruption** --

- a. **Coverage** -- Coverage for earnings and/or extra expense is extended to loss of earnings or extra expenses that "you" incur during the "restoration period" when "your" "business" is interrupted due to the interruption of an off premises utility services when the interruption is a result of direct physical loss or damage by a covered peril to property that is not located at a "covered location" and that is owned by a utility, a landlord, or another supplier who provides "you" with:

- 1) power or gas;
- 2) telecommunications, including but not limited to Internet access; or
- 3) water, including but not limited to waste water treatment.

- b. **Overhead Transmission Lines** -- If the "schedule of coverages" indicates that overhead transmission lines are excluded, coverage under this Supplemental Income Coverage does not include loss to overhead transmission lines that deliver utility service to "you". Overhead transmission lines include, but are not limited to:

- 1) overhead transmission and distribution lines;
- 2) overhead transformers and similar equipment; and
- 3) supporting poles and towers.

- c. **Waiting Period** -- Unless otherwise indicated on the "schedule of coverages", "we" do not pay for "your" loss of earnings under this Supplemental Income Coverage until after the first 12 hours following the direct physical loss of or damage to the property owned by a utility, a landlord, or another supplier. This waiting period does not apply to extra expenses that "you" incur.

- d. **Applicable Limit** -- The most "we" pay in any one occurrence under this Supplemental Income Coverage is \$10,000.

4. **Pollutant Cleanup and Removal** -- When there is a loss to a "covered location" caused by a covered peril, coverage for earnings is extended to loss of earnings during the "restoration period" due to the increased time of interruption of "your" "business" caused by the enforcement of any ordinance, law, or decree that requires "you" to extract "pollutants" from land or water at the "covered location".

This Supplemental Income Coverage only applies if the discharge, dispersal, seepage, migration, release, or escape of the "pollutants" into the land or water at the "covered locations" is caused by a covered peril and occurs during the policy period.

Coverage for earnings is not extended to loss of earnings during the "restoration period" due to the increased time of interruption of "your" "business" caused by the enforcement of any ordinance, law, or decree that requires "you" to test, evaluate, observe, or record the existence, level, or effects of "pollutants". However, "we" cover the increased period of interruption when testing is necessary for the extraction of "pollutants" from land or water.

The ordinance, law, or decree must be in force at the time of loss.

The most "we" pay in any one occurrence or at any one location under this Supplemental Income Coverage is \$25,000.



5. **Contract Penalty** -- Coverage for earnings is extended to cover contract penalties that "you" are assessed or are required to pay because "you" are unable to complete a project or fill an order in accordance with contract terms or conditions.

"Your" inability to complete a project or fill an order on time must be a direct result of physical loss of or damage to covered property caused by a covered peril at a "covered location".

The most "we" pay in any one occurrence under this Supplemental Income Coverage is \$25,000.

The most "we" pay for all covered losses under this Supplemental Income Coverage during each 12-month period of this policy is \$100,000.

6. **Property In Transit, On Exhibition, or In The Custody Of Sales Representatives** -- Coverage for earnings is extended to loss of earnings during the "restoration period" when "your" "business" is interrupted as a result of a direct physical loss, caused by a covered peril, to property in transit, on exhibition, or in the custody of sales representatives as described under the Supplemental Marine Coverages in Commercial Output Program - Property Coverage Part.

The most "we" pay in any one occurrence under this Supplemental Income Coverage is \$10,000.

WHAT MUST BE DONE IN CASE OF LOSS

Other "terms" relating to What Must Be Done In Case Of Loss also apply. These "terms" are described in the Commercial Output Program - Property Coverage Part.

Intent to Continue Business -- If "you" intend to continue "your" "business", "you" must resume all or part of "your" "business" as soon as possible.

VALUATION

1. **Earnings** -- In determining an earnings loss "we" consider:
- a. the experience of "your" "business", before the loss and the probable experience during the time of interruption had no loss occurred;
 - b. "your" continuing operating expenses normally incurred by "your" "business", including but not limited to payroll expense necessary to resume "business" to a similar level of service that existed before the occurrence of direct physical loss or damage; and
 - c. pertinent sources of information and reports including:
 - 1) "your" accounting procedures and financial records;
 - 2) bills, invoices, and other vouchers;
 - 3) contracts, deeds, and liens;
 - 4) reports on feasibility and status; and
 - 5) records documenting "your" budget and marketing objectives and results.

"We" do not pay for any increase in loss due to "your" failure to use reasonable efforts to resume all or part of "your" "business". This includes making use of other locations and property to reduce the loss.

If "your" "business" is not resumed as soon as possible, or if it is not resumed at all, the value of loss payment is based on the period of time it would have otherwise taken to resume "your" "business" as soon as possible.

Only as regards coverage described under Dependent Locations in the Income Coverage Extensions, "we" will reduce the amount of "your" loss of earnings to the extent "you" can resume "your" "business" by using other available sources of materials or outlets for "your" products.

2. **Extra Expense** -- In determining extra expenses that "you" have incurred, "we" consider the salvage value of any property bought for temporary use during the "restoration period" and it will be deducted from the amount of loss determined for extra expense.
-

HOW MUCH WE PAY

Other "terms" relating to How Much We Pay also apply. These "terms" are described in the Commercial Output Program - Property Coverage Part.

"We" pay no more than the Income Coverage "limit" indicated on the "schedule of coverages" for any one loss. Payment for earnings, extra expense, and "rents" combined does not exceed the "limit".

LOSS PAYMENT

See the Commercial Output Program - Property Coverage Part.

OTHER CONDITIONS

The following condition applies as it relates to this Coverage Part, other "terms" also apply. These "terms" are described in the Commercial Output Program - Property Coverage Part.

Appraisal -- If "you" and "we" do not agree on the amount of net income (net profit or loss before income taxes), payroll expense, and operating expenses, or the amount of loss, either party may demand that these amounts be determined by appraisal in accordance with the provisions described in the Commercial Output Program - Property Coverage Part under Other Conditions, Appraisal.

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This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

MULTIPLE DEDUCTIBLE SCHEDULED PERILS

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

HOW MUCH WE PAY

The deductible provision is deleted and replaced by the following:

For covered perils described on this schedule, "we" pay only that part of "your" loss over the deductible amount indicated for the described peril in any one occurrence.

<u>Covered Peril</u>	<u>Deductible_</u> <u>Amount</u>
1. All other covered perils not described on the Multiple Deductible schedule \$ <u>25,000</u>	
2. <u>Theft</u>	\$ <u>1,000</u>

3. <u>Wind/Hail</u>	\$ <u>1,000</u>

4. _____	\$ _____

5. _____	\$ _____



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This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

MONTHLY LIMITATION -- INCOME COVERAGE

As specified below, this endorsement amends the provisions of the Commercial Output Program -- Income Coverage Part.

HOW MUCH WE PAY

The following applies when a monthly limitation is indicated on the "schedule of coverages" for income coverage:

Monthly Limitation -- After the start of the "restoration period", "we" pay no more during any 30 consecutive days than the "limit" multiplied by the percentage or fraction that is indicated as the monthly limitation on the "schedule of coverages".

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This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

WAITING PERIOD -- INCOME COVERAGE

As specified below, this endorsement amends the provisions of the Commercial Output Program -- Income Coverage Part.

- b. requires the demolition of any property, in part or in whole, not damaged by a covered peril.

The ordinance, law, or decree must be in force at the time of loss.

DEFINITIONS

The Definition of "restoration period" is deleted and replaced by the following:

"Restoration period" means:

1. The time it should reasonably take to resume "your" "business" to a similar level of service beginning:
 - a. for earnings, after the first 72 hours (unless otherwise indicated on the "schedule of coverages") following the direct physical loss of or damage to property at a "covered location" that is caused by a covered peril; and
 - b. for extra expenses, immediately following the direct physical loss of or damage to property at a "covered location" that is caused by a covered peril.

The "restoration period" ends on the date the property should be rebuilt, repaired, or replaced or the date business is resumed at a new permanent location. This is not limited by the expiration date of the policy.

2. The "restoration period" also means the increased time required to comply with the enforcement of any ordinance, law, or decree that:
 - a. regulates the construction, use, or repair of any property; or

3. Only as regards coverage described under Dependent Locations in the Coverage Extensions, "restoration period" also means the time it should reasonably take to resume "your" "business" to a similar level of service beginning:
 - a. for earnings, after the first 72 hours (unless otherwise indicated on the "schedule of coverages") following the direct physical loss of or damage to property at a "covered location" that is caused by a covered peril; and
 - b. for extra expenses, immediately following the direct physical loss of or damage to property at a "covered location" that is caused by a covered peril.

The "restoration period" for "dependent locations" ends on:

- a. the date the property at the "dependent location" should be rebuilt, repaired, or replaced; or
- b. the date business is resumed at a new permanent location.

This is not limited by the expiration date of the policy.



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COVERAGE EXTENSION

The following coverage extension is deleted and replaced by the following:

Interruption by Civil Authority -- "We" extend "your" coverage for earnings and extra expense to include loss sustained while access to "covered locations" or a dependent location is specifically denied by an order of civil authority. This order must be a result of direct physical loss of or damage to property, other than at a "covered location" and must be caused by a covered peril.

Unless otherwise indicated on the "schedule of coverages", this coverage extension begins:

1. for earnings, 72 hours after the time the order is issued and ends 30 consecutive days and 72 hours from the date of the order; and

2. for extra expense, immediately after the time the order is issued, and ends 30 consecutive days and 72 hours from the date of the order.

SUPPLEMENTAL COVERAGES

The waiting period described under Off Premises Utility Service Interruption is not deleted and replaced by the provisions of this endorsement.

If the Interruption of Web Site endorsement is attached to the Commercial Output Program -- Income Coverage Part, the described waiting period under Interruption of Web Site is not deleted and replaced by the provisions of this endorsement.

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EQUIPMENT BREAKDOWN COVERAGE PART

Coverage provided under this coverage part is also subject to the "terms" and conditions in the Commercial Output Program – Property Coverage Part under the sections titled Agreement, Definitions, Property Not Covered, What Must Be Done In Case Of Loss, Loss Payment, and Other Conditions. Reference to Equipment Breakdown Schedule or schedule in this coverage part means the Equipment Breakdown Schedule or the "schedule of coverages".

ADDITIONAL DEFINITIONS

Some of the following definitions may not appear elsewhere in this coverage part, but may appear in the Equipment Breakdown Schedule.

1. "Boilers and vessels" means:
 - a. Boilers, including attached steam, condensate, and feedwater piping; and
 - b. Fired or unfired pressure vessels subject to vacuum or internal pressure other than the static pressure of its contents.
2. "Production machinery" means machines or apparatus that process or produce a product intended for eventual sale. This includes all component parts of such machine or apparatus and any other equipment used exclusively with such machine or apparatus.
3. "Suit" means a judicial proceeding that has been set up to determine liability and damages for loss to property of others consisting of covered property that is in "your" care, custody, or control. Judicial proceedings also includes arbitration proceedings that "you" may be required to submit to.

COVERAGE

Property Damage -- "We" cover direct physical loss or damage to covered property caused by or resulting from an "accident" that causes direct physical damage to "covered equipment" at "covered locations". When used in this Equipment Breakdown Coverage Part, the term "covered equipment" includes "computers". The term covered property as used in this coverage part means the types of property described under the Property Covered section of the Commercial Output Program – Property Coverage Part as well as the covered property described in the Supplemental and Supplemental Marine Coverages.

COVERAGE EXTENSIONS

If indicated on the Schedule of Coverages, the following additional coverages also apply to direct physical loss or damage to covered property caused by or resulting from an "accident" that causes direct physical damage to "covered equipment" at "covered locations".

The most that "we" will pay for loss arising from any "one accident" is the amount indicated on the schedule for the applicable Coverage Extension. If two or more "limits" apply to the same portion of a loss, "we" will only pay the smaller "limit" for that portion of the loss. Except as otherwise provided, the "limits" for the additional coverages are a part of, and not in addition to, the Property Damage Limit.



1. Income Coverages

- a. Coverage** -- If a "limit" is indicated on the Schedule of Coverages, "we" provide the coverages described below during the "restoration period" when "your" "business" is necessarily wholly or partially interrupted as a result of an "accident" that causes direct physical damage to "covered equipment".

This coverage applies only when the "accident" that causes direct physical damage to "covered equipment" occurs at "covered locations" or in the open (or in vehicles) within 1,000 feet thereof.

If "you" lease, rent, or do not own the building "you" occupy, for the purposes of determining an Income Coverage loss, "your" location is the space that "you" lease, rent, or occupy, including but not limited to:

- 1) all passageways to "your" location within the building; and
- 2) "your" business personal property in the open (or in a vehicle) within 1,000 feet.

- b. Coverage Options** -- Coverage options include:

- 1) Earnings, "rents", and extra expense.
- 2) Earnings and extra expense.
- 3) "Rents" and extra expense.
- 4) Extra expense only.

Earnings includes "rents" when option 1. is selected. Earnings means only "rents" when option 3. is selected.

- c. Earnings** -- "We" cover "your" actual loss of net income (net profit or loss before income taxes) that would have been earned or incurred and continuing operating expenses normally incurred by "your" "business", including but not limited to payroll expense. The net sales value of goods that would have been produced is included in net income for manufacturing risks.

- d. Extra Expense** -- "We" cover only the extra expenses that are necessary during the "restoration period" that "you" would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from an "accident" that causes direct physical damage to "covered equipment".

"We" cover any extra expense to avoid or reduce the interruption of "business" and continue operating at a "covered location", replacement location, or a temporary location. This includes expenses to relocate and costs to outfit and operate a replacement or temporary location.

"We" will also cover any extra expense to reduce the interruption of "business" if it is not possible for "you" to continue operating during the "restoration period".

To the extent that they reduce a loss otherwise payable under this Coverage Part, "we" will cover any extra expenses to:

- 1) repair, replace, or restore any property; and
- 2) research, replace, or restore information on damaged "valuable papers" or "data records".

- e. Period of Loss Extension After Business Resumes** -- "We" extend "your" coverage for earnings to cover loss from the date the covered property that incurred the loss is rebuilt, repaired, or replaced until:

- 1) the end of 30 consecutive days (unless otherwise indicated on the schedule); or
- 2) the date "you" could reasonably resume "your" "business" to the conditions that would generate the earnings amount or "rents" that would have existed had no loss or damage occurred, whichever is earlier. This does not increase the "limit".

- 2. Expediting Expenses** -- "We" pay the reasonable extra costs to expedite permanent repairs or replacement and make temporary repairs to damaged covered property.

- 3. Pollutants** -- "We" pay for the additional cost to repair or replace covered property because of contamination by "pollutants". This includes the additional expenses to clean up or dispose of such property.

Additional expenses mean those beyond what would have been required had no "pollutants" been involved.

"We" will also pay for additional loss as described under Income Coverages caused by contamination by "pollutants", if this coverage is also indicated on the Schedule of Coverages.

4. Spoilage -- "We" pay for "your" loss or damage to "perishable stock" due to:

- a. changes in temperature or humidity resulting from an "accident" that causes direct physical damage to "covered equipment" at a "covered location" including but not limited to the refrigeration system or the equipment or apparatus controlling the refrigeration system.
- b. refrigerant contamination from the release of refrigerant, including but not limited to ammonia, and caused by or resulting from an "accident" that causes direct physical damage to "covered equipment" at a "covered location".
- c. changes in temperature or humidity resulting from:
 - 1) complete or partial lack of electrical power; or
 - 2) fluctuation of electrical current

caused by or resulting from an "accident" that causes direct physical damage to equipment owned by a utility who provides "you" with electrical power. The equipment must meet the definition of "covered equipment" except that it is not covered property.

When selling price is indicated on the Schedule of Coverages - Commercial Output Program, the value of "perishable stock" will be based on the selling price less all discounts and unincurred expenses. If selling price is not indicated, the valuation of "perishable stock" will be based on the applicable valuation as indicated in the Commercial Output Program - Property Coverage Part.

5. Ordinance or Law

- a. **Undamaged Parts of a Building --** When an "accident" that causes direct physical damage to "covered equipment" at a "covered location" occurs, "we" pay for the value of undamaged parts of a covered building or structure that is required to be demolished as a result of the enforcement of any ordinance, law, or decree that:

- 1) requires the demolition of undamaged parts of a covered building or structure that is damaged or destroyed by an "accident" that causes direct physical damage to "covered equipment";
- 2) regulates the construction or repair of a building or structure, or establishes building, zoning, or land use requirements at a "covered location"; and
- 3) is in force at the time of loss.

"We" do not cover the costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants".

- b. **Increased Cost to Repair and Cost to Demolish and Clear Site**

- 1) **Increased Cost to Repair --** When an "accident" occurs that causes direct physical damage to "covered equipment" at a "covered location", "we" cover the:

- a) increased cost to repair, rebuild, or reconstruct damaged portions of a covered building or structure; and
- b) increased cost to repair, rebuild, or reconstruct undamaged portions of a covered building or structure whether or not those undamaged portions need to be demolished; as a result of the enforcement of any building, zoning, or land use ordinance, law, or decree which is in force at the time when the "accident" that causes direct physical damage to "covered equipment" occurs at a "covered location".

If a covered building or structure is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by building, zoning, or land use ordinance, law, or decree.

"We" do not cover the increased cost of construction until the covered building or structure is actually repaired or replaced and unless the repairs or replacement are made as soon as reasonably possible after the loss, not to exceed two years.

- 2) **Cost to Demolish and Clear Site --** "We" cover the cost to demolish and clear the site of undamaged parts of the covered building or structure that is damaged or destroyed by an "accident" that causes direct physical damage to "covered equipment". The demolition must be a result of the enforcement of a building, zoning, or land use ordinance, law, or decree that is in force at the time when the "accident" occurs that causes direct physical damage to "covered equipment".



- 3) **We Do Not Cover** -- "We" do not cover the costs associated with the enforcement of any ordinance, law, or decree that:
- requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants"; or
 - "you" were required to comply with before the occurrence of an "accident" that causes direct physical damage to "covered equipment" at a "covered location", even if the building or structure was undamaged and "you" failed to comply with the ordinance, law, or decree.
- 4) **What We Pay If The Building Is Repaired or Replaced** -- If the covered building or structure is repaired or replaced, "we" pay the lesser of:
- the amount "you" actually spend to demolish and clear the site, plus the actual increased cost to repair, rebuild, or construct the property but not for more than a building or structure of the same height, floor area, and style; or
 - the "limit" indicated on the Schedule.
- 5) **What We Pay If The Building Is Not Repaired or Replaced** -- If the covered building or structure is not repaired or replaced, "we" pay the lesser of:
- the amount "you" actually spend to demolish and clear the site, plus the cost "you" would have incurred to replace damaged or destroyed property with other property of like kind, and quality; of the same height, floor area, and style; and used for the same purpose; or
 - the "limit" indicated on the schedule.

6. **Off Premises Utility Service Interruption** -- "We" extend Income Coverages to loss of earnings or extra expenses that "you" incur during the "restoration period" when "your" "business" is interrupted due to the interruption of an off premises utility service when the interruption is a result of an "accident" that causes direct physical damage to "covered equipment" that is not located at a "covered location" and that is owned by a utility, a landlord, or another supplier who provides "you" with:
- power or gas;
 - telecommunications, including but not limited to Internet access; or
 - water, including but not limited to waste water treatment.

Waiting Period – Unless otherwise indicated on the Equipment Breakdown Schedule, Off Premises Utility Interruption coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the "accident".

7. **Defense Costs** -- "We" have the right and duty to defend any "suit" brought against "you" as a result of damage to property of others that is in "your" care, custody, or control and is caused by an "accident" that causes direct physical damage to "covered equipment". "We" may investigate and settle a claim or "suit". "We" do not have to provide a defense after "we" have paid the "limit" as a result of a judgment or written settlement.

"You" must not admit liability for a loss, settle a claim, or incur expense without "our" written consent. "You" must not interfere with "our" negotiation for a settlement. "We" will pay the following additional expenses associated with any "suit" "we" defend:

- Expenses which "we" incur while investigating and defending the "suit".
- Actual loss of "your" salary, up to \$250 per day, for "your" time spent away from work at "our" request.
- Expenses that "you" incur at "our" request.
- All costs that "you" are required to pay as a result of any "suit" "we" defend.
- Interest that accrues after entry of a judgment, until "we" tender, deposit in court, or pay "our" part of the judgment.
- Interest that is awarded against "you" before the entry of a judgment. If "we" make an offer to settle the "suit", "we" will not pay any interest that accrues after the offer to settle.
- Cost of a bond for the release of attachments. "We" are not required to furnish a bond itself.

This Coverage Extension will not reduce the available Property Damage Limit and does not have to be indicated on the schedule.

PERILS COVERED

"We" cover risks of direct physical loss caused by or resulting from an "accident" that causes direct physical damage to "covered equipment" unless the loss is limited or caused by a peril that is excluded.

PERILS EXCLUDED

1. "We" do not pay for loss or damage caused directly or indirectly by one or more of the following excluded causes or events. Such loss or damage is excluded regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.
 - a. **Ordinance or Law** -- Except as provided under Coverages Extensions - Ordinance or Law, "we" do not pay for loss or increased cost caused by enforcement of any code, ordinance, or law regulating the use, construction, or repair of any building or structure; or requiring the demolition of any building or structure including the cost of removing its debris.
 - b. **Earth Movement or Volcanic Eruption** -- "We" do not pay for loss caused by any earth movement or caused by eruption, explosion, or effusion of a volcano. Earth movement includes, but is not limited to: earthquake; landslide; mudflow; mudslide; mine subsidence; or sinking, rising, shifting of earth, or "sinkhole collapse".
 - c. **Civil Authority** -- "We" do not pay for loss caused by order of any civil authority, including seizure, confiscation, destruction, or quarantine of property.
 - d. **Nuclear Hazard** -- "We" do not pay for loss caused by or resulting from a nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by natural, accidental, or artificial means).
 - e. **War and Military Action** -- "We" do not pay for loss caused by:
 - 1) war, including undeclared war or civil war; or
 - 2) a warlike action by a military force, including action taken to prevent or defend against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
 - 3) insurrection, rebellion, revolution, or unlawful seizure of power including action taken by governmental authority to prevent or defend against any of these.

With regard to any action that comes within the "terms" of this exclusion and involves nuclear reaction, nuclear radiation, or radioactive contamination, this War and Military Action Exclusion will apply in place of the Nuclear Hazard Exclusion.
 - f. **Water** -- "We" do not pay for loss caused by water. This means:
 - 1) "flood";
 - 2) water that backs up through a sewer or drain; and
 - 3) water below the surface of the ground. This includes water that exerts pressure on or flows, seeps, or leaks through or into a building or structure, sidewalk, driveway, foundation, swimming pool, or other structure.

However, if electrical "covered equipment" requires drying out as a result of the above described peril, "we" pay for the direct expenses for drying out the electrical "covered equipment".
2. "We" do not pay for loss or damage that is caused by or results from one or more of the following excluded causes or events:
 - a. **Wear, Tear, Deterioration, and Corrosion** -- "We" do not pay for loss caused by wear and tear, marring, scratching, deterioration, erosion, or corrosion.
"We" do pay for any resulting loss caused by an "accident" that causes direct physical damage to "covered equipment".
 - b. **Animals** -- "We" do not pay for loss caused by animals, including birds, insects, or vermin. "We" do pay for any resulting loss caused by an "accident" that causes direct physical damage to "covered equipment". "We" also do not cover loss to animals unless owned by others and boarded by "you". "We" do cover animals "you" own and hold for sale while inside of buildings.
 - c. **Windstorm and Hail** -- "We" do not pay for loss caused by windstorm or hail.
 - d. **Fire and Combustion Explosion** -- "We" do not pay for loss caused by fire or combustion explosion whether or not caused by or resulting from an "accident".
 - e. **Discharge of Water** -- "We" do not pay for loss caused by the discharge of water or other extinguishing agent to fight a fire.
 - f. **Breakage of Glass, Freezing, Collapse, and Molten Material** -- "We" do not pay for loss caused by breakage of glass, weather related freezing, collapse, or molten materials.
 - g. **Specified Perils** -- "We" do not pay for loss caused by "specified perils". However, this exclusion does not apply to explosion of steam boilers, steam pipes, steam turbines, or steam engines.



- h. **Tests** – "We" do not pay for loss or damage caused by any of the following tests: a hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or an insulation breakdown test of any type of electrical equipment.
- i. "We" will not pay for loss, damage or expense caused by or resulting from 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 within or involving "media" or "data records" of any kind unless:
- caused by an "accident" that causes direct physical damage to "covered equipment", or
 - if an "accident" that causes direct physical damage to "covered equipment" results, we will pay for the resulting loss, damage or expense.
- j. **Neglect** - "We" do not pay for loss caused by "your" neglect to use all reasonable means to save covered property at and after the time of loss. "We" do not pay for loss caused by "your" neglect to use all reasonable means to save and preserve "covered property" when endangered by a covered peril.
3. "We" do not pay for "your" loss of earnings or extra expenses that "you" incur if one or more of the following excluded causes or events apply.
- Leases, Licenses, Contracts, or Orders** -- "We" do not pay for any increase in loss of earnings or extra expenses due to the suspension, lapse, or cancellation of leases, licenses, contracts, or orders. However, "we" do cover loss during the "restoration period" if the suspension, lapse, or cancellation results directly from the interruption of "your" "business".
"We" do not cover any loss of earnings or extra expense beyond the "restoration period" caused by the suspension, lapse, or cancellation of leases, licenses, contracts, or orders.
 - Due Diligence to Resume Your Business** -- "We" do not pay for any increase in loss of earnings or extra expenses due to "your" failure to use due diligence and dispatch and all reasonable means to resume "your" "business".

VALUATION

1. **Covered Property** -- Unless otherwise indicated on the Equipment Breakdown Schedule, the value of covered property will be determined in accordance with:
- replacement cost provisions; and
 - items 3. through 9;
- As described in the Valuation section of the Commercial Output Program – Property Coverage Part and is subject to the provisions described below for Environmental, Safety, and Efficiency Improvements and Equipment Utilizing CFC Refrigerants.
2. **Environmental, Safety, and Efficiency Improvements** -- If "covered equipment" requires replacement due to an "accident" that causes direct physical damage to "covered equipment", "we" will pay your additional cost to replace with equipment that "we" agree is better for the environment, safer for people, or more energy efficient than the equipment being replaced, subject to the following conditions:
- "we" will not pay more than 125% of what the cost would have been to replace with like kind and quality;
 - "we" will not pay to increase the size or capacity of the equipment;
 - this provision only applies to Property Damage coverage;
 - this provision does not increase any of the applicable limits;
 - this provision does not apply to any property valued on an Actual Cash Value basis; and
 - this provision does not apply to the replacement of component parts.
3. **Equipment Utilizing CFC Refrigerants** -- Air conditioning or refrigeration equipment that utilizes a refrigerant containing CFC (chlorofluorocarbon) substances will be valued at the cost to do the least expensive of the following:
- repair or replace the damaged property and replace any lost CFC refrigerant;
 - repair the damaged property, retrofit the system to accept a non-CFC refrigerant, and charge the system with a non-CFC refrigerant; or

- c. replace the system with one using a non-CFC refrigerant.

In determining the least expensive option, "we" will include any associated Income or Extra Expense loss. If option b. or c. is more expensive than a., but you wish to retrofit or replace anyway, "we" will consider this better for the environment and therefore eligible for valuation under paragraph 2., Environmental, Safety, and Efficiency Improvements. In such case, a. of that section is amended to read: "We" will not pay more than 125% of what the cost would have been to repair or replace with like kind and quality.

HOW MUCH WE PAY

1. **Insurable Interest** -- "We" do not cover more than "your" insurable interest in any property.
2. **Deductible** -- If deductibles vary by type of "covered equipment" and more than one type of equipment is involved in any "one accident", the highest deductible will apply. Unless the Equipment Breakdown Schedule indicates that a single deductible applies to all Equipment Breakdown coverages, multiple deductibles may apply to any "one accident".
 - a. **Property and Income Coverages** -- Unless otherwise indicated on the Schedule of Coverages, the Property Coverage Deductible applies to all loss covered by this coverage part, with the exception of those coverages subject to the Income Coverage Deductible as described below.

Unless more specifically indicated on the Equipment Breakdown Schedule, the Income Coverage Deductible applies to

 - 1) earnings, "rents", and extra expense; and
 - 2) service interruption.
 - b. **Application of Deductibles**
 - 1) **Dollar Deductibles** -- "We" will not pay for loss resulting from any "one accident" until the amount of loss exceeds the applicable deductible indicated on the Schedule of Coverages. "We" will then pay the amount of loss in excess of the applicable deductible or deductibles, subject to the applicable "limit" indicated on the schedule.
 - 2) **Multiple of Average Daily Value Deductibles** -- If a deductible is expressed as a number times Average Daily Value (ADV), the deductible will be calculated as follows:

The ADV will be the operating expenses that would have been normally earned or incurred during the "restoration period" by "your" "business" had no "accident" occurred divided by the number of working days in that period. Operating expenses includes net income (net profit or loss before income taxes), payroll expense, interest, and other continuing operating expenses.

No reduction will be made:

 - a) for operating expenses not being earned;
 - b) in the number of working days because of the "accident"; or
 - c) for any other scheduled or unscheduled shutdowns during the "restoration period".

The ADV applies to all "covered locations" included in the valuation of the loss. The number indicated on the Schedule of Coverages will be multiplied by the ADV as determined above. The result will be used as the applicable deductible.
 - 3) **Time Deductibles** -- If a time deductible is indicated on the Schedule of Coverages, "we" will not be liable for any loss occurring during the specified number of hours or days immediately following the "accident". If a time deductible is expressed in days, each consecutive day will mean twenty-four consecutive hours.
 - 4) **Percentage of Loss Deductibles** -- If a deductible is expressed as a percentage of loss, "we" will not be liable for the indicated percentage of the gross amount of loss (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated minimum deductible, the minimum deductible will be the applicable deductible.
3. **Loss Settlement Terms** -- Subject to paragraphs 1., 2., 4., 5., and 6. under How Much We Pay, "we" pay the lesser of:
 - a. the amount determined under Valuation;



- b. the cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practicable subject to the Valuation provisions under:
 - 1) Environmental, Safety and Efficiency Improvements; and
 - 2) Equipment Utilizing CFC Refrigerants; or
 - c. the "limit" that applies to covered property.
- 4. Coinsurance** -- If indicated on the Schedule of Coverages, specified coverages may be subject to coinsurance.
- a. Property Damage -- "We" will not pay for the full amount of "your" loss if the applicable "limit" is less than the product of the specified coinsurance percentage times the value of the property subject to the coverage at the time of the loss. Instead, "we" will determine what percentage this calculated product is compared to the applicable "limit" and apply that percentage to the loss after application of the Deductible. The resulting amount or the applicable "limit" is the most "we" will pay. "We" will not pay for the remainder of the loss.
 - b. Income Coverage -- "We" pay only a part of the loss if the "limit" is less than the coinsurance percentage multiplied by the sum of "your" net income (net profit or loss before income taxes), payroll expense, interest, and other continuing operating expenses projected for the 12 months following the inception, or last previous anniversary date of this policy (whichever is later), normally earned by "your" "business". "Our" part of the loss is determined using the following steps:
 - 1) multiply the coinsurance percentage by the sum of "your" net income (net profit or loss before income taxes), payroll expense, interest, and other continuing operating expenses projected for the 12 months following the inception, or last previous anniversary date of this policy;
 - 2) divide the "limit" by the figure determined in 1. above;
 - 3) multiply the total amount of loss by the figure determined in 2) above.

"We" pay the amount determined in 3) above or the "limit", whichever is less. "We" do not pay any remaining part of the loss.

Coinsurance does not apply to coverage for extra expense.
- 5. Insurance Under More Than One Coverage** -- If more than one coverage of this policy insures the same loss, "we" pay no more than the actual claim, loss, or damage sustained.
- 6. Insurance Under More Than One Policy** -- "You" may have another policy subject to the same plan, "terms", conditions, and provisions as this policy. If "you" do, "we" will pay "our" share of the covered loss. "Our" share is the proportion that the applicable "limit" under this policy bears to the "limit" of all policies covering on the same basis.
- If there is another policy covering the same loss, other than that described above, "we" will pay only for the amount of covered loss in excess of the amount due from that other policy, whether "you" can collect on it or not. But "we" will not pay more than the applicable "limit".

ADDITIONAL CONDITIONS

- 1. **Suspension** -- When any "covered equipment" is discovered to be in, or exposed to a dangerous situation or condition, any representative of "ours" may immediately suspend the insurance coverage against loss from an "accident" to that equipment. The suspension will not apply to any other covered peril under any other coverage part.

"We" can do this by mailing or delivering a written notice of suspension to "your" address as shown in the declarations, or at the address where the "covered equipment" is located. Once so suspended, "your" insurance can be reinstated only by written notice from "us". If "your" insurance is so suspended, "you" will get a pro rata premium refund. But the suspension is effective even if "we" have not yet offered or made a refund.
- 2. **Jurisdictional Inspections** -- If any property that is "covered equipment" under the Equipment Breakdown Coverage requires inspection to comply with state or municipal boiler and pressure vessel regulations, "we" agree to perform such inspection on "your" behalf.

This endorsement modifies insurance provided under the following:

COMMERCIAL OUTPUT PROGRAM – PROPERTY COVERAGE CO 1000
COMMERCIAL OUTPUT PROGRAM – INCOME COVERAGE CO 1001

COP-7113
(Ed. 11-06)

COMMERCIAL OUTPUT PROPERTY ENDORSEMENT

The Schedule of Coverages is amended by the addition of the following:

Schedule

Limit of Insurance	Coverage Description
\$ 25,000	Spoilage - Refrigerant Contamination*
\$ 25,000	Spoilage - Power Disruption*
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Selling Price
\$ 1,000,000	Newly Built or Acquired Buildings
\$ 500,000	Business Personal Property-Acquired Locations
\$ 250,000	Newly Built or Acquired Locations- Income Coverage
\$ 50,000	Locations "You" Elect Not to Describe

(*Non-equipment breakdown perils only)

Coverage provided under this coverage part is also subject to the "terms" and conditions in the Commercial Output Program - Property Coverage Part under the sections titled Agreement, Definitions, Property Not Covered, Perils Excluded, What Must be Done in Case of Loss, How Much We Pay, Loss Payment, and Other Conditions.

The terms and conditions of your policy are amended as indicated below.

The following are added to the Commercial Output Program Property Coverage Part, Supplemental Coverages:

14. SPOILAGE COVERAGE – NON EQUIPMENT BREAKDOWN PERILS

"We" cover direct physical loss of or damage to "perishable stock" due to "spoilage" but only if caused by a covered peril described below and while at a "covered location".

COVERED PERILS

"We" cover risks of direct physical loss caused by the following perils unless the loss is caused by a peril that is excluded.

- a. **Refrigerant Contamination** -- "We" cover loss to "perishable stock" due to refrigerant contamination from the release of refrigerant, including but not limited to ammonia.



However, "we" do not cover loss to "perishable stock" due to refrigerant contamination from the release of refrigerant, including but not limited to ammonia, which is caused by or resulting from an "accident" to "covered equipment". For purposes of this endorsement, the term "covered equipment" includes "computers". The most we will pay in any one occurrence for all loss to "perishable stock" caused by Refrigerant Contamination to which this insurance applies is \$25,000, unless a different Limit of Insurance is selected in the above Schedule.

Coverage Extension -- When the Commercial Output Program – Income Coverage Part is made a part of this policy, "we" also pay your loss of earnings and/or the necessary extra expenses that "you" incur due to loss of "perishable stock" caused by Refrigerant Contamination to which the insurance provided in paragraph a. above applies. The Limit of Insurance that applies to loss to "perishable stock" caused by Refrigerant Contamination also applies to this coverage extension for loss of earnings and/or necessary extra expense. This coverage extension for loss of earnings and/or necessary extra expense does not increase the Limit of Insurance applicable to loss of "perishable stock" caused by Refrigerant Contamination and payment under this coverage extension for loss of earnings and/or necessary extra expense shall be applied against the Limit of Insurance that applies to loss to "perishable stock" caused by Refrigerant Contamination.

b. Power Disruption -- "We" cover loss to "perishable stock" due to changes in temperature or humidity resulting from:

- 1) complete or partial lack of electrical power; or-
- 2) fluctuation of electrical current

due to conditions beyond "your" control, except we do not cover loss caused by or resulting from an "accident" to equipment owned by a utility who provides "you" with electrical power. The equipment must meet the definition of "covered equipment" except that it is not covered property. For purposes of this endorsement, the term "covered equipment" includes "computers".

The most we will pay in any one occurrence for all loss to "perishable stock" caused by Power Disruption to which this insurance applies is \$25,000, unless a different Limit of Insurance is selected in the above Schedule.

Coverage Extension -- When the Commercial Output Program – Income Coverage Part is made a part of this policy, "we" also pay your loss of earnings and/or the necessary extra expenses that "you" incur due to loss of "perishable stock" caused by Power Disruption to which the insurance provided in paragraph b. above applies. The Limit of Insurance that applies to loss to "perishable stock" caused by Power Disruption also applies to this coverage extension for loss of earnings and/or necessary extra expense. This coverage extension for loss of earnings and/or necessary extra expense does not increase the Limit of Insurance applicable to loss of "perishable stock" caused by Power Disruption and payment under this coverage extension for loss of earnings and/or necessary extra expense shall be applied against the Limit of Insurance that applies to loss to "perishable stock" caused by Power Disruption.

PERILS EXCLUDED

The following additional perils are added to the Perils Excluded section of the Commercial Output Program Property and Income Coverage Parts.

"We" do not pay for loss or damage that is caused by or results from one or more of the following excluded causes or events:

- a. **Disconnection or Deactivation** -- "We" do not pay for loss caused by the disconnection of the refrigeration system from the source of power, or the deactivation of electrical power caused by turning off a switch or other device used to control the electrical current or power.

- b. Glass Breakage** -- "We" do not pay for loss caused by the breakage of any glass that is a permanent part of the refrigeration system.
- c. Inability to Provide Sufficient Power** -- "We" do not pay for loss caused by:
- 1) the inability of an electrical utility company or other power source to provide sufficient power due to governmental order or lack of fuel; or
 - 2) the lack of generating capacity at the described "covered location" to meet demand.
- d.** For purpose of this endorsement only, Perils Excluded item 2.s. Wear and Tear is deleted and replaced with the following:
- Wear and Tear**-- "We" do not pay for loss caused by wear and tear, marring, or scratching. "We" do cover any resulting loss caused by:
- 1) a "specified peril"; or
 - 2) breakage of building glass.

SPOILAGE VALUATION

When selling price is indicated in the above Schedule, the value of "perishable stock" will be based on the selling price less all discounts and unincurred expenses. If selling price is not indicated, the valuation of "perishable stock" will be based on the applicable valuation as indicated in the Commercial Output Program – Property Coverage Part.

15. NEWLY ACQUIRED PROPERTY COVERAGE

a. NEWLY BUILT OR ACQUIRED BUILDINGS

"We" cover direct physical loss to "your" buildings or structures:

- 1) being built at "covered locations" or while being built at other than "covered locations"; or
- 2) that "you" acquire during the policy period.

This coverage applies for 120 days from the date "you" newly acquire or begin to construct the building or structure or until "you" report the newly acquired location to "us", whichever occurs first. This coverage does not go beyond the end of the policy period.

"You" must pay additional premium due from the date construction is started or the date "you" acquired the property.

The most we will pay in any one occurrence under this Supplemental Coverage for each newly built or acquired building or structure is \$1,000,000, unless otherwise indicated on the above Schedule.

b. BUSINESS PERSONAL PROPERTY-ACQUIRED LOCATIONS

"We" cover direct physical loss to "your" business personal property at locations that "you" acquire during the policy period.

This coverage applies for 120 days from the date "you" acquire the location or until "you" report the acquired location to "us", whichever occurs first. This coverage does not go beyond the end of the policy period.

"You" must pay any additional premium due from the date "you" acquire the location.

The most we will pay in any one occurrence under this Supplemental Coverage for business personal property at each location "you" acquire is \$500,000, unless otherwise indicated on the above Schedule.



c. Newly Built or Acquired Locations - Income Coverage -- If the Commercial Output Program - Income Coverage Part is attached to this policy, "we" extend "your" coverage for earnings and extra expense to include direct physical loss to "your" covered property while at any location being built or at locations that "you" acquire during the policy period, to which the newly acquired Building and Business Personal Property coverage provided by this endorsement applies.

If a loss occurs at a location being built and the loss delays the start of "your" "business", the "restoration period" starts from the time "your" "business" would have begun had no loss occurred.

This coverage applies for 120 days from the date the location is newly acquired or construction begins or until "you" report the newly acquired location to "us", whichever occurs first. This coverage does not go beyond the end of the policy period.

"You" must pay any additional premium due from the date construction is started or "you" acquire the location.

The most "we" pay in any one occurrence for loss of earnings and incurred extra expense at each location to which this Supplemental Coverage applies is \$250,000 unless otherwise indicated on the above Schedule.

16. LOCATIONS "YOU" ELECT NOT TO DESCRIBE

"We" cover direct physical loss to "your" building property and business personal property at locations that are not otherwise described in the policy Declaration.

The "limit" provided under this additional coverage cannot be combined or added to the "limits" for Newly Built or Acquired Buildings or Business Personal Property - Acquired Locations.

The most "we" will pay in any one occurrence for each unscheduled location is \$50,000.

If a different "limit" is indicated on the Schedule of Coverages, Commercial Output Program, that "limit" will apply instead of the "limit shown above.

This endorsement modifies insurance provided by the following:

COMMERCIAL OUTPUT PROGRAM PROPERTY COVERAGE PART

**COP-7119
(Ed. 2-05)**

COMMERCIAL OUTPUT AMENDATORY ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

- A. The SUPPLEMENTAL MARINE COVERAGES section of the COMMERCIAL OUTPUT PROGRAM PROPERTY COVERAGE PART is amended as follows:

Supplemental Marine Coverage 2. **Electrical or Magnetic Disturbance of Computers** and Supplemental Marine Coverage 3. **Power Supply Disturbance of Computers** are amended by the addition of the following to each said coverage part:

In the event the Equipment Breakdown Coverage Part is attached to your policy and coverage for any loss or portion thereof is provided by both this coverage part and the Equipment Breakdown Coverage Part, the coverage provided by the Equipment Breakdown Coverage Part will apply in place of this coverage part.

- B. The PERILS EXCLUDED section of the COMMERCIAL OUTPUT PROGRAM PROPERTY COVERAGE PART is amended as follows:

2. Exclusion g. **Electrical Currents** is deleted and replaced in its entirety with the following:

- g. **Electrical Currents** -- "We" do not pay for loss caused by arcing or by electrical currents other than lightning. But if arcing or electrical currents other than lightning result in fire, "we" cover the loss or damage caused by that fire.

"We" do cover the direct loss by a covered peril which occurs at "covered locations" as a result of any power interruption or other utility services.

Exclusion k. **Mechanical Breakdown** is deleted and replaced in its entirety with the following:

- k. **Mechanical Breakdown** -- "We" do not pay for loss caused by mechanical breakdown or rupturing or bursting of moving parts of machinery caused by centrifugal force. But if a mechanical breakdown or rupturing or bursting of moving parts of machinery caused by centrifugal force results in a "specified peril", the breakage of building glass, or an elevator collision, "we" cover the loss or damage caused by that "specified peril", breakage of building glass, or elevator collision.





Harleysville Insurance: Our Privacy Pledge

Providing superior products and services to our customers requires us to obtain various types of personal information. In entrusting your business to us, we understand that you expect your personal information to remain private and to be treated with the utmost confidence. Please be assured we are committed to safeguarding your privacy, and have established a policy to maintain the confidentiality of your personal information. We think it is important for you, as well, to understand how Harleysville Insurance* obtains, uses and safeguards your personal information.

How we obtain, use and protect your personal information

Information we obtain

The information we obtain will depend upon the type of insurance you request and may include:

- *Information we receive from you* in writing, by telephone or electronically on applications or other forms. Examples: your name, address, social security number and income. For some insurance products, the information may include your health history.
- *Information about your transactions with us.* Examples: your policy coverage, premiums, claims history and payment history.
- *Information we receive from a consumer reporting agency.* Examples: your credit score, credit history and motor vehicle reports.

Information we disclose

Except as explained below, we may share any personal information about our customers and former customers within Harleysville Insurance in order to offer you other Harleysville Insurance services that are likely to be of value to you.

- Unless you tell us not to, we may share credit information about you within Harleysville Insurance. Examples: your credit score, credit history or motor vehicle reports. We share this information in order to provide you with the appropriate insurance coverage. If you prefer that we not share this information within Harleysville Insurance, you may tell us not to by calling a toll-free number 1.800.829.7865.

As permitted by law, we may disclose (without specific authorization) any personal information about our customers and former customers we obtain to third parties (which includes persons and companies within and outside Harleysville Insurance) as is necessary for these parties to help us service or process your transaction with us.

We may disclose the following information to companies that perform marketing services for Harleysville Insurance or to other financial institutions such as banks, thrift institutions or insurance companies with which we have joint marketing agreements:

- *Information we receive from you* on applications or other forms. Examples: your name, address and telephone number.
- *Information about your transactions with us*, such as your policy coverage.
- These third parties must agree to maintain strict confidentiality protections and limit the use of the customer information we provide them.

We do not sell or otherwise provide lists of our customers to third parties to market non-financial services.



Confidentiality of Health Information

It is often necessary for us to obtain personal health information in order to underwrite insurance and process claims for various types of personal insurance coverages. We recognize your concerns about the security of that information and want to assure you that any personal health data you provide to us will be held in strict confidence. We will not disclose nor share your personal health information for marketing or any other unauthorized purpose. We may disclose or share your personal health information for underwriting your policy or administering your policy or claim or for other purposes permitted by law.

Harleysville Insurance independent agents

Independent insurance agents of Harleysville Insurance are authorized to solicit business for Harleysville Insurance. However, they are not Harleysville Insurance employees. Because they have a unique business relationship with you, they may have additional personal information about you that we do not have. Agents may use any of your personal information they have for purposes other than doing business with us. If so, your agent may need to provide you with the agency's privacy policy.

Information security standards

We maintain physical, electronic and procedural safeguards to protect customer information. We restrict access to your personal information to those persons who have a business need for such information.

We'll keep you informed

As a valued customer, we respect your privacy concerns. We will provide you with an annual notice. In the event of future changes in our privacy policy, we will provide you an updated notice.

*Our privacy pledge extends to all companies of Harleysville Insurance:

Harleysville Lake States Insurance Company
 Harleysville Life Insurance Company
 Harleysville Mutual Insurance Company
 Harleysville Pennland Insurance Company
 Harleysville Preferred Insurance Company
 Harleysville Worcester Insurance Company

Harleysville-Atlantic Insurance Company
 Harleysville Insurance Company
 Harleysville Insurance Company of New Jersey
 Harleysville Insurance Company of New York
 Harleysville Insurance Company of Ohio
 Mainland Insurance Company

IMPORTANT NOTICE TO POLICYHOLDERS

Do you have enough insurance on your building?

If your commercial building were damaged or worse, destroyed, would your insurance limit be sufficient to fully repair or rebuild the structure?

When you consider the ever rising costs of labor, construction materials and supplies, the impact of overall inflation, and the value of any improvements you've made to your property, it's quite possible your level of coverage is no longer adequate.

It is *your* responsibility to insure to value.

While Harleysville's insurance products offer comprehensive protection for business owners, if your property is insured at less than 100 percent of its replacement cost (or, where applicable, actual cash value), you assume the risk of not being fully insured if you have a loss.

To make certain your building coverage limits are - *and remain* - adequate, we strongly encourage you to review your coverage with your agent. You also should consider obtaining an appraisal or an estimate from a contractor annually, or as needed.

We appreciate the opportunity to insure your property, and look forward to continuing our partnership with your business and your independent Harleysville Insurance agent to protect your interests *fully*.

Note: In the event of a claim, Harleysville Insurance reserves all of its rights under the policy to make its own independent determination of replacement cost or actual cash value in applying the co-insurance provisions of the policy.

