

① ✓ 12/4/13 ②



PROFESSIONAL FELLOWS

LEGISLATIVE PROCESS AND GOVERNANCE

U.S. HOST AGREEMENT FORM

Fellow's Name: Maria Lourdes Paredes	Host Organization: City of Ft. Lauderdale
Country of Origin: Paraguay	City/State/Country: Fort Lauderdale, Florida
Fellowship Dates: November 12 – December 6, 2013	Area of Fellowship: Local Governance, Performance Measurement

This Host Agreement ("Agreement"), by and between Partners of the Americas, Inc., ("Partners"), a District of Columbia non-profit corporation, and, City of Fort Lauderdale, a Florida municipality, the ("Host" or "City"), sets forth the agreement between Partners and Host, pursuant to which Partners agrees to train, and place at Host, an individual from overseas to participate in a Fellowship at Host, all as more fully set forth herein.

Partners and Host are referred to individually as "Party" and collectively as "the Parties".

SECTION 1: DEFINITIONS

- A. "Nonprofit Sector" means "citizen sector" and/or "NGO sector" and/or "independent sector" and/or "social sector."
- B. "Fellow" means a non-profit, government, academic, or public sector professional from overseas recruited by Partners and engaged by Host to visit at Host full-time for 4 weeks pursuant to the terms of this Agreement.

SECTION 2: EFFECTIVE DATE AND DURATION

This Agreement shall be effective as of the last date that a Party executes this Agreement ("Effective Date"), as indicated on the signature page hereto. This Agreement will terminate on last date of the Fellowship unless otherwise extended in writing by the Parties or otherwise terminated pursuant to Section 5 hereof.

SECTION 3: HOST OBLIGATIONS

- A. No later than within ten (10) business days of the Effective Date of this Agreement, Host shall provide Partners with the following information:



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- (1) a work plan (the "Work Plan") for the Fellow, including but not limited to the following:
 - (a) primary location where the Fellow will be engaged in activity;
 - (b) the name and/or position of an individual at Host who will coordinate with the Fellow; and
 - (c) description of the activities in which the Fellow will be able to take part. This Work Plan should not include more than twenty percent (20%) administrative duties. These duties, including what constitutes "administrative duties," shall be specifically described in the Work Plan.
- B. Prior to the start of the Fellowship, Host shall identify a liaison at Host to be the point of contact for Partners.
- C. As a condition precedent to the effectiveness of this Agreement and of the Fellowship, the Fellow shall pass, to the Host's satisfaction, a background check conducted by the Host.
- D. During the Fellowship dates, Host shall:
 - (1) Provide an orientation of the Host Organization to the Fellow.
 - (2) Provide suitable office space for the Fellow, including but not limited to: a desk, computer, phone, and internet access.
 - (3) Provide an employee manual and discuss appropriate dress code, working hours, responsibilities and expectations, etc. with the Fellow during the first week of the placement.
 - (4) Assist the Fellow in completing the work plan by providing the necessary briefings, professional introductions and ideas to ensure that the Fellow is meeting Host's expectations.
 - (5) Use reasonable best efforts to create opportunities for the Fellow's development, such as participating in staff meetings, attending conferences, participating in seminars, attending speeches, and developing a mentor-mentee relationship with senior staff.
 - (6) Provide any other information reasonably requested by Partners for evaluation purposes and for purposes of complying with any and all legal obligations Partners may have with respect to the Fellow.
 - (7) Respect the religious and cultural practices of the Fellow and consider allowing additional (or different) leave days to respect religious or cultural traditions. These religious and cultural holidays should be discussed and agreed to during the first week at Host.
 - (8) Allow the Fellow to attend Partners site visits on a weekly basis or as scheduled by Partners.



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- (9) Provide the Fellow with any additional leave reasonably necessary to attend Partners obligations and opportunities (e.g. training opportunities, public speaking opportunities, and time to interact with funders). Partners will limit these events to five (5) business days or less over the course of the Fellowship and will provide Host with reasonable advance notice of such events that will require the Fellow to be absent from work.

E. Host agrees not to:

- (1) pay the Fellow a salary during the term of this Agreement;

SECTION 4: PARTNERS OBLIGATIONS

- A. **Visa Requirements.** Partners will use its reasonable best efforts to assist the Fellow in obtaining a J-1 visa, which allows him/her to remain in the United States for [the duration of the fellowship, which will include (1) week in Washington, DC for the Professional Fellows Congress hosted by the State Department. Ultimately, visa approval is solely the decision of the U.S. Government.
- B. **Fellow Benefits.** Partners shall provide the Fellow with benefits, such as health insurance, a living stipend and ongoing training. Fellow is not an employee of Host and Partners will ensure that Fellow understands he/she is not an employee of Host, and that Host has no obligation to pay Fellow's compensation or benefits or withhold and pay any taxes.
- C. **Responsibility.** Fellow will legally be a Trainee enrolled on a J-1 Partners of the Americas Fellowship Program and a volunteer of the Host. Partners will be responsible for regular reporting to the State Department on the Fellow's status in the United States. Host will not have any responsibilities for reporting to any government agency with respect to the Fellow, but shall report to Partners any information reasonably needed by Partners to comply with requirements of government agencies with regard to Fellow.

SECTION 5: TERMINATION OF THE FELLOW

- A. [Reserved.]
- B. **Recommendation for Dismissal.** Host may recommend the Fellow for dismissal provided the Host follows the following procedures:
- (1) Host shall verbally inform the Fellow of any failure to perform duties assigned under the Work Plan. Additionally, Host must provide the Fellow with a written



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description of any such duties assigned he/she failed to perform, to which the Fellow may provide written comments. This document must be signed and acknowledged by both Host and the Fellow. This document will detail responsibilities the Fellow must uphold and the consequences if the Fellow fails to correct them. This will serve as the first warning for the Fellow. Host shall provide Partners with a copy of this document as soon as reasonably practicable, but in any event, no later than three (3) calendar days after it has been signed by both the Fellow and Host.

- (2) If there is a second violation of the Work Plan, then Host shall provide a second verbal warning to the Fellow, while informing a Partners representative. Additionally, Host must provide the Fellow with a written description of any such duties assigned he/she failed to perform, to which the Fellow may provide written comments, and this document must be signed and acknowledged by Host, the Fellow, and Partners. This document will clearly indicate that if the Fellow violates the Work Plan a third time, he/she will be sent back to his/her home country.
 - (3) If there is a third violation of the Work Plan, Host, the Fellow, and Partners will attend a meeting at which Host will make clear its desire to end the relationship with the Fellow. Partners will honor the recommendation for termination. In the event of such termination, Partners will make arrangements to send the Fellow back to his/her home country.
- C. Immediate Dismissal for Cause. Host may immediately dismiss the Fellow at any time for Cause by providing written notice to the Fellow and Partners, which shall specify the facts that Host believes form the basis for Cause.

For purposes of this Section 5(C), "Cause" means:

- (1) The Fellow has committed fraud, misappropriation, or embezzlement in connection with Host's business;
 - (2) The Fellow has committed, or been convicted of, a felony or other serious illegal act as determined by the Host; or
 - (3) The Fellow's actions or behavior pose a threat or potential harm to Host or its employees or volunteers.
- D. Inappropriate Recommendations for Termination. The Fellow cannot be recommended for termination for any reason inconsistent with applicable law, including for reasons based on religion, culture, sexual orientation, physical handicap, age, or gender.
- E. Partners reserves the right to terminate the Fellow's relationship with Host and return the Fellow to his/her home country at any time if Partners finds just cause.



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SECTION 6: DISPUTE RESOLUTION

In the event of any dispute between Partners and Host arising out of, or relating to, this Agreement, or any of its obligations under this Agreement, the Parties agree that they will act in good faith and use their best efforts to resolve such dispute within a reasonable time period.

SECTION 7: TRANSFER

Neither this Agreement nor any rights or privileges granted by this Agreement shall be transferable without the prior written consent of both Parties.

SECTION 8: NO EMPLOYMENT, JOINT-VENTURE, OR LEGAL PARTNERSHIP

This Agreement does not constitute a contract of employment and does not create a joint-venture or legal partnership between the Parties.

SECTION 9: AMENDMENT

This Agreement may not be amended without written consent by both Parties.

SECTION 10: NOTICES

Any notice or communication required by this Agreement shall be in writing and shall be delivered personally, sent by facsimile, sent via email or sent by certified, registered or express mail, postage pre-paid to the following:

Lee R. Feldman, City Manager
City of Fort Lauderdale
101 N. Andrews Ave
Fort Lauderdale, FL 33301
lfeldman@fortlauderdale.gov
Phone: 954-828-5959

Melissa Golladay
Partners of the Americas
1424 K Street, NW, #700
Washington, DC 20005
mgolladay@partners.net
Phone: 202-637-6224

All notices will be effective upon delivery.



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SECTION 11: PRIVACY

The relationship created by this Agreement will not be confidential. Host consents to being listed as a "Host Organization" (or similar delineation) on the Partners of the Americas website.

Partners and Host may represent each other as "Partners" (without affecting the legal relationship between the Parties) on their respective websites, on applications for funding, and on any other applications and documents as necessary.

SECTION 12: COMPLIANCE WITH APPLICABLE LAWS

Both Parties agree to comply in all material respects with all applicable international, federal, state and local laws in connection with the performance of their respective obligations under this Agreement.

SECTION 13: GOVERNING LAW; FORUM

This Agreement shall be governed by the laws of the State of Florida. Venue for any lawsuit by either Party against the other Party, or otherwise arising out of this Agreement, and for any other legal proceeding, shall be in Broward County, Florida, or in the event of federal jurisdiction, in the Southern District of Florida.

SECTION 14: ENTIRE AGREEMENT

This Agreement constitutes the entire agreement by and between the Parties and supersedes all prior and contemporaneous understandings of the Parties.

SECTION 15: BINDING EFFECT

This Agreement shall be binding upon, and inure to the benefit of, the Parties and their successors and assigns.

SECTION 16: WAIVER AND SEVERABILITY

Failure by either Party to exercise any of its rights under, or to enforce any provision of, this Agreement will not be deemed a waiver or forfeiture of such rights or ability to enforce such provision. If any provision of this Agreement is held by a court of competent jurisdiction to be illegal, invalid or unenforceable, the remainder of this Agreement will remain in full force and effect.

SECTION 17: MISCELLANEOUS



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- A. The headings in this Agreement are for convenience purposes only and should not be used in interpreting this Agreement.
- B. The Sections of this Agreement that by their nature or by their express terms are intended to survive the expiration or termination of this Agreement shall so survive.
- C. Each Party agrees that delivery of an executed copy of this Agreement via facsimile or electronic transmission shall have the same force and effect as hand delivery with original signatures, and that each Party may use facsimile or electronic signatures as evidence of the execution and delivery of this Agreement to the same extent that original signatures could be used.
- D. Partners shall protect and defend at Partners' expense, counsel being subject to the City's approval, and indemnify and hold harmless the City and the City's officers, employees, volunteers, and agents from and against any and all losses, penalties, fines, damages, settlements, judgments, claims, costs, charges, expenses, or liabilities, including any award of attorney fees and any award of costs, in connection with or arising directly or indirectly out of any act or omission by Partners or by the Fellow or by any officer, employee, agent, invitee, or subcontractor of Partners, and from and against any losses, claims, damages, settlements, judgments, costs, charges, expenses, or liabilities, including any award of attorney fees and any award of costs, in connection with or arising directly or indirectly out of any personal injury to the Fellow. The provisions and obligations of this section shall survive the expiration or earlier termination of this Agreement.
- E. Partners shall furnish proof of insurance requirements as indicated below. The coverage is to remain in force at all times during the contract period. The following minimum insurance coverage is required. The commercial general liability insurance policy shall name the City of Fort Lauderdale, a Florida municipality, as an "additional insured." This **MUST** be written in the description section of the insurance certificate, even if there is a check-off box on the insurance certificate. Any costs for adding the City as "additional insured" shall be at the Contractor's expense.

The City of Fort Lauderdale shall be given notice 10 days prior to cancellation or modification of any required insurance. The insurance provided shall be endorsed or amended to comply with this notice requirement. In the event that the insurer is unable to accommodate, it shall be the responsibility of Partners to provide the proper notice. Such notification will be in writing by registered mail, return receipt requested and addressed to the Procurement Services Division.



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Partners' insurance must be provided by an A.M. Best's "A-" rated or better insurance company authorized to issue insurance policies in the State of Florida, subject to approval by the City's Risk Manager. Any exclusions or provisions in the insurance maintained by the contractor that excludes coverage for work contemplated in this solicitation shall be deemed unacceptable, and shall be considered breach of contract.

Commercial General Liability Insurance

Covering premises-operations, products-completed operations, independent contractors and contractual liability.

Limits: Combined single limit bodily injury/property damage \$1,000,000.

This coverage must include, but not limited to:

- a. Coverage for the liability assumed by the contractor under the indemnity provision of the contract.
- b. Coverage for Premises/Operations
- c. Products/Completed Operations
- d. Broad Form Contractual Liability
- e. Independent Contractors

F. Partners shall:

- a) Keep and maintain public records that ordinarily and necessarily would be required by the City in order to perform the service.
- (b) Provide the public with access to public records on the same terms and conditions that the City would provide the records and at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes (2013), as may be amended or revised, or as otherwise provided by law.
- (c) Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law.
- (d) Meet all requirements for retaining public records and transfer, at no cost, to the City, all public records in possession of the contractor upon termination of this contract and destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All records stored electronically must be provided to the City in a format that is compatible with the information technology systems of the City.



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IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and in effect on the last date set forth below.

ATTEST:

Jonda K. Joseph
Jonda K. Joseph, City Clerk

CITY OF FORT LAUDERDALE

By: John P. "Jack" Seiler, Mayor

By: Lee R. Feldman, City Manager

Approved as to form:

Senior Assistant City Attorney

ATTEST

By:
Print Name:
Secretary

PARTNERS OF THE AMERICAS, INC.

By: Horacio Correa Jr
Print Name: Horacio Correa Jr
Chief Financial Officer
Date: 11/22/2013

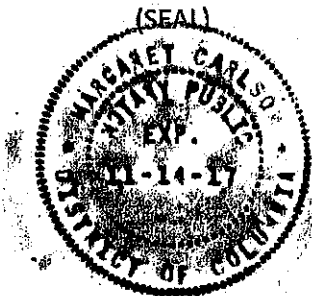
(Corporate Seal)

STATE OF
COUNTY OF

The foregoing instrument was acknowledged before me this 22 day of November, 2013, by Horacio Correa Jr as Chief Financial Officer for Partners of the Americas, Inc., a District of Columbia non-profit corporation.

Notary Public, State of
(Signature of Notary Public)

(Print, Type, or Stamp Commissioned Name Of Notary Public)



MARGARET CARLSON
NOTARY PUBLIC DISTRICT OF COLUMBIA
My Commission Expires November 14, 2017



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Personally Known _____ OR Produced Identification _____
Type of Identification Produced _____



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U.S. Department of State
Bureau of Educational and Cultural Affairs
Office of Citizen Exchanges

Please forward signed agreement in pdf format:

Penelope Kim

Program Officer, Legislative Fellows Program

Partners of the Americas

pkim@partners.net



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
11/21/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Early, Cassidy & Schilling, Inc. 15200 Omega Drive Suite 100 Rockville MD 20850	CONTACT NAME: Mary Anne Hughes-Creech	
	PHONE (A/C, No, Ext): (301) 948-5800	FAX (A/C, No): (240) 864-8171
E-MAIL ADDRESS: hughes-creechma@ecsinsure.com		
INSURER(S) AFFORDING COVERAGE		NAIC #
INSURER A: Great American Insurance Co. o		22136
INSURER B: Twin City Fire Insurance Compa		29459
INSURER C:		
INSURER D:		
INSURER E:		
INSURER F:		

INSURED (202) 637-6219
Partners of the Americas, Inc.
1424 K Street NW
Suite 700
Washington DC 20005


COVERAGES **CERTIFICATE NUMBER:** Cert ID 8602 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY			SPP6364979-05	1/28/2013	1/28/2014	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						MED EXP (Any one person) \$ 10,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						PERSONAL & ADV INJURY \$ 1,000,000
	<input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC						GENERAL AGGREGATE \$ 2,000,000
							PRODUCTS - COMP/OP AGG \$ 2,000,000
							\$
A	AUTOMOBILE LIABILITY			SPP6364979-05	1/28/2013	1/28/2014	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	<input type="checkbox"/> ANY AUTO						BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS	<input type="checkbox"/> SCHEDULED AUTOS					BODILY INJURY (Per accident) \$
	<input checked="" type="checkbox"/> HIRED AUTOS	<input checked="" type="checkbox"/> NON-OWNED AUTOS					PROPERTY DAMAGE (Per accident) \$
							\$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB			SPP6364979-05	1/28/2013	1/28/2014	EACH OCCURRENCE \$ 2,000,000
	<input type="checkbox"/> EXCESS LIAB	<input checked="" type="checkbox"/> OCCUR					AGGREGATE \$ 2,000,000
	<input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 10,000	<input type="checkbox"/> CLAIMS-MADE					\$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			42WBGGT8750	1/28/2013	1/28/2014	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	<input type="checkbox"/> Y/N	N/A				E.L. EACH ACCIDENT \$ 500,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE \$ 500,000
							E.L. DISEASE - POLICY LIMIT \$ 500,000
							\$
							\$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
Notice of Cancellation: 10 Days except in accordance with the policy provisions.

Re: For the fellowship of Maria Lourdes Paredes from Paraguay in Local Governance, Performance Measurement from November 12 - December 6, 2013.
The City of Fort Lauderdale, a Florida municipality is an Additional Insured under General Liability as per written contract and in accordance with the attached policy forms and/or endorsements.

CERTIFICATE HOLDER City of Fort Lauderdale a Florida municipality 101 N. Andrews Avenue Fort Lauderdale FL 33301	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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301 E 4th Street • Cincinnati, OH 45202-4201
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www.GreatAmericanInsurance.com

BP 86 68
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BUSINESSOWNERS POLICY SPECIAL FORM

READ YOUR POLICY CAREFULLY

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PART ONE - SAFEPAK® SPECIAL PROPERTY COVERAGE FORM

Various provisions in this Policy restrict coverage. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

Throughout this Policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **H - PROPERTY DEFINITIONS**.

A. COVERAGE

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

1. Covered Property

Covered Property, as used in this Policy, means the type of property described in this Section, **A.1.**, and limited in **A.2.**, **Property Not Covered**, if a Limit of Insurance is shown in the Declarations for that type of property.

- a. Buildings, meaning the buildings and structures at the premises described in the Declarations, including:
 - (1) completed additions;
 - (2) all garages, storage buildings and other structures that pertain to your business;
 - (3) fixtures, including outdoor fixtures;
 - (4) permanently installed:
 - (a) machinery; and
 - (b) equipment;
 - (5) your personal property in apartments or rooms furnished by you as landlord;
 - (6) personal property owned by you that is used to maintain or service the buildings or structures or the premises, including:
 - (a) fire extinguishing equipment;
 - (b) outdoor furniture;
 - (c) floor coverings; and
 - (d) appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
 - (7) if not covered by other insurance:
 - (a) additions under construction, alterations and repairs to the buildings or structures;

- (b) materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making additions, alterations or repairs to the buildings or structures.
- b. Business Personal Property located in or on the buildings at the described premises or in the open (or in a vehicle) within 1,000 feet of the described premises, including:
 - (1) property you own that is used in your business;
 - (2) property of others that is in your care, custody or control, except as otherwise provided in **E. PROPERTY LOSS CONDITIONS, 5. Loss Payment, d.(3)**;
 - (3) tenants' improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) made a part of the building or structure you occupy but do not own; and
 - (b) you acquired or made at your expense but cannot legally remove;
 - (4) leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under paragraph **A.1.b.(2)**; and
 - (5) tools and equipment owned by your employees, which are used in your business operations.

2. Property Not Covered

Covered Property does not include:

- a. aircraft, automobiles, motor trucks and other vehicles subject to motor vehicle registration;
- b. "money" or "securities" except as provided in the:
 - (1) Money and Securities Additional Coverage; or
 - (2) Employee Dishonesty (including ERISA) Additional Coverage;
- c. contraband, or property in the course of illegal transportation or trade;
- d. land (including land on which the property is located), water, growing crops or lawns;
- e. the following property while outside of buildings:
 - (1) fences, trees, shrubs, and plants (other than those held for sale or sold but not delivered);
 - (2) outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers; or
 - (3) signs (other than signs attached to buildings)except as provided in the:
 - (a) Additional Coverage for **Outside Signs**; or
 - (b) Coverage Extension for **Outdoor Property**;

- f. watercraft (including motors, equipment and accessories) while afloat;
- g. accounts, bills, deeds, food stamps, other evidences of debt, accounts receivable or "valuable papers and records," except as otherwise provided in the Additional Coverage for "**Valuable Papers and Records**" or elsewhere in this Policy;
- h. the cost to research, replace or restore the information on "valuable papers and records," including those which exist on electronic or magnetic media, except as provided in the Additional Coverages for "**Valuable Papers and Records**," **Data and Software**, and **Loss Data Preparation**;
- i. exterior and interior glass, except:
 - (1) glass building blocks; and
 - (2) as provided in the Additional Coverage for **Building Glass**;

3. Covered Causes of Loss

RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

- a. excluded in section **B., Exclusions**; or
- b. limited in paragraph **A.4., Limitations**;

that follow.

4. Limitations

- a. We will not pay for loss of or damage to:

(1) The interior of any building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

- (a) i. the building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
- ii. the loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

(b) Live animals or birds are covered only if:

- i. they are inside the building; and
- ii. they are owned by others and boarded by you, or owned by you and held for sale or sold but not delivered.

And then we will pay only if they are killed, or their destruction is made necessary by any of the "specified causes of loss," building glass breakage or they are stolen.

(2) Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

- (3) Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
 - (4) Property that is missing, but there is no physical evidence to show what happened to it, such as shortage disclosed on taking inventory. This limitation does not apply to the Additional Coverage for **Money and Securities**.
 - (5) Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
- b. With respect to glass (other than glass building blocks) that is part of the interior of a building or structure, or part of an outdoor sign, we will not pay more than \$1,000 for the total of all loss or damage in any one occurrence. Subject to the \$1,000 limit on all loss or damage, we will not pay more than \$100 for each plate, pane, multiple plate insulating unit, radiant or solar heating panel, jalousie, louver or shutter.
- This Limitation does not apply to loss or damage by the "specified causes of loss," except vandalism.
- c. We will not pay for loss of or damage to fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken, unless caused by the "specified causes of loss" or building glass breakage. This restriction does not apply to:
- (1) glass that is part of the interior of a building or structure;
 - (2) containers of property held for sale; or
 - (3) photographic or scientific instrument lenses.
- d. For loss or damage by theft, the following types of property are covered only up to the limits shown:
- (1) \$2,500 for furs, fur garments and garments trimmed with fur.
 - (2) \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - (3) \$2,500 for patterns, dies, molds and forms.

5. Additional Coverages

Unless otherwise stated, payments made under the following Additional Coverages will not increase the applicable Limits of Insurance.

a. Accounts Receivable

- (1) This Additional Coverage applies only when a Limit of Insurance for Business Personal Property is shown in the Declarations. We will pay:
 - (a) all amounts due from your customers that you are unable to collect;
 - (b) interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
 - (c) collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and

- (d) other reasonable expenses that you incur to reestablish your records of accounts receivable;

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

- (2) The most we will pay under this Additional Coverage for the sum of all loss and damage resulting from any one occurrence per described premises is \$25,000, unless a higher Limit of Insurance for accounts receivable is shown in the Declarations.

For accounts receivable not at the described premises, the most we will pay is \$25,000 in any one occurrence.

- (3) Section **B. Exclusions** of this Coverage Form does not apply to this Coverage Extension except for:

- (a) paragraph **B.1.c., Governmental Action**;
- (b) paragraph **B.1.d., Nuclear Hazard**;
- (c) paragraph **B.1.f., War and Military Action**;
- (d) paragraph **B.2.g., Dishonesty**;
- (e) paragraph **B.2.h., False Pretenses**;
- (f) paragraph **B.3.**; and
- (g) the **Accounts Receivable** and **"Valuable Papers and Records"** Exclusions.

b. Arson and Theft Reward

We will pay a reward of \$10,000 for information leading to:

- (1) an arson conviction in connection with a covered fire or explosion loss; or
- (2) a theft conviction in connection with a covered theft loss.

This is the most we will pay for any one occurrence under this Policy or any combination of policies.

The amount payable under this Additional Coverage is in addition to the Limits of Insurance. No deductible applies to this Additional Coverage.

c. Collapse

- (1) We will pay for direct physical loss or damage to Covered Property caused by collapse of a building or any part of a building insured under this Policy, if the collapse is caused by one or more of the following:

- (a) the "specified causes of loss" or breakage of building glass, all only as insured against in this Policy;
- (b) hidden decay;
- (c) hidden insect or vermin damage;

- (d) weight of people or personal property;
 - (e) weight of rain that collects on a roof; and
 - (f) use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in **d.(1)(a)** through **d.(1)(e)**, we will pay for the loss or damage even if use of defective material or methods in construction, remodeling or renovation, contributes to the collapse.
- (2) If the direct physical loss or damage does not involve collapse of a building or any part of a building, we will pay for loss or damage to Covered Property caused by the collapse of personal property only if:
- (a) the personal property which collapses is inside a building insured under this Policy; and
 - (b) the collapse was caused by a cause of loss listed in **d.(1)(a)** through **d.(1)(f)** above.
- (3) With respect to the following property:
- (a) awnings;
 - (b) gutters and downspouts;
 - (c) yard fixtures;
 - (d) outdoor swimming pools;
 - (e) piers, wharves and docks;
 - (f) beach or diving platforms or appurtenances;
 - (g) retaining walls; and
 - (h) walks, roadways and other paved surfaces;
- if the collapse is caused by a cause of loss listed in **d.(1)(b)** through **d.(1)(f)**, we will pay for loss or damage to that property only if such loss or damage is a direct result of the collapse of a building insured under this Policy and the property is Covered Property under this Policy.
- (4) Collapse does not include settling, cracking, shrinkage, bulging or expansion.

d. Debris Removal

- (1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:
- (a) the date of direct physical loss or damage; or
 - (b) the end of the policy period.

(2) The most we will pay under this Additional Coverage is 25% of:

- (a) the amount we pay for the direct loss or damage; plus
- (b) the deductible in this Policy applicable to that loss or damage.

But this limitation does not apply to any additional debris removal limit provided in paragraph (4) below.

(3) This Additional Coverage does not apply to costs to:

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

(4) If:

- (a) the sum of loss or damage and debris removal expense exceeds the Limit of Insurance; or
- (b) the debris removal expense exceeds the amount payable under the 25% Debris Removal coverage limitation in paragraph (2) above;

we will pay up to an additional \$25,000 for each location in any one occurrence under the **Debris Removal** Additional Coverage.

e. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$15,000 for your liability for fire department service charges:

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

f. Fire Extinguisher System Recharge Expense

We will pay to cover your expenses for recharge, of your hand-held fire extinguishers when they are emptied while fighting fire.

g. Money and Securities

(1) We will pay for loss of "money" and "securities" used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee having use and custody of the property, at the described premises, or in transit between any of these places, resulting directly from:

- (a) theft, meaning any act of stealing;
- (b) disappearance; or
- (c) destruction.

(2) In addition to the Limitations and Exclusions applicable to property coverage, we will not pay for loss:

- (a) resulting from accounting or arithmetical errors or omissions;
 - (b) due to the giving or surrendering of property in any exchange or purchase; or
 - (c) of property contained in any "money"-operated device unless the amount of money deposited in it is recorded by a continuous recording instrument in the device.
- (3) The most we will pay for loss in any one occurrence is:
- (a) The limit shown in the Declarations for Inside the Premises for "money" and "securities" while
 - (i) in or on the described premises; or
 - (ii) within a bank or savings institution; and
 - (b) The limit shown in the Declarations for Outside the Premises for "money" and "securities" while anywhere else.
- (4) All loss:
- (a) caused by one or more persons; or
 - (b) involving a single act or series of related acts;
- is considered one occurrence.
- (5) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

h. Preservation of Property

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

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

i. Theft Damage to Building

We will pay for loss or damage directly resulting from theft or burglary to a building you occupy as a tenant, and for such loss or damage to the following kinds of property in that building:

- (1) covered personal property that is used to maintain or service the building; and
- (2) covered personal property, if you are legally liable for such loss or damage.

But, we will not pay for such loss or damage:

- (3) caused by or resulting from fire or explosion;
- (4) to property away from the described premises; or

(5) to glass (other than glass building blocks), glass lettering or glass ornamentation.

This Additional Coverage applies only to premises you occupy both:

- (a) as a tenant; and
- (b) under a lease that makes you responsible for such loss or damage.

j. Water Damage, Other Liquids, Powder or Molten Material Damage

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

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

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

k. Business Income

(1) We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration." The suspension must be caused by direct physical loss of or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises includes the area within 1,000 feet of the site at which the described premises are located.

We will only pay for loss of Business Income that occurs within 12 consecutive months after the date of direct physical loss or damage.

Business Income means the:

- (i) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred if no physical loss or damage had occurred; and
 - (ii) continuing normal operating expenses incurred, including payroll.
- (2) Extended Business Income.
- (a) If the necessary suspension of your "operations" produces a Business Income loss payable under this Policy, we will pay for the actual loss of Business Income you incur during the period that:
 - (i) begins on the date property, except finished stock, is actually repaired, rebuilt or replaced and "operations" are resumed; and
 - (ii) ends on the earlier of
 - i. the date you could restore your "operations," with reasonable speed, to the level which would generate the Business Income amount that would have existed if no direct physical loss or damage had occurred; or

ii. 60 days after the date determined in (a)(i) above.

(b) Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(3) This Additional Coverage is not subject to the Limits of Insurance.

I. Business Income Extension for Web sites

We will pay for loss of Business Income you sustain due to the necessary interruption of business operations on your Web site, caused by or resulting from direct physical loss of or damage to the premises of a vendor acting as your Web site's host or your internet service provider.

Such interruption must be caused by or result from a Covered Cause of Loss.

We will only pay for loss you sustain during the seven (7) day period immediately following the first twelve (12) hours after the Covered Cause of Loss occurs.

This coverage applies only:

- (a) if you have a back-up copy of your Web site stored at a location other than that of either the Web site's host or the internet service provider; and
- (b) to the extent that Business Income is permanently lost.

The most we will pay under this Additional Coverage, for the sum of all loss and damage as a result of any one occurrence, is \$10,000.

m. Extra Expense

(1) We will pay necessary Extra Expense you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises includes the area within 1,000 feet of the site at which the described premises are located.

(2) Extra Expense means expense incurred:

- (a) To avoid or minimize the suspension of business and to continue "operations":
 - (i) at the described premises; or
 - (ii) at replacement premises or at temporary locations, including relocation expenses, and costs to equip and operate the replacement or temporary locations. These costs do not include costs necessary to repair or replace damaged stock and equipment.
- (b) To minimize the suspension of business if you cannot continue "operations."
- (c) To:
 - (i) repair or replace any property; or

- (ii) research, replace or restore the lost information on damaged "valuable papers and records"

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

We will only pay for Extra Expense that occurs within 12 consecutive months after the date of direct physical loss or damage. This Additional Coverage is not subject to the Limits of Insurance.

n. Business Income From Dependent Properties

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

The most we will pay under this Additional Coverage, for the sum of all loss of Business Income as a result of any one occurrence, is \$25,000.

- (2) We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations," in whole or in part, by using any other available:
 - (a) source of materials; or
 - (b) outlet for your products.
- (3) If you do not resume "operations," or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.
- (4) Dependent property means property owned by others whom you depend on to:
 - (a) deliver materials or services to you, or to others for your account. But services does not mean water, communication or power supply services;
 - (b) accept your products or services;
 - (c) manufacture your products for delivery to your customers under contract for sale; or
 - (d) attract customers to your business.

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

- (5) The coverage period for Business Income under this Additional Coverage:
 - (a) begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the dependent property; and
 - (b) ends on the date when the property at the premises of the dependent property should be repaired, rebuilt or replaced with reasonable speed and similar quality.
- (6) The Business Income coverage period, as stated in paragraph (5), does not include any increased period required due to the enforcement of any ordinance or law that:

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

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

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

o. Pollutant Clean Up and Removal

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

- (1) the date of direct physical loss or damage; or
- (2) the end of the policy period.

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

p. Civil Authority

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property other than at the described premises, caused by or resulting from any Covered Cause of Loss.

This Additional Coverage applies, for a period of up to 30 consecutive days, beginning on the date that the action by civil authority occurs.

q. Money Orders and Counterfeit Paper Currency

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

- (1) any United States or Canadian post office, express company, or national or state (or Canadian) chartered bank money order that is not paid upon presentation to the issuer; or
- (2) counterfeit United States or Canadian paper currency that is acquired during the regular course of business.

The most we will pay for any loss under this additional coverage is \$10,000.

r. Forgery and Alteration

- (1) We will pay for loss resulting directly from forgery or alteration of any check, draft, promissory note, bill of exchange or similar written promise of payment in "money" that you or your agent has issued, or that was issued by someone who impersonates you or your agent.
- (2) If you are sued for refusing to pay the check, draft, promissory note, bill of exchange or similar written promise of payment in "money," on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur in that defense.
- (3) The most we will pay for any loss, including legal expenses, under this Additional Coverage is \$10,000.

s. Ordinance or Law

(1) Coverages

(a) Coverage A - Coverage for Loss to the Undamaged Portion of the Building or Tenants' Improvements and Betterments

If a Covered Cause of Loss occurs to a covered building property or business personal property, we will pay for loss to the undamaged portion of the building or tenants' improvements and betterments caused by enforcement of any ordinance or law that:

- (i) requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;
- (ii) regulates the construction or repair of buildings or tenants' improvements and betterments, or establishes zoning or land use requirements at the described premises; and
- (iii) is in force at the time of loss.

Coverage A is included within the Limit of Insurance applicable to the covered building property or business personal property shown in the Declarations. This is not additional insurance.

(b) Coverage B - Demolition Cost Coverage

If a Covered Cause of Loss occurs to covered building property or business personal property, we will pay the cost to demolish and clear the site of undamaged parts of the property caused by enforcement of building, zoning or land use ordinance or law.

(c) Coverage C - Increased Cost of Construction Coverage

If a Covered Cause of Loss occurs to covered building property or business personal property, we will pay the increased cost to repair, rebuild or construct the property caused by enforcement of building, zoning or land use ordinance or law. If the property is repaired or rebuilt, it must be intended for a similar occupancy as the current property, unless otherwise required by zoning or land use ordinance or law.

However, we will not pay for the increased cost of construction if the building or tenants' improvements and betterments is not repaired or replaced.

- (2) We will not pay under this endorsement for the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants."
- (3) Under **Coverage A - Coverage for Loss to the Undamaged Portion of the Building or Tenants' Improvements and Betterments:**
 - (a) If the Replacement Cost Coverage Option applies and the property is repaired or replaced, on the same or another premises, we will not pay more for loss or damage to Covered Property, including loss caused by enforcement of an ordinance or law, than the lesser of:
 - (i) the amount you actually spend to repair, rebuild or reconstruct the building or tenants' improvements and betterments, but not for more than the amount it would cost to restore the building or tenants' improvements and betterments on the same premises and to the same height, floor area, style and comparable quality to the original property insured; or
 - (ii) the Limit of Insurance applicable to the covered Building Property or Business Personal Property.
 - (b) (i) if the Replacement Cost Coverage Option applies and the property is not repaired or replaced; or
 - (ii) if the Replacement Cost Coverage Option does not apply:

we will not pay more for loss or damage to Covered Property, including loss caused by enforcement of an ordinance or law, than the lesser of:

 - (1) the actual cash value of the building or tenants' improvements and betterments at the time of loss; or
 - (2) the Limit of Insurance applicable to the covered building property or business personal property.
- (4) We will not pay more under **Coverage B - Demolition Cost Coverage** than the lesser of the following:
 - (a) the amount you actually spend to demolish and clear the site of the described premises; or
 - (b) \$25,000.
- (5) (a) We will not pay under **Coverage C - Increased Cost of Construction Coverage:**
 - (i) until the property is actually repaired or replaced, at the same or another premises; and
 - (ii) unless the repairs or replacements are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (b) If the building or tenants' improvements and betterments is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage C is the lesser of:
 - (i) the increased cost of construction at the same premises; or
 - (ii) \$25,000.
- (c) If the ordinance or law requires relocation to another premises, the most we will pay under Coverage C is the lesser of:
 - (i) the increased cost of construction at the same premises; or
 - (ii) \$25,000.
- (6) The terms of this additional coverage apply separately to each building or business personal property to which this Policy applies.
- (7) This Additional Coverage does not apply to buildings insured on an Actual Cash Value (ACV) basis.

t. Building Glass

We will pay for direct physical loss of or damage to glass, including all lettering and ornamentation, that is:

- (1) part of the exterior of a covered building or structure at the described premises; or
- (2) permanently affixed to the interior walls, floors or ceilings at the described premises.

This **Building Glass** Additional Coverage does not include coverage for Stained Glass.

- (1) The glass must be owned by you, or owned by others but in your care, custody or control. We will also pay for necessary:
 - (a) expenses incurred to put up temporary plates or board up openings;
 - (b) repair or replacement of encasing frames; and
 - (c) expenses incurred to remove or replace obstructions.
- (2) Paragraph **A.3., Covered Causes of Loss**, and Section **B., Exclusions**, do not apply to this Additional Coverage, except for:
 - (a) paragraph **B.1.b., Earth Movement**;
 - (b) paragraph **B.1.c., Governmental Action**;
 - (c) paragraph **B.1.d., Nuclear Hazard**; and
 - (d) paragraph **B.1.f., War and Military Action**; and
 - (e) paragraph **B.1.g., Water**.
- (3) We will not pay for loss or damage caused by or resulting from:
 - (a) wear and tear;

- (b) hidden or latent defect;
 - (c) corrosion; or
 - (d) rust.
- (4) The most we will pay under this Additional Coverage is the Building Limit of Insurance shown in the Declarations.

However, if you are a tenant and no Limit of Insurance is shown in the Declarations for Building Property, the most we will pay under this Additional Coverage is \$25,000.

u. Water Backup of Sewers and Drains

We will pay for the loss or damage to Covered Property caused by or resulting from water that backs up from a sewer or drain. This coverage is included within the Covered Property Limits of Insurance.

THIS IS NOT FLOOD INSURANCE. We will not pay for water or other materials that back up from any sewer or drain as a direct or indirect result of any flood. This exclusion applies regardless of the cause, duration, and extent of the flood, and regardless of its proximity to Covered Property. As used in this Additional Coverage, flood includes any accumulation of surface water, waves, tides, tidal waves, overflow of streams or other bodies of water, or their spray, all whether driven by wind or not, that enters, impedes, obstructs, deposits debris or sediment in, or overloads a sewer or drain system.

v. Business Computer Coverage

This Additional Coverage applies to loss or damage by a Covered Cause of Loss anywhere in the Coverage Territory to:

- (1) your electronic data processing, electronic word processing and electronic telecommunications equipment, including their component parts;
- (2) electronic data processing, recording or storage "media" such as films, tapes, disks, drums or cells;
- (3) "data" stored on such "media," including your costs to research, replace or restore "data" or "software" which exists or existed on electronic or magnetic "media" that is lost or damaged as a result of direct physical loss or damage to business computers at the described premises; and
- (4) programming records, used for electronic data processing or electronically controlled equipment.

Electrical Apparatus Exclusion B.2.a. and Mechanical Breakdown Exclusion B.2.d.(6) in the Policy do not apply to this Coverage Extension, however a deductible of \$500 per occurrence applies to losses resulting from:

- (a) mechanical failure, faulty construction, or error in design of the Covered Property;
- (b) short circuit, blow-out or other electric or magnetic disturbance, other than lightning, within electrical equipment, apparatus or devices;
- (c) any repairing, servicing or processing operation; or

- (d) damage to the Data or Media when data processing equipment or word processing equipment breaks down or malfunctions while Data or Media is being run through the system.

The most we will pay under this Coverage Extension is \$25,000 in any one occurrence at each described location. This amount is in addition to the Limits of Insurance.

w. Loss Data Preparation

The insurance under this Additional Coverage will be in addition to the applicable Limits of Insurance.

In the event of covered loss or damage, we will pay the reasonable expenses you incur in preparing claim data when we require it. This includes the cost of taking inventories, making appraisals, preparing income tax statements, claim or suit investigation costs (not including attorneys' fees or other litigation costs), auditing of business records and preparing other documentation to show the extent of loss.

The most we will pay for loss data preparation under this Extension is \$10,000. We will not pay for any expenses incurred, directed or billed by or payable to claim adjusters, or lawyers or their associates or subsidiaries or any costs provided by **E. Property Loss Condition, 2. Appraisal.**

x. Brands and Labels

If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss, and we take all or part of that property at an agreed or appraised value, we will pay for:

(1) Expenses you incur to:

- (a) stamp the word "salvage" on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
- (b) remove the brands and labels to comply with applicable law, if doing so will not physically damage the merchandise or its containers.

(2) Any reduction in the salvage value of the physically damaged merchandise as the result of the removal of the brand or label.

The payment of these expenses under this Additional Coverage is included within the Business Personal Property Limit of Insurance.

y. Computer Fraud

We will pay for direct physical loss of or damage to "money," "securities" and "other property" resulting directly from the use of any computer to cause a fraudulent transfer of that property from inside your premises or from a "banking premises," to a person (other than a "messenger") outside those premises or to a place outside those premises.

The most we will pay for this Additional Coverage is \$5,000 in any one occurrence. This Limit of Insurance is in addition to any other Limit of Insurance that may be provided by this Policy for this Coverage.

z. Fine Arts

We will pay for physical loss of or damage to Covered Property that is Fine Arts, directly caused by a Covered Cause of Loss, if the Fine Arts are:

- (1) your Covered Property; or
- (2) property of others which is in your care, custody or control.

Fine Arts means paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antique silver, manuscripts, porcelains, rare glass, bric-a-brac and similar property of rarity, historical value or artistic merit.

For purposes of this Additional Coverage, Fine Arts will be valued at their market value at the time the loss or damage occurs. The most we will pay under this Additional Coverage is \$10,000 for the sum of all loss and damage as a result of any one occurrence, at each described premises.

aa. Laptop Computers - Worldwide Coverage

We will pay for direct physical loss of or damage to laptop, palmtop, and similar portable computer equipment and their accessories anywhere in the world, including while in transit, if such loss or damage results directly from a Covered Cause of Loss.

However, we will not pay under this Additional Coverage for any loss or damage caused by, resulting from, or arising out of the loss or theft of any property while it is in transit as checked baggage.

The most we will pay under this Additional Coverage for the sum of all loss and damage resulting from a single occurrence is \$5,000.

bb. (1) Utility Services - Direct Damage

We will pay for direct physical loss or damage to Covered Property caused by the interruption of water supply service, communication service or power supply service to a covered premises described in the Declarations. To be insured under this Additional Coverage, the interruption must result from direct physical loss or damage by a Covered Cause of Loss to one or more of the following kinds of property not on the described premises:

- (a) Water Supply Service Property, meaning the following types of property supplying water to the described premises:
 - (i) pumping stations; and
 - (ii) water mains.
- (b) Communication Service Property, meaning property supplying communication services, including telephone, radio, microwave, or television services, to the described premises. Communication Service Property includes:
 - (i) communication transmission lines;
 - (ii) coaxial cables; and

- (iii) microwave radio relays.

However, Communication Service Property does not include any satellites.

- (c) Power Supply Service Property, meaning the following types of property supplying electricity, steam or gas power to the described premises:

- (i) power generating plants;
- (ii) switching stations;
- (iii) substations;
- (iv) transformers; and
- (v) transmission lines, conduit, and pipe.

The most we will pay under this Additional Coverage, for the sum of all loss and damage, resulting from any one occurrence is \$10,000.

(2) Utility Services - Business Income

We will pay for actual loss of Business Income you sustain due to an interruption of water supply service, communication service or power supply service to a covered premises described in the Declarations. To be insured under this Additional Coverage, the interruption must result from direct physical loss or damage by a Covered Cause of Loss to one or more of the following kinds of property not on the described premises:

- (a) Water Supply Service Property, meaning the following types of property supplying water to the described premises:

- (i) pumping stations; and
- (ii) water mains.

- (b) Communication Service Property, meaning property supplying communication services, including telephone, radio, microwave, or television services, to the described premises. Communication Service Property includes:

- (i) communication transmission lines;
- (ii) coaxial cables; and
- (iii) microwave radio relays.

However, Communication Service Property does not include any satellites.

- (c) Power Supply Service Property, meaning the following types of property supplying electricity, steam or gas power to the described premises:

- (i) power generating plants;
- (ii) switching stations;
- (iii) substations;
- (iv) transformers; and

(v) transmission lines, conduit, and pipe.

The most we will pay under this Additional Coverage, for the sum of all loss and damage, resulting from any one occurrence is \$25,000.

cc. Pairs or Sets

We will pay for any reduction in value of the undamaged parts of pairs or sets, if pairs or sets of "stock" are damaged by a Covered Cause of Loss. This Additional Coverage is included within the Business Personal Property Limit of Insurance.

dd. Personal Property of Others

We will pay for personal property of others that is in your care, custody or control. However, our payment for loss of or damage to Personal Property of others will only be for the account of the owner of the property.

The most we will pay under this Additional Coverage is \$10,000 for the sum of all loss and damage as the result of any one occurrence, at each described premises.

ee. Certain Property at Other Premises

The insurance that applies to your Business Personal Property and your "Valuable Papers and Records" is hereby extended to apply:

- (1) at any premises not described in the Declarations; and
- (2) to property you have sold under an installation agreement and for which your responsibility for risk of loss continues until the property is accepted by the customer.

This Additional Coverage does not apply to:

- (a) property in the care, custody or control of your salespersons;
- (b) property at any fair or exhibition;
- (c) property in transit; or
- (d) property temporarily stored at any premises not described in the Declarations.

The most we will pay for this Additional Coverage is \$10,000 for the sum of all loss and damage resulting from a single occurrence. This Limit of Insurance is in addition to any other Limit of Insurance that may apply to the same loss or damage.

ff. Salespersons' Samples

We will pay for physical loss of or damage to:

- (1) samples of your "stock" in trade (including its containers); and
- (2) samples of others' "stock" in trade;

but only if the loss or damage is directly caused by a Covered Cause of Loss while such property is in:

- (a) your physical custody and control while acting as a sales representative or agent;
or

- (b) the physical custody and control of your sales representative or agent.

The most we will pay under this Additional Coverage for the sum of all loss or damage as a result of a single occurrence is \$5,000. This Limit of Insurance is in addition to any other Limit of Insurance that may apply to the same loss or damage.

gg. Loss of Refrigeration, Change in Temperature or Humidity

(1) Limit of Insurance

The most we will pay under this Additional Coverage for the sum of all loss and damage resulting from any one occurrence is \$10,000.

(2) Coverage

We will pay for physical loss of or damage to Business Personal Property caused by change in temperature or humidity resulting directly from any of the following:

- (a) fluctuation or total interruption of electrical power on the insured premises, resulting from conditions beyond your control.
- (b) mechanical breakdown of any refrigerating or cooling apparatus or equipment, including the blowing of any fuse, fuses or circuit breakers.
- (c) the freezing of perishable "stock" resulting from the faulty operation of any stationary heating plant, when such perishable "stock" is within a building on the insured premises.

(3) Exclusions

In addition to the exclusions in **B. Exclusions**, of **PART ONE - SAFEPAK® SPECIAL PROPERTY COVERAGE FORM**, we will not pay under this Additional Coverage for loss caused directly or indirectly by any of the following:

- (a) explosion, rupture or bursting of:
 - (i) water pipes; or
 - (ii) steam boilers, steam pipes, steam turbines or steam engines if owned or leased by you, or if operated by you or under your direction or control;
- (b) the actual disconnection of any refrigeration units from the source of electrical power, or the termination of electrical power caused by throwing or turning-off of any switch or other device on the insured premises usual to the shutting-off of electrical current or electrical power;
- (c) the leaking or escape of refrigerant from any cause, including the rupture or bursting of any refrigerant pipe or line;
- (d) the cracking or breaking of any glass that is a permanent part of any refrigeration unit;
- (e) insufficient fuel or complete lack of fuel used in the normal operation of a stationary heating plant; or
- (f) interruption of business or other indirect or consequential loss beyond direct physical loss or damage to your property.

hh. Transportation in Custody of a "Carrier" or Bailee for Hire

We will pay for direct physical loss of or damage to Covered Property from any of the Covered Causes of Loss when the Covered Property is in due course of transit at your risk, in the custody of a "carrier" or bailee for hire.

For purposes of this Additional Coverage, coverage applies until the property is delivered at its destination. If the property is not delivered, we will pay the cost of returning the property to you. This Additional Coverage also applies to the property while held temporarily by the receiver or carrier, awaiting return to you.

Under this Additional Coverage, Covered Property does not include:

- (1) accounts, bills, currency, deeds, evidences of debt, "money," notes, "securities," or other commercial papers or documents of value;
- (2) bullion, gold, silver, platinum or other precious alloys or metals; furs, fur garments; jewelry, watches, precious or semi-precious stones, works of art or similar valuable property;
- (3) any vehicle carrying the property, or any intermodal container containing the property;
- (4) live animals, birds or fish;
- (5) property while afloat or waterborne (other than while on regular ferries or railroad car floats);
- (6) property while covered by Ocean Marine Insurance, whether such insurance is collectible or not;
- (7) property in the care, custody or control of your salespersons.

The most we will pay under this Additional Coverage is \$10,000 for the sum of all loss and damage as a result of a single occurrence. This Limit of Insurance is in addition to any other Limit of Insurance that may apply to the same loss or damage.

ii. Outdoor Signs (Attached to Buildings)

- (1) We will pay for direct physical loss of or damage to each outdoor sign at each premises described in the Declarations, up to the respective full value of each lost or damaged outside sign, if the outdoor sign is:
 - (a) owned by you; or
 - (b) owned by others but in your care, custody or control.
- (2) Paragraph B., **Exclusions**, do not apply to this Additional Coverage, except for:
 - (a) paragraph B.1.c., **Governmental Action**;
 - (b) paragraph B.1.d., **Nuclear Hazard**; and
 - (c) paragraph B.1.f., **War and Military Action**.
- (3) In addition to the exclusions specified in (2), above, we also will not pay for loss or damage caused by or resulting from:

- (a) wear and tear;
 - (b) hidden or latent defect;
 - (c) rust;
 - (d) corrosion; or
 - (e) mechanical breakdown.
- (4) This Additional Coverage is in addition to any recoverable Limits of Insurance applicable to Building or Personal Property.

jj. Employee Dishonesty (including ERISA)

- (1) We will pay for direct loss of or damage to Business Personal Property, including "money" and "securities," resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:
- (a) cause you to sustain loss or damage; and also
 - (b) obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
 - (i) any employee; or
 - (ii) any other person or organization.
- (2) We will not pay for loss or damage:
- (a) Resulting from any dishonest or criminal act that you or any of your partners commit whether acting alone or in collusion with other persons.
 - (b) The only proof of which as to its existence or amount is:
 - (i) an inventory computation; or
 - (ii) a profit and loss computation.
- (3) The most we will pay for loss or damage in any one occurrence is \$10,000, unless a higher Limit of Insurance for Employee Dishonesty is shown in the Declarations.
- (4) All loss or damage:
- (a) caused by one or more persons; or
 - (b) involving a single act or series of related acts;
- is considered one occurrence.
- (5) We will pay only for loss or damage you sustain through acts committed or events occurring during the Policy Period. Regardless of the number of years this Policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

- (6) This Additional Coverage does not apply to any employee immediately upon discovery by:
- (a) you; or
 - (b) any of your partners, officers or directors not in collusion with the employee; of any dishonest act committed by that employee before or after being hired by you.
- (7) We will pay only for covered loss or damage discovered no later than one year from the end of the Policy Period;
- (8) If you (or any predecessor in interest) sustained loss or damage during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Additional Coverage, provided:
- (a) this Additional Coverage became effective at the time of cancellation or termination of the prior insurance; and
 - (b) the loss or damage would have been covered by this Additional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.
- (9) The insurance under paragraph 8. above is part of, not in addition to, the Limit of Insurance applying to this Additional Coverage and is limited to the lesser of the amount recoverable under:
- (a) this Additional Coverage as of its effective date; or
 - (b) the prior insurance, had that prior insurance remained in effect.

6. Coverage Extensions

In addition to the Limits of Insurance, you may extend the insurance provided by this Policy as follows.

Except as otherwise stated, the following Coverage Extensions apply to property located in or on the building at the described premises or in the open (or on a vehicle) within 1,000 feet of the described premises.

a. Garages, Storage Buildings and Other Structures - Business Personal Property

You may extend the insurance that applies to Business Personal Property to Business Personal Property located in garages, storage buildings and other structures at the described premises.

The most we will pay for loss or damage under this Coverage Extension is 10% of the Business Personal Property limit shown in the Declarations, but not more than \$5,000 at each described premises.

b. Newly Acquired or Constructed Property

- (1) You may extend the insurance that applies to Buildings to apply to:

- (a) your new buildings or additions while being built on the described premises, or newly acquired premises, including materials, equipment, supplies and temporary structures, on or within 1,000 feet of the premises; and
- (b) buildings you acquire at locations other than the described premises intended for:
 - (i) similar use as Building described in the Declarations; or
 - (ii) use as a warehouse.

The most we will pay for loss or damage under this Extension is 25% of your Building Limits shown in the Declarations, but not more than \$1,000,000 for each building, whichever is less.

(2) Your Business Personal Property

- (a) When a Limit of Insurance is shown in the Declarations for Business Personal Property, you may extend that insurance to apply to such property at a premises you newly acquire.

The most we will pay for the sum of all loss and damage resulting from a single occurrence under this Coverage Extension is \$500,000 at each premises.

(3) Business Income and Extra Expense

If Business Income and/or Extra Expense Coverages are provided under this Policy, you may extend such insurance to apply to your business income and/or extra expense at any premises you acquire.

The most we will pay for the total of all loss of Business Income and Extra Expense as the result of any one occurrence at any one premises is \$500,000.

- (4) Insurance under this Extension for each newly acquired or constructed property will end when any of the following first occurs:
 - (a) this Policy expires;
 - (b) 90 days expire after you acquire or begin construction at the new premises; or
 - (c) you report values to us.

We will charge you additional premium for values reported from the day construction begins or you acquire the property.

c. Personal Effects

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

- (1) tools or equipment used in your business; or
- (2) loss or damage by theft.

Such property must be located on a premises described in the Declarations. This property is not covered if it is already insured elsewhere. If this protection is used to cover someone else's property, we can settle all losses with you and make all payments to you.

The most we will pay under this Coverage Extension for the sum of all loss and damage resulting from a single occurrence at each described premises is \$25,000.

d. Personal Property Off Premises

You may extend the insurance that applies to Business Personal Property to apply to covered Business Personal Property, other than "money" and "securities," while:

- (1) it is in course of transit; or
- (2) temporarily at a premises you do not own, lease or operate; or
- (3) in or on, but not permanently attached to or installed in, motor vehicles operated by your employees in the course of your business operations.

The most we will pay for the sum of all loss and damage resulting from a single occurrence under this section of the Coverage Extension is \$25,000.

We will pay up to the amount of insurance listed in the Declarations.

e. Outdoor Property

- (1) You may extend the insurance provided by this Policy to apply to your outdoor fences, signs (other than signs attached to buildings), trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss:

- (a) fire;
- (b) lightning;
- (c) explosion;
- (d) riot or civil commotion; or
- (e) aircraft.

The most we will pay for the sum of all loss and damage resulting from a single occurrence under this Coverage Extension is \$25,000, and not more than \$1,000 for any one tree, shrub or plant, whichever is less.

- (2) You may extend the insurance provided by this Policy to apply to your radio and television antennas (including satellite dishes) including debris removal expense, caused by or resulting from:

- (a) fire;
- (b) lightning;
- (c) windstorm;
- (d) ice, snow, sleet or hail;
- (e) explosion;
- (f) riot or civil commotion; or

(g) aircraft.

The most we will pay for loss or damage under this Extension is \$5,000.

f. **"Valuable Papers and Records"**

- (1) You may extend the insurance that applies to Business Personal Property to apply to direct physical loss or damage to "valuable papers and records" that you own, or that are in your care, custody or control caused by or resulting from a Covered Cause of Loss. This Coverage Extension includes the cost to research lost information on "valuable papers and records" for which duplicates do not exist.
- (2) The most we will pay under this Coverage Extension for the sum of all loss and damage to "valuable papers and records" as a result of any one occurrence at the described premises is \$25,000.

For "valuable papers and records" not at the described premises, the most we will pay for the sum of all loss and damage resulting from a single occurrence is \$25,000.

- (3) Section **B. Exclusions** of this Coverage Form does not apply to this Coverage Extension except for:
 - (a) paragraph **B.1.c., Governmental Action**;
 - (b) paragraph **B.1.d., Nuclear Hazard**;
 - (c) paragraph **B.1.f., War and Military Action**;
 - (d) paragraph **B.2.g., Dishonesty**;
 - (e) paragraph **B.2.h., False Pretense**; and
 - (f) the **Accounts Receivable** and **"Valuable Papers and Records"** Exclusions.

g. **Water Under the Ground**

We will pay for the loss or damage caused by or resulting from water under the ground surface, pressing on or flowing or seeping through:

- (1) foundations, walls, floors or paved surfaces;
- (2) basements, whether paved or not; or
- (3) doors, windows or other openings.

We will not pay more than \$25,000 under this Coverage Extension for the sum of all loss and damage that results from any one occurrence.

h. **Non-Owned Detached Trailers**

- (1) You may extend the insurance that applies to your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
 - (a) the trailer is used in your business;
 - (b) the trailer is in your care, custody or control at the premises described in the Declarations; and

- (c) you have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
 - (a) while the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (b) during hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

B. EXCLUSIONS

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

a. Ordinance or Law

The enforcement of any ordinance or law:

- (1) regulating the construction, use or repair of any property;
- (2) requiring the tearing down of any property, including the cost of removing the debris.

This exclusion, **Ordinance or Law**, applies whether the loss results from:

- (1) an ordinance or law that is enforced even if the property has not been damaged; or
- (2) the increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property or removal of its debris, following a physical loss to that property.

b. Earth Movement

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

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

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

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

- (a) airborne volcanic blast or airborne shock waves;
- (b) ash, dust, or particulate matter; or
- (c) lava flow.

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

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

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

d. Nuclear Hazard

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

e. Utility Services Failure

The failure of power or other utility service supplied to the described premises, however caused, if the cause of the failure occurs away from the described premises.

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

f. War and Military Action

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

g. Water

- (1) flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;

(2) mudslide or mud flow;

But if Water, as described in paragraphs (1) and (2) results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

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

a. Electrical Apparatus

Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if artificially generated electrical current results in fire, we will pay for loss or damage caused by fire .

b. Consequential Losses

Delay, loss of use or loss of market.

c. Smoke, Vapor, Gas

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

d. Other Types of Loss

(1) wear and tear;

(2) rust, corrosion, fungus, decay, deterioration, wet or dry rot, mold, spore or hidden or latent defect or any quality in property that causes it to damage or destroy itself;

(3) smog;

(4) settling, cracking, shrinking or expansion;

(5) nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents, or other animals;

(6) mechanical breakdown, including rupture or bursting caused by centrifugal force; or

(7) the following causes of loss to personal property:

(a) dampness or dryness of atmosphere;

(b) changes in or extremes of temperature; or

(c) marring or scratching.

But if an excluded cause of loss that is listed in **B.2.d.(1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

e. Steam Apparatus

Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for

the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

f. Frozen Plumbing

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

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

g. Dishonesty

Dishonest or criminal act(s) by you, anyone else with an interest in the property, or any of your or their partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

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

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

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

h. False Pretense

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

i. Exposed Property

Rain, snow, sand, dust, ice or sleet to personal property in the open, except as provided in the Coverage Extension for outdoor property.

j. Collapse

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

k. Pollution

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

I. Loss Due to Virus or Bacteria

1. The exclusion set forth in paragraph 2. applies to all coverage under all forms and endorsements that comprise this Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
2. We will not pay for loss or damage caused by or resulting from any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease.

However, this exclusion does not apply to loss or damage caused by or resulting from "fungus," wet or dry rot. Such loss or damage is addressed in a separate exclusion in this Policy.

3. With respect to any loss or damage subject to the exclusion in paragraph 2., such exclusion supercedes any exclusion relating to "pollutants."
 4. The following provisions in this Policy are hereby amended to remove reference to bacteria:
 - (a) Exclusion of "Fungus," Wet Rot, Dry Rot and Bacteria; and
 - (b) Additional Coverage - Limited Coverage for "Fungus," Wet Rot, Dry Rot and Bacteria, including any endorsement increasing the scope or amount of coverage.
 5. The terms of the exclusion in paragraph 2., or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Policy.
3. We will not pay for loss or damage caused by or resulting from any of the following **B.3.a.** through **B.3.c.** But if an excluded cause of loss that is listed in **B.3.a.** through **B.3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather Conditions

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

b. Acts or Decisions

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

c. Negligent Work

Faulty, inadequate or defective:

- (1) planning, zoning, development, surveying, siting;
- (2) design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) materials used in repair, construction, renovation or remodeling; or

- (4) maintenance of part or all of any property on or off the described premises;
of part or all of any property on or off the described premises.

4. Business Income and Extra Expense Exclusions

We will not pay for:

- a. Any Extra Expense, or increase of Business Income loss, caused by or resulting from:
 - (1) delay in rebuilding, repairing or replacing the property or resuming "operations," due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (2) suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations," we will cover such loss that affects your Business Income during the "period of restoration."
- b. Any other consequential loss.

5. Accounts Receivable and "Valuable Papers and Records" Exclusions

In addition to the exclusions shown in paragraphs B.1. through B.3., the following exclusions apply to the Accounts Receivable Additional Coverage and to the "Valuable Papers and Records" Coverage Extension:

- a. We will not pay for loss or damage caused by or resulting from electrical or magnetic injury, disturbance or erasure of electronic recordings that is caused by or results from:
 - (1) programming errors or faulty machine instructions;
 - (2) faulty installation or maintenance of data processing equipment or component parts;

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

- b. Applicable to "Valuable Papers and Records" only:

We will not pay for loss or damage caused by or resulting from errors or omissions in processing or copying. But we will pay for direct loss or damage caused by resulting fire or explosion.

- c. Applicable to Accounts Receivable only:

We will not pay for:

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

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

- (2) Loss or damage caused by or resulting from bookkeeping, accounting or billing errors or omissions.

- (3) Any loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

C. LIMITS OF INSURANCE

- 1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.
- 2. The Limits of Insurance applicable to the Coverage Extensions, and to the Additional Coverages for Accounts Receivable, Fire Department Service Charge, Fire Extinguisher Recharge and Pollutant Cleanup and Removal are in addition to the Limits of Insurance shown in the Declarations.
- 3. **Building Limit - Automatic Increase**
 - a. The Limit of Insurance for Buildings will automatically increase by the annual percentage shown in the Declarations.
 - b. The amount of increase will be:
 - (1) the Limit of Insurance for Building that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance for Building, times
 - (2) the percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) the number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance for Building, divided by 365.

Example:

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

The amount of increase is
 $\$100,000 \times .08 \times 146/365 = \$3,200.$

4. Business Personal Property Limit - Seasonal Increase

- a. The Limit of Insurance for Business Personal Property will automatically increase by 25% to provide for seasonal variations.
- b. This increase will apply only if the Limit of Insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:
 - (1) the 12 months immediately preceding the date the loss or damage occurs; or
 - (2) the period of time you have been in business as of the date the loss or damage occurs.

D. DEDUCTIBLES

- 1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance.

2. Except as otherwise provided in 4., below, regardless of the amount of the Deductible shown in the Declarations, the most we will deduct from any loss or damage under all the Additional Coverages and Coverage Extensions in connection with any one occurrence is \$100.

But this \$100 Deductible will not increase the deductible amount shown in the Declarations. This \$100 Deductible will be applied towards the Deductible amount shown in the Declarations.

3. No deductible applies to the following Additional Coverages and Coverage Extensions:

- a. Fire Extinguisher Recharge;
- b. Preservation of Property;
- c. Fire Department Service Charge;
- d. Business Income, Extra Expense, Civil Authority and Extended Business Income;
- e. Arson and Theft Reward.

4. The deductible applicable to the Additional Coverage for **Money and Securities** is \$250.

5. No Deductible is applicable to the following Additional Coverages:

- a. **Employee Dishonesty (including ERISA)**
- b. **Fine Arts.**

6. Subject to 2., above, each deductible shall be applied separately but only to the respective coverage specified, and the total deductible for the sum of all loss and damage as the result of any one occurrence shall be the highest deductible amount that applies to that occurrence.

E. PROPERTY LOSS CONDITIONS

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties in the Event of Loss or Damage

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

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

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

- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (8) Cooperate with us in the investigation or settlement of the claim.
- (9) Resume all or part of your "operations" as quickly as possible.

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

4. Legal Action Against Us

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

- a. there has been full compliance with all of the terms of this insurance; and
- b. the action is brought within 2 years after the date on which the direct physical loss or damage occurred.

5. Loss Payment

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

- a. At our option, we will either:
 - (1) pay the value of lost or damaged property;
 - (2) pay the cost of repairing or replacing the lost or damaged property;
 - (3) take all or any part of the property at an agreed or appraised value; or

- (4) repair, rebuild or replace the property with other property of like kind and quality, subject to **d.(1)(e)** below.
- b. We will give notice of our intentions within 30 days after we receive the sworn statement of loss.
- c. We will not pay you more than your financial interest in the Covered Property.
- d. Except as provided in (2) through (9) below, we will determine the value of Covered Property as follows:

 - (1) At replacement cost (without deduction for depreciation) subject to the following:

 - (a) If, at the time of loss, the Limit of Insurance on the lost or damaged property is 80% or more of the full replacement cost of the property immediately before the loss, we will pay the cost to repair or replace, after application of the deductible and without deduction for depreciation, but not more than the least of the following amounts:

 - (i) the Limit of Insurance under this Policy that applies to the lost or damaged property;
 - (ii) the cost to replace, on the same premises, the lost or damaged property with other property;

 - i. of comparable material and quality; and
 - ii. used for the same purpose; or
 - (iii) the amount that you actually spend that is necessary to repair or replace the lost or damaged property.
 - (b) If, at the time of loss, the Limit of Insurance applicable to the lost or damaged property is less than 80% of the full replacement cost of the property immediately before the loss, we will pay the greater of the following amounts, but not more than the Limit of Insurance that applies to the property:

 - (i) the actual cash value of the lost or damaged property; or
 - (ii) a proportion of the cost to repair or replace the lost or damaged property, after application of the deductible and without deduction for depreciation. This proportion will equal the ratio of the applicable Limit of Insurance to 80% of the cost of repair or replacement.
 - (c) You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.
 - (d) We will not pay on a replacement cost basis for any loss or damage:

 - (i) until the lost or damaged property is actually repaired or replaced; and
 - (ii) unless the repairs or replacements are made as soon as reasonably possible after the loss or damage.

- (e) The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- (2) If the "Actual Cash Values - Building" option applies, as shown in the Declarations, paragraph (1) above does not apply to Buildings. Instead, we will determine the value of Buildings at actual cash value.
- (3) Property of others at the amount you are liable, plus the cost of labor, materials or services furnished or arranged by you on personal property of others, not to exceed the replacement cost.
- (4) The following property at actual cash value:
 - (a) used or second-hand merchandise held in storage or for sale;
 - (b) household contents, except personal property in apartments or rooms furnished by you as landlord;
 - (c) manuscripts; and
 - (d) works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac.
- (5) Glass at the cost of replacement with safety glazing material if required by law.
- (6) Tenants' Improvements and Betterments at:
 - (a) Replacement cost if you make repairs promptly.
 - (b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (i) multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (ii) divide the amount determined in (i) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
 - (c) Nothing if others pay for repairs or replacement.
- (7) "Valuable Papers and Records" including those which exist on electronic or magnetic media (other than prepackaged software programs), at the cost of:
 - (a) blank materials for reproducing the records; and
 - (b) labor to transcribe or copy the records.
- (8) Applicable only to the Optional Coverages:
 - (a) "money" and "securities":
 - (i) "money" at its face value; and

- (ii) "securities" at their value at the close of business on the day the loss is discovered.
- (9) The value of United States Government Internal Revenue taxes and custom duties and refundable state and local taxes paid or fully determined on the following property held for sale will not be considered in determining the value of Covered Property:
 - (a) distilled spirits;
 - (b) wines;
 - (c) rectified products; or
 - (d) beer.
- (10) Applicable to only Accounts Receivable:
 - (a) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage:
 - (i) we will determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
 - (ii) we will adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
 - (b) The following will be deducted from the total amount of the accounts receivable, however that amount is established:
 - (i) the amount of the accounts for which there is no loss or damage;
 - (ii) the amount of the accounts that you are able to re-establish or collect;
 - (iii) an amount to allow for probable bad debts that you are normally unable to collect; and
 - (iv) all unearned interest and service charges.
- e. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, provided you have complied with all of the terms of this Policy, and:
 - (1) we have reached agreement with you on the amount of loss; or

(2) an appraisal award has been made.

6. Recovered Property

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

7. Resumption of Operations

In the event of loss or damage at the described premises you must resume all or part of your "operations" as quickly as possible.

We will reduce the amount of your:

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

8. Vacancy

a. Description of Terms

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

(a) when this Policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant.

Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) when this Policy is issued to the owner of a building, building means the entire building. Such building is vacant when 70% or more of its total square footage:

(i) is not rented; or

(ii) is not used to conduct customary operations.

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

b. Vacancy Provisions

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

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

(a) vandalism;

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

- (c) building glass breakage;
- (d) water damage;
- (e) theft; or
- (f) attempted theft.

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

F. PROPERTY GENERAL CONDITIONS

1. Control of Property

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

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

2. Mortgageholders

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Policy, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) pays any premium due under this Policy at our request if you have failed to do so;
 - (2) submits a signed sworn statement of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

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

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Policy:
 - (1) the mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

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

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

- f. If we cancel this Policy, we will give written notice to the mortgageholder at least:
 - (1) 10 days before the effective date of cancellation if we cancel for your non-payment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we do not renew this Policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this Policy.

3. No Benefit to Bailee

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

4. Policy Period, Coverage Territory

Under this form:

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

G. PROPERTY DEFINITIONS

- 1. **"Banking premises"** means the interior of that portion of any building occupied by a banking institution or similar safe depository.
- 2. **"Carrier"** means a person or organization providing motor, rail or air transportation for compensation.
- 3. **"Computer"** means:
 - a. programmable electronic device that can store, retrieve and process "data"; and
 - b. associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.

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

4. **"Electronic media and records"** means the following, if owned by you or licensed to you and used in your business:
 - a. Media, meaning disks, tapes, film, drums, cells or other media which are used with electronically controlled equipment.
 - b. "Data," meaning information or facts stored on media described in paragraph a. above. "Data" includes "valuable papers and records" converted to "data."
 - c. "Computer" program, meaning a set of related electronic instructions which direct the operations and functions of a "computer" or a device connection to it, which enable the "computer" or device to receive, process, store, retrieve or send data.
 - d. Software, including systems and applications software.
5. **"Manager"** means a person serving in a directorial capacity for a limited liability company.
6. **"Member"** means an owner of a limited liability company represented by its membership interest, who may also serve as a "manager."
7. **"Money"** means:
 - a. currency, coins and bank notes, whether or not in current use; and
 - b. travelers checks, registered checks and money orders held for sale to the public.
8. **"Operations"** means your business activities occurring at the described premises and tenability of the described premises.
9. **"Other property"** means any tangible property, other than "money" and "securities," that has intrinsic value, but does not include any property excluded under this insurance.
10. **"Period of Restoration"** means the period of time that:
 - a. begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
 - b. ends on the earlier of:
 - (1) the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) the date when business is resumed at a new permanent location.

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

 - (1) regulates the construction, use or repair, or requires the tearing down of any property; or
 - (2) requires any insured or others to test for, monitor, cleanup, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants."

The Expiration date of this Policy will not cut short the "period of restoration."

11. **"Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

12. **"Securities"** means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

- a. tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter), whether or not in current use; and
- b. evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

But "securities" does not include "money" or lottery tickets held for sale.

13. **"Specified Causes of Loss"** means the following:

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

- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include the cost of filling sinkholes.
- b. Falling objects does not include loss of or damage to:
 - (1) Personal Property in the open; or
 - (2) the interior of a building or a structure, or property inside a building or structure unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

14. **"Stock"** means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing and shipping.

15. **"Valuable papers and records"** means:

a. Inscribed, printed, or written:

- (1) documents;
- (2) manuscripts; and
- (3) records;

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

b. "Electronic media and records."

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

PART TWO - SAFEPAK® LIABILITY COVERAGE FORM

Various provisions in this Policy restrict coverage. Read the entire Policy carefully to determine rights, duties and what is and is not covered.

Throughout this Policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section **C - WHO IS AN INSURED**.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F - LIABILITY AND MEDICAL EXPENSES DEFINITIONS**.

A. COVERAGES

1. Business Liability

a. We will pay those sums that the Insured becomes legally obligated to pay as damages because of "bodily injury," "property damage," or "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the Insured against any "suit" seeking those damages. However, we will have no duty to defend the Insured against any "suit" seeking damages for "bodily injury," "property damage," or "personal and advertising injury" to which this insurance does not apply. We may at our discretion, investigate any "occurrence" or offense and settle any claim or "suit" that may result. But:

- (1) the amount we will pay for damages is limited as described in Section **D - LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE**; and
- (2) our right and duty to defend end when we have used up the applicable Limit of Insurance in the payment of judgments or settlements or medical expenses.

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

b. This insurance applies to:

- (1) "Bodily injury" and "property damage" only if:
 - (a) the "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
 - (b) the "bodily injury" or "property damage" occurs during the policy period; and
 - (c) prior to the policy period, no insured listed under paragraph 1. of Section **C - WHO IS AN INSURED** and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" had

occurred, in whole or in part, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

- (2) "Personal and advertising injury" caused by an offense arising out of your business, but only if the offense is committed in the "coverage territory" during the policy period.
- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under paragraph 1. of Section C - **WHO IS AN INSURED** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.
- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under paragraph 1. of Section C - **WHO IS AN INSURED** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
 - (1) reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
 - (2) receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
 - (3) becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.
- e. Damages because of "bodily injury" includes damages claimed by any person or organization for care, loss of services or death resulting at any time from, the "bodily injury."
- f. **Coverage Extension - Supplementary Payments**

In addition to the Limit of Insurance we will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

- (1) All expenses we incur.
- (2) Up to \$1,000 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.
- (3) The cost of appeal bonds or bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.
- (4) All reasonable expenses incurred by the Insured at our request to assist us in the investigation or defense of the claim or "suit," including the actual loss of earnings up to \$500 a day because of time off from work.
- (5) All costs taxed against the Insured in the "suit."
- (6) Prejudgment interest awarded against the Insured on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- (7) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.

The amounts paid under (1) through (7) above will not reduce the Limits of Insurance.

If we defend an insured against a "suit" and an indemnitee of the Insured is also named as a party to the "suit," we will defend that indemnitee if all of the following conditions are met:

- a. the "suit" against the indemnitee seeks damages for which the Insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
- b. this insurance applies to such liability assumed by the Insured;
- c. the obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the Insured in the same "insured contract";
- d. the allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the Insured and the interests of the indemnitee;
- e. the indemnitee and the Insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the Insured and the indemnitee; and
- f. the indemnitee:
 - (1) agrees in writing to:
 - (a) cooperate with us in the investigation, settlement or defense of the "suit";
 - (b) immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
 - (c) notify any other insurer whose coverage is available to the indemnitee; and
 - (d) cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
 - (2) provides us with written authorization to:
 - (a) obtain records and other information related to the "suit"; and
 - (b) conduct and control the defense of the indemnitee in such "suit."

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of paragraph **B.1.b.(2)** of **Exclusions**, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the Limits of Insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

- a. we have used up the applicable Limit of Insurance in the payment of judgments or settlements; or

- b. the conditions set forth above, or the terms of the agreement described in paragraph f. above are no longer met.

2. Medical Expenses

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

- (1) on premises you own or rent;
- (2) on ways next to premises you own or rent; or
- (3) because of your operations;

provided that:

- (a) the accident takes place in the "coverage territory" and during the policy period;
 - (b) the expenses are incurred and reported to us within three years of the date of the accident; and
 - (c) the injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the Limit of Insurance. We will pay reasonable expenses for:
 - (1) first aid administered at the time of an accident;
 - (2) necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
 - (3) necessary ambulance, hospital, professional nursing and funeral services.

B. EXCLUSIONS

1. Applicable to Business Liability Coverage

This insurance does not apply to:

a. Expected or Intended Injury

- (1) "Bodily injury" or "property damage" expected or intended from the standpoint of the Insured. This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect persons or property; or
- (2) "Personal and advertising injury" arising out of an offense committed by, at the direction of or with the consent of the Insured with the expectation of inflicting "personal and advertising injury."

b. Contractual Liability

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

- (1) that the Insured would have in the absence of the contract or agreement; or

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

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

c. Liquor Liability

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

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

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

d. Workers' Compensation and Similar Laws

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

e. Employer's Liability

"Bodily injury" to:

- (1) an "employee" of the Insured arising out of and in the course of:
 - (a) employment by the Insured; or
 - (b) performing duties related to the conduct of the Insured's business; or
- (2) the spouse, child, parent, brother or sister of that "employee" as a consequence of paragraph (1) above.

This exclusion applies:

- (a) whether the Insured may be liable as an employer or in any other capacity; and
- (b) to any obligation to share damages with or repay someone else who must pay damages because of the injury.

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

f. Total Pollution Exclusion

- (1) "Bodily injury," "property damage" or "personal and advertising injury" arising out of the actual, alleged, or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.
 - (a) at or from or into any premises, site or location which is or was at any time owned or occupied by or rented or loaned to any insured. However, this subparagraph does not apply to:
 - (i) "bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment used to heat, cool or dehumidify that building, or that is used by that building's occupants or their guests to heat water for their personal use.
 - (ii) "bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your Policy as an "additional insured" with respect to your ongoing operations performed for that "Additional Insured" at that premises, site or location and such premises, site or location is not and never was owned by, or rented or loaned to, any insured, other than that "Additional Insured"; or
 - (iii) "bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
 - (b) at or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
 - (c) which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
 - (i) any insured; or
 - (ii) any person or organization for whom you may be legally responsible; or
 - (d) at or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
 - (i) "bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

(iii) "bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire."

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

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

(a) request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, cleanup, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or

(b) claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of "pollutants."

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

g. Aircraft, Auto or Watercraft

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

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

This exclusion does not apply to:

(1) a watercraft while ashore on premises you own or rent;

(2) a watercraft you do not own that is:

(a) less than 51 feet long; and

(b) not being used to carry persons for a charge;

(3) parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the Insured;

(4) liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

- (5) "bodily injury" or "property damage" arising out of the operation of any of the following equipment:
- (a) cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (b) air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
- (6) an aircraft that is:
- (a) not owned by any insured, and
 - (b) hired, chartered or loaned with a paid crew.

However, the exception stated in subparagraph (6) does not apply if the Insured has any other insurance for such "bodily injury" or "property damage," whether the other insurance is primary, excess, contingent or on any other basis.

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) the transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) the use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition or stunting activity.

i. War

"Bodily injury" or "property damage," however caused, arising directly or indirectly out of:

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

j. Professional Services

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

- (1) legal, accounting or advertising services;
- (2) preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
- (3) supervisory, inspection or architectural and engineering services;
- (4) medical, surgical, dental, x-ray or nursing services, treatment, advice or instruction;
- (5) any health or therapeutic service, treatment, advice or instruction;

- (6) any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;
- (7) optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
- (8) any:
 - (a) body piercing services (not including ear piercing);
 - (b) tattooing; including but not limited to the insertion of pigments into or under the skin; and
 - (c) similar services;
- (9) services in the practice of pharmacy; but this exclusion does not apply to an insured whose operations include those of a retail druggist or drugstore.

k. Damage to Property

"Property damage" to:

- (1) property you own, rent or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) property loaned to you;
- (4) personal property in the care, custody or control of the Insured;
- (5) that particular part of real property on which you or any contractor or subcontractor working directly or indirectly on your behalf is performing operations, if the "property damage" arises out of those operations; or
- (6) that particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate Limit of Insurance applies to Damage to Property Rented to You as described in Section D. **LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE.**

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraphs (3) and (4) of this exclusion do not apply to "property damage" to borrowed equipment while not being used to perform operations at a job site.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard."

l. Damage to Your Product

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

m. Damage to Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard."

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

n. Damage to Impaired Property or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) a defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) a delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

o. Recall of Products, Work or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "your product";
- (2) "your work"; or
- (3) "impaired property";

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

p. "Personal and Advertising Injury"

"Personal and advertising injury":

- (1) Arising out of oral, written or electronic publication of material, if done by or at the direction of the Insured with knowledge of its falsity.
- (2) Arising out of oral, written or electronic publication of material whose first publication took place before the beginning of the policy period.
- (3) Arising out of a criminal act committed by or at the direction of the Insured.

- (4) Arising out of any breach of contract, except an implied contract to use another's advertising idea in your "advertisement."
- (5) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement."
- (6) Arising out of the wrong description of the price of goods, products or services stated in your "advertisement."
- (7) Arising out of an offense committed by an insured whose business is:
 - (a) advertising, broadcasting, publishing or telecasting;
 - (b) designing or determining content of web-sites for others; or
 - (c) an Internet search, access, content or service provider.

However, this exclusion does not apply to paragraphs a., b., and c. under the definition of "personal and advertising injury" in Section **F. LIABILITY AND MEDICAL EXPENSES**.

For the purposes of this exclusion, placing an "advertisement" for or linking to others on your web site, by itself, is not considered the business of advertising, broadcasting, publishing or telecasting.

- (8) Arising out of an electronic chat room or bulletin board you host, own or over which you exercise control.
- (9) Arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. However, this exclusion does not apply to infringement, in your "advertisement" of copyright, trade dress or slogan.
- (10) Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatags, or any other similar tactics to mislead another's potential customers.
- (11) Arising out of the violation of a person's right to privacy created by any state or federal act. However, this exclusion does not apply to liability for damages that the Insured would have in the absence of such state or federal act.
- (12) Arising out of:
 - (a) any "advertisement" on your web site for another person's or organization's goods or services;
 - (b) any link on your web site to another person's or organization's web site; or
 - (c) any content from another person's or organization's web site, displayed within a frame or border on your web site. Content includes information, code, text, sounds, graphics and/or images;
 - (d) any computer code, software or programming used to enable:
 - (i) your web site or the presentation; or
 - (ii) functionality of an "advertisement" or other content on your web site.
- (13) Arising out of a violation of any anti-trust law.

- (14) Arising out of any fluctuation in the price or value of any stock, bond, or other security.
- (15) Arising out of any discrimination or any humiliation, committed by or at the direction of any "executive officer," director, stockholder, partner, or member of the Insured.

q. Electronic Data

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

As used in this exclusion, electronic data means information, facts, or programs stored as or on, created or used on, or transmitted to or from, computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or other media which are used with electronically controlled equipment.

r. Employment-Related Practices

"Bodily injury" or "personal and advertising injury" to:

- (1) a person, arising out of any:
 - (a) refusal to employ that person;
 - (b) termination of that person's employment;
 - (c) employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- (2) the spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" or "personal and advertising injury" to the person at whom any of the employment-related practices described in paragraph (1)(a), (1)(b) or (1)(c) above is directed.

This exclusion applies:

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

s. Violation of Statutes That Govern E-Mails, Fax, Phone Calls, or Other Methods of Sending Material or Information

"Bodily injury" or "property damage" arising out of any act or omission that violates or is alleged to violate:

- (1) the Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law, or any regulation promulgated thereunder; or
- (2) the CAN-SPAM Act of 2003, including any amendment of or addition to such law, or any regulation promulgated thereunder; or
- (3) any other statute, ordinance or regulation that prohibits or limits the sending, transmitting, communicating or distributing of material or information.

Exclusions **c., d., e., f., g., h., i., k., l., m., n.** and **o.** do not apply to damage by fire, lightning or explosion to premises while rented to you, or temporarily occupied by you with permission of the owner. A separate Damage to Premises Rented to You Limit of Insurance applies to this coverage as described in Section **D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE.**

2. Applicable to Medical Expenses Coverage

We will not pay expenses for "bodily injury":

- a. To any insured, except "volunteer workers."
- b. To a person hired to do work for or on behalf of any insured or a tenant of any insured.
- c. To a person injured on that part of premises you own or rent that the person normally occupies.
- d. To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.
- e. To a person injured while practicing, instructing or participating in any physical exercises or games, sports or athletic contests.
- f. Included within the "products-completed operations hazard."
- g. Excluded under Business Liability Coverage.

3. Applicable to Both Business Liability Coverage and Medical Expenses Coverage - Nuclear Energy Liability Exclusion

This insurance does not apply:

- a. Under Business Liability Coverage, to "bodily injury" or "property damage":
 - (1) with respect to which an insured under the Policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its Limit of Liability; or
 - (2) resulting from the "hazardous properties" of "nuclear material" and with respect to which:
 - (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
 - (b) the Insured is, or had this Policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- b. Under Medical Expenses Coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

c. Under Business Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of the "nuclear material"; if

(1) the "nuclear material":

(a) is at any "nuclear facility" owned by, or operated by or on behalf of, an insured; or

(b) has been discharged or dispersed therefrom;

(2) the "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or

(3) the "bodily injury" or "property damage" arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility"; but if such facility is located within the United States of America, its territories or possessions or Canada, this Exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

d. As used in this exclusion:

(1) "Byproduct material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

(2) "Hazardous properties" include radioactive, toxic or explosive properties;

(3) "Nuclear facility" means:

(a) any "nuclear reactor";

(b) any equipment or device designed or used for:

(i) separating the isotopes of uranium or plutonium;

(ii) processing or utilizing "spent fuel"; or

(iii) handling, processing or packaging "waste";

(c) any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the Insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

(4) "Nuclear material" means "source material," "special nuclear material" or "byproduct material";

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

- (6) "Property damage" includes all forms of radioactive contamination of property.
- (7) "Source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- (8) "Special nuclear material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- (9) "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";
- (10) "Waste" means any waste material:
 - (a) containing "byproduct material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content; and
 - (b) resulting from the operation by any person or organization of any "nuclear facility" included under paragraphs (a) and (b) of the definition of "nuclear facility."

C. WHO IS AN INSURED

1. If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as your stockholders.
- e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as your trustees.

2. Each of the following is also an insured:

- a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees," other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:
 - (1) "bodily injury" or "personal and advertising injury":
 - (a) to you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while that co-"employee" is either in the course of his or her employment or performing duties related to the conduct of your business;

- (b) to the spouse, child, parent, brother or sister of that co-"employee" as a consequence of paragraph (1)(a) above;
- (c) for which there is any obligation to share damages with or repay someone else who must pay damages of the injury described in paragraphs (1)(a) or (1)(b); or
- (d) arising out of his or her providing or failing to provide professional health care services. However, if you have "employees" who are pharmacists in your retail druggist or drugstore operation, they are insureds with respect to their providing or failing to provide professional health care services;

If you are not in the business of providing professional health care services, paragraph (1)(d) does not apply to any of your "employees" who is a physician, dentist, nurse, emergency medical technician or paramedic employed by you to provide such services.

(2) "property damage" to property:

- (a) owned, occupied or used by,
- (b) rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

you, any of your "employees," any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

- b. Any person (other than your "employee"), or any organization while acting as your real estate manager.
- c. Any person or organization having proper temporary custody of your property if you die, but only:
 - (1) with respect to liability arising out of the maintenance or use of that property; and
 - (2) until your legal representative has been appointed.
- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Policy.
- e. Any subsidiary corporation of which you own more than 50% of the voting stock at both:
 - (1) the beginning of the policy period of this Policy; and
 - (2) either:
 - (a) the date when the "bodily injury" or "property damage" occurs; or
 - (b) the date of the offense causing "personal and advertising injury,"whichever applies.

However, no such subsidiary corporation that is not specifically identified in the Declarations as a named insured is an insured with respect to any "bodily injury," "property damage," or "personal and advertising injury" for which that subsidiary is an insured under any other insurance, or for which that subsidiary would be an insured under other insurance but for that other insurance's termination or exhaustion of its applicable Limit of Insurance.

3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and of which you own more than 50% of the voting stock, will qualify as an insured if there is no other similar insurance available to that organization. However:
 - a. coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
 - b. coverage under this provision does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization;
 - c. coverage under this provision does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.
4. With respect to "mobile equipment" registered in your name or under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
 - a. "bodily injury" to a co-"employee" of the person driving the equipment; or
 - b. "property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
5. With respect to a watercraft you do not own that is less than 51 feet long and is not being used to carry persons for a charge, any person is an insured while operating such watercraft:
 - a. with your permission; and
 - b. in connection with the conduct of your business.

Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the watercraft in connection with the conduct of your business, and only if no other insurance of any kind is available to that person or organization for such liability.

However, no person or organization is an insured with respect to:

- a. "bodily injury" to a co-"employee" of the person operating the watercraft; or
 - b. "property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this Policy.
6. **"Additional Insureds" When Required by Written Contract, Written Agreement or Permit**
- a. The persons or organizations described in paragraphs b. through g. below are also insureds (and may also be referred to below as "additional insureds"), but only if:
 - (1) either:
 - (a) you have agreed, in a written contract to have such person or organization added as an "additional insured" under this Policy; or

(b) a permit issued to you by a state or political subdivision requires such person or organization to be added as an "additional insured" under this Policy;

and

(2) the "bodily injury," "property damage," or offense causing "personal and advertising injury" occurs subsequent to execution of the contract or agreement, or issuance of the permit.

A person's or organization's status as an "additional insured" under paragraphs b. through g. ends at the earlier of:

- (1) the end of the minimum period of time required by the contract or permit, or
- (2) the expiration of the policy period of this Policy.

No person or organization is an "additional insured" under paragraphs b. through g. if such person or organization is an insured by virtue of an endorsement issued by us and attached to this Coverage Form.

b. Vendors

Subject to a., above, any person or organization that distributes or sells "your product" in the regular course of that person's or organization's business (referred to below as vendor) is an "additional insured," but only with respect to liability for "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of that vendor's business, and only if this Coverage Form provides coverage for "bodily injury" or "property damage" included within the "products-completed operations hazard."

- (1) No vendor is an insured with respect to any:
 - (a) "bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. this exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
 - (b) express warranty authorized by you;
 - (c) physical or chemical change in the product made intentionally by the vendor;
 - (d) repackaging, except when "your product" is unpacked solely for the purpose of inspection, demonstration, testing or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;
 - (e) failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the product;
 - (f) demonstration, installation, servicing or repair of "your product," except such operations performed at the vendor's premises in connection with the sale of the product;
 - (g) product which, after distribution or sale by you, has been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or
 - (h) "bodily injury" or "property damage" arising out of the sole negligence of:

- (i) the vendor, or
- (ii) the vendor's employees or any other person or organization acting on its behalf.

However, paragraph (h) does not apply to:

- (i) the exceptions contained in subparagraphs (d) or (f); or
 - (ii) such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the product.
- (2) The coverage afforded for vendors under paragraph b. does not apply to any person or organization from whom you have acquired either such products, or any ingredient, part or container, entering into, accompanying or containing such products.

c. Lessors of Equipment

- (1) Subject to a., above, any person or organization from whom you lease equipment is an "additional insured," but only with respect to liability arising out of your maintenance, operation or use of equipment you lease from that person or organization.
- (2) No such person or organization is an "additional insured" as respects any:
- (i) "occurrence" which takes place before the equipment lease begins or after the equipment lease expires, or
 - (ii) "bodily injury," "property damage," or "personal and advertising injury" arising out of the sole negligence of such person or organization.

d. Lessors of Land or Premises

- (1) Subject to a., above, any person or organization from whom you lease land or premises is an "additional insured," but only with respect to liability arising out of the ownership, maintenance or use of that part of the land or premises leased to you.
- (2) No such person or organization is an "additional insured" as respects any:
- (a) "occurrence" that takes place before you lease that land or premises; or
 - (b) "occurrence" that takes place after your lease ends; or
 - (c) structural alteration, new construction or demolition operation performed by or on behalf of such person or organization.

e. Architects, Engineers or Surveyors

- (1) Subject to a., above, any person or organization you engage as an architect, engineer, or surveyor is an "additional insured," but only with respect to liability for "bodily injury," "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:
- (a) in connection with your premises; or
 - (b) in the performance of your ongoing operations.

- (2) No such person or organization is an "additional insured" with respect to any:
- (a) "bodily injury," "property damage" or "personal and advertising injury" arising out of the rendering of or the failure to render any professional service by or for you, including:
 - (i) the preparing, approving, or failing to prepare or approve, any maps, shop drawings, opinions, reports, surveys, field orders, change orders, drawings, or specifications; or
 - (ii) any supervisory, inspection, architectural or engineering activity.

f. Permits Issued by State or Political Subdivisions

- (1) Subject to a., above, any federal, state, or local government or governmental agency that issues you a permit in connection with any one or more of the following activities at premises you, own, rent, or control and to which this insurance applies, is an "additional insured" as respects such activity(ies) at such premises:
- (a) the existence, maintenance, repair, construction, erection, or removal of advertising signs, awnings, canopies, cellar entrances, coal holes, driveways, manholes, marquees, hoist-away openings, sidewalk vaults, street banners, decorations and similar exposures; or
 - (b) the construction, erection, or removal of an elevator; or
 - (c) the ownership, maintenance, or use of an elevator.
- (2) No such government or agency is an "additional insured" with respect to any:
- (a) "bodily injury," "property damage" or "personal and advertising injury" arising out of any operations performed for that government or agency; or
 - (b) "bodily injury," "property damage" or "personal and advertising injury" included within the "products-completed operations hazard."

g. Any Other Party

- (1) Subject to a., above, any person or organization described neither:
- (a) as an insured in C.1. through C.5., nor
 - (b) as an "additional insured" in b. through f. above,

is an "additional insured," but only with respect to liability for "bodily injury," "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

- (i) in the performance of your ongoing operations;
- (ii) in connection with premises owned by or rented to you; or
- (iii) in connection with "your work" and included within the "products-completed operations hazard,"

But (iii) applies only if this Coverage Form provides coverage for "bodily injury" or "property damage" within the "products-completed operations hazard."

- (2) No such person or organization is an "additional insured" with respect to "bodily injury" or "property damage" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying service, including any:
- (a) preparing or approving, or failing to prepare or approve, any maps, shop drawings, opinions, reports, surveys, field orders, change orders, drawings, designs or specifications; or
 - (b) supervisory, inspection, architectural or engineering activity.

The Limits of Insurance that apply to "additional insured's" are described in Section **D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE**.

How this insurance applies when other insurance is available to an "additional insured" is described in the **Other Insurance** Condition in Section **E. LIABILITY AND MEDICAL EXPENSES GENERAL CONDITIONS**.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. insureds;
 - b. claims made or "suits" brought; or
 - c. persons or organizations making claims or bringing "suits."
2. The most we will pay for the sum of all damages because of all:
 - a. "bodily injury," "property damage" and medical expenses arising out of any one "occurrence"; and
 - b. "personal and advertising injury" sustained by any one person or organization;

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

- c. For all sums which the Insured becomes legally obligated to pay as damages caused by an "occurrence" under Coverage A, section **1. Business Liability**, and for all medical expenses caused by accident under Coverage A, section **2. Medical Expenses**, a separate Liability and Medical Expenses Limit of Insurance applies to each designated "location" owned by or rented to you.

"Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

3. The most we will pay under Business Liability Coverage for damages because of "property damage" to premises while rented to you or temporarily occupied by you with permission of the owner, arising out of any one fire or explosion is the Damage to Premises Rented to You limit shown in the Declarations.

4. Aggregate Limits

a. The most we will pay under this insurance for the sum of all "bodily injury" and "property damage" that is included in the "products-completed operations hazard" is twice the Liability and Medical Expenses limit and:

b. The most we will pay under this insurance for the sum of all:

(1) "bodily injury" or "property damage," other than "bodily injury" and "property damage" included in the "products-completed operations hazard"; and

(2) medical expenses; and

(3) "personal and advertising injury"

is twice the Liability and Medical Expenses limit.

This Aggregate Limit does not apply to "property damage" to premises while rented to you or temporarily occupied by you with the permission of the owner, arising out of fire or explosion.

5. How Limits Apply to "Additional Insured's"

The most we will pay on behalf of any "additional insured" described in C.6., above, is the lesser of:

a. the applicable Limit of Insurance specified in the written contract or permit; or

b. the applicable Limit of Insurance shown in the Declarations and described in 1. through 4., of this section.

Such amounts will be part of, and not in addition to, the Limits of Insurance shown in the Declarations and described in this section.

The Limits of Insurance of this Policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

E. LIABILITY AND MEDICAL EXPENSES GENERAL CONDITIONS

1. Bankruptcy

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

2. Duties in the Event of Occurrence, Offense, Claim or Suit

a. You and any other involved insured must see to it that we are notified as soon as practicable of any "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

(1) how, when and where the "occurrence" or offense took place;

(2) the names and addresses of any injured persons and witnesses; and

- (3) the nature and location of any injury or damage arising out of the "occurrence" or offense.
- b. If a claim is made or "suit" is brought against any insured, you must:
- (1) immediately record the specifics of the claim or "suit" and the date received; and
 - (2) notify us as soon as practicable.
- You must see to it that we receive written notice of the claim or "suit" as soon as practicable.
- c. You and any other involved insured must:
- (1) immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - (2) authorize us to obtain records and other information;
 - (3) cooperate with us in the investigation, or settlement of the claim or defense against the "suit"; and
 - (4) assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the Insured because of injury or damage to which this insurance may also apply.
- d. No insured will, except at that Insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

e. Knowledge of an "Occurrence," Offense, Claim or "Suit"

Paragraphs a. and b. apply to any involved insured when the "occurrence," offense, claim or "suit" is known to:

- (1) that Insured, if the involved Insured is an individual;
- (2) any partner, if the involved Insured is a partnership;
- (3) any manager, if the involved Insured is a limited liability company;
- (4) any "executive officer," risk manager, or insurance manager, if the involved Insured is a corporation;
- (5) any trustee, if the involved Insured is a trust; or
- (6) any elected or appointed official, if the involved Insured is a governmental entity, or a subdivision or agency of a governmental entity.

This paragraph e. applies separately to each involved insured.

3. Financial Responsibility Laws

- a. When this Policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, the insurance provided by the Policy for "bodily injury" liability and "property damage" liability will comply with the provisions of the law to the extent of the coverage and Limits of Insurance required by that law.

- b. With respect to "mobile equipment" to which this insurance applies, we will provide any liability, uninsured motorists, underinsured motorists, no-fault or other coverage required by any motor vehicle law. We will provide the required limits for those coverages.

4. Legal Action Against Us

No person or organization has a right under this Policy:

- a. to join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. to sue us on this Policy unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Policy or that are in excess of the applicable Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, the Insured and the claimant or the claimant's legal representative.

5. Separation of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Policy to the first Named Insured, this insurance applies:

- a. as if each Named Insured were the only Named Insured; and
- b. separately to each insured against whom claim is made or "suit" is brought.

6. Representations

By accepting this Policy, you agree:

- a. the statements in the Declarations are accurate and complete;
- b. those statements are based upon representations you made to us; and
- c. we have issued this Policy in reliance upon your representations.

If you unintentionally fail to disclose all hazards relating to the conduct of your business at the inception date of this Policy, we shall not deny coverage under this Policy because of such unintentional failure, but only if you promptly make full disclosure of all such hazards upon discovery of any such unintentional failure to disclose.

7. Other Insurance

If other valid and collectible insurance applies to any liability we cover under this Policy, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when b. below applies. If the other insurance is also primary, we will share with all such other primary insurance by the method described in c. below.

b. Excess Insurance

This insurance is excess over:

- (1)
 - (a) any of the other insurance, whether described as primary, excess, contributory, non-contributory, contingent, or on any other basis that is fire, lightning, extended coverage, builder's risk, installation risk, or similar coverage for "your work";
 - (b) that is fire, lightning or explosion insurance for premises rented to you or temporarily occupied by you with permission of the owner;
 - (c) that is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner;
 - (d) that arises out of the maintenance or use of an aircraft, "auto" or watercraft, to the extent not subject to exclusion 1.g. of section **B. Exclusions**.
 - (e) that arises out of "property damage" to borrowed equipment or the use of an elevator, to the extent not subject to exclusion 1.k. of section **B. Exclusion**.
- (2) Any other insurance available to you covering liability for damages arising out of the premises or operations, or the products and completed operations, and for which you have been added as an "additional insured"; or
- (3)
 - (a) any other insurance available to any person or organization that is an "additional insured" under this Policy. However, this insurance is primary if you have so agreed in a written contract, or if a written permit so requires. If the "additional insured's" other insurance is also primary, we will share with such other insurance by the method described in c. below;
 - (b) if you have so agreed in a written contract, or if a written permit so requires, this insurance is primary and non-contributory with the "additional insured's" own insurance. In that case, this insurance is primary and we will not seek contribution from that other insurance;
 - (c) if (b) does not apply, and if a claim or "suit" we cover under this insurance may also be covered by other insurance available to an "additional insured," then that "additional insured" must also submit the claim or "suit" to the other insurer for defense and indemnity.

Paragraphs (a) and (b) do not apply to other insurance to which an "additional insured" under this Policy has also been added as an "additional insured."

When this insurance is excess, we will have no duty under this Policy to defend the Insured against any "suit" if any other insurer has a duty to defend the Insured against that "suit." If no other insurer defends, we will undertake to do so, but we will be entitled to the Insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

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

We will share the remaining loss, if any, with any other insurance that is not described in this **Excess Insurance** Provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of the Policy.

c. Method of Sharing

If all the other insurance with which we share a loss permits contribution by equal shares, we will follow this method also. Under this approach, each insurer contributes equal amounts until it has paid its applicable Limit of Insurance or none of the loss remains, whichever comes first.

If any of the other insurance with which we share a loss does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable Limit of Insurance to the total applicable Limits of Insurance of all insurers.

8. Transfer of Rights of Recovery Against Others to Us

a. Transfer of Rights of Recovery

If the Insured has rights to recover all or part of any payment, including supplementary payments, we have made under this Policy, those rights are transferred to us. The Insured must do nothing after loss to impair them. At our request, the Insured will bring "suit" or transfer those rights to us and help us enforce them. This condition does not apply to **Medical Expense Coverage**.

b. Waiver of Rights of Recovery (Waiver of Subrogation)

If the Insured waives any right of recovery against any person or organization for all or part of any payment, including supplementary payments, we make under this Policy, we also waive that right, provided the Insured waives such right of recovery against such person or organization in a written contract or written permit executed before the "occurrence," "bodily injury," "property damage," offense, or "personal and advertising injury" that took place.

F. LIABILITY AND MEDICAL EXPENSES DEFINITIONS

1. **"Advertisement"** means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purpose of this definition:

- a. notices that are published include material placed on the Internet or on similar electronic means of communication; and
- b. regarding web sites, only that part of a web site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

2. **"Additional insured"** means:

a. When referring to an "additional insured" under this insurance:

(1) a person or organization that is neither a named insured nor described in paragraphs 1. through 5. of Section **C - WHO IS AN INSURED**, but is an insured under this insurance only by virtue of:

- (a) paragraph 6. of Section **C - WHO IS AN INSURED**; or
- (b) Section **F - OPTIONAL "ADDITIONAL INSUREDS"**; or
- (c) an endorsement we issue.

- b. When referring to an "additional insured" under any other insurance, a person or organization that is, under that other insurance, neither a Named Insured nor within that Policy's general description of who is an insured, but is nevertheless protected under that Policy as an insured pursuant to a policy provision or endorsement describing an "additional insured."
3. **"Auto"** means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment."
 4. **"Bodily injury"** means bodily injury, sickness or disease sustained by a person, including mental anguish or death resulting from any of these at any time.
 5. **"Coverage territory"** means:
 - a. the United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. international waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in a. above;
 - c. all other parts of the world if the injury or damage arises out of:
 - (1) goods or products made or sold by you in the territory described in a. above;
 - (2) the activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; or
 - (3) "personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication.

provided the Insured's responsibility to pay damages is determined in a "suit" on the merits in the territory described in a. above or in a settlement we agree to.
 6. **"Employee"** includes a "leased worker." "Employee" does not include a "temporary worker."
 7. **"Executive officer"** means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
 8. **"Hostile fire"** means a fire which becomes uncontrollable or breaks out from where it was intended to be.
 9. **"Impaired property"** means tangible property, other than "your product" or "your work," that cannot be used or is less useful because:
 - a. it incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. you have failed to fulfill the terms of a contract or agreement;if such property can be restored to use by:
 - a. the repair, replacement, adjustment or removal of "your product" or "your work"; or
 - b. your fulfilling the terms of the contract or agreement.

10. "Insured contract" means:

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

Paragraph f. includes that part of any contract or agreement that indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridges or trestle, tracks, road beds, tunnel, underpass or crossing.

However, paragraph f. does not include that part of any contract or agreement that:

- (1) indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or drawings and specifications; or
 - (b) giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (2) under which the Insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the Insured's rendering or failure to render professional services, including those listed in (1) above and supervisory, inspection or engineering services.

11. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker."

12. "Loading or unloading" means the handling of property:

- a. after it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b. while it is in or on an aircraft, watercraft or "auto"; or

- c. while it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto."

13. **"Mobile equipment"** means any of the following types of land vehicles, including any attached machinery or equipment:

- a. bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. vehicles maintained for use solely on or next to premises you own or rent;
- c. vehicles that travel on crawler treads;
- d. vehicles, whether self-propelled or not, on which are permanently mounted:
 - (1) power cranes, shovels, loaders, diggers or drills; or
 - (2) road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2) cherry pickers and similar devices used to raise or lower workers;
- f. vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- (1) equipment designed primarily for:
 - (a) snow removal;
 - (b) road maintenance, but not construction or resurfacing; or
 - (c) street cleaning;
- (2) cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (3) air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

14. **"Occurrence"** means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

15. **"Personal and advertising injury"** means injury, including consequential "bodily injury," arising out of one or more of the following offenses:

- a. false arrest, detention or imprisonment;
 - b. malicious prosecution;
 - c. the wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
 - d. oral, written or electronic publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
 - e. oral, written or electronic publication of material that violates a person's right of privacy.
 - f. the use of another's advertising idea in your "advertisement"; or
 - g. infringing upon another's copyright, trade dress or slogan in your "advertisement."
 - h. discrimination or humiliation that results in injury to the feelings or reputation of a natural person.
- 16. "Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- 17. "Products-completed operations hazard":**
- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
 - (1) products that are still in your physical possession; or
 - (2) work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at the job site has been put to its intended use by any other person or organization other than another contractor or subcontractor working on the same project.
- Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.
- The "bodily injury" or "property damage" must occur away from premises you own or rent, unless your business includes the selling, handling or distribution of "your product" for consumption on premises you own or rent.
- b. Does not include "bodily injury" or "property damage" arising out of:
 - (1) the transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured; or
 - (2) the existence of tools, uninstalled equipment or abandoned or unused materials.

18. "Property damage" means:

- a. physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

Computerized or electronically stored data, programs or software are not tangible property. As used in this definition, computerized or electronically stored data means information, facts or programs stored as, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

19. "Suit" means a civil proceeding in which damages because of "bodily injury," "property damage," or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a. any arbitration proceeding in which such damages are claimed and to which the Insured must submit or does submit with our consent; or
- b. any other alternative dispute resolution proceeding in which such damages are claimed and to which the Insured submits with our consent.

20. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

21. "Volunteer worker" means a person who is not your "employee," and who donates his or her work, acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed by you.

22. "Your product" means:

- a. any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (1) you;
 - (2) others trading under your name; or
 - (3) a person or organization whose business or assets you have acquired; and
- b. containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

"Your product" includes:

- a. warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
- b. the providing of or failure to provide warnings or instructions.

"Your product" does not include vending machines or other property rented to or located for the use of others but not sold.

23. "Your work" means:

- a. work or operations performed by you or on your behalf; and
- b. materials, parts or equipment furnished in connection with such work or operations.

"Your work" includes:

- a. warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- b. the providing of or failure to provide warnings or instructions.

SAFEPAK® COMMON POLICY CONDITIONS

All coverages of this Policy are subject to the following conditions.

A. CANCELLATION

- 1. The first Named Insured shown in the Declarations may cancel this Policy by mailing or delivering to us advance written notice of cancellation.
- 2. We may cancel this Policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 5 days before the effective date of cancellation if any one of the following conditions exists at any building that is Covered Property in this Policy.
 - (1) The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:
 - (a) seasonal unoccupancy; or
 - (b) buildings in the course of construction, renovation or addition.Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.
 - (2) After damage by a covered cause of loss, permanent repairs to the building:
 - (a) have not started, and
 - (b) have not been contracted forwithin 30 days of initial payment of loss.
 - (3) The building has:
 - (a) an outstanding order to vacate;
 - (b) an outstanding demolition order; or
 - (c) been declared unsafe by governmental authority.

- (4) Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.
- (5) Failure to:
 - (a) furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
 - (b) pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.
- b. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
- c. 30 days before the effective date of cancellation if we cancel for any other reason.
- 3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
- 4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
- 5. If this Policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
- 6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. CHANGES

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

C. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

- 1. this Policy;
- 2. the Covered Property;
- 3. your interest in the Covered Property; or
- 4. a claim under this Policy.

D. EXAMINATION OF YOUR BOOKS AND RECORDS

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

E. INSPECTIONS AND SURVEYS

We have the right but are not obligated to:

1. make inspections and surveys at any time;
2. give you reports on the conditions we find; and
3. recommend changes.

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

1. are safe or healthful; or
2. comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

F. INSURANCE UNDER TWO OR MORE COVERAGES

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

G. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Policy without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Policy.

H. PREMIUMS

1. The first Named Insured shown in the Declarations:
 - a. is responsible for the payment of all premiums; and
 - b. will be the payee for any return premiums we pay.
2. The premium shown in the Declarations was computed based on rates in effect at the time the Policy was issued. On each renewal, continuation or anniversary of the effective date of this Policy, we will compute the premium in accordance with our rates and rules then in effect.
3. With our consent, you may continue this Policy in force by paying a continuation premium for each successive one-year period. The premium must be:
 - a. paid to us prior to the anniversary date; and
 - b. determined in accordance with paragraph 2. above.

Our forms then in effect will apply. If you do not pay the continuation premium, this Policy will expire on the first anniversary date that we have not received the premium.

4. Undeclared exposures or change in your business operation, acquisition or use of locations may occur during the policy period that are not shown in the Declarations. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules then in effect.

I. PREMIUM AUDIT

1. This Policy is subject to audit if a premium designated as an advance premium is shown in the Declarations. We will compute the final premium due when we determine your actual exposures.
2. Premium shown in this Policy as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
3. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

J. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this Policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

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

In Witness Whereof, the Company has caused this Policy to be executed and attested, but this Policy shall not be valid unless countersigned by a duly authorized representative of the Company.


Secretary


President

