

Company: Harford Mutual Insurance Company

Policy Number: BP11290865

Renewal Of: New

Named Insured and Mailing Address

**BONKEY'S GROUP LLC
(SEE NAMED INSURED SCHEDULE)
1180 MAIN ST
NEW PARK, PA 17352-9374**

Agency Name and Address

**1319-BAS BB&K OF MARYLAND INC
1614 E CHURCHVILLE RD
BEL AIR, MD 21015**

POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

Applicable to the following policies and coverages if included:

Commercial Property, Commercial Liability, Commercial Inland Marine,
Commercial Crime, excluding Theft & Burglary, and Businessowners Policies

Coverage for acts of terrorism is included in your policy. You are hereby notified that the Terrorism Risk Insurance Act, as amended in 2019, defines an act of terrorism in Section 102(1) of the Act: The term "act of terrorism" means any act or acts that are certified by the Secretary of the 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, or outside the United States in the case of certain air carriers or vessels 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. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 80% beginning on January 1, 2020, of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

The portion of your annual premium that is attributable to coverage for acts of terrorism included in this policy is \$11 and does not include any charges for the portion of losses covered by the United States government under the Act.

REJECTION OF TERRORISM INSURANCE

UNDER FEDERAL LAW, YOU HAVE THIRTY (30) DAYS TO CONSIDER THIS OFFER OF COVERAGE FOR TERRORIST ACTS. YOU MAY REJECT COVERAGE BY SIGNING THE STATEMENT BELOW AND RETURNING THIS NOTICE. ONCE WE RECEIVE THE SIGNED REJECTION STATEMENT, TERRORISM EXCLUSIONS WILL BE ADDED TO YOUR POLICY AND YOU WILL NOT BE COVERED FOR LOSSES ARISING FROM TERRORIST ACTS.

- I hereby decline to purchase terrorism coverage for certified acts of terrorism. I understand that I will have no coverage for losses resulting from certified acts of terrorism under this policy.

Signature of Policyholder

Printed Name of Policyholder

Date

This policyholder notice provides no coverage nor can it be construed to replace any provision of your policy. The coverage provided by your policy for certified acts of terrorism and all other coverage is limited by the exclusions, limits, terms and conditions of your policy. If there is any conflict between the policy and this notice, the provisions of the policy shall prevail. Nothing in this notice should be construed as an offer to reinstate coverage for a cancelled/expired policy.



Policy #: BP11290865
Issued to: BONKEY'S GROUP LLC
(SEE NAMED INSURED SCHEDULE)
1180 MAIN ST
NEW PARK, PA 17352-9374

Agent: BB&K OF MARYLAND INC
Phone #: (410) 638-8525

Thank you for placing your insurance coverage with Harford Mutual. Your business is very important to us. We are committed to providing you with quality service and a quality product. Please examine the attached policy carefully to make sure that we are providing the coverages you have requested. If you have any questions regarding policy coverages or need to make any changes, please contact your Agent listed above. If you have any billing questions, please contact Accounting Department Customer Service at the phone number listed below.

Type of Policy:	Businessowners
Billing:	Direct Bill
Annual Premium:	\$2,152
Billing Account Number:	427289
Payment Plan:	10 Pay
Accounting Department Customer Service:	(866) 377-1896
Policy Period:	4/1/2025 to 4/1/2026

****IMPORTANT BILLING INFORMATION****

Please note that this document is not your premium statement. Your agent has selected Harford Mutual to bill you directly for the periodic premium payments due for some or perhaps all your insurance policies. Your premium statement will be mailed to you from Harford Mutual. The premium statement is the only invoice that you will receive for these policies. You will receive one combined easy-to-read statement for the various policies your agent has selected for this plan.

Customer Privacy Notice

Since 1842, Harford Mutual Insurance Group, including all of its subsidiary entities (collectively referred to herein as the "Group" or "Harford Mutual") has been committed to insuring opportunity for the mutual success of our policyholders, agencies and local community. It is because of this commitment that we are dedicated to protecting the confidentiality of our customers' Nonpublic Personal Information (NPI). We take this opportunity to share our procedures and policies designed to safeguard your information, which may be obtained in the course of our business relationship with you.

This notice serves to explain: what type of information we collect; how we collect it; what we do with it after we collect it; how we safeguard your privacy; and how you may obtain information, if any, about your NPI. We will inform you concerning these policies in this notice and every year that you remain our customer.

Overview Of Our Privacy Practices

- We do not sell your NPI.
- We do not share your NPI with nonaffiliated third parties other than as necessary to service your policy or claim.
- We do not share your health or financial information, except as authorized by law.
- We use your NPI only to service your policies, claims and to meet your needs as they have been described to us.
- We will require that persons or organizations providing goods or services to you on our behalf protect the confidentiality of your NPI.
- We protect your NPI regardless of whether you are a current or a former customer.
- We maintain administrative, technical and physical safeguards to protect your NPI from disclosure.

How We Collect Information

We collect and retain information about you to provide you with the coverage, product, or service you request, or to service your account as permitted by law, and as needed to conduct business. We collect your NPI from the following sources:

- Your application for insurance or similar forms;
- Consumer reporting agencies, motor vehicle records, credit reports, claims history, loss information reports, court records or other public records; property inspections to verify value and condition for property insurance;
- Your insurance agent; or
- When you register or create an account on our Website Customer Portal, available at <https://www.harfordmutual.com/>

Information We Collect About You

The Group gets most of its information from your application for insurance or from your insurance agent. This information can include, but is not always limited to: your name; address; Social

Security number; financial account or credit card information; vehicle type; credit based insurance score; a report about your coverage and claims history with other companies and motor vehicle records.

For property and liability insurance, we may send someone to inspect your property and verify the value and condition of your property. A photo of any property to be insured may be taken and retained. We may also obtain reports concerning the square footage of your property from companies that collect such data.

For workers' compensation insurance, we may send someone to perform an audit or accounting of your business records to ensure that you are getting the appropriate premium charge.

What We Do With The Information Collected

The Group uses your information only as permitted by law. We may use your information to: service products you have purchased; underwrite your policy; process claims; protect against fraud; and comply with legal requirements.

Information collected is maintained in either our policy records or in your agent's files. We may review it to evaluate requests for insurance coverage or to determine your insurance rates. Your information may also be used to decide whether to issue a renewal policy or settle a claim.

If coverage is declined, or if your rates increase because of information we received from a consumer report, we will tell you as required by the Fair Credit Reporting Act.

How We Share Your Information

We will not disclose information about you without your written consent unless the disclosure is necessary to conduct our business. By law, we can share information about you without your permission under certain circumstances to certain people and organizations. Examples include:

- Our affiliated companies.
- Independent claim adjusters, appraisers, contractors, auto repair shops, investigators and attorneys in order to investigate, defend or settle a claim involving you.
- Your agent.
- Mortgagees, lienholders, lessors, loss payees, or other persons shown on our records as having a legal or beneficial interest in your policy or claim proceeds.
- Consultants or other service providers that perform business functions for us such as mailing or marketing services.
- Our reinsurance companies.
- Businesses that conduct research for us such as actuarial or underwriting studies.
- Other insurance companies.
- Consumer reporting agencies in connection with any application, policy or claim involving you.
- Insurance support organizations that collect information to detect and prevent insurance crimes or fraud.
- Medical care institutions or professionals to verify coverage or claims-related services.
- Insurance regulatory agencies in connection with the regulation of our business.
- Law enforcement or other governmental authorities.
- By order of subpoena, warrant or other court order as required by law.

We do not otherwise give information about you to people or organizations that would use the information to contact you about their product or services.

How We Protect Your Information

The Group maintains administrative, technical and physical safeguards to protect your NPI. Access to customer records is restricted to employees with a business reason for knowing such information in order to provide products and services to you. Employees are trained to protect customer privacy by adhering to the privacy responsibilities outlined by the Group. Should you cease being a customer, we will continue to protect your personal information in the same manner. At Harford Mutual,

our employees are responsible for upholding a Code of Conduct and Confidentiality policy that requires them to keep confidential all NPI obtained in the course of our business.

Your Rights

You have the right to know what information we have about you and to receive a copy upon request. Despite your request, we may not be able to disclose certain types of information collected when evaluating claims or possible lawsuits. In this regard, we will not send you any medical information we have received about you from a doctor or other health care provider due to certain health information protection laws. Rather, you should contact the doctor or health care provider directly to obtain this information.

Also, we will not send you any reports provided by any consumer reporting agency. Instead, we will give you the name and address of any consumer reporting agency that prepared the report about you, so that you can contact them for a copy.

To submit your request for other types of information, please send your complete name, address and policy number to:

Harford Mutual Insurance Group
Office of the General Counsel
200 North Main Street
Bel Air, MD 21014
hmic_legal_notifications@hm1842.com

Within thirty (30) business days of receipt of your written request, we will disclose to you the NPI about you in our files. You may receive a copy at a reasonable charge. We will tell you with whom we have shared your NPI within the past two (2) years, or for the time period required by state law. If you believe your file should be corrected, please contact us in writing with the request. We will make the change or provide an explanation of our refusal to do so.

Thank you for choosing Harford Mutual Insurance Group for your insurance protection. We work hard to preserve the confidentiality of your nonpublic personal information.

Our longstanding commitment to preserving your privacy continues, as does our dedication to providing personal service aimed at ensuring our mutual success. We have been in business to accomplish this goal since 1842.



This policy is underwritten by:
Harford Mutual Insurance Company
200 North Main Street, Bel Air, MD 21014
1-800-638-3669

HARFORD MUTUAL INSURANCE COMPANY, A NON-PARTICIPATING STOCK INSURER

BUSINESSOWNERS POLICY

Policy #: BP11290865
Issued to: BONKEY'S GROUP LLC
(SEE NAMED INSURED SCHEDULE)

Agent: BB&K OF MARYLAND INC
Phone: (410) 638-8525

THIS POLICY JACKET WITH DECLARATIONS, COVERAGE FORM(S), AND ENDORSEMENTS,
IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETES THIS POLICY

Report new claims and first notice of loss
1-800-638-3669 | ClaimLine@hm1842.com

Insuring opportunity through mutual success®

04HMBP20

MUTUALS - MEMBERSHIP AND VOTING NOTICE: The insured is notified that by virtue of this policy, he/she is a member of Harford Mutual Insurance Group, Inc. of Bel Air, Maryland, and entitled to vote either in person or by proxy at any and all meetings of said Company. The Annual Meetings are held in the Home Office, on the third Wednesday of May, of each year.

MUTUALS - PARTICIPATION CLAUSE WITHOUT CONTINGENT LIABILITY: No Contingent Liability: This policy is non-assessable. The policyholder is a member of Harford Mutual Insurance Group and shall participate, to the extent and upon the conditions fixed and determined by the Board of Directors in accordance with the provisions of law, in the distribution of dividends so fixed and determined or as required or permitted under the terms of this policy.

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

 Secretary

 President

BUSINESSOWNERS AUDIT NONCOMPLIANCE FACTOR - ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations Pages for complete information on the coverages you are provided. If there is a conflict between the Policy and this Notice, the provisions of the Policy shall prevail.

This notice is to advise you that an Audit Noncompliance Factor Endorsement is attached to your policy.

If your policy contains an auditable exposure and you do not allow us to examine your records needed for premium computation of this policy and/or you do not provide the audit information as requested, we may apply an Audit Noncompliance Factor (ANF) that will increase your policy premium. The conditions in which the ANF may be applied and its method of application are more fully outlined in the Audit Noncompliance Factor Endorsement.

COMPANY: Harford Mutual Insurance Company

POLICY NUMBER: BP11290865

RENEWAL OF: New

NAMED INSURED AND MAILING ADDRESS

BONKEY'S GROUP LLC
(SEE NAMED INSURED SCHEDULE)
1180 MAIN ST
NEW PARK, PA 17352-9374

AGENCY NAME AND ADDRESS

1319-BAS BB&K OF MARYLAND INC
1614 E CHURCHVILLE RD
BEL AIR, MD 21015
(410) 638-8525

Policy Period: From 04/01/2025 to 04/01/2026 at 12:01 A.M. Standard Time at your mailing address shown above.

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

BUSINESS INFORMATION

FORM OF BUSINESS: Limited Liability Company

TOTAL POLICY PREMIUM	\$2,152
Annual Premium: \$2,152	

There are no auditable classifications listed on the policy

POLICY DECLARATIONS ARE CONTINUED ON NEXT PAGE

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(PAGE 1) POLICY: BP11290865
ISSUE DATE: 04/02/2025

Countersigned:

(Authorized Representative) (Date)

SECTION I - PROPERTY
DESCRIBED PREMISES: PREMISES 1, BUILDING 1

PREMISES INFORMATION

28 E FRANKLIN ST NEW FREEDOM, PA 17349 COUNTY: YORK	CONSTRUCTION: Masonry Non-Combustible PROTECTION CLASS: 4 OCCUPANCY: Dairy Products Or Butter And Egg Stores (Including Ice Cream)
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PROPERTY COVERAGES: (\$1,000 Deductible Per Premises, Per Occurrence)	LIMIT OF INSURANCE*	PREMIUM
BUSINESS PERSONAL PROPERTY: Seasonal Increase 25%	\$10,920	\$91
BUSINESS INCOME: Included - Refer to Endorsements for Coverage and Limitations		
*Includes Automatic Increase Building Limit Percentage, if applicable. **This percentage can only vary by premises, not building.		

OPTIONAL COVERAGES: (\$500 Deductible for Optional Coverages)

Money and Securities: Inside the Premises	\$10,000	\$18
Money and Securities: Outside the Premises	\$2,000	\$1

LIABILITY INFORMATION

CLASS	DESCRIPTION	STATE	EXPOSURE	PREMIUM BASIS	RATE	PREMIUM
54516	Dairy Products or Butter and Egg Stores (Including Ice Cream)	PA	\$10,920	Limit of Insurance	0.098	\$11

SUPPLEMENTAL DECLARATIONS PAGE - PROPERTY SCHEDULE
DESCRIBED PREMISES: PREMISES 2, BUILDING 1

PREMISES INFORMATION

23 W PENNSYLVANIA AVE STEWARTSTOWN, PA 17363 COUNTY: YORK	CONSTRUCTION: Frame PROTECTION CLASS: 6 OCCUPANCY: Dairy Products Or Butter And Egg Stores (Including Ice Cream)
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PROPERTY COVERAGES: (\$1,000 Deductible Per Premises, Per Occurrence)	LIMIT OF INSURANCE*	PREMIUM
BUSINESS PERSONAL PROPERTY: Seasonal Increase 25%	\$26,208	\$178
BUSINESS INCOME: Included - Refer to Endorsements for Coverage and Limitations		
*Includes Automatic Increase Building Limit Percentage, if applicable. **This percentage can only vary by premises, not building.		

OPTIONAL COVERAGES: (\$500 Deductible for Optional Coverages)

Money and Securities: Inside the Premises	\$10,000	\$18
Money and Securities: Outside the Premises	\$2,000	\$1

LIABILITY INFORMATION

CLASS	DESCRIPTION	STATE	EXPOSURE	PREMIUM BASIS	RATE	PREMIUM
54516	Dairy Products or Butter and Egg Stores (Including Ice Cream)	PA	\$26,208	Limit of Insurance	0.105	\$28

SUPPLEMENTAL DECLARATIONS PAGE - PROPERTY SCHEDULE
DESCRIBED PREMISES: PREMISES 3, BUILDING 1

PREMISES INFORMATION

73 W 1ST AVE WINDSOR, PA 17366 COUNTY: YORK	CONSTRUCTION: Frame PROTECTION CLASS: 7 OCCUPANCY: Dairy Products Or Butter And Egg Stores (Including Ice Cream)
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PROPERTY COVERAGES: (\$1,000 Deductible Per Premises, Per Occurrence)	LIMIT OF INSURANCE*	PREMIUM
BUSINESS PERSONAL PROPERTY: Seasonal Increase 25%	\$1,092	\$14
BUSINESS INCOME: Included - Refer to Endorsements for Coverage and Limitations		
*Includes Automatic Increase Building Limit Percentage, if applicable. **This percentage can only vary by premises, not building.		

OPTIONAL COVERAGES: (\$500 Deductible for Optional Coverages)

Money and Securities: Inside the Premises	\$10,000	\$18
Money and Securities: Outside the Premises	\$2,000	\$1

LIABILITY INFORMATION

CLASS	DESCRIPTION	STATE	EXPOSURE	PREMIUM BASIS	RATE	PREMIUM
54516	Dairy Products or Butter and Egg Stores (Including Ice Cream)	PA	\$1,092	Limit of Insurance	0.094	\$1

SUPPLEMENTAL DECLARATIONS PAGE - PROPERTY SCHEDULE
DESCRIBED PREMISES: PREMISES 4, BUILDING 1

PREMISES INFORMATION

1502 MAIN ST WHITEFORD, MD 21160 COUNTY: HARFORD	CONSTRUCTION: Masonry Non-Combustible PROTECTION CLASS: 5X OCCUPANCY: Dairy Products Or Butter And Egg Stores (Including Ice Cream)
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PROPERTY COVERAGES: (\$1,000 Deductible Per Premises, Per Occurrence)	LIMIT OF INSURANCE*	PREMIUM
BUSINESS PERSONAL PROPERTY: Seasonal Increase 25%	\$10,920	\$229
BUSINESS INCOME: Included - Refer to Endorsements for Coverage and Limitations		
*Includes Automatic Increase Building Limit Percentage, if applicable. **This percentage can only vary by premises, not building.		

OPTIONAL COVERAGES: (\$500 Deductible for Optional Coverages)

Money and Securities: Inside the Premises	\$10,000	\$90
Money and Securities: Outside the Premises	\$2,000	\$2

LIABILITY INFORMATION

CLASS	DESCRIPTION	STATE	EXPOSURE	PREMIUM BASIS	RATE	PREMIUM
54516	Dairy Products or Butter and Egg Stores (Including Ice Cream)	MD	\$10,920	Limit of Insurance	0.214	\$23

SUPPLEMENTAL DECLARATIONS PAGE - PROPERTY SCHEDULE
DESCRIBED PREMISES: PREMISES 5, BUILDING 1

PREMISES INFORMATION

35849 ATLANTIC AVE MILLVILLE, DE 19967 COUNTY: SUSSEX	CONSTRUCTION: Frame PROTECTION CLASS: 3 OCCUPANCY: Dairy Products Or Butter And Egg Stores (Including Ice Cream)
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PROPERTY COVERAGES: (\$1,000 Deductible Per Premises, Per Occurrence)	LIMIT OF INSURANCE*	PREMIUM
BUSINESS PERSONAL PROPERTY: Seasonal Increase 25%	\$15,288	\$113
BUSINESS INCOME: Included - Refer to Endorsements for Coverage and Limitations		
*Includes Automatic Increase Building Limit Percentage, if applicable. **This percentage can only vary by premises, not building.		

OPTIONAL COVERAGES: (\$500 Deductible for Optional Coverages)

Money and Securities: Inside the Premises	\$10,000	\$78
Money and Securities: Outside the Premises	\$2,000	\$3

LIABILITY INFORMATION

CLASS	DESCRIPTION	STATE	EXPOSURE	PREMIUM BASIS	RATE	PREMIUM
54516	Dairy Products or Butter and Egg Stores (Including Ice Cream)	DE	\$15,288	Limit of Insurance	0.284	\$43

SUPPLEMENTAL DECLARATIONS PAGE - PROPERTY SCHEDULE
DESCRIBED PREMISES: PREMISES 6, BUILDING 1

PREMISES INFORMATION

84 N MAIN ST # 84-90 84-90 RED LION, PA 17356 COUNTY: YORK	CONSTRUCTION: Frame PROTECTION CLASS: 4 OCCUPANCY: Dairy Products Or Butter And Egg Stores (Including Ice Cream)
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PROPERTY COVERAGES: (\$1,000 Deductible Per Premises, Per Occurrence)	LIMIT OF INSURANCE*	PREMIUM
BUSINESS PERSONAL PROPERTY: Seasonal Increase 25%	\$26,208	\$191
BUSINESS INCOME: Included - Refer to Endorsements for Coverage and Limitations *Includes Automatic Increase Building Limit Percentage, if applicable. **This percentage can only vary by premises, not building.		

OPTIONAL COVERAGES: (\$500 Deductible for Optional Coverages)

Money and Securities: Inside the Premises	\$10,000	\$18
Money and Securities: Outside the Premises	\$2,000	\$1

LIABILITY INFORMATION

CLASS	DESCRIPTION	STATE	EXPOSURE	PREMIUM BASIS	RATE	PREMIUM
54516	Dairy Products or Butter and Egg Stores (Including Ice Cream)	PA	\$26,208	Limit of Insurance	0.102	\$27

SUPPLEMENTAL DECLARATIONS PAGE - PROPERTY SCHEDULE
DESCRIBED PREMISES: PREMISES 7, BUILDING 1

PREMISES INFORMATION

44 ATLANTIC AVE OCEAN VIEW, DE 19970 COUNTY: SUSSEX	CONSTRUCTION: Frame PROTECTION CLASS: 3 OCCUPANCY: Dairy Products Or Butter And Egg Stores (Including Ice Cream)
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PROPERTY COVERAGES: (\$1,000 Deductible Per Premises, Per Occurrence)	LIMIT OF INSURANCE*	PREMIUM
BUSINESS PERSONAL PROPERTY: Seasonal Increase 25%	\$21,840	\$135
BUSINESS INCOME: Included - Refer to Endorsements for Coverage and Limitations		
*Includes Automatic Increase Building Limit Percentage, if applicable. **This percentage can only vary by premises, not building.		

OPTIONAL COVERAGES: (\$500 Deductible for Optional Coverages)

LIABILITY INFORMATION

CLASS	DESCRIPTION	STATE	EXPOSURE	PREMIUM BASIS	RATE	PREMIUM
54516	Dairy Products or Butter and Egg Stores (Including Ice Cream)	DE	\$21,840	Limit of Insurance	0.293	\$64

SUPPLEMENTAL DECLARATIONS PAGE - PROPERTY SCHEDULE
DESCRIBED PREMISES: PREMISES 8, BUILDING 1

PREMISES INFORMATION

2403 WHITEFORD RD CARDIFF, MD 21160 COUNTY: HARFORD	CONSTRUCTION: Masonry Non-Combustible PROTECTION CLASS: 5X OCCUPANCY: Dairy Products Or Butter And Egg Stores (Including Ice Cream)
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PROPERTY COVERAGES: (\$1,000 Deductible Per Premises, Per Occurrence)	LIMIT OF INSURANCE*	PREMIUM
BUSINESS PERSONAL PROPERTY: Seasonal Increase 25%	\$5,250	\$113
BUSINESS INCOME: Included - Refer to Endorsements for Coverage and Limitations		
*Includes Automatic Increase Building Limit Percentage, if applicable. **This percentage can only vary by premises, not building.		

OPTIONAL COVERAGES: (\$500 Deductible for Optional Coverages)

LIABILITY INFORMATION

CLASS	DESCRIPTION	STATE	EXPOSURE	PREMIUM BASIS	RATE	PREMIUM
54516	Dairy Products or Butter and Egg Stores (Including Ice Cream)	MD	\$5,250	Limit of Insurance	0.214	\$11

SECTION II - LIABILITY AND MEDICAL EXPENSES

Each paid claim for the following coverages reduces the amount of insurance we provide during the applicable annual period. Please refer to Section II - Liability in the Businessowners Coverage Form and any attached endorsements.

LIABILITY COVERAGE*	LIMIT OF INSURANCE
Liability and Medical Expenses (Per Occurrence)	\$2,000,000
Medical Expenses (Per Person)	\$5,000
Damage to Premises Rented to You (Any One Premises)	\$50,000
Other Than Products/Completed Operations Aggregate	\$4,000,000
Products/Completed Operations Aggregate	\$4,000,000

*Optional Liability Deductibles may apply. Refer to Forms Schedule for Deductible Information (if applicable).

NAMED INSURED SCHEDULE

BONKEY'S ICE CREAM AND SNOBALLS LLC

IMPORTANT NOTICES TO POLICYHOLDERS

- BPMS0004 (0720) Businessowners Audit Noncompliance Factor - Advisory Notice to Policyholders
- BPMS0012 (0325) Policyholders Notice Businessowners Equipment Breakdown
- ILMS0001 (0720) Flood Insurance - Notice to Policyholders
- ILMS0003 (0720) U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") Advisory Notice to Policyholders
- ILMS0005 (0121) Policyholder Disclosure Notice Of Terrorism Insurance Coverage
- ILMS0014 (0720) Claims-Made Liability Coverage - Advisory Notice to Policyholders
- ILMS0015 (0720) Employment Practices Liability Coverage - Notice To Policyholders
- ILMS0016 (0521) Customer Privacy Notice
- ILMS0018 (0122) Important Policyholder Information Concerning Billing and Policy Fees
- ILMS0023 (0721) EnviroPack Insurance Endorsement - Advisory Notice to Policyholders
- ILMS11-1 (0411) Protective Safeguard Endorsement Advisory Notice to Policyholders
- ILMS6017 (1223) Policyholder Notice Regarding Cyber Liability Coverage
- ILN088 (0903) Pennsylvania Fraud Statement

FORMS AND ENDORSEMENTS APPLYING TO AND MADE A PART OF THIS POLICY AT THE TIME OF ISSUE

- BP0003 (0713) Businessowners Coverage Form
- BPIN01 (0713) Businessowners Coverage Form Index
- BP0142 (0315) Pennsylvania Changes
- BP0164 (1217) Maryland Changes
- BP0191 (0702) Pennsylvania Notice
- BP0237 (0325) Delaware Changes
- BP0501 (0702) Calculation of Premium
- BP0517 (0106) Exclusion - Silica or Silica-Related Dust
- BP0523 (0115) Cap on Losses From Certified Acts of Terrorism
- BP0538 (0115) Exclusion of Other Acts of Terrorism Committed Outside the United States Cap on Losses From Certified Acts of Terrorism
- BP0542 (0115) Exclusion of Punitive Damages Related to a Certified Act of Terrorism
- BP0577 (0106) Fungi or Bacteria Exclusion (Liability)
- BP0598 (0713) Amendment of Insured Contract Definition
- BP1504 (1223) Exclusion - Access or Disclosure of Confidential or Personal Material or Information
- BP1591 (1223) Exclusion - Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS)
- BP1803 (1223) Cyber Incident Liability Exclusion
- BP1804 (1223) Exclusion - Violation of Law Addressing Data Privacy
- BPHG10 (0910) Exclusion - Lead Contamination
- BPHG25 (0517) Audit Noncompliance Factor Endorsement
- BPHG51 (0105) Asbestos Exclusion Endorsement
- BPHG58 (0908) Tobacco Health Hazard Exclusion
- BPHG64 (0713) Green Environmental and Efficiency Improvements
- BPHG79 (0713) Exclusion of Loss Due to By-Products of Production or Processing Operations for Rental Properties
- BPHG93 (0618) Pennsylvania Changes
- BPHG97 (0517) Exclusion - Unmanned Aircraft
- BPHG40 (1017) Equipment Breakdown Enhancement Endorsement\$60
- BP0412 (0417) Limitation of Coverage to Designated Premises, Project or Operation
Premises: Only those premises or projects or operations listed on the policy.
- BP1486 (0713) Communicable Disease Exclusion
- BP1530 (0919) Cannabis Property Exclusion
- BP1541 (0919) Pennsylvania - Cannabis Liability Exclusion
- BPHG0101 (0720) Businessowners Choice Endorsement\$450

FORMS AND ENDORSEMENTS APPLYING TO AND MADE A PART OF THIS POLICY AT THE TIME OF ISSUE

BPPA6017	(0124)	Cyber Liability Endorsement - Pennsylvania.....	\$25
		Multimedia Liability:	\$ 100,000 per claim and in the aggregate
		Security and Privacy Liability:	\$ 100,000 per claim and in the aggregate
		Privacy Regulatory Defense and Penalties:	\$ 100,000 per claim and in the aggregate
		PCI DSS Liability:	\$ 100,000 per claim and in the aggregate
		TCPA Defense:	\$ 10,000 per claim and in the aggregate
		Breach Event Costs:	\$ 100,000 per claim and in the aggregate
		Post Breach Remediation Costs:	\$ 10,000 per claim and in the aggregate
		BrandGuard®:	\$ 100,000 per claim and in the aggregate
		System Failure:	\$ 100,000 per claim and in the aggregate
		Cyber Extortion:	\$ 100,000 per claim and in the aggregate
		Cyber Crime:	\$ 10,000 per claim and in the aggregate
		Reward Expenses:	\$ 10,000 per claim and in the aggregate
		Court Attendance Costs:	\$ 10,000 per claim and in the aggregate
		Maximum Aggregate Limit of Liability: \$ 100,000	
		Endorsement Period: 04/01/2025 to 04/01/2026	
		Retroactive Date: 04/01/2025	
BP1560	(0221)	Cyber Incident Exclusion	
BPHG80	(0618)	Employment - Related Practices Liability Endorsement	\$50
		****THIS COVERAGE IS CLAIMS MADE, READ YOUR POLICY CAREFULLY****	
		****DEFENSE COSTS ARE WITHIN POLICY LIMITS ****	
		Each Claim Limit: \$100,000	
		Aggregate Limit: \$100,000	
		Deductible Each Claim: \$5,000	
		Retroactive Date: 04/01/2025	
ILPA0031	(1224)	EnviroPack Insurance Endorsement - Pennsylvania	\$35
		Contractor's Pollution Legal Liability Insurance Aggregate Limit: Excluded/Not Covered	
		Contractor's Pollution Legal Liability Insurance For	
		Each "Pollution Condition" Limit: Excluded/Not Covered	
		Contractor's Pollution Legal Liability Insurance Deductible For Each "Pollution Condition": N/A	
		"Commencement Date": N/A	
		Professional Legal Liability Insurance Aggregate Limit: Excluded/Not Covered	
		Professional Legal Liability Insurance Limit For Each "Professional Loss": Excluded/Not Covered	
		Professional Legal Liability Insurance Deductible For	
		Each "Professional Loss": Excluded/Not Covered	
		"Contracting Services": None	
		"Professional Services": None	
		"Retroactive Date": N/A	
		"Extended Reporting Period": None	
		Premises Pollution Legal Liability Insurance Aggregate Limit: \$50,000	
		Premises Pollution Legal Liability Insurance For Each "Pollution Condition" Limit: \$50,000	
		Premises Pollution Legal Liability Insurance Deductible For Each "Pollution Condition": None	
		"Covered Location"(s): All Described Premises included on the policy Declarations and attached endorsements.	
		"Retroactive Date": 04/01/2025	
		"Automatic Extended Reporting Period": 90 days	
		"Business Interruption" And "Extra Expense" Aggregate Limit: \$5,000	
		"Business Interruption" And "Extra Expense" Limit: \$5,000	
		"Business Interruption" And "Extra Expense" "Deductible Period": 3 days	
		"Pollution Emergency" Telephone Number: 1-800-347-4384	

FORMS AND ENDORSEMENTS APPLYING TO AND MADE A PART OF THIS POLICY AT THE TIME OF ISSUE

BP0430 (0713) Protective Safeguards
Symbols Applicable: P-5 - Automatic Commercial Cooking Exhaust and Extinguishing System
Premise: 1 - Building: 1

COVERAGE EXTENSIONS AND OTHER CHARGES APPLIED TO THIS POLICY

Terrorism Risk Insurance Program Reauthorization Act of 2019 - Certified Acts - Premium Charged\$11

Policyholders Notice Businessowners Equipment Breakdown

Equipment failure due to mechanical or electrical breakdown is more common than fire.

Most of you, our insureds, have equipment and need equipment coverage. Equipment breakdown covers over 1,000 types of equipment including, air conditioning units, telephone systems, refrigeration units, motors, pumps, compressors, data processing equipment, business and communication equipment, electrical equipment, boilers, and much more. It covers this equipment for losses due to mechanical breakdown, steam explosion and electrical arcing.

The Company's policy will now automatically include this coverage for a small premium charge. Providing coverage in conjunction with your Businessowners policy enables us to provide this coverage at dramatic savings compared to purchasing a separate policy. The savings generated by not having to issue an extra policy are passed on to you.

In cases where an inspection of your systems is required, this service is provided at no additional cost. If you have questions about this service or require a jurisdictional inspection, please call (approximately 60 days prior to certificate expiration):

**FM Boiler Re
Jurisdictional Inspection Service Line
866-594-1257**

As more and more people use computers and electrical devices, our Equipment Breakdown Coverage provides coverage for you where it did not exist before. In addition, this protection gives you broader coverage and fewer coverage gaps at a tremendous savings and within one policy. We are excited about being able to offer you this broadened coverage at a very competitive price.

If you have any questions, please do not hesitate to contact your agent.

No coverage is provided by this notice, nor can it be construed to replace any provision of your policy. You should read your policy and any related endorsements and review your declarations page for complete information on the coverages you are provided. If there is any conflict between the policy and this notice, the provisions of the policy shall prevail.

FLOOD INSURANCE - NOTICE TO POLICYHOLDERS

No coverage is provided by this Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations Pages for complete information on the coverages you are provided. If there is a conflict between the Policy and this Notice, the provisions of the Policy shall prevail.

Important Notice

Your policy excludes coverage for any damage, loss or claim arising out of flood, surface water, waves, tidal water or any other overflow of a body of water.

Information regarding flood insurance is available from your insurance agent, your insurer, and the National Flood Insurance Program. If Flood Insurance is purchased through the National Flood Insurance Program, contents coverage may be available for an additional premium.

National Flood Insurance Program
1-888-CALL-FLOOD ext. 445
TDD# 1-800-427-5593
<http://www.fema.gov/nfip/>

BB&K OF MARYLAND INC
(410) 638-8525

Harford Mutual Insurance Company
(410) 838-4000

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this notice carefully.**

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

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

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

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

EMPLOYMENT PRACTISES LIABILITY COVERAGE - NOTICE TO POLICYHOLDERS

No coverage is provided by this Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations Pages for complete information on the coverages you are provided. If there is a conflict between the Policy and this Notice, the provisions of the Policy shall prevail.

Your Employment Practices Liability Coverage provides financial protection from a variety of employment suits and complaints, including defense costs. Covered losses may include claims for wrongful termination, discrimination or harassment. Your Employment Practices Liability coverages are more fully outlined in the endorsement. This is a claims-made coverage and extended reporting periods are available.

With the purchase of Employment Practices Liability Coverage, you have **free** and **unlimited** access to two resources to help you manage your employment exposures with the goal of reducing or preventing future losses.

Workplace Risk Solutions – Free online support that provides up-to-date information, education, loss prevention and training for you and your employees.

www.WPRSolutions.com
Passcode: HF-HrHelp

Legal Consultation Hotline – A toll-free number that connects you to an employment practices consultation attorney from one of the nation's largest and most respected employment law firms, who can provide proactive and practical information on a broad range of employment practices topics.

Jackson Lewis, LLP
800-259-5589
Monday through Friday, 9 AM to 6 PM (CST)

The Employment Practices Liability Coverage is a premium bearing endorsement. By accepting this Policy, you are consenting to pay the applicable premium. If you have questions regarding this endorsement or extending reporting periods, or you wish to reject Employment Practices Liability Coverage, please contact your insurance agent.

CLAIMS-MADE LIABILITY COVERAGE - ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations Pages for complete information on the coverages you are provided. If there is a conflict between the policy and this Notice, the provisions of the policy shall prevail.

The policy you purchased contains one or more claims-made liability coverages. When that claims-made coverage terminates, in certain circumstances (which are fully outlined in the claims-made liability coverage) you have the opportunity to purchase a supplemental extended reporting period. You may also be entitled to receive information on claims under this policy. If you have any questions regarding your claims-made coverage(s) or the importance of purchasing the supplemental extended reporting period, please contact your insurance company or your insurance agent.

IMPORTANT POLICYHOLDER INFORMATION CONCERNING BILLING AND POLICY FEES

The purpose of this Policyholder Notice is to provide you with important information about our billing practices that may affect you and fees that may apply under certain circumstances.

Billing Options: Depending on the type of billing your agent has selected you may be billed separately by either the agent or by the company. All policies issued by the company are eligible to be placed on an installment plan.

Company Billing: If you are being billed by the company, you will be assigned a six digit client number. This billing customer number should be used for each policy on the direct bill plan and on all correspondence regarding your bill. Depending on the payment plan chosen, you may receive a bill once a month on the same day each month during the payment period with one statement for all policies that are linked by billing customer number under the company Direct Bill plan. Payment plans are available if you elect to pay in installments.

Payment Plans: If you elect to pay your premium in full there are no installment charges applied to your policy. If you elect to pay your premiums in installments using one of our payment plans, a billing installment fee of **\$5.00** will apply at a policy level to all installments except the first installment. It is recommended that all policies for the same insured have concurrent policy dates and utilize the same payment plan.

Late Fee: If we do not receive the minimum amount of payment due on or before the due date, as indicated on your billing notice, a non-payment of premium cancellation notice will be issued with a future effective date. A **\$10.00** late fee will apply at a policy level whenever a non-payment of premium notice is processed.

Reinstatement Fee: If we reinstate coverage after the policy has been cancelled we will add a **\$25.00** reinstatement fee.

Dishonored Check Fee: If your payment is made by check and your financial institution refuses to honor the premium payment, due to insufficient funds in your account or for any other reason, a **\$25.00** non-sufficient fund check fee will apply.

Endorsements: All endorsements, both additional and return premiums, will be spread over the remaining installment payment periods based on the effective date of the endorsement. If an endorsement is processed with a retroactive effective date, the impact on the next billing statement will be greater than the impact on the remaining installments.

Please review this information and contact your agent or Accounting Department Customer Service at (866) 377-1896 if you have questions or require additional information concerning the billing and policy fees.

ENVIROPACK INSURANCE ENDORSEMENT - ADVISORY NOTICE TO POLICYHOLDERS

This Notice does not form part of your policy. No coverage is provided by this Notice nor can it be construed to replace any provision of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided. If there is any conflict between the Policy and this Notice, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

Your policy includes a **EnviroPack Insurance Endorsement** which provides coverage for Professional Legal Liability and Premises Pollution Legal Liability Insurance on a claims made and reported basis and Contractor's Pollution Legal Liability Insurance on an occurrence basis, when there is an applicable Limit of Insurance shown in the Schedule of the endorsement. Under this coverage, you have up to 90 days after the endorsement period to report any Premises Pollution Legal Liability or Professional Legal Liability "claim" first made during the endorsement period.

Your policy includes a premium charge for this endorsement. By accepting this Policy, you are consenting to this coverage endorsement. If you have questions about this coverage, or would like this coverage removed, please contact your agent at the phone number provided on your policy.

"Pollution Emergency" Telephone Number 1-800-347-4384

With your purchase of the **EnviroPack Insurance Endorsement** you have access to a "Pollution Emergency" contact line. To report a claim or pollution condition that requires emergency services, this line provides a rapid exposure assessment and clean up team.

PROTECTIVE SAFEGUARD ENDORSEMENT ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this policyholder notice nor can it be construed to replace any provisions of your policy or endorsements. You should read your policy and review your Declaration Page for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

PROTECTIVE SAFEGUARD ENDORSEMENT

Please be advised that your policy contains a protective safeguard endorsement which could apply to your automatic sprinkler system, central station fire alarm, fire detection or suppression system or any other protective device or service listed in the endorsement. Because your policy may include a reduced premium for having this additional protection, you are required to maintain the protective devices or services listed in the endorsement as a condition to your policy.

This means that we will not pay for loss or damage caused by or resulting from fire, if prior to the loss, you 1) knew of any suspension or impairment in the protective safeguard listed in the endorsement and failed to notify the agent or company; or 2) failed to maintain any protective safeguard listed in the endorsement in complete working order if you had control to do so.

Please make sure that you have the proper maintenance in place to keep these systems and services in good working order and that you also have the proper controls in place to notify the agent or company immediately when they become inoperable or are discontinued.

POLICYHOLDER NOTICE REGARDING CYBER LIABILITY COVERAGE

CAUTION: No coverage is provided by this notice; nor can it be construed to replace any provision of your policy. You should read your policy and review your Declarations Page for complete information on the coverages you are provided. If there is a conflict between the policy and this notice, THE PROVISIONS OF THE POLICY SHALL PREVAIL. PLEASE READ YOUR POLICY CAREFULLY.

Your policy includes an endorsement for Cyber Liability that covers losses resulting from a claim for an actual or alleged wrongful act and first party costs resulting from a first party insured event, as defined in your policy. Under this coverage, you must report all claims as soon as practicable during the endorsement period, but no later than 60 days after expiration of the endorsement period (or during the cyber liability extended reporting period, if applicable). This coverage is explained in your policy. Please read the new coverage endorsement carefully to understand this coverage.

Your policy will also include a premium for this endorsement. By accepting this policy you are consenting to this coverage enhancement. If you have questions about this coverage, or would like this coverage removed, please contact your agent at the phone number provided on your policy.

MANAGING CYBER SECURITY RISK

With the purchase of CYBER LIABILITY COVERAGE through Harford Mutual, you have **FREE** and **UNLIMITED** access to a Cyber Security Risk Management Website to help you manage the many exposures to your business and reduce or prevent costly claims.

WEBSITE: www.HarfordMutualCyber.com

CODE: HARFORDCYBER01

PENNSYLVANIA FRAUD STATEMENT

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

BUSINESSOWNERS COVERAGE FORM

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

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

In Section II – Liability, the word "insured" means any person or organization qualifying as such under Paragraph C. Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Paragraph H. Property Definitions in Section I – Property and Paragraph F. Liability And Medical Expenses Definitions in Section II – Liability.

SECTION I – PROPERTY

A. Coverage

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

1. Covered Property

Covered Property includes Buildings as described under Paragraph a. below, Business Personal Property as described under Paragraph b. below, or both, depending on whether a Limit Of Insurance is shown in the Declarations for that type of property. Regardless of whether coverage is shown in the Declarations for Buildings, Business Personal Property, or both, there is no coverage for property described under Paragraph 2. Property Not Covered.

a. Buildings, meaning the buildings and structures at the premises described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (4) Your personal property in apartments, rooms or common areas furnished by you as landlord;

(5) Personal property owned by you that is used to maintain or service the buildings or structures or the premises, including:

- (a) Fire extinguishing equipment;
- (b) Outdoor furniture;
- (c) Floor coverings; and
- (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(6) If not covered by other insurance:

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

b. Business Personal Property located in or on the buildings or structures at the described premises or in the open (or in a vehicle) within 100 feet of the buildings or structures or within 100 feet of the premises described in the Declarations, whichever distance is greater, including:

- (1) Property you own that is used in your business;
- (2) Property of others that is in your care, custody or control, except as otherwise provided in Loss Payment Property Loss Condition Paragraph E.5.d.(3)(b);
- (3) Tenant's improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (4) Leased personal property which you have a contractual responsibility to insure, unless otherwise provided for under Paragraph 1.b.(2); and

- (5) Exterior building glass, if you are a tenant and no Limit Of Insurance is shown in the Declarations for Building property. The glass must be owned by you or in your care, custody or control.

2. Property Not Covered

Covered Property does not include:

- a. Aircraft, automobiles, motortrucks and other vehicles subject to motor vehicle registration;
- b. "Money" or "securities" except as provided in the:
 - (1) Money And Securities Optional Coverage; or
 - (2) Employee Dishonesty Optional Coverage;
- c. Contraband, or property in the course of illegal transportation or trade;
- d. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
- e. Outdoor fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants (other than trees, shrubs or plants which are part of a vegetated roof), all except as provided in the:
 - (1) Outdoor Property Coverage Extension; or
 - (2) Outdoor Signs Optional Coverage;
- f. Watercraft (including motors, equipment and accessories) while afloat;
- g. Accounts, bills, food stamps, other evidences of debt, accounts receivable or "valuable papers and records"; except as otherwise provided in this policy;
- h. "Computer(s)" which are permanently installed or designed to be permanently installed in any aircraft, watercraft, motortruck or other vehicle subject to motor vehicle registration. This paragraph does not apply to "computer(s)" while held as "stock";

- i. "Electronic data", except as provided under Additional Coverages – Electronic Data. This Paragraph i. does not apply to your "stock" of prepackaged software or to "electronic data" which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system; or
- j. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings.

3. Covered Causes Of Loss

Direct physical loss unless the loss is excluded or limited under Section I – Property.

4. Limitations

- a. We will not pay for loss of or damage to:
 - (1) Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - (2) Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
 - (3) Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property. This limitation does not apply to the Optional Coverage for Money and Securities.
 - (4) Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
 - (5) The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (a) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

- (b) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- (6) Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:
 - (a) Dampness or dryness of atmosphere or of soil supporting the vegetation;
 - (b) Changes in or extremes of temperature;
 - (c) Disease;
 - (d) Frost or hail; or
 - (e) Rain, snow, ice or sleet.
- b. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
 - (1) Animals, and then only if they are killed or their destruction is made necessary.
 - (2) Fragile articles such as glassware, statuary, marble, chinaware and porcelain, if broken. This restriction does not apply to:
 - (a) Glass that is part of the exterior or interior of a building or structure;
 - (b) Containers of property held for sale; or
 - (c) Photographic or scientific instrument lenses.
- c. For loss or damage by theft, the following types of property are covered only up to the limits shown (unless a higher Limit Of Insurance is shown in the Declarations):
 - (1) \$2,500 for furs, fur garments and garments trimmed with fur.
 - (2) \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - (3) \$2,500 for patterns, dies, molds and forms.

5. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
 - (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
 - (b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;
 - (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;
 - (d) Remove property of others of a type that would not be Covered Property under this policy;
 - (e) Remove deposits of mud or earth from the grounds of the described premises;
 - (f) Extract "pollutants" from land or water; or
 - (g) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
 - (a) The most that we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

(b) Subject to Paragraph (3)(a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.

(4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

(a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

(b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if Paragraphs (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000.

(5) Examples

Example 1

Limit of Insurance	\$ 90,000
Amount of Deductible	\$ 500
Amount of Loss	\$ 50,000
Amount of Loss Payable	\$ 49,500
	(\$50,000 – \$500)
Debris Removal Expense	\$ 10,000
Debris Removal Expense Payable	\$ 10,000
	(\$10,000 is 20% of \$50,000)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

Example 2

Limit of Insurance	\$ 90,000
Amount of Deductible	\$ 500
Amount of Loss	\$ 80,000
Amount of Loss Payable	\$ 79,500
	(\$80,000 – \$500)
Debris Removal Expense	\$ 40,000
Debris Removal Expense Payable	
	Basic Amount \$ 10,500
	Additional Amount \$ 25,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000; capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$40,000) exceeds 25% of the loss payable plus the deductible (\$40,000 is 50% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$40,000 = \$119,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph (4). Thus, the total payable for debris removal expense in this example is \$35,500; \$4,500 of the debris removal expense is not covered.

b. Preservation Of Property

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

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

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$2,500 for service at each premises described in the Declarations, unless a different limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

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

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

d. Collapse

The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse as described and limited in Paragraphs **d.(1)** through **d.(7)**.

- (1) For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
- (2) We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this policy or that contains Covered Property insured under this policy, if such collapse is caused by one or more of the following:
 - (a) Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;

- (b) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;

- (c) Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.

- (d) Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

- (i) A cause of loss listed in Paragraph **(2)(a)** or **(2)(b)**;
- (ii) One or more of the "specified causes of loss";
- (iii) Breakage of building glass;
- (iv) Weight of people or personal property; or
- (v) Weight of rain that collects on a roof.

- (3) This Additional Coverage – Collapse does **not** apply to:

- (a) A building or any part of a building that is in danger of falling down or caving in;
- (b) A part of a building that is standing, even if it has separated from another part of the building; or
- (c) A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

- (4) With respect to the following property:

- (a) Awnings;
- (b) Gutters and downspouts;
- (c) Yard fixtures;
- (d) Outdoor swimming pools;
- (e) Piers, wharves and docks;
- (f) Beach or diving platforms or appurtenances;
- (g) Retaining walls; and
- (h) Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in Paragraphs **(2)(a)** through **(2)(d)**, we will pay for loss or damage to that property only if such loss or damage is a direct result of the abrupt collapse of a building insured under this policy and the property is Covered Property under this policy.

- (5)** If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
- (a)** The collapse of personal property was caused by a cause of loss listed in Paragraphs **(2)(a)** through **(2)(d)** of this Additional Coverage;
 - (b)** The personal property which collapses is inside a building; and
 - (c)** The property which collapses is not of a kind listed in Paragraph **(4)**, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **(5)** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

- (6)** This Additional Coverage – Collapse does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- (7)** This Additional Coverage – Collapse will not increase the Limits of Insurance provided in this policy.
- (8)** The term Covered Cause of Loss includes the Additional Coverage – Collapse as described and limited in Paragraphs **d.(1)** through **d.(7)**.

e. Water Damage, Other Liquids, Powder Or Molten Material Damage

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

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

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

f. Business Income

(1) Business Income

- (a)** We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

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

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

- (b)** We will only pay for loss of Business Income that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage. We will only pay for ordinary payroll expenses for 60 days following the date of direct physical loss or damage, unless a greater number of days is shown in the Declarations.
- (c)** Business Income means the:
 - (i)** Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses; and
 - (ii)** Continuing normal operating expenses incurred, including payroll.
- (d)** Ordinary payroll expenses:
 - (i)** Means payroll expenses for all your employees except:
 - i.** Officers;
 - ii.** Executives;
 - iii.** Department Managers;
 - iv.** Employees under contract; and
 - v.** Additional Exemptions shown in the Declarations as:
 - 1. Job Classifications; or
 - 2. Employees.
 - (ii)** Include:
 - i.** Payroll;
 - ii.** Employee benefits, if directly related to payroll;
 - iii.** FICA payments you pay;
 - iv.** Union dues you pay; and
 - v.** Workers' compensation premiums.

(2) Extended Business Income

- (a)** If the necessary suspension of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:
 - (i)** Begins on the date property except finished stock is actually repaired, rebuilt or replaced and "operations" are resumed; and
 - (ii)** Ends on the earlier of:
 - i.** The date you could restore your "operations", with reasonable speed, to the level which would generate the Business Income amount that would have existed if no direct physical loss or damage had occurred; or
 - ii.** 60 consecutive days after the date determined in Paragraph **(a)(i)** above, unless a greater number of consecutive days is shown in the Declarations.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.
- (b)** Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.
- (3)** With respect to the coverage provided in this Additional Coverage, suspension means:
 - (a)** The partial slowdown or complete cessation of your business activities; or
 - (b)** That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.
- (4)** This Additional Coverage is not subject to the Limits of Insurance of Section I – Property.

g. Extra Expense

- (1) We will pay necessary Extra Expense you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

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

- (a) The portion of the building which you rent, lease or occupy;
 - (b) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
 - (c) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.
- (2) Extra Expense means expense incurred:
- (a) To avoid or minimize the suspension of business and to continue "operations":
 - (i) At the described premises; or
 - (ii) At replacement premises or at temporary locations, including relocation expenses, and costs to equip and operate the replacement or temporary locations.
 - (b) To minimize the suspension of business if you cannot continue "operations".

(c) To:

- (i) Repair or replace any property; or
 - (ii) Research, replace or restore the lost information on damaged "valuable papers and records";
to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage or Additional Coverage f. Business Income.
- (3) With respect to the coverage provided in this Additional Coverage, suspension means:
- (a) The partial slowdown or complete cessation of your business activities; or
 - (b) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.
- (4) We will only pay for Extra Expense that occurs within 12 consecutive months after the date of direct physical loss or damage. This Additional Coverage is not subject to the Limits of Insurance of Section I – Property.

h. Pollutant Clean-up And Removal

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

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

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

i. Civil Authority

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

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

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

Civil Authority Coverage for necessary Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
- (2) When your Civil Authority Coverage for Business Income ends;

whichever is later.

The definitions of Business Income and Extra Expense contained in the Business Income and Extra Expense Additional Coverages also apply to this Civil Authority Additional Coverage. The Civil Authority Additional Coverage is not subject to the Limits of Insurance of Section I – Property.

j. Money Orders And "Counterfeit Money"

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

- (1) Money orders issued by any post office, express company or bank that are not paid upon presentation; or
- (2) "Counterfeit money" that is acquired during the regular course of business.

The most we will pay for any loss under this Additional Coverage is \$1,000.

k. Forgery Or Alteration

- (1) We will pay for loss resulting directly from forgery or alteration of any check, draft, promissory note, bill of exchange or similar written promise of payment in "money" that you or your agent has issued, or that was issued by someone who impersonates you or your agent.
- (2) If you are sued for refusing to pay the check, draft, promissory note, bill of exchange or similar written promise of payment in "money", on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur in that defense.
- (3) For the purpose of this coverage, check includes a substitute check as defined in the Check Clearing for the 21st Century Act and will be treated the same as the original it replaced.
- (4) The most we will pay for any loss, including legal expenses, under this Additional Coverage is \$2,500, unless a higher Limit Of Insurance is shown in the Declarations.

l. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings insured on a replacement cost basis.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in Paragraphs (3) through (9) of this Additional Coverage.

- (3) The ordinance or law referred to in Paragraph (2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.
- (5) Under this Additional Coverage, we will not pay for:
 - (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot; or
 - (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungi", wet rot or dry rot.
- (6) The most we will pay under this Additional Coverage, for each described building insured under Section I – Property, is \$10,000. If a damaged building(s) is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for each damaged building, is \$10,000.

The amount payable under this Additional Coverage is additional insurance.

- (7) With respect to this Additional Coverage:
 - (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced, at the same or another premises; and
 - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction is the increased cost of construction at the same premises.
 - (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion, to the extent that such exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment Property Loss Condition in Section I – Property do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in Paragraph (6) of this Additional Coverage, is not subject to such limitation.

m. Business Income From Dependent Properties

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

However, this Additional Coverage does not apply when the only loss at the premises of a dependent property or secondary dependent property is loss or damage to "electronic data", including destruction or corruption of "electronic data". If the dependent property or secondary dependent property sustains loss or damage to "electronic data" and other property, coverage under this Additional Coverage will not continue once the other property is repaired, rebuilt or replaced.

The most we will pay under this Additional Coverage is \$5,000 unless a higher Limit Of Insurance is indicated in the Declarations.

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

The dependent property must be located in the coverage territory of this policy.
- (5)** Secondary dependent property means an entity which is not owned or operated by a dependent property and which:
 - (a)** Delivers materials or services to a dependent property, which in turn are used by the dependent property in providing materials or services to you; or

- (b)** Accepts materials or services from a dependent property, which in turn accepts your materials or services.

A road, bridge, tunnel, waterway, airfield, pipeline or any other similar area or structure is not a secondary dependent property.

Any property which delivers any of the following services is not a secondary dependent property with respect to such services:

- (i)** Water supply services;
- (ii)** Wastewater removal services;
- (iii)** Communication supply services; or
- (iv)** Power supply services.

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

- (6)** The coverage period for Business Income under this Additional Coverage:
 - (a)** Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the dependent property or secondary dependent property; and
 - (b)** Ends on the date when the property at the premises of the dependent property or secondary dependent property should be repaired, rebuilt or replaced with reasonable speed and similar quality.
- (7)** The Business Income coverage period, as stated in Paragraph **(6)**, does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:
 - (a)** Regulates the construction, use or repair, or requires the tearing down of any property; or
 - (b)** Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

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

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

n. Glass Expenses

- (1) We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- (2) We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

o. Fire Extinguisher Systems Recharge Expense

- (1) We will pay:
- (a) The cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged on or within 100 feet of the described premises; and
- (b) For loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguisher or a fire extinguishing system.
- (2) No coverage will apply if the fire extinguishing system is discharged during installation or testing.
- (3) The most we will pay under this Additional Coverage is \$5,000 in any one occurrence.

p. Electronic Data

- (1) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore "electronic data" which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that "electronic data" is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the "electronic data" was stored, with blank media of substantially identical type.

- (2) The Covered Causes of Loss applicable to Business Personal Property include a computer virus, harmful code or similar instruction introduced into or enacted on a computer system (including "electronic data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including "electronic data") by any employee, including a temporary or leased employee, or by an entity retained by you, or for you, to inspect, design, install, modify, maintain, repair or replace that system.

- (3) The most we will pay under this Additional Coverage – Electronic Data for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved, is \$10,000, unless a higher Limit Of Insurance is shown in the Declarations. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in, but not after, that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

- (4) This Additional Coverage does not apply to your "stock" of prepackaged software, or to "electronic data" which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

q. Interruption Of Computer Operations

- (1) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a suspension of "operations" caused by an interruption in computer operations due to destruction or corruption of "electronic data" due to a Covered Cause of Loss.

- (2) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
- (a) Coverage under this Additional Coverage – Interruption Of Computer Operations is limited to the "specified causes of loss" and Collapse.
 - (b) If the Businessowners Coverage Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage.
 - (c) The Covered Causes of Loss include a computer virus, harmful code or similar instruction introduced into or enacted on a computer system (including "electronic data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including "electronic data") by any employee, including a temporary or leased employee, or by an entity retained by you, or for you, to inspect, design, install, modify, maintain, repair or replace that system.
- (3) The most we will pay under this Additional Coverage – Interruption Of Computer Operations for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved, is \$10,000 unless a higher Limit Of Insurance is shown in the Declarations. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
- (4) This Additional Coverage – Interruption Of Computer Operations does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (3) above has not been exhausted.
- (5) Coverage for Business Income does not apply when a suspension of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under Paragraphs (1) through (4) of this Additional Coverage.

- (6) Coverage for Extra Expense does not apply when action is taken to avoid or minimize a suspension of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under Paragraphs (1) through (4) of this Additional Coverage.
- (7) This Additional Coverage does not apply when loss or damage to "electronic data" involves only "electronic data" which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

r. Limited Coverage For "Fungi", Wet Rot Or Dry Rot

- (1) The coverage described in Paragraphs r.(2) and r.(6) only applies when the "fungi", wet rot or dry rot is the result of a "specified cause of loss" other than fire or lightning that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

- (2) We will pay for loss or damage by "fungi", wet rot or dry rot. As used in this Limited Coverage, the term loss or damage means:
 - (a) Direct physical loss or damage to Covered Property caused by "fungi", wet rot or dry rot, including the cost of removal of the "fungi", wet rot or dry rot;
 - (b) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungi", wet rot or dry rot; and
 - (c) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungi", wet rot or dry rot is present.

- (3) The coverage described under this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungi", wet rot or dry rot, we will not pay more than the total of \$15,000 even if the "fungi", wet rot or dry rot continues to be present or active, or recurs, in a later policy period.

- (4) The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungi", wet rot or dry rot, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungi", wet rot or dry rot, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungi", wet rot or dry rot causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

- (5) The terms of this Limited Coverage do not increase or reduce the coverage provided under the Water Damage, Other Liquids, Powder Or Molten Material Damage or Collapse Additional Coverages.

(6) The following applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the suspension of "operations" satisfies all the terms and conditions of the applicable Business Income and/or Extra Expense Additional Coverage:

- (a) If the loss which resulted in "fungi", wet rot or dry rot does not in itself necessitate a suspension of "operations", but such suspension is necessary due to loss or damage to property caused by "fungi", wet rot or dry rot, then our payment under the Business Income and/or Extra Expense Additional Coverages is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- (b) If a covered suspension of "operations" was caused by loss or damage other than "fungi", wet rot or dry rot, but remediation of "fungi", wet rot or dry rot prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

6. Coverage Extensions

In addition to the Limits of Insurance of Section I – Property, you may extend the insurance provided by this policy as provided below.

Except as otherwise provided, the following extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises:

a. Newly Acquired Or Constructed Property

(1) Buildings

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

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at premises other than the one described, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

(2) Business Personal Property

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

- (a) Business Personal Property, including such property that you newly acquire, at any location you acquire; or
- (b) Business Personal Property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

This Extension does not apply to personal property that you temporarily acquire in the course of installing or performing work on such property or your wholesale activities.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

(3) Period Of Coverage

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

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as Covered Property; or
- (c) You report values to us.

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

b. Personal Property Off-premises

You may extend the insurance provided by this policy to apply to your Covered Property, other than "money" and "securities", "valuable papers and records" or accounts receivable, while it is in the course of transit or at a premises you do not own, lease or operate. The most we will pay for loss or damage under this Extension is \$10,000.

c. Outdoor Property

You may extend the insurance provided by this policy to apply to your outdoor fences, radio and television antennas (including satellite dishes), signs (other than signs attached to buildings), trees, shrubs and plants (other than trees, shrubs or plants which are part of a vegetated roof), including debris removal expense. Loss or damage must be caused by or result from any of the following causes of loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$2,500, unless a higher Limit Of Insurance for Outdoor Property is shown in the Declarations, but not more than \$1,000 for any one tree, shrub or plant.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

d. Personal Effects

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

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

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises.

e. Valuable Papers And Records

- (1) You may extend the insurance that applies to Business Personal Property to apply to direct physical loss or damage to "valuable papers and records" that you own, or that are in your care, custody or control, caused by or resulting from a Covered Cause of Loss. This Coverage Extension includes the cost to research, replace or restore the lost information on "valuable papers and records" for which duplicates do not exist.
- (2) This Coverage Extension does not apply to:
 - (a) Property held as samples or for delivery after sale; and
 - (b) Property in storage away from the premises shown in the Declarations.
- (3) The most we will pay under this Coverage Extension for loss or damage to "valuable papers and records" in any one occurrence at the described premises is \$10,000, unless a higher Limit Of Insurance for "valuable papers and records" is shown in the Declarations.

For "valuable papers and records" not at the described premises, the most we will pay is \$5,000.

- (4) Loss or damage to "valuable papers and records" will be valued at the cost of restoration or replacement of the lost or damaged information. To the extent that the contents of the "valuable papers and records" are not restored, the "valuable papers and records" will be valued at the cost of replacement with blank materials of substantially identical type.
- (5) Paragraph **B. Exclusions in Section I – Property** does not apply to this Coverage Extension except for:
 - (a) Paragraph **B.1.c.**, Governmental Action;
 - (b) Paragraph **B.1.d.**, Nuclear Hazard;
 - (c) Paragraph **B.1.f.**, War And Military Action;

- (d) Paragraph **B.2.f.**, Dishonesty;
- (e) Paragraph **B.2.g.**, False Pretense;
- (f) Paragraph **B.2.m.(2)**, Errors Or Omissions; and
- (g) Paragraph **B.3.**

f. Accounts Receivable

- (1) You may extend the insurance that applies to Business Personal Property to apply to accounts receivable. We will pay:
 - (a) All amounts due from your customers that you are unable to collect;
 - (b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
 - (c) Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and
 - (d) Other reasonable expenses that you incur to reestablish your records of accounts receivable;

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

- (2) The most we will pay under this Coverage Extension for loss or damage in any one occurrence at the described premises is \$10,000, unless a higher Limit of Insurance for accounts receivable is shown in the Declarations.

For accounts receivable not at the described premises, the most we will pay is \$5,000.

- (3) Paragraph **B.** Exclusions in Section **I** – Property does not apply to this Coverage Extension except for:
 - (a) Paragraph **B.1.c.**, Governmental Action;
 - (b) Paragraph **B.1.d.**, Nuclear Hazard;
 - (c) Paragraph **B.1.f.**, War And Military Action;
 - (d) Paragraph **B.2.f.**, Dishonesty;
 - (e) Paragraph **B.2.g.**, False Pretense;
 - (f) Paragraph **B.3.**; and
 - (g) Paragraph **B.6.**, Accounts Receivable Exclusion.

g. Business Personal Property Temporarily In Portable Storage Units

- (1) You may extend the insurance that applies to Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the buildings or structures described in the Declarations or within 100 feet of the described premises, whichever distance is greater.
- (2) The limitation under Paragraph **A.4.a.(5)** also applies to property in a portable storage unit.
- (3) Coverage under this Extension:
 - (a) Will end 90 days after the Business Personal Property has been placed in the storage unit;
 - (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the Business Personal Property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to Business Personal Property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units.
- (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form, and does not apply to loss or damage to the storage unit itself.

B. Exclusions

- 1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

a. Ordinance Or Law

- (1) The enforcement of or compliance with any ordinance or law:
 - (a) Regulating the construction, use or repair of any property; or

- (b) Requiring the tearing down of any property, including the cost of removing its debris.
- (2) This exclusion, Ordinance Or Law, applies whether the loss results from:
 - (a) An ordinance or law that is enforced even if the property has not been damaged; or
 - (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property or removal of its debris, following a physical loss to that property.

b. Earth Movement

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

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

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

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

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

With respect to coverage for volcanic action as set forth in 5(a), 5(b) and 5(c), all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

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

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

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

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

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

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

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

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

This exclusion does not apply to loss or damage to "computer(s)" and "electronic data".

f. War And Military Action

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

g. Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

h. Certain Computer-related Losses

- (1) The failure, malfunction or inadequacy of:
 - (a) Any of the following, whether belonging to any insured or to others:
 - (i) "Computer" hardware, including microprocessors or other electronic data processing equipment as may be described elsewhere in this policy;
 - (ii) "Computer" application software or other "electronic data" as may be described elsewhere in this policy;
 - (iii) "Computer" operating systems and related software;
 - (iv) "Computer" networks;
 - (v) Microprocessors ("computer" chips) not part of any "computer" system; or
 - (vi) Any other computerized or electronic equipment or components; or
 - (b) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph (a) above;

due to the inability to correctly recognize, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

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

However, if excluded loss or damage, as described in Paragraph (1) above, results in a "specified cause of loss" under Section I – Property, we will pay only for the loss or damage caused by such "specified cause of loss".

We will not pay for repair, replacement or modification of any items in Paragraph (1)(a) or (1)(b) to correct any deficiencies or change any features.

i. "Fungi", Wet Rot Or Dry Rot

Presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot.

But if "fungi", wet rot or dry rot results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungi", wet rot or dry rot results from fire or lightning; or
 - (2) To the extent that coverage is provided in the Limited Coverage For "Fungi", Wet Rot Or Dry Rot Additional Coverage, with respect to loss or damage by a cause of loss other than fire or lightning.
- j. Virus Or Bacteria**
- (1) Any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
 - (2) However, the exclusion in Paragraph (1) does not apply to loss or damage caused by or resulting from "fungi", wet rot or dry rot. Such loss or damage is addressed in Exclusion i.
 - (3) With respect to any loss or damage subject to the exclusion in Paragraph (1), such exclusion supersedes any exclusion relating to "pollutants".

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

a. Electrical Apparatus

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

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

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

- (1) Electrical current, including arcing;
- (2) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (3) Pulse of electromagnetic energy; or
- (4) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by fire.

We will pay for loss or damage to "computer(s)" due to artificially generated electrical, magnetic or electromagnetic energy if such loss or damage is caused by or results from:

- (1) An occurrence that took place within 100 feet of the described premises; or
- (2) Interruption of electric power supply, power surge, blackout or brownout if the cause of such occurrence took place within 100 feet of the described premises.

b. Consequential Losses

Delay, loss of use or loss of market.

c. Smoke, Vapor, Gas

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

d. Steam Apparatus

Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

e. Frozen Plumbing

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

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

f. Dishonesty

Dishonest or criminal acts (including theft) by you, anyone else with an interest in the property, or any of your or their partners, "members", officers, "managers", employees (including temporary or leased employees), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
- (2) Does not apply to acts of destruction by your employees (including temporary or leased employees) or authorized representatives; but theft by your employees (including temporary or leased employees) or authorized representatives is not covered.

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

This exclusion does not apply to coverage that is provided under the Employee Dishonesty Optional Coverage.

g. False Pretense

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

h. Exposed Property

Rain, snow, ice or sleet to personal property in the open.

i. Collapse

(1) Collapse, including any of the following conditions of property or any part of the property:

- (a) An abrupt falling down or caving in;
- (b) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
- (c) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to Paragraph **i.(1)(a)** or **i.(1)(b)**.

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

(2) This Exclusion **i.** does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage – Collapse; or
- (b) To collapse caused by one or more of the following:
 - (i) The "specified causes of loss";
 - (ii) Breakage of building glass;
 - (iii) Weight of rain that collects on a roof; or
 - (iv) Weight of people or personal property.

j. Pollution

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

k. Neglect

Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

l. Other Types Of Loss

- (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force.

This exclusion does not apply with respect to the breakdown of "computer(s)";

- (7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching.

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

m. Errors Or Omissions

Errors or omissions in:

- (1) Programming, processing or storing data, as described under "electronic data" or in any "computer" operations; or
- (2) Processing or copying "valuable papers and records".

However, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this Coverage Form.

n. Installation, Testing, Repair

Errors or deficiency in design, installation, testing, maintenance, modification or repair of your "computer" system including "electronic data".

However, we will pay for direct physical loss or damage caused by resulting fire or explosion if these causes of loss would be covered by this Coverage Form.

o. Electrical Disturbance

Electrical or magnetic injury, disturbance or erasure of "electronic data", except as provided for under the Additional Coverages of Section I – Property.

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

p. Continuous Or Repeated Seepage Or Leakage Of Water

Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

- 3. We will not pay for loss or damage caused by or resulting from any of the following Paragraphs a. through c. But if an excluded cause of loss that is listed in Paragraphs a. through c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather Conditions

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

b. Acts Or Decisions

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

c. Negligent Work

Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance;

of part or all of any property on or off the described premises.

4. Additional Exclusion

The following applies only to the property specified in this Additional Exclusion:

Loss Or Damage To Products

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

5. Business Income And Extra Expense Exclusions

a. We will not pay for:

(1) Any Extra Expense, or increase of Business Income loss, caused by or resulting from:

(a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage.

(2) Any other consequential loss.

b. With respect to this exclusion, suspension means:

(1) The partial slowdown or complete cessation of your business activities; and

(2) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.

6. Accounts Receivable Exclusion

The following additional exclusion applies to the Accounts Receivable Coverage Extension:

We will not pay for:

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

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

b. Loss or damage caused by or resulting from bookkeeping, accounting or billing errors or omissions.

c. Any loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

C. Limits Of Insurance

1. The most we will pay for loss or damage in any one occurrence is the applicable Limits Of Insurance of Section I – Property shown in the Declarations.

2. The most we will pay for loss of or damage to outdoor signs attached to buildings is \$1,000 per sign in any one occurrence.

3. The amounts of insurance applicable to the Coverage Extensions and the following Additional Coverages apply in accordance with the terms of such coverages and are in addition to the Limits of Insurance of Section I – Property:

a. Fire Department Service Charge;

b. Pollutant Clean-up And Removal;

c. Increased Cost Of Construction;

d. Business Income From Dependent Properties;

e. Electronic Data; and

f. Interruption Of Computer Operations.

4. Building Limit – Automatic Increase

a. In accordance with Paragraph C.4.b., the Limit of Insurance for Buildings will automatically increase by 8%, unless a different percentage of annual increase is shown in the Declarations.

b. The amount of increase is calculated as follows:

(1) Multiply the Building limit that applied on the most recent of the policy inception date, the policy anniversary date or any other policy change amending the Building limit by:

(a) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 7% is .07); or

(b) .08, if no percentage of annual increase is shown in the Declarations; and

(2) Multiply the number calculated in accordance with b.(1) by the number of days since the beginning of the current policy year, or the effective date of the most recent policy change amending the Building limit, divided by 365.

Example

If:

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

The amount of increase is

$\$100,000 \times .08 \times 146 \div 365 = \$3,200.$

5. Business Personal Property Limit – Seasonal Increase

a. Subject to Paragraph 5.b., the Limit of Insurance for Business Personal Property is automatically increased by:

(1) The Business Personal Property – Seasonal Increase percentage shown in the Declarations; or

(2) 25% if no Business Personal Property – Seasonal Increase percentage is shown in the Declarations;

to provide for seasonal variances.

b. The increase described in Paragraph 5.a. will apply only if the Limit Of Insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:

(1) The 12 months immediately preceding the date the loss or damage occurs; or

(2) The period of time you have been in business as of the date the loss or damage occurs.

D. Deductibles

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

2. Regardless of the amount of the Deductible, the most we will deduct from any loss or damage under all of the following Optional Coverages in any one occurrence is the Optional Coverage Deductible shown in the Declarations:

a. Money and Securities;

b. Employee Dishonesty;

c. Outdoor Signs; and

d. Forgery or Alteration.

But this Optional Coverage Deductible will not increase the Deductible shown in the Declarations. This Deductible will be used to satisfy the requirements of the Deductible in the Declarations.

3. No deductible applies to the following Additional Coverages:

a. Fire Department Service Charge;

b. Business Income;

c. Extra Expense;

d. Civil Authority; and

e. Fire Extinguisher Systems Recharge Expense.

E. Property Loss Conditions

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

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

3. Duties In The Event Of Loss Or Damage

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

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

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (8) Cooperate with us in the investigation or settlement of the claim.
- (9) Resume all or part of your "operations" as quickly as possible.

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

4. Legal Action Against Us

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

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

5. Loss Payment

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

a. At our option, we will either:

- (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to Paragraph **d.(1)(e)** below.
- b. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
 - c. We will not pay you more than your financial interest in the Covered Property.
 - d. Except as provided in Paragraphs (2) through (7) below, we will determine the value of Covered Property as follows:
 - (1) At replacement cost without deduction for depreciation, subject to the following:
 - (a) If, at the time of loss, the Limit of Insurance on the lost or damaged property is 80% or more of the full replacement cost of the property immediately before the loss, we will pay the cost to repair or replace, after application of the deductible and without deduction for depreciation, but not more than the least of the following amounts:
 - (i) The Limit of Insurance under Section I – Property that applies to the lost or damaged property;

- (ii) The cost to replace, on the same premises, the lost or damaged property with other property:
 - i. Of comparable material and quality; and
 - ii. Used for the same purpose; or
- (iii) The amount that you actually spend that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost is limited to the cost which would have been incurred had the building been built at the original premises.

- (b) If, at the time of loss, the Limit of Insurance applicable to the lost or damaged property is less than 80% of the full replacement cost of the property immediately before the loss, we will pay the greater of the following amounts, but not more than the Limit of Insurance that applies to the property:

- (i) The actual cash value of the lost or damaged property; or
- (ii) A proportion of the cost to repair or replace the lost or damaged property, after application of the deductible and without deduction for depreciation. This proportion will equal the ratio of the applicable Limit of Insurance to 80% of the full replacement cost of the property.

Example

The full replacement cost of property which suffers a total loss is \$100,000. The property is insured for \$70,000. 80% of the full replacement cost of the property immediately before the loss is \$80,000 ($\$100,000 \times .80 = \$80,000$). A partial loss of \$25,000 is sustained. The amount of recovery is determined as follows:

Amount of recovery
 $\$70,000 \mid \$80,000 = .875$
 $.875 \times \$25,000 = \$21,875$

- (c) You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.
- (d) We will not pay on a replacement cost basis for any loss or damage:
 - (i) Until the lost or damaged property is actually repaired or replaced; and
 - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

However, if the cost to repair or replace the damaged building property is \$2,500 or less, we will settle the loss according to the provisions of Paragraphs **d.(1)(a)** and **d.(1)(b)** above whether or not the actual repair or replacement is complete.

- (e) The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- (2) If the Actual Cash Value – Buildings option applies, as shown in the Declarations, Paragraph (1) above does not apply to Buildings. Instead, we will determine the value of Buildings at actual cash value.
- (3) The following property at actual cash value:
 - (a) Used or secondhand merchandise held in storage or for sale;
 - (b) Property of others. However, if an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance;

- (c) Household contents, except personal property in apartments or rooms furnished by you as landlord;
 - (d) Manuscripts; and
 - (e) Works of art, antiques or rare articles, including etchings, pictures, statuary, marble, bronzes, porcelain and bric-a-brac.
- (4) Glass at the cost of replacement with safety glazing material if required by law.
- (5) Tenants' improvements and betterments at:
- (a) Replacement cost if you make repairs promptly.
 - (b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (ii) Divide the amount determined in (i) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
 - (c) Nothing if others pay for repairs or replacement.
- (6) Applicable only to the Optional Coverages:
- (a) "Money" at its face value; and
 - (b) "Securities" at their value at the close of business on the day the loss is discovered.
- (7) Applicable only to accounts receivable:
- (a) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage:
 - (i) We will determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
 - (ii) We will adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
 - (b) The following will be deducted from the total amount of accounts receivable, however that amount is established:
 - (i) The amount of the accounts for which there is no loss or damage;
 - (ii) The amount of the accounts that you are able to reestablish or collect;
 - (iii) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (iv) All unearned interest and service charges.
- e. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, provided you have complied with all of the terms of this policy, and:
- (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

- h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

6. Recovered Property

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

7. Resumption Of Operations

We will reduce the amount of your:

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

8. Vacancy

a. Description Of Terms

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

b. Vacancy Provisions

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

- (1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
 - (a) Vandalism;
 - (b) Sprinkler leakage, unless you have protected the system against freezing;

- (c) Building glass breakage;
- (d) Water damage;
- (e) Theft; or
- (f) Attempted theft.

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

F. Property General Conditions

1. Control Of Property

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

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

2. Mortgageholders

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

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

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

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

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

3. No Benefit To Bailee

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

4. Policy Period, Coverage Territory

Under Section I – Property:

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

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages also apply. These coverages are subject to the terms and conditions applicable to property coverage in this policy, except as provided below:

1. Outdoor Signs

- a. We will pay for direct physical loss of or damage to all outdoor signs at the described premises:
 - (1) Owned by you; or
 - (2) Owned by others but in your care, custody or control.
- b. Paragraph **A.3.**, Covered Causes Of Loss and Paragraph **B.**, Exclusions in Section I – Property do not apply to this Optional Coverage, except for:
 - (1) Paragraph **B.1.c.**, Governmental Action;
 - (2) Paragraph **B.1.d.**, Nuclear Hazard; and
 - (3) Paragraph **B.1.f.**, War And Military Action.
- c. We will not pay for loss or damage caused by or resulting from:
 - (1) Wear and tear;
 - (2) Hidden or latent defect;
 - (3) Rust;
 - (4) Corrosion; or
 - (5) Mechanical breakdown.
- d. The most we will pay for loss or damage in any one occurrence is the Limit Of Insurance for Outdoor Signs shown in the Declarations.
- e. The provisions of this Optional Coverage supersede all other references to outdoor signs in this policy.

2. Money And Securities

- a. We will pay for loss of "money" and "securities" used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee (including a temporary or leased employee) having use and custody of the property, at the described premises, or in transit between any of these places, resulting directly from:
 - (1) Theft, meaning any act of stealing;
 - (2) Disappearance; or
 - (3) Destruction.

- b. In addition to the Limitations and Exclusions applicable to Section I – Property, we will not pay for loss:
 - (1) Resulting from accounting or arithmetical errors or omissions;
 - (2) Due to the giving or surrendering of property in any exchange or purchase; or
 - (3) Of property contained in any "money"-operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.
- c. The most we will pay for loss in any one occurrence is:
 - (1) The limit shown in the Declarations for Inside the Premises for "money" and "securities" while:
 - (a) In or on the described premises; or
 - (b) Within a bank or savings institution; and
 - (2) The limit shown in the Declarations for Outside the Premises for "money" and "securities" while anywhere else.
- d. All loss:
 - (1) Caused by one or more persons; or
 - (2) Involving a single act or series of related acts;is considered one occurrence.
- e. You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

3. Employee Dishonesty

- a. We will pay for direct loss of or damage to Business Personal Property and "money" and "securities" resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:
 - (1) Cause you to sustain loss or damage; and also
 - (2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
 - (a) Any employee; or
 - (b) Any other person or organization.

- b.** We will not pay for loss or damage:
- (1)** Resulting from any dishonest or criminal act that you or any of your partners or "members" commit whether acting alone or in collusion with other persons.
 - (2)** Resulting from any dishonest act committed by any of your employees (except as provided in Paragraph **a.**), "managers" or directors:
 - (a)** Whether acting alone or in collusion with other persons; or
 - (b)** While performing services for you or otherwise.
 - (3)** The only proof of which as to its existence or amount is:
 - (a)** An inventory computation; or
 - (b)** A profit and loss computation.
 - (4)** Caused by an employee if the employee had also committed theft or any other dishonest act prior to the effective date of this policy and you or any of your partners, "members", "managers", officers, directors or trustees, not in collusion with the employee, learned of that theft or dishonest act prior to the policy period shown in the Declarations.
- c.** The most we will pay for loss or damage in any one occurrence is the Limit Of Insurance for Employee Dishonesty shown in the Declarations.
- d.** All loss or damage:
- (1)** Caused by one or more persons; or
 - (2)** Involving a single act or series of acts; is considered one occurrence.
- e.** If any loss is covered:
- (1)** Partly by this insurance; and
 - (2)** Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;
- the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.
- We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.
- f.** This Optional Coverage is cancelled as to any employee immediately upon discovery by:
- (1)** You; or
 - (2)** Any of your partners, "members", "managers", officers or directors not in collusion with the employee;
- of any dishonest act committed by that employee before or after being hired by you.
- g.** We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.
- h.** If you (or any predecessor in interest) sustained loss or damage during the policy period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Optional Coverage, provided:
- (1)** This Optional Coverage became effective at the time of cancellation or termination of the prior insurance; and
 - (2)** The loss or damage would have been covered by this Optional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.
- i.** The insurance under Paragraph **h.** above is part of, not in addition to, the Limit of Insurance applying to this Optional Coverage and is limited to the lesser of the amount recoverable under:
- (1)** This Optional Coverage as of its effective date; or
 - (2)** The prior insurance had it remained in effect.
- j.** With respect to the Employee Dishonesty Optional Coverage in Paragraph **G.3.**, employee means:
- (1)** Any natural person:
 - (a)** While in your service or for 30 days after termination of service;
 - (b)** Who you compensate directly by salary, wages or commissions; and
 - (c)** Who you have the right to direct and control while performing services for you;

- (2) Any natural person who is furnished temporarily to you:
 - (a) To substitute for a permanent employee, as defined in Paragraph (1) above, who is on leave; or
 - (b) To meet seasonal or short-term workload conditions;
- (3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph (2) above;
- (4) Any natural person who is a former employee, director, partner, member, manager, representative or trustee retained as a consultant while performing services for you; or
- (5) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside any building you occupy in conducting your business.

But employee does not mean:

- (1) Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
- (2) Any "manager", director or trustee except while performing acts coming within the usual duties of an employee.

4. Equipment Breakdown Protection Coverage

- a. We will pay for direct loss of or damage to Covered Property caused by or resulting from a mechanical breakdown or electrical failure to pressure, mechanical or electrical machinery and equipment.

Mechanical breakdown or electrical failure to pressure, mechanical or electrical machinery and equipment does not mean any:

- (1) Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification;
- (2) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- (3) Damage to any vacuum tube, gas tube, or brush; or
- (4) The functioning of any safety or protective device.

- b. Paragraphs **A.4.a.(1)** and **A.4.a.(2)**, Limitations, do not apply to this Optional Coverage.
- c. With respect to the coverage provided by this Optional Coverage, the following exclusions in Paragraph **B. Exclusions** do not apply:
 - (1) Paragraph **B.2.a.**, Electrical Apparatus;
 - (2) Paragraph **B.2.d.**, Steam Apparatus; and
 - (3) Paragraph **B.2.i.(6)**, Mechanical Breakdown.
- d. With respect to the coverage provided by this Optional Coverage, Paragraph **G.1.c.(5)** of the **Outdoor Signs Optional Coverage** does not apply.
- e. If a dollar deductible is shown in the Declarations for this Optional Coverage, we will first subtract the applicable deductible amount from any loss we would otherwise pay. We will then pay the amount of loss in excess of the applicable deductible up to the applicable limit for this coverage.

If no optional deductible is chosen for this Optional Coverage, the Property Deductible shown in the Declarations applies.

- f. With respect to Additional Coverages **5.f.** Business Income and **5.g.** Extra Expense, if the 72-hour time period in the definition of "period of restoration" (hereinafter referred to as time deductible) is amended for this Optional Coverage as shown in the Declarations, we will not pay for any Business Income loss that occurs during the consecutive number of hours shown as the time deductible in the Declarations immediately following a mechanical breakdown or electrical failure. If a time deductible is shown in days, each day shall mean 24 consecutive hours.

With respect to the coverage provided by this Optional Coverage, any time deductible shown in the Declarations for Equipment Breakdown Protection Coverage supersedes any time deductible otherwise applicable to the Business Income coverage provided by this policy.

- g. With respect to the coverage provided by this Optional Coverage, Paragraph **H. Property Definitions** is amended as follows:
 - 1. "Computer" means:
 - a. Programmable electronic equipment that is used to store, retrieve and process data; and

- b. Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.

"Computer" includes those used to operate production-type machinery or equipment.

- h. Whenever any covered pressure, mechanical or electrical machinery and equipment is found to be in, or exposed to, a dangerous condition, any of our representatives may suspend coverage provided by this Optional Coverage for loss from a mechanical breakdown or electrical failure to that pressure, mechanical or electrical machinery and equipment.

However, coverage provided by this Optional Coverage may be reinstated for loss from a mechanical breakdown or electrical failure to that pressure, mechanical or electrical machinery and equipment if the reasons for the suspension are found by any of our representatives to no longer exist.

We may suspend or reinstate this Optional coverage by mailing or delivering a written notification regarding the suspension or reinstatement to:

- (1) Your last known address; or
- (2) The address where the pressure, mechanical or electrical machinery and equipment is located.

This notification will indicate the effective date of the suspension or reinstatement.

If the coverage provided by this Optional Coverage is not reinstated, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

H. Property Definitions

1. "Computer" means:

- a. Programmable electronic equipment that is used to store, retrieve and process data; and
- b. Associated peripheral equipment that provides communication, including input and output functions such as printing and auxiliary functions such as data transmission.

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

- 2. "Counterfeit money" means an imitation of "money" that is intended to deceive and to be taken as genuine.
- 3. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a "computer" or device connected to it, which enable the "computer" or device to receive, process, store, retrieve or send data.
- 4. "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 5. "Manager" means a person serving in a directorial capacity for a limited liability company.
- 6. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".
- 7. "Money" means:
 - a. Currency, coins and bank notes in current use and having a face value; and
 - b. Traveler's checks, register checks and money orders held for sale to the public.
- 8. "Operations" means your business activities occurring at the described premises.
- 9. "Period of restoration":
 - a. Means the period of time that:
 - (1) Begins:
 - (a) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
 - (b) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

- (2) Ends on the earlier of:
 - (a) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (b) The date when business is resumed at a new permanent location.

- b. Does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:
 - (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
 - (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

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

- 10. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- 11. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:
 - a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

- 12. "Specified causes of loss" means the following:

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

 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.

- b. Falling objects does not include loss of or damage to:

- (1) Personal property in the open; or
- (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

- c. Water damage means:

- (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam; and
- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in **c.(1)** or **c.(2)** of this definition of "specified causes of loss", such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the ground surface.

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

14. "Valuable papers and records" means inscribed, printed or written:

- a. Documents;
- b. Manuscripts; and
- c. Records;

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

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

SECTION II – LIABILITY

A. Coverages

1. Business Liability

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

- (1) The amount we will pay for damages is limited as described in Paragraph D. Liability And Medical Expenses Limits Of Insurance in Section II – Liability; and
- (2) Our right and duty to defend end when we have used up the applicable Limit of Insurance in the payment of judgments or settlements or medical expenses.

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

b. This insurance applies:

- (1) To "bodily injury" and "property damage" only if:
 - (a) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
 - (b) The "bodily injury" or "property damage" occurs during the policy period; and

(c) Prior to the policy period, no insured listed under Paragraph C.1. Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known before the policy period.

- (2) To "personal and advertising injury" caused by an offense arising out of your business, but only if the offense was committed in the "coverage territory" during the policy period.
- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph C.1. Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of "bodily injury" or "property damage" after the end of the policy period.
- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph C.1. Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
 - (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
 - (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
 - (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.
- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

f. Coverage Extension – Supplementary Payments

- (1) We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:
- (a) All expenses we incur.
 - (b) Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.
 - (c) The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.
 - (d) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
 - (e) All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
 - (f) Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.
 - (g) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.

These payments will not reduce the limit of liability.

- (2) If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:
- (a) The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
 - (b) This insurance applies to such liability assumed by the insured;
 - (c) The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
 - (d) The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
 - (e) The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
 - (f) The indemnitee:
 - (i) Agrees in writing to:
 - i. Cooperate with us in the investigation, settlement or defense of the "suit";
 - ii. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
 - iii. Notify any other insurer whose coverage is available to the indemnitee; and

- iv. Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
- (ii) Provides us with written authorization to:
 - i. Obtain records and other information related to the "suit"; and
 - ii. Conduct and control the defense of the indemnitee in such "suit".
- (3) So long as the conditions in Paragraph (2) are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph B.1.b.(2) Exclusions in Section II – Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the Limits of Insurance.

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

- (a) We have used up the applicable Limit of Insurance in the payment of judgments or settlements; or
- (b) The conditions set forth above, or the terms of the agreement described in Paragraph (2)(f) above, are no longer met.

2. Medical Expenses

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
 - (1) On premises you own or rent;
 - (2) On ways next to premises you own or rent; or
 - (3) Because of your operations; provided that:
 - (a) The accident takes place in the "coverage territory" and during the policy period;
 - (b) The expenses are incurred and reported to us within one year of the date of the accident; and

- (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the Limits of Insurance of Section II – Liability. We will pay reasonable expenses for:
 - (1) First aid administered at the time of an accident;
 - (2) Necessary medical, surgical, X-ray and dental services, including prosthetic devices; and
 - (3) Necessary ambulance, hospital, professional nursing and funeral services.

B. Exclusions

1. Applicable To Business Liability Coverage

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

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

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
 - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

- (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

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

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

This exclusion applies even if the claims allege negligence or other wrongdoing in:

- (a) The supervision, hiring, employment, training or monitoring of others by an insured; or
- (b) Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the "occurrence" which caused the "bodily injury" or "property damage", involved that which is described in Paragraph (1), (2) or (3) above.

However, this exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. For the purposes of this exclusion, permitting a person to bring alcoholic beverages on your premises, for consumption on your premises, whether or not a fee is charged or a license is required for such activity, is not by itself considered the business of selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

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

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or

- (b) Performing duties related to the conduct of the insured's business; or

- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

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

f. Pollution

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

- (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

- (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;

- (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

- (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

- (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
 - (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
 - (i) Any insured; or
 - (ii) Any person or organization for whom you may be legally responsible;
 - (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
 - (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
 - (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
 - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire"; or
 - (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".
- (2) Any loss, cost or expense arising out of any:
- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
 - (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

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

g. Aircraft, Auto Or Watercraft

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

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

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 51 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of:
 - (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged; or
 - (b) The operation of any of the following machinery or equipment:
 - (i) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (ii) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

h. Mobile Equipment

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

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

i. War

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

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

j. Professional Services

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

- (1) Legal, accounting or advertising services;
- (2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
- (3) Supervisory, inspection or engineering services;
- (4) Medical, surgical, dental, X-ray or nursing services treatment, advice or instruction;
- (5) Any health or therapeutic service treatment, advice or instruction;
- (6) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;

- (7) Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
- (8) Body piercing services; and
- (9) Services in the practice of pharmacy.

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the "occurrence" which caused the "bodily injury" or "property damage", or the offense which caused the "personal and advertising injury", involved the rendering or failure to render of any professional service.

k. Damage To Property

"Property damage" to:

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

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of seven or fewer consecutive days. A separate Limit of Insurance applies to Damage To Premises Rented To You as described in Paragraph D. Liability And Medical Expenses Limits Of Insurance in Section II – Liability.

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

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

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

i. Damage To Your Product

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

m. Damage To Your Work

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

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

n. Damage To Impaired Property Or Property Not Physically Injured

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

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

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

o. Recall Of Products, Work Or Impaired Property

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

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

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

p. Personal And Advertising Injury

"Personal and advertising injury":

- (1) Caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury";
- (2) Arising out of oral or written publication, in any manner, of material, if done by or at the direction of the insured with knowledge of its falsity;
- (3) Arising out of oral or written publication, in any manner, of material whose first publication took place before the beginning of the policy period;
- (4) For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement;
- (5) Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement";
- (6) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";
- (7) Arising out of the wrong description of the price of goods, products or services stated in your "advertisement";
- (8) Committed by an insured whose business is:
 - (a) Advertising, broadcasting, publishing or telecasting;
 - (b) Designing or determining content of web sites for others; or
 - (c) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **14.a.**, **b.** and **c.** of "personal and advertising injury" under Paragraph **F. Liability And Medical Expenses Definitions.**

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, by itself, is not considered the business of advertising, broadcasting, publishing or telecasting;

- (9) Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time;
- (10) With respect to any loss, cost or expense arising out of any:
 - (a) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
 - (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants";
- (11) Arising out of an electronic chatroom or bulletin board the insured hosts, owns or over which the insured exercises control;
- (12) Arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan;
- (13) Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatags, or any other similar tactics to mislead another's potential customers.

q. Electronic Data

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

However, this exclusion does not apply to liability for damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

r. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

s. Recording And Distribution Of Material Or Information In Violation Of Law

"Bodily injury", "property damage" or "personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

Exclusions **c., d., e., f., g., h., i., k., l., m., n.** and **o.** in Section II – Liability do not apply to damage by fire to premises while rented to you, or temporarily occupied by you with permission of the owner. A separate Damage To Premises Rented To You Limit of Insurance applies to this coverage as described in Paragraph **D.** Liability And Medical Expenses Limits of Insurance in Section II – Liability.

2. Applicable To Medical Expenses Coverage

We will not pay expenses for "bodily injury":

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

3. Applicable To Both Business Liability Coverage And Medical Expenses Coverage – Nuclear Energy Liability Exclusion

This insurance does not apply:

- a. Under Business Liability Coverage, to "bodily injury" or "property damage":
 - (1) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

- (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which:
- (a) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
 - (b) The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- b. Under Medical Expenses Coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
- c. Under Business Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of the "nuclear material"; if:
- (1) The "nuclear material":
 - (a) Is at any "nuclear facility" owned by, or operated by or on behalf of, an insured; or
 - (b) Has been discharged or dispersed therefrom;
 - (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
 - (3) The "bodily injury" or "property damage" arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility"; but if such facility is located within the United States of America, its territories or possessions or Canada, this Exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.
- d. As used in this exclusion:
- (1) "By-product material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
 - (2) "Hazardous properties" include radioactive, toxic or explosive properties;
 - (3) "Nuclear facility" means:
 - (a) Any "nuclear reactor";
 - (b) Any equipment or device designed or used for:
 - (i) Separating the isotopes of uranium or plutonium;
 - (ii) Processing or utilizing "spent fuel"; or
 - (iii) Handling, processing or packaging "waste";
 - (c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
 - (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

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

 - (4) "Nuclear material" means "source material", "special nuclear material" or "by-product material";
 - (5) "Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;
 - (6) "Property damage" includes all forms of radioactive contamination of property;
 - (7) "Source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
 - (8) "Special nuclear material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
 - (9) "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";

- (10) "Waste" means any waste material:
- (a) Containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content; and
 - (b) Resulting from the operation by any person or organization of any "nuclear facility" included under Paragraphs (a) and (b) of the definition of "nuclear facility".

C. Who Is An Insured

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

2. Each of the following is also an insured:
 - a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:
 - (1) "Bodily injury" or "personal and advertising injury":
 - (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
 - (b) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of Paragraph (a) above;
 - (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph (a) or (b); or
 - (d) Arising out of his or her providing or failing to provide professional health care services.
 - (2) "Property damage" to property:
 - (a) Owned, occupied or used by;

- (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by;

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

- b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
- c. Any person or organization having proper temporary custody of your property if you die, but only:
 - (1) With respect to liability arising out of the maintenance or use of that property; and
 - (2) Until your legal representative has been appointed.
- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.

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

D. Liability And Medical Expenses Limits Of Insurance

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

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

- 3. The most we will pay under Business Liability Coverage for damages because of "property damage" to a premises while rented to you or in the case of fire while rented to you or temporarily occupied by you with permission of the owner is the applicable Damage To Premises Rented To You limit shown for that premises in the Declarations. For a premises temporarily occupied by you, the applicable limit will be the highest Damage To Premises Rented To You limit shown in the Declarations.

4. Aggregate Limits

The most we will pay for:

- a. All "bodily injury" and "property damage" that is included in the "products-completed operations hazard" is twice the Liability and Medical Expenses limit.
- b. All:
 - (1) "Bodily injury" and "property damage" except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard";
 - (2) Plus medical expenses;
 - (3) Plus all "personal and advertising injury" caused by offenses committed;is twice the Liability and Medical Expenses limit.

Subject to Paragraph a. or b. above, whichever applies, the Damage To Premises Rented To You limit is the most we will pay for damages because of "property damage" to any one premises, while rented to you, or in the case of fire, while rented to you or temporarily occupied by you with permission of the owner.

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

E. Liability And Medical Expenses General Conditions

1. Bankruptcy

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

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
 - (1) How, when and where the "occurrence" or offense took place;
 - (2) The names and addresses of any injured persons and witnesses; and
 - (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.
- b. If a claim is made or "suit" is brought against any insured, you must:
 - (1) Immediately record the specifics of the claim or "suit" and the date received; and
 - (2) Notify us as soon as practicable.
You must see to it that we receive written notice of the claim or "suit" as soon as practicable.
- c. You and any other involved insured must:
 - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - (2) Authorize us to obtain records and other information;
 - (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
 - (4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.
- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this policy:

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

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

4. Separation Of Insureds

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

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

F. Liability And Medical Expenses Definitions

- 1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
 - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
 - b. Regarding web sites, only that part of a web site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
- 2. "Auto" means:
 - a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
 - b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

- 3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
- 4. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;

- b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph a. above; or
- c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in Paragraph a. above;
 - (2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business; or
 - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication;

provided the insured's responsibility to pay damages is determined in a "suit" on the merits in the territory described in Paragraph a. above or in a settlement we agree to.

- 5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
- 6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.
- 7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
- 8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by:

- (1) The repair, replacement, adjustment or removal of "your product" or "your work"; or
- (2) Your fulfilling the terms of the contract or agreement.

- 9. "Insured contract" means:
 - a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";

- b. A sidetrack agreement;
- c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement;
- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in Paragraph (2) above and supervisory, inspection or engineering services.

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

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

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b. While it is in or on an aircraft, watercraft or "auto"; or
- c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

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

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

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

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

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

However, "mobile equipment" does not include land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where they are licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law or motor vehicle registration law are considered "autos".

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

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

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e. Oral or written publication, in any manner, of material that violates a person's right of privacy;

- f. The use of another's advertising idea in your "advertisement"; or
 - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".
15. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

16. "Products-completed operations hazard":
- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
 - (1) Products that are still in your physical possession; or
 - (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at the job site has been put to its intended use by any other person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

The "bodily injury" or "property damage" must occur away from premises you own or rent, unless your business includes the selling, handling or distribution of "your product" for consumption on premises you own or rent.

- b. Does not include "bodily injury" or "property damage" arising out of:
 - (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured; or
 - (2) The existence of tools, uninstalled equipment or abandoned or unused materials.

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

For the purposes of this insurance, electronic data is not tangible property.

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

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:
- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.
21. "Your product":
- a. Means:
 - (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a) You;
 - (b) Others trading under your name; or

(c) A person or organization whose business or assets you have acquired; and

(2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

(2) The providing of or failure to provide warnings or instructions.

c. Does not include vending machines or other property rented to or located for the use of others but not sold.

22. "Your work":

a. Means:

(1) Work or operations performed by you or on your behalf; and

(2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and

(2) The providing of or failure to provide warnings or instructions.

**SECTION III – COMMON POLICY CONDITIONS
(APPLICABLE TO SECTION I – PROPERTY AND
SECTION II – LIABILITY)**

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.

2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

a. Five days before the effective date of cancellation if any one of the following conditions exists at any building that is Covered Property in this policy:

(1) The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:

(a) Seasonal unoccupancy; or

(b) Buildings in the course of construction, renovation or addition.

Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.

(2) After damage by a Covered Cause of Loss, permanent repairs to the building:

(a) Have not started; and

(b) Have not been contracted for; within 30 days of initial payment of loss.

(3) The building has:

(a) An outstanding order to vacate;

(b) An outstanding demolition order; or

(c) Been declared unsafe by governmental authority.

(4) Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.

(5) Failure to:

(a) Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or

(b) Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

b. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.

c. 30 days before the effective date of cancellation if we cancel for any other reason.

3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.

4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.

6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

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

C. Concealment, Misrepresentation Or Fraud

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

1. This policy;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this policy.

D. Examination Of Your Books And Records

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

E. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake 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:
 - a. Are safe and healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

F. Insurance Under Two Or More Coverages

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

G. Liberalization

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

H. Other Insurance

1. If there is other insurance covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance of Section I – Property.
2. Business Liability Coverage is excess over:
 - a. Any other insurance that insures for direct physical loss or damage; or
 - b. Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured.
3. When this insurance is excess, we will have no duty under Business Liability Coverage to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

I. Premiums

1. The first Named Insured shown in the Declarations:
 - a. Is responsible for the payment of all premiums; and
 - b. Will be the payee for any return premiums we pay.
2. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

3. With our consent, you may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:

- a. Paid to us prior to the anniversary date; and
- b. Determined in accordance with Paragraph 2. above.

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

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

J. Premium Audit

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

K. Transfer Of Rights Of Recovery Against Others To Us

1. Applicable to Businessowners Property Coverage:

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

- a. Prior to a loss to your Covered Property.

b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:

- (1) Someone insured by this insurance;
- (2) A business firm:
 - (a) Owned or controlled by you; or
 - (b) That owns or controls you; or
- (3) Your tenant.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers.

This will not restrict your insurance.

2. Applicable to Businessowners Liability Coverage:

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

L. Transfer Of Your Rights And Duties Under This Policy

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PENNSYLVANIA CHANGES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM
INFORMATION SECURITY PROTECTION ENDORSEMENT

A. Section I – Property is amended as follows:

1. The following is added to Paragraph **E.5. Loss Payment** Property Loss Conditions and supersedes any provision to the contrary:

Notice Of Acceptance Or Denial Of Claim

- (1) Except as provided in (3) below, we will give you notice, within 15 working days after we receive a properly executed proof of loss, that we:
- (a) Accept your claim;
 - (b) Deny your claim; or
 - (c) Need more time to determine whether your claim should be accepted or denied.

If we deny your claim, such notice will be in writing, and will state any policy provision, condition or exclusion used as a basis for the denial.

If we need more time to determine whether your claim should be accepted or denied, the written notice will state the reason why more time is required.

- (2) If we have not completed our investigation, we will notify you again in writing, within 30 days after the date of the initial notice as provided in (1)(c) above, and thereafter every 45 days. The written notice will state why more time is needed to investigate your claim and when you may expect us to reach a decision on your claim.

- (3) The notice procedures in (1) and (2) above do not apply if we have a reasonable basis, supported by specific information, to suspect that an insured has fraudulently caused or contributed to the loss by arson or other illegal activity. Under such circumstances, we will notify you of the disposition of your claim within a period of time reasonable to allow full investigation of the claim, after we receive a properly executed proof of loss.

2. The following is added to any provision which uses the term actual cash value:

Actual cash value is calculated as the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind or quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual cash value applies to valuation of Covered Property regardless of whether that property has sustained a partial or total loss or damage.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

B. Section III – Common Policy Conditions is amended as follows:

1. Paragraph **A. Cancellation** is replaced by the following:

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this Policy by writing or giving notice of cancellation.

2. Cancellation Of Policies In Effect For Less Than 60 Days

We may cancel this Policy by mailing or delivering to the first Named Insured written notice of cancellation at least 30 days before the effective date of cancellation.

3. Cancellation Of Policies In Effect For 60 Days Or More

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

- a. You have made a material misrepresentation which affects the insurability of the risk. Notice of cancellation will be mailed or delivered at least 15 days before the effective date of cancellation.
- b. You have failed to pay a premium when due, whether the premium is payable directly to us or our agents or indirectly under a premium finance plan or extension of credit. Notice of cancellation will be mailed at least 15 days before the effective date of cancellation.
- c. A condition, factor or loss experience material to insurability has changed substantially or a substantial condition, factor or loss experience material to insurability has become known during the policy period. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.
- d. Loss of reinsurance or a substantial decrease in reinsurance has occurred, which loss or decrease, at the time of cancellation, shall be certified to the Insurance Commissioner as directly affecting in-force policies. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.
- e. Material failure to comply with policy terms, conditions or contractual duties. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.

- f. Other reasons that the Insurance Commissioner may approve. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.

This Policy may also be cancelled from inception upon discovery that the Policy was obtained through fraudulent statements, omissions or concealment of facts material to the acceptance of the risk or to the hazard assumed by us.

4. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. Notice of cancellation will state the specific reasons for cancellation.
5. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
6. If this Policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata and will be returned within 10 business days after the effective date of cancellation. If the first Named Insured cancels, the refund may be less than pro rata and will be returned within 30 days after the effective date of cancellation. The cancellation will be effective even if we have not made or offered a refund.
7. If notice is mailed, it will be by registered or first class mail. Proof of mailing will be sufficient proof of notice.

2. Paragraph L. Transfer Of Your Rights And Duties Under This Policy is replaced by the following:

L. Transfer Of Your Rights And Duties Under This Policy

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

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

If you die, this Policy will remain in effect as provided in 1. or 2. below, whichever is later:

1. For 180 days after your death regardless of the policy period shown in the Declarations, unless the insured property is sold prior to that date; or
2. Until the end of the policy period shown in the Declarations, unless the insured property is sold prior to that date.

Coverage during the period of time after your death is subject to all provisions of this Policy including payment of any premium due for the policy period shown in the Declarations and any extension of that period.

3. The following paragraphs are added and supersede any provisions to the contrary:

M. Nonrenewal

If we decide not to renew this Policy, we will mail or deliver written notice of nonrenewal, stating the specific reasons for nonrenewal, to the first Named Insured at least 60 days before the expiration date of the Policy.

N. Increase Of Premium

If we increase your renewal premium, we will mail or deliver to the first Named Insured written notice of our intent to increase the premium at least 30 days before the effective date of the premium increase.

Any notice of nonrenewal or renewal premium increase will be mailed or delivered to the first Named Insured's last known address. If notice is mailed, it will be by registered or first class mail. Proof of mailing will be sufficient proof of notice.

- C. The following changes apply only to Information Security Protection Endorsement **BP 15 07** if it is attached to this Policy:

1. Paragraph (2) of Insuring Agreement **d. Security Breach Liability** is replaced by the following:

(2) We will pay for "defense expenses" as a result of a "claim" in the form of a "regulatory proceeding" first made against the insured during the "policy period" or during the applicable Extended Reporting Period, in response to a "wrongful act" or a series of "interrelated wrongful acts" covered under Paragraph **d.(1)**.

2. Paragraphs **2.e.** and **f.** of Paragraph **N. Extended Reporting Periods** are replaced by the following:

- e. You must give us a written request for the Supplemental Extended Reporting Period within 60 days after the end of the "policy period" or the effective date of cancellation, whichever comes first.
- f. The Supplemental Extended Reporting Period will not go into effect unless you pay the additional premium in full along with any premium or deductible you owe us for coverage provided under this Endorsement within 60 days after the end of the "policy period" or the effective date of cancellation, whichever comes first. Once in effect, the Supplemental Extended Reporting Period may not be cancelled.

3. Paragraph **d.** of the definition of "loss" in Paragraph **V.** is replaced by the following:

- d. With respect to Insuring Agreements **d. Security Breach Liability** and **g. Web Site Publishing Liability**:

Compensatory damages, settlement amounts and costs awarded pursuant to judgments or settlements.

"Loss" does not include:

- (1) Civil or criminal fines or penalties imposed by law;
- (2) Punitive or exemplary damages;
- (3) The multiplied portion of multiplied damages;
- (4) Taxes;
- (5) Royalties;
- (6) The amount of any disgorged profits; or
- (7) Matters that are uninsurable pursuant to law.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MARYLAND CHANGES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

A. Section I – Property is amended as follows:

1. Paragraph **E.4. Legal Action Against Us** Property Loss Condition is replaced by the following:

4. Legal Action Against Us

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

- a. There has been full compliance with all of the terms of this Policy; and
- b. The action is brought within three years from the date it accrues.

B. Section II – Liability is amended as follows:

The following lead-in is added under Paragraph **E.2. Duties In The Event Of Occurrence, Offense, Claim Or Suit**:

We have no duty to provide coverage under this Policy if failure to comply with the following duties is prejudicial to us.

C. Section III – Common Policy Conditions is amended as follows:

1. Paragraph **A. Cancellation** is amended as follows:

Paragraphs **2.** and **3.** are replaced by the following:

a. When this Policy has been in effect for 45 days or less and is not a renewal policy, we may cancel this Policy by mailing to the first Named Insured at the last mailing address known to us written notice of cancellation, stating the reason for cancellation, at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
- (2) 15 days before the effective date of cancellation if we cancel because the risk does not meet our underwriting standards.

b. When this Policy has been in effect for more than 45 days or is a renewal policy, we may cancel this Policy by mailing to the first Named Insured at the last mailing address known to us written notice of cancellation at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
- (2) 45 days before the effective date of cancellation if we cancel for a permissible reason other than nonpayment of premium, stating the reason for cancellation. Under this Paragraph **(2)**, we may cancel only for one or more of the following reasons:
 - (a) When there exists material misrepresentation or fraud in connection with the application, policy, or presentation of a claim.
 - (b) A change in the condition of the risk that results in an increase in the hazard insured against.
 - (c) A matter or issue related to the risk that constitutes a threat to public safety.

If we cancel pursuant to Paragraph **b.(2)**, you may request additional information on the reason for cancellation within 30 days from the date of our notice.

Paragraph 5. is replaced by the following:

5. If this Policy is canceled, we will send the first Named Insured any premium refund due.

a. The refund will be pro rata if:

- (1) We cancel; or
- (2) The Policy is not a renewal policy, and the first Named Insured cancels upon receiving written notice that we recalculated the premium based on the discovery of a material risk factor during the first 45 days the Policy has been in effect.

b. If the first Named Insured cancels, other than the cancellation described in Paragraph a.(2), the refund will be calculated as follows:

(1) Policies Written For One Year Or Less

We will refund 90% of the pro rata unearned premium.

(2) Policies Written For More Than One Year

(a) If the Policy is cancelled in the first year, we will refund 90% of the pro rata unearned premium for the first year, plus the full annual premium for subsequent years.

(b) If the Policy is cancelled after the first year, we will refund the pro rata unearned premium.

(3) Continuous And Annual Premium Payment Policies

We will refund 90% of the pro rata unearned premium for the year in which the Policy is cancelled.

We will retain the minimum premium, except if the Policy is cancelled as of the inception date.

However, if this Policy is financed by a premium finance company and we or the premium finance company or the first Named Insured cancels the Policy, the refund will consist of the gross unearned premium computed pro rata, excluding any expense constant, administrative fee or nonrefundable charge filed with and approved by the insurance commissioner.

The cancellation will be effective even if we have not made or offered a refund.

Paragraph 6. is replaced by the following:

We will send notice of cancellation to the first Named Insured by a "first-class mail tracking method" if:

- a. We cancel for nonpayment of premium; or
- b. This Policy is not a renewal of a policy we issued and has been in effect for 45 days or less.

We will send notice to the first Named Insured by a "first-class mail tracking method" or by commercial mail delivery service if we cancel for a reason other than nonpayment of premium and this Policy:

- a. Is a renewal of a policy we issued; or
- b. Has been in effect for more than 45 days.

We will maintain proof of mailing in a form authorized or accepted by the United States Postal Service or by other commercial mail delivery service when such service is used. Proof of mailing will be sufficient proof of notice.

2. Paragraph C. Concealment, Misrepresentation Or Fraud is replaced by the following:

We do not provide coverage in any case of fraud by you, at any time, as it relates to this Policy. We also do not provide coverage if you or any other insured, at any time, intentionally conceals or misrepresents a material fact concerning:

1. This Policy;
2. The covered property;
3. Your interest in the covered property; or
4. A claim under this Policy.

3. Paragraph J.2. Premium Audit is replaced by the following:

Premium shown in this Policy as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit premiums is 30 days from the date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

4. The following condition is added:

Nonrenewal

1. We may elect not to renew this Policy by mailing notice of nonrenewal to the first Named Insured at the last mailing address known to us at least 45 days before the expiration date of this Policy.
2. We will send notice of nonrenewal to the first Named Insured by a "first-class mail tracking method" or by commercial mail delivery service. We will maintain proof of mailing in a form authorized or accepted by the United States Postal Service or by other commercial mail delivery service when such service is used. Proof of mailing will be sufficient proof of notice.
3. When we elect not to renew a policy that has been in effect for more than 45 days for a reason other than nonpayment of premium, we will provide a written statement of the actual reason for the refusal to renew. You may request additional information within 30 days from the date of our notice.

4. If we offer to renew at least 45 days before the renewal date and you fail to make the required premium payment by the renewal date, the Policy will terminate on the renewal date for nonpayment of premium.

5. The following definition is added:

"First-class mail tracking method" means a method that provides evidence of the date that a piece of first-class mail was accepted for mailing by the United States Postal Service, including a certificate of mail and an electronic mail tracking system used by the United States Postal Service.

"First-class mail tracking method" does not include a certificate of bulk mailing.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PENNSYLVANIA NOTICE

An Insurance Company, its agents, employees, or service contractors acting on its behalf, may provide services to reduce the likelihood of injury, death or loss. These services may include any of the following or related services incident to the application for, issuance, renewal or continuation of, a policy of insurance:

1. Surveys;
2. Consultation or advice; or
3. Inspections.

The "Insurance Consultation Services Exemption Act" of Pennsylvania provides that the Insurance Company, its agents, employees or service contractors acting on its behalf, is not liable for damages from injury, death or loss occurring as a result of any act or omission by any person in the furnishing of or the failure to furnish these services.

The Act does not apply:

1. If the injury, death or loss occurred during the actual performance of the services and was caused by the negligence of the Insurance Company, its agents, employees or service contractors;
2. To consultation services required to be performed under a written service contract not related to a policy of insurance; or
3. If any acts or omissions of the Insurance Company, its agents, employees or service contractors are judicially determined to constitute a crime, actual malice, or gross negligence.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DELAWARE CHANGES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

A. Section II – Liability is amended as follows:

The term "spouse" is replaced by the following:

Spouse or party to a civil union recognized under Delaware law.

B. Section III – Common Policy Conditions is amended as follows:

1. Paragraph A. Cancellation is amended as follows:

1. Paragraph 2. is replaced by the following:

2. We may cancel this policy by mailing or delivering to the first Named Insured a written notice of cancellation at least:

- a.** 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- b.** 60, but not more than 120, days before the effective date of cancellation if we cancel for any other permissible reason.

2. Paragraph 3. is replaced by the following:

3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If we cancel this policy for a reason other than nonpayment of premium, the cancellation notice will be delivered by certified mail or by USPS Intelligent Mail barcode.

3. The following paragraph is added:

7. If this policy:

- a.** Has been in effect for more than 60 days or is a renewal of a policy we issued; and
- b.** Covers buildings that contain no more than four dwelling units, one of which is the principal place of residence of the insured;

we may cancel this policy only for one or more of the following reasons:

- (1)** Nonpayment of premium;

(2) Discovery of fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;

(3) Discovery of willful or reckless acts or omissions on your part that increase any hazard insured against;

(4) The occurrence of a change in the risk that substantially increases any hazard insured against after insurance coverage has been issued or renewed;

(5) A violation of any local fire, health, safety, building or construction regulation or ordinance with respect to any covered property or its occupancy that substantially increases any hazard insured against;

(6) A determination by the Insurance Commissioner that the continuation of the policy would place us in violation of the Delaware insurance laws; or

(7) Real property taxes owing on the insured property have been delinquent for two or more years and continue delinquent at the time notice of cancellation is issued.

Notice of cancellation will state the specific reason for cancellation.

2. The following paragraph is added:

M. Nonrenewal

1. If we decide not to renew this policy, we will mail or deliver to the first Named Insured written notice of nonrenewal, along with the reasons for nonrenewal, at least 60, but not more than 120, days before the expiration date, or the anniversary date if this is a policy written for a term of more than one year or with no fixed expiration date.

2. We will mail or deliver this notice to the first Named Insured's last mailing address known to us. If we decide not to renew this policy for a reason other than nonpayment of premium, the notice of nonrenewal will be delivered by certified mail or by USPS Intelligent Mail barcode.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALCULATION OF PREMIUM

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following is added:

The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation, or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – SILICA OR SILICA-RELATED DUST

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

A. The following exclusion is added to Paragraph **B. Exclusions** in **Section II – Liability**:

B. Exclusions

This insurance does not apply to:

SILICA OR SILICA-RELATED DUST

1. "Bodily injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, or ingestion of, "silica" or "silica-related dust".
2. "Property damage" arising, in whole or in part, out of the actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".
3. "Personal and advertising injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".

4. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" or "silica-related dust", by any insured or by any other person or entity.

B. The following definitions are added to Paragraph **F. Liability And Medical Expenses Definitions** in **Section II – Liability**:

1. "Silica" means silicon dioxide, (occurring in crystalline, amorphous and impure forms), silica particles, silica dust or silica compounds.
2. "Silica-related dust" means a mixture or combination of silica and other dust or particles.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following provisions are added to the Businessowners Policy and apply to Property and Liability Coverages:

A. CAP ON CERTIFIED TERRORISM LOSSES

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

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.

- B.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF OTHER ACTS OF TERRORISM COMMITTED OUTSIDE THE UNITED STATES; CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following provisions are added to the Businessowners Liability Coverage Form **BP 00 06** and **Section II – Liability** of the Businessowners Coverage Form **BP 00 03**:

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM

"Any injury or damage" arising, directly or indirectly, out of an "other act of terrorism" that is committed outside of the United States (including its territories and possessions and Puerto Rico), but within the "coverage territory". However, this exclusion applies only when one or more of the following are attributed to such act:

1. The total of insured damage to all types of property exceeds \$25,000,000 (valued in U.S. dollars). In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the terrorism and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
2. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - a. Physical injury that involves a substantial risk of death; or

b. Protracted and obvious physical disfigurement; or

c. Protracted loss of or impairment of the function of a bodily member or organ; or

3. The terrorism involves the use, release or escape of nuclear materials, or directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
4. The terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
5. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.

With respect to this exclusion, Paragraphs 1. and 2. describe the thresholds used to measure the magnitude of an incident of an "other act of terrorism" and the circumstances in which the threshold will apply for the purpose of determining whether this exclusion will apply to that incident.

B. The following definitions are added:

1. For the purposes of this endorsement, "any injury or damage" means any injury or damage covered under any Coverage Form to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage" or "personal and advertising injury" as may be defined in any applicable Coverage Form.

2. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:
 - a. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act;
 - b. The act resulted in damage:
 - (1) Within the United States (including its territories and possessions and Puerto Rico); or
 - (2) Outside of the United States in the case of:
 - (a) An air carrier (as defined in Section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs; or
 - (b) The premises of any United States mission; and
 - c. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

3. "Other act of terrorism" means a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not a "certified act of terrorism".

Multiple incidents of an "other act of terrorism" which occur within a seventy-two hour period and appear to be carried out in concert or to have a related purpose or common leadership shall be considered to be one incident.

 - C. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Policy.
 - D. If aggregate insured losses attributable to terrorist acts certified under the federal 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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT OF TERRORISM

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following provisions are added to the Businessowners Liability Coverage Form **BP 00 06** and **Section II – Liability** of the Businessowners Coverage Form **BP 00 03**:

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM PUNITIVE DAMAGES

Damages arising, directly or indirectly, out of a "certified act of terrorism" that are awarded as punitive damages.

B. The following definition is added:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and

2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

- C.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FUNGI OR BACTERIA EXCLUSION (LIABILITY)

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following provisions are added to **Section II – Liability**:

A. The following exclusion is added to Paragraph **B.1., Exclusions – Applicable To Business Liability Coverage**:

t. Fungi Or Bacteria

- (1) "Bodily injury", "property damage" or "personal and advertising injury" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

- (2) Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for bodily consumption.

B. The following definition is added Paragraph **F. Liability And Medical Expenses Definitions**:

1. "Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by fungi.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF INSURED CONTRACT DEFINITION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

Paragraph **9.** under **F. Liability And Medical Expenses Definitions** is replaced by the following:

9. "Insured contract" means:

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

Paragraph **f.** does not include that part of any contract or agreement:

- (1)** That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;
- (2)** That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a)** Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b)** Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3)** Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in **(2)** above and supervisory, inspection, architectural or engineering activities.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – ACCESS OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL MATERIAL OR INFORMATION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following is added to Paragraph 1. **Applicable To Business Liability Coverage** of **B. Exclusions** under **Section II – Liability**:

This insurance does not apply to:

Access Or Disclosure Of Confidential Or Personal Material Or Information

"Bodily Injury", "property damage" or "personal and advertising injury", arising out of any access to or disclosure of any person's or organization's confidential or personal material or information, including:

- a. Patents, trade secrets, processing methods, customer lists;
- b. Financial information, credit card information;

- c. Health information, biometric information; or
- d. Any other type of nonpublic material or information.

This exclusion applies even if damages are claimed for notification costs, credit or identity monitoring expenses, forensic expenses, public relations expenses, data restoration expenses, extortion expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal material or information.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CYBER INCIDENT LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

Section II – Liability is amended as follows:

- A.** The following exclusion is added to Paragraph 1. **Applicable To Business Liability Coverage** under **B. Exclusions**:

This insurance does not apply to:

Cyber Incident

"Bodily injury", "property damage", or "personal and advertising injury" arising out of a "cyber incident".

This exclusion applies even if damages are claimed for notification costs, credit or identity monitoring expenses, forensic expenses, public relations expenses, data restoration expenses, extortion expenses or any other similar cost or expense incurred by you or others arising out of a "cyber incident".

- B.** For the purposes of this endorsement, the following is added to Paragraph **F. Liability And Medical Expenses Definitions**:

"Cyber incident" means any:

1. Unauthorized access to or use of any computer system.

2. Malicious code, virus or any other harmful code that is directed at, enacted upon or introduced into any computer system and is designed to access, alter, corrupt, damage, delete, destroy, disrupt, encrypt, exploit, use or prevent or restrict access to or the use of any part of any computer system or otherwise disrupt its normal functioning or operation.
3. Denial of service attack which disrupts, prevents or restricts access to or use of any computer system, or otherwise disrupts its normal functioning or operation.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – VIOLATION OF LAW ADDRESSING DATA PRIVACY

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

Section II – Liability is amended as follows:

The following is added to Paragraph **B. Exclusions:**

This insurance does not apply to:

Violation Of Law Addressing Data Privacy

"Bodily injury", "property damage" or "personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- a.** Any federal, state or local statute, ordinance, regulation or other law that addresses, prohibits, or limits access to, use of or the printing, dissemination, disposal, obtaining, collecting, storing, safeguarding, recording, retention, sending, transmitting, communicating, selling or distribution of any person's or organization's confidential or personal material or information, including financial, health, biometric or other nonpublic material or information.

Any such federal, state or local statute, ordinance, regulation or other law includes but is not limited to:

- (1)** The Illinois Biometric Information Privacy Act (BIPA), including any amendment of or addition to such law; or
 - (2)** The California Consumer Privacy Act (CCPA), including any amendment of or addition to such law; or
- b.** Any law of a jurisdiction other than the United States of America (including its territories and possessions) or Puerto Rico that is similar to any statute, ordinance, regulation or other law described in Paragraph **a.** above, including but not limited to the European Union's General Data Protection Regulation.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – LEAD CONTAMINATION

This endorsement modifies coverage found under the following:

BUSINESSOWNERS COVERAGE FORM
Section II-A.1. Business Liability
Section II-A.2. Medical Expenses

This endorsement modifies the above Coverages to exclude “occurrences” at the Insured premises which result in:

- a.** “Bodily injury” arising out of the ingestion, inhalation or absorption of lead in any form;
- b.** “Property damage” arising from any form of lead;
- c.** “Personal and advertising injury” arising from any form of lead;
- d.** Medical expenses arising from any form of lead;
- e.** Any loss, cost or expense arising out of any request, demand or order that any Insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of lead; or
- f.** Any loss, cost or expense arising out of any claim or “suit” by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of lead.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AUDIT NONCOMPLIANCE FACTOR ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

Schedule:

Exposure: Estimated Annual Payroll and/or Gross Sales

ANF Multiplier: Two Times (2.0)

A. SECTION III – COMMON POLICY CONDITIONS (APPLICABLE TO SECTION I – PROPERTY AND SECTION II - LIABILITY), Paragraph J. Premium Audit is amended to add the following:

If you do not allow us to examine your records needed for premium computation of this policy, and/or you do not provide audit information as requested, we may apply an Audit Noncompliance Factor (ANF) to your policy which will result in additional premium due.

The ANF will apply regardless of the audit type, i.e. mail/emial, telephone, computer, and physical audits unless otherwise provided by state law.

The charge will be computed by applying the **ANF Multiplier** by the applicable **Exposure** shown in the schedule above.

In order to apply the ANF on this policy,

1. The company must comply with all applicable state laws and/or regulations related to the audit of this policy.
2. This endorsement must be attached to the policy at the inception of the policy term being audited.

3. The company must make two attempts to complete the audit and/or obtain the audit information. On the second attempt, the policyholder and/or agent of the policyholder must be advised that if the employer continues not to comply with the audit the ANF will be added and an additional premium will be due.

4. The audit file must be documented to show the attempts made to obtain the required audit information.

If the ANF is applied and the policyholder allows the audit, the final premium will be based on the results of the audit and the ANF will be removed.

If the ANF is not paid but the policyholder allows the audit, the final premium will be based on the results of the audit and the ANF will be removed from the policy.

If the ANF is applied and the audit is refused or there is noncompliance, the final premium determination will be based on the result of applying the ANF Multiplier to the estimated annual exposure.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ASBESTOS EXCLUSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SECTION II – LIABILITY

The following is added to Section **B. –Exclusions**

This insurance does not apply to:

- (1) Any “bodily injury”, “property damage” or “personal and advertising injury” arising out of or caused by or allegedly caused by, any exposure or threatened exposure to “asbestos”, in any manner or form, or in combination with any other factors, substances or events.
- (2) Any “bodily injury”, “property damage” or “personal and advertising injury” arising out of or caused by the manufacturing, sale, storage, transportation, dispersal, release, leakage, removal, or disposal of any “asbestos” or any products containing “asbestos”.
- (3) Any testing, monitoring, investigating, treating, removal, clean up, control or destruction of “asbestos”.
- (4) Any other claim for damages, demands, costs, expenses or reimbursement of costs or expenses relating to or arising from “asbestos”.

However, this exclusion does not apply to “bodily injury” or “property damage” arising out of heat, smoke or fumes from a “hostile fire”.

For the purpose of this exclusion endorsement, “asbestos” means any type or form of asbestos, including but not limited to asbestos products or goods, asbestos fibers, asbestos materials, and any dusts, gases, by-products, vapors, or odors that are released or produced by asbestos or asbestos products, goods, fibers or material.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TOBACCO HEALTH HAZARD EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

Section II – Liability is amended as follows:

A. Paragraph B. Exclusions 1. Applicable To Business Liability Coverage is amended to add the following:

This insurance does not apply to any liability or damages, including expenses for investigation of defense, arising out of or allegedly arising out of:

1. "Health hazards" from the use of "tobacco products";
2. "Health hazards" caused by or contributed to by second-hand smoke from "tobacco products";
3. The furnishing of "tobacco products" to a person under the legal smoking age;
4. The manufacture, sale, handling, or distribution of "tobacco products";
5. Any statute, ordinance, or regulation relating to the sale, gift, distribution, or use of "tobacco products"; or
6. Any act or failure to act in connection with "tobacco products", including without limitation
 - a. the providing of or failure to provide warnings or instructions;
 - b. the promotion of the use or consumption of "tobacco products";
 - c. any warranties or representations made at any time with respect to the fitness, quality, durability or performance of "tobacco products".

B. For the purposes of this endorsement, Paragraph F. Liability And Medical Expenses Definition is amended to add the following:

1. "Health hazards" include, but are not limited to, the actual or alleged emergence, contraction, aggravation or exacerbation or fear of the emergence, contraction, aggravation or exacerbation of any form of cancer, cancerous or precancerous condition, arteriosclerosis, heart disease, emphysema, lung disease or any other injury, disease, malady or impairment of the health of the human body arising out of, in whole or in part, the:
 - a. Ingestion, consumption, inhalation or use of; or
 - b. Exposure to the ingestion, consumption, inhalation or use of;
any "tobacco product".
2. "Tobacco product" includes, but is not limited to, tobacco (including raw and cured tobacco), cigars and cigar wrappers, pipes and pipe tobacco, cigarette filters, snuff, chewing tobacco, smokeless tobacco products, tobacco substitutes, cigarettes and cigarette paper, gaseous or solid residues or byproducts of tobacco use or consumption, smoke from any of the above, and any chemical, mineral, or other product sprayed on, applied to or found within or used in conjunction with, any of the above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

GREEN ENVIRONMENTAL AND EFFICIENCY IMPROVEMENTS

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

Section I Property Coverage A.5. Additional Coverages is amended to add the following.

Green Covered Property

"We" will pay the reasonable and necessary additional costs "you" incur to repair or replace physically damaged Covered Property at a described premises for "specified causes of loss" other than equipment breakdown. "We" will pay:

- a. The lesser of the reasonable and necessary additional cost incurred by the Insured to repair or replace physically damaged Covered Property with Property of like kind and quality which qualifies as "Green". Like kind and quality includes similar size and capacity.
- b. The additional reasonable and necessary fees incurred by the Insured for an accredited professional certified by a "Green Authority" to participate in the repair or replacement of physically damaged Covered Property as "Green".
- c. The additional reasonable and necessary cost incurred by the Insured for certification or recertification of the repaired or replaced Covered Property as "Green".
- d. The additional reasonable and necessary cost incurred by the Insured for "Green" in the removal, disposal or recycling of damaged Covered Property.

"We" will not pay more than 10% of the Building and/or Business Personal Property limit, to a maximum limit of \$50,000, after the application of any deductible, of what the cost would have been to repair or replace with property of like kind and quality inclusive of fees, and costs incurred as stated above. This limit will be a part of, and not an addition to, the limit of liability per loss or any other sub-limits of liability of this Policy.

EXCLUSIONS

The following **Exclusion** is added:

1. Green Covered Property does not include any of the following:

- a. "Stock", raw materials, finished goods, "production machinery", merchandise, "electronic data" processing equipment not used in the functional support of the real property, process water, molds and dies, property in the open, property of others for which the Insured is legally liable, or personal property of others.
- b. Any loss adjusted on any valuation basis other than a repair or replacement basis as per the Valuation section of this policy.
- c. Any loss covered under any other section of this policy.
- d. Any cost incurred due to any law or ordinance with which the Insured was legally obligated to comply prior to the time of the covered loss.
- e. Loss of or damage to "green roofing systems" unless the loss or damage is directly caused by a "specified cause of loss".

DEFINITIONS

The following **Definitions** are added:

- I.** “Green” means products, materials, methods and processes certified by a “Green Authority” that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize environmental impact.
- II.** “Green Authority” means an authority on “Green” buildings, products, materials, methods or processes certified and accepted by Leadership in Energy and Environmental Design (LEED®), “Green” Building Initiative Green Globes®, Energy Star Rating System or any other recognized “Green” rating system.
- III.** “Production machinery” means any machine which processes, forms, shapes, or transports raw materials, materials in process, waste materials or finished products.
- IV.** “Green Roofing Systems” means environmentally friendly roof coverings as defined by the LEED® Green Building Rating System™ of the U.S. Green Building Council.

All other terms and conditions of this policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF LOSS DUE TO BY-PRODUCTS OF PRODUCTION OR PROCESSING OPERATIONS FOR RENTAL PROPERTIES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

Section I – Property is amended as follows:

- A.** The terms of this endorsement apply to all rental unit(s) covered by this policy, and to the building(s) in which such unit(s) are located, including any contents of such unit(s) and building(s), all of which constitute the described premises for the purpose of this endorsement.
- B.** We will not pay for loss or damage to the described premises, caused by or resulting from smoke, vapor, gas or any substance released in the course of production operations or processing operations performed at any rental unit(s) covered by this policy. This exclusion applies regardless of whether such operations are:
 - 1. Legally permitted or prohibited;
 - 2. Permitted or prohibited under the terms of the lease; or
 - 3. Usual to the intended occupancy of the premises.

This exclusion does not apply to loss or damage by fire or explosion that results from the release of a by-product of the production or processing operation.

- C.** If the loss or damage described in Paragraph **B.** of this endorsement results in Business Income loss or Extra Expense, there is no coverage for such loss or expense under the Business Income or Extra Expense Additional Coverages.
- D.** The conduct of a tenant's production or processing operations will not be considered to be vandalism of the rental premises regardless of whether such operations are:
 - 1. Legally permitted or prohibited;
 - 2. Permitted or prohibited under the terms of the lease; or
 - 3. Usual to the intended occupancy of the premises.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PENNSYLVANIA CHANGES

This endorsement modifies insurance provided under the following:

EMPLOYMENT-RELATED PRACTICES LIABILITY ENDORSEMENT

Paragraph **4. b.** of **SECTION F – EXTENDED REPORTING PERIODS** is deleted and replaced by the following:

- b.** You must give us a written request for this optional coverage, and its length, within 60 days after the end of the “coverage period”.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – UNMANNED AIRCRAFT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

Section II – Liability is amended as follows:

A. Exclusion **B.1.g.** is replaced by the following:

This insurance does not apply to:

g. Aircraft, Auto Or Watercraft

(1) Unmanned Aircraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft". Use includes operation and "loading or unloading".

This Paragraph **g.(1)** applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft".

(2) Aircraft (Other Than Unmanned Aircraft), Auto Or Watercraft

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

This Paragraph **g.(2)** applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft (other than "unmanned aircraft"),

"auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This Paragraph **g.(2)** does not apply to:

- (a)** A watercraft while ashore on premises you own or rent;
- (b)** A watercraft you do not own that is:
 - (i)** Less than 51 feet long; and
 - (ii)** Not being used to carry persons or property for a charge;
- (c)** Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (d)** Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (e)** "Bodily injury" or "property damage" arising out of:
 - (i)** The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged; or
 - (ii)** The operation of any of the following machinery or equipment:
 - i.** Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

- ii. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

B. The following is added to Exclusion B.1.p. Personal And Advertising Injury:

This insurance does not apply to:

p. Personal And Advertising Injury

"Personal and advertising injury":

Arising out of the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft". Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the offense which caused the "personal and advertising injury" involved the ownership, maintenance, use or entrustment to others of any aircraft that is an "unmanned aircraft".

This exclusion does not apply to:

- (1) The use of another's advertising idea in your "advertisement"; or
- (2) Infringing upon another's copyright, trade dress or slogan in your "advertisement".

C. The following definition is added to Paragraph F. Liability And Medical Expenses Definitions:

"Unmanned aircraft" means an aircraft that is not:

- 1. Designed;
- 2. Manufactured; or
- 3. Modified after manufacture;

to be controlled directly by a person from within or on the aircraft.

BUSINESSOWNERS COVERAGE FORM INDEX

This index is provided only as a convenience. It should not be assumed to provide a reference to every provision that can affect a question, claim or coverage. To determine the full scope of coverage and pertinent restrictions and exclusions, the policy (including endorsements) must be read in its entirety. The features may also be affected by related provisions not referenced at all in the index, or noted elsewhere in it. For instance, an **Exclusion** feature addresses a specific policy exclusion; but restrictions of coverage and exclusions also appear within the areas where coverage, covered causes of loss, etc., are described.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITATION OF COVERAGE TO DESIGNATED PREMISES, PROJECT OR OPERATION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

A. Premises:
B. Project Or Operation:
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

Section II – Liability is amended as follows:

A. Paragraph A.1.b.(1) is replaced by the following:

- (1)** To "bodily injury" and "property damage" caused by an "occurrence" that takes place in the "coverage territory" only if:
 - (a)** The "bodily injury" or "property damage":
 - (i)** Occurs on the premises shown in the Schedule or the grounds and structures appurtenant to those premises; or
 - (ii)** Arises out of the project or operation shown in the Schedule;
 - (b)** The "bodily injury" or "property damage" occurs during the policy period; and

- (c)** Prior to the policy period, no insured listed under Paragraph **C.1. Who Is An Insured** and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known before the policy period.

B. Paragraph A.1.b.(2) is replaced by the following:

- (2)** To "personal and advertising injury" caused by an offense committed in the "coverage territory" but only if:
 - (a)** The offense arises out of your business:
 - (i)** Performed on the premises shown in the Schedule; or

- (ii) In connection with the project or operation shown in the Schedule; and
- (b) The offense was committed during the policy period.

However, with respect to Paragraph **A.1.b.(2)(a)(i)**, if the "personal and advertising injury" is caused by:

- (a) False arrest, detention or imprisonment; or
- (b) The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;

then such offense must arise out of your business performed on the premises shown in the Schedule and the offense must have been committed on the premises shown in the Schedule or the grounds and structures appurtenant to those premises.

C. Paragraph A.2.a. Medical Expenses is replaced by the following:

a. We will pay medical expenses as described below for "bodily injury" caused by an accident that takes place in the "coverage territory" if the "bodily injury":

- (1) Occurs on the premises shown in the Schedule or the grounds and structures appurtenant to those premises; or
- (2) Arises out of the project or operation shown in the Schedule;

provided that:

- (a) The accident takes place during the policy period;
- (b) The expenses are incurred and reported to us within one year of the date of the accident; and
- (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMUNICABLE DISEASE EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following exclusion is added to Paragraph **B. Exclusions** in **Section II – Liability**:

Communicable Disease

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the actual or alleged transmission of a communicable disease.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the:

- a.** Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;
- b.** Testing for a communicable disease;
- c.** Failure to prevent the spread of the disease; or
- d.** Failure to report the disease to authorities.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CANNABIS PROPERTY EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

Section I – Property is amended as follows:

A. The following is added to Paragraph **A.2. Property Not Covered:**

a. "Cannabis".

B. For the purpose of this endorsement, the following applies to Business Income and Extra Expense:

Coverage under this Policy does not apply to that part of Business Income loss or Extra Expense incurred, due to a suspension of your "operations", which is attributable to the design, cultivation, manufacture, storage, processing, packaging, handling, testing, distribution, sale, serving, furnishing, possession or disposal of "cannabis".

C. For the purpose of this endorsement, the following definition is added:

"Cannabis":

1. Means:

Any good or product that consists of or contains any amount of Tetrahydrocannabinol (THC) or any other cannabinoid, regardless of whether any such THC or cannabinoid is natural or synthetic.

2. Paragraph **C.1.** above includes, but is not limited to, any of the following containing such THC or cannabinoid:

a. Any plant of the genus Cannabis L., or any part thereof, such as seeds, stems, flowers, stalks and roots; or

b. Any compound, byproduct, extract, derivative, mixture or combination, such as:

(1) Resin, oil or wax;

(2) Hash or hemp; or

(3) Infused liquid or edible cannabis;

whether or not derived from any plant or part of any plant set forth in Paragraph **C.2.a.**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PENNSYLVANIA – CANNABIS LIABILITY EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM
PENNSYLVANIA – ELECTRONIC DATA LIABILITY – BROAD COVERAGE ENDORSEMENT

A. The following exclusion is added to Section II – Liability:

This insurance does not apply to:

1. "Bodily injury", "property damage" or "personal and advertising injury" arising out of:
 - a. The design, cultivation, manufacture, storage, processing, packaging, handling, testing, distribution, sale, serving, furnishing, possession or disposal of "cannabis"; or
 - b. The actual, alleged, threatened or suspected inhalation, ingestion, absorption or consumption of, contact with, exposure to, existence of, or presence of "cannabis"; or
2. "Property damage" to "cannabis".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage", or the offense which caused the "personal and advertising injury", involved that which is described in Paragraph **A.1.** or **A.2.** above.

However, Paragraph **A.1.b.** does not apply to "bodily injury" or "property damage" arising out of the actual, alleged, threatened or suspected inhalation, ingestion, absorption or consumption of, or contact with, "cannabis" by:

- (1) An insured; or
- (2) Any other person for whom you are legally responsible;

but only if the "bodily injury" or "property damage" does not arise out of your selling, serving or furnishing of "cannabis" to any person described above.

B. The exclusion in Paragraph A. does not apply to "personal and advertising injury" arising out of the following offenses:

1. False arrest, detention or imprisonment; or
2. The wrongful eviction from, wrongful entry into, or invasion of the right or private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor.

C. The following changes apply only to Pennsylvania – Electronic Data Liability – Broad Coverage Endorsement BP 14 66 if it is attached to this Policy:

The following exclusion is added to **Section II – Liability:**

This insurance does not apply to:

"Loss of electronic data":

1. Arising out of:
 - a. The design, cultivation, manufacture, storage, processing, packaging, handling, testing, distribution, sale, serving, furnishing, possession or disposal of "cannabis"; or
 - b. The actual, alleged, threatened or suspected inhalation, ingestion, absorption or consumption of, contact with, exposure to, existence of, or presence of "cannabis"; or
2. With respect to any "electronic data" that is used in the design, manufacture, distribution, sale, serving, furnishing, use or possession of "cannabis".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "electronic data incident" which caused the "loss of electronic data" involved that which is described in Paragraph **C.1.** or **C.2.** above.

However, Paragraph **C.1.b.** does not apply to "loss of electronic data" arising out of the actual, alleged, threatened or suspected inhalation, ingestion, absorption or consumption of, or contact with, "cannabis" by:

- (1) An insured; or
- (2) Any other person for whom you are legally responsible;

but only if the "loss of electronic data" does not arise out of your selling, serving or furnishing of "cannabis" to any person described above.

D. For the purpose of this endorsement, the following definition is added:

"Cannabis":

1. Means:

Any good or product that consists of or contains any amount of Tetrahydrocannabinol (THC) or any other cannabinoid, regardless of whether any such THC or cannabinoid is natural or synthetic.

2. Paragraph **D.1.** above includes, but is not limited to, any of the following containing such THC or cannabinoid:

- a.** Any plant of the genus Cannabis L., or any part thereof, such as seeds, stems, flowers, stalks and roots; or
- b.** Any compound, byproduct, extract, derivative, mixture or combination, such as:

- (1) Resin, oil or wax;
- (2) Hash or hemp; or
- (3) Infused liquid or edible cannabis;

whether or not derived from any plant or part of any plant set forth in Paragraph **D.2.a.**

EQUIPMENT BREAKDOWN ENHANCEMENT ENDORSEMENT

This endorsement changes coverage provided by the Businessowners Coverage Form BP0003. Read the entire endorsement carefully to determine rights, duties and what is and is not covered.

This endorsement provides coverage for the perils of mechanical, electrical and steam boiler explosion for "Equipment Breakdown" as defined.

SECTION I – PROPERTY

A. Coverage

The following Limitations are deleted:

4. Limitations

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

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

The following limit under **5. Additional Coverages, h.** has been changed to:

5. Additional Coverages

h. Pollutant Clean-up and Removal

We will pay for the pollutant clean up and removal for loss resulting from an "Equipment Breakdown." The most we will pay for the pollutant clean up and removal is \$250,000 unless a higher limit is provided by an endorsement to the property form for which this endorsement is attached. In that case, whichever limit is greater will apply.

The following Coverage Extensions are added:

6. Coverage Extensions

Expediting Expense

We will pay for the expediting expense loss resulting from an "Equipment Breakdown" with respect to your damaged Covered Property. We will pay the reasonable extra cost to:

- (1) Make temporary repairs;
- (2) Expedite permanent repairs; and
- (3) Expedite permanent replacement.

Reasonable extra cost shall mean the extra cost of temporary repair and of expediting the repair of such damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation. This payment may be adjusted for salvage expenses or recoveries.

Refrigerant Contamination

We will pay the loss from contamination by refrigerant used in refrigerating, cooling or humidity control equipment at the described premises as a result of "Equipment Breakdown."

The most we will pay for loss or damage under this coverage is \$250,000 unless a higher limit is provided by an endorsement to the property form for which this endorsement is attached. In that case, whichever limit is greater will apply. This payment may be adjusted for salvage expenses and recoveries.

Spoilage Coverage

We will pay for loss of “perishable goods” due to spoilage resulting from lack of power, light, heat, steam or refrigeration caused by “Equipment Breakdown”.

However, we will not pay for any loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:

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

The most we will pay for loss or damage under this coverage is \$250,000 unless a higher limit is provided by an endorsement to the property form for which this endorsement is attached. In that case, whichever limit is greater will apply.

CFC Refrigerants

We will pay for the additional cost to repair or replace Covered Property because of the use or presence of a refrigerant containing CFC (chlorofluorocarbon) substances caused by an “Equipment Breakdown”.

Additional costs mean those in excess of what would have been required to repair or replace covered property had no CFC refrigerant been involved. We also pay for additional loss as described under the Spoilage Coverages provided by this endorsement, caused by the presence of a refrigerant containing CFC substances.

We pay no more than the following:

- (1) The cost to repair the damaged property and replace any lost CFC refrigerant;
- (2) The cost to repair the damaged property, retrofit the system to accept a non-CFC refrigerant, and charge the system with a non-CFC refrigerant; or
- (3) The cost to replace the system with one using a non-CFC refrigerant.

Utility Interruption

Any insurance provided for Business Income, Extra Expense, Spoilage or Data Restoration is extended to apply to your loss, damage or expense caused by an “Equipment Breakdown” to equipment that is owned by a utility, landlord or other supplier with whom you have a contract to supply you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks, data transmission or “cloud computing”. The equipment must meet the definition of “Equipment Breakdown” except that it is not Covered Property.

The most we will pay for loss or damage under this coverage is \$25,000 unless a higher limit is provided by an endorsement to the property form for which this endorsement is attached or sub-limited under the **Coverage Extensions** of this endorsement. In that case, whichever limit is greater will apply.

Computer Equipment

We will pay for loss or damage to your “computer equipment” caused by an “Equipment Breakdown”.

Data Restoration

We will pay for your reasonable and necessary cost to research, replace and restore lost information on electronic media and records as a result of an “Equipment Breakdown”.

The most we will pay for loss or damage under this coverage is \$100,000.

Unauthorized Instruction

We will pay for loss or damage to your "computer equipment" caused by an "unauthorized instruction" which results in an "Equipment Breakdown".

Risk Improvement

If Covered Property suffers direct physical loss or damage due to an "Equipment Breakdown", we will pay for the insured to improve the "power quality" of the electrical system or equipment at the loss location where the "Equipment Breakdown" occurred.

We will pay the reasonable extra cost to improve "power quality" for the following electrical systems and/or equipment improvements:

- (1) Installation of surge protection devices (SPD's) which are installed at the loss location's line disconnect, load disconnect, or on specific pieces of equipment and that are certified by Underwriter Laboratories (UL) or has an equivalent certification.
However SPD's do not include any SPD's which are cord-connected surge strips, direct plug-in SPD's or receptacle SPD's;
- (2) An upgrade and/or replacement of: electrical panels, switchgear and/or circuit breakers; or
- (3) Electrical wire and wiring improvements which include installation of: flexible conduit, junction boxes and/or ground wiring.

We will not pay more than 10%, to a maximum limit of \$10,000, of the loss amount paid. An invoice for implementation of this Additional Coverage must be sent to us within 180 days after the payment of the loss is received.

Temperature Fluctuation

We will pay for loss of "perishable goods" only caused by or resulting from any condition or event to Covered Property that can be resolved by calibrating, resetting, tightening, adjusting or cleaning.

However, we will not pay for loss of "perishable goods" as a result of resetting the power supply to the Covered Property containing the "perishable goods".

The most we will pay for this coverage is \$5,000 including any insurance provided for Business Income or Extra Expense.

Off-Premises Coverage

We will pay for loss or damage to Covered Property resulting from a covered "Equipment Breakdown" while temporarily at a premises or location that is not a described premises.

The most we will pay for loss or damage under this coverage is \$25,000.

B. Exclusions

The following Exclusions are deleted:

2. a. Electrical Apparatus

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

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

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

- (1) Electrical current, including arcing;
- (2) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (3) Pulse of electromagnetic energy; or
- (4) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by fire. We will pay for loss or damage to "computer(s)" due to artificially generated electrical, magnetic or electromagnetic energy if such loss or damage is caused by or results from:

- (1) An occurrence that took place within 100 feet of the described premises; or
- (2) Interruption of electric power supply, power surge, blackout or brownout if the cause of such occurrence took place within 100 feet of the described premises.

2. d. Steam Apparatus

Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

2. I. Other Types of Loss

- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. This exclusion does not apply with respect to the breakdown of "computer(s)";

F. Property General Conditions

The following Property General Conditions are added:

5. Suspension

Whenever "Equipment Breakdown" property is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss to that "Equipment Breakdown" property for the perils covered by this endorsement. Coverage can be suspended and possibly reinstated by delivering or mailing a written notice of suspension / coverage reinstatement to:

- (a) Your last known address; or
- (b) The address where the property is located; or
- (c) As otherwise required by applicable law concerning notification of suspension.

If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

6. Inspections and Surveys

a. We have the right to:

- (1) Make inspections and surveys at any time;
- (2) Give you reports on the conditions we find; and
- (3) Recommend changes.

b. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake 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. We do not warrant that conditions:

- (1) Are safe or healthful; or
- (2) Comply with laws, regulations, codes or standards.

c. Paragraphs a. and b. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

d. Paragraph b. of this condition does not apply to any inspections, surveys, reports, or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

7. Environmental, Safety and Efficiency Improvements

If Covered Property requires repair or replacement due to an "Equipment Breakdown", we will pay your additional cost to replace with equipment that is better for the environment, safer, or more efficient than the equipment being replaced.

However, we will not pay more than 150% of what the cost would have been to repair or replace with like kind and quality. This Condition does not apply to any property to which Actual Cash Value applies.

8. Green Environmental and Efficiency Improvements

If Covered Property requires repair or replacement due to an "Equipment Breakdown", "we" will pay:

- a. The lesser of the reasonable and necessary additional cost incurred by the Insured to repair or replace physically damaged Covered Property with equipment of like kind and quality which qualifies as "Green". Like kind and quality includes similar size and capacity.
- b. The additional reasonable and necessary fees incurred by the Insured for an accredited professional certified by a "Green Authority" to participate in the repair or replacement of physically damaged Covered Property as "Green".
- c. The additional reasonable and necessary cost incurred by the Insured for certification or recertification of the repaired or replaced Covered Property as "Green".
- d. The additional reasonable and necessary cost incurred by the Insured for "Green" in the removal, disposal or recycling of damaged Covered Property.
- e. The business interruption (if covered within the Policy to which this **Equipment Breakdown Enhancement Endorsement** is attached) loss during the additional time required for repair or replacement of Covered Property, consistent with "Green", in the coverages above.

"We" will not pay more than 150%, to a maximum limit of \$100,000, of what the cost would have been to repair or replace with equipment of like kind and quality inclusive of fees, costs, and any business interruption loss incurred as stated above.

However, **Green Environmental and Efficiency Improvements** does not cover any of the following:

- a. Covered Property does not include "stock", raw materials, finished goods, "production machinery", merchandise, electronic data processing equipment not used in the functional support of the real property, process water, molds and dies, property in the open, property of others for which the Insured is legally liable, or personal property of others.
- b. Any loss adjusted on any valuation basis other than a repair or replacement basis as per the Valuation section of this policy.
- c. Any loss covered under any other section of this policy.
- d. Any cost incurred due to any law or ordinance with which the Insured was legally obligated to comply prior to the time of the "Equipment Breakdown".

These **Property General Conditions** will be a part of, and not an addition to, the limit of liability per loss or any other sub-limits of liability of this Policy.

G. Optional Coverages

The following Optional Coverages are changed:

1. Outdoor Signs

The following exclusion is removed.

- c. **(5) Mechanical Breakdown**

The provisions of this endorsement supercede the following optional coverage:

4. Equipment Breakdown Protection Coverage

H. Property Definitions

15. "Cloud computing" means on-demand network access to a shared pool of computing resources via networks, servers, storage, applications and services provided by an organization with whom you have a contract with using the following service models: Software as a Service (SaaS), Platform as a Service (PaaS) and Infrastructure as a Service (IaaS) on the following deployment models: public cloud, community cloud, hybrid cloud and private cloud.
16. "Computer equipment" means Covered Property that is electronic computer or other data processing equipment, including peripherals used in conjunction with such equipment and electronic media and records.
17. "Electronic equipment" means devices which operate using many small electrical parts such as, but not limited to, microchips, transistors or circuits.
18. "Electronic equipment deficiency" means the quality or condition inside of "electronic equipment" which renders this equipment unexpectedly inoperable and which is operable again once a piece of "electronic equipment" has been replaced.

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

19. "Equipment Breakdown" as used herein means physical loss or damage, both originating within:
 1. Boilers, fired or unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:
 - a. Waste disposal piping;
 - b. Any piping forming part of a fire protective system;
 - c. Furnaces; and
 - d. Any water piping other than
 - (1) Boiler feed water piping between the feed pump and the boiler;
 - (2) Boiler condensate return piping; or
 - (3) Water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes;
 2. All mechanical, electrical, "electronic equipment" or fiber optic equipment; and caused by, resulting from or consisting of:
 - a. Mechanical breakdown; or
 - b. Electrical or electronic breakdown and "electronic equipment deficiency"; or
 - c. Rupture, bursting, bulging, implosion, or steam explosion.

"Equipment Breakdown" does not mean:

Physical loss or damage caused by or resulting from any of the following. However, if loss or damage not otherwise excluded results, then we will pay for such resulting damage:

1. Wear and tear;
2. Rust or other corrosion, decay, deterioration, hidden or latent defect, mold or any other quality in property that causes it to damage or destroy itself;
3. Smog;
4. Settling, cracking, shrinking or expansion;

5. Nesting or infestation, or discharge or release of waste products or secretions, by birds, rodents or other animals;
6. Any accident, loss, damage, cost, claim, or expense, whether preventative, remedial, or otherwise, directly or indirectly arising out of or relating to the recognition, interpretation, calculation, comparison, differentiation, sequencing, or processing of data by any computer system including any hardware, programs or software.
7. The following causes of loss to personal property:
 - a. dampness or dryness of atmosphere;
 - b. marring or scratching.
8. Loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:

Fire, lightning, combustion explosion, windstorm, hail, weight of snow, ice or sleet, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.
20. "Green" means products, materials, methods and processes certified by a "green authority" that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize environmental impact.
21. "Green Authority" means an authority on "green" buildings, products, materials, methods or processes certified and accepted by Leadership in Energy and Environmental Design (LEED®), Green Building Initiative Green Globes®, Energy Star Rating System or any other recognized "green" rating system.
22. "Perishable goods" means stock preserved and maintained under controlled conditions and susceptible to loss or damage if the controlled conditions change.
23. "Power quality" means the conditions that allow electrical systems or equipment to operate as intended by limiting voltage fluctuations and other power influences that would adversely affect the operational performance and/or reduce the reliability, or the life-span of the electrical system.
24. "Production machinery" means any machine which processes, forms, shapes, or transports raw materials, materials in process, waste materials or finished products.
25. "Unauthorized instruction" means a virus, harmful code or similar instruction introduced into or enacted on a computer system or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYMENT-RELATED PRACTICES LIABILITY ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

THIS ENDORSEMENT PROVIDES CLAIMS MADE AND REPORTED COVERAGE. DEFENSE COSTS APPLY AGAINST THE LIMITS OF INSURANCE AND ARE SUBJECT TO THE DEDUCTIBLE.

SCHEDULE

Employment-Related Practices Liability Limits Of Insurance:	
Each "Claim" Limit	\$
Aggregate Limit	\$
Deductible:	
Each "Claim"	\$
Retroactive Date:	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

For the purposes of the coverage provided by this Employment-Related Practices Liability Endorsement, **SECTION II - LIABILITY** is amended as follows:

A. The following is added to paragraph **A. Coverages**:

3. Employment-Related Practices Liability

a. Employment Practices Liability

We will pay on behalf of the insured for "damages" in excess of the Deductible arising out of any "employment practices" to which this insurance applies. We have no obligation under this insurance to make payments or perform acts or services except as provided for in this paragraph and in paragraph **g.** below.

b. Third Party Liability

We will pay on behalf of the insured for "damages" in excess of the Deductible arising out of any "third party wrongful acts" to which this insurance applies. We have no obligation under this insurance to make payments or perform acts or services except as provided for in this paragraph and in paragraph **g.** below.

c. This insurance applies to such "damages" only if:

- (1)** The "damages" result from "claims" made by:
 - (a) "employees", "leased workers", "temporary workers", former "employees" or applicants for employment by you in connection with "employment practices", or
 - (b) clients or customers of yours in connection with "third party wrongful acts";
- (2)** The "employment practices" or "third party wrongful acts" take place in the "coverage territory";
- (3)** Such "employment practices" or "third party wrongful acts" occurred on or after the Retroactive Date, if any, shown in the Schedule and before the end of the "coverage period"; and

- (4) A "claim" is both:
- (a) First made against any insured, in accordance with paragraph **d.** below, during the "coverage period" or any Extended Reporting Period we provide under **F. EXTENDED REPORTING PERIODS**; and
 - (b) Reported to us either (i) during the "coverage period" or within thirty (30) days thereafter, or (ii) with respect to any "claim" first made during any Extended Reporting Period we provide under **F. EXTENDED REPORTING PERIODS**, during such Extended Reporting Period.
- d. A "claim" will be deemed to have been made at the earlier of the following times:
- (1) When notice of such "claim" is received and recorded by you or by us, whichever comes first; or
 - (2) When we make settlement in accordance with paragraph **g.(2)(b)** below.
- e. All "claims" by one or more claimants for "damages" based on or arising out of:
- (1) One "employment practice" or "third party wrongful act"; or
 - (2) An "interrelated" series of "employment practices"; or
 - (3) An "interrelated" series of "third party wrongful acts"; or
 - (4) An "interrelated" series of both "employment practices" and "third party wrongful acts";
- by one or more insureds shall be deemed to be one "claim" and to have been made at the time the first of those "claims" is made against any insured.
- f. Each payment we make for "damages" or "defense expense" reduces the Limit of Insurance available, as provided under Paragraph **D.** of this endorsement.
- g. Defense of Claims, Administrative Hearings & Settlement Authority**
- Subject to the limits of insurance, deductible, conditions, exclusions, definitions, and other terms of this Endorsement:
- (1) We have the right and duty to defend "claims" against the insured seeking "damages" to which this insurance applies and to pay for related, "defense expense."
However, we have no duty to:
 - (a) Defend "claims" against the insured seeking "damages"; or
 - (b) Pay for related "defense expense",
when this insurance does not apply.
 - (2) We may, at our sole discretion:
 - (a) Investigate any "employment practice" or "third party wrongful act" that may result in "damages"; and
 - (b) Settle any "claim" which may result, provided:
 - (i) We have the insured's written consent to settle; and
 - (ii) The settlement is within the applicable Limit of Insurance available.
 - (3) Our liability will be limited as described below if:
 - (a) The insured refuses to consent to any settlement we recommend; and
 - (b) Such recommended settlement is acceptable to the claimant.

After such refusal, our liability under this endorsement for such "claim" shall not exceed the amount we would have paid for "damages" and "defense expense" if the insured had consented to our settlement recommendation. The insured shall thereafter be responsible for the negotiation and defense of that "claim" at their own cost and without our involvement.
 - (4) Our right and duty to defend such "claims" ends when we have used up the Limit of Insurance available, as provided under Paragraph **D.** of this endorsement. This applies both to "claims" pending at that time and any that may be made.

- (5) (a) When we control defense of a "claim", we will pay associated "defense expense" and choose a counsel of our choice from the panel of attorneys we have selected to deal with "employment practices" or "third party wrongful acts" "claims".

If you give us a specific written request at the time a "claim" is first made:

- (i) You or any involved insured may select one of our panel of employment law attorneys; or
- (ii) You or such insured may ask us to consider the approval of a defense attorney of your or that insured's choice who is not on our panel.

We will then use the attorney selected in (i) above, or consider the request in (ii) above, if we deem it appropriate to engage counsel for such "claim".

- (b) If by mutual agreement or court order the insured assumes control of the defense before the applicable Limit of Insurance is used up, the insured will be allowed to select defense counsel and we will reimburse the insured for reasonable "defense expense". You and any involved insured must:

(i) continue to comply with **E.2. Duties in the Event of "Employment Practices", "Third Party Wrongful Acts", or "Claims"**.

(ii) Direct defense counsel to:

(aa) Furnish us with the additional information we request to evaluate the "employment practices", "third party wrongful acts", or "claim"; and

(bb) Cooperate with any counsel we may select to monitor or associate in the defense of the "employment practices", "third party wrongful acts", or "claim".

If we defend any insured under a reservation of rights, both such insured's counsel and our counsel will be required to maintain records pertinent to "defense expenses". These records will be used to determine the allocation of any "defense expenses" for which you or any insured may be solely responsible, including defense of an allegation not covered by this insurance.

We will notify you in writing when the applicable limit of insurance has been used-up by the payment of judgments, settlements or "defense expense". We will also initiate and cooperate in the transfer of defense of any "claim" to an appropriate insured for whom the duty to defend has ended by reason of paragraph **g.(4)** above.

- (6) Upon notice to us and with our prior approval, the first Named Insured is authorized to act on behalf of all insureds with respect to the payment of "damages" in settlement of any Administrative Hearing or other non-judicial proceeding before the Federal Equal Employment Opportunity Commission, or any similar Federal, state or local body or commission. This authorization is limited to:

(i) "Damages" covered by this endorsement; together with

(ii) "Defense expenses", as defined in paragraph **H.26.d.**,

in a total amount not to exceed two times the amount of the Deductible stated in the Schedule.

B. The following is added to paragraph **B. Exclusions**:

4. Applicable To Employment Practices Liability Coverage and Third Party Liability Coverages;

This insurance does not apply to "claims" based on, arising out of, or in any way involving:

a. (1) "Employment practices" or "third party wrongful acts" which were the subject of any demand, suit or other proceeding which was initiated against any insured; or

(2) Facts and circumstances which would cause a reasonable person to believe a "claim" would be made and which were known to any insured;

prior to the effective date or the earlier of:

- (i) The first coverage endorsement of this type that we issued to you of which this endorsement was an uninterrupted renewal of this type of coverage; or
- (ii) This endorsement.
- b. Loss of any benefit conferred or loss of any obligation imposed under an express contract of employment.
- c. Any obligation to pay "damages" by reason of the assumption of liability in any contract or agreement.

However, this exclusion does not apply to liability for "damages" that the insured would have in the absence of the contract or agreement.

- d. Liability arising under any of the following laws:
 - (1) Any workers compensation, disability benefits or unemployment compensation law or any similar law.

However, this exclusion shall not apply to any "claim" based upon, arising from or in consequence of any actual or alleged retaliatory treatment of the claimant by the insured on account of the claimant's exercise of rights pursuant to any such law;

- (2) Employees' Retirement Income Security Act of 1974, Public Law 93-406, (ERISA) as now or hereafter amended, or any similar state or other governmental law. This includes:
 - (a) Fiduciary liability;
 - (b) Liability arising out of the administration of any employee benefit plan; and
 - (c) Any other liability under any such laws;

- (3) The Fair Labor Standards Act, or any state or common law wage or hour law, including, but not limited to laws governing minimum wages, hours worked, overtime compensation and including any recordkeeping and reporting related thereto.

This exclusion includes actions or claims brought by or on behalf of individuals or agencies seeking wages, fines, penalties, taxes, disgorgement or other affirmative relief or compensation.

This exclusion does not include claims based on the Equal Pay Act or retaliation related to Equal Pay Act claims;

- (4) The National Labor Relations Act;
- (5) The Worker Adjustment and Retraining Notification Act (Public Law 100-379);
- (6) The Consolidated Omnibus Budget Reconciliation Act of 1985; or
- (7) The Occupational Safety and Health Act.

This exclusion **d. (1) – (7)** also applies to:

- (i) Any rules or regulations promulgated under any of the foregoing and amendments thereto;
- (ii) Any similar provisions of any federal, state or local law;
- (iii) That part of any "damages" awarded for the cost or replacement of any insurance benefits due or alleged to be due to any current or former "employee"; and
- (iv) Any "claim" based upon, arising from or in consequence of any actual or alleged retaliatory treatment of the claimant by the insured on account of the claimant's exercise of rights pursuant to any such law described in this exclusion **d.** This provision **d.(iv)** does not apply to the specific retaliation exceptions shown in exclusions **d.(1)** and **d.(3)** above.

- e. Oral or written publication of material, if such material:
 - (1) Was published by or at the direction of the insured with knowledge of the material's falsity; or
 - (2) Was first published before the Retroactive Date, if any, shown in the Schedule.
- f. Dishonest, criminal or fraudulent acts of the insured.

- g. The willful failure by the insured or with the insured's consent to comply with any law or any governmental or administrative order or regulation relating to "employment practices" or "third party wrongful acts".

Willful, as used in this exclusion g., means acting with intentional or reckless disregard for any law, order or regulation.

The enforcement of this exclusion against any insured shall not be imputed to any other insured.

- h. "Bodily injury".

- i. "Employment practices" or "third party wrongful acts" which occur when or after:

- (1) You file for or are placed in any bankruptcy, receivership, liquidation or reorganization proceeding; or

- (2) Any other business entity acquires an ownership interest in you, which is greater than fifty percent.

- j. Costs of complying with physical modifications to your premises or any changes to your usual business operations as mandated by the Americans with Disabilities Act of 1990 including any amendment thereto, or any similar federal, state or local law.

This exclusion also applies to any "claim" based upon, arising from or in consequence of any actual or alleged retaliatory treatment of the claimant by the insured on account of the claimant's exercise of rights pursuant to any such law described in this exclusion j.

- k. Lockout, strike, picket line, related worker replacements or other similar actions resulting from labor disputes or labor negotiations.

This exclusion also applies to any "claim" based upon, arising from or in consequence of any actual or alleged retaliatory treatment of the claimant by the insured on account of the claimant's exercise of rights pursuant to labor disputes or labor negotiations.

- l. Access to or disclosure of confidential or personal information, including financial, health, employment or any other type of nonpublic information.

5. Applicable To Third Party Wrongful Act Coverage:

- a. Lending, or arranging for the lending of, money, including credit card, debit card, leasing or mortgage operations or activities in connection with a "claim" made against an insured by a client or customer of yours.

- b. The rental, sale or usage of any kind of housing in connection with a "claim" made against an insured by a client or customer of yours.

- c. Website creation, ownership or maintenance in connection with a "claim" made against an insured by a client or customer of yours.

C. Paragraph C. Who Is An Insured is deleted and replaced by the following:

- 1. If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.

- b. A partnership or joint venture, you are an insured. Your current or former members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.

- c. A limited liability company, you are an insured. Your current or former members are also insureds, but only with respect to the conduct of your business. Your current or former managers are insureds, but only with respect to their duties as your managers.

- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your stockholders are also insureds, but only with respect to their liability as stockholders.

- 2. Each of the following is an insured:

- a. Your "employees",

- b. Your former "employees", but only with respect to "employment practices" or "third party wrongful acts" committed while in your employ.
- c. Any heirs, executors, administrators, assignees or legal representatives of any individual insured in subparagraphs **1.a.**, **1.b.**, **2.a.** and **2.b.** above, in the event of the death, bankruptcy or incapacity of such insured, shall be insureds, but only to the extent this insurance would have been available to such insured but for their death, bankruptcy or incapacity.
- d. Any organization you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
 - (1) You must provide us notice of such acquisition or formation within 30 days of the effective date of your acquisition or formation;
 - (2) Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
 - (3) Coverage does not apply to any "employment practices" or "third party wrongful acts" that occurred before you acquired or formed the organization; and
 - (4) You must pay us any additional premium due as a condition precedent to the enforceability of this additional extension of coverage.

This Paragraph **d.** does not apply to any organization after it is shown in the Declarations.

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

D. Paragraphs **1.** through **4.** of item **D. Liability And Medical Expenses Limits Of Insurance** is deleted and replaced by the following:

1. The Limit of Insurance stated as Aggregate Limit in the Employment-related Practices Liability Endorsement Schedule is the most we will pay for the sum of:
 - a. "Damages" for all "claims" arising out of any actual or alleged "employment practices" or "third party wrongful acts" covered by this insurance; and
 - b. "Defense expense" for all "claims" seeking "damages" payable under paragraph **1.a.** above.

Each payment we make for such "damages" or "defense expenses" reduces the Aggregate Limit by the amount of the payment.

This reduced limit will then be the Limit of Insurance available for further "damages" and "defense expenses" under this endorsement.
2. Subject to paragraph **1.** above, the Limit of Insurance stated as the Each "Claim" Limit of Insurance is the most we will pay in excess of the Deductible as further described in paragraphs **5.** and **6.** below for the sum of:
 - a. "Damages" for injury arising from "employment practices" or "third party wrongful acts" covered by this insurance and arising out of one "claim"; and
 - b. "Defense expense" associated with that specific "claim" in item **2.a.** immediately preceding.
3. We will pay all interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the amount available for the judgment under the provisions of paragraphs **1.** and **2.** above. This payment will be in addition to the Limits of Liability.
4. The Limits of Insurance of this endorsement apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the "coverage period" shown in the Declarations, unless the "coverage period" is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.
5. When an "interrelated" series of "employment practices" and "third party wrongful acts" are considered one "claim" by the terms of this endorsement, the "interrelated" series of "employment

practices" and "third party wrongful acts" shall be subject to one Each "Claim" Limit of Insurance described in paragraph 2. above.

6. Deductible

- a. A deductible applies to all "damages" for injury arising from "employment practices" or "third party wrongful acts" and any "defense expense" however caused.
- b. Our obligation under this Employment-related Practices Liability Endorsement to pay "damages" and "defense expense" on behalf of any insured applies only to the sum of the amount of "damages" and "defense expense" for any one "claim" which are in excess of the deductible amount stated in the Schedule.
- c. Your obligation is to pay the deductible applicable to each "claim" made against this insurance. That deductible applies to the sum of all "damages" because of injury arising from "employment practices" or "third party wrongful act" paid for any one "claim" and applicable "defense expense" associated therewith. If there should be no "damages" paid for a "claim", you are still obligated to pay the applicable deductible for any "defense expense" incurred by us in connection with that "claim".
- d. The terms of this insurance apply irrespective of the application of the deductible, including those with respect to:
 - (1) Our right and duty to defend any "claims" seeking those "damages"; and
 - (2) Your and any involved insured's duties in the event of a "claim".
- e. We may pay any part or all of the deductible to effect settlement of any "claim" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible as we may have paid for "damages" or "defense expense".
- f. The application of the deductible does not reduce the applicable Limits of Insurance

Example No. 1

Deductible: \$5,000

Limit of Insurance: \$100,000

Damages and "Defense Expenses": \$75,000

The Deductible will be subtracted from the amount of damages and "defense expenses" in calculating the amount payable:

$\$75,000 - \$5,000 = \$70,000$ Amount Payable

Example No. 2

Deductible: \$5,000

Limit of Insurance: \$100,000

Damages and "Defense Expenses": \$120,000

The Deductible will be subtracted from the amount of damages and "defense expenses" ($\$120,000 - \$5,000 = \$115,000$). Since the amount of the damages and "defense expenses" minus the Deductible exceeds the Limit of Insurance, the policy will pay the full Limit of Insurance (\$100,000).

E. Paragraph E. Liability And Medical Expenses General Conditions is amended as follows:

1. Paragraph 2. **Duties In The Event Of Occurrence, Offense, Claim Or Suit** is deleted and replaced by the following:
2. **Duties in the Event of "Employment Practices", "Third Party Wrongful Acts" or "Claims"**
 - a. You must see to it that we are notified as soon as practicable of any specific "employment practices" or "third party wrongful acts" which you believe may result in an actual "claim". Your belief must be reasonably certain as the result of specific allegations made by a potential claimant or such potential claimant's representative, or as the result

of specifically identifiable injury sustained by a potential claimant. Notices of "employment practices" or "third party wrongful acts" should include the following detailed information:

- (1) How, when and where such "employment practices" or "third party wrongful acts" took place;
- (2) The names and addresses of any potential claimants and witnesses; and
- (3) The nature of any injury arising out of such "employment practices" or "third party wrongful acts".

Notice of such "employment practices" or "third party wrongful acts" is not notice of a "claim", but preserves any insured's rights to future coverage for subsequent "claims" arising out of such "employment practices" or "third party wrongful acts" as described in the Basic Extended Reporting Period of paragraph **F. EXTENDED REPORTING PERIODS** of this endorsement.

- b. If a "claim" is received by any insured:
 - (1) You must immediately record the specifics of the "claim" and the date received;
 - (2) You and any other involved insured must see to it that we receive written notice of the "claim", as soon as practicable, but in any event we must receive notice either:
 - (a) If paragraph **F – EXTENDED REPORTING PERIODS** of this endorsement does not apply, during the "coverage period" or within thirty (30) days thereafter
 - (b) No later than thirty (30) days after the occurrence of an event outlined in paragraph (1) of paragraph **F – EXTENDED REPORTING PERIODS** of this endorsement; or
 - (c) With respect to any "claim" first made during any Extended Reporting Period we provide under paragraph **F. EXTENDED REPORTING PERIODS** of this endorsement, during such Extended Reporting Period.

As a condition precedent for coverage under this insurance, notice of a "claim" must include the detailed information required in paragraphs **2.a.(1), (2) and (3)**; and

- (3) You and any other involved insured must:
 - (a) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim";
 - (b) Authorize us to obtain records and other information;
 - (c) Cooperate with us in the investigation, settlement or defense of the "claim"; and
 - (d) Assist us, upon our request, in the enforcement of any right against any person or organization, which may be liable to the insured because of injury or damage to which this insurance may also apply.

- c. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent, other than those specific payments authorized under paragraph **A.3.g.(4) Defense of Claims, Administrative Hearings & Settlement Authority**.

2. The following paragraph is added:

5. Representations

By accepting this policy, you agree that:

- a. The statements in the Declarations and Schedule are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

F. EXTENDED REPORTING PERIODS

1. a. We will provide Extended Reporting Periods, as described below, if:
 - (1) This endorsement is cancelled or not renewed for any reason other than due to:
 - (a) Nonpayment of premium;

- (b) Failure to comply with terms or conditions of the coverage; or
 - (c) Fraud;
- (2) This endorsement is renewed with insurance that does not apply on a claims-made basis;
- (3) This endorsement is modified so that it has a Retroactive Date later than the date shown in the Schedule; or
- (4) We renew or replace this endorsement with insurance that has a reduction in coverage other than:
 - (a) A reduction in limits; or
 - (b) An increase in deductible amount.
- b. When we provide Extended Reporting Periods as provided under paragraph 1.(a)(4) above, coverage shall apply only to the portion of coverage that has been reduced.
- 2. Extended Reporting Periods are an extension of time allowed for coverage to apply for "claims" first made against any insured and for those "claims" to be reported to us. Extended Reporting Periods do not extend the "coverage period" or change the scope of coverage provided. They apply only to "claims" as the result of "employment practices" or "third party wrongful acts" committed after the Retroactive Date, if any, shown in the Schedule and before the end of the "coverage period". Once in effect, Extended Reporting Periods may not be cancelled.
- 3. A Basic Extended Reporting Period is automatically provided without additional charge.
 - a. This period starts on the day the Extended Reporting Period is triggered as described in paragraph 1. above and lasts for:
 - (1) Five years with respect to "claims" arising out of "employment practices" or "third party wrongful acts" which had been properly reported to us before the end of the "coverage period" in accordance with paragraph E.2., **Duties in the Event of "Employment Practices", "Third Party Wrongful Acts" or "Claims"**; and
 - (2) Sixty-days with respect to "claims" arising from "employment practices" or "third party wrongful acts" not previously reported to us.
 - b. This period does not:
 - (1) Reinstate or increase the Limits of Insurance; or
 - (2) Apply to "claims" that are covered under any subsequent insurance you purchase, or that would be covered but for exhaustion of the Limit of Insurance applicable to such "claims".
- 4. A Supplemental Extended Reporting Period of either twelve (12) or thirty-six (36) months duration is available, but only by endorsement and for an extra charge.
 - a. This supplemental period starts when the Basic Extended Reporting Period set forth in paragraph 3.a.(2) above ends.
 - b. You must give us a written request for this optional coverage, and its length, within 30 days after the end of the "coverage period".
 - c. The Supplemental Extended Reporting Period will not go into effect unless you pay the additional premium when due.
 - d. We will determine the additional premium in accordance with our rules and rates. In doing so, we may take into account the following:
 - (1) The exposures insured;
 - (2) Previous types and amounts of insurance;
 - (3) Limits of Insurance available under this endorsement for future payment of "damages" or "defense expense"; and
 - (4) Other related factors.

The additional premium will not exceed 200% of the annual premium for this endorsement.
- 5. Coverage provided by a Supplemental Extended Reporting Period Endorsement shall apply excess over any other valid and collectible insurance available under policies in force after the Supplemental Extended Reporting Period begins.

6. When the Supplemental Extended Reporting Period Endorsement is in effect, we will provide a Supplemental Extended Reporting Period Limit of Insurance for any "claim" first made during the Supplemental Extended Reporting Period. The Supplemental Extended Reporting Period Limit of Insurance will be equal to the unimpaired dollar amount stated in the Schedule under Aggregate Limit on the day the Extended Reporting Period is triggered as described in paragraph 1. above.

G. Definitions 3., 4. and 5. contained in Paragraph F. **Liability And Medical Expenses Definitions** are deleted and replaced by the following:

3. "**Bodily injury**" means physical injury to the body, sickness or disease sustained by a person as the result of direct physical injury to the body, including death resulting from any of these at any time.

"Bodily injury" does not include mental anguish that results from an "employment practice" or "third party wrongful act".

4. "**Coverage territory**" means:

- a. The United States of America (including its territories and possessions) and Puerto Rico; or
- b. Anywhere in the world with respect to the activities of a person whose place of employment is in the territory described in paragraph 4.a. above, while he or she is away for a short time on your business, provided that the insured's responsibility to pay "damages" is determined in a suit on the merits (or any type of civil proceeding described under the definition of "claim") in and under the substantive law of the United States of America (including its territories and possessions) or Puerto Rico.

5. "**Employee**" means:

- a. A person employed by you for wages or salary; or
- b. A person who is a current or former member of your board of directors.

However, "employee" does not include:

- (i) Any independent contractor;
- (ii) Any employees of any independent contractor while acting within the scope of their employment;
- (iii) Any "leased worker"; or
- (iv) Any "temporary worker".

H. The following definitions are added to Paragraph F. **Liability And Medical Expenses Definitions** of the policy:

23. "**Claim**" means written or oral notice presented by:

- a. Any:
 - (1) "Employee";
 - (2) "Leased worker";
 - (3) "Temporary worker";
 - (4) Former "employee";
 - (5) Applicant for employment by you; or
 - (6) Any client or customer of yours; or
- b. The EEOC or any other federal, state or local administrative or regulatory agency on behalf of a person described in paragraph 23.a. above, alleging that the insured is responsible for "damages" as a result of injury arising out of any "employment practice" or "third party wrongful act".

"Claim" includes any civil proceeding in which either "damages" are alleged or fact finding will take place, when either is the result of any "employment practice" or "third party wrongful act" to which this insurance applies. This includes:

- (i) An arbitration proceeding in which such "damages" are claimed and to which the insured submits with our consent;
- (ii) Any other alternative dispute resolution proceeding in which such "damages" are claimed and to which the insured submits with our consent; or
- (iii) Any administrative proceedings as established under federal, state or local laws applicable to "employment practices" or "third party wrongful acts" covered under this insurance.

24. "Coverage period" means the period of time between the effective date of this endorsement and:

- a. The policy expiration date; or
- b. If coverage provided by this endorsement is terminated prior to the expiration date; the date of such termination,

whichever comes first.

25. "Damages" means monetary amounts to which this insurance applies and which the insured is legally obligated to pay as judgments or awards, or as settlements to which we have agreed in writing.

"Damages" include:

- a. "Pre-judgment interest" awarded against the insured on that part of the judgment we pay;
- b. Any portion of a judgment or award, to the extent allowed by law, that represents a multiple of the compensatory amounts, punitive or exemplary damages; and
- c. Statutory attorney fees.

"Damages" do not include:

- a. Civil, criminal, administrative or other fines or penalties;
- b. Equitable relief, injunctive relief, declarative relief or any other relief or recovery other than money; or
- c. Judgments or awards because of acts deemed uninsurable by law.

26. "Defense expense" means payments allocated to a specific "claim" for its investigation, settlement, or defense, including:

- a. Attorney fees and all other litigation expenses.
- b. The cost of bonds to appeal a judgment or award in any "claim" we defend. We do not have to furnish these bonds.
- c. The cost of bonds to release attachments, but only for bond amounts within the Limit of Insurance available. We do not have to furnish these bonds.
- d. Reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of any "claim", including actual loss of earnings up to \$250 a day because of time off from work.
- e. Costs taxed against the insured in the "claim". However, these payments do not include attorney's fees or attorney's expenses taxed against the insured.

"Defense expense" does not include:

- i. Salaries and expenses of our employees or your "employees", other than:
 - (a) That portion of our employed attorneys' fees, salaries and expenses allocated to a specific "claim" for the defense of the insured; and
 - (b) The expenses described in paragraph **d.** above; and

- ii. Interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the amount available for the judgment under the provisions of Paragraph D.
27. **"Employment practices"** means any of the following actual or alleged practices:
- (i) Which are directed against any of your
 - a. "Employees";
 - b. "Leased workers";
 - c. "Temporary workers";
 - d. Former "employees"; or
 - e. Applicants for employment by you; and
 - (ii) For which damages are sought under any employment related federal, state or local civil statute or common law for
 - a. Wrongful refusal to employ a qualified applicant for employment;
 - b. Wrongful failure to promote or wrongful deprivation of a career opportunity;
 - c. Wrongful demotion, evaluation, reassignment or discipline;
 - d. Wrongful termination of employment, including retaliatory or constructive discharge;
 - e. Employment related misrepresentation;
 - f. Harassment, including sexual harassment, coercion, discrimination or humiliation as a consequence of race, color, creed, national origin, marital status, medical condition, gender, age, physical appearance, physical and or mental impairments, pregnancy, sexual orientation or sexual preference or any other protected class or characteristic established by any applicable federal, state, or local statute; or
 - g. Oral or written publication of material that slanders, defames or libels, or violates or invades a right of privacy.
28. **"Interrelated"** means having as a common nexus any fact, circumstance, situation, event, transaction, cause or series of related facts, circumstances, situations, events, transactions or causes.
29. **"Pre-judgment interest"** means interest added to a settlement, verdict, award or judgment based on the amount of time prior to the settlement, verdict, award or judgment, whether or not made part of the settlement, verdict, award or judgment.
30. **"Third Party Wrongful Acts"** means actual or alleged practices which are directed against any of your clients or customers for which damages are sought under any federal, state or local civil statute of common law for
- a. Harassment, including sexual harassment, coercion, discrimination or humiliation as a consequence of race, color, creed, national origin, marital status, medical condition, gender, age, physical appearance, physical and or mental impairments, pregnancy, sexual orientation or sexual preference or any other protected class or characteristic established by any applicable federal, state, or local statute; or
 - b. Oral or written publication of material that slanders, defames or libels, or violates or invades a right of privacy.

IS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESSOWNERS CHOICE ENDORSEMENT

This endorsement modifies insurance provided in the following:
BUSINESSOWNERS COVERAGE FORM

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PART ONE – PROPERTY COVERAGES

Section I – Property is amended as follows:

Paragraph **A.5. Additional Coverages** is amended as follows:

Debris Removal

The \$25,000 limit shown in Paragraph **a.(4)** is replaced by \$50,000.

Preservation Of Property

The 30 days limitation shown in Paragraph **b.(2)** is replaced by 45 days.

Fire Department Service Charge

The \$2,500 limit shown in Paragraph **c.** is replaced by \$10,000.

Pollutant Clean-Up And Removal

The \$10,000 limit shown in Paragraph **h.** is replaced by \$25,000.

Money Orders And "Counterfeit Money"

The \$1,000 limit shown in Paragraph **j.** is replaced by \$5,000.

Forgery Or Alteration

The \$2,500 limit shown in Paragraph **k.(4)** is replaced by \$25,000.

Increased Cost Of Construction

The \$10,000 limit shown in Paragraph **l.(6)** is replaced by \$100,000.

Business Income From Dependent Properties

The \$5,000 limit shown in Paragraph **m.** is replaced by \$25,000.

Fire Extinguisher Systems Recharge Expense

Paragraph **o.(3)** is deleted.

Electronic Data

The \$10,000 limit shown in Paragraph **p.(3)** is replaced by \$50,000.

Interruption Of Computer Operations

The \$10,000 limit shown in Paragraph **q.(3)** is replaced by \$25,000.

The following is added to Paragraph **A.5. Additional Coverages:**

Brands And Labels

- (1)** If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at an agreed or appraised value. If so, you may:
 - (a)** Stamp the word salvage on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
 - (b)** Remove the brands or labels, if doing so will not physically damage the merchandise. You must re-label the merchandise or its containers to comply with the law.
- (2)** We will pay reasonable costs you incur to perform the activity described in Paragraph **(a)** or **(b)** above. The most we will pay is the total for these costs and the value of the damaged property, but our payment will not exceed the applicable Limit of Insurance on such property.

Employee Dishonesty

- (1)** We will pay for direct loss of or damage to Business Personal Property and "money" and "securities" resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:
 - (a)** Cause you to sustain loss or damage; and also
 - (b)** Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
 - (i)** Any employee; or
 - (ii)** Any other person or organization.
- (2)** We will not pay for loss or damage:
 - (a)** Resulting from any dishonest or criminal act that you or any of your partners or "members" commit whether acting alone or in collusion with other persons.

- (b)** Resulting from any dishonest act committed by any of your employees (except as provided in Paragraph **(a)**), "managers" or directors:
 - (i)** Whether acting alone or in collusion with other persons; or
 - (ii)** While performing services for you or otherwise.
- (c)** The only proof of which as to its existence or amount is:
 - (i)** An inventory computation; or
 - (ii)** A profit and loss computation.
- (d)** Caused by an employee if the employee had also committed theft or any other dishonest act prior to the effective date of this policy and you or any of your partners, "members", "managers", officers, directors or trustees, not in collusion with the employee, learned of that theft or dishonest act prior to the policy period shown in the Declarations.

- (3)** The most we will pay for loss or damage in any one occurrence is \$25,000. This limit is an addition to the Limits Of Insurance shown in the Declarations.
- (4)** All loss or damage:
 - (a)** Caused by one or more persons; or
 - (b)** Involving a single act or series of acts; is considered one occurrence.
- (5)** If any loss is covered:
 - (a)** Partly by this insurance; and

- (b) Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest; the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

- (6) This Additional Coverage is cancelled as to any employee immediately upon discovery by:

- (a) You; or
- (b) Any of your partners, "members", "managers", officers or directors not in collusion with the employee;

of any dishonest act committed by that employee before or after being hired by you.

- (7) We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.

- (8) If you (or any predecessor in interest) sustained loss or damage during the policy period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Additional Coverage, provided:

- (a) This Additional Coverage became effective at the time of cancellation or termination of the prior insurance; and
- (b) The loss or damage would have been covered by this Additional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.

- (9) The insurance under Paragraph (8) above is part of, not in addition to, the Limit of Insurance applying to this Additional Coverage and is limited to the lesser of the amount recoverable under:

- (a) This Additional Coverage as of the effective date; or
- (b) The prior insurance had it remained in effect.

- (10) With respect to the Employee Dishonesty Additional Coverage, employee means:

- (a) Any natural person:
 - (i) While in your service or for 30 days after termination of service;
 - (ii) Who you compensate directly by salary, wages or commissions; and
 - (iii) Who you have the right to direct and control while performing services for you;

- (b) Any natural person who is furnished temporarily to you:

- (i) To substitute for a permanent employee, as defined in Paragraph (a) above, who is on leave; or
- (ii) To meet seasonal or short-term workload conditions;

- (c) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph (b) above;

- (d) Any natural person who is a former employee, director, partner, member, manager, representative or trustee retained as a consultant while performing services for you; or

- (e) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside any building you occupy in conducting your business.

But employee does not mean:

- (a) Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
- (b) Any "manager", director or trustee except while performing acts coming within the usual duties of an employee.

Money And Securities

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

- (a) Theft, meaning any act of stealing;
- (b) Disappearance; or
- (c) Destruction.

- (2) In addition to the Limitations and Exclusions applicable to **Section I – Property**, we will not pay for loss:

- (a) Resulting from accounting or arithmetical errors or omissions;
- (b) Due to the giving or surrendering of property in any exchange or purchase; or

- (c) Of property contained in any “money” – operated device unless the amount of “money” deposited in it is recorded by a continuous recording instrument in the device.
- (3) You must keep records of all “money” and “securities” so we can verify the amount of any loss or damage.
- (4) All loss caused by one or more persons or involving a single act or series of related acts is considered one occurrence.
- (5) The most we will pay for loss in any one occurrence is:
 - (a) \$15,000 for “money” and “securities” while in or on the described premises or within a bank or savings institution; and
 - (b) \$10,000 for “money” and “securities” while anywhere else.

However, the limits above are in addition to any other Limit(s) Of Insurance for Money And Securities shown in the Declarations.

Arson, Theft, Employee Dishonesty And Vandalism Reward

- (1) We will reimburse you for rewards given to any eligible person(s) for information leading to the arrest and conviction of any person or persons committing arson, theft, employee dishonesty or vandalism. The conviction must involve a loss covered under this policy caused by arson, theft, employee dishonesty or vandalism.
- (2) We will also reimburse you for a reward given to any eligible person(s) for the voluntary return of your Covered Property, when the loss is caused by theft.
- (3) An eligible person means a person who voluntarily provides the applicable law enforcement agency with information leading to an arrest or conviction or a person who voluntarily returns your stolen Covered Property. However, an eligible person cannot be:
 - (a) Any person named in Paragraph C. Who Is An Insured;
 - (b) Your employees, including “volunteer workers” and leased and temporary employees;
 - (c) An employee of the applicable law enforcement agency;
 - (d) Any person having care, custody or control of the Covered Property at the time of the loss;
 - (e) Any person arrested or convicted in connection with the loss; or
 - (f) A family member of any person(s) described in Paragraphs (a) through (e) above.

- (4) We will not reimburse you for a reward to an eligible person unless or until a conviction is made or the Covered Property is returned. The most we will pay in any one occurrence of arson, theft, employee dishonesty or vandalism covered by this policy is \$5,000 or the sum of the reward, whichever is less, regardless of the number of eligible persons. No deductible applies to this Additional Coverage.

Ordinance Or Law Coverage

- (1) We will pay for loss covered by Coverage 1, Coverage 2 or Coverage 5 resulting from or arising out of direct physical loss or damage to a building covered under this policy and insured on a replacement cost basis.
- (2) We will pay for loss covered by Coverage 4 resulting from or arising out of direct physical loss or damage to a Business Personal Property covered under this policy and insured on a replacement cost basis.
- (3) Application Of Coverage(s)

The Coverage(s) provided by this Additional Coverage applies only if both (3)(a) and (3)(b) are satisfied and are then subject to the qualifications set forth in (3)(c).

- (a) The ordinance or law:
 - (i) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
 - (ii) Is in force at the time of loss.

But coverage under this Additional Coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this Additional Coverage.

- (b) The building sustains direct physical damage:
 - (i) That is covered under this policy and as a result of such damage, you are required to comply with the ordinance or law; or
 - (ii) That is covered under this policy and direct physical damage that is not covered under this policy, and as a result of the building damage in its entirety, you are required to comply with the ordinance or law.
 - (iii) But if the damage is not covered under this policy and such damage is the subject of the ordinance or law, then there is no coverage under this Additional Coverage even if the building has also sustained covered direct physical damage.

- (c) In the situation described in (3)(b)(ii). above, we will not pay the full amount of loss otherwise payable under the terms of Coverages 1, 2 and/or 4 of this Additional Coverage. Instead, we will pay a proportion of such loss, meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

However, if the covered direct physical damage alone would have resulted in a requirement to comply with the ordinance or law, then we will pay the full amount of loss otherwise payable under terms of Coverages 1, 2 and/or 4 of this Additional Coverage.

- (4) We will not pay under Coverages 1, 2, 4, or 5 of this Additional Coverage for:

- (a) Enforcement of or compliance with any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot;
- (b) The costs associated with the enforcement of or compliance with any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungi", wet rot or dry rot; or
- (c) Any loss or costs due to an ordinance or law that:
 - (i) You were required to comply with before the loss, even when the building was undamaged; and
 - (ii) You failed to comply with.

- (5) Coverage

- (a) **Coverage 1 – Coverage For Loss To The Undamaged Portion Of The Building**

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage 1 for the loss in value of the undamaged portion of the building as a consequence of a requirement to comply with an ordinance or law that requires demolition of undamaged parts of the same building. Coverage 1 is included within the Limit Of Insurance shown in the Declarations as applicable to the covered building. Coverage 1 does not increase the Limit of Insurance.

- (b) **Coverage 2 – Demolition Cost Coverage**

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of a requirement to comply with an ordinance or law that requires demolition of such undamaged property.

- (c) **Coverage 3 – Increased Cost Of Construction**

Review your Businessowners Coverage Form and Page 3 of this endorsement.

- (d) **Coverage 4 – Tenants’ Improvements And Betterments**

With respect to Business Personal Property that has sustained covered direct physical damage, we will pay for the increase cost to repair, rebuild or reconstruct your damaged tenants’ improvements and betterments when the increased cost is a consequence of a requirement to comply with the minimum standards of the ordinance or law. Improvements and betterments are fixtures, alterations, installations or additions:

- i. Made part of the building or structure that you occupy but do not own; and
- ii. You acquired or made at your expense but cannot legally remove.

- (e) **Coverage 5 – Increased “Period Of Restoration”**

If you incur a loss payable under Coverages 1, 2, 3, and/or 4, and you sustain an actual loss of Business Income covered under Paragraph f.(1), then the “period of restoration” is extended to include the increased period required to comply with the enforcement of the ordinance or law for which we issued payment under Coverages 1, 2, 3, and/or 4.

For the purposes of this coverage, Business Income has the same meaning given in Additional Coverage f. Business Income and is subject to the same provisions and conditions.

- (6) Limits of Insurance

- (a) The most we will pay for Coverage 1 - Coverage for Loss to the Undamaged Portion of the Building under this Additional Coverage is \$100,000 for each building described in the Declarations.
- (b) The most we will pay for Coverage 2 - Demolition Cost Coverage under this Additional Coverage is \$100,000 for each building described in the Declarations.

- (c) The most we will pay for Coverage 4 – Tenants' Improvement and Betterments under this Additional Coverage is \$25,000 for each building described in the Declarations.
- (d) The most we will pay for Coverage 5 – Increased Period of Restoration under this Additional Coverage is \$25,000 in any one occurrence.

The amount payable under this Additional Coverage is additional insurance.

Food Contamination

- (1) If your business at the described premises is ordered closed by the Board of Health or any other governmental authority as a result of the discovery or suspicion of "food contamination", we will pay:
 - (a) Your expense to clean your equipment as required by the Board of Health or any other governmental authority;
 - (b) Your cost to replace the food which is, or is suspected to be, contaminated;
 - (c) Your expense to provide necessary medical tests or vaccinations for your employees (including temporary or leased employees) who are potentially infected by the "food contamination". However, we will not pay for any expense that is otherwise covered under a Workers' Compensation policy;
 - (d) The loss of Business Income you sustain due to the necessary suspension of your "operations". The coverage for Business Income will begin 24 hours after you receive notice of closing from the Board of Health or any other governmental authority; and
 - (e) Additional advertising expenses you incur to restore your reputation.

- (2) For the purposes of this coverage, Business Income has the same meaning given in Additional Coverage f. Business Income.
- (3) The most we will pay for all loss under Paragraphs 1.a. through 1.d., including Business Income, is \$10,000, and the most we will pay for all loss under Paragraph 1.e. is \$3,000. This coverage is in addition to any other applicable Limit Of Insurance shown in the Declarations.
- (4) We will not pay any fines or penalties levied against you by the Board of Health or any other governmental authority as a result of the discovery or suspicion of "food contamination" at the described premises.
- (5) With respect to the coverage provided by this coverage, Exclusion B.1.j. Virus Or Bacteria in Section I – Property does not apply.

The following is added to Paragraph H. **Property Definitions:**

"Food contamination" means an outbreak of food poisoning or food-related illness of one or more persons arising out of:

- a. Tainted food you distributed or purchased;
- b. Food which has been improperly processed, stored, handled or prepared in the course of your business operations; or
- c. Food which has been contaminated by virus or bacteria transmitted through one or more of your employees, including temporary or leased employees.

Paragraph **A.6. Coverage Extensions** is amended as follows:

Newly Acquired Or Constructed Property

The \$250,000 limit shown in Paragraph a.(1) is replaced by \$1,000,000.
 The \$100,000 limit shown in Paragraph a.(2) is replaced by \$500,000.
 The 30 days limitation shown in Paragraph a.(3) is replaced by 90 days.

The following is added to Paragraph a.:

Business Income

You may extend the Business Income insurance provided by this policy to apply to any premises you newly acquire or construct, except temporary premises at fairs, trade shows or exhibits. For the purposes of this coverage, Business Income has the same meaning given in Additional Coverage f. Business Income. The most we will pay under this Extension is \$250,000 for each newly acquired or constructed premises.

Personal Property Off-Premises

The \$10,000 limit shown in Paragraph **b.** is replaced by \$25,000, and the following is added to Paragraph **b.:**

However, the most we will pay for samples in the care, custody, or control of any one of your salespersons is \$5,000, unless the property is in such care, custody or control at a fair, trade show or exhibition.

Outdoor Property

Paragraph **c.** is replaced by the following:

You may extend the insurance provided by this policy to apply to your outdoor fences, radio and television antennas (including satellite dishes), signs, trees, shrubs and plants (other than trees, shrubs or plants which are part of a vegetated roof), including debris removal expense. Loss or damage must be caused by or result from a Covered Cause of Loss.

The most we will pay for loss or damage under this Extension is \$25,000, but not more than \$1,000 for any one tree, shrub or plant.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

Personal Effects

The \$2,500 limit shown in Paragraph **d.** is replaced by \$5,000.

Valuable Papers And Records

The \$10,000 limit shown in Paragraph **e.(3)** for "valuable papers and records" at the described premises is replaced by \$75,000.

Accounts Receivable

The \$10,000 limit shown in Paragraph **f.(2)** for loss or damage in any one occurrence at the described premises is replaced by \$75,000.

The following is added to Paragraph **A.6. Coverage Extensions:**

Lock Replacement

You may extend this coverage to apply to the cost to repair or replace the door locks or tumblers at or on a described premises necessitated by theft of the door keys for that premises.

The most we will pay under this Extension is \$5,000 in any one occurrence regardless of the number of described premises. A \$50 deductible applies to this Extension.

Tenants' Building Property Coverage – Required By Contract

If you are a tenant, you may extend the insurance provided by this policy for your Covered Property to apply to structures, fixtures, machinery and equipment owned by your landlord and that you are contractually required to insure. The most we will pay for loss or damage under this Extension is \$25,000.

Water Back-Up And Sump Overflow

(1) You may extend the insurance provided by this policy to apply to direct physical loss or damage to Covered Property caused by or resulting from:

- (a)** Water or waterborne material which backs up through or overflows or is otherwise discharged from a sewer or drain; or

- (b)** Water or waterborne material which overflows or is otherwise discharged from a sump, sump pump or related equipment, even if the overflow or discharge results from mechanical breakdown of a sump pump or its related equipment.

However, with respect to Paragraph **(b)** above, we will not pay the cost of repairing or replacing a sump pump or its related equipment in the event of mechanical breakdown.

- (2)** The coverage described in Paragraph **(1)** of this Extension does not apply to loss or damage resulting from:
 - (a)** An insured's failure to keep a sump pump or its related equipment in proper working condition;
 - (b)** An insured's failure to perform the routine maintenance or repair necessary to keep a sewer or drain free from obstructions; or
 - (c)** Sump pump failure which is caused by or results from failure of power, unless this policy is endorsed to cover power failure affecting the described premises.
- (3)** For the purposes of this Extension the term drain includes a roof drain and related fixtures.

(4) With respect to the coverage provided under the Water Back-Up And Sump Overflow section of this Extension, Exclusion **g. Water in Section I – Property** is replaced by the following:

- (a) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (b) Mudslide or mudflow;
- (c) Water under the ground surface pressing on, or flowing or seeping through:
 - (i) Foundations, walls, floors or paved surfaces;
 - (ii) Basements, whether paved or not; or
 - (iii) Doors, windows or other openings; or
- (d) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (a) or (c), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (a) through (d), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs (a) through (d), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

(5) The most we will pay under this Extension for all loss or damage to Covered Property in or on a building at the described premises is \$25,000 in any one occurrence. This limit is addition to any other Limit of Insurance for Water Back-Up And Sump Overflow. A \$500 deductible will apply to this Extension.

Credit Card Slips

- (1) You may extend this insurance to apply to amounts you are unable to collect due to loss of or damage to credit card slips by any Covered Cause of Loss while in or on the described premises. If backup or duplicate records are not available to verify the actual amount of loss incurred, then we will determine the amount of loss as follows:
- (a) Divide the sum of all credit card slips collected in the 365 days immediately prior to the loss by 365.
 - (b) Multiply the number calculated in (1)(a) above by the number of days in which credit card slips were accepted but you were unable to collect the amounts charged to such credit cards.

However, if the business was in operation for less than 365 days immediately prior to the loss, then instead divide the sum of all credit cards slips collected prior to the loss by the number of days the business was in operation prior to the loss

(2) The most we will pay under this Extension is \$10,000 in any one occurrence. No deductible applies to this Extension.

Claim Data Expense

You may extend the insurance provided by this policy to apply to the expense you incur in preparing claim data when required by us, including the cost of taking inventories, making appraisals, and preparing other documentation to show the extent of loss. We will not pay for any expenses billed by and payable to insurance adjusters, public adjusters, attorneys, court costs or any costs as provided in the Property Loss Condition Appraisal. The most we will pay under this Extension is \$10,000 in any one occurrence.

Spoilage Coverage

You may extend the insurance that applies to your Business Personal Property to apply to food spoilage resulting from the complete or partial interruption of electrical power, either on or off the described premises, due to conditions beyond your control. We will not pay for food spoilage resulting from mechanical breakdown or failure of your refrigeration equipment under this Extension.

The most we will pay for loss or damage under this Extension is \$15,000.

Additional Costs

You may extend the insurance provided by this policy to pay for Additional Costs you incur as a result of direct physical loss of or damage to a building at any premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

(1) Additional Costs mean only the following expenses you incur to repair or replace the damaged building in excess of the Limit Of Insurance shown in the Declarations:

- (a) Real estate broker fees or commission;
 - (b) Architect, engineering and consulting fees other than fees and costs billed by and payable to independent or public adjusters or any of their affiliated entities; and
 - (c) Legal or accounting fees relating solely to the reconstruction or replacement of the building;
- Additional cost(s) must be necessary and reasonable.

(2) Additional Costs do not mean any loss or expense covered under the:

- (a) Claim Data Expense Coverage Extension; or
- (b) Ordinance Or Law Additional Coverages.

- (3) The most we will pay under this Coverage Extension for all losses sustained in any one policy year is \$2,000, regardless of the number of occurrences of loss or damage or the number of premises or buildings involved. If loss payment on the first occurrence does not exhaust the \$2,000 Limit of Insurance, then the balance of that Limit is available for subsequent loss sustained in, but not after, that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

Appurtenant Structures

- (1) If, at the time of loss, the Building Limit of Insurance applicable to the lost or damaged is 80% or more of the full replacement cost of the property immediately before the loss, we will pay up to an additional \$25,000 in any one occurrence for direct physical loss or damage to incidental or appurtenant structures or buildings. The loss or damage must be caused by or resulting from a Covered Cause of Loss.
- (2) Incidental and appurtenant structures or buildings, means buildings and structures:
- (a) On or within 1,000 feet of the described premises; and
 - (b) Not structurally connected to any other building or structure;
- Including, but not limited to, carports, storage buildings and garages.

Unauthorized Business Card Use

- (1) You may extend the insurance provided by this policy to apply to loss resulting from the unauthorized use of a credit, debit or charge card if the card is:
- (a) Issued jointly in your business name and in the name of the individual you authorize and entrust to use it;
 - (b) Entrusted to you, your officer, your partner or "member", your "manager" or your employee; and
 - (c) Intended solely for use in your business operations.
- (2) The most we will pay under this Coverage Extension \$2,500.

- (3) If you recover part or all of your loss from another party, you must give us prompt notice. Any recoveries, whether effected before or after any payment under this coverage, shall be applied net of the expense of such recovery:

- (a) First, to you in satisfaction of your covered loss in excess of the amount paid under this insurance and in satisfaction of any Deductible; and
- (b) Second, to us in satisfaction of the amount(s) paid by us in settlement of your claim.

Utility Services – Direct Damage

- (1) You may extend the insurance provided by this policy to apply to loss of or damage to Covered Property by the interruption of service to the described premises in the Declarations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph c. of this extension. However, coverage under this extension for loss or damage to Covered Property does not apply to loss or damage to "electronic data", including destruction or corruption of "electronic data".

(2) Utility Services

- (a) Water Supply Property, meaning the following types of property supplying water to the described premises:
- (i) Pumping stations; and
 - (ii) Water mains.
- (b) Communication Supply Property, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:
- (i) Communication transmission lines, including optic fiber transmission lines;
 - (ii) Coaxial cables; and
 - (iii) Microwave radio relays except satellites.
- It does not include overhead transmission lines.
- (c) Power Supply Property, meaning the following types of property supplying electricity, steam or gas to the described premises:
- (i) Utility generating plants;
 - (ii) Switching stations;
 - (iii) Substations;
 - (iv) Transformers; and
 - (v) Transmission lines.
- It does not include overhead transmission lines.

- (3) As used in this coverage, the term transmission lines includes all lines which serve to transmit communication service or power, including lines which may be identified as distribution lines.
- (4) The most we will pay under this Coverage Extension is \$10,000. This limit is in addition to any Limit Of Insurance shown in the Declarations for Utility Services – Direct Damage.

Utility Services – Time Element

- (1) You may extend the insurance provided by this Coverage Form to apply to loss of Business Income or Extra Expense at the described premises caused by the interruption of service to the described premises in the Declarations. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph **c.** of this extension. However, coverage under this extension does not apply to Business Income or Extra Expense related to interruption in utility service which causes loss or damage to "electronic data", including destruction or corruption of "electronic data".

(2) Utility Services

- (a) Water Supply Property, meaning the following types of property supplying water to the described premises:
 - (i) Pumping stations; and
 - (ii) Water mains.
- (b) Communication Supply Property, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:
 - (i) Communication transmission lines, including optic fiber transmission lines;
 - (ii) Coaxial cables; and
 - (iii) Microwave radio relays except satellites.
 It does not include overhead transmission lines.
- (c) Power Supply Property, meaning the following types of property supplying electricity, steam or gas to the described premises:
 - (i) Utility generating plants;
 - (ii) Switching stations;
 - (iii) Substations;
 - (iv) Transformers; and
 - (v) Transmission lines.
 It does not include overhead transmission lines.

- (3) As used in this coverage, the term transmission lines includes all lines which serve to transmit communication service or power, including lines which may be identified as distribution lines.
- (4) The most we will pay under this Coverage Extension is \$10,000. This limit is in addition to any Limit Of Insurance shown in the Declarations for Utility Services – Time Element.

Fine Art

- (1) You may extend the insurance that applies to your Business Personal Property to apply to "fine art" that is your property or the property of others that is in your care, custody or control.
- (2) With respect to this Extension, "fine art" means, but is not limited to, antiques, paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antique silver, manuscripts, china, porcelains, rare glass, bric-a-brac and similar property of rarity, historical value or artistic merit.
- (3) We will not pay for loss of or damage to "fine art" which occurs during packing or unpacking. This exclusion does not apply if the packing or unpacking is done by competent packers.
- (4) The value of "fine art" will be the least of the following amounts:
 - (a) The actual cash value of the property at the time of loss;
 - (b) The cost of reasonably restoring the property to its condition immediately before loss; or
 - (c) The cost of replacing the property with substantially identical property.
- (5) In event of loss or damage to any part of a pair or set, subparagraphs **(4)(a)** through **(4)(c)** above do not apply, and the value of the pair or set will be the least of the following amounts:
 - (a) The cost to repair or replace any part to restore the pair or set to its value before the loss; or
 - (b) The change in the value of the pair or set as a direct result of the loss or damage.
- (6) The most we will pay for loss or damage under this Extension is \$25,000 at each described premises. Our payment for loss of or damage to property of others will only be for the account of the owner(s) of the property.

Paragraph **E. Property Loss Conditions** is amended as follows:

Removal Of Insurance-To-Value Provision

Paragraph **(1)(b)** is deleted in its entirety, and Paragraph **5.d.(1)(a)** is replaced by the following:

We will pay the cost to repair or replace, after application of the deductible and without deduction for depreciation, but not more than the least of the following amounts:

- (i) The Limit of Insurance under **Section I – Property** that applies to the lost or damaged property;
- (ii) The cost to replace, on the same premises, the lost or damaged property with other property;

- i. Of comparable material and quality; and
- ii. Used for the same purpose; or
- iii. The amount that you actually spend that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost is limited to the cost which would have been incurred had the building been built at the original premises.

Building Replacement Cost

The \$2,500 limit shown in Paragraph **5.d.(1)(d) Loss Payment of Property Loss Conditions** Section is replaced by \$10,000.

Section I – Property is amended as follows:

Seasonal Increase

Paragraph **C. Limits Of Insurance** is amended as follows:

The 25% increase shown in paragraph **C.5.a.(2) of Business Personal Property Limit – Seasonal Increase** is replaced by 35%.

However, if a greater Seasonal Increase is shown in the Declarations, or provided by endorsement, this amendment will not apply.

Extended Premises Boundary

Section I – Property, and all endorsements to it, are amended as follows:

The phrase “within 100 feet”, in reference to any described premises, building or structure, is replaced by “within 1,000 feet.”

Business Income Changes

In Paragraph **H.9. “Period of restoration” of Property Definitions**, 72 hours is replaced by 24 hours.

In Paragraph **5.i. Civil Authority of Additional Coverages** 72 hours is replaced by 24 hours.

In Paragraph **5.m. Business Income From Dependent Properties of Additional Coverages**, 72 hours is replaced by 24 hours.

Auto Physical Damage - Business Income

The following is added to **f. Business Income**:

We will pay for the loss of Business Income you sustain due to the necessary “suspension” of your “operations” during the “period of restoration” caused by direct physical loss or damage to an eligible motor vehicle.

An eligible motor vehicle means any:

- (i) Automobile, not of the private passenger type, used to transport you, your “employees” or your Business Personal Property.

- (ii) Owned by you or leased to you for a period of greater than 6 months;
- (iii) That we insure for Comprehensive, Specified Perils or Collision Coverage and rental reimbursement coverage on a separate policy; and
- (iv) Which sustains direct physical loss or damage payable under such Comprehensive, Specified Perils or Collision Coverage.

For the purposes of this coverage, Business Income has the same meaning given in Paragraph **(1)** and Definitions **H.8** and **H.9** of **Section I – Property** are replaced by the following:

- 8. “Operations” means your necessary business activities which require the use of the eligible motor vehicle.
- 9. “Period of restoration” means the period of time that:
 - a. Begins 24 hours after the time of direct physical loss or damage to the eligible motor vehicle; and
 - b. Ends on the earlier of:
 - i. The date when the eligible motor vehicle should be repaired or replaced with reasonable speed and your “operations” able to resume;
 - ii. The date when the eligible motor vehicle is repaired or replaced and your “operations” resume; or
 - iii. The date when a temporary rental motor vehicle of similar quality enables your “operations” to resume.

The most we will pay under this Additional Coverage is \$5,000 in any one occurrence.

PART TWO - LIABILITY

Section II – Liability is amended as follows:

Bail Bonds

The \$250 limit shown for cost of bail bonds in Paragraph 1.f.(1)(b) **Coverage Extension – Supplementary Payments of A. Coverages** is replaced by \$3,000.

Liability And Medical Expenses - Per Premises Aggregate Limit

Subparagraphs 4.a. and 4.b of Paragraph **D. Liability And Medical Expenses Limits Of Insurance** are replaced by the following:

- a. All "bodily injury" and "property damage" that is included in the "products-completed operations hazard" at any one of your "locations" is twice the Liability and Medical Expenses limit.
- b. All:
 - (1) "Bodily injury" and "property damage" except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard";
 - (2) Plus medical expenses;
 - (3) Plus all "personal and advertising injury" caused by offenses committed;at any one of your "locations" is twice the Liability and Medical Expenses limit.

With respect to the coverage provided in Paragraphs **a.** and **b.** above, "location" means a premises owned by or rented to you or temporarily occupied by you with the permission of the owner, involving the same or connecting lots or whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

Medical Expenses

Paragraph **A.2.b.** is replaced by the following:

- b. We will make these payments regardless of fault. These payments will not exceed the greater of the Limits of Insurance of **Section II – Liability** or \$10,000. We will pay reasonable expenses for:
 - (1) First aid administered at the time of an accident;
 - (2) Necessary medical, surgical, X-ray and dental services, including prosthetic devices; and
 - (3) Necessary ambulance, hospital, professional nursing and funeral services.

Limited Exception For A Short-Term Pollution Event

With respect to the coverage provided under this limited exclusion exception, the following is added to Paragraph 1.f. **Pollution of B. Exclusions**:

Subparagraphs **(1)(a)** and **(1)(d)** do not apply to "bodily injury" or "property damage" arising out of a "short-term pollution event" provided you give us prompt notice of the "short-term pollution event" as soon as possible, but not more than fourteen (14) days after its ending.

However, failure to give notice within the time above will not invalidate the coverage provided by this Extension, if you give us prompt notice upon your discovery of the "short-term pollution event".

The most we will pay is \$25,000 for the total of all such "bodily Injury" or "property damage" arising out of a "short-term pollution event" which take place in a twelve (12) month period (starting with the beginning of the present annual policy period).

With respect to the coverage provided under this limited exception:

- (a) "Short-term pollution event" means a discharge, dispersal, release or escape of "pollutants" which:
 - (i) Begins during the policy period;
 - (ii) Begins at an identified time and place;
 - (iii) Ends, in its entirety, at an identified time within forty-eight (48) hours of the beginning of the discharge, dispersal, release or escape of the "pollutants";
 - (iv) Is not a repeat or resumption of a previous discharge, dispersal, release or escape of the same pollutant from essentially the same source within twelve (12) months of a previous discharge, dispersal, release or escape;
 - (v) Does not originate from an "underground storage tank"; and
 - (vi) Is not heat, smoke or fumes from a "hostile fire".

To be a "short-term pollution event", the discharge, dispersal, release or escape of "pollutants" need not be continuous. However, if the discharge, dispersal, release or escape is not continuous, then all discharges, dispersals, releases or escapes of the same "pollutants" from essentially the same source, considered together, must satisfy Provisions **(i)** through **(vi)** of this definition to be considered a "short-term pollution event".

- (b) "Underground storage tank" means any storage tank, including any attached pumps, valves or piping, buried below the surface of the ground or water, or which, at any time, had been buried under the surface of the ground or water and then subsequently exposed by any means. For the purposes of this definition, buried means that at least 10% of it is below the surface of the ground or water.

Damage To Premises Rented To You

Paragraph **D.3. of Liability And Medical Expense Limits Of Insurance** is replaced by the following:

The most we will pay under Business Liability Coverage for damages because of "property damage" to a premises while rented to you or in the case of fire while rented to you or temporarily occupied by you with permission of the owner, is \$500,000. This is in addition to any other Damage To Premises Rented To You limit shown in the Declarations.

Knowledge Of Occurrence, Offense, Claim Or Suit

Subparagraphs **a.** and **b.** of Paragraph **E.2. Duties In The Event Of Occurrence, Offense, Claim Or Suit** do not apply unless or until the "occurrence", or offense, or claim or "suit" is known to:

- a.** You, if you are an individual;
- b.** A partner, if you are a partnership; or
- c.** An executive officer or insurance manager, if you are a corporation.

"Bodily Injury" Definition Amended To Include Mental Anguish

Paragraph **F.3. Liability And Medical Expenses Definitions** is replaced by the following:

"Bodily Injury" means bodily injury, sickness or disease sustained by a person, including mental anguish or death resulting from any of these at any time.

Temporary Workers As Employees

Paragraph **F.5. Liability And Medical Expenses Definitions** in **Section II – Liability** is replaced by the following:

"Employee" includes a "leased worker" and a "temporary worker".

The following is added to Paragraph **C. Who Is An Insured**:

Blanket Additional Insureds – As Required By Contract

- a.** The following are included as an additional insureds when you have agreed in a written contract, written agreement or written permit to provide such person or organization coverage as additional insureds under your policy:

(1) Lessors Of Leased Equipment

Any person(s) or organization(s) from whom you lease equipment, but only with respect to liability from "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by such person(s) or organization(s).

This Insurance does not apply to any "occurrence" which takes place after the equipment lease expires.

(2) Managers Or Lessors Of Premises

Any person(s) or organization(s) from whom you lease premises, but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you.

This insurance does not apply to:

- (a)** Any "occurrence" which takes place after you cease to be a tenant in that premises.
- (b)** Structural alterations, new construction or demolition operations performed by or on behalf of the person(s) or organization(s) from whom the property is leased.

(3) Mortgagees, Assignees Or Receivers

Any person(s) or organization(s) with respect to their liability as mortgagee, assignee or receiver and arising out of the ownership, maintenance or use of your premises shown in the Declarations.

This insurance does not apply to structural alterations, new construction or demolition operations performed by or on behalf of such person or organization.

(4) Any Person Or Organization Other Than A Joint Venture

Any person or organization (other than a joint venture of which you are a member), but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts of omissions of those acting on your behalf in the performance of your ongoing operations or in connection with property owned by you.

This insurance does not apply to structural alterations, new construction or demolition operations performed by or on behalf of such person or organization.

(5) Vendors

Any vendor(s), meaning any person(s) or organization(s) that distribute or sell "your products" in the regular course of its business operations, but only with respect to "bodily injury" or "property damage" arising out of the sale or distribution of "your products".

- b.** With respect to the insurance afforded to the additional insureds of Paragraphs **a.(1)** through **a.(4)**, the following additional exclusions apply:
- (1)** This insurance does not apply to "bodily injury" or "property damage" occurring after:
 - (a)** All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
 - (b)** That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.
 - (2)** This provision does not apply to any architects, engineers or surveyors with respect to any injury or damage caused, in whole or in part, by the rendering of or failure to render any professional architectural, engineering or surveying services by or for you, including:
 - (a)** The preparing, approving, or failing to prepare or approve maps, shop drawing, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b)** Supervisory, inspection, architectural or engineering activities.
- c.** With respect to the insurance afforded to the additional insureds of Paragraphs **a.(5)**, the following additional exclusions apply:
- (1)** The insurance afforded the vendor does not apply to:
 - (a)** "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
 - (b)** Any express warranty unauthorized by you;
 - (c)** Any physical or chemical change in the product made intentionally by the vendor;
 - (d)** Repackaging, except when unpacked solely for the purpose of inspection, demonstration, testing or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;
 - (e)** Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;
 - (f)** Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;
 - (g)** Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or
 - (h)** "Bodily injury" or "property damage" arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:
 - i.** The exceptions contained in Subparagraph **(d)** or **(f)**; or
 - ii.** Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.
- d.** The provisions of this coverage extension do not apply unless the written contract or written agreement has been executed (executed means signed by the named insured) or written permit issued prior to the "bodily injury", "property damage" or "personal and advertising injury".
- e.** The insurance afforded to these additional insureds:
- (1)** only applies to the extent permitted by law; and
 - (2)** If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.
- f.** The most we will pay on behalf of these additional insured is the amount of insurance:
- (1)** Required by the contract or agreement you have entered into with the additional insured; or
 - (2)** Available under the applicable Limits Of Insurance shown in the Declarations; whichever is less.
- However, this coverage shall not increase the applicable Limits Of Insurance shown in the Declarations.

Additional Insureds - Not-For-Profit Organization Members

If you are an organization other than a partnership, joint venture or a limited liability company and you are a not for-profit organization, your officials, trustees, board members, insurance managers and "not-for-profit members" are additional insureds, but only with respect to their liability for your activities or activities they perform on your behalf.

Newly Formed Or Acquired Organizations

Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However, coverage under this provision:

- a. Is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier; and
- b. Does not apply to:
 - (1) "Bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
 - (2) "Personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

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

PART THREE – COMMON POLICY CONDITIONS

Section III of the Common Policy Conditions is amended as follows:

Unintentional Failure To Disclose Hazards

The following is added to Paragraph **C.**:

However, if you should unintentionally fail to disclose any existing hazards in your representations to us at the inception date of the policy or during the policy period in connection with any additional hazards, we shall not deny coverage under this policy based upon such failure.

Primary And Noncontributory Insurance – Other Insurance

The following is added to Paragraph **H.**:

This insurance is primary to and will not seek contribution from any other insurance available to an additional insured under your policy provided that:

- a. The additional insured is a Named Insured under such other insurance; and
- b. You have agreed in writing in a contract or agreement that this insurance would be primary and would not seek contribution from any other insurance available to the additional insured.

Waiver Of Transfer Of Rights Of Recovery Against Other To Us

The following is added to Paragraph **K.**:

If, prior to the loss or claim:

1. You agreed, in a written contract or agreement, to waive any right of recovery we may have against a person or organization; or
2. If a person or organization is an additional insured; or
3. You assumed the liability of a person or organization in an "insured contract";

We will waive any right of recovery we may have against such a person or organization because of payments we make for "bodily injury" or "property damage" arising out of your ongoing operations or "your work" included in the "products-completed operations hazard".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CYBER LIABILITY ENDORSEMENT - PENNSYLVANIA

This Endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

THIS ENDORSEMENT PROVIDES CLAIMS-MADE AND REPORTED COVERAGE. THE LIMIT OF LIABILITY AVAILABLE TO PAY FOR SETTLEMENTS, JUDGMENTS OR OTHER LOSS WILL BE REDUCED AND MAY BE COMPLETELY EXHAUSTED BY DEFENSE COSTS.

Cyber Liability Schedule

Item 1.	Limit of Liability per Insuring Agreement:	
	Multimedia Liability:	\$ per claim and in the aggregate
	Security and Privacy Liability:	\$ per claim and in the aggregate
	Privacy Regulatory Defense and Penalties:	\$ per claim and in the aggregate
	PCI DSS Liability:	\$ per claim and in the aggregate
	TCPA Defense:	\$ per claim and in the aggregate
	Breach Event Costs:	\$ per claim and in the aggregate
	Post Breach Remediation Costs:	\$ per claim and in the aggregate
	BrandGuard®:	\$ per claim and in the aggregate
	System Failure:	\$ per claim and in the aggregate
	Cyber Extortion:	\$ per claim and in the aggregate
	Cyber Crime:	\$ per claim and in the aggregate
	Reward Expenses:	\$ per claim and in the aggregate
	Court Attendance Costs:	\$ per claim and in the aggregate
Item 2.	Maximum Aggregate Limit of Liability:	\$
Item 3.	Endorsement Period:	From _____ to _____
Item 4.	Retroactive Date:	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

In consideration of the premium charged and notwithstanding anything contained in the Policy to the contrary, it is understood and agreed that the Policy to which this Endorsement attaches is amended to include Cyber Liability Insurance, subject to the terms, conditions, exclusions and Limits of Liability set forth below. The Third Party Liability Insuring Agreements of this Endorsement provide claims-made and reported coverage. The First Party Insuring Agreements of this Endorsement provide first party coverage on an event-discovered and reported basis.

The Cyber Liability Limits of Liability, listed in the Cyber Liability Schedule, if not shown below will be shown in the Declarations. Such Limits of Liability are in addition to, and will not reduce, any limits provided elsewhere in the Policy. **Defense costs** paid under this Endorsement will reduce, and may completely exhaust, the Cyber Liability Limits of Liability.

Various provisions in this Endorsement restrict coverage. Read the entire Endorsement carefully to determine **your** rights and duties and what is and is not covered. The terms, conditions, exclusions and Limits of Liability set forth in this Endorsement shall apply only to Cyber Liability Insurance and shall supersede any similar provisions contained elsewhere in the Policy.

Words and phrases that appear in bold face type have special meaning as described in Section **IV.** of this Endorsement. To the extent any words or phrases used in this Endorsement are also defined elsewhere in the Policy, such definitions do not give meaning to the words or phrases used in this Endorsement.

I. CYBER LIABILITY INSURING AGREEMENTS

The Company agrees with the **Named Insured** as follows:

(1) THIRD PARTY LIABILITY INSURING AGREEMENTS

(A) Multimedia Liability

The Company will pay on behalf of an **Insured** the sums within the applicable Limit of Liability that such **Insured** becomes legally obligated to pay as **damages**, including liability **assumed under contract**, and related **defense costs** resulting from a **claim** for an actual or alleged **multimedia wrongful act**, but only if: i) the **claim** is first made against the **Insured** during the **endorsement period**, ii) the **claim** is reported to the Company in writing pursuant to Section **V.** of this Endorsement, and iii) the **multimedia wrongful act** is committed on or after the **retroactive date**.

(B) Security and Privacy Liability

The Company will pay on behalf of an **Insured** the sums within the applicable Limit of Liability that such **Insured** becomes legally obligated to pay as **damages**, including liability **assumed under contract**, and related **defense costs** resulting from a **claim** for an actual or alleged **security and privacy wrongful act**, but only if: i) the **claim** is first made against the **Insured** during the **endorsement period**, ii) the **claim** is reported to the Company in writing pursuant to Section **V.** of this Endorsement, and iii) the **security and privacy wrongful act** is committed on or after the **retroactive date**.

(C) Privacy Regulatory Defense and Penalties

The Company will pay on behalf of an **Insured** the sums within the applicable Limit of Liability that such **Insured** becomes legally obligated to pay as a **regulatory compensatory award** or **regulatory fines and penalties** and related **defense costs** resulting from a **privacy regulatory proceeding** instituted against the **Insured** because of a **security breach** or **privacy breach**, but only if: i) the **privacy regulatory proceeding** is instituted against the **Insured** during the **endorsement period**, ii) the **privacy regulatory proceeding** is reported to the Company in writing pursuant to Section **V.** of this Endorsement, and iii) the **security breach** or **privacy breach** occurs on or after the **retroactive date**.

(D) PCI DSS Liability

The Company will pay on behalf of an **Insured** the sums within the applicable Limit of Liability that such **Insured** becomes legally obligated to pay as **PCI DSS fines and assessments** and related **defense costs** because of a **PCI DSS demand** resulting from a **security breach** or **privacy breach**, but only if: i) the **PCI DSS demand** is first made against the **Insured** during the **endorsement period**, ii) the **claim** is reported to the Company in writing pursuant to Section **V.** of this Endorsement, and iii) the **security breach** or **privacy breach** occurs on or after the **retroactive date**.

(E) TCPA Defense

Subject to the applicable Limit of Liability, the Company will pay **defense costs** incurred by an **Insured** to defend against a **TCPA claim** for an actual or alleged **TCPA violation**, but only if: i) the **TCPA claim** is first made against the **Insured** during the **endorsement period**, ii) the **TCPA claim** is reported to the Company in writing pursuant to Section **V.** of this Endorsement, and iii) the **TCPA violation** is committed on or after the **retroactive date**. The Company will have no obligation to pay any amounts other than **defense costs** under this Insuring Agreement.

(2) FIRST PARTY INSURING AGREEMENTS

(A) Breach Event Costs

Subject to the applicable Limit of Liability, the Company will pay **privacy breach response costs**, **notification expenses** and **breach support and credit monitoring expenses** that **you** incur because of an **adverse media report**, **security breach** or **privacy breach**, but only if: i) the **adverse media report**, **security breach** or **privacy breach** is first discovered by an **executive** during the **endorsement period**, and ii) the **adverse media report**, **security breach** or **privacy breach** is reported to the Company in writing pursuant to Section **V.** of this Endorsement.

(B) Post Breach Remediation Costs

Subject to the applicable Limit of Liability, the Company will pay **post breach remediation costs** that **you** incur, with the Company's prior written consent, after a **security breach** or **privacy breach**, but only if: i) Insuring Agreement **I.(B)(1)** of this Endorsement applies to the **security breach** or **privacy breach**, and ii) an **executive** has made a written request to the Company for indemnification of **post breach remediation costs** pursuant to Section **V.** of this Endorsement.

(C) BrandGuard®

Subject to the **waiting period** and applicable Limit of Liability, the Company will pay provable and ascertainable **brand loss** that **you** sustain during the **period of indemnity** as a direct result of an **adverse media report** or **notification** of a **security breach** or **privacy breach**, but only if: i) the **security breach** or **privacy breach** is first discovered by an **executive** during the **endorsement period**, ii) the **security breach** or **privacy breach** is reported to the Company in writing pursuant to Section **V.** of this Endorsement, and iii) **you** provide clear evidence that the **brand loss** is directly attributable to the **adverse media report** or **notification**.

(D) System Failure

(i) Data Recovery

Subject to the applicable Limit of Liability, the Company will pay **digital assets loss** and **special expenses** that **you** incur because of damage, alteration, corruption, distortion, theft, misuse or destruction of **digital assets** resulting from a **system failure**, but only if: i) the **system failure** is first discovered by an **executive** during the

endorsement period, ii) the **system failure** is reported to the Company in writing pursuant to Section **V.** of this Endorsement, and iii) **you** provide clear evidence that the **digital assets loss** and **special expenses** directly resulted from the **system failure**. The Company will pay **digital assets loss** and **special expenses** for up to 12 months following an **executive's** discovery of the **system failure**.

(ii) Non-Physical Business Interruption

Subject to the **waiting period** and applicable Limit of Liability, the Company will pay **income loss, interruption expenses** and **special expenses** that **you** incur during the **period of restoration** because of a **system failure**, but only if: i) the **system failure** is first discovered by an **executive** during the **endorsement period**, ii) the **system failure** is reported to the Company in writing pursuant to Section **V.** of this Endorsement, and iii) **you** provide clear evidence that the **income loss, interruption expenses** and **special expenses** directly resulted from the **system failure**.

(E) Cyber Extortion

(i) Subject to the applicable Limit of Liability, the Company will pay **cyber extortion expenses** and **cyber extortion monies** that **you** incur as a direct result of a **cyber extortion threat**, but only if: i) the **cyber extortion threat** is first discovered by an **executive** during the **endorsement period**, and ii) the **cyber extortion threat** is reported to the Company in writing pursuant to Section **V.** of this Endorsement.

(ii) The Company will not be obligated to pay **cyber extortion expenses** or **cyber extortion monies** for which the Company has not given prior written consent. **You** must make every reasonable effort to notify local law enforcement authorities and the Federal Bureau of Investigation or similar equivalent foreign agency before surrendering any **cyber extortion monies** in response to a **cyber extortion threat**.

(F) Cyber Crime

(i) Financial Fraud

Subject to the applicable Limit of Liability, the Company will pay **financial fraud loss** that **you** sustain because of **financial fraud**, but only if: i) the **financial fraud** is first discovered by an **executive** during the **endorsement period**, ii) the **financial fraud** is reported to the Company in writing pursuant to Section **V.** of this Endorsement, and iii) **you** provide written confirmation to the Company that **your** bank or credit card company has refused to reverse or prevent a payment transaction, or to indemnify or reimburse **you** for the **financial fraud loss**.

(ii) Telecommunications Fraud

Subject to the applicable Limit of Liability, the Company will pay **telecommunications fraud loss** that **you** sustain because of **telecommunications fraud**, but only if: i) the **telecommunications fraud** is first discovered by an **executive** during the **endorsement period**, and ii) the **telecommunications fraud** is reported to the Company in writing pursuant to Section **V.** of this Endorsement.

(iii) Phishing Fraud

Subject to the applicable Limit of Liability, the Company will pay **phishing fraud loss** that **you** sustain because of a **phishing attack**, but only if: i) the **phishing attack** is first discovered by an **executive** during the **endorsement period**, and ii) the **phishing attack** is reported to the Company in writing pursuant to Section **V.** of this Endorsement.

(G) Reward Expenses

Subject to the applicable Limit of Liability, the Company will pay **reward expenses** that **you** incur with the Company's prior written consent, but only if an **executive** submits a written

request for indemnification of **reward expenses** to the Company pursuant to Section **V.** of this Endorsement.

(H) Court Attendance Costs

- (i)** Subject to the applicable Limit of Liability, the Company will reimburse an **Insured** for **court attendance costs** incurred by the **Insured** to attend mediation sessions, arbitration proceedings, hearings, depositions and trials, if required by the Company in connection with the defense of a **Claim** under any Third Party Liability Insuring Agreement of this Endorsement, but only if a written request for indemnification of **court attendance costs** is made by or on behalf the **Insured** pursuant to Section **V.** of this Endorsement.
- (ii)** Notwithstanding the above, the Company's daily maximum Limit of Liability for **court attendance costs** is \$500.00, regardless of the number of **claims, Insureds**, or legal proceedings attended by an **Insured**.

II. CYBER LIABILITY DEFENSE AND SETTLEMENT PROVISIONS

- (1)** We have the right and duty to defend an **Insured** against any **claim** covered under any Third Party Liability Insuring Agreement of this Endorsement, even if the allegations are groundless, false or fraudulent, including the right to appoint an attorney to defend any such **claim**.
- (2)** The Limit of Liability available to pay **damages** will be reduced, and may be completely exhausted, by payment of **defense costs** or any other amounts to which this insurance applies.
- (3)** No **Insured** shall pay any **damages, defense costs, regulatory compensatory award, regulatory fines and penalties** or **PCI DSS fines and assessments**, or settle or offer to settle any **claim**, assume any contractual obligation, admit liability, voluntarily make any payment, or confess or otherwise consent to any judgment without the Company's prior written consent, which consent will not be unreasonably withheld. The Company will not be liable for any **damages, defense costs, regulatory compensatory award, regulatory fines and penalties, PCI DSS fines and assessments**, settlement, judgment, assumed obligation, admitted liability or payment to which the Company has not consented.
- (4)** The Company has the right to make any investigation it deems necessary, including, without limitation, any investigation with respect to coverage.
- (5)** The Company will not settle any **claim** or pay any **damages, regulatory compensatory award, regulatory fines and penalties** or **PCI DSS fines and assessments** without an **Insured's** consent.
- (6)** If an **Insured** refuses to consent to any settlement or compromise recommended by the Company or its representatives that is acceptable to the claimant, and such **Insured** elects to contest the **claim** or continue any legal proceedings in connection with the **claim**, the Company's liability for such **claim** shall not exceed:
 - (A)** the amount for which the **claim** could have been settled, plus **defense costs** incurred up to the date the **Insured** withheld consent to such settlement or compromise, plus
 - (B)** 70% of any **defense costs** and **damages, regulatory compensatory award, regulatory fines and penalties** or **PCI DSS fines and assessments**, whichever applies, incurred after the date the **Insured** withheld consent to such settlement or compromise, subject always to all other terms and conditions of this Endorsement, including, but not limited to, the applicable Limit of Liability; and
 - (C)** the remaining 30% of the **defense costs** and **damages, regulatory compensatory award, regulatory fines and penalties** or **PCI DSS fines and assessments** referenced in paragraph **(B)** above shall be the sole responsibility of such **Insured**.
- (7)** The Company's duty to defend any **claim**, or pay any **damages, defense costs** or other amounts, will cease upon exhaustion of the applicable Limit of Liability. Once the Limit of Liability is exhausted, the Company will have the right to withdraw from the defense or payment of any **claim** by tendering control to **you** pursuant to Section **X.** of this Endorsement.

III. LIMIT OF LIABILITY

- (1) The Limits of Liability set forth in Item 1 of the Cyber Liability Schedule are the most the Company will pay under each Insuring Agreement of this Endorsement for each **claim**, and in the aggregate for all **claims**, first made during the **endorsement period** and the **cyber liability extended reporting period** (if applicable), including **defense costs** (where applicable), regardless of the number of **claims**, claimants or **Insureds**. If the Limit of Liability for any Insuring Agreement is exhausted, the Company's obligations under that Insuring Agreement shall cease.
- (2) The Maximum Aggregate Limit of Liability set forth in Item 2 of the Cyber Liability Schedule is the most the Company will pay under this Endorsement for all **claims** first made during the **endorsement period** and the **cyber liability extended reporting period** (if applicable), including **defense costs** (where applicable), regardless of the number of **claims**, claimants, **Insureds** or Insuring Agreements. All amounts the Company pays under this Endorsement will reduce, and may completely exhaust, the Maximum Aggregate Limit of Liability.
- (3) All **claims** which arise out of the same, related or continuing incidents, acts, facts or circumstances will be considered a single **claim**, regardless of the number of **claims** made, **Insureds** affected or claimants involved. All **claims** which arise out of the same, related or continuing incidents, acts, facts or circumstances will be deemed first made on the date the earliest of such **claims** is first made and will be deemed first reported to the Company on the date the earliest of such **claim** is reported to the Company.
- (4) If multiple Insuring Agreements of this Endorsement apply to any **claim**, the Company's maximum Limit of Liability under this Endorsement for such **claim** shall be the Maximum Aggregate Limit of Liability set forth in Item 2 of the Cyber Liability Schedule. However, the Company will never pay more under any one Insuring Agreement than the applicable Limit of Liability shown in Item 1 of the Cyber Liability Schedule. The Company shall allocate amounts paid, if any, against the appropriate Limit of Liability.
- (5) The existence of a **cyber liability extended reporting period** will not increase or reinstate the Limits of Liability set forth in the Cyber Liability Schedule.

IV. CYBER LIABILITY DEFINITIONS

Certain words or phrases used in this Endorsement, whether in singular or plural form, are shown in bold and are defined as follows. If a term is defined below and in the Policy, the definition below applies only to the coverage provided by this Endorsement.

- (1) **Acquiring bank** means a bank or financial institution that accepts credit or debit card payments, including stored value cards and pre-paid cards, for goods or services on behalf of a merchant, including processing and crediting those payments to a merchant's account.
- (2) **Act of cyber terrorism** means the premeditated use of disruptive activities, or an explicit threat to use disruptive activities, against a computer, **computer system**, or network by a person or group to further social, political, religious or ideological objectives.
- (3) **Adverse media report** means a report or communication of an actual or potential **security breach** or **privacy breach** which has been publicized through any media channel, including, but not limited to, television, **print media**, radio or electronic networks, the internet, or electronic mail, and threatens material damage to **your reputation** or **your** brand.
- (4) **Application program** means any computer software program that performs a particular function or task within the **computer operating system** for the end-user, including, but not limited to, database programs, web browsers, enterprise software, word processors, graphics software and media players.
- (5) **Assumed under contract** means liability for **damages** resulting from a **multimedia wrongful act**, **security breach** or **privacy breach**, where such liability has been assumed by an **Insured** in the form of a written hold harmless or indemnity agreement, but only if such agreement was executed before the **multimedia wrongful act**, **security breach** or **privacy breach** occurred.

- (6) **Bodily injury** means physical injury, sickness, disease or death sustained by any person and, where resulting from such physical injury only, mental anguish, mental injury, shock, humiliation or emotional distress.
- (7) **BPO service provider** means any **third party** that provides business process outsourcing services for **your** benefit under a written contract with **you**, including, but not limited to, call center services, fulfillment services, and logistical support.
- (8) **Brand loss** means **your** net profit, as could have reasonably been projected immediately prior to **notification**, or in the event of an **adverse media report**, immediately prior to the publication of an **adverse media report**, but which has been lost during the **period of indemnity** as a direct result of such **adverse media report** or **notification**. **Brand loss** will be determined in accordance with the provisions of Section **IX**. of this Endorsement.
- (9) **Breach support and credit monitoring expenses** means those reasonable and necessary expenses that **you** incur on **your** own behalf, or on behalf of a party for whom **you** are **vicariously liable**, to provide support activity to parties affected by a **privacy breach**. **Breach support and credit monitoring expenses** includes the cost to set up a call center and to provide a maximum of 24 months of credit monitoring services, identity theft assistance services, or credit or identity repair and restoration services. **Breach support and credit monitoring expenses** must be incurred with the Company's prior written consent.
- (10) **Byproduct material** has the meaning given in the Atomic Energy Act of 1954, or any law amendatory thereof.
- (11) **Card association** means Visa International, MasterCard, Discover, JCB, American Express and any similar credit or debit card association that is a participating organization of the Payment Card Industry Security Standards Council.
- (12) **Claim** means:
- (A) with respect to Insuring Agreements **I.(1)(A)** and **I.(1)(B)** only:
 - (i) a written demand made against an **Insured** for **damages** or non-monetary relief;
 - (ii) a written request received by an **Insured** to toll or waive a statute of limitations relating to a potential **claim** against an **Insured**; or
 - (iii) the service of a civil lawsuit or the institution of arbitration or other alternative dispute resolution proceedings against an **Insured** seeking **damages**, a temporary restraining order, or a preliminary or permanent injunction.
 - (B) with respect to Insuring Agreement **I.(1)(C)** only, a **privacy regulatory proceeding**.
 - (C) with respect to Insuring Agreement **I.(1)(D)**, a **PCI DSS demand**.
 - (D) with respect to Insuring Agreement **I.(1)(E)** only, a **TCPA claim**.
 - (E) with respect to Insuring Agreement **I.(2)(A)** only, written notice from an **executive** to the Company of an **adverse media report**, **security breach** or **privacy breach**.
 - (F) with respect to Insuring Agreement **I.(2)(B)** only, written request by an **executive** to the Company for indemnification of **post breach remediation costs**.
 - (G) with respect to Insuring Agreement **I.(2)(C)** only, written notice from an **executive** to the Company of a **security breach** or **privacy breach**.
 - (H) with respect to Insuring Agreement **I.(2)(D)** only, written notice from an **executive** to the Company of a **system failure**.
 - (I) with respect to Insuring Agreement **I.(2)(E)** only, written notice from an **executive** to the Company of a **cyber extortion threat**.
 - (J) with respect to Insuring Agreement **I.(2)(F)(i)** only, written notice from an **executive** to the Company of **financial fraud**.

- (K) with respect to Insuring Agreement I.(2)(F)(ii) only, written notice from an **executive** to the Company of **telecommunications fraud**.
- (L) with respect to Insuring Agreement I.(2)(F)(iii) only, written notice from an **executive** to the Company of a **phishing attack**.
- (M) with respect to Insuring Agreement I.(2)(G) only, written request by an **executive** to the Company for indemnification of **reward expenses**.
- (N) with respect to Insuring Agreement I.(2)(H) only, written request by an **executive** to the Company for indemnification of **court attendance costs**.

A **claim** under Insuring Agreement I.(1)(A) or Insuring Agreement I.(1)(B) of this Endorsement shall not include a **privacy regulatory proceeding, PCI DSS demand or TCPA claim**.

A **claim** under any Third Party Liability Insuring Agreement of this Endorsement will be deemed to be first made when it is received by an **Insured**.

A **claim** under any First Party Insuring Agreement of this Endorsement will be deemed to be first made when the Company first receives written notice of such **claim**.

- (13) **Cloud provider** means any **third party** that provides computing resources to **you** that are delivered as a service over a network or the internet (commonly known as “cloud computing”), including Software as a Service, Platform as a Service and Infrastructure as a Service.
- (14) **Computer operating system** means **computer system** software that manages or administers computer hardware, software resources, or provides common services to run an **application program**. **Computer operating system** does not include an **application program**.
- (15) **Computer system** means an interconnected electronic, wireless, web, or similar system, including all computer hardware and software, used to process and store **data** or information in an analogue, digital, electronic or wireless format, including, but not limited to, computer programs, **data**, operating systems, firmware, servers, media libraries, associated input and output devices, mobile devices, devices that are connected to and controlled by the internet (also known as “smart devices”), networking equipment, websites, extranets, off-line storage facilities (to the extent that they hold **data**), and electronic backup equipment.
- (16) **Court attendance costs** means the actual loss of earnings and reasonable costs and expenses incurred by an **Insured** after a total of 3 days of required attendance at mediation sessions, arbitration proceedings, hearings, depositions and trials relating to the defense of a **claim** under any Third Party Liability Insuring Agreement of this Endorsement.
- (17) **Cyber extortion expenses** means all reasonable and necessary costs and expenses, other than **cyber extortion monies**, that **you** incur with the Company’s prior written consent as a direct result of a **cyber extortion threat**, including the cost to retain or hire a **third party** specializing in IT security to determine the validity and severity of a **cyber extortion threat**.
- (18) **Cyber extortion monies** means any **money**, digital currency of any kind, including bitcoin, or **other property** paid by **you**, with the Company’s prior written consent, to any person or group reasonably believed to be responsible for a **cyber extortion threat** in order to prevent or terminate such **cyber extortion threat**.
- (19) **Cyber extortion threat** means a credible threat or series of related credible threats, including a demand for **cyber extortion monies**, which is directed at **you** to:
 - (A) steal, alter, release, divulge, disseminate, destroy, publicly disclose or misuse **private information** taken from an **Insured** as a result of unauthorized access to, or unauthorized use of, an **insured computer system**;
 - (B) infect an **insured computer system** with malicious code or ransomware;
 - (C) corrupt, damage or destroy an **insured computer system**;
 - (D) restrict or hinder access to an **insured computer system**, including the threat of a **denial of service attack**;

- (E) perpetrate or carry out a **phishing attack**;
- (F) steal, alter, release, reveal, divulge, disseminate, destroy, publicly disclose or misuse **your** confidential or proprietary information, or the **personally identifiable information** of an **Insured**; or
- (G) damage **your reputation** or **your** brand by posting false or misleading comments about **you** or **your** organization on social media websites or platforms.

A series of continuing **cyber extortion threats**, related or repeated **cyber extortion threats**, or multiple **cyber extortion threats** resulting from the same attack, event or incident will be considered a single **cyber extortion threat** and will be deemed to have occurred at the time the first **cyber extortion threat** in the series first occurred.

- (20) **Cyber liability extended reporting period** means the period after the end of the **endorsement period** for reporting **claims**, as provided in Section **VI.** of this Endorsement and specifically excludes the **endorsement period**.
- (21) **Cyber war** means any harmful act conducted using a **computer system** (or series of related, repeated or continuing harmful acts conducted using one or more **computer systems**) directed against one or more computers, **computer systems**, or networks that is committed by, at the direction of or under the control of a sovereign state, and which is:
 - (A) conducted as part of a **war**, or
 - (B) of sufficient intensity, scale or effect to cause a major detrimental impact on:
 - (ii) the functioning of another sovereign state due to disruption of the availability, delivery or integrity of any **essential service** in such sovereign state; or
 - (iii) the security or defense of another sovereign state.

Provided, however, that paragraph (21)(B) above shall not apply to the direct or indirect effect of a **cyber war** on an **insured computer system** that is not physically located in a sovereign state which has suffered major detrimental impact described in (i) and/or (ii) above but is affected by a **cyber war**.

- (22) **Damages** means a monetary judgment, award or settlement, including awarded attorneys' fees and costs, and liquidated, punitive, exemplary or multiplied **damages** to the extent insurable under the law pursuant to which this Endorsement is construed.

Damages does not include:

- (A) any **Insured's** future profits or royalties, restitution, or disgorgement of any **Insured's** profits;
- (B) the costs to comply with orders granting injunctive or non-monetary relief, including specific performance, or any agreement to provide such relief;
- (C) loss of any **Insured's** fees or profits, the return or offset of any **Insured's** fees or charges, or any **Insured's** commissions or royalties provided or contracted to be provided;
- (D) taxes, fines or penalties, or sanctions;
- (E) contractual liquidated **damages**, to the extent such **damages** exceed the amount for which the **Insured** would have been liable in the absence of the liquidated **damages** agreement;
- (F) any amount which an **Insured** is not financially or legally obligated to pay;
- (G) disgorgement of any remuneration or financial advantage to which an **Insured** was not legally entitled;
- (H) settlements negotiated without the Company's consent;
- (I) monetary judgments, awards, settlements or any other amounts which are uninsurable under the law pursuant to which this Endorsement is construed, or any legal fees and costs awarded pursuant to such judgments, awards or settlements; or
- (J) **PCI DSS fines and assessments.**

- (23) **Data** means any machine-readable information, including, but not limited to, ready-for-use programs, applications, account information, customer information, health and medical information, or other electronic information, irrespective of the way it is used and rendered.
- (24) **Defense costs** means:
- (A) reasonable and necessary fees incurred with the Company's consent and charged by an attorney(s) designated by the Company to defend a **claim**; and
 - (B) all other reasonable and necessary fees, costs, and expenses resulting from the defense and appeal of a **claim**, if incurred by the Company or by an **Insured** with the Company's prior written consent.
- Defense costs** does not include any wages or salaries of an **Insured**, or fees, overhead or other charges incurred by, or paid to, any **Insured** for any time spent in cooperating in the investigation or defense of a **claim** or a potential **claim**.
- (25) **Denial of service attack** means an event caused by unauthorized or unexpected interference or a malicious attack, which is intended by the perpetrator to overwhelm the capacity of a **computer system** by sending an excessive volume of **data** to such **computer system** to prevent access to such **computer system**.
- (26) **Dependent system failure** means any outage, interruption, failure, slow down, suspension or degradation of service of any **computer system** operated by a **BPO service provider** or **outsourced IT service provider**, however caused.
- (27) **Digital assets** means **data** and computer programs that exist in an **insured computer system**. **Digital assets** do not include computer hardware.
- (28) **Digital assets loss** means reasonable and necessary expenses and costs that **you** incur to replace, recreate or restore **digital assets** to the same state and with the same contents immediately before the **digital assets** were damaged, destroyed, altered, misused or stolen, including expenses for materials and machine time. **Digital assets loss** also includes amounts representing **employee** work time to replace, recreate or restore **digital assets**, which will be determined on a predefined billable hour or per-hour basis as based upon **your** schedule of **employee** billable hours.
- (29) **Employee** means any individual whose labor or service is engaged by and directed by **you**, including volunteers, interns, and part-time, seasonal, temporary or leased workers. **Employee** does not include any **executive** or independent contractor.
- (30) **Endorsement period** means the period specified as such in Item 3 of the Cyber Liability Schedule. Coverage may be canceled or otherwise terminated before the **endorsement period** expiration date.
- (31) **Essential service** means any service that is necessary for the proper operation of the vital functions of a sovereign state, including, but not limited to, health care services, emergency services, financial services (including services related to financial institutions and associated financial market infrastructure), utility services and/or services that are essential for the proper operation of the food, energy and/or transportation sector.
- (32) **Executive** means any of **your** directors or officers, including **your** chief executive officer, chief financial officer, chief operations officer, chief technology officer, chief information officer, chief privacy officer, general counsel or other in-house lawyer, and risk manager, or any person in a functionally equivalent position.
- (33) **Financial fraud** means any of the following:
- (A) an intentional, unauthorized and fraudulent written, electronic or telephonic instruction transmitted to a financial institution, directing such institution to debit, transfer, withdraw or disburse **money** or **securities** from **your account**, which instruction purports to have been transmitted by **you** or an **executive** or **employee**, but was in fact fraudulently transmitted by a **third party** without **your** knowledge or consent; or
 - (B) the theft of **money** or **securities** from **your account** or **your** corporate credit cards as a result of a **hacking attack**.

(34) **Financial fraud loss** means the loss of **money** or **securities** that **you** sustain as a direct result of **financial fraud**. **Financial fraud loss** does not include any amounts reimbursed to **you** by any financial institution.

(35) **First party insured event** means:

- (A) with respect to Insuring Agreement I.(2)(A) only, an **adverse media report, security breach or privacy breach**;
- (B) with respect to Insuring Agreements I.(2)(B) and I.(2)(C) only, a **security breach or privacy breach**;
- (C) with respect to Insuring Agreement I.(2)(D) only, a **system failure**;
- (D) with respect to Insuring Agreement I.(2)(E) only, a **cyber extortion threat**;
- (E) with respect to Insuring Agreement I.(2)(F)(i) only, **financial fraud**;
- (F) with respect to Insuring Agreement I.(2)(F)(ii) only, **telecommunications fraud**;
- (G) with respect to Insuring Agreement I.(2)(F)(iii) only, a **phishing attack**;
- (H) with respect to Insuring Agreement I.(2)(G) only, a **security breach, privacy breach, system failure, cyber extortion threat, financial fraud, telecommunications fraud or phishing attack**; and
- (I) with respect to Insuring Agreement I.(2)(H) only, **court attendance costs** incurred by an **Insured**.

First party insured event does not include any **claim** made against an **Insured**.

(36) **Hacking attack** means any of the following directed at or enacted upon an **insured computer system**:

- (A) unauthorized access to, or unauthorized use of, an **insured computer system**, including any such unauthorized access or unauthorized use resulting from the theft of a password from an **insured computer system** or from an **Insured**;
- (B) a **denial of service attack** against an **insured computer system**;
- (C) infection of an **insured computer system** by malicious code, or the transmission of malicious code from an **insured computer system**; or
- (D) an **act of cyber terrorism**.

(37) **Hazardous properties** means radioactive, toxic or explosive properties.

(38) **Income loss** means the net profit loss **you** sustain during the **period of restoration** as a direct result of a **system failure**. **Income loss** will be determined in accordance with the provisions of Section **IX** of this Endorsement.

(39) **Informant** means any person who provides information regarding an illegal act committed by another person which causes a **first party insured event**, solely in return for **money** that **you** pay or promise to pay. **Informant** does not include:

- (A) any person who commits an illegal act which causes a **first party insured event**, whether acting alone or in collusion with others;
- (B) any **Insured**;
- (C) any **Insured's** auditors, whether internal or external;
- (D) any person or firm hired or retained to investigate a first party insured event; or
- (E) any person responsible for the supervision or management of a party described in paragraphs (A) through (D) above.

(40) **Insured** means:

- (A) the **Named Insured**;

- (B) any **Subsidiary** of the **Named Insured**, but only with respect to **wrongful acts** or **first party insured events** that occur while a **Subsidiary** is under the **Named Insured's managerial control**;
 - (C) any past, present, or future **executive**, trustee, court-appointed receiver or **employee** of the **Named Insured** or **Subsidiary**, but only while acting solely within the scope of his or her duties as such;
 - (D) if the **Named Insured** or **Subsidiary** is a partnership, limited liability partnership, or limited liability company, then any general or managing partner, principal, stockholder, or owner thereof, but only while acting solely within the scope of his or her duties as such;
 - (E) any agent or independent contractor of the **Named Insured** or **Subsidiary**, but only while acting on behalf of, at the direction of, and under the supervision of the **Named Insured** or **Subsidiary**; and
 - (F) any person or legal entity the **Named Insured** is required by written contract to provide such coverage as is afforded by this Endorsement, but only for the acts of a party described in paragraphs (A) through (E) above, and only if the written contract is executed prior to the date any **wrongful act** or **first party insured event** occurs.
- (41) **Insured computer system** means:
- (A) a **computer system** that is owned and operated by **you**, or that is leased to **you** and operated by **you**;
 - (B) any **insured telecommunications system**; and
 - (C) with respect to Insuring Agreements **I.(1)(B)**, **I.(1)(C)**, **I.(1)(D)**, **I.(2)(A)** and **I.(2)(E)** only, **insured computer system** also includes a **computer system** operated by a **BPO service provider** or an **outsourced IT service provider**, which is used to provide services to **you**, or for processing, maintaining, hosting or storing **data** for **you**, pursuant to a written contract with **you** to provide such services.
- (42) **Insured telecommunications system** means any telephone or fax network or system that is owned, rented, leased, licensed or borrowed by **you** and under **your** direct operational control.
- (43) **Interruption expenses** means those reasonable and necessary expenses, excluding **special expenses**, incurred by **you** to avoid or minimize the suspension of **your** business because of a total or partial interruption, degradation in service, or failure of an **insured computer system** caused by a **system failure**, which **you** would not have incurred in the absence of the **system failure**. **Interruption expenses** include, but are not limited to, the use of rented/leased external equipment, substitution of other work or production procedures, the use of **third party** services, or additional staff expenditures or labor costs. The amount of **interruption expenses** recoverable shall not exceed the amount by which the covered **income loss** is reduced by such incurred expenses.
- (44) **Managerial control** means:
- (A) owning interests representing more than 50% of the voting, appointment or designation power for the selection of:
 - (i) a majority of the board of directors or trustees, if the entity is a corporation;
 - (ii) the management committee members, if the entity is a joint venture; or
 - (iii) the members of the management board, if the entity is a limited liability company.
 - (B) having the right, pursuant to a written contract, or the by-laws, charter, operating agreement or similar organizational documents, to elect, appoint or designate:
 - (i) a majority of the board of directors or trustees, if the entity is a corporation;
 - (ii) the management committee members, if the entity is a joint venture; or
 - (iii) the members of the management board, if the entity is a limited liability company.

- (C) possessing at least 50% ownership interest of a joint venture entity and solely controlling the management and operations of such joint venture entity, pursuant to a written joint venture agreement;
 - (D) being the exclusive sponsor, if the entity is a charitable trust or foundation; or
 - (E) being the only general partner of an entity.
- (45) **Media material** means communicative material of any kind or nature for which **you** are responsible, including, but not limited to, words, pictures, sounds, images, graphics, code and **data**, regardless of the method or medium of communication of such material or the purpose for which the communication is intended. **Media material** does not include any tangible goods or products that are manufactured, produced, processed, prepared, assembled, packaged, labeled, sold, handled or distributed by **you** or others trading under **your** name.
- (46) **Merchant services agreement** means an agreement between **you** and an **acquiring bank, card association**, brand, network, credit or debit card processor, independent sales organization, gateway, or membership service, which enables **you** to accept payment by credit card, debit card or prepaid card.
- (47) **Money** means a medium of exchange in current use and authorized or adopted by a domestic or foreign government, including, but not limited to, currency, coins, bank notes, bullion, travelers' checks, registered checks and money orders held for sale to the public.
- (48) **Multimedia wrongful act** means any of the following, whether actual or alleged, but only if directly resulting from the dissemination of **media material** by an **Insured**:
- (A) any form of defamation or other tort related to the disparagement or harm to the reputation or character of any person or organization, including libel, slander, product disparagement or trade libel, and infliction of emotional distress, mental anguish, outrage or outrageous conduct, if directly resulting from any of the foregoing;
 - (B) invasion, infringement or interference with an individual's right of privacy or publicity, including the torts of false light, intrusion upon seclusion, commercial misappropriation of name, person, or likeness, and public disclosure of private facts;
 - (C) plagiarism, piracy or misappropriation of ideas under an implied contract;
 - (D) Infringement of copyright, trademark, trade name, trade dress, title, slogan, service mark or service name;
 - (E) domain name infringement or improper deep-linking or framing;
 - (F) negligence in **media material**, including a **claim** alleging harm to any person or entity that acted or failed to act in reliance upon such **media material**;
 - (G) false arrest, detention or imprisonment;
 - (H) trespass, wrongful entry or eviction, eavesdropping, or other invasion of the right of private occupancy; or
 - (I) unfair competition, but only when arising out of a peril described in (A) through (H) above.
- (49) **Named Insured** means the person or organization listed as such on the Declarations Page of the Policy to which this Endorsement attaches.
- (50) **Notification** means written notice to affected individuals in the event of a **security breach** or **privacy breach**, whether such written notice is made by **you** voluntarily or to comply with **privacy regulations**.
- (51) **Notification expenses** means reasonable and necessary expenses that **you** incur on **your** own behalf, or on behalf of a party for whom **you** are **vicariously liable**, to provide **notification** of a **security breach** or **privacy breach**, including printing costs, mailing and postage expenses, and the costs to engage a **third party** to mail **notification** letters and prepare substitute or website notices. **Notification expenses** must be incurred with the Company's prior written consent.
- (52) **Nuclear facility** means:

- (A) any **nuclear reactor**;
 - (B) any equipment or device designed or used for separating the isotopes of uranium or plutonium, processing or utilizing **spent fuel**, or handling, processing or packaging **waste**;
 - (C) any equipment or device used for the processing, fabricating or alloying of **special nuclear material** if at any time the total amount of such material in the custody of an **Insured** at the premises where such equipment or device is located consists of or contains more than twenty-five (25) grams of plutonium or uranium 233, or any combination thereof, or more than 250 grams of uranium 235;
 - (D) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of **waste**; and
 - (E) the site on which any of (A) through (D) above is located, all operations conducted on such site and all premises used for such operations.
- (53) **Nuclear material** means **source material, special nuclear material** or **byproduct material**.
- (54) **Nuclear reactor** means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.
- (55) **Operating system event** means a single act of exploitation of, or a series of related, repeated or continuing acts of exploitation of, software vulnerabilities in a **computer operating system**, including, but not limited to ransomware, wiper malware, computer worms, and computer viruses, the impact of which is of sufficient intensity, scale or effect to cause a major detrimental impact on the functioning of a sovereign state due to disruption of the availability, delivery, or integrity of any **essential service** in that other sovereign state. For purposes of this definition, a major detrimental impact on the functioning of a foreign state shall be deemed to occur when such impact has been made public through the media, official statements or otherwise.
- (56) **Other property** means any tangible property, other than **money** or **securities**, which has intrinsic value.
- (57) **Outsourced IT service provider** means a **third party** that provides information technology services to **you**, under a written contract with **you** to provide such services, including, but not limited to, hosting, security management, co-location, and **data** storage. **Outsourced IT service provider** includes any **cloud provider**.
- (58) **PCI Data Security Standard** (known as "PCI DSS") means the Payment Card Industry Security Standards Council Data Security Standard in effect now, or as hereafter amended, which all merchants and processors must follow when storing, processing and transmitting cardholder **data**.
- (59) **PCI DSS demand** means a written demand for **PCI DSS fines and assessments** received by an **Insured** directly or indirectly from or through an **acquiring bank, card association** or payment card processor due to an **Insured's** non-compliance with the **PCI Data Security Standard**, or a request for information received by an **Insured** from an **acquiring bank, card association** or payment card processor regarding a suspected **security breach** or **privacy breach**.
- (60) **PCI DSS fines and assessments** means monetary fines, penalties or assessments, including fraud recoveries, card reissuance costs, operational expenses or compliance case costs, which an **Insured** is legally obligated to pay under the terms of a **merchant services agreement**, but only where such monetary fines, penalties or assessments result from a **security breach** or **privacy breach**.
- (61) **Period of indemnity** means the period beginning on the earlier of the date of **notification** or the first **adverse media report** (whichever applies), and ending on the earlier of:
- (A) the date when gross revenues are restored to the level they had been prior to **notification** or the first **adverse media report** (whichever applies); or
 - (B) 180 consecutive days after the date of **notification** or the first **adverse media report** (whichever applies).
- (62) **Period of restoration** means the period beginning on the date when the **system failure** began, and ending on the earlier of:

- (A) the date when the **insured computer system** is restored or could have been repaired or restored with reasonable speed to the same condition, functionality and level of service that existed prior to the **system failure**, plus a maximum of 30 additional consecutive days after the restoration of the **insured computer system** to allow for restoration of **your** business; or
- (B) 120 consecutive days after the date the **system failure** began.
- (63) **Personally identifiable information** means information that can be used to determine, distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual, including, but not limited to, financial account numbers, security codes, personal identification numbers (PINs), credit and debit card numbers, medical or healthcare information, social security numbers, driver's license numbers, addresses, passwords, and any other non-public information as defined in **privacy regulations**.
- (64) **Phishing attack** means the use by a **third party** of fraudulent telephone calls, emails, texts, instant messages or other electronic communications or malicious websites to impersonate **you** or **your** brand, products or services to solicit **private information**.
- With respect to Insuring Agreement I.(2)(F)(iii) only, **phishing attack** also includes the use by a **third party** of fraudulent telephone calls, emails, texts, instant messages or other electronic communications or malicious websites to impersonate **you**, **your** client, **your** vendor, or an **executive** or **employee** to solicit **money**, **securities** or **other property**.
- (65) **Phishing fraud loss** means:
- (A) direct financial loss **you** sustain due to a **phishing attack** which fraudulently induces an **executive** or **employee** to transfer, pay or deliver **money**, **securities** or **other property** to an unintended **third party**;
- (B) expenses that **you** incur, with the Company's prior written consent, to create and issue a specific press release or to establish a specific website to advise **your** customers and prospective customers of a **phishing attack**; and
- (C) the cost of reimbursing **your** existing customers or clients for their direct financial losses resulting from a **phishing attack**, provided such reimbursement is made by **you** with the Company's prior written consent.
- (66) **Post breach remediation costs** means reasonable and necessary costs that **you** incur after a **security breach** or **privacy breach** to which Insuring Agreement I.(2)(A) of this Endorsement applies, to mitigate the potential of a future **security breach** or **privacy breach**, including, but not limited to, costs to complete an information security risk assessment, conduct an information security gap analysis, develop an information security document set, deliver an information security awareness training session to **employees** and **executives**, and hire a company specializing in **data** or **computer system** security to determine how to protect **data** or an **insured computer system** from a future **security breach** or **privacy breach**.
- (67) **Print media** means newspapers, newsletters, magazines, books and literary works in any form, brochures or other types of publications, and advertising materials including packaging, photographs, and digital images.
- (68) **Privacy breach** means any of the following:
- (A) the unauthorized collection, disclosure, use, access, destruction or modification of **private information**;
- (B) the inability to access, or failure to provide, **private information**;
- (C) theft or loss of **private information**, including the theft or loss of **private information** stored on an unsecured **data** storage device or mobile or handheld device, including any smartphone, tablet, and laptop which is owned by **you** and operated by an **Insured**, or owned and operated by an **employee** or **executive** who has agreed in writing to **your** corporate mobile device acceptable use and security policy (also known as a "Bring Your Own Device" policy);

- (D) the surrender of **private information** as a result of false communications or social engineering techniques, including but not limited to phishing, spear-phishing, and pharming;
- (E) the failure to implement, maintain, or comply with privacy policies and procedures stating **your** obligations regarding **private information**, including but not limited to **your privacy policy**;
- (F) the failure to develop or administer an identity theft prevention program;
- (G) the failure to implement specific security practices with respect to **private information** required by any **privacy regulations**;
- (H) an infringement or violation of any rights to privacy;
- (I) breach of a person's right of publicity, false light, intrusion upon a person's seclusion;
- (J) the failure to comply with **privacy regulations** pertaining to the **Insured's** responsibilities with respect to **private information**, but only relating to an act listed in paragraphs (A) through (H) above; or
- (K) the failure to comply with any federal, state, foreign or other law (including common law), statute or regulation prohibiting unfair or deceptive trade practices or consumer fraud pertaining to the **Insured's** responsibilities with respect to **private information**, but only relating to an act listed in paragraphs (A) through (H) above.

A series of continuing **privacy breaches**, related or repeated **privacy breaches**, or multiple **privacy breaches** resulting from the same event or incident will be considered a single **privacy breach** and will be deemed to have occurred at the time the first **privacy breach** in the series first occurred.

(69) Privacy breach response costs means:

- (A) reasonable and necessary **public relations expenses** that **you** incur with the Company's prior written consent prior to or following the publication of an **adverse media report** to avert or mitigate any material damage to **your reputation** or brands, which results or reasonably could result from the **adverse media report**; and
- (B) reasonable and necessary legal fees that **you** incur on **your** own behalf or on behalf of a party for whom **you** are **vicariously liable** to:
 - (i) determine the scope, cause, and extent of an actual or suspected **privacy breach** or **security breach**;
 - (ii) determine the applicability of, and **your** obligations to comply with, **privacy regulations** due to an actual or suspected **privacy breach**; and
 - (iii) draft a **notification** letter to be sent to parties affected by a **privacy breach**.
- (C) reasonable and necessary fees and costs that **you** incur on **your** own behalf, or on behalf of a party for whom **you** are **vicariously liable**, to retain a qualified IT forensics firm or computer security expert to investigate and identify the source and scope of a **security breach** or **privacy breach**; and
- (D) overtime salaries of non-exempt **employees** assigned to handle inquiries from parties affected by a **privacy breach**.

(70) Privacy regulations means foreign, federal, state or local statutes, rules, regulations and other laws, as they currently exist and as amended, associated with the confidentiality, access, control, and use of **private information**, including, but not limited to:

- (A) the Health Insurance Portability and Accountability Act of 1996 (Public Law 104- 191), known as HIPAA, and related or similar state medical privacy laws;
- (B) the Gramm-Leach-Bliley Act of 1999 (G-L-B), also known as the Financial Services Modernization Act of 1999, including sections concerning security protection and standards for customer records maintained by financial services companies, and the rules and regulations promulgated thereunder;

- (C) state and federal statutes and regulations regarding the security and privacy of consumer information;
 - (D) governmental privacy protection regulations or laws associated with the control and use of personal information, including but not limited to requirements to post or publish **your privacy policy**, adopt specific privacy controls, or inform customers of actual or suspected **privacy breaches**;
 - (E) the privacy provisions of consumer protection laws, including the Federal Fair Credit Reporting Act (FCRA) and similar state laws;
 - (F) the Children's Online Privacy Protection Act or similar laws, as they exist now or in the future;
 - (G) the EU General Data Protection Act or other similar privacy and security statutes, rules, regulations or other laws worldwide, as they exist now or in the future; and
 - (H) the Health Information Technology for Economic and Clinical Health Act (HITECH ACT), enacted under Title XIII of the American Recovery and Reinvestment Act of 2009 (ARRA) (Pub. L. 111-5), and its implementing regulations, including related or similar state medical privacy laws.
- (71) **Privacy regulatory proceeding** means a civil administrative proceeding, regulatory action, request for information, or investigation instituted against an **Insured** by a foreign, federal, state or local governmental body because of a **security breach** or **privacy breach**.
- (72) **Private information** means:
- (A) proprietary or confidential information owned by a **third party** that is in the care, custody or control of an **Insured** or is used by an **Insured** with the consent of such **third party**;
 - (B) **personally identifiable information**; and
 - (C) any information that is linked or linkable to a specific individual and that is subject to any **privacy regulations**.
- (73) **Programming error** means an error which occurs during the development or encoding of a computer program, software or application and which would, when in operation, result in a malfunction or incorrect operation of a **computer system**.
- (74) **Property damage** means physical injury to, or impairment, destruction or corruption of, any tangible property, including the loss of use thereof. **Data** is not considered tangible property.
- (75) **Public relations expenses** means expenses that **you** incur to retain or hire a **third party** public relations consultant or public relations firm to protect or restore **your reputation**, which is damaged or reasonably could be damaged by an **adverse media report**.
- (76) **Regulatory compensatory award** means a sum of **money** which an **Insured** is legally obligated to pay as a regulatory agency's award or fund for parties affected by a **privacy breach**, due to an adverse judgment or settlement arising out of a **privacy regulatory proceeding**. **Regulatory compensatory award** includes consumer redress funds but does not include any criminal fines or penalties of any nature whatsoever.
- (77) **Regulatory fines and penalties** means civil fines or penalties imposed by a foreign, federal, state or local governmental regulatory body against an **insured** in a **privacy regulatory proceeding**. **Regulatory fines and penalties** do not include: a) any amounts deemed uninsurable under the law pursuant to which this insurance is construed, b) any criminal fines or penalties of any nature whatsoever; or c) **PCI DSS fines and assessments**.
- (78) **Retroactive date** means the date specified as such in Item 4. of the Cyber Liability Schedule, on or after which **wrongful acts** must have taken place to be considered for coverage under this Endorsement.
- (79) **Reward expenses** means the reasonable amount that **you** pay with the Company's prior written consent to an **informant** for information not otherwise available which leads to the arrest and conviction of any person who commits an illegal act that causes a **first party insured event**.

- (80) **Securities** means negotiable or non-negotiable instruments or contracts representing **money** or **other property** but does not include **money**.
- (81) **Security and privacy wrongful act** means any of the following, whether actual or alleged, but only if committed by an **Insured**:
- (A) the failure to prevent or hinder a **security breach**, which in turn results in:
 - (i) the alteration, copying, corruption, destruction, deletion, or damage to **data** stored on an **insured computer system**;
 - (ii) theft, loss or unauthorized disclosure of electronic or non-electronic **private information** that is in **your** care, custody or control;
 - (iii) theft, loss or unauthorized disclosure of electronic or non-electronic **private information** that is in the care, custody or control of a **BPO service provider** or an **outsourced IT service provider** that is holding, processing or transferring such **private information** on **your** behalf; provided, however, that the theft, loss or unauthorized disclosure occurs while **your** written contract with such **BPO service provider** or **outsourced IT service provider** is still in effect;
 - (iv) unauthorized access to, or unauthorized use of, a **computer system** other than an **insured computer system**;
 - (v) the inability of an authorized **third party** to gain access to **your** services;
 - (B) the failure to timely disclose a **security breach** affecting **private information**;
 - (C) the failure to dispose of **private information** within the required period, in violation of **privacy regulations**;
 - (D) the failure to prevent the transmission of a malicious code or computer virus from an **insured computer system** to the **computer system** of a **third party**;
 - (E) a **privacy breach**;
 - (F) the failure to prevent a **privacy breach**;
 - (G) the failure to prevent or hinder participation by an **insured computer system** in a **denial of service attack** directed against internet sites or the **computer system** of a **third party**;
 - (H) the failure to prevent the theft or loss of **personally identifiable information** of **employees**; or
 - (I) infliction of emotional distress or mental anguish, but only if directly resulting from a peril described in (A) through (H) above.
- (82) **Security breach** means any of the following, whether a specifically targeted attack or a generally distributed attack:
- (A) a **hacking attack**;
 - (B) the physical theft or loss of an unsecured **data** storage device containing **private information**; or
 - (C) the theft or loss of an unsecured mobile or handheld device containing **private information**, including any smartphone, tablet, and laptop owned by **you** and operated by an **insured**, or owned and operated by an **employee** or **executive** who has agreed in writing to **your** corporate mobile device acceptable use and security policy (also known as a "Bring Your Own Device" policy).

A series of continuing **security breaches**, related or repeated **security breaches**, or multiple **security breaches** resulting from a continuing failure of computer security will be considered a single **security breach** and will be deemed to have occurred at the time the first **security breach** in the series first occurred.

- (83) **Source material** has the meaning given in the Atomic Energy Act of 1954, or in any law amendatory thereof.
- (84) **Special expenses** means reasonable and necessary costs and expenses that **you** incur to:
- (A) prevent, preserve, minimize, or mitigate any further damage to **digital assets**, including the reasonable and necessary fees and expenses of specialists, outside consultants or forensic experts;
 - (B) preserve critical evidence of any criminal or malicious wrongdoing;
 - (C) purchase replacement licenses for computer programs because the copy protection system or access control software was damaged or destroyed by a **system failure**; or
 - (D) notify affected individuals of a total or partial interruption, degradation in service, or failure of an **insured computer system** resulting from a **system failure**.
- (85) **Special nuclear material** has the meaning given in the Atomic Energy Act of 1954, or in any law amendatory thereof.
- (86) **Spent fuel** means any fuel element or fuel component, solid or liquid that has been used or exposed to radiation in a **nuclear reactor**.
- (87) **Subsidiary** means any entity in which the **Named Insured**, either directly or indirectly, through one or more of its **Subsidiaries**:
- (A) had **managerial control** as of the effective date of the Policy; or
 - (B) acquires **managerial control** after the effective date of the Policy, subject to the limitations of Section **VIII.** of this Endorsement.
- (88) **System failure** means an unplanned outage, interruption, failure, suspension, or degradation of service of an **insured computer system**, including, but not limited to, any such outage, interruption, failure, suspension, or degradation of service caused directly by a **hacking attack**. **System failure** does not include any **dependent system failure**.
- (89) **Takeover** means:
- (A) any person, entity or affiliated group of persons or entities obtains more than 50% of the **Named Insured's** equity or assets;
 - (B) any person, entity or affiliated group of persons or entities obtains the right to elect or appoint more than 50% of the **Named Insured's** directors, officers, trustees or member managers, as applicable;
 - (C) the acquisition of the **Named Insured** by another entity, whereby the entity obtains **managerial control** of the **Named Insured**;
 - (D) the **Named Insured** is dissolved, sold or acquired by, merged into, or consolidated with, another entity, such that the **Named Insured** is not the surviving entity; or
 - (E) the **Named Insured** ceases to do business for any reason.
- (90) **TCPA claim** means:
- (A) a written demand made against an **Insured** for **money** or non-monetary relief alleging a **TCPA violation**;
 - (B) the service of a civil lawsuit or the institution of arbitration or other alternative dispute resolution proceedings against an **Insured** alleging a **TCPA violation** and seeking **money**, a temporary restraining order, or a preliminary or permanent injunction; or
 - (C) a written request received by an **Insured** to toll or waive a statute of limitations relating to a potential **TCPA claim** against an **Insured**.
- (91) **TCPA violation** means any of the following, whether actual or alleged, but only if committed by an **Insured**:

- (A) any unsolicited telephone calls, emails, faxes, or other communications to **your** actual or prospective customers or other third parties;
 - (B) a violation of the Telephone Consumer Protection Act (47 U.S.C. §227), as amended, or any regulations promulgated thereunder;
 - (C) a violation of the Telemarketing and Consumer Fraud and Abuse Prevention Act (15 U.S.C. §§ 6101-6108), as amended, or any regulations promulgated thereunder;
 - (D) a violation of the CAN-SPAM Act (15 U.S.C. §§ 7701-7713), as amended, or any regulations promulgated thereunder; or
 - (E) a violation of any similar federal, state, local or foreign law, whether statutory, regulatory or common law, including any anti-spam law or other law that addresses, prohibits or limits the use of telephonic or electronic communications for solicitation purposes.
- (92) **Telecommunications fraud** means the intentional, unauthorized and fraudulent gaining of access to outgoing telephone service through infiltration and manipulation of an **insured telecommunications system**.
- (93) **Telecommunications fraud loss** means the charges that **you** incur for unauthorized calls directly resulting from **telecommunications fraud**.
- (94) **Third party** means any entity, company, organization or person who does not qualify as an **Insured**.
- (95) **Unauthorized trading** means trading, which at the time of the trade, exceeds permitted financial limits or is outside of permitted product lines.
- (96) **Vicariously liable** means **your** legal responsibility for the liability of others, including legal responsibility **you** assume in a contract. The existence of vicarious liability will not create or confer any rights or duties under this Endorsement to any **third party**, other than as provided in this definition.
- (97) **Waiting period** means:
- (A) with respect to Insuring Agreement **I.(2)(C)** only, the 2-week period which must elapse after **notification**, or in the event of an **adverse media report**, after publication of the first **adverse media report**, before **brand loss** may be payable. The **waiting period** applies to each **period of indemnity**.
 - (B) with respect to Insuring Agreement **I.(2)(D)(ii)** only, the 8-hour period which must elapse before **income loss, interruption expenses** and **special expenses** may be payable. The **waiting period** applies to each **period of restoration**.
- (98) **War** means the use of physical force by a sovereign state against another sovereign state (whether war be declared or not) or as part of an invasion, acts of foreign enemies, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power, or confiscation, nationalization, requisition or destruction of or damage to property by or under the order of any government or public or local authority.
- (99) **Waste** means any waste material containing **byproduct material** and resulting from the operation by any person or organization of any **nuclear reactor** or any equipment or device designed or used for separating the isotopes of uranium or plutonium, processing or utilizing **spent fuel**, or handling, processing or packaging **waste**.
- (100) **Wrongful act** means:
- (A) with respect to Insuring Agreement **I.(1)(A)** only, a **multimedia wrongful act**;
 - (B) With respect to Insuring Agreement **I.(1)(B)** only, a **security and privacy wrongful act**;
 - (C) With respect to Insuring Agreements **I.(1)(C)** and **I.(1)(D)** only, a **security breach** or **privacy breach**; and
 - (D) With respect to Insuring Agreement **I.(1)(E)** only, a **TCPA violation**.
- (101) **You** and **Your** means the **Named Insured** and any **Subsidiary**.

- (102) **Your account** means a business account maintained by **you** at a financial institution from which **you**, or any **insured** authorized by **you**, may request the transfer, payment or delivery of **money** or **securities**.
- (103) **Your privacy policy** means **your** published policies provided to **employees** or **third parties** in written or electronic form that govern the collection, dissemination, confidentiality, integrity, accuracy or availability of information relating to **private information**.
- (104) **Your reputation** means the estimation of trust that customers or clients have in doing business with **you** or in purchasing **your** products or services.

V. CYBER LIABILITY NOTICE PROVISIONS

- (1) As a condition precedent to coverage for any **claim** under any Insuring Agreement of this Endorsement except Insuring Agreement **I.(2)(C)**, an **executive** must provide written notice to the Company of such **claim** as soon as practicable during the **endorsement period**, but no later than 60 days after expiration of the **endorsement period** (or during the **cyber liability extended reporting period**, if applicable).
- (2) As a condition precedent to coverage for any **claim** under Insuring Agreement **I.(2)(C)**, an **executive** must provide written notice to the Company of such **claim** during the **period of indemnity**.
- (3) If, during the **endorsement period**, an **executive** becomes aware of any incidents, acts, facts or circumstances that could reasonably be a basis for a **claim**, and if the **executive** gives written notice to the Company during the **endorsement period** that describes:
 - (A) specific details of the incidents, acts, facts or circumstances that could reasonably be the basis for a **claim**;
 - (B) possible **damages**, penalties, or other amounts potentially covered under this Endorsement that may result or has resulted from the facts or circumstances;
 - (C) details regarding how the **executive** first became aware of the incidents, acts, facts or circumstances; and
 - (D) the **computer system** security and event logs, if applicable,

then any **claim** arising out of such reported incidents, acts, facts or circumstances will be deemed a **claim** first made on the date that Company first received written notice complying with the above requirements.

VI. CYBER LIABILITY EXTENDED REPORTING PROVISIONS

- (1) If the Policy is cancelled or non-renewed by the Company or if the **Named Insured** cancels or chooses not to renew the Policy, the **Named Insured** will have the option to purchase a **cyber liability extended reporting period**. The additional premium for the **cyber liability extended reporting period** will be a percentage of the full Cyber Liability annual premium in effect on the date the Policy was issued or last renewed, as set forth below:

Term	Percent of Cyber Annual Premium
One year (12 months)	100%
Two years (24 months)	150%
Three years (36 months)	200%

- (2) If purchased by the **Named Insured**, the **cyber liability extended reporting period** will only apply to:
 - (A) with respect to the Third Party Liability Insuring Agreements of this Endorsement, any **claim** first made against an **Insured** during the **cyber liability extended reporting period**, provided

always that the actual or alleged **wrongful acts** giving rise to such **claim** occur on or after the **retroactive date** and prior to the end of the **endorsement period**; and

- (B) with respect to the First Party Insuring Agreements of this Endorsement, any **claim** reported to the Company during the **cyber liability extended reporting period**, provided always that the **first party insured event** giving rise to such **claim** first occurs during the **endorsement period**, but before the effective date of cancellation or non-renewal of the Policy, and the **first party insured event** is first discovered by an **executive** during the **cyber liability extended reporting period**.
- (3) Any such **cyber liability extended reporting period**:
- (A) shall be evidenced by issuance of an Endorsement to this Policy;
 - (B) is subject to all terms, conditions, limitations and exclusions of this Endorsement;
 - (C) shall require payment within sixty (60) days from the **Named Insured's** written request to bind such **cyber liability extended reporting period**; and
 - (D) shall be effective on the effective date of cancellation of the Policy, if applicable, or the expiration date of the Policy.
- (4) The Limits of Liability for the **cyber liability extended reporting period** shall be part of, and not in addition to, the Limits of Liability set forth in the Cyber Liability Schedule. The purchase of the **cyber liability extended reporting period** shall not increase or reinstate the Limits of Liability.
- (5) The right to purchase the **cyber liability extended reporting period** shall terminate unless the **Named Insured** provides written notice of the **Named Insured's** election to purchase the **cyber liability extended reporting period** to the Company within sixty (60) days of the effective date of cancellation, if applicable, or the expiration date of the Policy.
- (6) At the commencement of a **cyber liability extended reporting period**, the entire premium will be deemed fully earned, and in the event the **Named Insured** terminates a **cyber liability extended reporting period extended** for any reason prior to its natural expiration, the Company will not be liable to return any premium paid for the **cyber liability extended reporting period**.

VII. CYBER LIABILITY EXCLUSIONS

The Company will not be liable under this Endorsement for:

- (1) any **claim** based upon, arising from, or in any way involving any actual or alleged **wrongful act** of which any **Insured** had knowledge prior to the earlier of:
 - (A) the **endorsement period**; or
 - (B) the original inception date of Cyber Liability Insurance issued by the Company of which this Endorsement is a direct and continuous renewal.
- (2) any **claim** based upon, arising from, or in any way involving any **first party insured event** of which any **Insured** had knowledge prior to the **endorsement period**.
- (3) any **claim** made by or on behalf of an **Insured** against another **Insured**; however, this Exclusion does not apply to a **claim** under Insuring Agreement I.(1)(B) which is brought by any past, present or future **employee** against **you**.
- (4) any **claim** based upon, arising from, or in any way involving any of the following committed by an **Insured**, whether acting alone or in collusion with other persons:
 - (A) a willful, intentional, deliberate, malicious or fraudulent act or omission;
 - (B) a criminal act;
 - (C) an intentional violation of law; or
 - (D) the gaining of any profit or advantage to which an **Insured** is not legally entitled.

However, the Company may pay **defense costs** incurred in connection with the defense of any conduct described in this Exclusion until such time as there is a final, non-appealable adjudication in a judicial, administrative or alternative dispute proceeding, or by an **Insured's** own admission in a proceeding or otherwise. The Company will have the right to recover **defense costs** incurred in defending any such **claim** from any **Insured** found to have committed the conduct described in this Exclusion.

Notwithstanding the foregoing, this Exclusion does not apply to any **Insured** who did not commit, participate in or have prior knowledge of any conduct to which this Exclusion would otherwise apply.

- (5) any **claim** based upon, arising from, or in any way involving the insolvency or bankruptcy of any person or entity, or the failure, inability or unwillingness of any person or entity to make payments, perform obligations or conduct business because of insolvency, liquidation, or bankruptcy; however, **your** insolvency or bankruptcy will not relieve the Company of its obligations under this Endorsement where **your** insolvency or bankruptcy does not give rise to a **claim** or loss.
- (6) any **claim** for **bodily injury** or **property damage**.
- (7) any **claim** based upon, arising from, or in any way involving any regional, countrywide, or global outage, failure, disruption, or reduction in supply of any utility service or infrastructure, including electricity, gas, water, telephone, cable, internet, satellite or telecommunications, or any failure, outage, disruption, degradation or termination of any critical part of such service or infrastructure.
- (8) any **claim** based upon, arising from, or in any way involving the actual or alleged inaccurate, inadequate, or incomplete description of the price of goods, products or services.
- (9) any **claim** based upon, arising from, or in any way involving the violation of any economic or trade sanctions by the United States government including, but not limited to, sanctions administered and enforced by the United States Treasury Department's Office of Foreign Assets Control (OFAC); however, this Exclusion does not apply to a **security breach** originating from any country where the United States of America has imposed economic or trade sanctions.
- (10) any **claim** based upon, arising from, or in any way involving any breach of any express, implied, actual or constructive contract, warranty, guarantee or promise; however, this Exclusion does not apply to:
 - (A) any liability or obligation an **Insured** would have had in the absence of such contract, warranty, guarantee or promise and which would have been insured by this Endorsement;
 - (B) an actual or alleged breach of **your privacy policy**;
 - (C) an actual or alleged breach of an express, implied, actual or constructive contract, warranty, guarantee or promise to protect **private information**;
 - (D) any **claim** under Insuring Agreement **I.(1)(B)** for an unintentional breach by an **Insured** of the provisions of a confidentiality or non-disclosure agreement relating to the confidentiality of **private information**; or
 - (E) any **claim** under Insuring Agreement **I.(1)(D)** for an unintentional breach of the provisions of a **merchant services agreement** relating to compliance with the **PCI DSS Standard**.
- (11) any **claim** based upon, arising from, or in any way involving any liability assumed by any **Insured** under a contract or agreement; however, this Exclusion does not apply to:
 - (A) with respect to Insuring Agreement **I.(1)(A)** and Insuring Agreement **I.(1)(B)** only, liability **assumed under contract**;
 - (B) any liability an **Insured** would have had in the absence of such contract or agreement and which would have been insured by this Endorsement; or
 - (C) with respect to Insuring Agreement **I.(1)(D)** only, liability for **PCI DSS fines and assessments** assumed under a **merchant services agreement**.
- (12) any **claim** based upon, arising from, or in any way involving:

- (A) any actual, alleged or threatened presence of pollutants or contamination of any kind, including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste (“waste” includes materials to be recycled, reconditioned, or reclaimed), whether resulting from an **Insured’s** activities or the activities of others, or such presence or contamination happened suddenly or gradually, accidentally or intentionally, or expectedly or unexpectedly; or
 - (B) Any directive or request to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize pollutants or contamination of any kind, or in any way respond to, or assess the effects of, pollutants or contamination.
- (13) any **claim** based upon, arising from, or in any way involving **income loss** caused by, or resulting from, **unauthorized trading**.
- (14) any **claim** based upon, arising from, or in any way involving:
- (A) the actual or alleged loss of value of any **securities**;
 - (B) the actual or alleged purchase or sale of **securities**;
 - (C) the offer of, or solicitation of an offer, to purchase or sell **securities**; or
 - (D) the violation of any securities law including, but not limited to, the provisions of the Securities Act of 1933, the Securities Exchange Act of 1934, or the Sarbanes-Oxley Act of 2002, or any regulation promulgated under the foregoing statutes, or any similar federal, state, local, or foreign law, including “Blue Sky” laws, whether such law is statutory, regulatory, or common law.

(15) any **claim** based upon, arising from, or in any way involving the actual or alleged government enforcement of any foreign, federal, state or local regulation including, but not limited to, regulations promulgated by the United States Federal Trade Commission, Federal Communications Commission, or the Securities and Exchange Commission; however, this Exclusion does not apply to a **privacy regulatory proceeding**.

- (16) any **claim** based upon, arising from, or in any way involving:
- (A) any employer-**employee** relations, policies, practices, acts, or omissions;
 - (B) any actual or alleged refusal to employ any person; or
 - (C) any misconduct by **you** with respect to **employees**.

However, this Exclusion does not apply to a **claim** under Insuring Agreement **I.(1)(B)**, Insuring Agreement **I.(1)(C)** or Insuring Agreement **I.(2)(A)** which is based upon or arising from a breach of the **personally identifiable information** of any **employee**.

(17) any **claim** based upon, arising from, or in any way involving any actual or alleged harassment or discrimination of any kind including, but not limited to, age, color, race, gender, creed, national origin, marital status, sexual preferences, disability, or pregnancy.

- (18) any **claim** based upon, arising from, or in any way involving:
- (A) the violation of any pension, healthcare, welfare, profit sharing, mutual, or investment plans, funds, or trusts; or
 - (B) any violation of any provision of the Employee Retirement Income Security Act of 1974 and its amendments, or the Pension Protection Act of 2006 and its amendments, or any regulation, ruling, or order issued pursuant to the foregoing statutes.

However, Exclusion **(18)(B)** does not apply to a **claim** under Insuring Agreement **I.(1)(B)**, Insuring Agreement **I.(1)(C)** or Insuring Agreement **I.(2)(A)** which is based upon or arising from a breach of the **personally identifiable information** of any **employee**.

- (19) any **claim** for any loss, **damages**, cost or expense:
- (A) directly or indirectly caused by, resulting from or in connection with any **war**, regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

- (B) directly or indirectly caused by, resulting from or in connection with any action taken by a government authority to hinder, control, prevent, suppress or defend against any **war**; or
- (C) resulting from or in connection with any **cyber war**.

(20) any **claim** based upon, arising from, or in any way involving:

- (A) any **Insured's** failure to comply with or follow the **PCI Data Security Standard** or any payment card company rules; or
- (B) any **Insured's** failure to implement or maintain, or comply with, any security measures or standards related to any payment card **data** including, but not limited to, any fine or penalty imposed by a payment card company on a merchant bank or payment processor that an **Insured** has paid or agreed to reimburse or indemnify.

However, this Exclusion does not apply to a **PCI DSS demand**.

(21) any **claim** based upon, arising from, or in any way involving:

- (A) any actual or alleged unfair competition, price fixing, deceptive trade practices or restraint of trade; or
- (B) the violation of any antitrust statute, legislation or regulation.

However, Exclusion (21)(A) does not apply to:

- (A) allegations of unfair competition that form a part of **claim** under Insuring Agreement **I.(1)(A)**, Insuring Agreement **I.(1)(B)** or Insuring Agreement **I.(1)(C)**; or
- (B) allegations of deceptive trade practices that form a part of a **claim** under Insuring Agreement **I.(1)(B)** or Insuring Agreement **I.(1)(C)**.

(22) any **claim** based upon, arising from, or in any way involving any actual or alleged infringement of any patent.

(23) any **claim** based upon, arising from, or in any way involving the misappropriation, theft, copying, display or publication of any trade secret; however, this Exclusion does not apply to a **claim** under Insuring Agreement **I.(1)(B)** alleging failure to prevent the misappropriation of a trade secret which results from a **security and privacy wrongful act**.

(24) any **claim** based upon, arising from, or in any way involving the confiscation, commandeering, requisition, destruction of, or damage to, computer hardware by order of a government de jure or de facto, or by any public authority for whatever reason; however, this Exclusion does not apply to a **system failure**.

(25) any **claim** based upon, arising from, or in any way involving any actual or alleged violation of the Telephone Consumer Protection Act (47 U.S.C. §227), the Telemarketing and Consumer Fraud and Abuse Prevention Act (15 U.S.C. §§ 6101-6108), or the CAN-SPAM Act (15 U.S.C. §§ 7701-7713), each as amended, or any regulations promulgated under the foregoing statutes, or any similar federal, state, local or foreign laws, whether such laws are statutory, regulatory or common law, including any anti-spam law or other law concerning the use of telephonic or electronic communications for solicitation purposes, or any allegations of invasion or violation of any rights to privacy derived therefrom; however, this Exclusion does not apply to a **TCPA claim**.

(26) any loss, cost, liability or expense caused by, resulting from, or in connection with, a **dependent system failure**.

(27) any **claim** based upon, arising from, or any way involving any injury, sickness, disease, death or destruction, including all forms of radioactive contamination of property:

- (A) with respect to which any **Insured** is also insured under a nuclear energy liability policy issued by the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for exhaustion of its limit of liability;
- (B) resulting from the **hazardous properties of nuclear material** and with respect to which:

- (i) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, as amended, or any regulations promulgated thereunder;
 - (ii) any **Insured** is, or had this coverage not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization; or
- (C) resulting from the **hazardous properties of nuclear material**, if:
- (i) the **nuclear material** is at any **nuclear facility** owned by, or operated by or on behalf of, an **Insured** or has been discharged or dispersed therefrom;
 - (ii) the **nuclear material** is contained in **spent fuel** or **waste** at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an **Insured**; or
 - (iii) the injury, sickness, disease, death or destruction arises out of the furnishing by an **Insured** of services, materials, parts or equipment in connection with the planning, construction maintenance, operation or use of any **nuclear facility**; provided, however, if such facility is located within the United States of America, its territories or possessions or Canada, this Exclusion (C)(iii) applies only to injury to or destruction of property at such **nuclear facility**.
- (28) with respect to all First Party Insuring Agreements of this Endorsement:
- (A) any liability to any **third party** for whatever reason, including, contractual penalties, **damages**, or legal costs and expenses of any type;
 - (B) sanctions, fines or penalties imposed by law;
 - (C) any **claim** based upon, arising from, or in any way involving fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, force majeure, or any other physical event, however caused; or
 - (D) any **claim** based upon, arising from, or in any way involving an **operating system event**.
- (29) with respect to Insuring Agreement I.(2)(C) (BrandGuard®) of this Endorsement only:
- (A) any loss, cost, liability or expense that **you** incur to re-establish **your reputation**, including **public relations expenses**;
 - (B) any loss, cost, liability or expense incurred in any **claim** that is insured by any other insurance, except excess insurance; or
 - (C) any loss, cost, liability or expense incurred because of an **adverse media report** that also affects or refers in similar terms to a general security issue, an industry, or **your** specific competitors without any specific allegations regarding a **security breach** or a **privacy breach** committed by an **Insured**, or by others acting on **your** behalf, for whom **you** are legally responsible, including **BPO service providers** or **outsourced IT service providers**.
- (30) With respect to Insuring Agreement I.(2)(D) (System Failure) of this Endorsement only:
- (A) the cost of restoring, updating or replacing **digital assets** to a level beyond that which existed prior to the **system failure**;
 - (B) physical damage to, or the costs to repair or replace, any computer hardware or **data center**;
 - (C) the economic or market value of **digital assets**;
 - (D) the costs or expenses incurred to identify, patch, or remediate software **programming errors** or **computer system** vulnerabilities;
 - (E) the cost to upgrade, improve, repair, redesign, reconfigure, or maintain an **insured computer system** to a level of functionality beyond that which existed prior to the **system failure**;

- (F) the cost to update, improve, repair, redesign, reconfigure or maintain any **computer system** operated by a **BPO service provider** or **outsourced IT service provider**;
 - (G) the cost of restoring, replacing or repairing any electronic media; or
 - (H) loss of goodwill or harm to **your reputation**.
- (31) With respect to Insuring Agreement **I.(2)(F)** (Cyber Crime) of this Endorsement only:
- (A) any **claim** based upon, arising from, or in any way involving any actual or alleged unauthorized acquisition, access, use or disclosure of **private information** that is held or transmitted in any form; however, this Exclusion does not apply to **financial fraud** which directly results from the use of **private information**;
 - (B) any **claim** based upon, arising from, or in any way involving the seizure, confiscation, nationalization, requisition, or destruction of an **insured telecommunications system** by, or under the order of, any government or public authority;
 - (C) amounts that have been wholly or partially reversed by a credit card company or financial institution;
 - (D) loss of **other property** arising out of, resulting from, or in any way involving the fraudulent or purportedly fraudulent use of a credit or debit card;
 - (E) any **claim** based upon, arising from, or in any way involving any fraudulent instruction, if the sender, or any person or organization acting in collusion with the sender, ever had authorized access to **your** password, PIN or other security code; however, this Exclusion does not apply to **phishing fraud loss** incurred by **you** because of a fraudulent instruction transmitted by an **employee** or an **executive**, if the fraudulent instruction was transmitted by such **employee** or **executive** as a direct result of a **phishing attack**;
 - (F) any **claim** based upon, arising from, or in any way involving the giving or surrendering of **money, securities** or **other property** in any exchange for or purchase of goods, products or services:
 - (i) that are not yet delivered, whether or not fraudulent;
 - (ii) that fail to conform to advertised quality or performance; or
 - (iii) that fail to conform to the quality or performance expected from the standpoint of the **Insured**;
 - (G) any **claim** based upon, arising from, or in any way involving potential income, including interest and dividends, not realized by **you** or **your** customers or clients; or
 - (H) for the theft of **money, securities** or **other property** belonging to a **third party**; however, this Exclusion does not apply to **phishing fraud loss** incurred by **you** to reimburse **your** customers or clients for their direct financial losses resulting from a **phishing attack**.

VIII. CHANGES IN EXPOSURE

- (1) In the event of a **takeover** during the **endorsement period**, coverage under this Endorsement will continue until its natural expiration date for any **claim** made during the **endorsement period**, but only if the **wrongful acts** or **first party insured events** giving rise to such **claim** occur on or after the applicable **retroactive date** and prior to the effective date of the **takeover**.
- (2) If, after the effective date of the **endorsement period**, the **Named Insured** acquires or creates a **Subsidiary**, and the Company has agreed, by endorsement to the Policy, to provide coverage for such **Subsidiary**, then such **Subsidiary** will be included within the definition of **Insured** for the duration of the **endorsement period**, but only with respect to **claims** for **wrongful acts** or **first party insured events** that occur after the creation or acquisition of such **Subsidiary**.
- (3) If, after the effective date of the **endorsement period**, the **Named Insured** sells a **Subsidiary**, that **Subsidiary** will be an **Insured** for the duration of the **endorsement period**, but only with respect to **claims** for **wrongful acts** or **first party insured events** that occur on or after the applicable **retroactive date** and prior to the effective date of the sale.

IX. LOSS DETERMINATION

- (1) **Brand Loss.** The **brand loss** payable under Insuring Agreement I.(2)(C) will be calculated by considering:
 - (A) the prior experience of **your** business preceding the date of the **adverse media report** or **notification**, whichever applies, and **your** likely net profit, had no **adverse media report** been published or **notification** occurred;
 - (B) income derived from substitute methods, facilities, or personnel **you** use to maintain **your** revenue stream;
 - (C) **your** documentation of the trends in **your** business and variations in, or other circumstances affecting, **your** business before or after the **adverse media report** or **notification**, which would have affected **your** business had no **adverse media report** been published or **notification** occurred; and
 - (D) **your** fixed operating expenses (including ordinary payroll), but only to the extent that such fixed operating expenses must continue during the **period of indemnity**.

For purposes of calculating **brand loss**, "net profit" will include the amount paid or payable to **you** for goods, products, or services sold, delivered, or rendered in the normal course of **your** business.

- (2) **Digital Assets Loss.** The **digital assets loss** payable under Insuring Agreement I.(2)(D)(i) will be determined as follows:
 - (A) if the impacted **digital asset** was purchased from a **third party**, we will pay only the lesser of the original purchase price of the **digital asset** or the reasonable and necessary **digital assets loss**; or
 - (B) if it is determined that the **digital assets** cannot be replaced, restored or recreated, we will only reimburse the actual and necessary **digital assets loss** incurred up to such determination.
- (3) **Income Loss.** The **income loss** payable under Insuring Agreement I.(2)(D)(ii) will be calculated as follows:
 - (A) **Your** net profit, as could have been reasonably projected, but which has been lost as a direct result of a **system failure**; plus
 - (B) **Your** fixed operating expenses (including ordinary payroll) incurred, but only to the extent that such operating expenses must continue during the **period of restoration**.

Income loss will be calculated by considering:

- (A) the prior experience of **your** business preceding the date of the **system failure**, and **your** likely net profit, had no **system failure** occurred;
- (B) income derived from substitute methods, facilities, or personnel **you** use to maintain **your** revenue stream; and
- (C) **Your** documentation of the trends in **your** business and variations in, or other circumstances affecting, **your** business before or after the **system failure**, which would have affected **your** business had no **system failure** occurred.

For purposes of calculating **income loss**, "net profit" will include the amount paid or payable to **you** for goods, products, or services sold, delivered, or rendered in the normal course of **your** business.

X. TRANSFER OF DUTIES WHEN THE LIMIT OF LIABILITY IS EXHAUSTED

- (1) If the Company concludes that, based on **claims** which have been reported, the applicable Limit of Liability set forth in the Cyber Liability Schedule is likely to be exhausted, the Company will notify **you** to that effect.
- (2) When the applicable Limit of Liability has been exhausted:

- (A) The Company will notify **you** in writing as soon as practicable that: (a) such Limit of Liability has been exhausted; and (b) the Company's obligation to defend any **claim** or pay any amounts has ended.
- (B) The Company will initiate and cooperate in the transfer of control to the appropriate **Insured** all **claims** which are subject to the Limit of Liability and were reported to the Company before the Limit of Liability was exhausted. **You**, and any other **Insured** involved in any **claim** which is subject to that Limit of Liability, must cooperate in the transfer of control of said **claims** and arrange for the defense and payment of such **claim** within the period agreed to by the appropriate **Insured** and the Company. Absent any such agreement, arrangements for defense and payment of said **claims** must be made as soon as practicable. The Company will take such steps as deemed appropriate to avoid default in, or continue the defense or handling of, such **claims** until transfer of control is completed, provided the **Insured** is cooperating in completing such transfer.
- (C) **You** shall reimburse the Company for the costs it incurs in taking those steps the Company deems appropriate in accordance with paragraph **X.(2)(B)** above. The Company will take no action whatsoever with respect to any **claim** that would have been subject to the applicable Limit of Liability had it not been exhausted, if the **claim** is reported to the Company after the Limit of Liability is exhausted.
- (D) **You** will also be responsible for providing **notification** and breach support, including credit monitoring services and identity theft education or assistance, to affected individuals. **You** may continue to utilize vendors recommended by the Company to provide such services.
- (E) The exhaustion of the Limit of Liability and the resulting end of the Company's obligation to defend any **claim** or pay any amount will not be affected by the Company's failure to comply with any of the provisions of this clause.

XI. OTHER INSURANCE

The coverage provided by this Endorsement will be excess insurance over any other valid and collectible insurance available, including any self-insured retention or deductible portion thereof, whether such insurance is stated to be primary, pro rata, contributory, excess, contingent or otherwise, unless such insurance specifically applies as excess insurance over the insurance provided under this Endorsement.

XII. ARBITRATION

Notwithstanding any other provision of this Endorsement or the Policy, any irreconcilable dispute between the Company and an **Insured** concerning this Endorsement or coverage for any **claim** is to be resolved by arbitration in accordance with the then current rules of the American Arbitration Association, except that the arbitration panel shall consist of one arbitrator selected by the **Insured**, one arbitrator selected by the Company, and a third independent arbitrator selected by the first two arbitrators. Judgment upon the award may be entered in any court having jurisdiction. The arbitrator has the power to decide any dispute between the Company and the **Insured** concerning the application or interpretation of this Endorsement. However, the arbitrator shall have no power to change or add to the provisions of this Endorsement. The **Insured** and the Company will share equally in the cost of arbitration.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROTECTIVE SAFEGUARDS

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Premises Number	Building Number	Protective Safeguards Symbols Applicable	Description Of "P-9" If Applicable

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. The following is added to the **Property General Conditions in **Section I – Property:****

Protective Safeguards

1. As a condition of this insurance, you are required to maintain the protective devices or services listed in the Schedule above.

2. The protective safeguards to which this endorsement applies are identified by the following symbols:

a. "P-1" Automatic Sprinkler System, including related supervisory services.

Automatic Sprinkler System means:

(1) Any automatic fire protective or extinguishing system, including connected:

- (a) Sprinklers and discharge nozzles;
- (b) Ducts, pipes, valves and fittings;
- (c) Tanks, their component parts and supports; and
- (d) Pumps and private fire protection mains.

(2) When supplied from an automatic fire protective system:

(a) Nonautomatic fire protective systems; and

(b) Hydrants, standpipes and outlets.

b. "P-2" Automatic Fire Alarm, protecting the entire building, that is:

(1) Connected to a central station; or

(2) Reporting to a public or private fire alarm station.

c. "P-3" Security Service, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.

d. "P-4" Service Contract, with a privately owned fire department providing fire protection service to the described premises.

e. "P-5" Automatic Commercial Cooking Exhaust And Extinguishing System, installed on cooking appliances and having the following components:

(1) Hood;

- (2) Grease removal device;
- (3) Duct system; and
- (4) Wet chemical fire extinguishing equipment.

f. "P-9", the protective system described in the Schedule.

B. The following is added to Paragraph B. Exclusions in Section I – Property:

We will not pay for loss or damages caused by or resulting from fire if, prior to the fire, you:

- 1. Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or

- 2. Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order.

If part of an Automatic Sprinkler System or Automatic Commercial Cooking Exhaust And Extinguishing System is shut off due to breakage, leakage, freezing conditions or opening of sprinkler heads, notification to us will not be necessary if you can restore full protection within 48 hours.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CYBER INCIDENT EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

Section I – Property is amended as follows:

A. The following exclusion is added to Paragraph B. Exclusions:

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

Cyber Incident

1. Unauthorized access to or use of any computer system (including "electronic data").
2. Malicious code, virus or any other harmful code that is directed at, enacted upon or introduced into any computer system (including "electronic data") and is designed to access, alter, corrupt, damage, delete, destroy, disrupt, encrypt, exploit, use or prevent or restrict access to or the use of any part of any computer system (including "electronic data") or otherwise disrupt its normal functioning or operation.
3. Denial of service attack which disrupts, prevents or restricts access to or use of any computer system, or otherwise disrupts its normal functioning or operation.

B. Exceptions And Limitations

1. Fire Or Explosion

If a cyber incident as described in Paragraphs **A.1.** through **A.3.** of this exclusion results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

2. Additional Coverage

The exclusion in Paragraph **A.** does not apply to the extent that coverage is provided in the:

- a. Additional Coverage – Electronic Data; or
- b. Additional Coverage – Interruption Of Computer Operations.

3. Computer Fraud And Funds Transfer Fraud Endorsement

The exclusion in Paragraph **A.** does not apply to the Computer Fraud And Funds Transfer Fraud endorsement when attached to your policy.

4. Electronic Commerce Endorsement

The exclusion in Paragraph **A.** does not apply to the Electronic Commerce (E-Commerce) endorsement when attached to your policy.

5. Information Security Protection Endorsement

The exclusion in Paragraph **A.** does not apply to the Information Security Protection Endorsement when attached to your policy.

C. Vandalism

The following is added to Vandalism:

Vandalism does not include a cyber incident as described in Paragraph **A.**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – PERFLUOROALKYL AND POLYFLUOROALKYL SUBSTANCES (PFAS)

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

Section II – Liability is amended as follows:

- A.** The following is added to Paragraph **B. Exclusions**:
- This insurance does not apply to:
- Perfluoroalkyl And Polyfluoroalkyl Substances**
- a.** "Bodily injury" or "property damage" which would not have occurred, or "personal and advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged, threatened or suspected inhalation, ingestion, absorption, consumption, discharge, dispersal, seepage, migration, release or escape of, contact with, exposure to, existence of, or presence of, any "perfluoroalkyl or polyfluoroalkyl substances".
 - b.** Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "perfluoroalkyl or polyfluoroalkyl substances", by any insured or by any other person or entity.
- B.** The following is added to Paragraph **F. Liability And Medical Expenses Definitions**:
- "Perfluoroalkyl or polyfluoroalkyl substances" means any:
- 1.** Chemical or substance that contains one or more alkyl carbons on which hydrogen atoms have been partially or completely replaced by fluorine atoms, including but not limited to:
 - a.** Polymer, oligomer, monomer or nonpolymer chemicals and their homologues, isomers, telomers, salts, derivatives, precursor chemicals, degradation products or by-products;
 - b.** Perfluoroalkyl acids (PFAA), such as perfluorooctanoic acid (PFOA) and its salts, or perfluorooctane sulfonic acid (PFOS) and its salts;
 - c.** Perfluoropolyethers (PFPE);
 - d.** Fluorotelomer-based substances; or
 - e.** Side-chain fluorinated polymers; or
 - 2.** Good or product, including containers, materials, parts or equipment furnished in connection with such goods or products, that consists of or contains any chemical or substance described in Paragraph **B.1.**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ENVIROPACK INSURANCE ENDORSEMENT – PENNSYLVANIA

THIS ENDORSEMENT PROVIDES CLAIMS MADE COVERAGE AND HAS DIFFERENT REPORTING REQUIREMENTS THAN OTHER PARTS OF THE POLICY. THIS ENDORSEMENT ALSO CONTAINS PROVISIONS WHICH LIMIT THE AMOUNT OF “LEGAL EXPENSES” THAT WE MAY BE RESPONSIBLE TO PAY. “LEGAL EXPENSES” WILL REDUCE EACH APPLICABLE LIMIT OF INSURANCE SHOWN IN THE SCHEDULE OF THIS ENDORSEMENT.

NO INSURED WILL, EXCEPT AT ITS OWN COST, VOLUNTARILY MAKE A PAYMENT, ASSUME ANY OBLIGATION, ADMIT LIABILITY OR INCUR ANY EXPENSE WITHOUT OUR WRITTEN CONSENT.

This Endorsement modifies Insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Coverage, exclusions, conditions or definitions contained in the **BUSINESSOWNERS COVERAGE FORM** or **COMMERCIAL GENERAL LIABILITY COVERAGE FORM** do not apply to this Endorsement unless specifically outlined below.

Schedule

Named Insured:	
Named Insured Address:	
Contractor’s Pollution Legal Liability Insurance Aggregate Limit:	\$
Contractor’s Pollution Legal Liability Insurance For Each “Pollution Condition” Limit:	\$
Contractor’s Pollution Legal Liability Insurance Deductible For Each “Pollution Condition”:	\$
“Commencement Date”: <i>(If left blank, the inception date of this Endorsement)</i>	/ /
Professional Legal Liability Insurance Aggregate Limit:	\$
Professional Legal Liability Insurance Limit For Each “Professional Loss”:	\$
Professional Legal Liability Insurance Deductible For Each “Professional Loss”:	\$
“Contracting Services”:	All contracting services
“Professional Services”:	“Value engineering” and “field changes to design”
“Retroactive Date”: <i>(If left blank, the inception date of this Endorsement)</i>	/ /
“Extended Reporting Period”:	90 days
Premises Pollution Legal Liability Insurance Aggregate Limit:	\$
Premises Pollution Legal Liability Insurance For Each “Pollution Condition” Limit:	\$
Premises Pollution Legal Liability Insurance Deductible For Each “Pollution Condition”:	\$
“Covered Location”(s):	
“Retroactive Date”: <i>(If left blank, the inception date of this Endorsement)</i>	/ /
“Automatic Extended Reporting Period”:	90 days
“Business Interruption” And “Extra Expense” Aggregate Limit:	\$
“Business Interruption” And “Extra Expense” Limit:	\$
“Business Interruption” And “Extra Expense” “Deductible Period”:	3 days
“Pollution Emergency” Telephone Number:	() -
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

This EnviroPack Insurance Endorsement amends the policy to provide Professional Legal Liability and Premises Pollution Legal Liability Insurance on a claims made and reported basis and Contractor's Pollution Legal Liability Insurance on an occurrence basis, when there is an applicable Limit of Insurance shown in the Schedule. The terms and conditions of this Endorsement govern the scope of coverage and your and our duties. Various provisions in this Endorsement restrict coverage. Read the entire endorsement carefully to determine your rights and duties and what is and is not covered. The terms, conditions, exclusions, and limits of insurance set forth in this Endorsement apply only to the coverage provided by this Endorsement.

The terms and conditions of the cancellation provision of the policy, and any amendment to such terms, are incorporated herein and shall apply to coverage as is afforded by this Endorsement, unless specifically stated otherwise in an endorsement(s) attached hereto.

Throughout this Endorsement, the words "you" and "your" refer to the Named Insured under this Endorsement. The words "we", "us" and "our" refer to the company providing this coverage. The word insured means any person or organization qualifying as such under **C. Who Is An Insured**. The term policy refers to the primary policy to which this Endorsement is attached.

Words and phrases that appear in quotation marks have special meaning. Refer to **G. Definitions**. To the extent any words or phrases used in this Endorsement are defined elsewhere in the policy, such definitions provided elsewhere do not apply to give meaning to the words or phrases used in this Endorsement.

ENVIROPACK INSURANCE

A. Coverage

1. Contractor's Pollution Legal Liability Insurance

- a. We will pay those sums that you become legally obligated to pay as damages or "cleanup costs" because of "loss" caused by a "pollution condition" resulting from "contracting services", provided that:
 - (1) The "pollution condition" is caused by an "occurrence" that takes place in the "coverage territory";
 - (2) The "loss" occurs during the endorsement period;
 - (3) The "pollution condition" is on, at, under or migrating from a "job site";
 - (4) The "pollution condition" results from "contracting services" rendered on or after the "commencement date" shown in the Schedule of this Endorsement and prior to the expiration of the endorsement period; and
 - (5) The "pollution condition" results in a "claim" against you, and the "claim" is brought and maintained at all times in the "coverage territory".
- b. We have the right and duty to defend you against any "claim" seeking damages or "cleanup costs" because of "loss" to which **Contractor's Pollution Legal Liability Insurance** applies. However, we have no duty to defend you against any "claim" to which **Contractor's Pollution Legal Liability Insurance** does not apply.
- c. When we have a duty to defend, we will pay on your behalf "legal expenses" incurred as a result of a "claim" against you seeking damages or "cleanup costs" because of "loss" to which **Contractor's Pollution Legal Liability Insurance** applies.
- d. "Legal expenses" apply to and reduce each applicable Limit of Insurance shown in the Schedule of this Endorsement.
- e. We may, at our discretion, investigate any "occurrence" or "pollution condition" and settle any "claim" that may result. However, the Limit of Insurance shown on the Schedule is the most we will pay for damages, "cleanup costs" and "legal expenses" under **Contractor's Pollution Legal Liability Insurance**. Our right and duty to defend under this Endorsement ends once the applicable Limit of Insurance shown in the Schedule has been used up in the payment of "legal expenses" or settlements, judgments or any combination thereof, to which **Contractor's Pollution Legal Liability Insurance** applies.
- f. No other obligation or liability to pay sums or perform acts or services is covered under this Endorsement.

2. Professional Legal Liability Insurance

- a. We will pay those sums that you become legally obligated to pay because of a "claim" resulting from an act, error, or omission in "professional services", provided that:
 - (1) A Limit of Insurance is shown on the Schedule under **Professional Legal Liability Insurance**;

- (2) The "claim" arises out of "professional services" rendered on or after the "retroactive date" and prior to the expiration of the endorsement period;
 - (3) The "claim" is not covered under **Contractor's Pollution Legal Liability Insurance**; and
 - (4) The "claim" is first made against the insured during the endorsement period and reported to us, in writing, during the endorsement period or, where applicable, the "extended reporting period".
- b. We have the right and duty to defend you against any "claim" seeking "professional loss" to which **Professional Legal Liability Insurance** applies, including the right to select counsel, even if any of the allegations are groundless, false or fraudulent. However, we have no duty to defend you against any "claim" to which **Professional Legal Liability Insurance** does not apply.
 - c. When we have a duty to defend, we will pay on your behalf "legal expenses" incurred as a result of a "claim" against you seeking "professional loss" to which **Professional Legal Liability Insurance** applies.
 - d. "Legal expenses" apply to and reduce each applicable Limit of Insurance shown in the Schedule of this Endorsement.
 - e. We may, at our discretion, investigate any "professional loss" and settle any "claim" that may result. However, the Limit of Insurance shown on the Schedule is the most we will pay for damages or "legal expenses" under **Professional Legal Liability Insurance**. Our right and duty to defend under this Endorsement ends once the applicable Limit of Insurance shown in the Schedule has been used up in the payment of "legal expenses", settlements or judgments, or any combination thereof, to which **Professional Legal Liability Insurance** applies.
 - f. No other obligation or liability to pay sums or perform acts or services is covered under this Endorsement.

3. Premises Pollution Legal Liability Insurance

- a. We will pay those sums that you become legally obligated to pay as damages or "cleanup costs" because of "loss" caused by a "pollution condition", provided that:
 - (1) The "loss" is caused by a "pollution condition" on, at, under or migrating from a "covered location";
 - (2) The "pollution condition" results in a "claim" against you;
 - (3) The "pollution condition" takes place, and the "claim" is brought and maintained at all times, in the "coverage territory" and "covered locations";
 - (4) The "claim" is first made against you during the endorsement period and reported by you to us, in writing, during the endorsement period or, where applicable, the "automatic extended reporting period" or the "optional extended reporting period".
- b. We have the right and duty to defend you against any "claim" seeking damages or "cleanup costs" because of "loss" to which **Premises Pollution Legal Liability Insurance** applies. However, we have no duty to defend you against any "claim" to which **Premises Pollution Legal Liability Insurance** does not apply.
- c. When we have a duty to defend, we will pay on your behalf "legal expenses" incurred as a result of a "claim" against you seeking damages or "cleanup costs" because of "loss" to which **Premises Pollution Legal Liability Insurance** applies.
- d. "Legal expenses" apply to and reduce each applicable Limit of Insurance shown in the Schedule of this Endorsement.
- e. We may, at our discretion, investigate any "pollution condition" and settle any "claim" that may result. However, the Limit of Insurance shown on the Schedule is the most we will pay for damages, "cleanup costs" and "legal expenses" under **Premises Pollution Legal Liability Insurance**. Our right and duty to defend under this Endorsement ends once the applicable Limit of Insurance shown in the Schedule has been used up in the payment of "legal expenses", settlements or judgments, or any combination thereof, to which **Premises Pollution Legal Liability Insurance** applies.
- f. No other obligation or liability to pay sums or perform acts or services is covered under this Endorsement.

4. Business Interruption And Extra Expense

We will pay on behalf of the insured "business interruption" and "extra expense", including "rental value", solely as a result of a "claim" for a "pollution condition" covered under **Premises Pollution Legal Liability**

Insurance and not otherwise excluded under the terms and conditions of this Endorsement; provided that a Limit of Liability is shown on the Schedule under Business Interruption and Extra Expense.

B. Exclusions

1. With respect to **Contractor's Pollution Legal Liability Insurance, Professional Legal Liability Insurance, Premises Pollution Legal Liability Insurance, and Business Interruption and Extra Expense** this insurance does not apply to any amounts:

PFC, PFAS and Related Chemicals or Products

Arising out of or resulting from any perfluorinated chemicals (PFC) or per and polyfluoroalkyl substances (PFAS), including, but not limited to, perfluorooctane sulfonate (PFOS), perfluorooctanoic acid (PFOA), perfluorobutane sulfonate (PFBS), perfluoroalkyl acid (PFAA), C-8 or C8, GenX, including hexafluoropropylene oxide (HFPO), perfluorohexanoic acid (PFHxA), perfluorohexane sulfonate (PFHxS), perfluorononanoic acid (PFNA), fluoroalkanoic acid, perfluoroheptanoic acid (PFHpA), perfluorobutane sulfonic acid (PFBS), and fluorinated surfactants and repellents, and any precursor of any such chemicals, substances or compounds, any additive to any such chemicals, substances or compounds, any daughter compound, degradation by-product or derivative of any such chemicals, substances or compounds, any other replacement PFC or PFAS, or any fire-fighting or fire-suppression foam, chemicals or products.

2. With respect to **Contractor's Pollution Legal Liability Insurance, Professional Legal Liability Insurance and Premises Pollution Legal Liability Insurance**, this insurance does not apply to:

a. Workers Compensation And Similar Laws

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

b. Hostile Acts

A "pollution condition", "loss" or "claim" arising from any consequence, whether direct or indirect, of war (whether declared or not declared), invasion, act of foreign enemy, hostilities, civil war, rebellion, revolution, insurrection, military action, usurped power, strike, riot or civil commotion.

c. Fines, Penalties, Punitive And Multiplied Damages

Any actual or alleged "claim" or liability for, or amount consisting of, a fine, penalty, punitive damages, exemplary damages or multiplied damages.

d. Equitable And Other Types Of Relief

Any actual or alleged "claim" or liability for equitable relief, restitution or the return of money for work or services.

e. Electronic Data

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data. As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

f. Criminal Acts

"Loss" arising out of a criminal act committed by or at the direction of the insured.

3. With respect to **Contractor's Pollution Legal Liability Insurance and Premises Pollution Legal Liability Insurance**, this insurance does not apply to:

a. Known Circumstances Or Conditions

- (1) A "pollution condition", "loss" or "claim" known by any insured prior to the endorsement period;
- (2) A circumstance or condition known by any insured prior to the inception of the endorsement period where an insured should have reasonably foreseen that a "pollution condition", "loss" or "claim" would result.

b. Employers Liability

"Bodily injury" to

- (1) An "employee" of any insured arising out of and in the course of employment by any insured or the performance of duties related to the conduct of any insured's business; or

- (2) To the spouse (including the domestic partner or civil union partner recognized under the law of any applicable jurisdiction in the "coverage territory"), child, parent, brother or sister of that "employee" as a consequence of (1) above.

This exclusion applies whether any insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages as a result of the injury.

This exclusion does not apply to liability assumed by you under an "insured contract", provided that:

- (1) The "insured contract" is in writing and signed by you;
- (2) The "pollution condition" first commenced after you signed the "insured contract"; and
- (3) The "pollution condition" is caused, in whole or in part, by you or those acting on your behalf.

c. Contractual Liability

"Loss" for which any insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement This exclusion does not apply to liability for damages:

- (1) That you would have in the absence of the contract or agreement; or
- (2) Assumed by you in a contract or agreement that is an "insured contract", provided that:
 - (a) The "insured contract" is in writing and signed by you;
 - (b) The "pollution condition" first commenced after you signed the "insured contract"; and the "pollution condition" is caused, in whole or in part, by you or by those acting on your behalf.

d. Goods, Products Or Materials

A "pollution condition", "loss" or "claim" arising out of any goods, materials or products manufactured, sold, distributed, designed, handled, supplied, altered, repaired or disposed of by any insured or by others under license or trading under an insured's name.

e. Intentional Acts

A "pollution condition", "loss" or "claim" arising out of any actual or alleged:

- (1) Intentional disregard of, or non-compliance with, any statute, regulation, ordinance, law or order by or at the direction of any insured or its agent; or
- (2) Fraudulent, dishonest or malicious conduct by or at the direction of any insured or its agent.

f. Professional Liability

A "pollution condition", "loss" or "claim" arising out of the rendering of or failure to render "professional services".

g. Asbestos

Any "loss", "pollution condition", cost, expense or "claim" which would not have occurred, in whole or in part, but for the actual, alleged or threatened existence of, presence of, inhalation of, ingestion of, use of, handling of, contact with or exposure to asbestos in any form, including products containing asbestos, asbestos fibers, asbestos dust and asbestos containing materials. This exclusion applies regardless of:

- (1) The cause of the "loss", "pollution condition", cost, expense or "claim", or
- (2) Whether the "loss", "pollution condition", cost, expense or "claim" is related to any product, services or operations of an insured.

h. Lead

Any "loss", "pollution condition", cost, expense or "claim" which would not have occurred, in whole or in part, but for the actual, alleged or threatened existence of, presence of, inhalation of, ingestion of, use of, handling of, contact with or exposure to lead, lead-based paint or any material containing lead or lead-based paint. This exclusion applies regardless of:

- (1) The cause of the "loss", "pollution condition", cost, expense or "claim"; or
- (2) Whether the "loss", "pollution condition", cost, expense or "claim" is related to any product, services or operations of an insured.

i. Nuclear Or Radioactive Waste And Materials

A "pollution condition", "loss" or "claim" which would have not occurred, in whole or in part, but for the actual, alleged or threatened contact with, exposure to, existence of or presence of any nuclear or radioactive material, waste or condition.

j. Non-cumulation

Any "occurrence", "claim", "loss" or "pollution condition", including the same, related, repeated or continuous "pollution condition"(s), that was:

- (1) Reported to us or an affiliate of us under an endorsement or endorsement issued by us or an affiliate of us prior to the inception of the endorsement period of this Endorsement; or
- (2) Reported to another insurance company or its agent prior to the inception of the endorsement period of this Endorsement.

k. Insured Versus Insured

Any "claim" by an insured against another insured.

l. Related Persons or Organizations

Any "claim" by a person or organization:

- (1) That wholly or partially owns, operates, manages or controls any insured;
- (2) In which any insured has a direct or indirect ownership interest;
- (3) That is controlled, operated or managed by any insured; or
- (4) That is an affiliate of any insured.

But this exclusion will not apply to a "claim" made by an "additional insured".

m. Mold Matter

A "pollution condition", "loss" or "claim" which would have not occurred, in whole or in part, but for the actual, alleged or threatened contact with, exposure to, existence of or presence of any "mold matter".

n. Communicable Diseases

Based upon or arising out of the exposure to infected individuals or animals or contact with bodily fluids of infected individuals or animals.

4. With respect to Contractor's Pollution Legal Liability Insurance, this insurance does not apply to:

a. Transportation

A "pollution condition", "loss" or "claim" arising out of:

- (1) The ownership, operation, maintenance, use (including "loading or unloading") or entrustment to others of any "auto", "mobile equipment", aircraft, watercraft, rolling stock or other mode of transportation, including any machinery or apparatus attached thereto or any cargo carried thereby; or
- (2) Waste or materials transported, removed or taken by anyone beyond the boundaries of the "job site".

Paragraph (1) of this exclusion does not apply to a "pollution condition", "loss" or "claim" arising out of the use of an "auto" or "mobile equipment" within the boundaries of a "job site", if such use is solely and directly related to "contracting services".

b. Faulty Workmanship And Insured's Work

Any "claim" for or amounts consisting of the cost to repair or replace faulty workmanship, construction, fabrication, installation, assembly, erecting, manufacturing or remediation, if such faulty workmanship, construction, fabrication, installation, assembly, erecting, manufacturing or remediation was performed, in whole or in part, by or on behalf of an insured.

c. Property

"Property damage" to:

- (1) Property that is or was at any time owned, rented or occupied by any insured; or
- (2) Personal property in the care, custody or control of any insured.

5. With respect to **Professional Legal Liability Insurance**, this insurance does not apply to:
- a. **Asbestos**
Arising out of the existence of, require removal or abatement of asbestos, in any form, including but not limited to products containing asbestos, asbestos fibers, asbestos dust and asbestos containing materials.
 - b. **Lead And Lead-Based Paint**
Arising out of the existence of, required removal or abatement of any lead and/or lead-based paint, in any form, including, but not limited to, products containing lead, lead dust and lead containing materials.
 - c. **Contractual Liability**
Arising from the insured's:
 - (1) Assumption of liability in a contract or agreement; or
 - (2) Breach of contract or agreement.This exclusion does not apply to liability that the insured would have in the absence of the contract or agreement.
 - d. **Discrimination**
Arising from any discrimination on the basis of age, color, race, sex, creed, national origin, marital status, disability or sexual preference, unless such "claim" is based upon or arises out of the failure to make a reasonable accommodation for a disability in violation of the Americans With Disabilities Act 42 U.S.C. 12101, et seq., as amended.
 - e. **Employer's Liability**
Arising from any injury to:
 - (1) Any employee, director, officer, partner or member of any insured or "leased worker" of any insured, if such injury arises in the course of:
 - (a) Employment by an insured; or
 - (b) Performing duties related to the conduct of an insured's business; or
 - (2) The spouse, child, parent, brother or sister of such employee, director, officer, partner or member of any insured or "leased worker" of the insured, as a consequence of any injury to any of the persons described in Paragraph (1). above.This exclusion does not apply to liability assumed by the Named Insured in a contract or agreement that is an "insured contract".
 - f. **Express Warranty And Guaranty**
Arising from any express warranty or guaranty. This exclusion does not apply to any warranty or guarantee by the insured that the insured's "professional services" are in conformity with the standard of care that would be applicable in the absence of such express warranty or guarantee.
 - g. **Fiduciary Liability**
Arising from any involvement by an insured as:
 - (1) An officer, director, partner, member, trustee, employer or employee of a business enterprise not shown in the Schedule or any charitable organization, or pension, welfare, profit sharing, mutual or investment fund or trust; or
 - (2) A fiduciary under the Employee Retirement Income Security Act of 1974 and its amendments or any regulation or order issued pursuant thereto or any other employee benefit plan.
 - h. **Insurance And Suretyship**
Arising out of the requiring, obtaining, maintaining, advising as to or the failure to require, obtain, maintain or advise as to any form of insurance, suretyship or bond, either with respect to any insured or any other person or organization.
 - i. **Insured Versus Insured**
Any "claim" by an insured against another insured. This exclusion does not apply to a "claim" by a "client".

j. Intentional And Dishonest Acts

Arising from any

- (1) Intentional disregard of or non-compliance with, any statute, regulation, ordinance, law or order by or at the direction of the insured or its agent; or
- (2) Actual or alleged fraudulent, dishonest or malicious conduct by the insured.

This exclusion does not apply to the insured that did not allegedly commit or allegedly participate in committing any of the forgoing described above.

k. Joint Venture Or Co-Venture

Arising out of an insured's participation in a joint venture or co-venture. This exclusion does not apply to the Named Insured's liability resulting from the rendering or failure to render "contracting services" or "professional services" as a partner or member of a joint venture or co-venture.

l. Known Circumstances Or Conditions

Arising from:

- (1) A "claim" or "professional loss" known by a "responsible insured" prior to the inception of the "endorsement period"; or
- (2) A circumstance or condition known by a "responsible insured" prior to the inception of the "endorsement period" where the "responsible insured" should have reasonably foreseen that a "claim", "pollution condition" or "professional loss" would result.

m. Mold Matter

Arising out of the existence of, exposure to, required removal or abatement of "mold matter", in any form including but not limited to any such cause or condition involving the presence, discharge or infiltration of moisture, vapor, water or any other liquid, or any damage related thereto. For purposes of this exclusion, "mold matter" means mold, mildew or any type or form of fungus, including mycotoxins, spores or by-products produced or released by fungi.

n. Notices To Previous Insurers

Arising from any "claim", act, error or omission in "professional services" or other circumstance reported by an insured under any prior endorsement issued by a person or organization other than us.

o. Off-Site Waste Liability

Arising out of any waste or materials transported beyond the boundaries of a "job site".

p. Personal Injury

Arising from the false arrest, humiliation, harassment, detention, imprisonment, wrongful entry or eviction or other invasion of private occupancy, malicious prosecution, abuse of process, libel, slander, harassment, or other defamatory or disparaging material, or a publication or an utterance in violation of an individual's right of privacy.

q. Products

Arising from any goods, materials or products designed, manufactured, sold, handled, distributed and/or supplied by any insured or by others under license or trade name from any insured.

r. Professional Liability

Arising out of the rendering of or failure to render "professional services" by the insured, unless there is a limit of insurance shown on the Schedule for **Professional Legal Liability Insurance**.

s. Property

Arising out of:

- (1) Any real property owned by the Named Insured; or
- (2) For the repair, replacement or restoration of any personal property in the care, custody or control of the insured, other than personal property owned or leased by, or in the care, custody or control of, the "client".

t. Radioactive And Nuclear Material

Arising out of:

- (1) The radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;

- (2) Ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the processing or reaction of nuclear fuel;
- (3) The existence, required removal or abatement of naturally occurring radioactive materials including, but not limited to, radon;
- (4) High-level radioactive waste (spent nuclear fuel or the highly radioactive waste produced if spent fuel is reprocessed), uranium milling residues and waste with greater than specified quantities of elements heavier than uranium; or
- (5) Mixed Waste as defined in Title 40 Code of Federal Regulations, Part 266.210; however, this Paragraph (5) does not apply to Mixed Waste that contains Waste as defined in Title 10 Code of Federal Regulations, Part 61.2, including, but not limited to the actual, alleged or threatened exposure of any person(s) or property to any such matter.

u. Retroactive Date

A "claim" resulting from an act, error, or omission in "professional services" that commenced before the "retroactive date" shown in the Schedule of this Endorsement.

v. Related Entities And Individuals

Arising from a "claim" by an entity or individual:

- (1) That wholly or partially owns, operates or manages an insured;
- (2) In which an insured has a direct or indirect ownership interest;
- (3) That is controlled, operated or managed by an insured; or
- (4) That is an affiliate of an insured.

But this exclusion will not apply to a "claim" made by an "additional insured".

w. Securities Violation

Arising from any violation of the Securities Act of 1933 as amended or the Securities Exchange Act of 1934 as amended or any state Blue Sky or securities law or similar State, Federal or other governmental law, statute and any regulation or order issued pursuant to any of the foregoing statutes.

x. Transportation

Arising from the ownership, maintenance, use, operation, loading or unloading of any motorized land vehicle, aircraft, watercraft or rolling stock, including any machinery or apparatus attached thereto or any cargo carried thereby, beyond the boundaries of a "job site".

6. With respect to Premises Pollution Legal Liability Insurance, this insurance does not apply to:

a. Transportation

A "pollution condition", "loss" or "claim" arising out of:

- (1) The ownership, operation, maintenance, use (including "loading or unloading") or entrustment to others of any "auto", "mobile equipment", aircraft, watercraft, rolling stock or other mode of transportation, including any machinery or apparatus attached thereto or any cargo carried thereby; or
- (2) Waste or materials transported, removed or taken by anyone beyond the boundaries of a "covered location".

b. Retroactive Date

A "loss" or "claim" arising out of a "pollution condition" that commenced before the "retroactive date" shown in the Schedule of this Endorsement. For the purpose of this exclusion, a "pollution condition" that commenced before the "retroactive date" shown in the Schedule under **Premises Pollution Legal Liability Insurance** of this Endorsement includes any dispersal, migration or further movement of such "pollution condition" on or after the "retroactive date".

c. Divested Property

Any "claim" or "loss" arising out of "pollution condition" on, at, under or migrating from a "covered location" where the actual or alleged "pollution condition" commenced after the time the "covered location" is sold, given away or abandoned by an insured, or is condemned.

d. Property

"Property damage" to:

- (1) Property that is or was at any time owned, rented or occupied by any insured; or
- (2) Personal property in the care, custody or control of any insured.

Paragraph (1) of this exclusion does not apply to "cleanup costs" because of "environmental damage" caused by a "pollution condition" on, at, under or migrating from a "covered location".

e. Underground Storage Tanks

A "pollution condition", "loss" or "claim" arising out of the past or current existence of an "underground storage tank" on, at, under or migrating from a "covered location".

f. Material Change In Use Or Operations

A "pollution condition", "loss" or "claim" arising out of a material change in the use of, or a material change in the operations at, any "covered location" from those set forth by any insured in the Application or related materials as of the inception date of the endorsement period of this Endorsement.

C. Who Is An Insured

1. Insured means each of the following:

- a. Any Named Insured and any current or former director, partner, member, executive officer, employee or "leased worker" of the Named Insured, but solely while acting within the course and scope of his or her duties as such.
- b. Solely with regard to **Contractor's Pollution Legal Liability Insurance**, the "client", but only:
 - (1) If the Named Insured is required to include the "client" as an additional insured in a written contract in effect during the endorsement period and signed by the Named Insured prior to the first commencement of the "pollution condition"; and
 - (2) With respect to the "client's" vicarious liability resulting from the Named Insured's "contracting services"; and
 - (3) Any insurance afforded to the "client" under the terms and conditions of this Endorsement will be limited to the lesser of the amount of the Limits of Insurance required by such written contract and the Limits of Insurance under this Endorsement. In no event will we be liable for any amounts in excess of the Limits of Insurance shown on the Schedule.

In the event of the insured's bankruptcy, the trustees of the insured and in the event of the insured's death or incapacity, the insured's legal representatives or executors, but only with respect to each such trustee's, representative's or executor's vicarious liability resulting from the Named Insured's "contracting services" or "professional services".

- c. Any "additional insured", but only as respects "claims" against such person or entity for acts, errors or omissions of the "insured".

D. Limits Of Insurance

1. The Limits of Insurance shown in the Schedule of this Endorsement and the rules below establish the most we will pay regardless of the number of:

- a. Insureds;
- b. "Claim"(s);
- c. Persons or organizations making "claim"(s);
- d. Governmental actions taken with respect to "cleanup costs";
- e. "Pollution condition"(s) or
- f. "Professional loss".

2. The **Contractor's Pollution Legal Liability Insurance** Aggregate Limit shown in the Schedule of this Endorsement is the most we will pay for the sum of all damages, "cleanup costs" and "legal expenses" for which insurance is afforded under **Contractor's Pollution Legal Liability Insurance**. The **Contractor's Pollution Legal Liability Insurance** Each "Pollution Condition" Limit shown in the Schedule of this Endorsement is the most we will pay for the sum of all damages, "cleanup costs" and "legal expenses" arising out of a single "pollution condition" for which insurance is afforded under **Contractor's Pollution Legal Liability Insurance**. All "loss" arising out of the same, related, repeated or continuous "pollution condition"(s) shall be deemed to arise out of a single "pollution condition".

3. The **Professional Legal Liability Insurance** Aggregate Limit shown in the Schedule of this Endorsement is the most we will pay for all “professional loss” afforded under **Professional Legal Liability Insurance**. If a **Professional Legal Liability Insurance** Limit is not shown in the Schedule, then **Professional Legal Liability Insurance** is not afforded. The **Professional Legal Liability Insurance** Limit shown in the Schedule of this Endorsement is the most we will pay for all “professional loss” arising out of acts, errors or omissions in rendering or failing to render “professional services” for which insurance is afforded under **Professional Legal Liability Insurance**. All “professional loss” arising out of the same, related, repeated or continuous act(s), error(s) or omission(s) in rendering or failing to render “professional services” is deemed to arise out of a single act, error or omission.
4. The **Premises Pollution Legal Liability Insurance** Aggregate Limit shown in the Schedule of this Endorsement is the most we will pay for all damages, “cleanup costs” and “legal expenses” for which insurance is afforded under **Premises Pollution Legal Liability Insurance**. The **Premises Pollution Legal Liability Insurance** Each “Pollution Condition” Limit shown in the Schedule of this Endorsement is the most we will pay for the sum of all damages, “cleanup costs” and “legal expenses” arising out of a single “pollution condition” for which insurance is afforded under **Premises Pollution Legal Liability Insurance**. All “loss” arising out of the same, related, repeated or continuous “pollution condition”(s) shall be deemed to arise out of a single “pollution condition”.
5. The “Business Interruption” and “Extra Expense” Limit shown in the Schedule of this Endorsement is the most we will pay for all “business interruption” and “extra expense”, including “rental value” for which insurance is afforded under “business interruption” and “extra expense” coverage.
6. **Insurance Under Multiple Policies**
 - a. Notwithstanding anything to the contrary in this Endorsement or any other endorsement issued by us or a company affiliated with us, under no circumstances will more than one endorsement issued by us or a company affiliated with us apply to:
 - (1) Any “loss”, “pollution condition” or “professional loss” that occurs or continues through more than one endorsement period of two or more policies (including this Endorsement) issued by us or a company affiliated with us; or
 - (2) “Claim”(s) and “loss”(es) arising out of the same, related, repeated or continuous “pollution condition” or “professional loss”.
 - b. Subject to paragraph c. below, if more than one endorsement issued by us or a company affiliated with us would otherwise apply to any “loss”, “pollution condition” or “professional loss” that occurs or continues through more than one endorsement period of two or more policies (including this Endorsement) issued by us or a company affiliated with us, the only endorsement that will respond is the endorsement with the earliest inception date. No other endorsement will respond, even if the limits of the endorsement with the earliest inception date have been impacted or exhausted by payment(s) by us.
 - c. The most we will pay for the total of all “claim”(s) and “loss”(es) arising out of the same, related, repeated or continuous “pollution condition”(s) or “professional loss”(s) under all policies issued by us or a company affiliated with us is the Each “Pollution Condition” Limit of Insurance or Each “Professional Loss” Limit of Insurance set forth in the endorsement with the earliest inception date of all applicable policies issued by us or a company affiliated with us.

E. Deductible

1. We will not pay any damages, “cleanup costs”, “professional loss”, “legal expenses”, “business interruption” or “extra expense” until the amount of damages, “cleanup costs”, “professional loss”, “legal expenses”, “business interruption” or “extra expense” paid by the Named Insured exceeds the applicable deductible shown in the Schedule.
2. The deductible shall be satisfied by monetary payments by the Named Insured of damages, “cleanup costs”, “professional loss”, “legal expenses”, “business interruption” or “extra expense”. The Named Insured shall make payments within the deductible to the appropriate parties as designated by us.
3. The deductible shall not reduce the Limit of Liability shown in the Schedule.

F. Conditions

1. Bankruptcy

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

2. Legal Action Against Us

No person or organization has a right under this Endorsement:

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

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

3. Insurance Under Two Or More Coverages

If insurance is available under **Contractor's Pollution Legal Liability Insurance, Professional Legal Liability Insurance** or **Premises Pollution Legal Liability Insurance** and also available under "other intra-endorsement insurance" for the same "loss", damage or injury, our obligations are limited as follows:

- a. Any insurance available under **Contractor's Pollution Legal Liability Insurance, Professional Legal Liability Insurance** or **Premises Pollution Legal Liability Insurance** is primary, and there will be no contribution from or concurrent coverage with "other intra-endorsement insurance" that would otherwise be applicable; and
- b. Any available "other intra-endorsement insurance" is excess over any insurance available under **Contractor's Pollution Legal Liability Insurance, Professional Legal Liability Insurance** or **Premises Pollution Legal Liability Insurance** including amounts within the Deductible shown in the Schedule of this Endorsement.
- c. When "other intra-endorsement insurance" is excess, we will have no duty under "other intra-endorsement insurance" to defend you against any "claim" if we have the duty to defend you under **Contractor's Pollution Legal Liability Insurance, Professional Legal Liability Insurance** or **Premises Pollution Legal Liability Insurance**.
- d. If two or more of this Endorsement's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

4. Duties In The Event Of An "Occurrence", "Pollution Condition", "Professional Loss", "Loss" Or "Claim"

- a. No insured will, except at its own cost, voluntarily make a payment, assume any obligation, admit liability, or incur any expense without our prior written consent.
- b. The insured must see to it that we are notified as soon as practicable of any "occurrence", "pollution condition", "loss" or act, error or omission in "professional services" which may result in a "claim". To the extent possible, notice should include:
 - (1) How, when and where the "occurrence", "pollution condition", "loss" or act, error or omission in "professional services" took place;
 - (2) The names and addresses of any person involved and/or having knowledge of the "occurrence", "pollution condition", "loss" or act, error or omission in "professional services";
 - (3) The "contracting services" that may have caused such "pollution condition"; and
 - (4) The nature of any resulting harm, injury or damage.
- c. If a "claim" is made or brought against an insured, the insured must:
 - (1) Immediately record the specifics of the "claim" and the date it was received;
 - (2) Notify us as soon as practicable;
 - (3) Provide written notice of the "claim" as soon as practicable;
 - (4) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with a "claim";
 - (5) Authorize us to obtain records and other information;
 - (6) Cooperate with us in the investigation, settlement or defense of the "claim"; and
 - (7) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of "loss" to which the insurance under this Endorsement applies;

(8) With respect to **Professional Legal Liability Insurance**, the insured must also provide the date and details of all actual and alleged acts, errors or omissions in "professional services" which took place, along with the specific nature, date and extent of any injury or damage which has been sustained, copies of any contracts that have been entered into by any insured that are related to the "professional services" and details explaining how the "insured" first became aware of the circumstance.

d. In the case of a "pollution emergency", the insured must report any claim or potential claim as soon as practicable by contacting us at the telephone number specified in the Schedule.

5. **Concealment, Misrepresentation Or Fraud**

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

- a. This Endorsement;
- b. The "covered location";
- c. Your interest in the "covered location"; or
- d. A "claim" under this Endorsement.

6. **Examination Of Your Books And Records**

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

7. **Liberalization**

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

8. **Transfer Of Rights Of Recovery Against Others To Us**

If any person or organization to or for whom we make payment under this Endorsement has rights to recover damages from another, those rights are transferred to us to the extent of our payment. If the insured has rights to recover all or part of any payment we have made under this Endorsement, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. **Subrogation**

In the event of any payment under this Endorsement, we will be subrogated to all of the insured's rights of recovery against any person or organization and the insured will execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The insured will do nothing at any time to prejudice our subrogation rights. However, we waive our right(s) of recovery against any person or organization if and to the extent the Named Insured has agreed to waive its right(s) of recovery against such person or organization in a written contract signed by the Named Insured prior to:

- a. The first commencement of a "pollution condition" out of which the "claim" arises under **Contractor's Pollution Legal Liability Insurance**, or
- b. The act, error or omission in "professional services" out of which the "claim" arises under **Professional Legal Liability Insurance**.

G. **Definitions**

- 1. "Additional insured" means any person or entity that the insured has agreed in writing to add as an "additional insured" under the Endorsement, prior to the commission of any act for which such person or entity would be provided coverage under the Endorsement, but only to the extent the insured would have been liable and coverage would have been afforded under the terms and conditions of the Endorsement had such "claim" been made against the insured.
- 2. "Auto" means:
 - a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
 - b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

3. "Automatic extended reporting period" means the 90 day period of time set forth under the Extended Reporting Periods section.
4. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
5. "Business Interruption" means the sum of the following:
 - a. Net income, which is net profit, if any, that would have been earned before taxes (or if there is a net loss before taxes, the net loss is deducted); and
 - b. Continuing normal operating expenses incurred excluding payroll not deducted in a. above;Due to the reasonably and necessary suspension of the insured's operations during the "period of restoration" at a "covered location".
6. "Claim" means a lawsuit or governmental action alleging legal liability on the part of the insured.
7. "Cleanup costs" means:
 - a. Reasonable and necessary costs, charges and expenses incurred, with our prior written consent, in the investigation, assessment, removal, disposal, abatement, containment, treatment, remediation (including the associated testing and monitoring) or neutralization of a "pollution condition", to the extent required by "environmental laws", required by a "licensed site professional" or required to satisfy the insured's obligations under a federal or state cleanup program;
 - b. Reasonable and necessary fees charged by an attorney designated or consented to by us incurred in connection with any such "cleanup costs";
 - c. Reasonable and necessary "restoration costs";
 - d. Reasonable and necessary "mitigation costs"; and
 - e. Reasonable and necessary expenses incurred to respond to an imminent and substantial endangerment to the public health or welfare or to the environment because of a "pollution condition"; provided that, as a condition precedent to coverage, the named insured shall forward written notice to us of any action taken and expense incurred pursuant to this section as soon as practicable after any such "cleanup costs" have been incurred or assumed.
8. "Client" means the person or organization that directly hires the Named Insured, by written contract signed by the Named Insured, to render "contracting services" and for whom the Named Insured renders such services.
9. "Commencement date" means the date listed under "commencement date" on the Schedule for each applicable coverage.
10. "Contracting services" means those contracting operations performed by you or on your behalf as disclosed to us as of the inception of the endorsement period, or as disclosed to us during the endorsement period and approved by us, in writing, in our sole and absolute discretion.
11. "Coverage territory" means the United States and its territories and possessions.
12. "Covered location" means each location shown in the Schedule of this Endorsement and all newly acquired locations during the endorsement period which are disclosed to us in writing during the endorsement period.
13. "Damages" means a monetary judgment, award or settlement. The term "damages" shall not include or mean:
 - a. Future profits, restitution, disgorgement of unjust enrichment or profits by an insured, or the costs of complying with orders granting injunctive or equitable relief;
 - b. Return or offset of fees, charges, or commissions charged by or owed to an insured for goods or services already provided or contracted to be provided;
 - c. Taxes or loss of tax benefits;
 - d. Fines, sanctions or penalties;
 - e. Punitive or exemplary damages, or any damages which are a multiple of compensatory damages, unless insurable by law in any applicable venue that most favors coverage for such punitive, exemplary or multiple damages;
 - f. Discounts, coupons, prizes, awards or other incentives offered to the insured's customers or clients;
 - g. Liquidated damages, but only to the extent that such damages exceed the amount for which the insured would have been liable in the absence of such liquidated damages agreement; or

- h.** Any amounts for which the insured is not liable, or for which there is no legal recourse against the insured.
- 14.** "Deductible period" means the period of time that begins at the date and time that the we receive and record written notice of the necessary suspension of the insured's operations due to a "pollution condition" on, at, under or migrating from the a "covered location" and ends within the time frame shown on the Schedule.
- 15.** "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
- 16.** "Environmental damage" means the injurious presence in or upon land, the atmosphere, or any watercourse or body of water of "pollutants".
- 17.** "Environmental laws" means any federal, state, provincial or local laws, including but not limited to statutes, rules, regulations, ordinances, guidance documents, and governmental, judicial or administrative orders and directives that are applicable to "pollution conditions" to which this Endorsement applies.
- 18.** "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.
- 19.** "Extra Expense" means the necessary expenses incurred by the insured, over and above the insured's continuing normal operating expenses, during the "period of restoration", that the insured would not have incurred had there been no "pollution condition" discovered at the "covered location", provided that the expenses are incurred to avoid or minimize the suspension of business and to continue operations:
- a.** At the "covered location", or
 - b.** At replacement or temporary location(s), including:
 - (1)** Relocation expenses; and
 - (2)** Cost to equip and operate the replacement or temporary location(s).
- Subject to the terms and conditions of this Endorsement, we will pay no more for "extra expenses" than the percentage shown below multiplied by the Limit of Insurance stated in the Schedule. If the "period of restoration" is:
- a.** 30 days or less, the percentage applied to the Limit of Liability shall be 40%;
 - b.** 31 to 60 days, the percentage applied to the Limit of Liability shall be 80%;
 - c.** 61 days or more, the percentage applied to the Limit of Liability shall be 100%.
- 20.** "Field changes to design" includes but is not limited to, when a contractor discovers a minor physical job situation that makes it imprudent or impossible to complete the task, from the existing contract documents, the contractor then adjusts the job task, using practical construction knowledge, which does not inhibit the quality of the project, and leads to a field solution. This definition does not include any design that is required to be done by a licensed architect or engineer, and it does not include design related to construction means, methods, or jobsite safety precautions.
- 21.** "Insured contract" means that party of any written contract or written agreement under which the Named Insured assume the tort liability of another party to pay compensatory damages for "loss" to a third person or organization, provided that such written contract or written agreement is signed by the Named Insured prior to the "loss". Tort liability means a liability that would be imposed by law in the absence of any contract or agreement. However, "insured contract" does not include any tortious conduct that would otherwise not be covered by this Endorsement, nor if the tortious conduct was solely that of the person or persons for whom such liability under the insured contract was assumed.
- 22.** "Job site" means the location where the "contracting services" are being performed. "Job site" does not include any location which currently is or was, at the time the insured or subcontractor working directly or indirectly on the insured's behalf were working on the location, owned, rented, used or occupied by the insured.
- 23.** "Leased worker" means a person leased to the insured, by a labor leasing firm under an agreement between the insured and the labor leasing firm to perform duties related to the conduct of the insured's business.
- 24.** "Legal expenses" means reasonable and necessary legal fees, charges and expenses incurred in the investigation and defense of a "claim", provided such costs, charges and expenses are authorized by us. "Legal expenses" does not include any expense that is incurred by an insured in assisting in the investigation, defense or resolution of a "claim".
- 25.** "Licensed site professional" means a licensed environmental scientist or engineer that is in good standing with, and acting under the authority of federal, state, provincial or local laws for the purpose of addressing "pollution conditions" at a "covered location".

26. "Loading or unloading" means the handling of property:
- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
 - b. While it is in or on an aircraft, watercraft or "auto"; or
 - c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;
- But "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".
27. "Loss" means "bodily injury", "property damage" or "environmental damage".
28. "Mitigation costs" means expenses incurred to clean up or mitigate a "pollution condition" resulting from a "pollution emergency" at a "covered location" or covered "job site", as required by a federal or state regulatory agency, prior to the initiation of a formal "claim" against the insured. "Mitigation costs" may only be covered with our prior approval and if notification of such "pollution condition" is provided as soon as practicable. "Mitigation costs" will not be covered where the "pollution condition" does not result in a "claim" or where the "pollution condition" would not otherwise be covered under the terms and conditions of this Endorsement. "Mitigation costs" shall not exceed \$25,000.00 and are subject to and will reduce the aggregate Limit of Liability. Refer to **Paragraph F. 4. Duties In The Event Of An "Occurrence", "Pollution Condition", "Professional Loss", "Loss" Or "Claim"** for information on "pollution emergency" reporting.
29. "Mold matter" means mold, mildew or any type or form of fungus, including mycotoxins, spores or by-products produced or released by fungi.
30. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:
- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 - b. Vehicles maintained for use solely on or next to premises you own or rent;
 - c. Vehicles that travel on crawler treads;
 - d. Vehicles, whether self-propelled or not, on which are permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
 - e. Vehicles not described in paragraph **a.**, **b.**, **c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2) Cherry pickers and similar devices used to raise or lower workers;
 - f. Vehicles not described in paragraph **a.**, **b.**, **c.** or **d.** above maintained primarily for purposes other than the transportation of persons or cargo.
- However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":
- (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing; or
 - (c) Street cleaning;
 - (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
- However, "mobile equipment" does not include land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where they are licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law or motor vehicle registration law are considered "autos".

31. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
32. "Optional extended reporting period" means the twelve (12) month period of time set forth under the Extended Reporting Periods section.
33. "Other intra-endorsement insurance" means insurance provided under the terms of the endorsement other than the **Premises Pollution Legal Liability Insurance, Contactor's Pollution Legal Liability Insurance or Professional Legal Liability Insurance** afforded by this Endorsement.
34. "Period of restoration" means the period of time that begins after the "deductible period" and ends when the "covered location"(s) should be restored to operation with reasonable speed and quality or when business activities resume at the new permanent location. The expiration date of this Endorsement will not reduce the "period of restoration", nor shall the "optional extended reporting period" extend it.
35. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
36. "Pollution condition" means the discharge, dispersal, release, escape, seepage or migration of "pollutants" into or upon land, the atmosphere, or any watercourse or body of water.
37. "Pollution emergency" means any "pollution condition" where immediate action is required to respond to a potential or actual "claim".
38. "Products-completed operations hazard":
 - a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
 - (1) Products that are still in your physical possession; or
 - (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at the job site has been put to its intended use by any other person or organization other than another contractor or subcontractor working on the same project.
 - (d) Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

The "bodily injury" or "property damage" must occur away from premises you own or rent, unless your business includes the selling, handling or distribution of "your product" for consumption on premises you own or rent.
 - b. Does not include "bodily injury" or "property damage" arising out of:
 - (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured; or
 - (2) The existence of tools, uninstalled equipment or abandoned or unused materials.
39. "Professional loss" means:
 - a. A monetary judgment, award or settlement of compensatory damages;
 - b. "Legal expenses" associated with the above paragraph.

"Professional loss" does not include:

 - a. Civil or criminal fines and penalties;
 - b. Punitive, exemplary or multiplied damages;
 - c. Injunctive or equitable relief;
 - d. The return of fees or charges for services rendered;
 - e. Costs and expenses incurred by the "insured" to redo, change, supplement or fix the "insured's" work or services, including redesign; or

- f. Any of the "insured's" overhead, mark-up, or profit.
40. "Professional Services" means those activities listed under Professional Services in the Schedule that are rendered by or on behalf of the Named Insured.
41. "Property damage" means:
- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
 - b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.
- For the purposes of this insurance, electronic data is not tangible property.
- As used in this definition, electronic data means information, facts or programs stored as, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.
42. "Rental Value" means the loss of any anticipated rental income the insured would have earned during the "period of restoration" by renting all or a portion of the "covered location"(s) to a third party not owned by, affiliated with, or connected in any way to the insured, less any rental income the insured actually earned or could have earned during the "period of restoration" by renting all or a portion of the "covered location"(s) or by making use of other property. "Rental value" does not apply to any loss included in the definition of "business interruption" and "extra expense".
43. "Responsible insured" means any officer, director, partner, member, manager, supervisor or foreman of any insured or any employee of an insured that has responsibility, in whole or in part, for risk control, risk management, health and safety or environmental affairs, control or compliance.
44. "Restoration costs" means expenses required to restore, repair or replace real or personal property to substantially the same condition it was in prior to being damaged during the course of responding to a "pollution condition" to which this Endorsement applies. These costs will not exceed the actual cash value of such real or personal property immediately prior to such damage, or include costs associated with improvements or betterments. Actual cash value shall mean the cost to replace such real or personal property, immediately prior to such damage, minus the accumulated depreciation of the real or personal property.
45. "Retroactive date" means the date listed under "retroactive date" on the Schedule for each applicable coverage.
46. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", or "personal and advertising injury" to which this insurance applies. "Suit" includes:
- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
47. "Transportation" means the movement of waste or material by "auto" or "mobile equipment" (including "loading or unloading") provided that the person or entity transporting the waste or material is properly licensed to transport such waste or material by "auto" or "mobile equipment".
48. "Underground storage tank" means a stationary container or vessel, including the associated piping connected thereto, which is ten percent (10%) or more beneath the surface of the ground and is:
- a. Constructed primarily of non-earthen materials; and
 - b. Designed to contain any substance.
49. "Value engineering" means an organized effort directed at analyzing designed building features, systems, equipment, and material selections for the purpose of achieving essential functions at the lowest life cycle cost consistent with required performance, quality, reliability, and safety.
50. "Your product":
- a. Means:
 - (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a) You;

- (b) Others trading under your name; or
 - (c) A person or organization whose business or assets you have acquired; and
 - (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
 - b. Includes:
 - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
 - (2) The providing of or failure to provide warnings or instructions.
 - c. Does not include vending machines or other property rented to or located for the use of others but not sold.
51. "Your work":
- a. Means:
 - (1) Work or operations performed by you or on your behalf; and
 - (2) Materials, parts or equipment furnished in connection with such work or operations.
 - b. Includes:
 - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
 - (2) The providing of or failure to provide warnings or instructions.

H. Extended Reporting Periods

With respect to **Premises Pollution Legal Liability Insurance** or **Professional Legal Liability Insurance**:

1. Automatic Extended Reporting Period

You are entitled to an automatic ninety (90) day "automatic extended reporting period", commencing on the last day of the endorsement period. The ninety (90) day "automatic extended reporting period" applies to a "claim" first made during the endorsement period and reported to us, in writing, during the ninety (90) day "automatic extended reporting period". The ninety (90) day "automatic extended reporting period" applies only if we cancel or non-renew the **Professional Legal Liability Insurance** or the **Premises Pollution Legal Liability Insurance** for a reason other than non-payment of premium, non-payment of deductible, fraud or misrepresentation.

2. Optional Extended Reporting Period

- a. Upon non-renewal or cancellation of this Endorsement for any reason, the insured will have the right to purchase, for one hundred percent (100%) of the expiring annual premium, an "optional extended reporting period" of twelve (12) consecutive months. Coverage provided by such "optional extended reporting period" will only apply to "claims" first made against any insured during the endorsement period and reported to us, in writing, during the "optional extended reporting period", and arising out of any act, error or omission committed on or after the "retroactive date" and before the end of the endorsement period. In order for the insured to invoke the "optional extended reporting period", the payment of the additional premium for the must be paid to us within 60 days of the termination of this Endorsement.
- b. The purchase of the "optional extended reporting period" will in no way increase the Endorsement Aggregate Limit of Liability or any Sublimit of Liability. At the commencement of the "optional extended reporting period". the entire contribution will be deemed earned, and in the event the insured terminates the "optional extended reporting period" for any reason prior to its natural expiration, we will not be liable to return any contribution paid for the "optional extended reporting period".