



CLAIM NOTIFICATION PROCEDURE

FOR
DIFFERENCE IN CONDITIONS
(EARTHQUAKE POLICIES)

ISSUED BY:
EQ One Insurance Services, LLC

ON BEHALF OF
QBE Specialty Insurance Company

In the event of a loss, claims should be reported immediately to one of the following:

Shane Hoffman, AIC
National General Adjuster
Global Technical Services
Crawford & Company
5909 Peachtree Dunwoody Road Bldg D
Atlanta, GA 30328
Phone: 404-497-6826
Cell: 404-536-4220
Fax: 678-937-8233
E-Mail: jshoff@us.crawco.com
Back up E-Mail: GRA@us.crawco.com
After Hours Emergency: 877-346-0300

EQ One Insurance Services, LLC
700 N. Brand Blvd., Suite 300, Glendale, CA 91203
Tel (818) 547-1333 Fax (818) 547-9006
www.eqone.com

CA Insurance License Number: 0C79819

(10-18)

IMPORTANT NOTICE:

- 1. The insurance policy that you have purchased is being issued by an insurer that is not licensed by the State of California. These companies are called "nonadmitted" or "surplus line" insurers.**
- 2. The insurer is not subject to the financial solvency regulation and enforcement that apply to California licensed insurers.**
- 3. The insurer does not participate in any of the insurance guarantee funds created by California law. Therefore, these funds will not pay your claims or protect your assets if the insurer becomes insolvent and is unable to make payments as promised.**
- 4. The insurer should be licensed either as a foreign insurer in another state in the United States or as a non-United States (alien) insurer. You should ask questions of your insurance agent, broker, or "surplus line" broker or contact the California Department of Insurance at the toll-free number 1-800-927-4357 or internet website www.insurance.ca.gov. Ask whether or not the insurer is licensed as a foreign or non-United States (alien) insurer and for additional information about the insurer. You may also visit the NAIC's internet website at www.naic.org. The NAIC-the National Association of Insurance Commissioners-is the regulatory support organization created and governed by the chief insurance regulators in the United States.**
- 5. Foreign insurers should be licensed by a state in the United States and you may contact that state's department of insurance to obtain more information about that insurer. You can find a link to each state from this NAIC internet website: https://naic.org/state_web_map.htm.**

- 6. For non-United States (alien) insurers, the insurer should be licensed by a country outside of the United States and should be on the NAIC's International Insurers Department (IID) listing of approved nonadmitted non-United States insurers. Ask your agent, broker, or "surplus line" broker to obtain more information about that insurer.**
- 7. California maintains a "List of Approved Surplus Line Insurers (LASLI)." Ask your agent or broker if the insurer is on that list, or view that list at the internet website of the California Department of Insurance: www.insurance.ca.gov/01-consumers/120-company/07-lasli/lasli.cfm.**
- 8. If you, as the applicant, required that the insurance policy you have purchased be effective immediately, either because existing coverage was going to lapse within two business days or because you were required to have coverage within two business days, and you did not receive this disclosure form and a request for your signature until after coverage became effective, you have the right to cancel this policy within five days of receiving this disclosure. If you cancel coverage, the premium will be prorated and any broker's fee charged for this insurance will be returned to you.**



Commercial Lines Policy

Home Office

c/o CT Corporation
314 East Thayer Avenue
Bismarck, North Dakota 58501

Administrative Office

One QBE Way
Sun Prairie, Wisconsin 53596
1-877-772-6771

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POLICY DECLARATIONS

QBE Specialty Insurance Company

(A stock insurance company, herein called "the Company")
 55 Water Street, Wall Street Plaza, New York, NY 10041

Home Office: c/o CT Corporation System, 314 East Thayer Ave., Bismarck, ND 58501-4018

IN CONSIDERATION of the stipulations herein named

And of: Forty Eight Thousand Seventy Dollars	Not Covered \$48,070.00 <hr/> \$48,070.00 \$500.00 \$250.00 <hr/> \$48,820.00	Terrorism (TRIA) Premium All Other Premium Total Premium Policy Fee Inspection Fee TOTAL DUE
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Does Insure: **The Courtyards HOA** (hereinafter called "the Insured")

Whose Address is: c/o: Horizon Management
 21535 Hawthorne Blvd., # 530
 Torrance, CA 90503

AmWINS Insurance Brokerage of CA
 License #0C01319
 State Tax: \$1,464.60
 Stamping Fee: \$ 122.05
 AmWINS Fee: \$ 500.00

Policy Period:
 From the **1st** day of **September 2020**
 To the **17th** day of **July 2021**
 Beginning and ending at 12:01 A.M.
 (Standard Time at the place of issuance of this Policy)

For an amount not exceeding **\$36,224,373.** Dollars on Property as described in the following forms and/or endorsements:
 The following forms and endorsements are attached and made a part of this policy:

FORM/ENDORSEMENT NUMBER	NAME
QBCM-0194 0915	Inland Marine Policy Conditions
QBCM-0222 0920	Supplemental Conditions

Date of Issue: October 18, 2020

Countersigned by: 
 Authorized Representative

AmWINS Insurance Brokerage of CA
 21550 Oxnard St #1100
 Woodland Hills, CA 91367

EQ One Insurance Services, LLC
 700 N. Brand Blvd., Suite 300
 Glendale, CA 91203



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INLAND MARINE POLICY CONDITIONS

- 1. Territorial Limits:** This Policy in no event shall cover beyond the territorial limits of the United States, Puerto Rico and Canada.
- 2. War Risk Exclusion Clause:** This Company shall not be liable for any loss, caused directly or indirectly, by (1) hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack, (a) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or (b) by military, naval or air forces; or (c) by an agent of any such government, power, authority or force; (2) any weapon of war employing atomic fission or radioactive force whether in time of peace or war; (3) insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or Customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.
- 3. Valuation:** Unless otherwise provided in form attached, this Company shall not be liable beyond the actual cash value of the property at the time any loss or damage occurs and the loss or damage shall be ascertained or estimated according to such actual cash value with proper deduction for depreciation, however caused, and shall in no event exceed what it would then cost to repair or replace the same with material of like kind and quality.
- 4. Cancellation:** This Policy may be cancelled by the Insured by mailing to the Company written notice stating when thereafter such cancellation shall be effective. This policy may be canceled by the Company by mailing to the Insured at the address shown in this policy or last known address written notice stating when not less than five (5) days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice and the effective date of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the Insured or by the Company shall be equivalent to mailing.

If the Insured cancels, earned premiums shall be computed in accordance with the customary short rate table and procedure. If the Company cancels, earned premiums shall be computed pro rata. Premium adjustment may be made at the time cancellation is effected and, if not then made shall be made as soon as practicable after cancellation becomes effective. The Company's check or the check of its representative mailed or delivered as aforesaid shall be a sufficient tender of any refund of premium due to the Insured.
- 5. Civil Authority:** It is understood and agreed that property which is insured under this Policy is also covered against the risk of damage or destruction by civil authority during a conflagration and for the purpose of retarding the same; provided that neither such conflagration nor such damage or destruction is caused or contributed to by war, invasion, revolution, rebellion, insurrection or other hostilities or warlike operations.
- 6. Labels:** In case of loss affecting labels, capsules or wrappers, the loss shall be adjusted on the basis of an amount sufficient to pay the cost of new labels, capsules or wrappers, and reconditioning the goods.
- 7. Other Insurance:** This insurance does not cover any loss or damage which at the time of the happening of such loss or damage is insured by or would, but for the existence of this Insurance be insured by any other Policy or Policies, except in respect of any excess beyond the amount which would have been payable under such other policy or policies had this insurance not been effected.
- 8. Impairment of Carrier's Liability:** Any act or agreement by the Insured, prior or subsequent hereto, whereby any right of the Insured to recover the full value of, or amount of damage to, any property lost or damaged and insured hereunder, against any carrier, bailee or other party liable therefore, is released, impaired or lost, shall render this Policy null and void, but this Company's right to retain or recover the premium shall not be affected. It is agreed, however, that the Insured may, without prejudice to this insurance, accept the ordinary bills of lading issued by carriers. This Company is not liable for any loss or damage which, without its consent, has been settled or compromised by the Insured.
- 9. Pair or Set:** It is understood and agreed that, in the event of loss of or damage to any article or articles which are a part of a set, the measure of loss of or damage to such article or articles shall be a reasonable and fair proportion of the total value of the set, giving consideration to the importance of said article or articles, but in no event shall such loss or damage be construed to mean total loss of set.
- 10. Partial Loss:** In case of loss or injury to any part of the insured property consisting, when complete for sale or use, of several parts, this Company shall only be liable for the insured value of the part lost or damaged.
- 11. Protection of Property after Loss:** In case of loss or damage, it shall be lawful and necessary for the Insured, his or their factors, servants and assigns, to sue, labor, and travel for, in and about the defense, safeguard and

recovery of the property insured hereunder, or any part thereof without prejudice to this insurance; nor shall the acts of the Insured or this Company, in recovering, saving and preserving the property insured in case of loss or damage, be considered a waiver or an acceptance of abandonment, to the charge whereof this Company will contribute according to the rate and quantity of the sum herein insured.

- 12. Misrepresentation and Fraud:** This Policy shall be void if the Insured has concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof or in case of any fraud, attempted fraud or false swearing by the Insured touching any matter relating to this insurance or the subject thereof, whether before or after a loss.
- 13. Notice and Proof of Loss:** The Insured shall as soon as practicable report to this Company or its agent every loss or damage which may become a claim under this Policy and shall also file with the Company or its agent within ninety (90) days from date of loss a detailed sworn proof of loss. Failure by the Insured to report the said loss or damage and to file such sworn proof of loss as hereinbefore provided shall invalidate any claim under this Policy for such loss.
- 14. Settlement of Claims:** All adjusted claims shall be paid or made good to the Insured within sixty (60) days after presentation and acceptance of satisfactory proof of interest and loss at the office of this Company. No loss shall be paid hereunder if the Insured has collected the same from others.
- 15. Examination Under Oath:** The Insured shall submit, and so far as is within his or their power shall cause all other persons interested in the property and members of the household and employees to submit, to examinations under oath by any persons named by the Company, relative to any and all matters in connection with a claim and subscribed the same; and shall produce for examination all books of account, bills, invoices, and other vouchers or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the Company or its representatives, and shall permit extracts and copies thereof to be made.
- 16. Suit Against Company:** No suit, action or proceeding for the recovery of any claim under this Policy shall be sustainable in any court of law or equity unless the same be commenced within twelve (12) months next after discovery by the Insured of the occurrence which gives rise to the claim. Provided, however, that if by the laws of the State within which this Policy is issued such limitation is invalid, then any such claims shall be void unless such action, suit or proceeding be commenced within the shortest limit of time permitted by the laws of such State to be fixed herein.
- 17. Appraisal:** If the Insured and the Company fail to agree as to the amount of loss, each shall, on the written demand of either, made within sixty (60) days after receipt of proof of loss by the Company, select a competent and disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire, and failing for fifteen days to agree upon such umpire, then, on the request of the Insured or the Company, such umpire shall be selected by a judge of a court of record in the State in which such appraisal is pending. The appraisers shall then appraise the loss, stating separately the actual cash value at the time of

loss and amount of loss, and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. The Insured and the Company shall each pay his or its chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The Company shall not be held to have waived any of its rights by any act relating to appraisal.

- 18. Subrogation:** In the event of any payment under this Policy the Company shall be subrogated to all the Insured's rights of recovery herefore against any person or organization and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after loss to prejudice such rights.
- 19. No Benefit to Bailee:** This insurance shall in no wise inure directly or indirectly to the benefit of any carrier or other bailee.
- 20. Changes:** Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this Policy or to stop the Company from asserting any right under the terms of this Policy, nor shall the terms of this Policy be waived or changed, except by endorsement issued to form a part of this Policy.
- 21. Conformity to Statute:** Terms of this Policy which are in conflict with the statutes of the State wherein this Policy is issued are hereby amended to conform to such statutes.
- 22. Assignment:** This Policy shall be void if assigned or transferred without the written consent of this Company.
- 23. Agent:** No Person shall be deemed an Agent of this Company unless specifically authorized in writing by this Company.
- 24. Provision Required by Law to be Stated in this Policy:** This Policy is issued by a Stock Corporation.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SUPPLEMENTAL CONDITIONS

1. The following forms and endorsements are attached and made a part of this policy:

FORM/ENDORSEMENT NUMBER	NAME
QBCM-0199 0819	Difference in Conditions Coverage - Condominium Associations
CP 00 32 10 12	Business Income (without Extra Expense) Coverage Form
QBCM-0188 0506	Business Income Changes - Maintenance Fees
QBCM-0186 0506	Business Income - Extended Period of Indemnity
QBCM-0195 0506	Contingent Liability From Operation of Building Laws
QBCM-0197 0506	Demolition Cost
QBCM-0210 0506	Increased Cost of Construction
QBCM-0219 0506	Replacement Cost
QBIL-0217 0918	Service of Process Endorsement
IL 09 53 01 15	Exclusion of Certified Acts of Terrorism
CP 81 33 07 14	Nuclear, Biological, Chemical and Radiological Hazards Exclusion
QBGS-103 0704	OFAC Notice
EQONE-DB-4001 1119	Fraud Notice

2. Form No. QBCM-0199 0819 - Difference in Conditions Coverage - Condominium Associations is amended as follows:

A. Item 4. **PROPERTY OR INTEREST COVERED**

Is amended to read:

This policy covers property as described below, when preceded by an "X":

- A. On **Building(s)** and/or **Structure(s)** including **Individual Unit Interior Property, Fences, Walls, Walkways, Underground Pipes, Utilities, Sport Courts, Signs, Pool/Spa, Driveways and Lattice Work**
- B. On **Business Personal Property**
- C. On the insured's interest in **Tenants' Improvements** and **Betterments**
- D. **Business Interruption, Extra Expense, Rental Income** or other **Time Element Coverages** as more specifically defined in the Form No(s): CP 00 32 10 12, QBCM-0188 0506 attached to this policy.

B. Item 8. **PERILS EXCLUDED**

1. The following Article(s) are amended to read:

W. Loss or damage caused by or resulting from water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning, fire protective systems, or other equipment and whether or not such loss or damage is directly or indirectly caused by or contributed to by a peril covered under this policy except if such loss or damage is directly and immediately caused by or contributed to by the peril of earthquake;

2. Is extended to include the following Article(s):

AC. This policy does not insure against loss caused by, resulting from a general and temporary condition of partial or complete inundation of normally dry land areas from:

- (1) The overflow of inland or tidal waters;
- (2) The unusual and rapid accumulation or runoff of surface waters from any source or spray from any of the foregoing;
- (3) Mudslides which are caused or precipitated by accumulations of water on or under the

- ground; or
- (4) Tsunami;
- all whether driven by wind or not.

C. Item **9. DEFINITIONS**

1. The following Article(s) are amended to read:

A. Building(s) and/or Structure(s) means and includes:

- (1) Completed additions;
- (2) Fixtures outside of individual units;
- (3) Permanently installed:
 - a. Machinery; and
 - b. Equipment;
- (4) Personal property owned by the Insured that is used to maintain or service the building or structure or its premises, including:
 - a. Fire extinguishing equipment;
 - b. Outdoor furniture;
 - c. Floor coverings that are not contained within individual units;
 - d. Appliances used for refrigerating, airconditioning; ventilating, cooking, dishwashing or laundering that are not contained within individual units;
- (5) Foundations of buildings, structures, machinery or boilers; and
- (6) If not covered by other insurance:
 - a. Additions under construction, alterations and repairs to the building or structure;
 - b. Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.
- (7) **Individual Unit Interior Property**:The following property, located inside an individual unit regardless of ownership:
 - a. Fixtures, improvements and alterations that are a part of the building or structure;
 - b. Appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping;

But, **Building(s)** and/or **Structure(s)** including **Individual Unit Interior Property** does not include property owned by, used by or in the care, custody or control of a unit-owner within individual units, except as stated in item (7) above.

2. Is extended to include the following Article(s):

G. Property in the Yard:Structures without walls and a roof.

D. Item **11. STATEMENT OF VALUES**

1. Article **B.** is deleted in its entirety.

E. Is extended to include:

43. INDIVIDUAL UNIT OWNER:

A. Other Insurance:

An individual unit owner may have other insurance covering the same property as this insurance. This insurance is intended to be primary, and not to contribute with such other insurance.

B. Benefits:

Will be payable to the Named Insured on this policy only, to the extent coverage is provided hereunder. No benefits will be payable hereunder to any other persons or entity, including but not limited to persons or entities also claiming to have an insurable interest in such property.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DIFFERENCE IN CONDITIONS COVERAGE CONDOMINIUM ASSOCIATIONS

1. INSURING AGREEMENT

This policy insures against all risks of direct physical loss or damage from any external cause except as hereinafter excluded, while anywhere within the fifty (50) states of the United States of America, including the District of Columbia and as specifically set forth in the schedule of locations.

2. LIMITS OF LIABILITY:

- A. This Company's Liability shall not exceed \$36,224,373. each and every loss occurrence.
- B. Sublimits:
- (1) \$36,224,373. **Earthquake** loss or damage during any one policy year.
- (2) **Not Covered.** **Flood** loss or damage during any one policy year.
- (3) **Not Covered.** **At Any Other Location** not scheduled in Item 5, **SCHEDULE OF LOCATIONS** of this form, each and every loss occurrence.
- (4) \$5,000. **Seepage and/or Pollution and/or Contamination and/or Asbestos** loss or damage during any one policy year.
- (5) \$35,851,773. **Building Ordinance**- Limited as shown below:
Building(s):
\$33,601,797. Contingent Liability.
\$6,720,359. Combined Demolition Cost and Increased Cost of Construction - Limited to 20% of the building value per building.
Other Structure(s):
\$2,249,976. Contingent Liability.
\$449,995. Combined Demolition Cost and Increased Cost of Construction - Limited to 20% of the structure value per structure.
- (6) **Not Covered.** **Earthquake Sprinkler Leakage.**

3. TOTAL INSURABLE VALUES: \$36,224,373.

4. PROPERTY OR INTEREST COVERED:

This policy covers property as described below, when preceded by an "X":

- A. On **Building(s)** and/or **Structure(s)**
- B. On **Business Personal Property**
- C. On the insured's interest in **Tenants' Improvements** and **Betterments**
- D. **Business Interruption, Extra Expense, Rental Income** or other **Time Element Coverages** as more specifically defined in the Form No(s): CP 00 32 10 12, QBCM-0188 0506 attached to this policy.

5. SCHEDULE OF LOCATIONS:

Coverage provided hereunder shall apply as respects the following locations:

Per Signed Statement of Values on file with the Company received 10/06/20.

6. DEDUCTIBLE:

The sum(s) shown below shall be deducted from the amount which would otherwise be recoverable for each loss separately occurring to the property covered hereunder from all perils insured against by this policy.

Earthquake:

Property Damage:

20% of total insurable Replacement Cost Value per unit of insurance.

Time Element:

20% of 100% Annual Values per unit of insurance.

Subject to **\$25,000.** minimum per occurrence.

Each of the following shall be considered a separate "unit of insurance":

- A. Each separate building or structure including Individual Unit Interior Property;

- B. The contents of each separate building, or structure; and,
- C. Property in each yard;
- D. Time element at each location whether or not such location has more than one unit as defined in **A, B** and **C** above;
- E. All other coverage forms (separately) at each location, whether or not such location has more than one unit as defined in **A, B** and **C** above.

Flood:Not Covered

All Other Perils: \$25,000. minimum per occurrence.

7. PROPERTY EXCLUDED:

- A. Accounts, bills, deeds, evidences of debt, currency, money, notes, securities, stamps, original drawings and specifications, letters of credit, passports, tickets (including lottery tickets), valuable papers or records;
- B. Animals, growing plants, trees or shrubs (except when held for sale, or when used for decorative purposes inside buildings) growing crops or lawns, motor vehicles licensed or designed principally for highway use, watercraft, aircraft, motorcycles, motor scooters and other similar vehicles licensed or designed principally for highway use;
- C. Property sold by the Insured under conditional sales, trust agreements, installment payments or other deferred payment plans after delivery to customers;
- D. Property in transit;
- E. Steam boilers, steam pipes, steam turbines, or steam engines owned or operated by the Insured against loss by bursting, rupture or explosion of such objects;
- F. Machines or machinery against loss by rupture, bursting or disintegrating of rotating or moving parts;
- G. Contractor's equipment;
- H. Jewelry, watches, pearls, precious and semi-precious stones, gold, silver, platinum, other precious metals or alloys, bullion, furs and articles trimmed with fur;
- I. Electronic data processing equipment including computers, electronic accounting machines, all supporting machinery, magnetic tapes, discs, cards, any storage device and all software including procedures, programs or source material of any kind;
- J. Property in the course of construction, including materials and supplies thereof;
- K. Power transmission and/or feeder lines not on the Insured's premises;
- L. Land (including but not limited to land on which

the Insured property is located), or water, howsoever and wherever located, or any interest or right therein;

- M. Contraband, or property in the course of illegal transportation or trade;
- N. The cost of research, replace or restore the information on valuable papers and records, including those that exist on electronic or magnetic media;
- O. Grain, hay, straw or other crops while outside of buildings;
- P. Fences, radio or television antennas, including their lead-in wiring, masts or towers, signs (other than signs attached to buildings);
- Q. Bridges, roadways, walks, patios or other exterior paved surfaces;
- R. The cost of excavations, grading, backfilling or filling;
- S. Bulkheads, pilings, piers, wharves or docks;
- T. Retaining walls that are not part of the building;
- U. Underground pipes, flues or drains including water, electrical, communications and sanitary systems; and
- V. Antiques; objects of art; property of rarity; property of artistic, historical or scientific significance whether or not constituting part of the covered buildings; or any item scheduled under a Fine Arts or other scheduled property floater.

8. PERILS EXCLUDED:

This policy does not insure against:

- A. Loss or damage caused by or resulting from:
 - (1) Fire and lightning as set forth in a standard fire insurance policy, windstorm or hail, smoke, explosion, riot, riot attending a strike or civil commotion, aircraft or vehicle, vandalism and malicious mischief and sprinkler leakage all as more fully defined and limited in the forms approved by the rating bureau having jurisdiction where the property is located; whether or not insurance for such perils is being maintained by the Insured at the time of the loss and whether or not such loss or damage is directly or indirectly caused by or contributed to by a peril covered under this policy; or
 - (2) Loss or damage caused by or resulting from any peril, other than earthquake or flood, that is insured under the policy or policies maintained by the Insured as required by Item **10, UNDERLYING ALL RISK COVERAGE** of this form.
- B. Loss or damage caused by or resulting from water that backs up from a sewer or drain; water

- below the surface of the ground including that which exerts pressure on or flows, seeps or leaks through sidewalks, driveways, foundations, walls, basement or other floors, or through doors, windows, or any other openings in such sidewalks, driveways, foundations, walls or floors;
- C.** Loss or damage caused by or resulting from mere disappearance of property or loss or shortage of property disclosed on taking inventory;
- D.** Loss or damage caused by or resulting from wear and tear, mechanical breakdown, derangement, inherent vice, latent defect, gradual deterioration, moth, vermin, rodents, termites or other insects including larvae or pupae thereof;
- E.** Loss or damage caused by or resulting from gas or smoke from agricultural smudging, smog, or industrial operations;
- F.** Loss or damage caused by or resulting from dampness of atmosphere, dryness of atmosphere, extremes of changes of temperature, shrinkage, evaporation, loss of weight, leakage of contents, breakage of glass or similar fragile materials (other than lenses of photographic or scientific instruments), marring, scratching, rust or corrosion, exposure to light, contamination, change in flavor or color or texture or finish;
- G.** Dishonest or criminal act by any insured; partner; employee, director, trustee, authorized representative, or anyone to whom an insured entrusts property for any purpose:
- (1)** Acting alone or in collusion with others; or
 - (2)** Whether or not occurring during the hours of employment;
- H.** Loss or damage caused by or resulting from any fraudulent scheme, trick, device or false pretense practiced upon the Insured or upon any person(s) to whom the property may be entrusted;
- I.** Loss or damage caused by or resulting from electrical injury or disturbance to electrical appliances, fixtures or wiring caused by electrical currents artificially generated, except with respect to ensuing loss caused by or resulting from a peril not otherwise excluded;
- J.** As respects building(s) and/or structure(s):
- (1)** Loss or damage caused by or resulting from normal settling, shrinkage or expansion in foundations, walls, floors, or ceilings, or subsidence. Such loss or damage is excluded regardless of whether any cause or perils other than earthquake contributes concurrently or in any sequence to the loss;
- (2)** Loss or damage caused by or resulting from earth movement. Earth movement includes but is not limited to loss or damage caused by, resulting from contributing to or aggravated by landslide; mine subsidence; mudflow, earth sinking, rising or shifting; or the eruption, explosion, or effusion of any volcano. This exclusion applies even though the loss or damage is contributed to in any manner by perils other than earthquake that are insured against in this policy;
- (3)** Loss or damage caused by or resulting from the negligent act or omission of any person; or
- (4)** Loss or damage occasioned by enforcement of any ordinance or law regulating the reconstruction, repair or demolition of any real property insured hereunder. This exclusion applies even though the loss or damage is contributed to in any manner by perils that are insured against in this policy;
- K.** Loss or damage caused by or resulting from:
- (1)** Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack (a) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or (b) by military, naval or air forces; or (c) by any agent of any such government, power, authority or forces;
 - (2)** Any weapon of war employing atomic fission or radioactive force whether in time of peace or war;
 - (3)** Insurrection, rebellion, revolution, civil war, usurped power or action taken by governmental authority in hindering, combating or defending against any such occurrence, seizure or destruction under quarantine or customs regulation, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;
- L.** Loss or damage caused by or resulting from nuclear reaction or nuclear radiation or radioactive contamination all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by the peril(s) insured against in this policy;
- M.** Loss or damage caused by or resulting from the freezing of plumbing or heating systems in vacant

- properties;
- N. Loss or damage caused by or resulting from pilferage, burglary, larceny, theft or attempted theft;
 - O. Loss or damage caused by or resulting from errors in design, errors in processing, faulty workmanship or faulty materials, unless the collapse of the property or a part thereof ensues and then only the ensuing loss;
 - P. Loss or damage to property while actually being worked upon and directly resulting therefrom, except ensuing loss from a peril not otherwise excluded by this policy;
 - Q. Loss or damage caused by or resulting from exposure to elements of the weather where any insured personal property is left in the open or not contained in buildings or permanent foundations;
 - R. Loss or damage caused by or resulting from delay, loss of market, loss of use, interruption of business, consequential loss of any nature; unless specifically insured under Item **4. D., PROPERTY OR INTEREST COVERED** of this form;
 - S. Any loss or any increase in loss caused by or resulting from any of the following:
 - (1) Acts or decisions, including the failure to act or decide, of any person, organization or governmental body;
 - (2) Faulty, inadequate or defective:
 - a. Planning, zoning, development, surveying, siting;
 - b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compacting;
 - c. Materials used in repair, construction, renovation, or remodeling; or
 - d. Maintenance;
 of part or all of any property on or off the described premises;
 - T. Loss caused by or resulting from the failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises;
 - U. Loss or damage caused by or resulting from continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more;
 - V. Loss of or damage to the interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a covered peril to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure;
 - W. Loss or damage caused by or resulting from water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning, fire protective systems, or other equipment and whether or not such loss or damage is directly or indirectly caused by or contributed to by a peril covered under this policy;
 - X. Loss of or damage to gutters and downspouts caused by or resulting from weight of snow; ice or sleet;
 - Y. Loss, damage, costs, expenses, fines or penalties incurred or sustained by or imposed on the Insured at the order of any Government Agency, Court or other Authority arising from any cause whatsoever.
 - Z. Loss or damage caused by or resulting from any corrupting or harmful instructions or code, programmatic or otherwise, that propagate through any computer system which includes, but is not limited to, computer hardware of any kind, electronic computer programs, electronic data processing media including, but not limited to, punch cards, paper disks, floppy disks, CD-ROMs, hard drives, magnetic tapes, magnetic discs or any other tangible physical property upon which electronic data or electronic computer programs are recorded or transmitted, or through any other electronic network.
 - AA. Loss or damage caused by or resulting from any contamination or deterioration including corrosion, decay, "fungus", mildew, mold, rot, rust, or any quality, fault or weakness in covered property that causes it to damage or destroy itself. For the purposes of this exclusion, "fungus" includes, but is not limited to, any type or form of fungus, mold, mildew, stachbotrys chartarum (atra), mycotoxins, spores, scents, or by-products produced by or released by fungus or fungi-related microbes. Such loss or damage is excluded regardless of any other physical loss or damage from any other external cause that contributes concurrently or in any sequence to the loss; or
 - AB. Loss or damage arising, directly or indirectly, out of a "certified act of terrorism" or an "other act of terrorism". Such loss or damage is excluded regardless of any cause or event that contributes concurrently or in any sequence to the loss. However, with respect to an "other act of terrorism", this exclusion applies only when one or more of the following are attributed to such act:

- (1) The total of insured damage (damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions) to all types of property in the United States, its territories and possessions, Puerto Rico and Canada, which includes all insured damage sustained by owners or occupants of the damaged property, exceeds \$25 million;
- (2) The terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- (3) Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.

With respect to this exclusion, Paragraph (1) describes the threshold used to measure the magnitude of an incident of an "other act of terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this exclusion will apply to that incident.

In the event of any incident of a "certified act of terrorism" or an "other act of terrorism" that is not subject to this exclusion, coverage does not apply to any loss that is otherwise excluded under the policy.

9. DEFINITIONS:

A. Building(s) and/or Structure(s) means and includes:

- (1) Completed additions;
- (2) Fixtures outside of individual units;
- (3) Permanently installed:
 - a. Machinery; and
 - b. Equipment;
- (4) Personal property owned by the Insured that is used to maintain or service the building or structure or its premises, including:
 - a. Fire extinguishing equipment;
 - b. Outdoor furniture;
 - c. Floor coverings that are not contained with individual units;
 - d. Appliances used for refrigerating, air-conditioning; ventilating, cooking, dishwashing or laundering that are not contained within individual units;
- (5) Foundations of buildings, structures, machinery or boilers; and
- (6) If not covered by other insurance:

- a. Additions under construction, alterations and repairs to the building or structure;
- b. Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

But Building(s) and/or Structure(s) does not include property owned by, used by or in the care, custody or control of a unit-owner within individual units.

"Individual Unit" shall mean that portion of real property used for a residence and owned by an individual unit owner. It is the intent of this policy to provide coverage solely to the four perimeter walls of the individual units. Coverage does not extend to interiors of individual units, appliances, fireplaces, interior unit plumbing, plumbing fixtures, showers, sinks, toilets, individual air conditions for the exclusive use of individual unit owners, cabinetry, mirrors, wall-to-wall carpeting, floor coverings, wall coverings, interior doors and partitions, and any other structures or property contained within the four perimeter walls of the units.

- B. Business Personal Property** means personal property located in or on the building(s) and/or structure(s) described in this policy or in the open, or in a vehicle within 100 feet of the described premises, but does not include personal property owned by, used by or in the care, custody or control of a unit-owner.
- C. Earthquake** means seismic activity that causes earth movement, but not including subsidence, landslide, rock slide, mudflow, earth rising, sinking, shifting or settling, or the eruption, explosion or effusion of any volcano; unless such earth movement is a direct result of such seismic activity.
- D. Flood** means a general and temporary condition of partial or complete inundation of normally dry land areas from:
 - (1) The overflow of inland or tidal waters;
 - (2) The unusual and rapid accumulation or runoff of surface waters from any source or spray from any of the foregoing;
 - (3) Mudslides which are caused or precipitated by accumulations of water on or under the ground; or
 - (4) Tsunami;
 all whether driven by wind or not.
- E. Seepage(s) and/or Pollution and/or Contamination** means:

- (1) Any loss, damage, cost or expense; or
- (2) Any increase in insured loss, damage, cost or expense; or
- (3) Any loss, damage, cost, expense, fine or penalty, which incurred, sustained or imposed by judgment order, direction, instruction or request of, or by any agreement with any court, government agency or any public, civil or military court, government agency or any public, civil or military authority, or threat thereof, (and whether or not as a result of public or private litigation), which arises from any kind of seepage, discharge or release, and/or any kind of pollution and/or contamination, or threat thereof, however caused, 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, discharge or release, and/or any kind of pollution and/or contamination or threat thereof.

The term "any kind of seepage, discharge or release, and/or any kind of pollution and/or contamination, or threat thereof" as used in therein, includes (but is not limited to):

- (1) Seepage, discharge or release of, or pollution and/or contamination, or threat thereof by anything, 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, or 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, whether or not the substance was product or a waste, and whether or not said product was being used in its intended purpose; and
- (2) The presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment, whether or not the substance was a product or a waste, and whether or not said product was being used in its intended purpose.

F. Asbestos means loss or increase in loss caused by or resulting from:

- (1) Asbestos material removal, encapsulation, covering, or any manner of control or abatement, unless the asbestos is itself covered under this policy and is damaged by perils insured against by this policy;
- (2) Demolition or increased cost of reconstruction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos material;
- (3) Any governmental direction or request declaring that asbestos material present in or part of or utilized on any undamaged portion of the Insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified; or
- (4) The presence of asbestos in any building or structure as defined in this policy.

10. UNDERLYING ALL RISK COVERAGE

The Insured shall maintain underlying all risk coverage from the inception of this policy to expiration, equivalent to Insurance Service Office form CP1030 or its equivalent(s) as approved by the insurance department of the state where the property is located. All losses hereunder will be adjusted as though such coverage was in effect at the time of loss.

11. STATEMENT OF VALUES

The premium for this policy is based upon the statement of values on file with the Company or attached to this policy. In the event of loss hereunder, liability of the Company shall be limited to the least of the following:

- A. The actual adjusted amount of the loss, less applicable deductible(s).
- B. The stated values for the items involved, as shown on the latest statement of values on file with this Company, less applicable deductible(s).
- C. The limit of liability or amount of insurance shown on the face of this policy or endorsed onto this policy. In no event shall the liability of this Company exceed this limit or amount in any one disaster, casualty, or event, irrespective of the number of items or locations involved.
- D. The remaining amount of the applicable annual aggregate limit for earthquake or flood shown on the face of this policy or endorsed onto this policy.

12. OTHER INSURANCE

This policy does not attach to or become insurance against any peril upon property herein described, which at the time of any loss is covered by other insurance (meaning insurance in the name of the Insured but not written upon the identical plan, terms, conditions and provisions contained in this policy)

until the liability of such other insurance has been exhausted, and then cover only such loss as may exceed the amount due from such other insurance (whether collectible or not) after application of any contribution, coinsurance, average or distribution or other clauses contained in policies of such other insurance affecting the amount collectible thereunder, not, however, exceeding the limits as set forth herein.

13. SINGLE LOSS CLAUSE

Each loss by earthquake shall constitute a single claim hereunder, provided, if more than one earthquake shock shall occur within any period of 168 hours during the term of this policy, such earthquake shocks shall be deemed to be a single earthquake within the meaning hereof. This Company shall not be liable for any loss caused by any earthquake shock occurring before the effective date and time of this policy, nor for any loss occurring after the expiration date and time of this policy. In no event shall this Company be liable for any loss caused directly or indirectly by fire, explosion or other excluded perils whether the same be caused by or attributable to earthquake or otherwise.

14. SUBROGATION WAIVER

This insurance shall not be prejudiced by agreement made by the named Insured releasing or waiving the named Insured's right to recovery against third parties responsible for the loss, under the following circumstances only:

- A. If made before loss has occurred, such agreement may run in favor of any third party;
- B. If made after loss has occurred, such agreement may run only in favor of a third party falling within one of the following categories at the time of loss:
 - (1) A third party insured under this policy; or
 - (2) A corporation, firm or entity:
 - a. Owned or controlled by the named Insured or in which the named Insured owns capital stock or other proprietary interest; or
 - b. Owning or controlling the named Insured or owning or controlling capital stock or other proprietary interest in the named Insured;
- C. Whether made before or after loss has occurred, such agreement must release or waive the entire right of recovery of the named Insured against such third party.

15. LOSS CLAUSE

Any loss hereunder shall not reduce the amount of this policy except as respects earthquake and flood as stated under Item **2, LIMITS OF LIABILITY** of this form.

16. MISREPRESENTATION AND FRAUD

This entire policy shall be void if, whether before or after a loss, the Insured has concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the Insured therein, or in case of any fraud or false swearing by the Insured relating thereto.

17. NOTICE OF LOSS

The Insured shall as soon as practicable report in writing to the Company or its agent every loss, damage or occurrence which may give rise to a claim under this policy and shall also file with the Company or its agent within ninety (90) days from date of discovery of such loss, damage or occurrence, a detailed sworn proof of loss.

18. EXAMINATION UNDER OATH

The Insured, as often as may be reasonably required, shall exhibit to any person designated by the Company all that remains of any property herein described, and shall submit, and in so far as is within his or their power cause his or their employees, members of the household and others to submit to examinations under oath by any person named by the Company and subscribe the same; and, as often as may be reasonably required, shall produce for examination all writings, books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the Company or its representative, and shall permit extracts and copies thereof to be made. No such examinations under oath or examination of books or documents, nor any other act of the Company or any of its employees or representatives in connection with the investigation of any loss or claim hereunder, shall be deemed a waiver of any defense which the Company might otherwise have with respect to any loss claim, but all such examinations and acts shall be deemed to have been made or done without prejudice to the Company's liability.

19. PRIVILEGE TO ADJUST WITH OWNER

In the event of loss of or damage to property of others held by the Insured for which claim is made upon the Company, the right to adjust such loss or damage with the owner or owners of the property is reserved to the Company and the receipt of such owner or owners in satisfaction thereof shall be in full satisfaction of any claim of the Insured for which such payment has been made. If legal proceedings be taken to enforce a claim against the Insured as respects any such loss or damage, the Company reserves the right at this option without expense to the Insured, to conduct and control the defense on behalf of and in the name of the Insured. No action of the Company in such regard shall increase the liability of the Company under this policy,

nor increase the limits of liability specified in the policy.

20. SETTLEMENT OF LOSS

All adjusted claims shall be paid or made good to the Insured within sixty (60) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Company. No loss shall be paid or made good if the Insured has collected the same from others.

21. NO BENEFIT TO BAILEE

This insurance shall in no way inure directly or indirectly to the benefit of any carrier or other bailee.

22. PAIR, SET OR PARTS

In the event of loss of or damage to:

- A.** Any article or articles which are a part of a pair or set, the measure of loss of or damage to such article or articles shall be a reasonable and fair proportion of the total value of the pair or set, giving consideration to the importance of said article or articles, but in no event shall such loss damage be construed to mean total loss of the pair or set; or
- B.** Any part of property covered consisting, when complete for use or sale, of several parts, the Company shall only be liable for the value of the part lost or damaged.

23. RECORDS AND INVENTORY

The Insured shall keep accurate books, records and accounts in the following manner: a detailed and itemized inventory record of all property covered hereunder shall be maintained and physical inventory shall be taken periodically at intervals not more than twelve months apart.

24. EXAMINATION OF RECORDS

The Insured shall, as often as may be reasonable required during the term of this policy and for one year thereafter, produce for examination by the Company or its duly authorized representative all the books and records, inventories and accounts relating to the property covered hereunder.

25. SUIT

No suit, action or proceeding for the recovery of any claim under this policy shall be sustainable in any court of law or equity unless the same be commenced within twelve (12) months next after discovery by the Insured of the occurrence which gives rise to the claim, provided however, that if by the laws of the state within which this policy is issued such limitation is invalid, then any such claims shall be void unless such action, suit or proceeding be commenced with the shortest limit of time permitted by the laws of such state.

26. APPRAISAL

If the Insured and the Company fail to agree as to the

amount of loss, each shall, on the written demand of either, made within sixty (60) days after receipt of proof of loss by the Company, select a competent and disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire, and failing for fifteen (15) days to agree upon such umpire, then, on the request of the Insured or the Company, such umpire shall be selected by a judge of a court of record in the state in which such appraisal is pending. The appraisers shall then appraise the loss, stating separately the actual cash value at the time of loss and the amount of loss, and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. The Insured and the Company shall each pay his or its chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The Company shall not be held to have waived any of its rights by any act relating to appraisal.

27. COMPANY'S OPTIONS

It shall be optional with the Company to take all or any part of the property at the agreed or appraised value, or to repair, rebuild or replace the property destroyed or damaged, with other of like kind and quality within a reasonable time, or giving notice of its intention to do so with sixty (60) days after the receipt of the proof of loss herein required.

28. ABANDONMENT

There can be no abandonment to the Company of any property.

29. CLAIMS AGAINST THIRD PARTIES

In the event of any loss of or damage to the property covered hereunder, the Insured shall immediately make claim in writing against the carrier(s), bailee(s) or others involved.

30. LABELS

In the event of loss of or damage to labels, capsules or wrappers, the loss shall be adjusted on the basis of an amount sufficient to pay the cost of new labels, capsules or wrappers.

31. ASSISTANCE AND COOPERATION OF THE INSURED

In the event this policy covers the Insured's liability, the Insured shall cooperate with the Company and upon the Company's request, shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits, the Insured shall not, except at his own cost, voluntarily make any payment, assume any obligation or incur any expense without the written consent of the Company.

32. SUE AND LABOR

In case of actual (or imminent, with proper notice to

and approval from this Company) loss or damage, it shall be lawful and necessary for the Insured, their factors, servants or assigns, to sue, labor and travel for, in and about the defense, safeguard and recovery of the property insured hereunder, or any part thereof, without prejudice to this insurance, nor shall the acts of the Insured or this Company in recovering, saving and preserving the property insured in case of loss or damage, be considered a waiver or acceptance of abandonment; to the charges thereof, this Company will contribute according to the rate and quantity of the sum herein insured.

33. DEBRIS REMOVAL

- A.** This policy covers ordinary and reasonable expenses incurred in the removal of any debris of the damaged or destroyed property covered hereunder which may be occasioned by direct physical loss or damage caused by, or resulting from any of the perils insured against by this policy, subject however, to the limit of liability, provided however, that notice of said loss or damage to the property covered by this policy shall be given to the Company no later than twelve (12) months after the date of said physical loss or damage.
- B.** This Company shall not be liable under this policy and this clause for:
- (1)** More than the amount of insurance provided in this policy;
 - (2)** Any greater proportion of such expense than the amount of insurance hereunder, bears to the total amount of all insurance, whether all such insurance contains this clause or not;
 - (3)** Loss or damage occasioned by the enforcement of any state or municipal law or ordinance which necessitates the demolition of any portion of the building covered hereunder, which has not suffered damage by any peril insured against in this policy unless such liability is otherwise specifically insured by this policy; or
 - (4)** The costs of decontamination or removal of water, soil or any other uninsured substance on or under any property covered by this policy.
- C.** If this policy is divided into two or more items, the foregoing shall apply separately to each such item.

34. CANCELLATION

This policy may be canceled by the Insured by mailing to the Company written notice stating when thereafter, such cancellation shall be effective. This policy may be canceled by the Company by mailing written notice stating when not less than sixty (60)

days thereafter, such cancellation shall be effective; however, cancellation due to non-payment of premium shall require ten (10) days written notice of cancellation. The mailing of notice as aforementioned, shall be sufficient proof of notice and the effective date of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the Insured or by the Company shall be equivalent to mailing.

35. ALL OTHER MATTERS

All matters not provided for herein or by endorsement hereon shall be governed by the terms and conditions of the Company's printed policy form to which this form is attached and which has been issued in conjunction herewith. The foregoing clauses shall, however, be considered to supersede and annul any clauses therein, which may be of the same or similar nature.

36. STATUTORY REQUIREMENTS

It is hereby understood and agreed that if property covered under this policy is located in a state that requires a statutory policy or standard form(s) at variance with this policy or the form(s) attached hereto, then this insurance shall cover such property in accordance with provisions of such required policy or form(s).

37. VALUATION

This Company shall not be liable for more than the actual cash value of the property at the time any loss or damage occurs and the loss or damage shall be ascertained or estimated according to such actual cash value with proper deduction for depreciation, however caused, and shall in no event exceed what it would then cost to repair or replace the same with material of like kind and quality, nor the amount for which the Insured may be liable.

38. EXCESS INSURANCE

Permission is granted the Insured to have excess insurance over the limit of liability set forth in this policy without prejudice to this policy and the existence of such insurance, if any, shall not reduce any liability under this policy.

39. SALVAGE AND RECOVERIES

All salvage, recoveries and payments recovered or received subsequent to a loss settlement under this policy shall be applied as if recovered or received prior to the said settlement and all necessary adjustments shall be made by the parties hereto.

40. INSPECTION OF PROPERTY AND OPERATIONS

This Company and any person or organization making inspections on the Company's behalf shall be permitted but not obligated to inspect the Insured's property and operations at any time. Neither the right of this Company and any person or organization to make such inspection nor the making

thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

41. 100-YEAR FLOOD HAZARD ZONE EXCLUSION

When coverage for "flood" is afforded under this policy, this policy does not provide coverage for "flood" on any location(s) determined to be located in a 100-year Flood Hazard Zone as designated by the Federal Emergency Management Agency at the time of loss.

42. MINIMUM EARNED PREMIUM

In the event of cancellation of this policy by the insured, a minimum earned premium of **25%** of the annual premium shall become payable by the insured; any conditions of the policy to the contrary notwithstanding. Failure of the insured to make timely payment of premium shall be considered a request by the insured for the company to cancel. In the event of such cancellation by the company for non-payment of premium the minimum premium shall be due and payable; provided, however, such non-payment cancellation shall be rescinded if the insured remits the full premium due within 10 days of receiving the cancellation notice.

BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM

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

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

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F. Definitions.**

A. Coverage

1. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit Of Insurance is shown in the Declarations:

- (1) Business Income Including "Rental Value".
- (2) Business Income Other Than "Rental Value".
- (3) "Rental Value".

If option (1) above is selected, the term Business Income will include "Rental Value". If option (3) above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of

such premises.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises means:

- (a) The portion of the building which you rent, lease or occupy;
- (b) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
- (c) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

2. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss form as shown in the Declarations.

3. Additional Limitation - Interruption Of Computer Operations

- a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- b. 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.

- c. This Additional Limitation does not apply when loss or damage to electronic data involves only electronic data which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

4. Additional Coverages

a. Expenses To Reduce Loss

In the event of a covered loss of Business Income, we will pay necessary expenses you incur, except the cost of extinguishing a fire, to avoid further loss of Business Income. The total of our payment for Business Income loss and Expenses To Reduce Loss will not be more than the Business Income loss that would have been payable under this Coverage Form (after application of any Coinsurance penalty) if the Expenses To Reduce Loss had not been incurred. This coverage does not increase the Limit of Insurance.

The Coinsurance condition does not apply specifically to such Expenses To Reduce Loss, but it is used as described above to determine the total amount payable.

b. Civil Authority

In this Additional Coverage, Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

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

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the

action is taken to enable a civil authority to have unimpeded access to the damaged property.

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

c. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
 - (a) Used in the construction, alterations or additions; or
 - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

d. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
 - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 60 consecutive days after the date determined in (1)(a) above.

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

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

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- (a)** Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b)** Ends on the earlier of:
 - (i)** The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
 - (ii)** 60 consecutive days after the date determined in **(2)(a)** above.

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

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

e. Interruption Of Computer Operations

- (1)** Under this Additional Coverage, electronic data has the meaning described under Additional Limitation - Interruption Of Computer Operations.
- (2)** Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss. However, we

will not provide coverage under this Additional Coverage when the Additional Limitation - Interruption Of Computer Operations does not apply based on Paragraph **A.3.c.** therein.

- (3)** With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
 - (a)** If the Causes Of Loss - Special Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
 - (b)** If the Causes Of Loss - Broad Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, includes Collapse as set forth in that form.
 - (c)** If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Interruption Of Computer Operations.
 - (d)** 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. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.
- (4)** The most we will pay under this Additional Coverage, Interruption Of Computer Operations, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss sustained in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss sustained as a result of subsequent interruptions in that

policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss in a subsequent policy year(s), all loss is deemed to be sustained in the policy year in which the interruption began.

- (5) This Additional Coverage, Interruption Of Computer Operations, does not apply to loss sustained after the end of the "period of restoration", even if the amount of insurance stated in (4) above has not been exhausted.

5. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

NEWLY ACQUIRED LOCATIONS

- a. You may extend your Business Income Coverage to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay for loss under this Extension is \$100,000 at each location, unless a higher limit is shown in the Declarations.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - (1) This policy expires;
 - (2) 30 days expire after you acquire or begin to construct the property; or
 - (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

The Additional Condition, Coinsurance, does not apply to this Extension.

B. Limits Of Insurance

The most we will pay for loss in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Alterations And New Buildings;
2. Civil Authority;
3. Extended Business Income; or
4. Expenses To Reduce Loss.

The amounts of insurance stated in the Interruption Of Computer Operations Additional Coverage and the

Newly Acquired Locations Coverage Extension apply in accordance with the terms of those coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage.

C. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

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

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

2. Duties In The Event Of Loss

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

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

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

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

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

- (1) The Net Income of the business before the direct physical loss or damage occurred;
- (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
- (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
- (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.

b. Resumption Of Operations

We will reduce the amount of your Business Income loss to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property

(including merchandise or stock) at the described premises or elsewhere.

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

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

D. Additional Condition

COINSURANCE

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions:

We will not pay the full amount of any loss if the Limit of Insurance for Business Income is less than:

1. The Coinsurance percentage shown for Business Income in the Declarations; times
2. The sum of:
 - a. The Net Income (Net Profit or Loss before income taxes); and
 - b. Operating expenses, including payroll expenses;

that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

Instead, we will determine the most we will pay using the following steps:

Step (1): Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;

Step (2): Divide the Limit of Insurance for the described premises by the figure determined in Step (1); and

Step (3): Multiply the total amount of loss by the figure determined in Step (2).

We will pay the amount determined in Step (3) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following

expenses, if applicable, shall be deducted from the total of all operating expenses:

- (1) Prepaid freight - outgoing;
- (2) Returns and allowances;
- (3) Discounts;
- (4) Bad debts;
- (5) Collection expenses;
- (6) Cost of raw stock and factory supplies consumed (including transportation charges);
- (7) Cost of merchandise sold (including transportation charges);
- (8) Cost of other supplies consumed (including transportation charges);
- (9) Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- (10) Power, heat and refrigeration expenses that do not continue under contract (if Form **CP 15 11** is attached);
- (11) All payroll expenses or the amount of payroll expense excluded (if Form **CP 15 10** is attached); and
- (12) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion - not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

Example 1 (Underinsurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000
The Coinsurance percentage is: 50%
The Limit of Insurance is: \$ 150,000
The amount of loss is: \$ 80,000

Step (1): $\$400,000 \times 50\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$150,000 / \$200,000 = .75$

Step (3): $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

Example 2 (Adequate Insurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000
The Coinsurance percentage is: 50%
The Limit of Insurance is: \$ 200,000
The amount of loss is: \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$400,000 \times 50\%$). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income is the lesser of:
 - (1) The amount of loss sustained during the 120 days immediately following the beginning of the "period of restoration"; or
 - (2) The Limit Of Insurance shown in the Declarations

2. Monthly Limit Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:
 - (1) The Limit of Insurance, multiplied by
 - (2) The fraction shown in the Declarations for this Optional Coverage.

Example

When: The Limit of Insurance is: \$ 120,000
The fraction shown in the Declarations for this Optional Coverage is: 1/4
The most we will pay for loss in each period of 30 consecutive days is: \$ 30,000

(\$120,000 x 1/4 = \$30,000)

If, in this example, the actual amount of loss is:

Days 1-30:	\$ 40,000
Days 31-60:	\$ 20,000
Days 61-90:	<u>\$ 30,000</u>
	\$ 90,000

We will pay:

Days 1-30:	\$ 30,000
Days 31-60:	\$ 20,000
Days 61-90:	<u>\$ 30,000</u>
	\$ 80,000

The remaining \$10,000 is not covered.

3. Business Income Agreed Value

a. To activate this Optional Coverage:

(1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":

- (a) During the 12 months prior to the date of the Work Sheet; and
- (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.

(2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:

- (a) The Coinsurance percentage shown in the Declarations; multiplied by
- (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.

b. The Additional Condition, Coinsurance, is suspended until:

- (1) 12 months after the effective date of this Optional Coverage; or
- (2) The expiration date of this policy; whichever occurs first.

c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:

- (1) Within 12 months of the effective date of this Optional Coverage; or
- (2) When you request a change in your Business Income Limit of Insurance.

d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:

(1) The Business Income Limit of Insurance; divided by

(2) The Agreed Value.

Example

When:	The Limit of Insurance is:	\$ 100,000
	The Agreed Value is:	\$ 200,000
	The amount of loss is:	\$ 80,000

Step (1): $\$100,000 / \$200,000 = .50$

Step (2): $.50 \times \$80,000 = \$40,000$

We will pay \$40,000. The remaining \$40,000 is not covered.

4. Extended Period Of Indemnity

Under Paragraph **A.4.d., Extended Business Income**, the number 60 in Subparagraphs **(1)(b)** and **(2)(b)** is replaced by the number shown in the Declarations for this Optional Coverage.

F. Definitions

1. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. "Operations" means:

- a. Your business activities occurring at the described premises; and
- b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

3. "Period of restoration" means the period of time that:

- a. Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
- b. Ends on the earlier of:
 - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.

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

- (1) Regulates the construction, use or repair, or requires the tearing down, of

any property; or

- (2)** Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

- 4.** "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- 5.** "Rental Value" means Business Income that consists of:
 - a.** Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and
 - b.** Continuing normal operating expenses incurred in connection with that premises, including:
 - (1)** Payroll; and
 - (2)** The amount of charges which is the legal obligation of the tenant(s) but would otherwise be your obligations.
- 6.** "Suspension" means:
 - a.** The slowdown or cessation of your business activities; or
 - b.** That a part or all of the described premises is rendered untenable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS INCOME CHANGES MAINTENANCE FEES

This endorsement modifies insurance provided under the following:

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM

- A.** We will pay for maintenance fees you have been unable, after reasonable effort, to collect from the unit owner whose unit must be rendered untenable due to an insured loss that occurs during the policy period.

After payment of loss, all amounts recovered shall be paid to us after you have recovered any loss of maintenance fees in excess of the coverage provided by this endorsement.

You will cooperate with us to recover unpaid maintenance fees. You will not waive your right to recover maintenance fees receivable without our permission.

This coverage applies only during the time reasonably required to restore the affected units to a tenable condition.

- B.** The Definition of "Maintenance Fees":

- a.** "Maintenance Fees" means:

Unit owner contributions to the Condominium Association for the upkeep of the exterior of the building, gardens, walkways and other common areas.

All other terms and conditions of this policy remain unchanged.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS INCOME - EXTENDED PERIOD OF INDEMNITY

This endorsement modifies insurance provided under the following:

COVERAGE FORM

This policy is extended to cover the actual loss sustained by the insured resulting directly from the interruption of business, as covered by this policy, for such additional length of time as would be required with the exercise of due diligence and dispatch to restore the insured's business to the condition that would have existed had no loss occurred, commencing with the later of the following dates:

- (1) The date on which the liability of this company for loss resulting from interruption of business would terminate if this endorsement had not been attached to this policy; or
- (2) The date on which repair, replacement or rebuilding of such part of the real or personal property (excepting only finished stock) herein described as has been damaged or destroyed is actually completed:

But in no event for more than **180 consecutive calendar days** from said later commencement date.

Definition:

Finished Stock: Stock manufactured by the insured which in the ordinary course of the insured's business is ready for packing, shipment or sale.

The liability under this policy, including this endorsement, shall not exceed that proportion of any loss which the amount of insurance under this policy bears to all insurance covering in any manner the loss insured against by this policy, whether or not all such other insurance includes this or a similar extension of coverage and whether all such other insurance is collectible or not.

All other terms and conditions of this policy remain unchanged



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONTINGENT LIABILITY FROM OPERATION OF BUILDING LAWS

1. In consideration of premium charged, in the event of loss to a building(s) covered by this endorsement by any perils insured against, this Company shall also be liable for the loss occasioned by the enforcement of any state or municipal law or ordinance regulating the construction or repair of damaged building(s) which is in force at the time such loss occurs, which necessitates the demolition of any portion of the insured building(s) not damaged by the peril(s) insured against.
2. This Company shall not be liable under this policy and this endorsement for:
 - a. Any cost of demolishing or clearing the site of undamaged portions of the building(s) unless such liability is otherwise specifically assumed by endorsement hereon and an amount of insurance specified thereof.
 - b. Any greater cost of repair, construction or reconstruction due to the enforcement of any state or municipal law or ordinance unless such liability is otherwise specifically assumed by endorsement hereon and an amount of insurance specified therefore.
 - c. More than the amount insured under the policy to which this endorsement is attached.
 - d. More than the actual cash value at the time of the loss of the building(s), or any part thereof, damaged by perils insured against or demolished due to the enforcement of any state or municipal law or ordinance.
3. If this policy is divided into two or more items, the foregoing shall apply separately to each item to which this endorsement applies.
4. This endorsement does not increase the limit of liability or amount of insurance shown on the face of this policy or endorsed onto this policy. In no event shall the liability of this Company exceed this limit or amount in one disaster, casualty, or event, irrespective of the number of items or locations involved.
5. This endorsement does not increase the remaining amount of the applicable annual aggregate for earthquake or flood shown on the face of this policy or endorsed onto this policy.

All other terms and conditions of this policy remain unchanged.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEMOLITION COST

1. In consideration of premium charged, coverage is provided for the cost of demolishing any undamaged portion of the building(s) covered under this policy and this endorsement including the cost of clearing the site thereof, caused by loss from any peril insured against under this policy and resulting from enforcement of any state or municipal law or ordinance regulating the construction or repair of building(s) and in force at the time of loss, which necessitates such demolition.
2. This Company shall not be liable under this policy and this endorsement for:
 - a. Any greater proportion of any loss than the amount insured under this endorsement for demolition and clearing site bears to the total insurance covering expense of demolition and clearing site.
 - b. More than the amount specified.
3. If this policy is divided into two or more items, the foregoing shall apply separately to each item to which this endorsement applies.
4. This endorsement does not increase the limit of liability or amount of insurance shown on the face of this policy or endorsed onto this policy. In no event shall the liability of this Company exceed this limit or amount in one disaster, casualty, or event, irrespective of the number of items or locations involved.
5. This endorsement does not increase the remaining amount of the applicable annual aggregate for earthquake or flood shown on the face of this policy or endorsed onto this policy.

All other terms and conditions of this policy remain unchanged.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INCREASED COST OF CONSTRUCTION

1. Coverage is provided for the increased cost of repair, rebuilding or construction of the building(s), on the same premises, of like height, floor area, and style and for like occupancy, caused by loss from any peril insured against under this policy and resulting from the enforcement of and limited to the minimum requirements of any state or municipal law or ordinance regulating the construction or repair of damaged building(s) which is in force at the time such loss occurs, and which necessitates such increased costs.
2. This Company shall not be liable under this policy and this endorsement for:
 - a. cost of the demolition of any portion of the building(s).
 - b. any loss unless and until the damaged or destroyed building(s) is actually rebuilt or replaced on the same premises with due diligence and dispatch, and, in no event, unless repair or replacement is completed within two (2) years after the destruction or damage, or within such further time as the Company may allow, in writing, during the two years.
 - c. more than the amount actually and necessarily expended to repair or replace as above provided, in excess of the amount recoverable under this policy, had this endorsement not been attached thereto.
 - d. more than the amount insured under this endorsement in excess of the replacement cost of the building(s) without deduction for depreciation however caused.
3. If this policy is divided into two or more items, the foregoing shall apply separately to each item to which this endorsement applies.
4. This endorsement does not increase the limit of liability or amount of insurance shown on the face of this policy or endorsed onto this policy. In no event shall the liability of this Company exceed this limit or amount in one disaster, casualty, or event, irrespective of the number of items or locations involved.
5. This endorsement does not increase the remaining amount of the applicable annual aggregate for earthquake or flood shown on the face of this policy or endorsed onto this policy.

All other terms and conditions of this policy remain unchanged.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

REPLACEMENT COST

With respect to insurance provided by this policy, it is agreed that this Company shall pay for:

1. Replacement Cost (without deduction for depreciation). Replacement cost coverage replaces actual cash value provisions in the Valuation Item of the coverage form.
2. This coverage does not apply to:
 - a. Property of others;
 - b. Contents of a residence;
 - c. Manuscripts;
 - d. Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
 - e. "Stock," unless the including "Stock" option is shown in the Property or Interest Covered of the coverage form.
3. The Insured may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event the Insured elects to have loss or damage settled on an actual cash value basis, the Insured may still make a claim for the additional coverage provided the Insured notifies the Company the intent to do so within 180 days after the loss or damage.
4. The Company will not pay on a replacement cost basis for any loss or damage:
 - a. Until the loss or damaged property is actually repaired or replaced; and
 - b. Unless the repairs or replacement(s) are made as soon as reasonably possible after the loss or damage.
5. The Company will not pay more for loss or damage on a replacement cost basis than the least of:
 - a. The Limit of Insurance applicable to the loss or damaged property;
 - b. The cost to replace the lost or damaged property with other property:
 1. of comparable material and quality; and
 2. used for the same purpose; or
 - c. The amount the Insured actually spends that is necessary to repair or replace the lost or damaged property.

All other terms and conditions of this policy remain unchanged.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SERVICE OF PROCESS ENDORSEMENT

When a cause of action arises in any of the states listed below, service of process applies as shown below for that state. As used in this endorsement, "the Company" shall mean QBE Specialty Insurance Company.

ALABAMA Service of Process Clause

The Company hereby designates the Commissioner of Insurance of the State of Alabama as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary hereunder arising out of this contract of insurance. The Company further designates CT Corporation System, 2 North Jackson Street, Suite 605, Montgomery, AL 36104 as the person to whom the Commissioner shall mail process.

ALASKA Service of Process Clause

Upon any cause of action arising in Alaska under this contract, the Company may be sued. The Company appoints the Director of Insurance for the State of Alaska as its attorney for acceptance of service of all legal process issued in this state in any action or proceeding arising out of this policy. Service of process upon the Director, or his successors in office, shall be lawful service upon the Company. The Company further designates CT Corporation System, 9360 Glacier Highway, Suite 202, Juneau, AK 99801 as the person to whom the Director is authorized to mail such process or a true copy thereof.

ARIZONA Service of Process Clause

Upon any cause of action arising in Arizona under this contract, the Company may be sued in the circuit court of the county in which the cause of action arose. Service of process against the Company may be made in such action by service upon the Director of Insurance of the State of Arizona by the clerk of the court in which the action is brought. The Company further designates CT Corporation System, 3800 North Central Avenue, Suite 460, Phoenix, AZ 85012, as the person to whom the Director shall mail process.

ARKANSAS Service of Process Clause

Upon any cause of action arising in Arkansas under this contract, the Company may be sued in the court of the county in which the cause of action arose. Service of process against the Company may be made in such action by service upon the Commissioner of Insurance of the State of Arkansas and his successors in office by the clerk of the court in which the action is brought. The Company further designates The Corporation Company, 124 West Capitol Avenue, Suite 1900, Little Rock, AR 72201 as the person to whom the Commissioner shall mail process.

CALIFORNIA Service of Suit Clause

The Company hereby designates CT Corporation System, 818 West 1st Street, Suite 930, Los Angeles, California, 90017 as its true and lawful attorney in and for the State of California, upon whom all lawful process may be served in any action, suit or proceeding instituted in California by or on behalf of any insured or beneficiary against the Company arising out of this insurance policy, provided a copy of any process, suit, complaint or summons is sent by certified or registered mail to: 55 Water Street, 19th Floor, New York, NY 10041.

COLORADO Service of Process Clause

Upon any cause of action under this policy, the Company may be sued in the district court of the county in which the cause of action arose. The Company appoints the Commissioner of Insurance for the State of Colorado as its attorney for acceptance of service of all legal process issued in this state in any action or proceeding arising out of this policy. Service of process upon the Commissioner shall be lawful service upon the Company. The Company further designates The Corporation Company, 7700 East Arapahoe Road, Suite 220, Centennial, CO 80112 as the person to whom the Commissioner is authorized to mail such process or a true copy thereof.

CONNECTICUT Service of Process Clause

Upon any cause of action under this policy, the Company may be sued in the district court of the county in which the cause of action arose. The Company appoints the Commissioner of Insurance for the State of Connecticut as its attorney for acceptance of service of all legal process issued in this state in any action or proceeding arising out of this policy. Service of process upon the Commissioner shall be lawful service upon the Company. The Company further designates CT Corporation System, 67 Burnside Avenue, East Hartford, CT 06108 as the person to whom the Commissioner is authorized to mail such process or a true copy thereof.

DELAWARE Service of Process Clause

The Company hereby designates the Commissioner of Insurance of the State of Delaware as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary arising out of this contract of insurance. The Company further designates The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801 as the person to whom the Commissioner shall mail process.

DISTRICT OF COLUMBIA Service of Process Clause

The Company hereby designates the Commissioner of Insurance of the District of Columbia as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary arising out of this contract of insurance. The Company further designates CT Corporation System, 1015 15th Street, NW, Suite 1000, Washington, DC 20005 as the person to whom the Commissioner shall mail process.

FLORIDA Service of Process Clause

The Company hereby designates the Chief Financial Officer of the Department of Financial Services as its agent upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary hereunder arising out of this contract of insurance. The Company further designates CT Corporation System, 1200 South Pine Island Road, Plantation, FL 33324 as the person to whom the Chief Financial Officer shall mail process.

GEORGIA Service of Process Clause

Upon any cause of action under this policy, the Company may be sued in the superior court of the county in which the cause of action arose. The Company appoints the Georgia Commissioner of Insurance as its attorney for acceptance of service of all legal process issued in this state in any action or proceeding arising out of this policy. Service of process upon the Commissioner shall be lawful service upon the Company. The Company further designates CT Corporation System, 289 South Culver Street, Lawrenceville, GA 30046 as the person to whom the Commissioner is authorized to mail such process or a true copy thereof.

HAWAII Service of Process Clause

Upon any cause of action under this policy, the Company may be sued in the district court of the county in which the cause of action arose. The Company appoints the Commissioner of Insurance for the State of Hawaii as its attorney for acceptance of service of all legal process issued in this state in any action or proceeding arising out of this policy. Service of process upon the Commissioner shall be lawful service upon the Company. The Company further designates The Corporation Company, Inc., 1136 Union Mall, Suite 301, Honolulu, HI 96813 as the person to whom the Commissioner is authorized to mail such process or a true copy thereof.

IDAHO Service of Process Clause

Upon any cause of action arising in Idaho under this contract, the Company may be sued in the district court of the county in which the cause of action arose. Service of process against the Company may be made in such action by service upon the Director of the Department of Insurance of the State of Idaho. The Company further designates CT Corporation System, 921 S. Orchard Street, Suite G, Boise, ID 83705 as the person to whom the Director shall mail process.

ILLINOIS Service of Process Clause

The Company hereby designates the Director of the Illinois Department of Insurance and his successor or successors in office as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary hereunder arising out of this contract of insurance. The Company further designates CT Corporation System, 208 South LaSalle Street, Suite 814, Chicago, IL 60604 as the person to whom the Director shall mail process.

INDIANA Service of Process Clause

Upon any cause of action arising in Indiana under this contract, the Company may be sued in the court of the county in which the cause of action arose. Service of process against the Company may be made in such action by service upon the Commissioner of Insurance of the State of Indiana by the clerk of the court in which the action is brought. The Company further designates CT Corporation System, 150 West Market Street, Suite 800, Indianapolis, IN 46204 as the person to whom the Commissioner shall mail process.

IOWA Service of Process Clause

The Company hereby designates the Commissioner of Insurance of the State of Iowa as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary arising out of this contract of insurance. The Company further designates CT Corporation System, 400 East Court Avenue, Suite 110, Des Moines, Iowa 50309 as the person to whom the Commissioner shall mail process.

KANSAS Service of Process Clause

Upon any cause of action arising in Kansas under this policy, the Company may be sued in the court of the county in which the cause of action arose. Service of process against the Company may be made in such action by service upon the Commissioner of Insurance of the State of Kansas and his successor or successors in office. The Company further designates The Corporation Company, Inc., 112 S.W. Seventh Street, Suite 3C, Topeka, KS 66603 as the person to whom the Commissioner shall mail

process.

KENTUCKY Service of Process Clause

Upon any cause of action arising in Kentucky under this contract, the Company may be sued in the circuit court of the county in which the cause of action arose. Service of process against the Company may be made in such action by service upon the Kentucky Secretary of State by the clerk of the court in which the action is brought. The Company further designates CT Corporation System, 306 West Main Street, Suite 512, Frankfort, KY 40601 as the person to whom the Secretary of State shall mail process.

LOUISIANA Service of Process Clause

Upon any cause of action arising in Louisiana under this contract, the Company may be sued in the district court of the parish in which the cause of action arose. Service of process against the Company may be made in such action by service upon the Louisiana Secretary of State. The Company further designates CT Corporation System, 3867 Plaza Tower Drive, Baton Rouge, LA 70816 as the person to whom the Secretary of State shall mail process.

MAINE Service of Process Clause

Upon any cause of action arising in this State under this policy, the Company may be sued in the Superior Court. Service of legal process against the Company may be made in any such action by service of two copies upon the designated agent. The Company further designates CT Corporation System, 128 State Street, #3, Augusta, ME 04330 as the agent.

MARYLAND Service of Process Clause

Upon any cause of action arising in Maryland under this contract, the Company may be sued in the court of the county in which the cause of action arose. Service of process against the Company may be made in such action by service upon the Insurance Commissioner of the State of Maryland by the clerk of the court in which the action is brought. The Company further designates The Corporation Trust Incorporated, 2405 York Road, Suite 201, Lutherville Timonium, MD 21093 as the person to whom the Commissioner shall mail process.

MASSACHUSETTS Service of Process Clause

The Company hereby designates the Commissioner of Insurance of the State of Massachusetts as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary arising out of this contract of insurance. The Company further designates CT Corporation System, 155 Federal Street, Suite 700, Boston, MA 02110 as the person to whom the Commissioner shall mail process

MICHIGAN Service of Process Clause

Upon any cause of action arising in Michigan under this contract, the Company may be sued in the court of the county in which the cause of action arose. Service of process against the Company may be made in such action by service upon the Director of Insurance, c/o Resident Agent, of the State of Michigan by the clerk of the court in which the action is brought. The Company further designates The Corporation Company, 40600 Ann Arbor Road East, Suite 201, Plymouth, MI 48170 as the person to whom the Commissioner shall mail process.

MINNESOTA Service of Process Clause

Upon any cause of action arising in Minnesota under this contract, the Company may be sued in the court of the county in which the cause of action arose. Service of process against the Company may be made in such action by service upon the Commissioner of Commerce of the State of Minnesota by the clerk of the court in which the action is brought. The Company further designates CT Corporation System, Inc., 1010 Dale Street North, Saint Paul, MN 55117 as the person to whom the Commissioner shall mail process.

MISSISSIPPI Service of Process Clause

The Company hereby designates the Commissioner of Insurance of the State of Mississippi as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary arising out of this contract of insurance. The Company further designates CT Corporation System, 645 Lakeland East Drive, Suite 101, Flowood, MS 39232 as the person to whom the Commissioner shall mail process.

MISSOURI Service of Process Clause

Upon any cause of action arising in Missouri under this contract, the Company may be sued in the court of the county in which the cause of action arose. Service of process against the Company may be made in such action by service upon the Director of Insurance of the State of Missouri and his successors in office by the clerk of the court in which the action is brought. The Company further designates CT Corporation System, 120 South Central Avenue, Clayton, MO 63105 as the person to whom the Director shall mail process.

MONTANA Service of Process Clause

Upon any cause of action under this policy, the Company may be sued in the district court of the county in which the cause of action arose. The Company appoints the Commissioner of Insurance of the State of Montana as its attorney for acceptance of the service of all legal process issued in this state in any action or proceeding arising out of this policy. Service of process upon the Commissioner shall be lawful service upon the Company. The Company further designates CT Corporation System, 3011

American Way, Missoula, MT 59808 as the person to whom the Commissioner is authorized to mail such process or a true copy thereof.

NEBRASKA Service of Process Clause

Upon any cause of action arising in Nebraska under this policy, the Company may be sued in the court of the county in which the cause of action arose. Service of process against the Company may be made in such action by service upon the Director of Insurance of the State of Nebraska. The Company further designates CT Corporation System, 5601 South 59th Street, Suite C, Lincoln, NE 68516 as the person to whom the Director shall mail process.

NEVADA Service of Process Clause

Upon any cause of action arising in Nevada under this contract, the Company may be sued in a district court of Nevada. Service of process against the Company may be made in such action by service upon the Commissioner of Insurance of the State of Nevada or the Commissioner's authorized representative. The Company further designates The Corporation Trust Company of Nevada, 701 South Carson Street, Suite 200, Carson City, NV 89701 as the person to whom the Commissioner shall mail process.

NEW HAMPSHIRE Service of Process Clause

Upon any cause of action arising in New Hampshire under this contract, the Company may be sued in the court of the county in which the cause of action arose. Service of process against the Company may be made in such action by service upon the Commissioner of Insurance of the State of New Hampshire by the clerk of the court in which the action is brought. The Company further designates CT Corporation System, 2 1/2 Beacon Street, Concord, NH 03301-4447 as the person to whom the Commissioner shall mail process.

NEW JERSEY Service of Process Clause

The Company hereby designates the Commissioner of Insurance of the State of New Jersey as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary arising out of this contract of insurance. The Company further designates The Corporation Trust Company, 820 Bear Tavern Road, West Trenton, NJ 08628 as the person to whom the Commissioner shall mail process.

NEW MEXICO Service of Process Clause

Upon any cause of action arising in New Mexico under this contract, the Company may be sued in the district court of the county in which the cause of action arose. Service of process against the Company may be made in such action by service upon the Superintendent of Insurance of the State of New Mexico by the clerk of the court in which the action is brought. The Company further designates CT Corporation System, 206 South Coronado Avenue, Espanola, NM 87532 as the person to whom the Superintendent shall mail process.

NEW YORK Service of Process Clause

The Company hereby designates the Superintendent of Financial Services of the State of New York, and his successors in office, as its true and lawful attorney upon whom all lawful process may be served in any action, suit, or proceeding instituted in this State by or on behalf of the insured or any beneficiary against the Company arising out of this policy of insurance. The Company further designates CT Corporation System, 111 Eighth Avenue, 13th Floor, New York, NY 10011 as the person to whom the Superintendent shall mail process.

NORTH CAROLINA Service of Process Clause

The Company hereby designates the Commissioner of Insurance of the State of North Carolina, and his successor(s) in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary arising out of this contract of insurance. The Company further designates CT Corporation System, 160 Mine Lake Court, Suite 200, Raleigh, NC 27615 as the person to whom the Commissioner shall mail process.

NORTH DAKOTA Service of Process Clause

The Company hereby designates the Commissioner of Insurance of the State of North Dakota as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary arising out of this contract of insurance. The Company further designates CT Corporation System, 120 West Sweet Avenue, Bismarck, ND 58504 as the person to whom the Commissioner shall mail process.

OHIO Service of Process Clause

Upon any cause of action arising in Ohio under this contract, the Company may be sued in the court of the county in which the cause of action arose. Service of process against the Company may be made in such action by service upon the Superintendent of Insurance of the State of Ohio by the clerk of the court in which the action is brought. The Company further designates CT Corporation System, 4400 Easton Commons Way, Suite 125, Columbus, OH 43219 as the person to whom the Superintendent shall mail process.

OKLAHOMA Service of Process Clause

Upon any cause of action arising in Oklahoma under this contract, the Company may be sued in the court of the county in which the cause of action arose. Service of process against the Company may be made in such action by service upon the Commissioner of Insurance of the State of Oklahoma by the clerk of the court in which the action is brought. The Company further designates The Corporation Company, 1833 South Morgan Road, Oklahoma City, OK 73128 as the person to whom the Commissioner shall mail process.

OREGON Service of Process Clause

Upon any cause of action arising in Oregon under this contract, the Company may be sued in the circuit court of the county in which the cause of action arose. The Company further designates CT Corporation System, 780 Commercial Street SE, Suite 100, Salem, OR 97301 as the person to whom the process shall be mailed.

PENNSYLVANIA Service of Process Clause

Upon any cause of action arising in Pennsylvania under this contract, the Company may be sued in the court of the county in which the cause of action arose. The Company hereby designates the Commissioner of Insurance of the Commonwealth of Pennsylvania as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary arising out of this contract of insurance. Service of process shall be made pursuant to the procedures provided by 42 Pa.C.S. Ch. 53 Subch. B (relating to interstate and international procedure). The Company further designates CT Corporation System, 600 North Second Street, Suite 401, Harrisburg, PA 17101 as the person to whom the Commissioner shall mail process.

RHODE ISLAND Service of Process Clause

Upon any cause of action arising in Rhode Island under this policy, the Company may be sued in the court of the county in which the cause of action arose. Service of process against the Company may be made in such action by service upon the Commissioner of Insurance of the State of Rhode Island by the clerk of the court in which the action is brought. The Company further designates CT Corporation System, 450 Veterans Memorial Parkway, Suite 7A, East Providence, RI 02914 as the person to whom the Commissioner shall mail process.

SOUTH CAROLINA Service of Process Clause

The Company hereby designates the Director of Insurance of the State of South Carolina as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary arising out of this contract of insurance. The Company further designates CT Corporation System, 2 Office Park Court, Suite 103, Columbia, SC 29223 as the person to whom the Director shall mail process.

SOUTH DAKOTA Service of Process Clause

Any cause of action against the Company arising in South Dakota under this policy shall be brought in the circuit court for the county in which the cause of action arose. Service of legal process against the Company may be made in any such action by service upon the Director of Insurance of the State of South Dakota and his successors in office. The Company further designates CT Corporation System, 319 South Coteau Street, Pierre, SD 57501 as the person to whom the Director shall mail a copy of the process.

TENNESSEE Service of Process Clause

The Company hereby designates the Commissioner of Commerce and Insurance of the State of Tennessee as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary arising out of this contract of insurance. The Company further designates CT Corporation System, 300 Montvue Road, Knoxville, TN 37919 as the person to whom the Commissioner shall mail process.

TEXAS Service of Process Clause

The Company hereby designates the Commissioner of Insurance of the State of Texas as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary hereunder arising out of this contract of insurance. The Company further designates CT Corporation System, 1999 Bryan Street, Suite 900, Dallas, TX 75201 as the person to whom the Commissioner shall mail process.

UTAH Service of Process Clause

The Company hereby designates the Commissioner of Insurance of the State of Utah as its agent upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary hereunder arising out of this contract of insurance. The Company further designates CT Corporation System, 1108 East South Union Avenue, Midvale, UT 84047 as the person to whom the Commissioner shall mail process.

VERMONT Service of Process Clause

The Company hereby designates the Secretary of State of Vermont as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary arising out of this contract of insurance. The Company further designates CT Corporation System, 17 G W Tatro Drive, Jeffersonville, VT 05464 as the person to whom the Secretary of State shall mail process.

VIRGINIA Service of Process Clause

The Company hereby designates the Clerk of the Virginia State Corporation Commission as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary hereunder arising out of this contract of insurance. The Company further designates CT Corporation System, 4701 Cox Road, Suite 285, Glen Allen, VA 23060 as the person to whom the Clerk of the Commission shall mail process.

WASHINGTON Service of Process Clause

Upon any cause of action arising in Washington under this contract, the Company may be sued in the court of the county in which the cause of action arose. Service of process against the Company may be made in such action by service upon the Commissioner of Insurance of the State of Washington by the clerk of the court in which the action is brought. The Company further designates CT Corporation System, 711 Capitol Way South, Suite 204, Olympia, WA 98501 as the person to whom the Commissioner shall mail process.

WEST VIRGINIA Service of Process Clause

Upon any cause of action arising in West Virginia under this policy, the Company may be sued in the court of the county in which the cause of action arose. Service of process against the Company may be made in such action by service upon the Secretary of State of West Virginia by the clerk of the court in which the action is brought. The Company further designates CT Corporation System, 1627 Quarrier Street, Charleston, WV 25311-2124 as the person to whom the Secretary of State shall mail process.

WISCONSIN Service of Process Clause

Upon any cause of action arising in Wisconsin under this policy the Company may be sued in the court of the county in which the cause of action arose. Service of process against the Company may be made in such action by service upon the Commissioner of Insurance of the State of Wisconsin. The Company further designates CT Corporation System, 301 South Bedford Street, Suite 1, Madison, WI 53703 as the person to whom the Commissioner shall mail process.

WYOMING Service of Process Clause

Upon any cause of action under this policy, the Company may be sued in the district court of the county in which the cause of action arose. The Company appoints the Commissioner of Insurance of the State of Wyoming as its attorney for acceptance of the service of all legal process issued in this state in any action or proceeding arising out of this policy. Service of process upon the Commissioner shall be lawful service upon the Company. The Company further designates CT Corporation System, 1908 Thomas Avenue, Cheyenne, WY 82001 as the person to whom the Commissioner is authorized to mail such process or a true copy thereof.

All other terms and conditions of this policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

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

SCHEDULE

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

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

- A.** The following definition is added with respect to the provisions of this endorsement:
- "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:
1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
 2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

- B.** The following exclusion is added:
- CERTIFIED ACT OF TERRORISM EXCLUSION**
- We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.
- C. Exception Covering Certain Fire Losses**
- The following exception to the exclusion in Paragraph B. applies only if indicated and as indicated in the Schedule of this endorsement.
- If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

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

D. Application Of Other Exclusions

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR, BIOLOGICAL, CHEMICAL AND RADIOLOGICAL HAZARDS EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
ASSET COVERAGE PART
PREFERRED ASSET COVERAGE PART
BUILDERS RISK COVERAGE
COMMERCIAL OUTPUT PROGRAM
DIFFERENCE IN CONDITIONS PROGRAM

- I. We 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:
 - 1) **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;
 - 2) **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;
 - 3) **Chemical Hazard** - including, but not limited to, any chemical agent, material, product or substance;
 - 4) **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.
- II. The provisions of subparagraphs **I. 2)** and **I. 3)** will not apply where the agent, material, product or substance at issue is utilized in the course of business by an insured.
- III. Only if and to the extent required by state law, the following exception to the exclusion in paragraph **I.** applies:

If a hazard excluded under paragraph **I.** results in fire, we will pay for the loss, damage, cost or expense caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. This coverage does not apply to insurance provided under Business Income, Rental Value or Extra Expense coverage forms or endorsements that apply to those coverage forms.

All other terms and conditions of this policy remain unchanged.



Notice to Policyholders U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC")

NO COVERAGE IS PROVIDED BY THIS POLICYHOLDER NOTICE NOR CAN IT BE CONSTRUED TO REPLACE ANY PROVISIONS OF YOUR POLICY. YOU SHOULD READ YOUR POLICY AND REVIEW YOUR DECLARATIONS PAGE FOR COMPLETE INFORMATION ON THE COVERAGES YOU ARE PROVIDED.

THIS NOTICE PROVIDES INFORMATION CONCERNING POSSIBLE IMPACT ON YOUR INSURANCE COVERAGE DUE TO DIRECTIVES ISSUED BY OFAC.

PLEASE READ THIS NOTICE CAREFULLY

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

As "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site - <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.



FRAUD NOTICE

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

STATE SPECIFIC PROVISIONS

- Arkansas** Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
- Colorado** It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.
- District of Columbia** WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.
- Florida** Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.
- Hawaii** For your protection, Hawaii law requires you to be informed that presenting a fraudulent claim for payment of a loss or benefit is a crime punishable by fines or imprisonment, or both.
- Kansas** Any person who commits a fraudulent insurance act is guilty of a crime and may be subject to restitution, fines and confinement in prison. A fraudulent insurance act means an act committed by any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, or insurance broker or agent, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for insurance, or the rating of an insurance policy, or a claim for payment or other benefit under an insurance policy, which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto.
- Kentucky** Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.
- Louisiana** Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

Maine	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or denial of insurance benefits.
Maryland	Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
New Jersey	Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.
New Mexico	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.
New York	<p>All commercial insurance forms, except as provided for automobile insurance: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.</p> <p>Automobile insurance forms Any person who knowingly and with intent to defraud any insurance company or other person files an application for commercial insurance or a statement of claim for any commercial or personal insurance benefits containing any materially false information, or conceals for the purpose of misleading information concerning any fact material thereto, and any person who, in connection with such application or claim, knowingly makes or knowingly assists, abets, solicits or conspires with another to make a false report of the theft, destruction, damage or conversion of any motor vehicle to a law enforcement agency, the department of motor vehicles or an insurance company, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the value of the subject motor vehicle or stated claim for each violation.</p> <p>Fire Insurance: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime. The proposed insured affirms that the foregoing information is true and agrees that these applications shall constitute a part of any policy issued whether attached or not and that any willful concealment or misrepresentation of a material fact or circumstances shall be grounds to rescind the insurance policy.</p>
Ohio	Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.
Oklahoma	WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

Oregon

Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents materially false information in an application for insurance may be guilty of a crime and may be subject to fines and confinement in prison. In order for us to deny a claim on the basis of misstatements, misrepresentations, omissions or concealments on your part, we must show that:

- A. The misinformation is material to the content of the policy;
- B. We relied upon the misinformation; and
- C. The information was either:
 - 1. Material to the risk assumed by us; or
 - 2. Provided fraudulently.

For remedies other than the denial of a claim, misstatements, misrepresentations, omissions or concealments on your part must either be fraudulent or material to our interests.

With regard to fire insurance, in order to trigger the right to remedy, material misrepresentations must be willful or intentional.

Misstatements, misrepresentations, omissions or concealments on your part are not fraudulent unless they are made with the intent to knowingly defraud.

Pennsylvania

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

Puerto Rico

Any person who knowingly and with the intention to defraud includes false information in an application for insurance or file, assist or abet in the filing of a fraudulent claim to obtain payment of a loss or other benefit, or files more than one claim for the same loss or damage, commits a felony and if found guilty shall be punished for each violation with a fine of no less than five thousands dollars (\$5,000), not to exceed ten thousands dollars (\$10,000); or imprisoned for a fixed term of three (3) years, or both. If aggravating circumstances exist, the fixed jail term may be increased to a maximum of five (5) years; and if mitigating circumstances are present, the jail term may be reduced to a minimum of two (2) years.

Rhode Island

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

Tennessee

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

Virginia

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

Washington

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

West Virginia

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

This policy consists of:

- Declarations
One or more coverage parts.
A coverage part consists of:
- One or more coverage forms
- Applicable forms and endorsements

QBE Specialty Insurance Company

In Witness Whereof, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by our authorized representative.

Todd Jones
President



Mark Pasko
Secretary

