

# SMALL COMMERCIAL PROPERTY 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 Insurer(s) providing this insurance.

Other words and phrases that appear in *italics* have special meaning. Refer to Section I. Definitions.

## A. Coverages

In return for your payment of the premium when due, we agree to provide the coverage and limits of liability selected by you as shown on the Declarations, subject to all the terms, conditions, limitations, and exclusions of this policy.

The Coverage Territory under this policy applies within the United States of America being the fifty (50) states of the Union, its territories and possessions and the District of Columbia.

We will pay for sudden and accidental direct physical damage to Covered Property at the *locations* described in the Declarations caused by or resulting from any Covered Cause of Loss, during the policy period shown in the Declarations.

This policy only insures against losses resulting from the Covered Causes of Loss of sudden and accidental direct physical damage to Covered Property, except as excluded. Damage from all other causes of loss, whether caused directly or indirectly, are excluded from coverage under this policy, including, but not limited to, any pre-existing building damage at the time of any damage for which claim is made under this policy.

The Covered Causes of Loss are indicated on the Declarations, Coverage Information Section, with a selection of "Yes" in Coverages Selected or added by endorsement. If the word "NO" is shown on the Declarations Coverage Information Section – Coverage Selected, then no coverage is provided for that coverage or Covered Cause of Loss.

If there is no limit for Coverage A, B, C or D on the declarations, the additional coverage that relates to Coverage A, B, C, or D has a \$0 sublimit for all packages.

This policy form, the Declarations, the insurance application, and any endorsements issued by us, each of which may be amended or revised from time-to-time, make up your insurance policy and form a legal contract between you and us, if you have paid the premium for such coverage.

### 1. Coverage A - Covered Property

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

a. **Building**, meaning the building or structure described in the Declarations, including:

- 1) Completed additions;
- 2) Fixtures, including outdoor fixtures; and attached signs
- 3) Permanently installed:
  - a) Machinery; and / or
  - b) Equipment;
- 4) **Hard costs**, meaning:
  - a) Foundations, fixtures, attachments and similar property that has become or intended to become a permanent part of the building(s) or structure(s); and / or

- b) Materials, supplies and similar property owned by others for which you are responsible for. This property must be used in the construction operations insured under this policy and be located at the premise(s) described in the schedule of values.
- 5) **Business Personal Property** owned by you that is used to maintain or service the building or structure or its *locations*, including:
  - a) Fire-extinguishing equipment;
  - b) Floor coverings; and / or
  - c) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering.
- 6) If not covered by other insurance:
  - a) Additions under construction, alterations and repairs to the building or structure; and / or
  - b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described *locations*, used for making additions, alterations or repairs to the building or structure.
- b. **Coverage B – Other Buildings / Structures** - Additional Building Property(ies) and / or structure(s) as described on the Declarations.
  - 1) Includes swimming pools, detached garages, sheds, detached signs, pump houses
  - 2) Includes all fixed outdoor property, and some categories are subject to Sublimits.
- c. **Coverage C - Your Business Personal Property** consists of the following property located in or on the building(s) or structure(s) described in the Declarations, in the open, or in a vehicle within 1,000 feet of the covered building or structure or within 1,000 feet of the *locations* described in the Declarations, whichever distance is greater.
  - 1) Furniture and fixtures;
  - 2) Machinery and equipment;
  - 3) *Stock*;
  - 4) All other Business Personal Property owned by you and used in your business;
  - 5) Labor, materials or services furnished or arranged by you on Business Personal Property of others;
  - 6) Your use interest as tenant in 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 / or
    - b) You acquired or made at your expense but cannot legally remove;
  - 7) Leased Business Personal Property for which you have a contractual responsibility to insure, unless otherwise provided for under Business Personal Property of Others and / or
  - 8) Animals, owned by others and boarded by you, or if owned by you, only as stock while inside of buildings.

## 2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, cryptocurrency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as *stock* while inside of buildings;

- c. Air, *land*, *land* values, and any substance in or on *land*, or any alteration to the natural condition of the *land*. This does not apply to the cost of reclaiming, restoring or repairing *land* improvements, provided the loss is from a Covered Cause of Loss;
- d. Water, except water which is normally contained within any type of tank, piping system or other process equipment;
- e. Standing timber, growing crops, turf, grass and / or lawns;
- f. Bridges, boardwalks, roadways, drainage systems, walks, patios or other paved surfaces;
- g. Contraband, or property during illegal transportation or trade;
- h. The cost of excavations, grading, backfilling or filling;
- i. Foundations of buildings, structures, machinery or boilers if their foundations are below:
  - 1) The lowest basement floor; or
  - 2) The surface of the ground, if there is no basement;
- j. Business Personal Property while airborne or waterborne;
- k. Property shipped by mail;
- l. Bulkheads, pilings, piers, wharves, boathouses, docks, jetties, quays, and breakwaters;
- m. Property that is covered under another coverage form of this or any other policy where it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- n. Property sold by you under conditional sale, trust agreement, installment plan or other deferred payment plan after delivery to customers;
- o. Property in transit, except expressly as provided elsewhere in this policy;
- p. Dams, dikes, levees, bridges, tunnels, reservoirs, sea walls, property lines, revetments, flood retaining walls and canals; except when scheduled on the Declarations;
- q. Underground mines or mining shafts and any related mining property and equipment while underground;
- r. Underground pipes, flues, drains or tanks;
- s. Offshore oil rigs, platforms and property contained therein or thereon;
- t. Satellites and spacecraft while on the launch pad, or after time of a launch;
- u. Collision between astronomical objects, including but not limited to: asteroids, meteor and meteorites and satellites;
- v. Transmission and distribution lines, including support structures, of every type and description; except when located on the insured *locations* or within 1,000 feet;
- w. Property of unit owners within individual residential condominium units, consisting of:
  - 1) Personal property and improvements & betterments; and / or
  - 2) Floor coverings, wall coverings and ceiling coverings which only serve that unit.However, this exclusion shall not apply to:
  - 3) Appliances; refrigerators; air conditioning equipment (including air conditioning compressors); heating equipment; cooking ranges; dishwashers; clothes washers/dryers; and fixtures, installations or permanent additions initially installed in accordance with the original plans and specifications; all contained within the units.
- x. Electronic data, except as provided under the Additional Coverages, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or

transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph does not apply to your *stock* of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;

- y. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Additional Coverages for Valuable Papers and Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- z. Vehicles or self-propelled machines (including aircraft, watercraft and railroad rolling *stock*) that:
  - 1) Are held for sale or lease; and / or
  - 2) Are licensed for use on public roads; and / or
  - 3) Are operated principally away from the described *locations*.

This paragraph does not apply to:

- a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
  - b) Rowboats or canoes out of water at the described *locations*;
- aa. The following property while outside of buildings:
  - 1) Grain, hay, straw or other crops; and / or
  - 2) Smokestacks, silos or their contents, windmills, wind pumps, wind generators or their towers;
- bb. Greenhouses, hothouses, gazebos, slat houses, trellises, pergolas, cabanas, and outdoor equipment pertaining to the services of these *locations*.
- cc. Gas station pumps and gas station canopies.
- dd. Solar Panels, solar panel systems, and/or any related equipment.

### 3. Coverage D - Business Income Coverages

This policy is extended to cover Business Income Coverages and Additional Business Income Coverages for the Actual Loss Sustained by you up to the annual limits shown in the Declarations, during the Period of Interruption directly resulting from a Covered Cause of Loss to Covered Property at *location(s)* to which Business Income Coverages apply.

- a. **Actual loss sustained** occurs in the event you are prevented from producing goods or from continuing business operations or services and are unable to:
  - 1) Make up lost production within 365 continuous days after the Period of Interruption, or
  - 2) Continue business operations or services:
    - a) through the use of any property or service owned or controlled by you; or
    - b) obtainable from other sources, whether the property or service is at an insured *location*; or
    - c) through working extra time or overtime at any other substitute *locations*, including any other *locations* acquired or for this purpose;

then subject to all other conditions of this policy, for the Actual Loss Sustained of the following during the Period of Interruption shall be Covered Property.

- b. The **Period of Interruption**, not to exceed 365 continuous days, is
- 1) from the time of physical damage insured against by this policy to the time when, with the exercise of due diligence and dispatch, to either:
    - a) Resume normal operations; or
    - b) Repair, replace, or prepare for operations, the physically damaged covered buildings and equipment, to the same or equivalent physical and operating conditions that existed prior to the damage, whichever is less.
    - c) Such period of time shall not be cut short by the expiration or earlier termination date of the policy.
  - 2) In addition, if applicable, such time as may be required with the exercise of due diligence and dispatch:
    - a) To restore *stock* in process to the same state of manufacture in which it stood at the time of the initial interruption of production or *suspension* of business operations or services; or
    - b) To replace physically damaged or destroyed mercantile *stock* necessary to resume operations; or
    - c) To replace raw materials and supplies in order to continue operations.

However, the inability to procure destroyed mercantile stock or suitable raw materials and supplies to replace similar stock or materials and supplies physically damaged or destroyed shall not increase the Period of Interruption.

- 3) For Property Under Construction: The time period between the anticipated date of substantial completion had no covered loss occurred and the actual date of completion. In calculating the amount of loss, due consideration will be given to the actual experience of the business compiled after substantial completion and start-up.

The Period of Interruption does not include any additional time:

- a) Required for re-staffing or re-training employees; or
- b) Required due to your inability to resume operations for reasons other than those enumerated in 2.a. through 2.b. above; or
- c) Required for making change(s) to the covered buildings, structures, or equipment for any reason except as provided in the Ordinance or Law coverage.

Consideration will be given to the experience of the business prior to the *occurrence* of the Covered Cause of Loss and the probable experience had no loss occurred. Only normal charges and expenses that would have existed had no interruption of production or *suspension* of business operations or services occurred will be covered.

- c. **Business Income Monthly Limitation of Indemnity:** The most we will pay each month during the Period of Interruption for Business Income Coverage Actual Loss Sustained by you resulting directly from a Covered Cause of Loss will be not greater than 1/12 of the annual limit for Business Income Coverages shown on the Declarations. There shall be no liability under this policy for more than the Business Income Monthly Limitation of Indemnity shown on the Declarations for all Business Income Coverages, except for those that have a sublimit on the Additional Coverages and Sublimits Endorsement. Business Income Monthly Limitation of Indemnity is payable each period of thirty (30) consecutive days after the beginning of the Period of Interruption.
- d. **Business Income Coverages** will be:
- 1) **Gross Earnings**, which in the event of a loss and for the purpose of this coverage are:

- a) For manufacturing operations: The net sales value of production less the cost of all raw *stock*, materials and supplies utilized in such production; or
  - b) For mercantile or non-manufacturing operations: The total net sales less cost of merchandise sold, materials and supplies consumed in the operations or services rendered by you;
  - c) Plus, all other earnings derived from the operation of the business;
  - d) Less all charges and expenses which do not necessarily continue during the interruption of production or *suspension* of business operations or services.
- 2) **Net Sales**, which in the event of loss at mercantile or non-manufacturing operations, and for the purpose of this coverage, are determined as the amount for which merchandise could have been sold to your regular customers if there was no damage to merchandise.
- 3) **Ordinary Payroll**, which is the entire payroll expense for all your employees except officers, executives, department managers, employees under contract, and other essential employees. The specified number of days that Ordinary Payroll expense is covered is shown on the Additional Coverages and Sublimits Endorsement. The number of days need not be consecutive, but must fall within the Period of Interruption of production or *suspension* of business operations or services, or fall within the extension of that period, if an extension is provided.
- 4) **Rental Value**: In respect to Covered Property held for rental to others, this policy is extended to cover the Actual Loss Sustained during the Period of Interruption but not exceeding the reduction in *rental value* less charges and expenses which do not necessarily continue. Due consideration will be given to the historic rental expenses prior to the loss and the probable expenses.
- e. **Additional Business Income Coverages** will be:
- 1) **Contingent Business Income Costs** will be covered up to the Sublimits shown on the Additional Coverages and Sublimits Endorsement if sudden and accidental direct physical damage to the real or personal property of a direct supplier or direct customer of you is damaged by a Covered Cause of Loss under this policy, and such damage:
- a) wholly or partially prevents any of your direct suppliers from supplying their goods and/or services to you; or
  - b) wholly or partially prevents any of your direct customers from accepting your goods and/or services;
- This policy is extended to cover the Actual Loss Sustained by you during the Period of Interruption with respect to such real or personal property, if the property of the supplier or customer which sustains damage is of the type of property which would be Covered Property under this policy.
- This coverage applies to your direct suppliers or direct customers located within the Coverage Territory.
- 2) **Extended Period of Indemnity** coverage is provided for such additional length of time required to restore you to the same condition as existed had no loss occurred. This will commence with the later of the following dates:
- a) the date on which the coverage for damage would otherwise terminate; or
  - b) the earliest date on which either normal operations resume, or repair, replacement, or rebuilding of the property that has been damaged is actually completed;
- but in no event for a period of time exceeding the number of days specified in the Additional Coverages and Sublimits Endorsement starting with the later of a) or b) above. The Extended Period of Indemnity does not apply to any Additional Business Income Coverages.

However, Extended Period of Indemnity does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described *location(s)* are located. Loss of Business Income must be caused by direct physical damage to Covered Property at the described *location* caused by or resulting from a Covered Cause of Loss.

- 3) **Extra Expense** covers expenses, during the Period of Interruption, over and above normal operating expenses, necessarily incurred by you to avoid or minimize the *suspension* of business at the described *location* or at replacement *locations* or temporary *locations*, including relocation expenses and costs to equip and operate the replacement *location* or temporary *location* and to minimize *suspension* of business if you cannot continue operations up to the Sublimits shown on the Additional Coverages and Sublimits Endorsement.

You will agree to use any suitable property or service owned or controlled by you or obtainable from other sources in reducing the Extra Expense incurred under this policy.

- 4) **Ingress and Egress:** This policy is extended to cover the Actual Loss Sustained during the Period of Interruption when ingress to or egress from your covered *location* is prohibited as a direct result of a Covered Cause of Loss to real property not insured. The insured physical damage must occur within five (5) statute miles from your covered *location* in order for coverage to apply. Such period of time begins on the date that ingress to or egress from real or personal property is prohibited and ends when ingress or egress is no longer prohibited, but no more than the number of days shown on the Sublimits of the Additional Coverages and Sublimits Endorsement.
- 5) **Interruption by Civil or Military Authority:** This policy is extended to cover the Actual Loss Sustained during the Period of Interruption when access to your covered *location* is prohibited by an order of civil or military authority, if, such order is a direct result of a Covered Cause of Loss to real property not insured. Your physical damage must occur within five (5) statute miles from your covered *location* for coverage to apply. Such period of time begins with the effective date of the order of civil or military authority and ends when the order expires, but no more than the number of days shown on the Additional Coverages and Sublimits Endorsement.
- 6) **Royalties:** This policy is extended to cover loss of income sustained by you under a royalty, licensing fee, or commission agreement between you and another party during the Period of Interruption arising out of sudden and accidental direct physical damage by a Covered Cause of Loss during the term of this policy to real or personal property of such other party, only if such Royalties are up to the Sublimits shown on the Additional Coverages and Sublimits Endorsement. When determining the amount payable, consideration will be given to the amount of income derived by you from such agreements before, and the probable amount of income after, the date of damage.
- 7) **Service Interruption:** This policy is extended to cover the damage to Covered Property and Business Income Coverage resulting from sudden and accidental direct physical damage from a Covered Cause of Loss to: (1) incoming electrical, gas, water and telecommunication equipment and outgoing sewer; or (2) electrical, telecommunication, fuel, water, steam, refrigeration, or other service transmission lines; all situated outside the insured *locations*.
- a) However, Service Interruption DOES NOT apply to any loss caused by damage to any utility service listed Additional Coverages, Contingent Business Income Costs above, if located more than five (5) statute miles from the covered *location*.
- b) There shall be no loss payable under this Additional Business Income Coverage unless the interruption exceeds the qualifying period shown on the Additional Coverages and Sublimits Endorsement. In such case, the loss shall be measured from date and time of the loss. With respect to any Business Income Coverage provided, the Period of Interruption ends when: (1) incoming electrical, gas, water, or telecommunication equipment or outgoing sewer or (2) electrical, telecommunication, fuel, water, steam, refrigeration, or other service transmission lines, is restored.

- c) The Sublimit of Insurance shown on the Additional Coverages and Sublimits Endorsement applies to all damage to Covered Property and/or Business Income Coverages, combined arising out of one Service Interruption. None of the Additional Business Income Coverages apply to the Business Income Coverage provided herein, except *rental value*.

Service Interruption does not include coverage for any increase in loss due to fines or damages for breach of contract or for late or non-completion of orders, or penalties of any nature.

**f. Business Income Not Covered:**

The following are excluded from Business Income Coverages:

**1) Berth and/or Port Blockage:**

Any loss due to blockage of a port or berth. Blockage means a blockage of any part of the port or berth arising from an *occurrence* which results in the sinking or stranding of a ship, or the inability of a ship to gain access to a berth.

**2) Finished Products:**

Any loss resulting from damage to finished products manufactured by you nor for the time required for their reproduction.

**3) Idle Periods:**

Any loss during any period in which goods would not have been produced, or business operations or services would not have been maintained, for any reason other than physical damage from a Covered Cause of Loss to which this coverage applies.

**4) Remote Loss:**

- a) Any increase in loss due to the suspension, cancellation, or lapse of any lease, contract, license or order; and / or
- b) Any loss due to fines or damages for breach of contract; or for late, or non-completion of orders or penalties of whatever nature; and / or
- c) Any increase in loss due to interference at your *location* by strikers or other persons with rebuilding, repairing, or replacing the property damaged or destroyed, or with the resumption or continuation of business, or with the re-occupancy of the *locations*.
- d) Nor shall there be any liability under this policy for any other consequential or remote loss, other than as specifically stated in the Additional Business Income Coverages in this policy.

**5) Transit:**

Any Business Income loss resulting from damage to property in transit.

**B. Covered Causes of Loss**

The Covered Causes of Loss included in this policy means all damage arising from the following:

- 1. **Windstorm or Hail** which means direct action of wind or direct action of hail, accompanied by wind or not, which causes damage.
  - a. Windstorm or Hail excludes:
    - 1) Frost or cold weather, and / or
    - 2) Accumulation of ice, snow, sleet, water or any other form of precipitation.

**C. Additional Coverages**

The following Additional Coverages are subject to the terms and conditions of this policy, including the Deductibles and Sublimits of Insurance corresponding to each Additional Coverage as included on the Additional Coverages and Sublimits Endorsement. These Additional Coverage items are either included or excluded Sublimits of Insurance and are part of, and not in addition to the Limits of Insurance of this



policy.

**1. Accounts Receivable**

This policy covers any shortage in the collection of Accounts Receivable directly resulting from a Covered Cause of Loss to Accounts Receivable records.

- a. This additional coverage does not apply to loss due to:
  - 1) Bookkeeping, accounting or billing errors and omissions; and / or
  - 2) Alteration, falsification, manipulation, concealment, destruction, or disposal of Accounts Receivable records committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property, but only to the extent of such wrongful giving, taking, obtaining or withholding.

**2. Business Personal Property Temporarily in Portable Storage Units**

- a. You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a non-owned detached trailer) located within 1,000 feet of the building or structure described in the Declarations.
- b. If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.
- c. This Additional Coverage does not apply to damage otherwise covered under this policy or any endorsement to this policy and does not apply to damage to the storage unit itself.

**3. Debris Removal**

- a. We will pay your expense to remove debris of Covered Property and other debris that is on the described *location(s)*, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of the sudden and accidental direct physical damage.
- b. Debris Removal does not apply to costs to:
  - 1) Remove debris of property owned by or leased to the landlord of the building where your described *location(s)* are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;
  - 2) Remove any property that is Property Not Covered, including property addressed under the Outdoor Signs, Fences, Antennas, and Vegetation Additional Coverage;
  - 3) Remove property of others;
  - 4) Remove deposits of mud or earth from the grounds of the described *locations*;
  - 5) Extract *pollutants or contaminants* from *land* or water; and / or
  - 6) Remove, restore or replace polluted *land* or water.

**4. Electronic Data**

- a. Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to your *stock* of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.
- b. Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
- c. The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:

- 1) Coverage under this Additional Coverage, Electronic Data, includes *collapse*.
- 2) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. There is no coverage for damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.
- 3) The most we will pay under this Additional Coverage, Electronic Data, is on the Sublimit in the Additional Coverages and Sublimits Endorsement for all damage sustained in any one policy year, regardless of the number of *occurrences* of damage, the number of *locations*, or the number of computer systems involved. If loss payment on the first *occurrence* does not exhaust this amount, then the balance is available for subsequent damage sustained in but not after that policy year.

**6. Fine Arts**

This policy is extended to cover sudden and accidental direct physical damage from a Covered Cause of Loss to *Fine Arts*. However, no coverage is provided for:

- a. Breakage, marring, scratching, chipping or denting of *Fine Arts*, unless such breakage, marring, scratching, chipping or denting is caused by a Covered Cause of Loss; and / or
- b. Physical damage as a result of restoring, repairing or retouching processes.

**7. 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 for services at each *location* described in the Declarations. The Sublimit in the Additional Coverages and Sublimits Endorsement is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

- a. Assumed by contract or agreement prior to loss; and/ or
- b. Required by local ordinance.

No Deductible applies to this Additional Coverage. There is no coverage for any costs incurred as a result of a false alarm.

**8. Fungus, Mold(s), Mildew, Spores, or Yeast**

Associated losses will be covered if you establish that the *Fungus, Mold(s), Mildew, Spores, or Yeast* is a direct result of a Covered Cause of Loss and this loss is reported within twelve (12) months from the expiration date of the policy.

**9. Gems and Jewelry**

We will pay for sudden and accidental direct physical damage from a Covered Cause of Loss to precious stones, gems and jewelry.

**10. Leased or Rented Equipment**

This policy is extended to cover sudden and accidental direct physical damage at insured *locations* from a Covered Cause of Loss to equipment that you have leased and/or rented for which you are legally liable.

**11. Leasehold Improvements and Betterments**

This policy is extended to cover the value of undamaged tenant improvements and betterments when your lease is cancelled by the lessor acting under a valid condition of the lease due to sudden and accidental direct physical damage to a building and/or personal property caused by or resulting from a Covered Cause of Loss at an insured *location*.

**12. Leasehold Interest**

If Covered Property is: (1) rendered wholly or partially untenable by a Covered Cause of Loss during the policy period and (2) your lease is canceled by a party, other than you, or an entity with any common ownership with you, in accordance with the conditions of the lease or as a result of a statutory requirement of the appropriate jurisdiction in which the damaged or destroyed Covered Property is located, then this policy is extended to cover "The Interest of the Insured as Lessee" (as defined below) or "The Interest of the Insured as Lessor" (as defined below), whichever is applicable, but only for the first three (3) months succeeding the date of the loss and the "Net Lease Interest" (as defined below) shall be paid for the remaining months of the unexpired lease.

- a. Recovery under this additional coverage shall be the pro-rata proportion from the date of loss to expiration date of the lease (to be paid without discount) on your interest in:
  - 1) The amount of bonus paid by you for the acquisition of the lease not recoverable under the terms of the lease;
  - 2) Improvements and betterments to real property which are not covered under any other section of this policy; and / or
  - 3) The amount of advance rental paid by you and not recoverable under the terms of the lease.
- b. Definitions: The following terms, wherever used in this Paragraph 12, shall mean:
  - 1) The "The Interest of the Insured as Lessee" is defined as:
    - a) the excess of the *rental value* of similar *locations* over the actual rental payable by the lessee (including any maintenance or operating charges paid by the lessee) during the unexpired term of the lease; and
    - b) the rental income earned by you from sublease agreements, to the extent not covered under any other section of this policy, over and above the rental expenses specified in the lease between you and the lessor.
  - 2) The "The Interest of the Insured as Lessor" is defined as the difference between the rents payable to the lessor under the terms of the lease in effect at the time of loss and the actual rent collectible by the lessor during the unexpired term of the lease provided the lease is canceled by the lessee, to the extent not covered under any other section of this policy.
  - 3) "Net Lease Interest" is defined as that sum, which placed at 6% interest compounded annually will be equivalent to the "The Interest of the Insured as Lessee or Lessor."
  - 4) There shall be no liability under this policy for any increase of loss which may be occasioned by the suspension, lapse or cancellation of any license or by you exercising any option to cancel the lease. Furthermore, you shall use due diligence, including all things reasonably practicable, to diminish loss under this additional coverage.

**13. Limited Pollutant or Contaminant Clean-up and Removal**

We will pay your reasonable and necessary additional expense incurred to extract, dispose of or clean up actual presence of *pollutants or contaminants* from *land* or water at the described *locations* if the discharge, dispersal, seepage, migration, release or escape of the *pollutants or contaminants* are caused by or results from a Covered Cause of Loss that occurs during the policy period. The additional expense will be paid only if reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

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

The most we will pay under this Additional Coverage is the Sublimit in the Additional Coverages and Sublimits Endorsement for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

**14. Loading and Unloading of Property for Transit**

This policy is extended to cover your Business Personal Property only while being loaded and unloaded for transit.

**15. Lock and Key Replacement**

This policy covers the necessary expense to repair or replace the exterior or interior door locks and keys of a covered building when there is sudden and accidental direct physical damage from a Covered Cause of Loss:

- a. If the door keys are stolen in a covered theft loss; and / or
- b. When the Covered Property is damaged, and the door keys are stolen by burglars.

**16. Moveable Equipment and Inventory in the Open**

We will pay for sudden and accidental direct physical damage from a Covered Cause of Loss to moveable equipment and inventory that is not in a fully enclosed structure.

**17. Newly Acquired or Constructed Property**

**a. Buildings**

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

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

**b. Your Business Personal Property**

- 1) If this policy covers Your Business Personal Property, you may extend insurance to apply to:
  - a) Business personal property, including such property that you newly acquire, at any *location* you acquire other than at fairs, trade shows or exhibitions; and / or
  - b) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the *location* described in the Declarations.
- 2) This Additional Coverage does not apply to:
  - a) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
  - b) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

**c. Period of Coverage**

With respect to insurance provided under this Additional Coverage for Newly Acquired or Constructed Property, coverage will end when any of the following first occurs:

- 1) This policy expires;
- 2) 60 days after you acquire the property or begin construction of that part of the building that would qualify as covered property;
- 3) You report values to us; or
- 4) When we notify you that we will not bind the newly acquired property.

There is no coverage for any property that is partially or wholly insured under any other insurance.

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

**18. Ordinance or Law**

In the event of sudden and accidental direct physical damage from a Covered Cause of Loss under this policy that results in the enforcement of any law, ordinance, governmental directive or standard in effect at the time of damage regulating the construction, repair or use and occupancy of the property, the following is covered under this policy:

- a. **Coverage A – Coverage for Loss to Undamaged Portion of the Building** - For the loss in value of the undamaged portion of the building due to the enforcement of an Ordinance or Law that requires demolition of undamaged parts of the same building.
- b. **Coverage B – Demolition Cost Coverage**- For the cost to demolish and clear the site of undamaged parts of the same building, due to the enforcement of an Ordinance or Law that requires demolition of such undamaged property.
- c. **Coverage C - Increased Cost of Construction** - For the increased cost of repair or replacement of the damaged and undamaged building on the same or another site, limited to the cost that would have been incurred to comply with the minimum requirements of such Ordinance or Law regulating the repair or reconstruction of the damaged property on the same site. However, there is no coverage for any increased cost of construction loss unless the damaged property is rebuilt or replaced.

**19. Outdoor Signs, Fences, Antennas, and Vegetation**

You may extend the insurance provided by this policy to apply to your outdoor signs, fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are *stock* or are part of a vegetated roof), including debris removal expense.

Subject to all terms and limitations of coverage, this Additional Coverage includes the expense of removing from the described *locations* the debris of trees, shrubs and plants which are the property of others, except when you are a tenant and such property is owned by the landlord of the described *locations*.

Outdoor Signs attached to the Building has a sublimit within Coverage A, Outdoor detached Signs, Fences, Antennas, and Vegetation has a sublimit within Coverage B, Other Buildings and Structures.

**20. Pairs or Sets**

If two or more components or parts are necessary for a whole or complete product, then this policy covers the reduction in value of insured components or parts of products due to sudden and accidental direct physical damage from a Covered Cause of Loss insured against by this policy to the other insured components or parts of such products.

**21. Personal Effects and Property of Others**

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

- a. Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Additional Coverage does not apply to damage by theft.
- b. Personal property of others in your care, custody or control.

Our payment for damage to personal property of others will only be for the account of the owner of the property.

**22. Professional Fees**

This policy is extended to cover reasonable and necessary Claim Preparation Costs (as defined below) incurred by you at our request to determine the extent or amount of insured damage as a result of a Covered Cause of Loss under this policy, provided that you obtain the prior written approval for the vendor to be engaged.

- a. Claim Preparation Costs means:

- 1) The cost of taking inventory and the cost of gathering and preparing other data to substantiate the extent or amount of damage; and
  - 2) The cost of services provided by accountants, contractors, and engineers solely to determine the extent or amount of loss.
- b. Claim Preparation Costs and Professional Fees does not mean and excludes:
- 1) Legal fees, charges and expenses;
  - 2) Fees and costs of a public claims adjuster, claim consultant, insurance broker or agent (except forensic accounting services), or any person acting for or on behalf of a public claims adjuster, claim consultant, or insurance broker or agent;
  - 3) Costs associated with negotiation or presentation of any claim or part of a claim that is disputed or denied;
  - 4) Costs associated with establishing that any claim or part of a claim is covered by the policy; and / or
  - 5) Costs which represent overhead or operating expense of yours, including salaries of your such employees.

**23. Property Removed from Insured *Locations***

- a. You may extend the insurance provided by this policy to apply to your Covered Property while it is away from the insured *locations*, if it is:
- 1) Temporarily at a *location* you do not own, lease or operate;
  - 2) In storage at a *location* you lease, provided the lease was executed after the beginning of the current policy term; and / or
  - 3) At any fair, trade show or exhibition.

**24. Protection and Preservation of Property**

If it is necessary to move Covered Property from the described *locations* to preserve it from damage by a Covered Cause of Loss, we will pay for any sudden and accidental direct physical damage to that property:

- a. While it is being moved or while temporarily stored at another *location*; and
- b. Only if the damage occurs within 30 days after the property is first moved.

**25. Reclaiming, Restoring, or Repairing *Land* Improvements**

This policy is extended to cover the cost of reclaiming, restoring or repairing *land* improvements, provided the loss is from a Covered Cause of Loss.

**26. Reward Reimbursement**

This policy covers monetary rewards for information that leads to a criminal conviction in connection with damage to Covered Property by a Covered Cause of Loss, up to amounts agreed by you and us.

**27. Seasonal Inventory**

We will cover temporary increases in Business Personal Property as stated on the Additional Coverages and Sublimits Endorsement during the months of November to May due to seasonal fluctuations as reflected on your historical inventory, or if not available, based on similar industry fluctuations.

**28. Sewer or Water Back Up**

We will pay for sudden and accidental direct physical damage due to a Covered Cause of Loss to Covered Property, caused by or resulting from discharge of water or waterborne material from a sewer,

drain or sump located at the described *location(s)*, provided such discharge is not induced by *flood* or *flood* related conditions.

**29. Sidewalks, Paved Surfaces and Roadways**

We will pay for sudden and accidental direct physical damage due to a Covered Cause of Loss to Covered Property to any Sidewalks, Paved Surfaces or Roadways you own or are responsible for repairs or replacement.

**30. Spoilage**

This policy is extended to cover Spoilage as a direct result of a Covered Cause of Loss. This policy will pay for sudden and accidental direct physical damage to:

- a. Perishable Goods due to Spoilage;
- b. Perishable Goods due to contamination from the release of refrigerant, including but not limited to ammonia; and / or
- c. Perishable Goods due to Spoilage caused by a Covered Cause of Loss to equipment that is owned by a utility, landlord, or other supplier of any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam.

If you are unable to replace the Perishable Goods before their anticipated sale, payment will be determined based on the sales price of the Perishable Goods at the time of the loss, less discounts and expenses that otherwise would have been incurred. Otherwise, payment will be determined in accordance with the Loss Settlement Conditions of this policy.

Perishable Goods means personal property:

- 1) maintained under controlled conditions for its preservation, and
- 2) susceptible to damage if the controlled conditions change.

Spoilage Exclusions: There shall be no coverage under this policy for loss or damage caused by or resulting from:

- 1) The disconnection of any refrigerating, cooling or humidity control system from the source of power; and/ or
- 2) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.

**31. Tenant's Glass**

We will pay for sudden and accidental direct physical damage due to a Covered Cause of Loss to glass that the insured is responsible to cover as a tenant.

**32. Valuable Papers and Records (Other Than Electronic Data)**

- a. You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. This Additional Coverage does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- b. Coverage under this Additional Coverage includes *collapse*.
- c. We will also pay for the cost of blank material for reproducing the records (if duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and, therefore, coverage of such costs is not additional insurance.

**D. Exclusions and Limitations**

The stated exclusions (or failure to include other exclusions) shall in no way expand the coverage provided by this policy or provide coverage for perils not named in this policy. Further, loss, damage, costs, and

expenses associated with the exclusions are similarly excluded from coverage under this policy, whether or not a Covered Cause of Loss contributes concurrently or in any sequence to such loss, damage, costs and expenses.

For each Covered Cause of Loss shown on the Declarations Coverage Information section, the respective endorsement contains the policy details relating to the respective peril. If the coverage is selected "Yes" in the Declarations, the peril as defined in the respective endorsement attached to this policy shall be a Covered Cause of Loss and not be excluded. If the coverage is selected "No" in the Declarations, the peril as defined in the respective endorsement attached to this policy shall be excluded from coverage under this policy.

Any Covered Cause of Loss added by endorsement, shall only provide coverage as defined in the respective endorsement. Any other exclusion contained in this policy shall be an exclusion if not specifically defined in the policy forms or attached endorsements.

There is no coverage under this policy for loss or damage caused directly or indirectly by any of the following exclusions. Such loss or damage is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss or damage.

**1. Asbestos Exclusion**

- a. Loss, damage or remediation expenses caused by or resulting from the presence of asbestos or asbestos-containing materials is excluded. As used in this exclusion, remediation expenses are expenses incurred for or in connection with the investigation, monitoring, removal, increased cost of reconstruction, disposal, treatment, abatement or neutralization of asbestos or asbestos-containing materials to the extent required by federal, state or local laws, regulations or statutes or any subsequent amendments to address asbestos.
- b. However, this asbestos exclusion does not apply to the extent that coverage is provided under the following:
  - 1) This policy insures asbestos located within an insured building or structure, and then only that part of the asbestos which has been physically damaged during the policy period by a Covered Cause of Loss.
  - 2) This coverage is subject to all limitations in the policy and, in addition, to each of the following specific conditions to coverage:
    - a) The said building or structure must be insured under this policy for damage by this Covered Cause of Loss.
    - b) The Covered Cause of Loss must be the immediate, sole cause of the damage to the asbestos.
    - c) Insurance under this policy in respect of asbestos shall exclude any sum relating to:
      - i. Any faults in the design, manufacture or installation of the asbestos; or
      - ii. Asbestos not physically damaged by a Covered Cause of Loss including any governmental or regulatory authority direction or request of whatsoever nature relating to undamaged asbestos.

**2. Collapse Exclusion**

Loss or damage caused by *collapse* is excluded.

**3. Defect Exclusion**

Loss or damage caused by faulty or defective workmanship, material, construction, installation, or design from any cause; or faulty planning, zoning, development, surveying or siting is excluded.

In addition, loss or damage caused by fault, defect, error, deficiency or omission in design, plan or specification is excluded.

**4. Delay, Loss of Market or Loss of Use Exclusion**



Loss or damage caused by the delay, loss of market, or loss of use, other than as expressly set forth in this policy, is excluded.

**5. Depletion Exclusion**

Loss or damage caused by deterioration, depletion, rust, corrosion, erosion, wet or dry rot, decay, evaporation, leakage, animal, insect or vermin damage, inherent vice or latent defect, shrinkage or change in color, flavor, texture or finish, extremes or changes of temperature damage or changes in relative humidity damage, whether atmospheric or not is excluded.

**6. Drought Exclusion**

*Drought* or any effect of *drought* are excluded for all coverages afforded under this policy, no matter how caused; unless physical damage not otherwise excluded by this policy results, in which event, this policy shall cover only such resulting damage.

**7. Earth Movement Exclusion**

Loss or damage caused by *earth movement* is excluded.

**8. EIFS Exclusion**

Loss or damage caused by or resulting from the design, manufacture, installation, or use of any Exterior Insulation and Finish System (EIFS), Dryvit construction, or similar synthetic stucco finishing surfaces are excluded. However, this exclusion shall not apply to sudden and accidental direct physical damage to EIFS or Dryvit or similar synthetic stucco finishing surfaces as the direct result of a Covered Cause of Loss.

**9. Electrical Surge Exclusion**

Loss or damage caused by or resulting from any of the following is excluded:

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

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

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

- a) Electrical current, including arcing;
- b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- c) Pulse of electromagnetic energy; or
- d) Electromagnetic waves or microwaves.

**10. Electronic Data Exclusion**

- a. Loss or damage caused by exposure to cyber liability.
- b. Loss, damage destruction, distortion, erasure, corruption, alteration, loss of use, reduction in functionality, cost, or expense caused by or resulting from a *computer virus* is excluded.
- c. However, if a Covered Cause of Loss results from any of the matters described in this Electronic Data Exclusion paragraphs a. and b. above, this policy, subject to all its terms, conditions and exclusions, will cover sudden and accidental physical damage occurring during the policy period to property insured by this policy directly caused by such Covered Cause of Loss.

**11. Electronic Date Recognition Exclusion**

Loss, damage, cost, claim or expense is excluded, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

- a. the calculations, comparison, differentiation, sequencing or processing of data involving any date change, including leap year calculations, by any computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether it is your property or not; or
- b. any change, alteration or modification involving any other date change, including leap year calculations, to any such computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.
- c. This clause applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

**12. Electromagnetic/Geomagnetic Storm**

The policy does not insure any loss, damage, claim, cost, expense or other sum, directly or indirectly arising out of, attributable to, or occurring concurrently or in any sequence with Geomagnetic or Electromagnetic storm(s) or disturbances and/or any Space Weather phenomenon as classified by National Oceanic and Atmospheric Administration (NOAA).

**13. Equipment Breakdown or Explosion Exclusion**

Loss or damage caused by *equipment breakdown* or *explosion* is excluded.

**14. Equipment Breakdown to Vehicles Exclusion**

Loss or damage caused by *equipment breakdown* to vehicles (or any equipment on vehicles), draglines, cranes, excavation or construction equipment is excluded.

**15. Equipment Testing Exclusion**

Loss or damage caused by hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment is excluded.

**16. Erosion Exclusion**

Loss or damage caused by erosion of graded or planted finish or rough grades which results from normally expected or predictable precipitation and surface water runoff is excluded.

**17. Fines or Penalties Exclusion**

Costs, expenses, fines or penalties incurred or sustained by or imposed on you at the order of any government agency, court or other authority arising from any cause whatsoever are excluded.

**18. Flood Exclusion**

Loss or damage caused by *flood* is excluded.

**19. Fraudulent or Dishonest Act or Acts Exclusion**

Loss or damage from any Fraudulent or Dishonest Act or Acts intended to result in financial gain, loss or damage to Covered Property committed alone or in collusion with others: by any proprietor, partner, director, trustee, officer or employee of yours (including leased employees), or by any party to whom the property may have been entrusted (other than a carrier for hire) is excluded.

**20. Fungus, Mold(s), Mildew, Spore(s), Yeast or Toxins Exclusion**

Loss or damage in the form of, caused by, arising out of, contributed to, or resulting from *fungus, mold(s), mildew, spore(s), yeast* or toxins created or produced by or emanating from such *fungus, mold(s), mildew, spore(s), yeast* or toxins is excluded. However, this exclusion shall not apply provided you establish that the *fungus, mold(s), mildew, spore(s), yeast* or toxins is a direct result of a covered loss from a Covered Cause of Loss or *Flood* (provided *Flood* is a Covered Cause of Loss) and as a condition of coverage under this policy, this loss is reported within twelve (12) months from the expiration date of the policy, and the Limit of Insurance shall then be limited to the Sublimits on the Additional Coverages and Sublimits Endorsement.

**21. Government Authority Seizure Exclusion**

Loss or damage due to seizure or destruction of property by order of governmental authority is excluded. However, coverage is provided 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 is a Covered Cause of Loss.

**22. Ground Water Seepage Exclusion**

Loss or damage from water under the ground surface pressing on, or flowing or seeping through:

- a. Foundations, walls, floors or paved surfaces;
- b. Basements, whether paved or not; or
- c. Doors, windows or other openings is excluded.

**23. High Hazard Exclusion**

Loss or damage from explosives, fireworks, or high hazard material stored or maintained on the property is excluded.

**24. Hot Testing Exclusion**

Loss or damage from Hot Testing is excluded.

Hot Testing;

- a. which means:
  - 1) Startup, commissioning or performance testing;
  - 2) Any testing involving the introduction of flammable or explosive feedstock or similar media beginning when such feedstock is first introduced; or
  - 3) The rotational operation of any turbine or generator, except for rotational operation by turning gear only when the turbine or generator is not energized.
- b. Hot Testing does not mean the startup, commissioning or performance testing of:
  - 1) Heating;
  - 2) Cooling;
  - 3) Air handling; or
  - 4) Electrical systems that are part of building systems.

**25. Infestation, Disease, Freeze, Drought, Weight of Ice or Snow or any Damage Caused by Insects, Vermin, Rodents or Animals Exclusion**

Loss or damage caused by infestation, disease, freeze, drought, weight of ice or snow or any damage caused by insects, vermin, rodents or animals to plants, lawns, trees, or shrubs is excluded.

**26. Lack of Utility Supply Exclusion**

Loss or damage caused by the lack of incoming electricity, fuel, water, gas, steam, refrigerant, or outgoing sewerage, or incoming or outgoing data or telecommunications all of which are caused by an *occurrence* away from any *location* insured under this policy, unless specifically provided and only to the extent provided is excluded.

**27. Loss Due to Virus or Bacteria Exclusion**

- a. The exclusion set forth in subparagraph b. below, 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 building(s) or personal property and forms or endorsements relating to Business Income Coverages.

- b. Loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease is excluded.

However, this exclusion does not apply to loss or damage caused by or resulting from *fungus, mold(s), mildew, spore(s) or yeast*. Such loss or damage is addressed in a separate exclusion in this policy.

- 1) With respect to any loss or damage subject to the exclusion in subparagraph b. above, such exclusion supersedes any exclusion relating to *pollutants or contaminants*.
- 2) The terms of the exclusion in subparagraph b. above, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded by this policy.

**28. Manufacturing Damage to Stock or Materials Exclusion**

Loss or damage attributable to *manufacturing* or processing operations which result in damage to *stock* or materials while such *stock* or materials are being processed, manufactured, tested or otherwise being worked upon is excluded.

**29. Mysterious Disappearance Exclusion**

Mysterious disappearance, loss, or shortage disclosed on taking inventory or any unexplained losses is excluded.

**30. Named Storm Exclusion**

Loss or damage directly or indirectly caused by a *Named Storm* that is in existence at the time that written request to bind is given to us, until coverage for such *Named Storm* has been bound by written agreement between us and the Named Insured is excluded. In addition, no increase in limits or additional coverages will be provided for any insured *location(s)* threatened by such *Named Storm*, until coverage for such *Named Storm* has been bound by written agreement between us and the Named Insured.

**31. Nuclear, Biological, Chemical and Radiological Exclusions**

This Policy will not pay for any loss, damage, cost or expense, whether real or alleged, that is caused, results from, is exacerbated by or otherwise impacted by, either directly or indirectly, any of the following (including the threatened use of the following):

- a. Nuclear Hazard - including, but not limited to, nuclear reaction, nuclear detonation, nuclear radiation, radioactive contamination and all agents, materials, products, or substances, whether engineered or naturally occurring, involved therein or released thereby;
- b. Biological Hazard - including, but not limited to, any biological and/or poisonous or pathogenic agent, material, product or substance, whether engineered or naturally occurring, that induces or is capable of inducing physical distress, illness, or disease;
- c. Chemical Hazard - including, but not limited to, any chemical agent, material, product or substance;
- d. Radioactive Hazard - including, but not limited to, any electromagnetic, optical, or ionizing radiation or energy, including all generators and emitters thereof, whether engineered or naturally occurring.

**32. Pollution / Contamination Exclusion**

Except as otherwise specifically provided in Additional Coverages,

- a. any loss, damage, cost or expense,
- b. any increase in insured loss, damage, cost or expense, and / or
- c. any loss, damage, cost, expense, fine or penalty, which is incurred, sustained or imposed by order, direction, instruction or request of, or by any agreement with, any court, government agency or

any public, civil or military authority, or threat, (and whether or not as a result of public or private litigation),

which arises from any kind of seepage or any kind of pollution and/or contamination, or threat, whether or not caused by or resulting from a peril insured, or from steps or measures taken in connection with the avoidance, prevention, abatement, mitigation, remediation, clean-up or removal of such seepage or pollution and/or contamination or threat is excluded.

The term "any kind of seepage or any kind of pollution and/or contamination" as used in this clause includes (but is not limited to):

- a. seepage of, or pollution and/or contamination by, anything, actual, alleged or threatened release, discharge, escape or dispersal of *pollutants or contaminants*, all whether direct or indirect, proximate or remote or in whole or in part caused by, contributed to or aggravated by any sudden and accidental direct physical loss or damage from a Covered Cause of Loss insured by this policy including but not limited to, any material designated as a "hazardous substance" by the United States Environmental Protection Agency or as a "hazardous material" by the United States Department of Transportation, defined as a "toxic substance" by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons or the environment under any other Federal, State, Provincial, Municipal or other law, ordinance or regulation; and
- b. the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

**33. Pre-Existing Damage Exclusion**

Loss or damage arising out of pre-existing damage as outlined below is excluded:

- a. Damages which occurred prior to policy inception regardless of whether such damages were apparent at the time of the inception of this Policy or discovered at a later date including any continuation, change or recommencement of such loss during the policy period; or
- b. Claims or damages arising out of workmanship, repairs or lack of repairs arising from damage which occurred prior to policy inception; or
- c. A building or any part of a building that is in danger of *collapse*, falling down or caving in, or
- d. Any part of a building that has separated from another part of the building, or
- e. A building or any part of a building that is standing which shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

**34. Property in the Open Exclusion**

Loss or damage from rain, snow, ice or sleet to personal property in the open is excluded.

**35. Rain, Snow, Sleet, Sand or Dust Exclusion**

Loss or damage caused by rain, snow, sleet, sand or dust to the interior of a building or property contained in a building is excluded unless a covered peril first damages the building causing an opening in a roof or outside wall, door or window and the rain, snow, sleet, sand or dust enters through this opening.

**36. Remote or Consequential Loss or Damage Exclusion**

Remote or consequential loss or damage, including but not limited to liquidated damages, performance penalties, penalties for non-completion, delay in completion, or noncompliance with contract conditions whether caused by an insured peril or otherwise is excluded. This exclusion does not apply to Business Income Coverages when it is covered under this policy.

- 37. Sanction Limitation and Exclusion Clause** means no (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or

economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

**38. Smoke and Smog Exclusion**

Loss or damage caused by smog, smoke, vapor or gas from agricultural smudging or industrial operations is excluded.

**39. Subsidence and Settling Exclusion**

Loss or damage from subsidence, settling, cracking, shrinking, bulging, or expansion of pavements, foundations, walls, floors, or ceilings is excluded.

**40. Tenant Relocation Cost Exclusion**

The cost or expense to move your tenants to a temporary *location* due to the Covered Property becoming uninhabitable or unusable is excluded.

**41. Terrorism Exclusion**

Loss, damage, cost or expense of any nature directly or indirectly caused by, resulting from or in connection with any act of terrorism, regardless of any other cause or event contributing concurrently or in any other sequence to the loss is excluded.

For the purpose of this exclusion, an "act of terrorism" means an act, including but not limited to the use of force or violence and/or the threat, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This clause also excludes loss, damage, cost or expense of any nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism. Such loss or damage is excluded regardless of any other cause, event or intervention that contributes concurrently or in sequence to the loss or damage.

When coverage is denied due to this exclusion, any loss, damage, cost or expense is not covered by this insurance and it is agreed the burden of proving the contrary shall be upon you.

In the event, any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

**42. Vegetated Roof Exclusion**

Loss or damage to lawns, trees, shrubs or plants which are part of a vegetated roof is excluded when caused by or resulting from:

- a. Dampness or dryness of atmosphere or of soil supporting the vegetation;
- b. Changes in or extremes of temperature;
- c. Disease;
- d. Frost or hail; or
- e. Rain, snow, ice or sleet

**43. Voluntary Parting with Title or Possession Exclusion**

Loss, damage, cost or expense from the voluntary parting with the title or possession of any property including voluntary parting which is the result of any fraudulent scheme, trick, devise, false pretenses, or any other similar act is excluded.

**44. War and Terrorism Exclusions**

Damage, loss, cost or expense from the following is excluded:

- a. War, hostile, terrorist or warlike action in time of peace or war, whether or not declared, including action in hindering, combating, or defending against an actual, impending, or expected attack:

- 1) By any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval, or air forces;
  - 2) By military, naval, or air forces; and / or
  - 3) By an agent of any such government, power, authority, or force;
- b. Any weapon of war employing atomic fission or radioactive force, whether in time of peace or war, whether or not its discharge was accidental; and / or
- c. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such *occurrence*, seizure or destruction;
- Including any consequence of Subparagraphs a.1., a.2., a.3., above.

**45. Warranty Exclusion**

Loss, damage, cost, or expense covered under any express or implied guarantee or warranty from a manufacturer or supplier, whether or not such manufacturer or supplier is a Named Insured under this policy, is excluded.

**46. Wear and Tear Exclusion**

Loss or damage from wear and tear is excluded.

**47. Wiring Exclusion**

We will not pay for loss or damage caused by or resulting from the existence/use of pigtail wiring, aluminum wiring or Federal Pacific Electrical Panels.

**E. Limits of Insurance**

The total maximum limit in any one *occurrence* as a result of a Covered Cause of Loss regardless of the number of *location(s)*, coverages, or perils insured under this policy shall not exceed the lesser amount of the Actual Loss Sustained or the limit provided on the Declarations, Locations and Building Detail section, after the application of any Deductible.

The Sublimits of Insurance as stated on the Additional Coverages and Sublimits Packages Endorsement, are included within, and not in addition to the Limit of Insurance. The Sublimits of Insurance and the specified limits of insurance contained in the forms, endorsements and extensions attached, if any, are per *occurrence* for loss at the location(s) identified in the Location & Building Details in the Declaration, unless otherwise indicated.

If the word "No" is shown on the Declarations Coverage Information Section – Coverages Selected, then no coverage is provided for that coverage or Covered Cause of Loss.

**F. Deductible**

If the amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

A *Named Storm* Deductible will apply to the covered perils of wind & hail and ALL *flood* and / or *earthquake* losses, with a minimum *occurrence* deductible of \$10,000. A *Named Storm* Deductible applies as an aggregate percentage of the total of all Coverages (A, B, C and D) at the damaged location, on a per occurrence basis.

The *Named Storm* Deductible amount will be determined by multiplying the percentage in the Declarations by the aggregate sum of Coverage A, Coverage B, Coverage C and Coverage D values for each building as identified in the Location & Building Details in the Declaration and applying the policy percentage for the *Named Storm* Deductible to that amount to determine the applicable deductible.

If two or more locations are indicated in the Declarations, then the applicable *Named Storm* Deductible will be applied separately at each location against the sum of all losses or damages incurred at each location on a per *occurrence* basis.

An All Other Wind and Hail Deductible will apply to all other wind and hail losses that are not caused by a *Named Storm*. The deductible will apply as stated in the Declarations and will apply per *occurrence*. Only one All Other Wind and Hail Deductible will apply per *occurrence*, regardless of the number of buildings identified in the Location & Building Details in the Declaration.

An All Other Peril Deductible will apply if the covered perils are other than wind, hail, *flood* and / or earthquake. The All Other Peril Deductible applies per *occurrence*.

**G. Policy Conditions**

**1. Assignment**

You may not assign this policy without prior written consent from us.

**2. Cancellation, Non-Renewal and Additions or Deletions**

- a. If we do not receive the premium owed at policy issuance for this policy we may cancel the policy as of the policy's effective date and a cancellation notice will be issued. If this policy is cancelled back to the policy's date of inception, it means that no coverage will be afforded to anyone under the policy.
- b. This policy can be canceled by you by providing:
  - 1) An advanced written request for cancellation stating when the cancellation shall be effective; except that you may not cancel the policy back to the policy's effective date if the policy has been in effect for 60 days or more; and
  - 2) The original policy or a lost policyholder release signed by you or your legal representative; or
  - 3) Proof of a replacement policy with the request for cancellation if this policy's coverage is being replaced by another policy.
  - 4) Minimum earned premium may apply to policy cancellations, per Minimum Earned Premium Endorsement SMB 415.
- c. We may cancel this policy by giving you at least thirty (30) days written notice of cancellation for all cancellation reasons except non-payment of premium.
- d. We may cancel this policy by giving you at least ten (10) days written notice of cancellation for non-payment of premium that:
  - 1) Is due on an installment payment; or
  - 2) Becomes due and payable because of changes made to coverages or limits.
- e. Notwithstanding paragraph c. above, we may void this policy, meaning that coverage is cancelled as of the inception date of this policy, without providing advance notice if you or your representatives have concealed or misrepresented any material fact or circumstance, or made a material misstatement and/or a material misrepresentation when applying for this policy; and / or committed fraud, or false swearing as it relates to this policy. We may provide written notice if this policy is voided ab initio per the foregoing, but such notice shall not be required to be provided in advance of the void or cancellation effective date.
- f. The cancellation will be effective even if a refund has not been made or offered.
- g. If you cancel this policy, we will send you any premium refund due subject to any earned premium and fees provisions affixed to this policy.
- h. The policy may be non-renewed on the anniversary of the policy. This policy will be non-renewed by us, in compliance with state statutes controlling non-renewal, if applicable, and will include the reason for non-renewal. If there is no controlling law or regulation, the written non-renewal notice will be mailed at least thirty (30) days prior to the end of the policy period, and proof of mailing will be sufficient proof of notice of the non-renewal. If a notice conditioning renewal on changes to the offered limits, covered perils, premium, terms, conditions, and/or exclusions is sent, such notice shall not be deemed a non-renewal, unless that renewal is not accepted. If the conditional offer is



not accepted, the policy will end, and all coverage cease at the expiration of the policy period. Failure to pay the premium applicable to any renewal term will mean that you have not accepted the renewal offer, and this policy will expire, and all coverage will cease at the end of the policy period. Proof of mailing of any cancellation and/or non-renewal notice mailed to any additional Insureds, loss payees, or mortgagee endorsed onto this policy shall be sufficient proof of notice.

- i. Expiration. This policy will automatically end, and all coverage cease at the expiration of the policy period if no offer to renew is extended or an offer to renew with changed, terms, coverage, premiums, or limits is not accepted.
- j. Additions and Deletions:
  - 1) Coverage cannot be increased, nor additional *locations* added, if a *Named Storm* is in existence, unless with our express written consent.
  - 2) Nothing will act to provide coverage for the Newly Acquired Property
    - a) beyond a period of sixty (60) days from the date of acquisition or lease of such property or
    - b) when we notify you that we will not bind the Newly Acquired policy.
- k. Proof of mailing will be sufficient proof of notice of cancellation.

**3. Control of Property**

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

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

**4. Currency**

Any amount of money specified in the policy, including Limits of Insurance, Deductibles and Premiums shall be in the currency of the United States of America.

**5. Increase in Hazard**

If the circumstances in which this insurance was entered shall be altered or if the risk shall be materially increased, you shall give us notice as soon as possible.

**6. Inspection and Audit**

You shall permit inspections of all Covered Property at reasonable times during this policy period. Neither the right to make inspections, nor making inspections nor any report on behalf of or your benefit or others, will warrant that such property is safe or healthful or that the operations comply with any law, rule, or regulation.

You shall also permit examination and audit of your books and records at any reasonable time during the policy period and within one year after the policy termination, if such examination and audit relate to the subject matter of this policy.

In the event that we obtain information, whether via inspection, audit, or any other means, regarding the risks insured under this policy that contradicts information provided to us when this policy was applied for, we may modify the terms of the policy, including the premium charged, based on such information.

**7. Action Against Us**

No person or organization may commence, cause to be commenced, or assert any action for arbitration against us unless:

- a. There has been full compliance with all terms and conditions of this Policy;-
- b. Any action is brought within one (1) year after the date of the *occurrence* or event which occasioned the sudden and accidental direct physical loss or damage from a Covered Cause of Loss.

- c. Any action asserted that relates to an arbitration award is not subject to Subsection (b) of this provision. Such an action must be brought within 180 days of the final award being entered, but no sooner than 45 days after the final award is entered.
- d. In the event any part of this provision is considered unenforceable, invalid, or void, any action against us must be brought within the shortest limit of time permitted by the applicable statute of the state in which the loss occurred.

Nothing in this provision impacts your Duties in the Event of Damage, including, but not limited to, the duty to provide prompt notice of damage.

**8. Location and Building Details**

The *locations* and buildings, as provided by you at policy inception and each subsequent anniversary date of this policy, as listed on the Location and Building Detail, of the Declarations, shall consist 100% of the Property and Business Income Values for all insured *locations*.

Such values shall be reported separately for each *location*, with separate figures shown for each type of coverage at each *location*. The property values shall be shown on a *replacement cost* basis for property which is covered on a *replacement cost* basis and on an *actual cash value* basis for other property. The value of *stock* and supplies to be included in the property values shall be in accordance with the Loss Settlement Conditions clause contained in this policy and shall be based on the approximate average of the *stock* and supplies on hand during the twelve months immediately preceding the annual review of values. Business Income Values (if covered) shall be provided in accordance with the terms of the applicable Business Income Coverages provisions.

**9. Misrepresentation and Fraud**

This entire policy shall be void if you or your representative have

- a. concealed or misrepresented any material fact or circumstance; and / or
- b. made a material misstatement or a material misrepresentation when applying for this policy, committed fraud, or false swearing as it relates to this policy.

We are not required to provide you with advance notice that this policy has been voided.

**10. No Benefit to Bailee**

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

**11. Other Insurance/ Excess Insurance / Underlying Insurance**

If there is Other Insurance covering the same loss or damage insured under this policy, then this policy shall apply only as excess and in no event as contributory insurance (unless this policy is specifically written to be contributory insurance), and then only after all other insurance has been exhausted, whether or not such insurance is collectible, but in no case, more than the Sublimits or Limits of Insurance. Permission is granted for you to purchase Excess Insurance over the limits provided by this policy, and underlying insurance on all or any part of the Deductibles of this policy.

**12. Reinstatement of Limits**

Except for any Covered Cause of Loss which is subject to an annual aggregate limit or Sublimit of Insurance, payment of a claim will not reduce the amount payable under this policy for any subsequent covered loss.

**13. Several Liability Clause**

Our Limit of Insurance under this policy for covered losses is several and not joint with other insurers party to this contract. We are liable only for the proportion of insurance we have underwritten. We are not jointly liable for the proportion of insurance underwritten by any other insurer. Nor are we otherwise responsible for any liability of any other insurer that may underwrite this policy.

Our liability may not be increased if any other insurer or other party to this contract who for any reason

does not satisfy all or part of its obligations.

**14. Titles of Paragraphs**

The titles of the various paragraphs of this policy (and of endorsements included in this policy) are solely for reference and shall not in any way affect the provisions to which they relate.

**15. 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 (1)(a) and (1)(b) below:
  - a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.
  - b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:
    - i. Rented to a lessee or sub lessee and used by the lessee or sub lessee to conduct its customary operations; and/or
    - ii. Used by the building owner to conduct customary operations.
- 2) Buildings under construction or renovation are not considered vacant.

**b. Vacancy Provisions**

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

- 1) We will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss:
  - a) Vandalism;
  - b) Sprinkler leakage, unless you have protected the system against freezing;
  - c) Building glass breakage;
  - d) Water damage;
  - e) Theft; and / or
  - f) Attempted theft.
- 2) With respect to Covered Causes of Loss other than those listed in the Vacancy Provisions paragraphs above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

**H. Property Loss Conditions**

The following Property Loss Conditions apply:

**1. Abandonment**

There can be no abandonment of any property to us.

**2. Adjustment of Loss and Named Insured Clause**

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.

The first Named Insured shown in the Declarations is responsible for the payment of all premiums.

If this policy insures more than one entity, the First Named Insured is authorized to act on behalf of all other insureds with respect to their rights, obligations and duties under this policy. Payment of loss or return premium under this policy shall constitute payment under this policy with respect to all insureds.

**3. Arbitration Agreement and Choice of Law**

Any and all matters in difference between and/or among the Parties, as defined in this provision, in relation to this insurance, including, but not limited to, its formation, validity, and the arbitrability of any dispute, and whether arising during or after the period of this insurance, shall be referred to an Arbitration Tribunal in the manner hereinafter set out. A party must give advanced written notice to the other party of their intent to request arbitration of a matter in difference. This Agreement contains a delegation provision requiring the Arbitration Tribunal to resolve all issues arising out of, relating to, involving, and/or resulting from this insurance, including, but not limited to, questions involving this agreement. It is the Parties' intent to delegate all issues to the Arbitration Tribunal.

- a. This is an agreement to arbitrate (the "Agreement"). The Parties to the Agreement include the Insurers listed on the Policy's Declarations Pages (the "Insurers"), you, any insured, additional insureds, mortgagees, loss payees, assignees, lienholders, and/or any person and/or entity claiming rights and/or benefits related to the Policy (the "Parties"). This Agreement shall be considered a separate agreement that is enforceable, irrespective of any other provision contained in this Policy.
- b. This Agreement governs the appointment of the Arbitration Tribunal. The Arbitration Tribunal shall consist of qualified and disinterested persons. The Arbitrators may not have any interest or claimed interest in the outcome of the arbitration, including any contingency interest or an assignment of any portion of the claim.

The Claimant (the party requesting arbitration) shall appoint his or her Arbitrator and give written notice thereof to the Respondent (the party receiving a request for arbitration). Within thirty (30) days of receiving such notice, the Respondent shall appoint his or her Arbitrator and give written notice of his or her selection to the Claimant. If the Respondent does not provide written notice of his or her Arbitrator within thirty (30) days of receiving the Claimant's notice, the Claimant may nominate an Arbitrator on behalf of the Respondent. The Arbitrators selected by the Parties must be currently or formerly employed in a senior position in insurance underwriting or claims at an insurer. The two Arbitrators shall then select an Umpire. The Umpire must be currently or formerly employed at an insurer as one of the following or an equivalent position: president, vice-president, assistant vice-president, general counsel, assistant general counsel, chief operating officer, or chief risk officer. If the two Arbitrators fail to agree on the selection of the Umpire within thirty (30) days of the appointment of the second named Arbitrator, each Arbitrator shall submit to the other a list of three Umpire candidates. Each Arbitrator shall then select one name from the list submitted by the other. The Umpire shall be selected from the two names chosen by a lot drawing procedure to be agreed upon by the Arbitrators.

The Arbitration Tribunal consists of the Umpire, the Claimant's selected Arbitrator, and the Respondent's selected Arbitrator.

- c. The Arbitration Tribunal shall have the power to fix all procedural rules for the Arbitration, including discretionary power to make orders as to any matter which it may consider proper in the circumstances of the case with regard to pleadings, discovery, inspection of documents, examination of witnesses, and any other matter whatsoever relating to the conduct of the Arbitration. The Arbitration Panel may receive and act upon such evidence in its discretion, regardless of whether that evidence is oral or written or strictly admissible or not. The Arbitration Panel, in fixing the procedural rules for Arbitration, must ensure due process and that the Parties are able to fully present their claims and defenses at the arbitration hearing. The Arbitration Tribunal should initially meet with the Parties to discuss the procedural issues at an Organizational Meeting and should continue to meet with the Parties as needed to address procedural issues.
- d. All aspects of the Arbitration shall be confidential, and the Parties and the Arbitrator's, the Umpire and the Arbitration Tribunal shall neither disclose nor permit the disclosure of any information

related to the proceedings, including but not limited to discovery, testimony, evidence, briefs, decisions, and any award, except as the Arbitration Tribunal may authorize in writing. The Arbitration Tribunal shall only authorize disclosure of information to the extent disclosure is necessary to further the proceeding and/or to comply with applicable law. Any such authorization shall be as limited in scope as the Arbitration Tribunal deems practicable.

- e. The seat of the Arbitration shall be in New York, and the final arbitration hearing shall be held in New York, unless some other location is agreed to by the Parties and the Arbitration Tribunal. The Arbitration Tribunal shall apply the law of New York when resolving all matters in difference between the Parties, regardless of the location of the Arbitration.
- f. The Parties shall each bear their own costs, expenses and attorney's fees in any Arbitration proceeding. The Parties will also bear the costs of their own Arbitrator and will bear, jointly and equally with each other, the costs of the Umpire.
- g. The award of the Arbitration Tribunal shall be in writing and binding upon the Parties, who covenant to carry out the same. Any valid award shall be paid within forty-five days of receiving the Arbitration Tribunal's written decision. If any Party fails to carry out any award within forty-five days (45), the other may apply for its enforcement as permitted by law.
- h. All Insurers shall be included and participate in any Arbitration proceeding, including sharing the Insurers' portion of the arbitration costs. Further, irrespective of whom is sued and/or any purported waiver of claims, all Insurers shall have the right to participate in any litigation that relates to and/or concerns this Agreement, this Policy and/or the enforceability of any award issued by the Arbitration Tribunal. Nothing in this paragraph shall affect the Insurers' several liability for losses covered under this Policy.
- i. The provisions in this Arbitration Agreement are severable, and if any portion is found to be unenforceable, the other paragraphs, or parts thereof, shall remain full, valid, and enforceable.

#### **4. Brands and Labels**

If branded or labeled merchandise covered by this policy is physically damaged and we elect to take all or any part of such merchandise at the value established by the terms of this policy, you may, at your own expense, stamp "SALVAGE" on the merchandise or its containers, or may remove or obliterate the brands or labels, if such stamp, removal or obliteration will not physically damage the merchandise. You must relabel the merchandise or containers in compliance with the requirements of law.

#### **5. Control of Damaged Merchandise**

Exercising reasonable discretion, you shall be the sole judge as to whether the goods involved in any loss under this policy are fit for normal intended use or consumption. No goods deemed by you to be unfit for consumption shall be sold or otherwise disposed of except by you or with your consent, but you shall allow us any salvage obtained by you on any sale or other disposition of such goods. You shall have full right to the possession of and retain control of all goods involved in any loss under this policy.

#### **6. Divisible Contract**

Subject to 16.c.17. Mortgage holders Section below, if the *locations* described in this policy include two or more buildings or the contents of two or more buildings, the breach of any condition of this policy in respect to any one or more of the buildings insured or containing the Covered Property, shall not prejudice the right to recover for physical damage occurring in any building insured or containing the Covered Property where, at the time of such damage, a breach of condition does not exist.

#### **7. Duties in the Event of Damage**

- a. You must see that the following are done in the event of damage to Covered Property:
  - 1) Notify the police if a law may have been broken.

- 2) Give us prompt notice of the damage, including a description of the property involved.
- 3) As soon as possible, give us a description of how, when and where the damage occurred.
- 4) Take all reasonable steps to protect the Covered Property from further damage, mitigate additional losses (e.g. Business Income), and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. If feasible, set the damaged property aside and in the best possible order for examination. However, we will not pay for
  - a. any subsequent damage resulting from a cause of loss that is not a Covered Cause of Loss; and / or
  - b. any expenses relating to inspection, testing, determining the Cause of Loss or extent of damage, engineers, or any other expense that is incurred without our prior written consent solely to protect Covered Property.
- 5) At our request, give us complete inventories of the damaged and undamaged property, including quantities, costs, values and amount of loss claimed.
- 6) As often as may be reasonably required, permit us to inspect the property proving the 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 90 days after our request and include the following:
  - a. The time and origin of the loss;
  - b. Your interest and the interest of all others in the property;
  - c. The value of each item determined in accordance with the Loss Settlement Conditions of this policy, the amount of loss, and all related encumbrances;
  - d. All other contracts of insurance, whether collectible or not, covering any of said property; and
  - e. Any changes in the title, use, occupation, *location*, possession, or exposures of Covered Property after the issuance of this policy, by whom and for what purpose any building described and the several parts were occupied at the time of loss, and whether or not it then stood on leased ground.
- 8) Cooperate with the Insurer(s) and any other person or persons designated by the Insurer(s) in the investigation, adjustment or settlement of any claim.
- 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.

**8. Protection and Preservation of Property**

In case of actual or imminent sudden and accidental direct physical damage by a Covered Cause of Loss, the expenses incurred by you in taking reasonable and necessary actions for the temporary protection and preservation of Covered Property shall be added to the total physical damage otherwise recoverable under this policy and be subject to the applicable Deductible, Sublimit of Insurance, and policy limit.

**9. Recovered Property**

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then 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.

**10. Salvage and Recoveries**

All Business Income Values, *Replacement Cost Basis*, Recoveries and payments, excluding proceeds from subrogation and underlying insurance recovered or received prior to a loss settlement under this policy, shall reduce the loss accordingly.

**11. Settlement of Claims**

The amount of loss under this policy shall be payable within thirty (30) days after valid proof of loss is received, accepted, and ascertainment of the amount of loss is made either by agreement with you or an amount is determined by binding Arbitration in accordance with the provisions of this policy.

We shall have the option to take all or any part of the property at the agreed or arbitrated value, or to repair, rebuild or replace the property physically lost or damaged with other of like kind and quality, within a reasonable time, on giving notice of its intention to do so within sixty (60) days after receipt of the proof of loss required.

**12. Subrogation**

An assignment of all rights of recovery against any party for loss may be required from you to the extent that payment has been made, but the assignee shall not acquire any rights of recovery which you have expressly waived in writing prior to loss nor shall such waiver in writing affect your rights under this policy. We waive the rights of recovery against any Mortgagee listed on the Declaration. However, notwithstanding the foregoing, we shall be subrogated to all your rights of recover against:

- a. any Architect or Engineer, whether named as a Named Insured or not, for any damage arising out of the performance of professional services in their capacity as such and caused by an error, omission, deficiency or act of the Architect or Engineer, by any person employed by them or by any others for whose acts they are legally liable, and
- b. any manufacturer or supplier of machinery, equipment or other property, whether named as a Named Insured or not, for the cost of making good any damage which said party has agreed to make good under a guarantee or warranty, whether expressed or implied.

Any recovery as a result of subrogation proceedings arising out of an *occurrence*, after expenses incurred in such subrogation proceedings are deducted, shall accrue in the proportion that the Deductible amount and/or any provable uninsured loss amount bears to the entire provable loss amount.

You will cooperate with us and, upon our request, will:

- a. Attend hearings and trials; and
- b. Assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses, and conducting suits.

**13. Transfer of Rights of Recovery Against Others to Us**

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

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

- b) That owns or controls you; or
- 3) Your tenant.

This will not restrict your insurance.

**14. Undamaged Material**

We will not pay to replace undamaged material due to mismatched material between undamaged material and new material used to repair or replace damaged material. We do not cover the loss in value to any property due to mismatched material between undamaged material and new material used to repair or replace damaged material.

**15. Loss Settlement Conditions**

We will pay no more than the *actual cash value* of covered damages until actual repair or replacement is complete. Once actual repair or replacement is complete, we will pay the applicable and supported *replacement cost* up to, but not in excess of, any applicable policy limits, subject to the following conditions: You must notify the Insurers of your intent to repair, rebuild or replace the property within one hundred eighty (180) days of the date of loss to recover *replacement cost*. You must also complete the repairs, rebuilds, and/or replacements within two (2) years of the date of loss (unless such requirement is waived in writing) to recover *replacement cost*. If there is an applicable law that is shorter than the two-year requirement of completing repairs, rebuilds, and/or replacement noted above, the Insured must complete the repairs, rebuilds, and/or replacements within that specific time period in order to recover *replacement cost*.

We will pay for covered damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this policy, and (1) we have reached agreement with you on the amount of (2) an arbitration award has been made.

We shall have the option to take all or any part of the property at the agreed or arbitrated value, or to repair, rebuild or replace the property physically lost or damaged with other of like kind and quality, within a reasonable time, on giving notice of its intention to do so within sixty (60) days after receipt of the proof of loss herein required.

We will determine the value of Covered Property in the event of damage as follows:

- a. The total maximum limit paid in any one *occurrence* as a result of a Covered Cause of Loss regardless of the number of *locations*, coverages, or perils insured under this policy shall not exceed the lesser amount of the Actual Loss Sustained or the limit provided on the Declarations, Locations and Building Detail section, after the application of any Deductible.
- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.
- c. Unless otherwise endorsed, the property, as described below, will be valued as follows:
  - 1) Accounts Receivable: the amount owed to you which you are unable to collect from customers, and shall include:
    - a) Any collection expenses over and above the normal collection costs;
    - b) Interest charges on any loan to offset impaired collections pending repayment of such sums that cannot be collected; and
    - c) Other reasonable and necessary expenses incurred by you to recreate Accounts Receivable records.

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

After payment of loss, all amounts you recover on Accounts Receivable for which you have been paid will belong to and will be paid to us up to the total amount of loss paid. All recoveries more than such amounts will belong to you.



In the event it is possible to reconstruct your Accounts Receivable records after they have been physically lost or damaged, so that no shortage in collection of Accounts Receivable is sustained, the only recoverable loss will be the costs of the material and the time required to reconstruct such records, with the exercise of due diligence and dispatch, but only to the extent that such amounts are not covered by any other insurance.

- 2) Contractor's tools, machinery (including spare parts and accessories), equipment and vehicles (if covered): will be valued at *actual cash value*, unless an agreed value applies.
- 3) Electronic Data and Media: the cost of the blank media, plus the costs of copying the Electronic Data and Media from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling such Electronic Data and Media. If the Electronic Data and Media is not repaired, replaced or restored, the basis of valuation shall be the cost of the blank media. However, this policy does not insure any amount pertaining to the value of such Electronic Data and Media to you or any other party, even if such Electronic Data and Media cannot be recreated, gathered or assembled.
- 4) *Fine Arts*:
  - a) The value of the *Fine Arts* shall be the lesser of:
    - i. The cost to repair or replace the *Fine Arts*, or
    - ii. The appraised value, which will be determined as of the time of the loss.
      - (a) If a *Fine Arts* article is part of a pair or set, and a physically damaged article cannot be replaced, or cannot be repaired or restored to the condition that existed immediately prior to the loss, the appraised value will be used in the settlement of such pair or set. You will surrender the damaged pair or set.
- 5) Finished Goods manufactured by you: the regular cash selling price at the *location* where the loss occurs, less all discounts and charges to which the merchandise would have been subject had no loss occurred.
- 6) Jigs and Fixtures, dies, small tools, patterns, employees' jigs and fixtures personal property; and jigs and fixtures personal property of third parties: the *replacement cost* if *replacement cost* values have been reported and if replaced; otherwise the *actual cash value*, but not to exceed the cost to repair or replace the property with material of like kind and quality.
- 7) Leasehold Improvements and Betterments:
  - a) If repaired or replaced at your expense within two (2) years after the date of the loss, the cost to repair or replace the damaged improvements and betterments.
  - b) If not repaired or replaced within two (2) years after the date of the loss, a proportion of your original cost.

The proportionate value will be determined as follows:

- i. Multiply the original cost by the number of days from the date of loss to the expiration of the lease; and
  - ii. Divide the amount determined in subparagraph i. above by the number of days from the installation of improvements to the expiration of the lease.
  - iii. If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure; or
  - c) Nothing, if others pay for repairs or replacement.
- 8) A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner

of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, Loss Settlement Conditions and all other provisions and conditions of this policy. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer of Rights of Recovery Against Others to Us Condition in this policy.

- 9) Property for Sale: If, at the time of the loss, any real property is being offered for sale, the damage to such property will be valued at the lesser of:
  - a) The cost to repair or replace the damaged property, or
  - b) The price at which the property is offered for sale less the market value of the *land*.
- 10) Raw materials, supplies and other merchandise not manufactured by you: the *replacement cost*.
- 11) *Stock in Progress*: the cost of raw materials and labor expended, plus the proper proportion of overhead charges.
- 12) Business Income Value is determined by calculating the "Average Daily Value" (ADV). ADV means the total 100% Business Income Value that would have been projected for the Period of Interruption for the *locations* where the physical damage occurs, had no physical damage occurred, divided by the number of working days in such Period of Interruption. The sum shall include all Business Income Values to which the operations of the *locations* directly or indirectly contribute.
- 13) Valuable Papers and Records: the cost to replace or restore the property with like kind and quality including the cost to research, gather and assemble information. If not replaced, this policy will only pay the blank value of the Valuable Papers and Records.
- 14) All Other Property: Will be valued at *replacement cost* if replaced; otherwise, will be valued at the *actual cash value*, but not to exceed the cost to repair or replace the property with material of like kind and quality.

With respect to Subparagraphs 1 through 14, inclusive, unless otherwise specifically stated, the valuations will be computed at the time and place of the loss.

- 15) Glass at the cost of replacement with safety-glazing material if allowed by law.
- 16) Mortgage holders
  - a) The term mortgage holder includes trustee.
  - b) We will pay for covered damage to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as interests may appear.
  - c) The mortgage holder has the right to receive loss payment even if the mortgage holder 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 mortgage holder will still have the right to receive loss payment if the mortgage holder:
    - i. Pays any premium due under this policy at our request if you have failed to do so;

- ii. Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- iii. Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All the terms of this Coverage Part will then apply directly to the mortgage holder.

- e) If we pay the mortgage holder for any damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
  - i. The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
  - ii. The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder 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 mortgage holder at least:
  - i. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
  - ii. 30 days before the effective date of cancellation if we cancel for any other reason.
- g) If we elect not to renew this policy, we will give written notice to the mortgage holder at least 30 days before the expiration date of this policy.

#### 16. **Roof Replacement Conditions**

Partial repairs, recoating or temporary repairs are considered maintenance only and do not determine the age of the roof.

#### I. **Definitions**

1. **Actual Cash Value** means the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. *Actual cash value* applies to valuation of Covered Property regardless of whether that property has sustained partial or total loss or damage.  
  
The *actual cash value* of the lost or damaged property may be significantly less than its *replacement cost*.
2. **Actual Total Loss** means a loss that occurs when the insured property is totally destroyed or damaged in such a way that it can be neither recovered nor repaired for further use.
3. **Cloud computing** means on-demand network access to a shared pool of computing resources via networks, servers, storage, applications and services provided by an organization with whom you have a contract with using the following service models: Software as a Service (SaaS), Platform as a Service (PaaS) and Infrastructure as a Service (IaaS) on the following deployment models: public cloud, community cloud, hybrid cloud and private cloud.
4. **Collapse** means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its current intended purpose.
5. **Computer equipment** means electronic computer or other data processing equipment, including peripherals used in conjunction with such equipment and electronic media and records.
6. **Computer virus** means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of any nature. *Computer Virus* includes, but is not limited to, "Trojan Horses," "worms" and "time or logic bombs."

7. **Cosmetic Damage** means any kind of marring, pitting or other superficial damage which may alter the appearance, but does not prohibit it from functioning as intended.
8. **Drought** is an event of prolonged shortages in the water supply, whether atmospheric (below-average precipitation), surface water or ground water.
9. **Earth Movement** means:
  - a. Any natural or manmade landslide, mudslide, mudflow, rock falls, including any earth sinking, rising or shifting related to such event;
  - b. Subsidence of a man-made mine, whether or not mining activity has ceased; and
  - c. Earth sinking, 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.
  - d. **Earthquake**, meaning quaking, vibratory or undulating movement of a portion of the earth's crust, produced by tectonic or underground volcanic forces or by breaking, shaking, trembling or shifting of rock beneath the earth's crust. The definition of *earthquake* does not include subsidence, landslide, rockslide, mudflow, earth rising, earth sinking, earth shifting or settling, unless as a direct result of such *earthquake*.
  - e. **Earthquake Shock**, meaning the sum of all your losses attributable directly from the peril of *earthquake* sustained during any period of one hundred sixty-eight (168) consecutive hours due to one *Earthquake Shock* or a series of *Earthquake Shocks*.
  - f. **Volcanic eruption**, meaning the eruption, *explosion* or effusion of a volcano, excluding tsunamis. All volcanic eruptions that occur within any one hundred sixty-eight (168) hour period will constitute a single *occurrence*.
10. **Electronic equipment** means devices which operate using many small electrical parts such as, but not limited to, microchips, transistors, or circuits.
11. **Electronic equipment deficiency** means the quality or condition inside of *electronic equipment* which renders this equipment unexpectedly inoperable and which is operable again once a piece of *electronic equipment* has been replaced.

However, *electronic equipment deficiency* will not include replacement of *electronic equipment* for any condition that could have been resolved without replacement of the *electronic equipment* including but not limited to *computer equipment* maintenance or the reinstallation or incompatibility of software.

12. **Equipment Breakdown** means:
  - a. Physical loss or damage both originating within:
    - 1) Boilers, fired or unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:
      - a) Waste disposal piping;
      - b) Any piping forming part of a fire protective system;
      - c) Furnaces; and
      - d) Any water piping other than
        - i. Boiler feed water piping between the feed pump and the boiler;
        - ii. Boiler condensate return piping; or
        - iii. Water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes.
    - 2) All mechanical, electrical, fiber optic equipment or "electronic equipment"; and

- b. Caused by, resulting from, or consisting of:
  - 1) Mechanical breakdown;
  - 2) Electrical or electronic breakdown and “electronic equipment deficiency”; or
  - 3) Rupture, bursting, bulging, implosion, or steam explosion.

However, *equipment breakdown* will not mean:

- a. Physical loss or damage caused by or resulting from any of the following:
    - 1) Wear and Tear;
    - 2) Rust or other corrosion, decay, deterioration, hidden or latent defect, mold or any other 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 birds, rodents or other animals;
    - 6) Any accident, loss, damage, cost, claim, or expense, whether preventative, remedial, or otherwise, directly or indirectly arising out of or relating to the recognition, interpretation, calculation, comparison, differentiation, sequencing, or processing of data by any computer system including any hardware, programs or software;
    - 7) Scratching and marring.
  - b. Loss, damage, cost or expense directly caused by, contributed to, resulting from, or arising out of the following causes of loss:

Fire, lightning, combustion, *explosion*, windstorm or hail, weight of snow, ice or sleet, freezing, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, *collapse*, *earthquake*, leakage from fire extinguishing equipment, water, water damage, or *flood*.
13. **Explosion** means a sudden, accidental and destructive shattering or eruption. *Explosion* does not include damage occasioned by or incident to explosion in or relating to the following equipment you own, operate or control:
- a. Steam boiler, steam turbines, steam engines, and steam pipes interconnecting any of the foregoing;
  - b. Moving or rotating machinery or parts when direct damage is caused by centrifugal force or mechanical breakdown;
  - c. Combustion gas turbines;
- To the extent of the loss to products; any products you manufacture or other property attached to these products or forming a part of these products, including those products and property undergoing pressure tests. *Explosion* will include damage arising or resulting from:
- a. The *explosion* of accumulated combustible gases or unconsumed fuel within the furnace of a boiler or pressure vessel, other than combustion gas turbines, or within the flues or passages which conduct the gases of combustion;
  - b. A combustion *explosion* occurring outside of any equipment excluded above, even though such combustion *explosion* may have been the direct result of the *explosion* or such excluded equipment.
- The following are not *explosions* within the intent or meaning of this definition:
- a. Electric arcing or any coincident rupture of electrical equipment due to such arcing;
  - b. Bursting or rupture caused by freezing;

- c. Sonic shock waves, generally known as Sonic Boom;
  - d. Bursting, rupture or collapse of any safety disc, rupture diaphragm or fusible link.
14. **Fine Arts** means works of art, paintings, etchings, pictures, statuary, tapestries, stained glass, and other bona fide works of art which have rare or historical value, or artistic merit on temporary exhibit.
15. **Flood** means, whether natural or manmade, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow or rupture of any body of water, dam, levee, dike, floodgate or other surface containment structure, including *storm surge* which rise, overflow or break the boundaries of natural or manmade bodies of water or the debris and/or spray from any of the foregoing, all whether driven by wind or not. Tsunami induced flooding is considered *flood*.
- Water which backups or discharges from sewers, drains or sumps on your *location* is not considered *flood*, unless such backup or discharge was due to *flood* as defined above.
- a. **Storm Surge** means water that is pushed toward the shore due to the force of winds swirling around a storm advancing across a body of water.
16. **Fungus, mold, mildew, spores or yeast** means any type or form of *fungus*, including *mold* or *mildew*, and any mycotoxins, *spores*, scents, *yeast* or by-products produced or released by fungi.
- a. **Fungus** includes, but is not limited to, any of the plants or organisms belonging to the major group fungi, lacking chlorophyll, and including *mold(s)*, rusts, *mildew*, smuts and mushrooms.
  - b. **Mold** includes, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produce *mold(s)*.
  - c. **Mildew** includes but is not limited to any of similar coatings or discolorations, caused by fungi, as that which appears on fabric, paper, leather, etc. when exposed to moisture.
  - d. **Spore** means any dormant or reproductive body produced by or arising or emanating out of any *fungus, mold(s), mildew*, plants, organisms or microorganisms.
  - e. **Yeast** includes any of various small, single-celled fungi that reproduces by fission or budding.
17. **Land** means *land* (except *Land* for which values are reported and premiums are charged), such as dikes, levees, and other surface containment structures. Surface containment structures are not *land* to a depth of six inches below such surface containment structures.
18. **Location(s)** is/are defined as specified in the Declarations on file with us; but if not so specified, *locations* mean any building(s), or any group of buildings bounded on all sides by public streets, clear *land* space or open waterways, each not less than two hundred feet wide. Any bridge or tunnel crossing such street, space or waterway shall render such separation inoperative for the purpose of this definition.
19. **Named Storm** means a storm that has been declared by the National Weather Service or the National Oceanic Atmospheric Administration to be a Hurricane, Typhoon, Tropical Cyclone, Tropical Storm, or Tropical Depression.
20. **Occurrence(s)** means any one loss, disaster, casualty, incident or series of losses, disasters, casualties or incidents, arising out of a single event, and includes all resultant or concomitant insured losses. However:
- a. All earthquake shocks or volcanic eruptions that occur within any 168-hour period will constitute a single earthquake or volcanic eruption, and will be considered a single *occurrence*. The expiration of this policy will not reduce the 168-hour period.
  - b. With respect to *flood*, *occurrence* means the sum of all *flood* losses arising during a continuous period of 72 hours during the policy period. You may elect the moment when the 72-hour period begins, but no two such periods shall overlap; and
  - c. With respect to Named Windstorm, *occurrence* means the sum of all Named Windstorm losses arising during a continuous period of 72 hours during the policy period. You may elect the moment when the 72-hour period begins, but no two such periods shall overlap.

- d. With respect to an *occurrence* which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the *occurrence* began.
  - e. The *occurrence* must begin during the policy period.
21. **Perishable goods** means stock preserved and maintained under controlled conditions and susceptible to damage if the controlled conditions change.
22. **Pollutants or Contaminants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smog, smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste, which after its release can cause or threaten damage to human health or human welfare or causes or threatens damage, deterioration, loss of value, marketability or loss of use to property insured, including, but not limited to, bacteria, virus, or hazardous substances as listed in the Federal Water Pollution Control Act, Clean Air Act, Resource Conservation and Recovery Act of 1976, and Toxic Substances Control Act or as designated by the U. S. Environmental Protection Agency. Waste includes materials to be recycled, reconditioned or reclaimed.
23. **Production machinery** means any machine which processes, forms, shapes, or transports raw materials, materials in process, waste materials or finished products.
24. **Reasonable extra cost** shall mean the extra cost of temporary repair and of expediting the repair of such damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation.
25. **Rental Value** means the sum of:
- a. The total anticipated gross rental income from tenant occupancy of the described property as furnished and equipped by you including taxes, rent based on percentage of sales, and other charges paid by tenants in respect of the leased *locations*; and
  - b. The amount of all charges which, by the terms of a written lease, are the legal obligation of the tenant(s) and which would otherwise be obligations of you; and
  - c. The fair *rental value* of any portion of such property which is occupied by you.
26. **Replacement Cost** means the actual cost of repairs or replacement without deduction for depreciation, subject to limitations stated in the policy. Repairs or replacement will restore the property to the same current function using today's repairs and construction material up to any applicable policy sublimits or limits.
27. **Roof Replacement** means removal and replacement of the entire *roof surface*
28. **Roof Surface** means the *roof surface* material type (slate, composition, wood, tile, metal, all other *roof surface* material types) of the building or other structures covered under this policy and all other roof components, including, but not limited to:
- a. Flashing, caps, vents, drips edges, and ice shields;
  - b. Sheathing, felt and membranes;
  - c. Modified bitumen, bitumen, rubber, built-up and sprayed polyurethane foam roofing;
  - d. Foam inserts and elastomeric coating;
  - e. Finials, eave, and gable trim and snow guards;
  - f. Battens, counter battens, bird stops, gravel stops; and
  - g. Coatings, adhesives, adherents and other finishing materials for *roof surface* materials and all other roof components.
29. **Stock** means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.
30. **Suspension** means:

- a. the slowdown or cessation of your business activities; and / or
- b. a part of or all of the described *location* is rendered untenable, if coverage for Business Income including *rental value* applies.