

NOTICE TO POLICYHOLDERS

Enclosed is your commercial insurance policy from Chubb. The bill that corresponds with this policy has been mailed separately. When you receive the bill, please pay the amount due by the date indicated. Payment should be made directly to Chubb. As always, prompt payment will keep your coverage in place.

If you have any questions about the attached policy or need assistance with additional insurance, contact your agent or broker. For questions about billing, call our Premium Accounting Service Center at 1-800-372-4822. Thank you for insuring through Chubb.

Chubb Equipment Breakdown Defender Insurance Program

FOR

AMBERLY VILLAGE ASSOCIATION, INC.

Producer:

**IRMS
8950 FONTANA DEL SOL WAY
NAPLES, FL 34109-0000**

Chubb Servicing Office:

**3000 BAYPORT DRIVE
SUITE 700
TAMPA, FL 33607-8410**

POLICYHOLDER NOTICE

All of the members of the Chubb Group of Insurance companies doing business in the United States (hereinafter “Chubb”) distribute their products through licensed insurance brokers and agents (“producers”). Detailed information regarding the types of compensation paid by Chubb to producers on US insurance transactions is available under the Producer Compensation link located at the bottom of the page at www.chubb.com, or by calling 1-866-588-9478. Additional information may be available from your producer.

Thank you for choosing Chubb.

Important Notice To Policyholders

**THIS IMPORTANT NOTICE PROVIDES INFORMATION CONCERNING
YOUR PREMIUM BILL**

PLEASE READ THIS NOTICE CAREFULLY

***Certificate And
Handling Fees***

This Notice is intended to inform you that your Premium Bill may include a separate charge called Certificate And Handling Fees, which are applicable to the cost we have incurred to issue an inspection certificate indicating that your pressure vessel, machinery or equipment meets code requirements as adopted by the applicable jurisdiction. Such charge is based on the number of pressure vessels, machinery or equipment that need to be inspected and the frequency of such inspections and is applicable to inspections performed during the prior policy period.

IMPORTANT NOTICE TO POLICYHOLDERS

TERRORISM RISK INSURANCE ACT

This Important Notice is being provided with your policy to further satisfy the disclosure requirements of the Terrorism Risk Insurance Act.

At the time you received the written offer for this policy, we provided you with an Important Notice to Policyholders indicating that the insurance provided in your policy for losses caused by certain acts of terrorism would be partially reimbursed by the United States of America, pursuant to the formula set forth in the Terrorism Risk Insurance Act. Terrorism is defined as any act certified by the Secretary of Treasury in consultation with the Secretary of Homeland Security and the Attorney General of the United States, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property or infrastructure; to have resulted in damage within the United States, outside the United States in the case of an air carrier or vessel or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. In addition, as required by the Terrorism Risk Insurance Act, we:

- indicated that we would make available insurance for such losses in the same manner as we provide insurance for other types of losses;
- specified the premium we would charge, if any, for providing such insurance; and
- except to the extent prohibited by law, gave you the opportunity to reject such insurance and have a terrorism exclusion, included in your policy.

This Policyholder Notice refers back to the Important Notice attached to the quote that was provided to you at the time you received the written offer for this policy, and provides information about your decision and the manner in which your policy has been subsequently modified.

If:

- You rejected terrorism insurance under the Terrorism Risk Insurance Act, your policy includes the appropriate amendatory endorsement(s).
- You did not reject terrorism insurance under the Terrorism Risk Insurance Act, the premium charged for your policy, including that portion applicable to terrorism insurance under the Terrorism Risk Insurance Act, is shown in your policy.

Please carefully review your policy and the Important Notice previously provided to you for further details. Please remember that only the terms of your policy establish the scope of your insurance protection.

Please note that if your policy is a workers compensation policy, rejection of insurance for terrorism is legally prohibited.

You should know that the insurance provided by your policy for losses caused by acts of terrorism is partially reimbursed by the United States of America under the formula set forth in the Act. Under the formula, the United States Government generally reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019 and 80% beginning on January 1, 2020, of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

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.

How To Report A Loss

To report a **Loss**, use the following procedure.

Loss Notification

If an **Insured Person** has a **Loss**, please contact us by telephone as soon as possible for further assistance:

Telephone Number: 1-800-252-4670

24 hours a day, 7 days a week

Fax Number

You may also fax the loss report during normal business hours to:

Fax Number: 1-800-300-2538

Mailing Address

You may mail your loss report to the following address:

Chubb Group Of Insurance Companies
Claim Service Center
600 Independence Parkway
P.O. Box 4700
Chesapeake, Va. 23327-4700

Table Of Contents

This Table Of Contents is provided to acquaint you with the overall organization of this policy.

POLICY ORGANIZATION

Insuring Agreement

Premium Summary

Equipment Breakdown Insurance Section

 Equipment Breakdown Sch of Forms & Declarations

 Equipment Breakdown Contracts *

 Equipment Breakdown Endorsements

* Note: Each contract within a section has its own Table Of Contents to facilitate your use of them.

*Insuring Agreement***Chubb Group of Insurance Companies
202B Hall's Mill Road
Whitehouse Station, NJ 08889***Named Insured and Mailing Address*AMBERLY VILLAGE ASSOCIATION, INC.
5435 JAEGER ROAD #4
NAPLES, FL 34109*Policy Number* 7643-63-05 EUC*Effective Date* MARCH 31, 2022*Issued by the stock insurance company
indicated below, herein called the
company.***FEDERAL INSURANCE COMPANY***Incorporated under the laws of
INDIANA**Producer No.* 0042439*Producer* IRMS
8950 FONTANA DEL SOL WAY
NAPLES, FL 34109-0000**Company and Policy Period**

Insurance is issued by the company in consideration of payment of the required premium.

This policy is issued for the period 12:01 AM standard time at the Named Insured's mailing address shown above:

From: MARCH 31, 2022 To: MARCH 31, 2023

Your acceptance of this policy terminates, effective with the inception of this policy, any prior policy of the same number issued to you by us.

This Insuring Agreement together with the Premium Summary, Schedule Of Forms, Declarations, Contracts and Endorsements comprise this policy.

In Witness Whereof, the company issuing this policy has caused this policy to be signed by its authorized officers, but this policy shall not be valid unless also signed by a duly authorized representative of the company.



President



Secretary

Authorized Representative

Premium Summary*Named Insured and Mailing Address*

AMBERLY VILLAGE ASSOCIATION, INC.
 5435 JAEGER ROAD #4
 NAPLES, FL 34109

Producer No. 0042439

Producer IRMS
 8950 FONTANA DEL SOL WAY
 NAPLES, FL 34109-0000

Chubb Group of Insurance Companies
202B Hall's Mill Road
Whitehouse Station, NJ 08889

Policy Number 7643-63-05 EUC

Effective Date MARCH 31, 2022

Issued by the stock insurance company indicated below, herein called the company.

FEDERAL INSURANCE COMPANY

Incorporated under the laws of
INDIANA

Policy Period

From: MARCH 31, 2022 To: MARCH 31, 2023
 12:01 A.M. standard time at the Named Insured's mailing address shown above.

Premium Payment

The first Named Insured shown in the Declarations is responsible for the payment of all premiums and will be the payee for any return premiums we pay.

Coverage	Premium	*
<i>Property Damage</i>	\$ 1,250.00	
<i>Business Income With Extra Expense</i>	\$ Included	
TOTAL	\$ 1,250.00	

Declarations

Chubb Group of Insurance Companies
202B Hall's Mill Road
Whitehouse Station, NJ 08889

Named Insured and Mailing Address

AMBERLY VILLAGE ASSOCIATION, INC.
 5435 JAEGER ROAD #4
 NAPLES, FL 34109

Policy Number 7643-63-05 EUC

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Issued by the stock insurance company indicated below, herein called the company.

FEDERAL INSURANCE COMPANY

Producer No. 0042439

Incorporated under the laws of
INDIANA

Producer IRMS
 8950 FONTANA DEL SOL WAY
 NAPLES, FL 34109-0000

Policy Period

From: MARCH 31, 2022 To: MARCH 31, 2023
 12:01 A.M. standard time at the Named Insured's mailing address shown above.

Deductible \$2,500

The deductible shown above applies to all coverages, except Business Income and Extra Expense, and all premises shown in this and all other property declarations, unless a specific deductible is shown following a coverage.

Waiting Period 12 HOURS

The waiting period shown above applies to all business income coverages and all premises shown in this and all other property declarations, unless a specific waiting period is shown following a business income coverage.

Please refer to the Premium Summary, form 43-02-0452, for premium information and the Schedule Of Forms, form 43-02-0455, for a list of endorsements attached to this policy.

The following displays the coverages provided at the premises stated below:

Premises Coverages**Premises Coverages - Blanket Limits**

BLANKET LIMIT OF INSURANCE	\$ 50,000,000
EXTENDED PERIOD NUMBER OF DAYS	Unlimited

Premises Coverages
(continued)**COVERAGES**

PROPERTY DAMAGE

BUSINESS INCOME WITH EXTRA EXPENSE

PREMISES #1	3655 AMBERLY CIRCLE NAPLES, FLORIDA 34112 COUNTY OF COLLIER
PREMISES #2	3665 AMBERLY CIRCLE NAPLES, FLORIDA 34112 COUNTY OF COLLIER
PREMISES #3	3675 AMBERLY CIRCLE NAPLES, FLORIDA 34112 COUNTY OF COLLIER
PREMISES #4	3685 AMBERLY CIRCLE NAPLES, FLORIDA 34112 COUNTY OF COLLIER
PREMISES #5	3695 AMBERLY CIRCLE NAPLES, FLORIDA 34112 COUNTY OF COLLIER
PREMISES #6	3705 AMBERLY CIRCLE NAPLES, FLORIDA 34112 COUNTY OF COLLIER

BLANKET LIMIT OF INSURANCE

\$ 1,000,000

COVERAGES

BUSINESS INCOME

LOSS OF UTILITIES

PREMISES #1	3655 AMBERLY CIRCLE NAPLES, FLORIDA 34112 COUNTY OF COLLIER
PREMISES #2	3665 AMBERLY CIRCLE NAPLES, FLORIDA 34112 COUNTY OF COLLIER
PREMISES #3	3675 AMBERLY CIRCLE NAPLES, FLORIDA 34112 COUNTY OF COLLIER
PREMISES #4	3685 AMBERLY CIRCLE NAPLES, FLORIDA 34112 COUNTY OF COLLIER
PREMISES #5	3695 AMBERLY CIRCLE NAPLES, FLORIDA 34112 COUNTY OF COLLIER
PREMISES #6	3705 AMBERLY CIRCLE NAPLES, FLORIDA 34112 COUNTY OF COLLIER

Declarations

Effective Date MARCH 31, 2022

Policy Number 7643-63-05 EUC

Premises Coverages
(continued)

Additional Coverages

NEWLY ACQUIRED PREMISES
NUMBER OF DAYS

365 DAYS

Supplementary Declarations – Property

Chubb Group of Insurance Companies
202B Hall's Mill Road
Whitehouse Station, NJ 08889

Named Insured and Mailing Address

AMBERLY VILLAGE ASSOCIATION, INC.
 5435 JAEGER ROAD #4
 NAPLES, FL 34109

Policy Number 7643-63-05 EUC

Effective Date MARCH 31, 2022

Issued by the stock insurance company indicated below, herein called the company.

FEDERAL INSURANCE COMPANY

Incorporated under the laws of
INDIANA

Producer No. 0042439

Producer IRMS
 8950 FONTANA DEL SOL WAY
 NAPLES, FL 34109-0000

Policy Period

From: MARCH 31, 2022 To: MARCH 31, 2023
 12:01 A.M. standard time at the Named Insured's mailing address shown above.

Covered Premises \$250,000 Blanket Limit Of Insurance

The Blanket Limit Of Insurance shown above applies only for the Premises Coverages shown below. Unless otherwise stated, this Blanket Limit Of Insurance applies separately at each covered premises shown in the Declarations. This Blanket Limit Of Insurance applies in excess of the applicable deductible shown in the Declarations.

At time of loss, the first Named Insured may elect to apportion this Blanket Limit Of Insurance to one or any combination of the Premises Coverages shown, but under no circumstance will the aggregate apportionment be permitted to exceed the Blanket Limit Of Insurance shown above at any one covered premises. For the purpose of the application of this \$250,000 Blanket Limit Of Insurance, all property at one premises shall constitute a single premises.

Separate specific Limits Of Insurance may be purchased for each of these Premises Coverages. If purchased, these Limits Of Insurance and any applicable deductible will be shown in the Declarations with the Premises Coverages. If no deductible is shown in the Declarations with the Premises Coverages, then the Property Damage Deductible will apply. When a specific Limit Of Insurance is purchased for any of these Premises Coverages, such specific Limit Of Insurance will apply in addition to whatever amount the first Named Insured apportions to that coverage at time of loss as provided in the previous paragraphs.

Coverages Included In The Blanket Limit Of Insurance:

ELECTRONIC DATA
EXPEDITING EXPENSES
PUBLIC SAFETY SERVICE CHARGES
SPOILAGE – SCHEDULED LOCATIONS
SPOILAGE – UTILITY OWNED EQUIPMENT
WATER DAMAGE

Property Coverages

The Limits Of Insurance shown below:

- are provided for the Premises Coverages and Additional Coverages shown at no additional cost to you;
- apply separately at each premises shown in the Declarations, except for Off Premises Property Damage, which applies anywhere within the Coverage Territory; and
- do not apply when the applicable coverage has been excluded as shown in the Declarations or by endorsement to this policy.

The Limits Of Insurance for:

- Debris Removal;
- Preparation Of Loss Fees; and
- Unintentional Errors Or Omissions,

applies separately at each premises shown in the Declarations or anywhere within the Coverage Territory.

You may purchase increased Limits Of Insurance, and we will charge you an additional premium. If you purchase increased Limits Of Insurance for any of these coverages, the Limits Of Insurance shown in the Declarations will reflect your total Limit Of Insurance, including the Limits Of Insurance shown below. Any applicable deductible will be shown in the Declarations with the coverage. If no deductible is shown in the Declarations with the coverage, then the Property Damage Deductible will apply.

Property Coverages**Limit Of Insurance**

AMMONIA CONTAMINATION PROPERTY DAMAGE	\$ 100,000
DEBRIS REMOVAL	\$ 100,000
FUNGUS CLEAN-UP OR REMOVAL	\$ 50,000
OFF PREMISES PROPERTY DAMAGE	\$ 50,000
PAIR AND SET	\$ 50,000
POLLUTANT CLEAN-UP OR REMOVAL	\$ 50,000
PREPARATION OF LOSS FEES	\$ 50,000
UNINTENTIONAL ERRORS OR OMISSIONS	\$ 50,000

Authorized Representative



Chubb. Insured.SM

Supplementary Declarations – Business Income

Chubb Group of Insurance Companies
202B Hall's Mill Road
Whitehouse Station, NJ 08889

Named Insured and Mailing Address

AMBERLY VILLAGE ASSOCIATION, INC.
 5435 JAEGER ROAD #4
 NAPLES, FL 34109

Policy Number 7643-63-05 EUC

Effective Date MARCH 31, 2022

Issued by the stock insurance company indicated below, herein called the company.

FEDERAL INSURANCE COMPANY

Incorporated under the laws of
INDIANA

Producer No. 0042439

Producer IRMS
 8950 FONTANA DEL SOL WAY
 NAPLES, FL 34109-0000

Policy Period

From: MARCH 31, 2022 To: MARCH 31, 2023
 12:01A.M. standard time at the Named Insured's mailing address shown above.

Additional Business Income Coverages

The Limits Of Insurance shown below are provided for the Premises Coverages and Additional Coverages shown at no additional cost to you. You may purchase increased Limits Of Insurance, and we will charge you an additional premium. If you purchase increased Limits Of Insurance for any of these coverages, the Limits Of Insurance shown in the Declarations will reflect your total Limit Of Insurance, including the Limits Of Insurance shown below.

Except for Dependent Business Premises and Preparation Of Loss Fees, the Limits Of Insurance shown below apply at each premises for which you have purchased a Limit Of Insurance for Business Income as shown in the Declarations.

The Limit Of Insurance for Dependent Business Premises applies:

- at each of your premises for which you have purchased a Limit Of Insurance for Business Income as shown in the Declarations;
- separately to each **occurrence**, regardless of the number of **dependent business premises** that sustain covered direct physical damage; and

-
- only if such direct physical damage causes a business income or extra expense loss at your premises for which you have purchased a Limit Of Insurance for Business Income as shown in the Declarations,

provided that actual loss for such premises is the direct result of direct physical damage caused by or resulting from **breakdown to covered property of a dependent business premises**.

If you increase the \$100,000 Limit of Insurance for Dependent Business Premises as provided for in this Supplementary Declarations, such increased limit of insurance:

- will be shown in the Declarations and will reflect your total Dependent Business Premises Limit of Insurance; and
- is the most we will pay in any **occurrence** at all premises for which a Limit Of Insurance for Business Income is shown in the Declarations.

The Limit Of Insurance for Preparation Of Loss Fees applies at each premises shown in the Declarations or anywhere within the Coverage Territory.

Business Income Coverages

Limit Of Insurance

<i>DEPENDENT BUSINESS PREMISES</i>	\$ 100,000
<i>LOSS OF UTILITIES</i>	\$ 100,000
<i>POLLUTANT CLEAN-UP OR REMOVAL</i>	\$ 50,000
<i>PREPARATION OF LOSS FEES</i>	\$ 50,000

Authorized Representative



Chubb. Insured.SM

Schedule of Forms

<i>Policy Period</i>	MARCH 31, 2022 TO MARCH 31, 2023
<i>Effective Date</i>	MARCH 31, 2022
<i>Policy Number</i>	7643-63-05 EUC
<i>Insured</i>	AMBERLY VILLAGE ASSOCIATION, INC.
<i>Name of Company</i>	FEDERAL INSURANCE COMPANY
<i>Date Issued</i>	APRIL 11, 2022

The following is a schedule of forms issued with the policy at inception:

<i>Form Name</i>	<i>Form Number</i>
PREMIUM SUMMARY	43-02-0452 (04/11)
DIRECT BILL NOTICE	99-10-0460 (02/97)
HOW TO REPORT A LOSS	43-02-0450 (04/11)
AOD POLICYHOLDER NOTICE	99-10-0872 (06/07)
IMPORTANT NOTICE-CERTIFICATE & HANDLING FEES	99-10-0943 (06/14)
IMPORTANT NOTICE - TERRORISM	99-10-0951 (09/15)
IMPORTANT NOTICE-NY LOC INSPECTIONS	99-10-0996 (04/18)
TITLE PAGE	43-02-0449 (04/11)
INSURING AGREEMENT	43-02-0742 (04/11)
PROPERTY DECLARATIONS WITH PREMISE LOCATIONS	43-02-0453 (04/11)
SUPPLEMENTARY DECLARATIONS - PROPERTY	43-02-0778 (03/17)
SUPPLEMENTARY DECLARATIONS - BUSINESS INCOME	43-02-0786 (04/11)
PROPERTY DAMAGE CONTRACT	43-02-0783 (02/13)
PROPERTY/BUSINESS INCOME WITH EXTRA EXPENSE	43-02-0784 (02/13)
PROPERTY/BUSINESS INCOME COND AND DEFINITIONS	43-02-0785 (04/11)
FLORIDA MANDATORY - CONDITIONS	43-02-0721 (09/15)
SPECIAL WAITING PERIOD PROVISION ADDED	43-02-0947 (04/15)
EXCLUSION OF CERTIFIED ACTS OF TERRORISM	43-02-0678 (04/11)
AMMONIA CONTAMINATION PROPERTY DAMAGE	43-02-0962 (03/17)

*Property Damage**Table Of Contents*

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Contract

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

Words and phrases that appear in **bold** print have special meanings and are defined in the Property/Business Income Conditions And Definitions form included in this policy.

Premises Coverages

The following Premises Coverages apply only at:

- those premises for which a Limit Of Insurance applicable to such coverages is shown in the Declarations; or
- **newly acquired premises.**

Except as otherwise provided, the direct physical damage must:

- be caused by or result from **breakdown**; and
- occur at, or within 1,000 feet of, the premises shown in the Declarations or at **newly acquired premises.**

Property Damage

We will pay for direct physical damage to **covered property** caused by or resulting from **breakdown**, not to exceed the applicable Limit Of Insurance for Property Damage shown in the Declarations.

This Premises Coverage does not apply to loss or damage insured under the:

- Ammonia Contamination;
- Electronic Data;
- Expediting Expenses;
- Fungus Clean-up Or Removal;
- Spoilage Scheduled Locations;
- Spoilage Utility Owned Equipment; or
- Water Damage,

Premises Coverages.

Ammonia Contamination

We will pay for direct physical damage to **personal property** under refrigeration caused by or resulting from the mixture of or contact between such property and ammonia caused by or resulting from **breakdown**, not to exceed the applicable Limit Of Insurance for Ammonia Contamination shown in the Declarations.

Electronic Data

We will pay for direct physical damage to **electronic data** caused by or resulting from **breakdown**, not to exceed the applicable Limit Of Insurance for Electronic Data shown in the Declarations.

Premises Coverages

(continued)

Expediting Expenses

We will pay the reasonable and necessary expenses you incur to:

- make temporary repairs to; or
- expedite permanent repair or replacement of,

damaged **covered property** caused by or resulting from **breakdown**, not to exceed the applicable Limit Of Insurance for Expediting Expenses shown in the Declarations.

Fungus Clean-up Or Removal

We will pay the costs you incur to clean up, remove, restore or replace **covered property** because of the presence of **fungus** at the premises shown in the Declarations.

Such presence of **fungus** must be caused by or result from **breakdown**.

The most we will pay at the premises for the sum of all such covered costs that occur during each separate 12-month policy period, regardless of whether this Premises Coverage appears in any other contract or contracts that form part of this policy is the applicable Limit Of Insurance for Fungus Clean-up Or Removal shown in the Declarations.

We will not pay for the costs to test for, monitor, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of **fungus**, other than payment for testing that is performed during the clean up or removal of the **fungus**.

This Premises Coverage does not apply if the presence of **fungus**:

- existed prior to the effective date shown in the Declarations; or
- is not reported to us in writing as soon as possible after you first become aware, or in the exercise of reasonable care, should have become aware, of the presence of **fungus**.

Pair And Set

We will pay for consequential loss to undamaged **personal property** that is part of:

- your product; or
- any product in your care, custody or control,

which has become unmarketable as a complete product, because of covered direct physical damage to **personal property** which is part of the same product, not to exceed the applicable Limit Of Insurance for Pair And Set shown in the Declarations.

Pollutant Clean-up Or Removal

We will pay the costs you incur to clean up or remove **pollutants** from land, water or air at the premises shown in the Declarations and either inside or outside of a **building** if the discharge, dispersal, seepage, migration, release or escape of the **pollutants** is caused by or results from **breakdown**.

The costs will be paid only if they are reported to us in writing within 180 days of the date the **breakdown** occurred which caused or resulted in the discharge, dispersal, seepage, migration, release or escape of the **pollutants**.

The most we will pay at a premises shown in the Declarations for all such covered costs that occur during each separate 12-month policy period regardless of whether this Premises Coverage appears in any other contract or contracts that form part of this policy, is the applicable Limit Of Insurance for Pollutant Clean-up Or Removal shown in the Declarations.

Premises Coverages**Pollutant Clean-up Or Removal**
(continued)

We will not pay for the costs to test for, monitor, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of **pollutants**, other than payment for testing that is performed during the clean up or removal of the **pollutants** from land, water or air, either inside or outside of a **building**.

This Premises Coverage does not apply if the discharge, dispersal, seepage, migration, release or escape of **pollutants**:

- is not caused by **breakdown**; or
- occurred prior to the effective date shown in the Declarations.

Public Safety Service Charges

We will pay the charges you:

- assume under any contract or agreement; or
- are required to pay by local ordinance,

in effect at the time of the direct physical damage, if a fire department or other municipal agency charged with preserving public safety is called to save or protect **covered property** from direct physical damage caused by or resulting from **breakdown**, not to exceed the applicable Limit Of Insurance for Public Safety Service Charges shown in the Declarations.

Spoilage – Scheduled Locations

We will pay for direct physical damage to **personal property** that is susceptible to spoiling or rapid decay or deterioration caused by or resulting from lack of power, light, heat, steam or refrigeration, not to exceed the applicable Limit Of Insurance for Spoilage – Scheduled Locations shown in the Declarations.

This Premises Coverage:

- applies only if the lack of power, light, heat, steam or refrigeration is caused by or results from direct physical damage to **covered property** caused by or resulting from **breakdown**; and
- does not apply if the lack of power, light, heat, steam or refrigeration is caused by or results from direct physical damage to any property of a utility.

Spoilage – Utility Owned Equipment

We will pay for direct physical damage to **personal property** that is susceptible to spoiling or rapid decay or deterioration caused by or resulting from lack of power, light, heat, steam or refrigeration, not to exceed the applicable Limit Of Insurance for Spoilage – Utility Owned Equipment shown in the Declarations.

This Premises Coverage applies only if the lack of power, light, heat, steam or refrigeration is caused by or results from direct physical damage to **covered property of a utility**, excluding overhead communication, transmission or distribution lines, caused by or resulting from **breakdown**.

Premises Coverages

(continued)

Water Damage

We will pay for direct physical damage to **covered property** caused by or resulting from water that escapes from plumbing systems, refrigeration systems or cooling systems caused by or resulting from **breakdown** provided such water is intended to be contained in such plumbing systems, refrigeration systems or cooling systems, not to exceed the applicable Limit Of Insurance for Water Damage shown in the Declarations.

The following Additional Coverages apply within the coverage territory:

Additional Coverages

Off Premises Property Damage

We will pay for direct physical damage to **personal property** away from the premises shown in the Declarations caused by or resulting from **breakdown**, not to exceed the applicable Limit Of Insurance for Off Premises Property Damage shown in the Declarations.

This Additional Coverage does not apply to any property while:

- at or within 1,000 feet of, the premises shown in the Declarations;
- at any other premises owned or leased by you; or
- **in transit.**

This Additional Coverage applies only if a Limit Of Insurance for Off Premises Property Damage is shown in the Declarations.

Preparation Of Loss Fees

We will pay the reasonable and necessary expenses we require you to incur after covered direct physical damage to **covered property** to determine the extent of such damage, not to exceed the applicable Limit Of Insurance for Preparation Of Loss Fees shown in the Declarations.

This Additional Coverage does not apply to any expenses you incur for any:

- insurance adjuster, consultant, or attorney; or
- of your subsidiaries or affiliates.

This Additional Coverage applies only if a Limit Of Insurance for Preparation Of Loss Fees is shown in the Declarations.

Unintentional Errors Or Omissions

In the event direct physical damage to **covered property** is not payable under this contract as a result of:

- an unintentional error or omission in the description or location of such **covered property**; or
- failure through unintentional error or omission to include any premises you own or occupy,

we will pay such damage only to the extent this policy would have paid such damage if the unintentional error or omission had not been made, not to exceed the applicable Limit Of Insurance for Unintentional Errors Or Omissions shown in the Declarations.

This Additional Coverage applies only if:

- a Limit Of Insurance for Unintentional Errors Or Omissions is shown in the Declarations;

Additional Coverages**Unintentional Errors Or Omissions**
(continued)

- such unintentional error or omission existed at the effective date of this contract, the effective date of any subsequent endorsement or during the term of this contract;
- you report and correct such unintentional error or omission when discovered; and
- you pay such additional premium as may be required.

This Additional Coverage does not apply if you collect any portion of the loss or damage under this policy or any other policy.

The following Debris Removal Coverage applies.

Debris Removal Coverage**Debris Removal**

- A. We will pay for the costs you incur to demolish and remove debris of damaged **covered property** resulting from **breakdown** that occurs during the policy period.
- B. The most we will pay for debris removal is the lesser of:
 1. 25% of the covered direct physical damage; or
 2. the remaining applicable Limit Of Insurance shown in the Declarations, after payment of the covered direct physical damage.
- C. If the amount in B. above is insufficient to pay the debris removal, we will pay the remaining debris removal, subject to the applicable Limit Of Insurance shown under Debris Removal in the Declarations.
- D. Debris Removal will be paid only if:
 1. reported to us in writing within 180 days of the date of the direct physical damage to the **covered property**; and
 2. a Limit Of Insurance applicable to the damaged **covered property** is shown in the Declarations.
- E. Debris removal does not apply to costs to:
 1.
 - a. clean up or remove **pollutants** from land, water or air;
 - b. clean up, remove, restore or replace **covered property** because of the presence of **fungus**; or
 - c. clean up, remove, restore or replaced polluted land, water or air, either inside or outside of a **building**; or
 2. demolish and clear the site of the undamaged portion of the **building**.

Defense And Supplementary Payments

Defense

If a claim is made or **suit** is brought against you alleging that you are liable for damage to property of others in your care, custody or control that was caused by or resulted from **breakdown** at a covered location, we will at our option:

- investigate the claim or **suit**;
- settle the claim or **suit**; or
- defend you against the **suit**, and have the right to settle the **suit** at any time without obtaining your consent.

We have no duty to defend you against a **suit** seeking damages to which this insurance does not apply.

We have no further obligation or liability to pay sums or perform acts or services unless explicitly provided under Supplementary Payments shown below.

Supplementary Payments

Subject to all of the terms and conditions of this insurance, we will pay, with respect to a claim we investigate or settle, or a **suit** against you we defend:

- A. the expense we incur.
- B. the cost of:
 - 1. bail bonds; or
 - 2. bonds required to:
 - a. appeal judgments; or
 - b. release attachments,but only for bond amounts within the available Limit Of Insurance. We do not have to furnish these bonds.
- C. reasonable expenses incurred by you at our request to assist us in the investigation or defense of such claim or **suit**, including actual loss of earnings up to \$1000 a day because of time off from work.
- D. costs taxed against you in the **suit**, except any:
 - 1. attorney fees or litigation expenses; or
 - 2. other loss, cost or expense,in connection with any injunction or other equitable relief.
- E. prejudgment interest awarded against you on that part of a judgment we pay. If we make an offer to pay the applicable Limit Of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- F. interest on the full amount of a judgment that accrues after entry of the judgment and before we have paid, offered to pay or deposited in court the part of the judgment that is within the applicable Limit Of Insurance.

Supplementary Payments does not include any fine or other penalty.

**Defense And
Supplementary
Payments****Supplementary
Payments
(continued)**

These payments will not reduce the Limits Of Insurance.

Our obligation to make these payments ends when we have used up the applicable Limit Of Insurance.

Exclusions**Earth Movement**

This insurance does not apply to any:

- **breakdown;** or
- loss or damage,

caused by or resulting from:

- volcanic eruption, explosion or effusion; or
- any earth movement, including earthquake, landslide, mine subsidence, sinkhole collapse or earth sinking, rising or shifting,

regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the **breakdown** or loss or damage, even if such other cause or event would otherwise be covered.

**Errors In Systems
Programming**

This insurance does not apply to any:

- **breakdown;** or
- loss or damage,

caused by or resulting from:

- A. errors or omissions in the development of, programming of, or instructions to:
1. **electronic data processing property;** or
 2. a machine; or

- B. **electronic data** which is faulty, inadequate or defective for the use intended at the time of loss or damage,

regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the **breakdown** or loss or damage, even if such other cause or event would otherwise be covered.

Exclusions
(continued)

Explosion

This insurance does not apply to any:

- **breakdown;** or
- loss or damage,

caused by or resulting from explosion, including explosion of gas or unconsumed fuel, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the **breakdown** or loss or damage, even if such other cause or event would otherwise be covered.

This Explosion exclusion does not apply to loss or damage caused by or resulting from:

A. a steam explosion of any:

1. steam boiler;
2. electric steam generator;
3. steam turbine;
4. steam piping; or
5. steam engine,

caused by or resulting from any condition or **occurrence** within that steam boiler, electric steam generator, steam turbine, steam piping or steam engine; or

B. explosion of moving or rotating machinery caused by centrifugal force.

Fire

This insurance does not apply to any:

- **breakdown;** or
- loss or damage,

caused by or resulting from fire, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the **breakdown** or loss or damage, even if such other cause or event would otherwise be covered.

Flood

This insurance does not apply to any:

- **breakdown;** or
- loss or damage,

caused by or resulting from:

- waves, tidal water or tidal waves; or

Exclusions**Flood**
(continued)

- rising, overflowing or breaking of any boundary, of natural or man-made lakes, reservoirs, ponds, brooks, rivers, streams, harbors, oceans or any other body of water or watercourse, whether driven by wind or not, regardless of any other cause or event that directly or indirectly:
 - contributes concurrently to; or
 - contributes in any sequence to,
- the **breakdown** or loss or damage, even if such other cause or event would otherwise be covered.

Freezing

This insurance does not apply to any:

- **breakdown;** or
- loss or damage,

caused by or resulting from freezing caused by cold weather, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the **breakdown** or loss or damage, even if such other cause or event would otherwise be covered.

Fungus

This insurance does not apply to:

- A. **breakdown** caused by or resulting from **fungus;** or
- B. loss or damage:
 1. which is **fungus;**
 2. which is anyway attributed to the presence of **fungus;** or
 3. caused by or resulting from **fungus,**

regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the **breakdown** or loss or damage, even if such other cause or event would otherwise be covered.

This Fungus exclusion does not apply to the extent insurance is provided under the Fungus Clean-up Or Removal Premises Coverage.

Lightning

This insurance does not apply to any:

- **breakdown;** or
- loss or damage,

caused by or resulting from direct lightning damage, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or

Exclusions

Lightning (continued)

- contributes in any sequence to, the **breakdown** or loss or damage, even if such other cause or event would otherwise be covered.

Malicious Programming

This insurance does not apply to any:

- **breakdown;** or
- loss or damage,

caused by or resulting from **malicious programming**, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the **breakdown** or loss or damage, even if such other cause or event would otherwise be covered.

Nuclear Hazard

This insurance does not apply to any:

- **breakdown;** or
- loss or damage,

caused by or resulting from nuclear reaction or radiation, or radioactive contamination, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the **breakdown** or loss or damage, even if such other cause or event would otherwise be covered.

Sprinkler Leakage

This insurance does not apply to any:

- **breakdown;** or
- loss or damage,

caused by or resulting from leakage or discharge of any substance from an automatic sprinkler system, including collapse of a tank that is part of the system, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the **breakdown** or loss or damage, even if such other cause or event would otherwise be covered.

Suspension Lapse Or Cancellation Of Any Contract Or Lease

This insurance does not apply to any:

- **breakdown;** or
- loss or damage,

Exclusions**Suspension Lapse Or
Cancellation Of Any
Contract Or Lease
(continued)**

caused by or resulting from the suspension, lapse or cancellation of any lease, license, contract or order, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the **breakdown** or loss or damage, even if such other cause or event would otherwise be covered.

War And Military Action

This insurance does not apply to any:

- **breakdown;** or
- loss or damage,

caused by or resulting from:

- war, including undeclared or civil war;
- warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- insurrection, rebellion, revolution, usurped power or action taken by governmental or military authority, whether de jure or de facto, in hindering or defending against any of these,

regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the **breakdown** or loss or damage, even if such other cause or event would otherwise be covered.

Windstorm Or Hail

This insurance does not apply to any:

- **breakdown;** or
- loss or damage,

caused by or resulting from windstorm or hail, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the **breakdown** or loss or damage, even if such other cause or event would otherwise be covered.

Limits Of Insurance

Except as provided under Fungus Clean-up Or Removal and Pollutant Clean-up Or Removal, the most we will pay in any **occurrence** is the amount of loss or damage, not to exceed the applicable Limit Of Insurance shown in the Declarations. With respect to **newly acquired premises**, if limits vary by premises, the highest limit for the applicable coverage will apply.

If any Premises Coverage or Additional Coverage appears in more than one contract which form a part of this policy, unless otherwise specified, the applicable Limit Of Insurance shown in the Declarations for such coverages is the most we will pay in any **occurrence**, regardless of the number of contracts in which such Premises Coverage or Additional Coverage appears.

Deductible

Subject to the applicable Limit Of Insurance, we will pay the amount of loss or damage in excess of the applicable deductible amount shown in the Declarations for each **occurrence**. With respect to **newly acquired premises**, if deductibles vary by premises, the highest deductible for the applicable coverage will apply.

If two or more deductibles apply to the same **occurrence**, only the largest single deductible will apply, unless otherwise stated.

Loss Payment Basis

Subject to the applicable Limit Of Insurance shown in the Declarations:

A. **covered property** is valued on a replacement cost basis as described below, unless:

1. the Loss Payment Basis shown in the Declarations is actual cash value; or
2. otherwise stated under Loss Payment Basis Exceptions; and

B. valuation also includes costs you incur as described below under Brands And Labels, Construction Fees, Green Standards, Ordinance Or Law, Extended Warranties and Safety Enhancements.

Replacement Cost Basis

Damaged **covered property** will be valued at the lesser of the following:

- the amount you actually spend to repair or replace the damaged **covered property**;
- the cost at the time of the **breakdown** to repair or replace the damaged **covered property** with property of like kind, capacity, size and quality; or
- the cost at the time of the **breakdown** to replace the damaged **covered property** with other **covered property** used for the same purpose when replacement with property identical to the damaged **covered property** is impossible or impracticable.

There is no deduction for physical deterioration or depreciation.

If you do not repair or replace the damaged **covered property**, we will only pay as provided under Actual Cash Value Basis.

If you commence the repair or replacement of the damaged **covered property** within 24 months from the date of physical damage, we will pay you the difference between the actual cash value previously paid and the lesser of the:

- replacement cost at the time of loss or damage; or
- actual costs you incur to repair or replace.

Payment under Replacement Cost Basis will not be made until the completion of the repairs or the replacement of the **covered property**.

Loss Payment Basis*(continued)***Actual Cash Value Basis**

If the Loss Payment Basis shown in the Declarations is actual cash value, damaged **covered property** will be valued at the cost to repair or replace it at the time of physical damage with material of like kind and quality, less allowance for each of the following:

- physical deterioration;
- physical depreciation;
- obsolescence; and
- depletion.

Brands And Labels

Personal property valuation includes the cost of:

- replacing labels, capsules, wrappers or containers from damaged **personal property**; or
- identifying and reconditioning damaged **personal property**.

In the event of damage to **stock**, you have two options when:

- you do not want to sell your damaged **stock** under your brand or label; or
- the owner of any damaged **stock** in your care, custody or control does not want to sell that damaged **stock** under the owner's brand or label,

even though the damaged **stock** has salvage value, you may:

- remove the brand or label and then relabel the damaged **stock** to comply with the law; or
- label the damaged **stock** as "salvage" but, in doing so, cause no further damage to the **stock**.

In either case, the **personal property** valuation will include the difference between:

- the salvage value of the damaged **stock** with the brand or label attached; and
- the salvage value of the damaged **stock** with the brand or label removed.

If a maximum value for brands and labels is shown in the Declarations, then, subject to the applicable Limits Of Insurance shown in the Declarations, such maximum value is the most we will consider under Brands And Labels Loss Payment Basis.

Construction Fees

Building and **personal property** valuation includes necessary and incurred architectural, engineering, consulting, decorating and supervisory fees related to the construction and repair of the damaged **building** and **personal property**.

Green Standards

Subject to the applicable Limits Of Insurance shown in the Declarations, if you repair or replace **covered property**, the valuation will include necessary and incurred expenses to:

- hire professionals accredited pursuant to **green standards** to participate in the repair or replacement of the **covered property**;
- register and certify the repaired or replaced **covered property** pursuant to **green standards**;
- dispose of debris, certified pursuant to **green standards**, at recycling facilities, if such debris can be recycled; and

Loss Payment Basis

Green Standards (continued)

- ventilate the repaired or replaced **covered property** in a manner consistent with **green standards**.

When direct physical damage is caused by or results from both:

- a **breakdown**; and
- an excluded peril,

the valuation will not include the **green standards** costs attributable to the excluded peril. Instead, the valuation will be based on that portion of such costs equal to the proportion that the covered direct physical damage bears to the total direct physical damage, not including **green standards** costs, unless the **green standards** apply solely to that portion of the **covered property** which suffered the covered direct physical damage.

The Loss Payment Basis does not include any increase in costs, loss or damage:

- to clean up or remove **pollutants** from land, water or air, either inside or outside of a **building**;
- to clean up, remove, restore or replace **covered property** because of the presence of **fungus**, either inside or outside of a **building**;
- to clean up, remove, restore or replace polluted land, water or air either inside or outside of a **building**; or
- attributable to any **green standards** you did not comply with before the loss, regardless of when such **green standards** became effective.

This Green Standards Loss Payment Basis does not apply to:

- the Fungus Clean-up Or Removal Premises Coverage or Pollutant Clean-up Or Removal Premises Coverage; or
- **stock**.

Ordinance Or Law

If there is an ordinance or law in effect at the time of physical damage that regulates zoning, land use, construction or installation of **covered property**, and if that ordinance or law affects the repair or replacement of the damaged **covered property**, and if you:

- A. repair or replace the **covered property** as soon as reasonably possible, the valuation will include:
 1. a. the replacement cost of the damaged and undamaged portions of the **covered property**; or
 - b. the actual cash value of the damaged and undamaged portions of the **covered property** (if the applicable Loss Payment Basis shown in the Declarations is actual cash value);
 2. the costs to demolish and clear the site of the undamaged portion of the **covered property**; and
 3. the increased cost to repair or replace the **building** to the same general size at the same site or **personal property** for the same general use, to the minimum standards of such ordinance or law, except we will not include any costs:
 - a. for land, water or air, either inside or outside of a **building**;

Loss Payment Basis**Ordinance Or Law**
(continued)

- b. for paved or concrete surfaces, retaining walls, foundations or supports below the surface of the lowest floor or basement;
- c. incurred outside the legal property boundary of any premises shown in the Declarations;
- d. if **covered property** is valued on an actual cash value basis; or
- e. attributable to any ordinance or law that you were required to, but failed to, comply with before the physical damage; or

B. do not repair or replace the **covered property**, the valuation will include the:

- 1. actual cash value of the damaged and undamaged portions of the **covered property**; and
- 2. cost to demolish and clear the site of the undamaged portion of the **covered property**.

When direct physical damage is caused by or results from both:

- a **breakdown**; and
- an excluded peril,

the valuation will not include the Ordinance Or Law costs attributable to the excluded peril. Instead, the valuation will be based on that portion of such costs equal to the proportion that the covered direct physical damage bears to the total direct physical damage, not including Ordinance Or Law costs, unless the Ordinance Or Law applies solely to that portion of the **covered property** which suffered the covered direct physical damage.

If a maximum value for ordinance or law is shown in the Declarations, then, subject to the applicable Limits Of Insurance shown in the Declarations, such maximum value is the most we will consider under Ordinance Or Law Loss Payment Basis.

Extended Warranties

Personal property valuation includes the pro rata portion of the original cost based on the period of time remaining in your nonrefundable extended warranties, maintenance contracts or service contracts that you purchased and which are no longer valid on damaged **personal property** that you repair or replace.

Safety Enhancements

If you elect or we require that the repair or replacement of damaged **mechanical or electrical system or apparatus** be done in a manner that:

- improves the health and safety of workers or the public; or
- reduces the risk of loss or damage to property because of a **breakdown**,

while maintaining the existing function, then the valuation will include an additional 25% of the property damage amount otherwise recoverable for the **mechanical or electrical system or apparatus**.

Loss Payment Basis
Exceptions**Electronic Data**

Electronic data is valued on the full cost of replacement or reproduction at the time of direct physical damage when the **electronic data** is actually replaced or reproduced.

Loss Payment Basis Exceptions

Electronic Data (continued)

If the **electronic data** is not replaced or reproduced, the value is based on the cost of replacing **blank media**.

Finished Stock And Sold Personal Property

Finished stock and sold **personal property** completed and awaiting delivery are valued based on your selling price less the value of discounts and costs you would have incurred.

Personal Property Of Others And Business Personal Property You Lease

Personal property of others and business personal property you lease are valued on the same basis as **personal property**, subject to all other exceptions described under Loss Payment Basis Exceptions, but we will not pay more than the amount for which you are contractually liable.

Labor, materials and services that you furnish or arrange on **personal property of others** and business personal property you lease are valued based on the actual cost of the labor, materials and services.

Research And Development Property

If lost or damaged **research and development property**:

- cannot be repaired, replaced, or reproduced; or
- is not replaced or reproduced,

no payment will be made under this insurance.

Research And Development Property Of Others

Research and development property not owned by you is valued on the same basis as your **research and development property**, subject to all other exceptions described under Loss Payment Basis Exceptions, but we will not pay more than the amount for which you are contractually liable.

Stock In Process

Stock in process is valued based on the cost of raw materials and costs expended as of the date of physical damage.

Loss Payment Limitations

Faulty Design

We will not pay for any:

- part of **mechanical or electrical system or apparatus** that is faulty, inadequate or defective for the use intended at the time of loss or damage; or
- loss or damage resulting solely from the failure of **mechanical or electrical system or apparatus** to perform in accordance with plans or specifications.

Gradual Loss

We will not pay for any loss or damage that is:

- rust, corrosion or other oxidation; or

**Loss Payment
Limitations****Gradual Loss
(continued)**

- wear and tear or gradual deterioration.

Loss Of Market

We will not pay for any loss or damage that results from loss of market, loss of use or delay.

Prototypes

When production of a new product begins, coverage under this contract ceases for:

- the **prototype** of that product; and
- the research project directly associated with the new product.

**Tenant's Improvements
And Betterments**

We will not pay for that part of any lost or damaged **tenant's improvements and betterments** which is paid by others.

**Conditions (Including
Coverage Territory)**

The conditions applicable to this contract are contained in the Property/Business Income Conditions And Definitions form included in this policy.

Definitions

The definitions applicable to this contract are contained in the Property/Business Income Conditions And Definitions form included in this policy.

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Contract

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 of this policy. The words "we," "us" and "our" refer to the company providing this insurance.

Words and phrases that appear in **bold** print have special meanings and are defined in the Property/Business Income Conditions And Definitions form included in this policy.

Premises Coverages

The following Premises Coverages apply only at:

- A. those premises:
1. where you incur a **business income** loss or **extra expense**; and
 2. for which a Limit Of Insurance applicable to such coverages is shown in the Declarations; or
- B. **newly acquired premises** where you incur a **business income** loss or **extra expense**.

Except as otherwise provided, the direct physical damage must:

- be caused by or result from **breakdown**; and
- occur at, or within 1,000 feet of, the premises, other than a **dependent business premises**, shown in the Declarations or at a **newly acquired premises**.

Business Income With Extra Expense

We will pay for the actual:

- **business income** loss you incur due to the actual impairment of your **operations**; and
- **extra expense** you incur due to the actual or potential impairment of your **operations**,

during the **period of restoration**, not to exceed the applicable Limit Of Insurance for Business Income With Extra Expense shown in the Declarations.

This actual or potential impairment of **operations** must be caused by or result from direct physical damage to **covered property** caused by or resulting from **breakdown**.

Alternative Power Generation

We will pay the actual:

- A. **extra expense** you incur, if such coverage is provided:
1. due to the actual or potential impairment of your **operations**; and
 2. during the **period of restoration**,
to purchase substitute power from a third party; and

Premises Coverages

Alternative Power Generation (continued)

- B. **business income** loss you incur, if such coverage is provided:
1. due to the actual impairment of your **operations**; and
 2. during the **period of restoration**,

due to the loss of credits, reimbursements, rebates or other sums you receive from a third party that utilizes surplus power that you generate from **alternative power generating equipment**.

This actual or potential impairment of **operations** must be caused by or result from direct physical damage to **covered property**, consisting of **alternative power generating equipment**, caused by or resulting from **breakdown**.

This Premises Coverage applies until the **alternative power generating equipment** is repaired or replaced and fully operational in accordance with the manufacturer's specifications.

The most we will pay for Alternative Power Generation loss is the applicable Limit of Insurance for Business Income With Extra Expense shown in the Declarations.

Alternative Water Systems

We will pay the actual **extra expense** you incur:

- due to the actual or potential impairment of your **operations**; and
- during the **period of restoration**,

to purchase substitute water from a third party.

This actual or potential impairment of **operations** must be caused by or result from direct physical damage to **covered property**, consisting of **alternative water system**, caused by or resulting from **breakdown**.

This Premises Coverage applies until the **alternative water system** is repaired or replaced and fully operational in accordance with the manufacturer's specifications.

The most we will pay for Alternative Water Systems loss is the applicable Limit of Insurance for Business Income With Extra Expense shown in the Declarations.

Fungus Clean-up Or Removal

We will pay for the actual:

- **business income** loss; and
- **extra expense**,

you incur due to the actual impairment of your **operations** during the **period of restoration**, not to exceed the applicable Limit of Insurance for Business Income With Extra Expense shown in the Declarations.

This actual impairment of **operations** must be caused by or result from the presence of **fungus** at your premises shown in the Declarations.

Such presence of **fungus** must be caused by or result from **breakdown**.

Coverage will begin immediately after the date the **fungus** first appeared and will end:

- 30 consecutive days after this coverage begins, or
- when your **business income** coverage ends,

whichever occurs first.

Premises Coverages**Fungus Clean-up Or Removal**
(continued)

This Premises Coverage does not apply if the presence of **fungus**:

- existed prior to the effective date shown in the Declarations; or
- is not reported to us in writing as soon as possible after you first become aware, or in the exercise of reasonable care, should have become aware, of the presence of **fungus**.

Ingress And Egress

We will pay for the actual:

- **business income** loss you incur due to the actual impairment of your **operations**; and
- **extra expense** you incur due to the actual or potential impairment of your **operations**,

when existing ingress to or egress from a premises shown in the Declarations is prevented due to direct physical damage to property at a location contiguous to such premises caused by or resulting from **breakdown**.

This Premises Coverage will begin at the time of the direct physical damage and will continue until the expiration of thirty (30) consecutive days thereafter or whenever your **business income** coverage ends, whichever occurs first.

This Premises Coverage does not apply if the ingress to or egress from your premises is prohibited by civil authority.

The most we will pay for this Premises Coverage is the applicable Limit Of Insurance for Ingress And Egress shown under Business Income in the Declarations.

The following Additional Coverages apply within the coverage territory:

Additional Coverages**Civil Authority**

We will pay for the actual:

- **business income** loss; and
- **extra expense**,

you incur due to the actual impairment of your **operations**, directly caused by the prohibition of access to:

- your premises; or
- a **dependent business premises**,

by a civil authority.

This prohibition of access by a civil authority must be the direct result of direct physical damage to property located away from such premises or such **dependent business premises** by a **breakdown**, provided such property is within:

- one mile; or
- the applicable miles shown in the Declarations,

from such premises or **dependent business premises**, whichever is greater.

Additional Coverages

Civil Authority (continued)

The most we will pay for Civil Authority is the applicable Limit Of Insurance for Business Income With Extra Expense shown in the Declarations.

The coverage for:

A. **business income** will begin:

1. after the applicable waiting period shown in the Declarations for Business Income expires; or
2. 24 normal business hours following the time the civil authority prohibits access, whichever is the longer.

The Waiting Period shown in the Declarations will begin immediately following the time the civil authority prohibits access.

The coverage will apply:

- for a period of up to 30 consecutive days, or the number of days shown under Civil Authority in the Declarations, after coverage begins, whichever is longer; or
- until your **business income** loss ends,

whichever occurs first; and

B. **extra expense** will begin immediately after the time the civil authority prohibits access and will end:

1. 30 consecutive days, or the number of days shown under Civil Authority in the Declarations, after the coverage begins, whichever is longer; or
2. whenever your **business income** coverage ends, whichever is later.

Dependent Business Premises

We will pay for the actual:

- **business income** loss you incur due to the actual impairment of your **operations**; and
- **extra expense** you incur due to the actual or potential impairment of your **operations**,

during the **period of restoration**, not to exceed the applicable Limit Of Insurance for Dependent Business Premises shown under Business Income in the Declarations.

This actual or potential impairment of **operations** must be caused by or result from direct physical damage to:

- **covered property of a dependent business premises**; or
- **covered property of a utility**, excluding overhead communication, transmission, or distribution lines, that is used by a utility service provider to solely supply the **dependent business premises** with electrical service,

caused by or resulting from **breakdown**.

Additional Coverages
(continued)**Loss Of Utilities**

We will pay for the actual:

- **business income** loss you incur due to the actual impairment of your **operations**; and
- **extra expense** you incur due to the actual or potential impairment of your **operations**, during the **period of restoration**, not to exceed the applicable Limit Of Insurance for Loss Of Utilities shown under Business Income in the Declarations.

This actual or potential impairment of **operations** must be caused by or result from direct physical damage:

- A. to **covered property of a utility**, excluding overhead communication, transmission or distribution lines, necessary to supply your premises with:
1. water supply;
 2. communication supply;
 3. power supply;
 4. natural gas supply;
 5. sewage treatment; or
 6. **on-line access**,

services or the service shown under Loss Of Utilities in the Declarations; and

- B. caused by or resulting from **breakdown**.

We will pay such loss provided that the disruption of services:

- is not due to your failure to comply with the terms and conditions of any contract; and
- has been reported to the service provider.

We will not pay for the actual **business income** loss you incur until the:

- applicable waiting period shown in the Declarations for Business Income expires;
- applicable waiting period shown in the Declarations for Loss Of Utilities expires; or
- first 12 normal business hours following the direct physical loss or damage expires,

whichever is the longer.

This Additional Coverage does not apply to **covered property of a utility** that is used by a utility service provider to solely supply your premises with electrical service.

Pollutant Clean-up Or Removal

We will pay for the actual **business income** loss you incur due to the actual impairment of your **operations** during the **period of restoration**, not to exceed the applicable Limit Of Insurance for Pollutant Clean-up Or Removal shown under Business Income in the Declarations.

This actual impairment of **operations** must be caused by or result from the enforcement of any ordinance or law that requires you to clean up or remove **pollutants** from land, water or air, either inside or outside of a building, as a result of direct physical damage to **covered property** at a premises shown in the Declarations caused by or resulting from **breakdown**.

Additional Coverages

(continued)

Preparation Of Loss Fees

We will pay the reasonable and necessary expenses and fees incurred following covered loss or damage to certify your **business income** loss or **extra expense**, not to exceed the applicable Limit Of Insurance for Preparation Of Loss Fees shown under Business Income in the Declarations.

This Additional Coverage does not apply to any expenses you incur for any:

- insurance adjuster, consultant or attorney; or
- of your subsidiaries or affiliates.

Solely Supplying Utility Owned Equipment

We will pay for the actual:

- **business income** loss you incur due to the actual impairment of your **operations**; and
- **extra expense** you incur due to the actual or potential impairment of your **operations**,

during the **period of restoration**, not to exceed the applicable Limit Of Insurance for Business Income With Extra Expense shown in the Declarations.

This actual or potential impairment of **operations** must be caused by or result from direct physical damage to **covered property of a utility**, excluding overhead communication, transmission or distribution lines, that is used by a utility service provider to solely supply your premises with electrical service caused by or resulting from **breakdown**.

Unintentional Errors Or Omissions

In the event **business income** loss or **extra expense** caused by or resulting from direct physical damage to **covered property** is not payable under this contract as a result of:

- an unintentional error or omission in the description or location of such **covered property**; or
- failure through unintentional error or omission to include any premises you own or occupy,

we will pay such **business income** loss or **extra expense** only to the extent this policy would have paid such loss if the unintentional error or omission had not been made, not to exceed the applicable Limit Of Insurance for Unintentional Errors Or Omissions shown in the Declarations.

This Additional Coverage applies only if:

- a Limit Of Insurance for Unintentional Errors Or Omissions is shown in the Declarations;
- such unintentional error or omission existed at the effective date of this contract, the effective date of any subsequent endorsement or during the term of this contract;
- you report and correct such unintentional error or omission when discovered; and
- you pay such additional premium as may be required.

This Additional Coverage does not apply if you collect any portion of the loss under this policy or any other policy.

Limits Of Insurance

The most we will pay in any **occurrence** is the amount of loss not to exceed the applicable Limit Of Insurance shown in the Declarations. With respect to **newly acquired premises**, if limits vary by premises, the highest limit for the applicable coverage will apply.

If any Premises Coverage or Additional Coverage appears in more than one contract which form a part of this policy, unless otherwise specified, the applicable Limit Of Insurance shown in the Declarations for such coverages is the most we will pay in any **occurrence**, regardless of the number of contracts in which such Premises Coverage or Additional Coverage appears.

Deductible**Multiple Of Average
Daily Value Deductible**

If a Multiple Of Average Daily Value deductible is shown in the Declarations, we will pay, subject to the applicable Limit Of Insurance, the amount of **business income** loss incurred in excess of the **average daily business income value** multiplied by the number of days shown in the Declarations under Multiple Of Average Daily Value.

Such deductible will apply separately for each **occurrence**.

Waiting Period

Subject to the applicable Limit Of Insurance, we will pay the amount of **business income** loss incurred after the waiting period shown in the Declarations for each **occurrence**. With respect to **newly acquired premises**, if waiting periods vary by premises, the longest waiting period for the applicable coverage will apply.

If a waiting period is shown in the Declarations, the waiting period begins immediately following the time of the covered direct physical damage.

If two or more Business Income waiting periods apply to the same **occurrence**, only the largest single waiting period will apply, unless otherwise stated.

Hours shown for the waiting period are the normal business hours.

The waiting period does not apply to **extra expense**.

Loss Determination

In making any loss determination under this coverage, we may utilize relevant sources of information, including:

- your financial records and accounting procedures;
- bills, invoices and other vouchers;
- deeds, liens and contracts;
- status and feasibility reports; and
- budgeting and marketing records.

Business Income

The amount of **business income** loss will be determined based on the:

- net income of the business before the direct physical damage occurred;
- the likely net income of your business if no loss or damage occurred, but not including any **business 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 loss on customers or on other businesses; and

Loss Determination

Business Income (continued)

- continuing operating expenses, including your continuing normal payroll expenses necessary to resume **operations** with the same quality of service that existed just before the direct physical damage.

Extra Expense

The amount of **extra expense** loss will be determined based on necessary expenses that:

- exceed your normal operating expenses that would have been incurred by **operations** during the **period of restoration**, if no physical damage had occurred; and
- reduce the **business income** loss that otherwise would have been incurred.

We will deduct from the total of such expenses:

- the salvage value that remains of any property bought for temporary use during the **period of restoration**, once **operations** are resumed; and
- any **extra expense** that is paid for by other insurance.

Resumption Or Continuance Of Operations

We will reduce the amount of any **business income** loss payment to the extent you can resume or continue your **operations**, in whole or in part, by using:

- damaged or undamaged property, including **merchandise** or **stock**; or
- any other available premises.

If you elect not to resume or continue **operations**:

- any loss determination for **business income** will be based on the length of time it would have taken to resume or continue **operations** with reasonable speed; and
- we will not make any payment for **extra expense**.

Loss Payment Limitations

Debris Removal

We will not pay for any **extra expense** you incur for the demolition or removal of debris, but we will pay for such **extra expense** you incur to the extent it reduces the amount of a covered **business income** loss that otherwise would have been payable under this contract.

Faulty Design

We will not pay for any **business income** loss or **extra expense** you incur caused by or resulting:

- from any part of **mechanical or electrical system or apparatus** that is faulty, inadequate or defective for the use intended at the time of loss or damage; or
- solely from the failure of **mechanical or electrical system or apparatus** to perform in accordance with plans or specifications.

Gradual Loss

We will not pay for any **business income** loss or **extra expense** you incur caused by or resulting from loss or damage that is:

- rust, corrosion or other oxidation; or

Loss Payment Limitations*Gradual Loss
(continued)*

- wear and tear or gradual deterioration.

*Increase Of Loss Due To
Death Or Injury*

We will not pay for any **business income** loss or **extra expense** you incur caused by or resulting from any injury, sickness, disease, death, emotional injury, emotional distress or humiliation of any person.

*Increase Of Loss Due To
Strikers Or Others
Causing A Delay*

We will not pay for any increase of loss caused by or resulting from delay in repairing or replacing property or resuming your **operations**, due to interference at the location of the repair, replacement or **operations** by strikers or other persons.

*Loss Or Damage To
Finished Stock*

We will not pay for that part of any **business income** loss to **finished stock**.

*Loss Or Damage To
Property Used To
Provide Utility Services*

Except as provided for in the Loss of Utilities Additional Coverage, we will not pay for any **business income** loss or **extra expense** caused by or resulting from direct physical damage to **covered property of a utility** that is used by a utility service supplier to provide your premises with utility services.

This Loss Payment Limitation does not apply to **covered property of a utility** that is used by a utility service provider to solely supply your premises with electrical services.

*Loss Or Damage To
Water*

We will not pay for any **business income** loss or **extra expense** you incur for loss or damage to water.

*Pollutant Clean-up Or
Removal*

We will not pay for any **extra expense** you incur for:

- clean up or removal of **pollutants** from land, water or air, either inside or outside of a **building**; or
- testing for, monitoring, containing, treating, detoxifying or neutralizing, or in any way responding to or assessing, the effects of **pollutants**,

but we will pay for such **extra expense** you incur to the extent it reduces the amount of a covered **business income** loss that otherwise would have been payable under this contract.

Conditions

The conditions applicable to this contract are contained in the Property/Business Income Conditions And Definitions form included in this policy.

Definitions

The definitions applicable to this contract are contained in the Property/Business Income Conditions And Definitions form included in this policy. Any definitions that replace the definitions contained in the Property/Business Income Conditions And Definitions form are shown in the Amended Definitions section of this contract.

Amended Definitions**Breakdown**

Breakdown means abrupt and accidental breakdown of **mechanical or electrical system or apparatus**, provided:

- such breakdown causes direct physical damage to all or part of that **mechanical or electrical system or apparatus**; and
- the direct physical damage becomes manifest at the time of the breakdown that caused it.

Breakdown does not mean direct physical damage excluded under the Property Damage contract included in this policy.

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Property/Business Income Conditions And Definitions

Contract

The following conditions apply to all contracts contained in this policy.

Conditions

Abandonment

There can be no abandonment of any **covered property** to us unless we specifically agree to such abandonment in writing.

Annual Reports

You must complete the Business Income – Report of Values Worksheet once each year. Your initial report is due on the inception date of the policy. Subsequent reports are due on each anniversary of the policy and we must receive them within 90 days of the anniversary date. Statements of value may be substituted for the completed Business Income – Report of Values Worksheet if the values on the statement are the same as those required on the worksheet.

Appraisal

If you and we do not agree on the amount of the loss or damage, either party may make a written demand for an appraisal of the loss or damage. In this event, you will select and pay a competent and impartial appraiser, and we will select and pay a competent and impartial appraiser. The two appraisers will select an umpire. If the appraisers cannot agree on an umpire, either may request that a judge of a court having jurisdiction make the selection. Each appraiser will separately state the value of the property and the amount of the loss or damage. If the appraisers do not agree, they will submit their statements to the umpire. Agreement by the umpire and either of the appraisers will be binding on you and us.

You and we will equally share any other appraisal costs and the costs of the umpire.

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

Audit Of Books And Records

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

Bankruptcy

The bankruptcy or insolvency of you or your estate will not relieve us of our obligations under this insurance.

Cancellation

The first named insured may cancel this policy or any of its individual coverages at any time by sending us a written request or by returning the policy and stating when thereafter cancellation is to take effect.

We may cancel this policy or any of its individual coverages at any time by sending to the first named insured a notice 60 days (20 days in the event of non-payment of premium) in advance of the cancellation date. Our notice of cancellation will be mailed to the first named insured's last known address, and will indicate the date on which coverage is terminated. If notice of cancellation is mailed, proof of mailing will be sufficient proof of notice.

Conditions

Cancellation (continued)

If we cancel this policy or any of its individual coverages, the earned premium will be computed on a pro rata basis. If the first named insured cancels this policy or any of its individual coverages, the earned premium will be computed at 75% of pro rata. Any unearned premium will be returned as soon as practicable.

Changes

This policy can only be changed by a written endorsement that becomes a part of this policy. The endorsement must be signed by one of our authorized representatives.

Coinsurance

Coinsurance applies to **business income** only:

- when a coinsurance percentage under Business Income With Extra Expense is shown in the Declarations; and
- if we did not receive your Business Income – Report of Values within 90 days of the annual report date shown in the Declarations.

Coinsurance does not apply to:

- A. **extra expense;**
- B. any covered loss of \$100,000 or less;
- C. Ingress And Egress; and
- D. the following Additional Coverages:
 1. Dependent Business Premises when a Limit Of Insurance for specific Dependent Business Premises has not been purchased;
 2. Loss Of Utilities;
 3. Pollutant Clean-up Or Removal;
 4. Preparation Of Loss Fees; and
 5. Unintentional Errors Or Omissions.

We will not pay the full amount of any **business income** loss if the Limit Of Insurance for Business Income With Extra Expense shown in the Declarations is less than:

- A. the applicable coinsurance percentage under Business Income With Extra Expense shown in the Declarations multiplied by:
- B. the sum of:
 1. net income (net profit or loss before income taxes); and
 2. operating expenses, including payroll expenses,that would have been earned or incurred (had no loss occurred) by you in your **operations** for the 12 months following the effective date, or last previous anniversary date, of this policy (whichever is later).

Instead, our maximum **business income** loss payment will be determined as follows:

- A. multiply the net income and operating expenses that would have been earned or incurred (had no loss occurred) by you in your **operations** for the 12 months following the effective date, or last previous anniversary date, of this policy by the applicable coinsurance percentage shown under Business Income With Extra Expense in the Declarations;

Conditions

**Coinsurance
(continued)**

- B. divide the applicable Limit Of Insurance for Business Income With Extra Expense by the figure determined in Step A.;
- C. multiply the total amount of the covered loss by the figure determined in Step B.; and
- D. subtract the applicable deductible or waiting period, if any, from the amount determined in Step C.

The amount determined in Step D. is the most we will pay, not to exceed the applicable Limit Of Insurance for Business Income With Extra Expense shown in the Declarations.

In determining operating expenses for the purpose of applying coinsurance, the following expenses, if incurred, shall be deducted from the total of all operating expenses:

- prepaid freight – outgoing;
- returns and allowances;
- discounts;
- bad debts;
- collection expenses;
- cost of raw stock and factory supplies consumed (including transportation charges);
- cost of merchandise sold (including transportation charges);
- cost of other supplies consumed (including transportation charges);
- cost of services purchased from outsiders (not employees) that do not continue under contract; and
- all ordinary payroll expenses or the amount of payroll expense excluded if endorsement 43-02-0461 is attached.

Compliance By Insureds

We have no duty to provide coverage under this policy unless you and any other involved insured have fully complied with all of the terms and conditions of the policy.

**Compliance With
Applicable Trade
Sanctions**

This insurance does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit us from providing insurance.

**Concealment Or
Misrepresentation**

This insurance is void if you or any other insured intentionally conceals or misrepresents any material fact or circumstance relating to this insurance at any time.

Conformance

Any terms of this insurance which are in conflict with the applicable statutes of the State in which this policy is issued are amended to conform to such statutes.

Conditions

(continued)

Coverage Territory

This insurance applies anywhere within the contiguous United States Of America, Canada, the states of Hawaii and Alaska, Puerto Rico and the territories or possessions of the United States of America or Canada.

The Coverage Territory for Dependent Business Premises Additional Coverage is worldwide, unless otherwise stated.

First Named Insured

The person or organization first named in the Declarations is primarily responsible for payment of all premiums. The first named insured will act on behalf of all other named insureds for the giving and receiving of notice of cancellation or nonrenewal and the receiving of any return premiums that become payable under this policy.

Inspection And Surveys

We may:

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

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

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

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

Insured's Duties In The Event Of Loss Or Damage

You must see to it that the following are done in the event of loss or damage:

- Notify us, or one of our authorized representatives, as soon as possible, as to what occurred. Include a description of the property involved, the time and place of the loss or damage, and names and addresses of available witnesses. If there has been loss or damage that may result in a loss under Business Income or Extra Expense Insurance, notify us by telephone, telegraph or facsimile at our expense.
- Notify the police if a law may have been violated.
- Take every reasonable step to protect the **covered property** from further damage, and keep a record of your expenses necessary to protect such **covered property** for consideration in the settlement of the claim. This will not increase any Limit Of Insurance. However, we will not pay for any subsequent loss or damage resulting from a peril that is not a covered peril. Also, if feasible, set such damaged property aside and in the best possible order for examination.
- If you intend to continue your business you must resume all of part of your **operations** as quickly as possible.
- File with us, or with our authorized representative, sworn proof of loss within 90 days after the date of loss or damage.
- Cooperate with us in the investigation, settlement or handling of any claim.

Conditions

Insured's Duties In The Event Of Loss Or Damage (continued)

- Authorize us to obtain records or reports necessary for our investigation.
- At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss or damage claimed.
- As often as may be reasonably required, permit us to inspect the property and examine your books and records.
- Permit us to take samples of the damaged and undamaged property for inspection, testing and analysis, and permit us to make copies of your books and records.
- Permit us to examine any insured under oath, outside the presence of any other insured 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.

Failure of an agent or one of your employees, other than an officer, to notify us of any loss or damage that such agent or employee knows about will not affect the insurance afforded you by this policy.

Joint Loss Adjustment

- A. This condition is intended to facilitate payment in the event of loss or damage to **covered property** that is covered by:
1. a commercial property insurance policy issued by a different insurer; and
 2. this insurance,
- when there is agreement between the insuring companies as to the existence of coverage, but a disagreement as to the amount of the loss or damage to be paid by each insuring company.
- B. The provisions of paragraph C. of this condition apply only if all of the following requirements are met:
1. the commercial property insurance policy contains a provision with substantially the same requirements and procedures as contained in this condition;
 2. the damage to **covered property** was caused by a peril for which both we and the other insurer admit to some liability for payment under the respective policies;
 3. the total amount of the loss or damage is agreed upon by you, us and the other insurer;
 4. we and the commercial property insurer disagree as to the amount of loss or damage that each should pay that is attributable to a loss to property covered under both policies; and
 5. the named insured is the same under the respective policies.
- C. If the requirements listed in paragraph B. above are satisfied, we and the commercial property insurer will make payments as follows:
1. we will pay, upon your written request, the entire amount of loss or damage that we have agreed upon as being covered solely by this insurance and one-half (1/2) the amount of loss or damage about which we and the other insurer disagree;

Conditions

Joint Loss Adjustment (continued)

2. the commercial property insurer will pay, upon your written request, the entire amount of loss or damage agreed upon as being covered solely by the commercial property insurance and one-half (1/2) the amount of loss or damage about which we and the other insurer disagree;
3. the amount in disagreement to be paid by us under this condition shall not exceed the amount payable pursuant to the corresponding provision in the commercial property insurance policy;
4. the amount to be paid under this condition shall not exceed the amount we would have paid had no commercial property insurance been in effect at the time of loss or damage;
5. acceptance by you of payments under this condition does not alter, waive or surrender any of our rights under this policy; and
6. we and the other insurer will submit our differences to arbitration within 90 days after loss payment, and you agree to cooperate with any arbitration procedures. There will be three arbitrators; one will be appointed by us, and the second will be appointed by the other insurer. Then, the two arbitrators will select a third arbitrator. If they cannot agree, either may request selection be made by a judge of a court having jurisdiction. A decision agreed to by any two of the three arbitrators will be binding on us and the other insurer. Judgment on any award may be sought in any court having jurisdiction.

Legal Action Against Us

No legal action may be brought against us unless:

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

Lenders/Loss Payee

If any Loss Payee:

- shown in the Schedule of Mortgagees and Loss Payees; or
- listed as such on a Certificate Of Insurance on file with us,

is a creditor, whose interest in **personal property** is established by a written instrument and both you and such Loss Payee have an insurable interest in the damaged **personal property**, we will:

- adjust losses with you; and
- pay any claim for damage jointly to you and to each such Loss Payee, in their order of precedence, as interests may appear.

Each Loss Payee has the right to receive loss payment, even though:

- we denied your claim because you failed to comply with the terms of this insurance; or
- such Loss Payee starts foreclosure or similar actions on the **personal property**,

if such Loss Payee:

- pays any premium due at our request if you have failed to do so;
- submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

Property/Business Income Conditions And Definitions

Conditions

Lenders/Loss Payee (continued)

- has notified us of any change in ownership, occupancy or substantial change in risk known to such Loss Payee.

Each Loss Payee's right to receive loss payment is limited to the lesser of the following:

- the actual cash value as described under Loss Payment Basis of the damaged **personal property**;
- their financial interest in the **personal property** as shown in the written evidence; or
- the applicable Limit Of Insurance shown in the Declarations.

If we pay any Loss Payee for any damage and deny payment to you because of your acts or because you have failed to comply with the terms of this insurance, such Loss Payee's rights:

- will be transferred to us to the extent of the amount we pay; and
- to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to any Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

To satisfy the requirements of any Loss Payee shown in the Schedule of Mortgages and Loss Payees, copies of policies or certified copies of policies may be sent to these Loss Payees. In no event are copies of policies sent to Loss Payees to be considered as increasing the Limits Of Insurance shown in the Declarations or changing the terms of this insurance, nor are they to be considered duplicate or contributing insurance.

Liberalization

If we adopt any changes:

- within 60 days prior to the effective date shown in the Declarations; or
- during the policy period,

which could broaden this insurance without an additional premium charge, you will automatically receive the benefit of such change.

Loss Payment

- A. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this insurance, and:
 1. we have reached agreement with you on the amount of loss; or
 2. an appraisal award has been made.
 - B. We will not pay you more than your financial interest in the **covered property**.
 - C. We may adjust losses with the owners of damaged **covered property** if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' **covered property**. We will not pay the owners more than their financial interest in such property.
 - D. We may elect to defend you against **suits** arising from claims of owners of **covered property**. We will do this at our expense.
-

Conditions
(continued)

**Mortgage Holder –
Buildings**

We will pay for damage to **building** jointly to you and the mortgage holder shown in the Schedule of Mortgagees and Loss Payees, as interests may appear.

Your mortgage holder has the right to receive loss payment, even though:

- you failed to comply with the terms of this insurance; or
- your mortgage holder starts foreclosure or similar actions on the **building**,

if such mortgage holder:

- pays any premium due at our request if you have failed to do so;
- submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- has notified us of any change in ownership, occupancy or substantial change in risk known to such mortgage holder.

If we make loss payments to your mortgage holder when you fail to comply with the terms of this insurance, you will have to pay us to the extent we pay the mortgage holder. Your mortgage holder will still have the right to receive the balance of the mortgage debt from you.

We also have the right to take over your mortgage after making loss payment to the mortgage holder. If we do, you will pay your remaining mortgage debt to us.

If you fail to pay your premium, we may request it from your mortgage holder.

The mortgage holder must notify us of any change in ownership known to the mortgage holder.

If we cancel this insurance, we will give written notice to the mortgage holder at least:

- 20 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- 60 days before the effective date of cancellation, if we cancel for any other reason.

Failure to provide such notice shall not invalidate such cancellation.

To satisfy the requirements of any mortgage holder shown in the Schedule of Mortgages and Loss Payees, copies of policies or certified copies of policies may be sent to these mortgage holders. In no event are copies of policies sent to mortgage holders to be considered as increasing the Limits Of Insurance shown in the Declarations or changing the terms of this insurance, nor are they to be considered duplicate or contributing insurance.

**No Benefit To Carrier
Or Bailee**

No person or organization, other than you, having custody of **covered property** will benefit from this insurance.

Other Insurance

Except as provided for in the Joint Loss Adjustment Condition, if you have any other insurance covering the same loss or damage as is insured against by this policy, we will only pay for the amount of the loss or damage which is insured against by this policy in excess of the amount due from such other insurance, whether you can collect on such other insurance or not.

Conditions*(continued)***Premium Calculation**

The premium shown in the Declarations was computed based on rates in effect at the time this policy was issued. On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect. With respect to **newly acquired premises**, we will charge you additional premium from the date you acquire the premises.

Suspension

Whenever **covered property** is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance provided for such property against loss or damage from a **breakdown**. This may be done by delivering or mailing a written notice of suspension to:

- your last known mailing address; or
- the address where the **covered property** is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement. If we suspend your insurance, you will receive a pro rata refund of premium due for that **covered property**. But the suspension will be effective even if we have not yet offered or made a refund.

Titles Of Paragraphs

The titles of the various paragraphs of this policy and endorsements, if any, attached to this policy are inserted solely for convenience or reference and are not to be deemed in any way to limit or affect the provisions to which they relate.

Transfer Of Rights And Duties

Your rights and duties under this insurance may not be transferred without our written consent. However, if you die, then your rights and duties will be transferred to your legal representative, but only while acting within the scope of duties as your legal representative, or to anyone having temporary custody of your property until your legal representative has been appointed.

Transfer Of Rights Of Recovery To Us

If any person to or for whom we make payment under this insurance has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair our rights.

You may waive your rights against another party in writing:

- A. prior to the direct physical damage to **covered property**; or
- B. after direct physical damage to **covered property** only if, at the time of direct physical damage, that party is one of the following:
 1. someone insured by this insurance;
 2. an individual who owns or controls the majority of capital stock of your business;
 3. a related business firm majority-owned or controlled by you, or that owns or controls the majority of the capital stock of your business; or
 4. your tenant.

Conditions

*Transfer Of Rights Of
Recovery To Us
(continued)*

This will not restrict your insurance.

When We Do Not Renew

If we decide not to renew this policy, we will mail or deliver to the first named insured's last known address, written notice of the nonrenewal not less than 60 days before the expiration date. If notice of nonrenewal is mailed, proof of mailing will be sufficient proof of notice.

Property/Business Income Conditions And Definitions

Definitions

When used with respect to insurance under this policy:

Alternative Power Generating Equipment

Alternative power generating equipment means equipment that has been certified pursuant to **green standards**, which is used in:

- solar energy systems;
- wind energy systems;
- geothermal energy systems;
- low impact hydroelectric systems; or
- any other system that generates electricity from renewable sources.

Alternative Water System

Alternative water system means equipment situated above or below ground which is used to collect and circulate gray water, ground water, or rain water to the domestic, non-potable water supply of a building or to water treatment facilities or outside irrigation facilities at a premises shown in the Declarations.

Alternative water system does not include underground pipes or sprinkler heads intended solely for landscape irrigation.

Average Daily Business Income Value

Average daily business income value means the sum of the daily net income and continuing expenses at the premises where the direct physical damage occurred for each of the 30 days prior to the date of such damage, divided by 30.

Blank Media

Blank media means the blank medium upon which **electronic data** is recorded, but not the **electronic data** itself.

Breakdown

Breakdown means abrupt and accidental breakdown of **mechanical or electrical system or apparatus**, provided:

- such breakdown causes direct physical damage to all or part of that **mechanical or electrical system or apparatus**; and
- the direct physical damage becomes manifest at the time of the breakdown that caused it.

Building

Building means:

- a structure;
- **building components**;
- completed additions;
- additions to the structure under construction; and
- alterations and repairs to the structure.

Definitions

Building (continued)

Building does not mean:

- land, water or air, either inside or outside of a structure;
- dams;
- dikes;
- paved or concrete surfaces;
- underground mines or mine shafts or any property within such underground mines or mine shafts;
- retaining walls;
- foundations or supports below the surface of the lowest floor or basement;
- outdoor trees, shrubs, plants or lawns; or
- any structure you do not own, occupy and are not legally or contractually required to insure.

Building Components

Building components means:

- glass forming a part of a structure;
- **personal property** consisting of materials, machinery, equipment, supplies and temporary structures used for making additions or repairs to a structure;
- outdoor fixtures;
- outdoor and indoor signs;
- permanently installed fixtures, machinery and equipment; and
- **personal property** used to maintain or service a structure or its premises.

Business Income

Business income means:

- A. net profit or loss, including rental income from tenants and net sales value of production, that would have been earned or incurred before income taxes;
- B. your continuing normal:
 1. operating; and
 2. payroll, expenses;
- C. charges you incur which are the legal obligation of your tenant which would otherwise be your obligations; and
- D. the cost you are required to pay to rent temporary premises when that portion of the premises shown in the Declarations occupied by you is untenable, not to exceed the fair rental value of such untenable portion of the **building** you occupy.

Business income does not mean bank interest or investment income.

Definitions

(continued)

Communication Property

Communication property means:

- analog or digital communication equipment; or
- other equipment used to interactively communicate with others through voice, picture, video or writing,

you own or in your care, custody or control.

Communication property does not mean:

- **electronic data;**
- **electronic data processing equipment;** or
- communication systems for sale or sold.

Covered Property

Covered property means:

- **building;** and
- **personal property.**

Covered Property Of A Dependent Business Premises

Covered property of a dependent business premises means any property that is at a **dependent business premises.**

Covered property of a dependent business premises does not mean:

- land, water or air, either inside or outside of a structure;
- dams;
- dikes;
- paved or concrete surfaces;
- underground mines or mine shafts or any property within such underground mine or mine shafts;
- retaining walls;
- foundations or supports below the surface of the lowest floor or basement;
- trees, shrubs, plants or lawns;
- growing crops;
- aircraft;
- watercraft;
- vehicles or machines required to be licensed for use on public roads;
- animals; or
- money or securities.

Definitions

(continued)

Covered Property Of A Utility

Covered property of a utility means any property that:

- the utility owns; or
- is in the care, custody or control of the utility and for which the utility is legally liable.

Covered property of a utility does not mean:

- land, water or air, either inside or outside of a structure;
- dams;
- dikes;
- paved or concrete surfaces;
- underground mines or mine shafts or any property within such underground mine or mine shafts;
- retaining walls;
- foundations or supports below the surface of the lowest floor or basement;
- trees, shrubs, plants or lawns;
- growing crops;
- aircraft;
- watercraft;
- vehicles or machines required to be licensed for use on public roads;
- animals; or
- money or securities.

Dependent Business Premises

Dependent business premises means premises operated by others on whom you depend to:

- deliver materials or services to you or to others for your account (contributing premises);
- accept your products or services (recipient premises);
- manufacture products for delivery to your customers under contract of sale (manufacturing premises); or
- attract customers to your business (leader premises).

Dependent business premises does not mean any premises:

- A. operated by others on whom you depend to:
 1. deliver utility services to you; or
 2. accept utility services from you; or
- B. of **on-line access** providers.

Definitions

(continued)

Electronic Data

Electronic data means software, data or other information that is in electronic form.

Electronic Data Processing Equipment

Electronic data processing equipment means:

- computers;
- computer peripherals;
- climate control and protection equipment used solely for electronic data processing operations;
- separately identifiable and removable component computer devices that are attached to covered property and are designed to control such property, but not the property itself; and
- **blank media.**

Electronic data processing equipment does not mean:

- **electronic data;**
- computers, peripherals, equipment or parts held for sale or distribution;
- computers, peripherals, equipment or parts that have been sold;
- computers, peripherals, equipment or parts in the course of manufacture;
- **communication property;** or
- contractors' equipment.

Electronic Data Processing Property

Electronic data processing property means:

- **electronic data;**
- **electronic data processing equipment;** and
- **communication property.**

Extra Expense

Extra expense means necessary expenses you incur:

- A. in an attempt to continue **operations**, over and above the expenses you would have normally incurred; and
- B. to repair or replace **covered property**, or to research or restore the lost information on damaged valuable papers, records and media, if such action will reduce any loss we would pay under this insurance.

Paragraph B. does not apply to Fungus Clean-up Or Removal Premises Coverage.

Definitions
(continued)

Finished Stock

Finished stock means goods you have manufactured which are in their completed state and ready for sale.

Finished stock does not include goods you have manufactured which are in their completed state and ready for sale on the premises of any retail outlet.

Fungus

Fungus means any:

- A. 1. mildew, mold or other fungi;
- 2. other microorganisms; or
- 3. mycotoxins, spores, or other by-products of the foregoing; or
- B. colony or group of any of the foregoing.

Green Standards

Green Standards means:

- the LEED® Green Building Rating System™ of the United States Green Building Council;
- requirements of the Green Globes® Assessment and Rating of the Green Building Initiative;
- Energy Star® qualified requirements; or
- other generally accepted site development, water savings, energy efficiency, materials selection and other environmental quality standards for the design and construction of **covered property**.

Malicious Programming

Malicious programming means an illegal or malicious entry into **electronic data** or a **system** which results in functions that:

- distort;
- corrupt;
- manipulate;
- copy;
- delete;
- destroy; or
- slow down,

such **electronic data** or **system**.

Malicious programming does not mean:

- theft of telephone services; or
- direct physical loss or damage to **electronic data processing property**.

Definitions

(continued)

Mechanical Or Electrical System Or Apparatus

Mechanical or electrical system or apparatus means any of the following property that you own, lease, operate or otherwise control:

- boiler, fired pressure vessel, unfired pressure vessel normally subject to vacuum or internal pressure other than the weight of its contents;
- refrigeration vessels;
- air conditioning vessels;
- mechanical or electrical machine or apparatus used to generate, transmit or otherwise use mechanical or electrical power; and
- piping, cable and accessory equipment connected to any of the foregoing.

For the purposes of the Spoilage – Utility Owned Equipment Premises Coverage, Off Premises Property Damage Additional Coverage, Ingress And Egress Premises Coverage, Solely Supplying Utility Owned Equipment Additional Coverage, Civil Authority Additional Coverage, Dependent Business Premises Additional Coverage and Loss Of Utilities Additional Coverage, **mechanical or electrical system or apparatus** means **mechanical or electrical system or apparatus of others**.

Mechanical or electrical system or apparatus does not mean any:

- A. part of a boiler or fired vessel or electric steam generator that does not contain steam or water;
- B. insulating or refractory material;
- C. non-metallic vessels, unless constructed in accordance with the American Society of Mechanical Engineers;
- D. glass linings of vessels, equipment, machines and apparatus;
- E. catalyst;
- F. piping, vessels or cables, not enclosed in conduit, buried directly in the ground;
- G. sewer piping;
- H. sprinkler system piping or water piping other than:
 1. feedwater piping between any steam boiler and its feed pumps or injectors;
 2. steam boiler condensate return piping; and
 3. water piping interconnecting vessels forming part of a refrigeration or air conditioning system used for cooling, humidifying or space heating;
- I. structure, foundation, cabinet or compartment containing or supporting any vessel, equipment, machine or apparatus;
- J. die, extrusion plate, or any other expendable item that is part of or used with any vessel, equipment, machine or apparatus;
- K. vessel, equipment, machine or apparatus manufactured by you for sale;
- L. power shovel, dragline or excavation vehicle (whether or not licensed for road use);
- M. aircraft;
- N. floating vessel or structure;

Definitions

Mechanical Or Electrical System Or Apparatus (continued)

- O. penstock, draft tube or well casings;
- P. crane booms and cables, but not excluding any driving mechanical or electrical system or apparatus; or
- Q. cylinder not sealed in PVC (polyvinyl chloride) protection, containing a movable plunger or piston, mounted on or forming a part of an elevator or hoist.

When a vessel uses a heat transfer medium other than water or steam, we will consider the medium used and its vapor as substitutes for the words "water" or "steam".

Mechanical Or Electrical System Or Apparatus Of Others

Mechanical or electrical system or apparatus of others means any of the following property that you do not own, lease, operate or otherwise control:

- boiler, fired pressure vessel, unfired pressure vessel normally subject to vacuum or internal pressure other than the weight of its contents;
- refrigeration vessels;
- air conditioning vessels;
- mechanical or electrical machine or apparatus used for the generation, transmission or utilization of mechanical or electrical power; and
- piping, cable and accessory equipment connected to any of the foregoing.

Merchandise

Merchandise means goods:

- held for sale by you; or
- manufactured by you and ready for sale on the premises of any retail outlet.

Newly Acquired Premises

Newly acquired premises means premises you acquire during the policy period until the first of the following occurs:

- you report the newly acquired premises to us;
- the number of days shown in the Declarations pass from the date you acquire the premises; or
- this policy expires.

Occurrence

Occurrence means:

1. one event; or
2. a series of causally related events that:
 - a. contribute concurrently to; or
 - b. contribute in any sequence to, the loss or damage.

Property/Business Income Conditions And Definitions

Definitions

(continued)

On-Line Access

On-line access means:

- accessing information made available by third parties; or
- making information available to third parties,
via computer or other electronic system.

Operations

Operations means your business activities occurring at your premises, including your activities as a lessor of premises, prior to the **breakdown**.

Overhead Communication, Transmission Or Distribution Equipment

Overhead communication, transmission or distribution equipment means:

- overhead communication, transmission or distribution lines;
- overhead transformers; or
- other similar overhead communication, transmission or distribution equipment,
and all their supporting towers and poles.

Period Of Restoration

Period of restoration means the period of time that begins immediately after the time of direct physical damage to **covered property** and continues until your **operations** are restored, with reasonable speed, to the level which would generate the **business income** amount that would have existed if no direct physical damage occurred, including the time required to:

- A. repair or replace the **covered property**; or
- B. repair or replace the **covered property** to comply with the minimum standards of any enforceable ordinance or law that:
 1. regulates the repair or replacement of any **covered property**;
 2. requires the tearing down of parts of any **covered property** not damaged as a result of a **breakdown**; and
 3. is in force on the date of the direct physical damage,

not to exceed the applicable number of days shown as Extended Period in the Declarations, beginning on the date that:

- for manufacturing risks, the damaged **covered property** is actually repaired or replaced and production capability is restored to the level that existed prior to the date the direct physical damage occurred; or
- for all other risks, the damaged **covered property** is actually repaired or replaced and your **operations** are restored.

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

If loss or damage occurs at a:

- **dependent business premises**; or
- utility,

Definitions

Period Of Restoration (continued)

for the purpose of determining **period of restoration** following such loss or damage, **covered property** includes:

- **covered property of a utility;** or
- **covered property of a dependent business premises.**

Period of restoration does not include any increased period required to comply with any ordinance or law:

- you were required to comply with before the direct physical damage;
- involving any property outside the legal boundary of the premises shown in the Declarations;
- that regulates the repair or replacement of any property that was lost or damaged by an excluded peril. If direct physical damage is caused by or results from both a **breakdown** and an excluded peril, the **period of restoration** only includes the length of time required to repair or replace the property damaged by a **breakdown**; or
- that 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 **fungus** or **pollutants**, except as provided under the Fungus Clean-up Or Removal Premises Coverage or the Pollutant Clean-up Or Removal Additional Coverage.

Personal Property

Personal property means:

- all your business personal property;
- business personal property you lease;
- **personal property of others;**
- labor, materials and services furnished or arranged by you on **personal property of others;**
- signs, fixtures, glass and other **tenant's improvements and betterments;** and
- glass in **buildings** you do not own if you are legally or contractually required to maintain such glass.

Personal property does not mean:

- **building**, except **tenant's improvements and betterments** and glass in **buildings** you do not own if you are legally or contractually required to maintain such glass;
- land, water or air, either inside or outside of a structure;
- retaining walls;
- growing crops;
- trees, shrubs, plants or lawns;
- vehicles or machines required to be licensed for use on public roads;
- watercraft;
- aircraft;
- money or securities;
- animals; or

Definitions

*Personal Property
(continued)*

- any personal property which is in or below underground mines or mine shafts.

*Personal Property Of
Others*

Personal property of others means personal property not owned by you and in your care, custody or control.

Personal property of others does not mean business personal property you lease.

Pollutants

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

Pollutants does not mean **fungus**.

Prototypes

Prototypes mean a first or original model of a new type of design.

Raw Stock

Raw stock means material in the state in which you receive it for conversion into **finished stock**.

*Research And
Development Operations*

Research and development operations means your business activities occurring at your premises, which are directly related to the development of new products or enhancement of existing products.

*Research And
Development Property*

Research and development property means:

- written, printed or inscribed documents, plans, records or formulas;
- processes or cultures and resulting products, samples or other materials produced by such processes or cultures; and
- **prototypes**,

if produced and directly associated with your **research and development operations**.

Research and development property does not mean:

- animals;
- money or securities;
- property held for sale or held for delivery after sale; or
- goods you have manufactured which are in their completed state and ready for sale.

Definitions
(continued)

Stock

Stock means:

- goods held in storage or for sale;
- **raw stock**;
- **stock in process**;
- **finished stock**; or
- **merchandise**,

including supplies used in their packing or shipping.

Stock In Process

Stock in process means **raw stock** which has undergone any aging, seasoning, mechanical or other process of manufacture but which has not become **finished stock**.

Suit

Suit means a civil proceeding in which damages because of a **breakdown** to which this insurance applies are alleged.

Suit includes:

- an arbitration proceeding in which such damages are claimed and to which you must submit or do submit with our consent; or
- any other alternative dispute resolution proceeding in which such damages are claimed and to which you submit with our consent.

System

System means a computer and all input, output, processing, storage, off-line media library, and communication facilities which are connected to such computer, provided such computer and facilities are:

- owned and operated by you;
- leased and operated by you; or
- utilized by you pursuant to a written contract.

**Tenant's Improvements
And Betterments**

Tenant's improvements and betterments means fixtures, alterations, installations or additions:

- you make a part of a **building** you occupy but do not own; and
- you acquire or make at your expense but cannot legally remove.

Tenant's improvements and betterments does not mean:

- land, water or air, either inside or outside of a structure;
- paved or concrete surfaces;
- retaining walls;
- foundations or supports below the surface of the lowest floor or basement;
- trees, shrubs, plants or lawns; or
- growing crops.

Endorsement

<i>Policy Period</i>	MARCH 31, 2022 TO MARCH 31, 2023
<i>Effective Date</i>	MARCH 31, 2022
<i>Policy Number</i>	7643-63-05 EUC
<i>Insured</i>	AMBERLY VILLAGE ASSOCIATION, INC.
<i>Name of Company</i>	FEDERAL INSURANCE COMPANY
<i>Date Issued</i>	APRIL 11, 2022

This Endorsement applies to the following forms:

PROPERTY/BUSINESS INCOME CONDITIONS AND DEFINITIONS

The following changes are made as respects exposures in the state of Florida.

Under Conditions, the provisions titled Cancellation and When We Do Not Renew are deleted and replaced by the following:

Conditions**Cancellation**

- A. The named insured may cancel this policy or any of its individual coverages at any time by sending us a written request or by returning the policy and stating when thereafter cancellation is to take effect.
- B. *Cancellation of policies in effect for less than 90 days*
 - 1. If this policy has been in effect for less than 90 days, we may cancel this policy by mailing or delivering to the Named Insured's last known address written notice of cancellation, accompanied by the specific reasons for cancellation, at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 20 days before the effective date of cancellation if we cancel for any other reason, except we may cancel immediately if there has been:
 - (i.) A material misstatement or misrepresentation; or
 - (ii.) A failure to comply with underwriting requirements established by us.

Conditions

Cancellation (continued)

2. We may not cancel:
 - a. On the basis of property insurance claims that are the result of an act of God, unless we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of loss or damage to the insured property; or
 - b. Solely on the basis of a single property insurance claim which is the result of water damage, unless we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property.
- C. *Cancellation of policies in effect more than 90 days*
 1. If this policy has been in effect for more than 90 days, we may cancel this policy only for one or more of the following reasons:
 - a. Nonpayment of premium;
 - b. The policy was obtained by a material misstatement;
 - c. There has been a failure to comply with underwriting requirements established by us within 90 days of the effective date of the coverage;
 - d. There has been a substantial change in the risk covered by the policy;
 - e. The cancellation is for all insureds under such policies for a given class of insureds;
 - f. On the basis of property insurance claims that are the result of an act of God, if we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of loss or damage to the insured property;
 - g. On the basis of a single property insurance claim which is the result of water damage, if we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property; or
 - h. The cancellation of some or all of our policies is necessary to protect the best interests of the public or policyholders and such cancellation is approved by the Florida Office Of Insurance Regulation.
 2. If we cancel this policy for any of these reasons, we will mail or deliver to the Named Insured's last known address written notice of cancellation, accompanied by the specific reasons for cancellation at least:
 - a. 10 days before the effective date of cancellation if cancellation is for non-payment of premium; or
 - b. 45 days before the effective date of cancellation if:
 - (i.) Cancellation is for one or more of the reasons stated in Paragraph C.1.b. through C.1.g. above and this policy does not cover a residential structure or its contents; or
 - (ii.) Cancellation is based on the reason stated in paragraph C.1.h. above

Endorsement

Effective Date MARCH 31, 2022

Policy Number 7643-63-05 EUC

Conditions**Cancellation**
(continued)

- c. 120 days before the effective date of cancellation if:
 - (i.) Cancellation is for one or more of the reasons stated in Paragraph C.1.b. through C.1.g.; and
 - (ii.) This policy covers a residential structure or its contents.
 - d. If this policy has been in effect for more than 90 days and covers a residential structure or its contents, we may not cancel this policy based on credit information available in public records.
- D. If this policy is cancelled, we will send the first Named Insured any premium refund due. The refund will be pro rata. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will mail the refund within 15 working days after the date cancellation takes effect unless this is an audit policy. If this is an audit policy, then, subject to your full cooperation with us or our agent in securing the necessary data for audit, we will refund any premium within 90 days of the date cancellation takes effect. If our audit is not completed within this time limitation, then we shall accept your own audit, and any premium refund due shall be mailed within 10 working days of receipt of your audit. The cancellation will be effective even if we have not made or offered a refund.

When We Do Not Renew

- A. If we decide not to renew this policy we will mail or deliver to the Named Insured written notice of nonrenewal, accompanied by the specific reason for nonrenewal, at least:
 - 1. 45 days prior to the expiration of the policy if this policy does not cover a residential structure or its contents; or
 - 2. 120 days prior to the expiration of the policy if this policy covers a residential structure or its contents.
- B. Any notice of nonrenewal will be mailed or delivered to the Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.
- C. We may not refuse to renew this policy:
 - 1. On the basis of property insurance claims that are the result of an act of God, unless we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent reoccurrence of loss or damage to the insured property;
 - 2. On the basis of filing of claims for sinkhole loss. However, we may refuse to renew this policy if:
 - a. The total of such property insurance claim payments for this policy equals or exceeds the policy limits in effects on the date of loss for property damage to the covered building; or

Conditions

When We Do Not Renew (continued)

- b. You have failed to repair the structure in accordance with the engineering recommendations upon which any loss payment or policy proceeds were based; or
 3. Solely on the basis of a single property insurance claim which is the result of water damage, unless we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property.
- D. Notwithstanding the provisions of paragraphs C. immediately above, we may refuse to renew this policy if:
1. This policy includes sinkhole loss coverage. If we nonrenew this policy for purposes of removing sinkhole loss coverage, pursuant to section 627.706, Florida Statutes, we will offer you a policy that includes catastrophic ground cover collapse coverage; or
 2. Nonrenewal of some or all of our policies is necessary to protect the best interests of the public or policyholders and such nonrenewal is approved by the Florida Office of Insurance Regulation.

Under Conditions, the following is added:

Conditions

Limitations On Cancellation And Nonrenewal In The Event Of A Hurricane Or Wind Loss – Residential Property

Limitations On Cancellation And Nonrenewal In The Event Of Hurricane Or Wind Loss – Residential Property:

- A. The following provisions apply to a policy covering a residential structure or its contents, if such property has sustained damage as a result of a hurricane or windstorm that is the subject of a declaration of emergency by the Governor and filing of an order by the Commissioner of Insurance Regulation:
1. Except as provided in A.2., we may not cancel or nonrenew the policy until at least 90 days after repairs to the residential structure have been substantially completed so that it is restored to the extent that it is insurable by another insurer writing policies in Florida. If we elect to not renew the policy, we will provide at least 100 days' notice that we intend to nonrenew 90 days after the substantial completion of repairs.
 2. We may cancel or nonrenew the policy prior to restoration of the structure, for any of the following reasons:
 - a. Nonpayment of premium;
 - b. Material misstatement or fraud related to the claim;
 - c. We determine that you have unreasonably caused a delay in the repair of the structure; or
 - d. We have paid the policy limits.

If we cancel or nonrenew for nonpayment of premium, we will give you 10 days' notice. If we cancel for a reason listed in 2.b., 2.c. or 2.d., we will give you 45 days' notice.

Endorsement*Effective Date* MARCH 31, 2022*Policy Number* 7643-63-05 EUC**Conditions**

*Limitations On
Cancellation And
Nonrenewal In The Event
Of A Hurricane Or Wind
Loss – Residential
Property
(continued)*

- B. With respect to a policy covering a residential structure or its contents, any cancellation or nonrenewal that would otherwise take effect during the duration of a hurricane will not take effect until the end of the duration of such hurricane, unless a replacement policy has been obtained and is in effect for a claim occurring during the duration of the hurricane. We may collect premium for the period of time for which the policy period is extended.
- C. With respect to B., a hurricane is a storm system that has been declared to be a hurricane by the National Hurricane Center of the National Weather Service (hereafter referred to as NHC). The hurricane occurrence begins at the time a hurricane watch or hurricane warning is issued for any part of Florida by the NHC, and ends 72 hours after the termination of the last hurricane watch or hurricane warning issued for any part of Florida by the NHC.

Under Conditions, Legal Action Against Us is deleted and replaced with the following:

Conditions

Legal Action Against Us

No legal action may be brought against us unless:

- there has been full compliance with all of the terms of this insurance; and
- the action is brought within 5 years after the date on which the direct physical damage occurred.

All other terms and conditions remain unchanged.

Authorized Representative



Endorsement

Policy Period MARCH 31, 2022 TO MARCH 31, 2023
Effective Date MARCH 31, 2022
Policy Number 7643-63-05 EUC
Insured AMBERLY VILLAGE ASSOCIATION, INC.

Name of Company FEDERAL INSURANCE COMPANY
Date Issued APRIL 11, 2022

This Endorsement applies to the following forms:

BUSINESS INCOME WITH EXTRA EXPENSE
PROPERTY/BUSINESS INCOME CONDITIONS AND DEFINITIONS

**Special Waiting
Period Provision**

A new section called Special Waiting Period Provision is added to the contracts shown above.

Wherever used within any property contract or property endorsement contained in this policy, the phrase "normal business hours" is deleted and replaced with "consecutive hours".

All other terms and conditions remain unchanged.

Authorized Representative



Endorsement

<i>Policy Period</i>	MARCH 31, 2022 TO MARCH 31, 2023
<i>Effective Date</i>	MARCH 31, 2022
<i>Policy Number</i>	7643-63-05 EUC
<i>Insured</i>	AMBERLY VILLAGE ASSOCIATION, INC.
<i>Name of Company</i>	FEDERAL INSURANCE COMPANY
<i>Date Issued</i>	APRIL 11, 2022

This Endorsement applies to the following forms:

PROPERTY DAMAGE
 BUSINESS INCOME WITH EXTRA EXPENSE
 PROPERTY/BUSINESS INCOME CONDITIONS AND DEFINITIONS

A new section titled Terrorism Provisions is added to the end of this contract.

Terrorism Provisions***Certified Act Of
Terrorism Exclusion***

This insurance does not apply to any **breakdown** or loss or damage caused directly or indirectly by a **certified act of terrorism**, regardless of any other cause or event that contributes:

- concurrently; or
- in any sequence,

to the **breakdown** or loss or damage.

***Application Of
Other Exclusions***

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

A new section titled Terrorism Definitions is added.

Terrorism Definitions

Certified Act Of Terrorism

Certified act of terrorism means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act:

- A. of terrorism, a violent act or an act that is dangerous to human life, property or infrastructure; and
- B. that results in damage:
 - 1. within the **United States**; or
 - 2. outside of the **United States** in the case of:
 - a. an air carrier or vessel as described in the **terrorism law**; or
 - b. the premises of a mission of the United States of America,

which was committed by an individual or individuals as part of an effort to:

- coerce the civilian population; or
- influence the policy or affect the conduct of the Government,

of the **United States**.

Certified act of terrorism does not include an act that:

- is committed as part of the course of a war declared by the Congress of the **United States**; or
- does not result in property and casualty insurance losses that exceed \$5 million in the aggregate and are attributable to all types of insurance subject to the **terrorism law**.

State

State means any state of the United States of America, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, each of the United States Virgin Islands, and any territory or possession of the United States of America.

Terrorism Law

Terrorism law means the Terrorism Risk Insurance Act of 2002 (Pub.L.107-297) as amended by the Terrorism Risk Insurance Extension Act of 2005 (Pub.L.109-144) and the Terrorism Risk Insurance Program Reauthorization Act of 2007 (Pub.L.110-160).

United States

United States means:

- a **state**; and
- the territorial sea and the continental shelf of the United States of America, as described in the **terrorism law**.

All other terms and conditions remain unchanged.

Authorized Representative



Endorsement

<i>Policy Period</i>	MARCH 31, 2022 TO MARCH 31, 2023
<i>Effective Date</i>	MARCH 31, 2022
<i>Policy Number</i>	7643-63-05 EUC
<i>Insured</i>	AMBERLY VILLAGE ASSOCIATION, INC.
<i>Name of Company</i>	FEDERAL INSURANCE COMPANY
<i>Date Issued</i>	APRIL 11, 2022

This Endorsement applies to the following forms:

BUSINESS INCOME WITH EXTRA EXPENSE
PROPERTY/BUSINESS INCOME CONDITIONS AND DEFINITIONS
PROPERTY DAMAGE

Under Premises Coverages, Property Damage and Ammonia Contamination are deleted and replaced with the following:

Premises Coverages**Property Damage**

We will pay for direct physical damage to **covered property** caused by or resulting from **breakdown**, not to exceed the applicable Limit Of Insurance for Property Damage shown in the Declarations.

This Premises Coverage does not apply to loss or damage insured under the:

- Ammonia Contamination Property Damage;
- Electronic Data;
- Expediting Expenses;
- Fungus Clean up Or Removal;
- Spoilage – Scheduled Locations;
- Spoilage – Utility Owned Equipment; or
- Water Damage,

Premises Coverages.

Premises Coverages

(continued)

**Ammonia Contamination
Property Damage**

We will pay for direct physical damage to **personal property** under refrigeration caused by or resulting from the mixture of or contact between such property and ammonia caused by or resulting from **breakdown**, not to exceed the applicable Limit Of Insurance for Ammonia Contamination Property Damage shown in the Declarations.

All other terms and conditions remain unchanged.

Authorized Representative


