



8144 Walnut Hill Lane, Suite 1490, Dallas, TX 75231
Ph: (214)-206-4900

Attachment A

| | |
|-------------------|---|
| Named Insured: | St. James Court Homes Association, Inc. |
| Effective Date: | 10/8/2024-10/8/2025 |
| Premium: | \$127,425.21 |
| Total Fees: | \$14,242.52 |
| Surplus Lines Tax | \$4,170.86 |
| Total: | \$145,838.59 |

This policy is issued by an insurer not authorized to do business in Kansas and, as such, the form, financial condition and rates are not subject to review by the commissioner of insurance and the insured is not protected by any guaranty fund.

Strata Underwriting Managers
8144 Walnut Hill Lane, Suite 1400
Dallas, TX 75231

**Third Coast Insurance Company
New Berlin, WI 53151**

NC R0 00 08 22

Common Policy Declarations

Policy Number: PROP-SUM4-002084-24

1. NAMED INSURED and MAILING ADDRESS:

St. James Court Homes Association Inc

11125 Ambassador Dr Suite 360 c/o First Services Residential MO

Kansas City, MO 64153

2. Policy period: 12:01 a.m. on 10/8/2024 Standard Time at the Named Insured's Mailing Address above to 12:01 a.m. on 10/8/2025 Standard Time at the Named Insured's Mailing Address above; Individual Risks not exceeding 12 (twelve) months.

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THE POLICY, THE COMPANY AGREES WITH THE NAMED INSURED TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

3. THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS:

PREMIUM

Commercial Property

\$123,233.60

At the Rate of 0.158760 per \$100 of Value.

Certified Terrorism - Written Separately

Premium shown is payable per schedule to be agreed by Third Coast Insurance Company.

\$123,233.60

25% Minimum Earned premium at inception.

4. FORMS APPLICABLE TO ALL COVERAGE PARTS:

See Index of Forms NC R0 02 08 22

BUSINESS DESCRIPTION: Habitational Property

**Third Coast Insurance Company
New Berlin, WI 53151**

NC R0 01 02 22

COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS PAGE

Policy Number: PROP-SUM4-002084-24

Policy Inception: 10/8/2024

COVERAGES PROVIDED:

Insurance At The Described Premises Applies Only For Coverages For Which A Limit Of Insurance Is Shown

| <u>Loc. No.</u> | <u>Bldg No.</u> | <u>Coverage</u> | <u>Limit of Insurance</u> | <u>Coinsurance</u> | <u>Covered Causes of Loss</u> |
|-----------------|-----------------|---|--|--------------------|-------------------------------|
| ALL | ALL | Building and Business Personal Property | Shall not exceed the individually stated value as shown in the latest Statement of Values. | N/A | NC R1 00 02 22 |
| ALL | ALL | Business Income, Rental Value | Shall not exceed the individually stated value as shown in the latest Statement of Values. | N/A | NC R1 01 03 19 |

DEDUCTIBLE: Various per Statement of Values Form NC R0 04 02 21

The Policy Limit shall never exceed \$10,000,000 at any one Occurrence regardless of individually stated values shown in the latest Statement of Values or the number of Insured Locations involved in the Occurrence.

OPTIONAL COVERAGES Applicable only when entries are made in the Statement of Values below NC R0 04 02 21

Replacement Cost

| <u>Loc. No.</u> | <u>Bldg No.</u> | <u>Building</u> | <u>Personal Property</u> |
|-----------------|-----------------|-----------------|--------------------------|
| ALL | ALL | X | X |

Subject to terms and conditions of Replacement Cost Form, NC R5 05 03 19.

Business Income / Rental Value Options

| <u>Loc. No.</u> | <u>Bldg No.</u> | <u>Monthly Limit of Indemnity</u> | <u>Maximum Period of Indemnity</u> | <u>Extended Period of Indemnity (Days)</u> |
|---|-----------------|-----------------------------------|------------------------------------|--|
| See Statement of Values Form NC R0 04 02 21 | | | | |

MORTGAGEES

Loc. No.

Forms and Endorsements applying to this Coverage Part and made part of this Policy at time of issue: SEE INDEX OF FORMS ATTACHED (NC R0 02 08 22).

Surplus Lines Agent: Strata Underwriting Managers, 8144 Walnut Hill Lane, Suite 1490, Dallas, TX 75231

**Third Coast Insurance Company
New Berlin, WI 53151**

IL PN 01 TX 03 24

Figure: 28 TAC §1.601(a)(2)(B)

Have a complaint or need help?

If you have a problem with a claim or your premium, call your insurance company or HMO first. If you can't work out the issue, the Texas Department of Insurance may be able to help.

Even if you file a complaint with the Texas Department of Insurance, you should also file a complaint or appeal through your insurance company or HMO. If you don't, you may lose your right to appeal.

Third Coast Insurance Company

To get information or file a complaint with your insurance company or HMO:

Call: Complaints Dept at 1-800-258-2667

Toll-free: 1-800-258-2667

Mail: P.O. Box 3026

Milwaukee, WI 53201-3026

The Texas Department of Insurance

To get help with an insurance question or file a complaint with the state:

Call with a question: 1-800-252-3439

File a complaint: www.tdi.texas.gov

Email: ConsumerProtection@tdi.texas.gov

Mail: Consumer Protection, MC: CO-CP, Texas Department of Insurance, P.O. Box 12030, Austin, TX 78711-2030

¿Tiene una queja o necesita ayuda?

Si tiene un problema con una reclamación o con su prima de seguro, llame primero a su compañía de seguros o HMO. Si no puede resolver el problema, es posible que el Departamento de Seguros de Texas (Texas Department of Insurance, por su nombre en inglés) pueda ayudar.

Aun si usted presenta una queja ante el Departamento de Seguros de Texas, también debe presentar una queja a través del proceso de quejas o de apelaciones de su compañía de seguros o HMO. Si no lo hace, podría perder su derecho para apelar.

ABC Insurance Company

Para obtener información o para presentar una queja ante su compañía de seguros o para o HMO:

Llame a: Complaints Dept al 1-800-258-2667

Teléfono gratuito: 1-800-258-2667

Dirección postal: P.O. Box 3026

**Third Coast Insurance Company
New Berlin, WI 53151**

IL PN 01 TX 03 24

Milwaukee, WI 53201-3026

El Departamento de Seguros de Texas

Para obtener ayuda con una pregunta relacionada con los seguros o para presentar una queja ante el estado:

Llame con sus preguntas al: 1-800-252-3439

Presente una queja en: www.tdi.texas.gov

Correo electrónico: ConsumerProtection@tdi.texas.gov

Dirección postal: Consumer Protection, MC: CO-CP, Texas Department of Insurance,
P.O. Box 12030, Austin, TX 78711-2030

**Third Coast Insurance Company
New Berlin, WI 53151**

NC R0 04 02 21

Policy Number: PROP-SUM4-002084-24

Policy Inception: 10/8/2024

Bind Id: 3083

St. James Court Homes Association Inc **Statement of Values**

Prorata Factor: 1.000

Grand Total TIV: \$77,622,572

| Location Name | Address | City | State | Zip | Eff Date | Exp Date | |
|---------------------------------------|--------------------------|--------------------------|--------|--------------------|----------|-------------------|---------------------------|
| St. James Court HOA | 14101 West 151st Terrace | Olathe | KS | 66062 | 10/08/24 | 10/08/25 | |
| Coverages | Limits of Insurance | No. of Bldgs | 45 | Build Year | 2002 | Perils | Deductibles |
| <u>Building and Structures</u> | \$77,015,672 | <u>No. of Units</u> | 176 | <u>Roof Year</u> | 2011 | <u>AOP</u> | \$25,000.00 |
| <u>Business Personal Property</u> | \$57,500 | <u>No. of Pools</u> | 1 | <u>Smoke Alarm</u> | Yes | <u>WHH</u> | 3 % of TIV WHH Deductible |
| <u>Business Income / Rental Value</u> | \$114,400 | <u>Sq. Ft.</u> | 372154 | <u>Sprinklered</u> | No | <u>Earthquake</u> | Coverage Excluded |
| <u>Other</u> | \$435,000 | <u>No. of Stories</u> | 1 | <u>Subsidized</u> | 0.00 | <u>Flood</u> | Coverage Excluded |
| <u>Total Insured Value</u> | \$77,622,572 | <u>Construction Type</u> | Frame | <u>Wiring</u> | Copper | | |

The inclusion of a deductible for Earthquake or Flood in the Statement of Values above does not necessarily mean that coverage is provided for Earthquake or Flood. Please read your entire Policy, including the Coverage Declarations (NC R0 03 02 21), Flood Form (NC R2 06 02 21), and Earthquake Form (NC R2 04 03 17) attached to this Policy, to determine whether a particular Insured Location is covered for either peril.

**Third Coast Insurance Company
New Berlin, WI 53151**

SURPLUS LINES DISCLOSURE STATEMENT

SUM 01 03 19

This Policy is issued by an insurer not authorized to do business in Kansas and, as such, the form, financial condition and rates are not subject to review by the commissioner of insurance and the insured is not protected by any guaranty fund.

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.

INDEX OF FORMS

| | |
|--|-------------------|
| Common Policy Declarations | NC R0 00 08 22 |
| Commercial Property Coverage Part Declarations Page | NC R0 01 02 22 |
| Policyholder Notification | IL PN 01 TX 03 24 |
| Statement of Values | NC R0 04 02 21 |
| Surplus Lines Disclosure Statement | SUM 01 03 19 |
| Index of Forms | NC R0 02 08 22 |
| Execution Clause Endorsement | SIL 00 04 07 22 |
| Coverage Declarations | NC R0 03 02 21 |
| Exclusion of Certified Acts and Other Acts of Terrorism | UIL 0961 02 22 |
| Property Coverage Form | NC R1 00 02 22 |
| Business Income Coverage Including Extra Expense Form | NC R1 01 03 19 |
| Exclusion of Pollutants and Asbestos Form | NC R2 38 03 17 |
| Exclusion of Nuclear Energy Risks, War and Military Action, Electronic Data, Nuclear Hazard, Biological Agents, Toxic Materials and Radioactive Contamination Form | NC R2 39 04 16 |
| Exclusion of Loss Due to Virus or Bacteria Form | NC R2 42 04 13 |
| General Conditions | NC R5 02 02 21 |
| Replacement Cost Form | NC R5 05 03 19 |
| High Hazard Wind Counties | NC R6 06 02 21 |
| Exclusion - Certain Computer Losses Due to Dates or Times Form | NC R8 02 04 13 |
| OFAC Notice to Policy Holders | IL P 001 01 04 |
| TCIC Policyholder Privacy Statement | TCIC 03 20 |
| Trade or Economic Sanctions | TESEXC 08 22 |
| Service of Suit Endorsement | SIL 00 01 09 21 |
| Backup Of Sewers, Drains And Sumps | SCP 00 18 02 23 |
| Approved Contractor Endorsement | AC R0 05 24 |
| Asbestos Exclusion Advisory Notice to Policyholder | NC R0 05 03 17 |
| Minimum Earned Premium for High Hazard Wind Locations | ME R0 00 08 19 |
| Protective Safeguards Endorsement | PS R1 00 02 21 |
| Period of Restoration Limitation Endorsement | PORL R0 05 24 |
| Windstorm (Including Hail) Notice Of Loss Amendment Endorsement | NC R9 00 10 19 |
| General Contractor Overhead and Profit Endorsement | GCOP R0 02 21 |
| Electrical System Condition Endorsement | ESC R0 02 21 |

**Third Coast Insurance Company
New Berlin, WI 53151**

INTERLINE

SIL 00 04 07 22

Execution Clause Endorsement

In Witness Whereof, the Company has caused this policy to be executed and attested to by its President and Secretary. Where required by law, the Information Page has been countersigned by our duly authorized representative.

Abel Travis, President

Bobbi Elliot, Corporate Secretary



This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective:

Policy No.

Endorsement No.

Insured:

Premium \$

Insurance Company:

Countersigned by: _____

SIL 00 04 07 22

Coverage Declarations

READ THE ENTIRE POLICY CAREFULLY, INCLUDING ANY ENDORSEMENTS, TO DETERMINE RIGHTS, DUTIES AND WHAT IS AND IS NOT COVERED.

A. POLICY LIMIT: In no event shall liability under this Policy arising out of one Occurrence exceed the limit shown in the declarations, nor shall liability in any one Occurrence exceed the individually stated value for each scheduled item as shown in the latest Statement of Values or other documentation, nor shall liability exceed any specific Sublimit of Insurance applying to any insured loss, coverage or Insured Location(s).

If an annual aggregate limit is noted in the Sublimits of Insurance shown in the Coverage Declarations of this Policy, the Company will be liable to pay no more than the aggregate limit shown in any one Policy period.

The premium for this Policy is based on the Statement of Values. In the event of loss hereunder, liability of the Company, subject to the terms in the above paragraphs, shall be limited to the least of the following in any one Occurrence:

1. The actual adjusted amount of loss of each scheduled item at the Insured Location where the covered loss occurred, less applicable deductible(s).
2. The individually stated value for each scheduled item which had the loss at the Insured Location where the covered loss occurred, as shown on the latest Statement of Values, less applicable deductible(s). If no stated value is shown for a scheduled item then there is no coverage for that item under the Policy.
3. The Policy Limit shown in or endorsed onto to this Policy.

Example:

The following example assumes there is no coinsurance penalty or other limits involved:

Location 1

| | |
|---|-----------|
| Scheduled value – Building | \$100,000 |
| Actual adjusted amount of loss – Building | \$25,000 |
| Scheduled value – Rents | \$50,000 |
| Actual adjusted amount of loss – Rents | \$75,000 |

Location 2

| | |
|---|-----------------------------|
| Scheduled value – Building | \$200,000 |
| Actual adjusted amount of loss – Building | \$205,000 |
| Scheduled value – Rents | \$75,000 |
| Actual adjusted amount of loss – Rents | \$25,000 |
| Policy Limit | \$10,000,000 per Occurrence |

In this example, the total liability of the Company for the Occurrence is limited to \$300,000 less applicable deductible(s). This is because (1) the liability of the Company on each scheduled item is limited as follows: (a) Building at Location 1 building is limited to \$25,000 because the actual adjusted amount of the loss is less than the scheduled value for that item, (b) Location 1 rents is limited to \$50,000 because the scheduled value is less than the actual adjusted amount of the loss for that item, (c) Location 2 building is limited to \$200,000 because the scheduled value is less than the actual adjusted amount of the loss for that item, and (d) Location 2 rents is limited to \$25,000 because the actual adjusted amount of the loss is less than the scheduled value for that item; and (2) the total of the limits on each scheduled item of property (\$300,000 less applicable deductibles) is less than the Policy Limit (in this example) of \$10,000,000 per Occurrence.

**Third Coast Insurance Company
New Berlin, WI 53151**

B. SUBLIMITS OF INSURANCE: For application of Sublimits of Insurance refer to Section N. (Sublimits of Insurance) in the General Conditions. Sublimits apply at each Insured Location per Occurrence unless otherwise provided.

| | |
|--|-------------------------------|
| 1. Buildings, per Statement of Values on file with the Company for any one Insured Location in any one Occurrence: | As per Statement of Values |
| <p>Note: The inclusion of a Sublimit for Buildings does not mean that coverage for Buildings is provided at every Insured Location on the Statement of Values. Such coverage is only provided for those Insured Locations where a value is stated for Buildings (Real Property) on the Statement of Values.</p> | |
| 2. Business Personal Property, per Statement of Values on file with the Company for any one Insured Location in any one Occurrence: | As per Statement of Values |
| <p>Note: The inclusion of a Sublimit for Business Personal Property does not mean that coverage for Business Personal Property is provided at every Insured Location on the Statement of Values. Such coverage is only provided for those Insured Locations where a value is stated for Business Personal Property on the Statement of Values.</p> | |
| 3. Electronic Data Processing Equipment and Electronic Data Processing Data and Media for any one Insured Location in any one Occurrence: | \$100,000 |
| 4. Accounts Receivable for any one Insured Location in any one Occurrence: | \$100,000 |
| 5. Valuable Papers and Records for any one Insured Location in any one Occurrence: | \$50,000 |
| 6. Fine Arts, for any one Insured Location in any one Occurrence: | \$100,000 |
| Subject to a maximum per item: | \$10,000 |
| 7. Newly Constructed or Acquired Property for any one building at any one Insured Location, in any one Occurrence: | \$100,000 |
| Maximum number of days for automatic coverage: | 90 Days |
| 8. Outdoor Property including Debris Removal for any one Insured Location in any one Occurrence: | \$50,000 |
| Subject to a maximum for any one item unless otherwise agreed with the Company: | \$10,000 |
| <p>Note: The perils of Windstorm (including hail) are excluded for Outdoor Property, unless otherwise agreed with the Company and noted in this Policy.</p> | |
| 9. Personal Effects of Officers and Employees of the Insured, | |
| Per Employee: | \$1,000 |
| Subject to a maximum at any one Insured Location in any one Occurrence: | \$5,000 |
| 10. Covered Property at Undescribed Premises for any one Insured Location in any one Occurrence: | \$10,000 |
| 11. Covered Property in Transit, in any one Occurrence: | \$25,000 |
| 12. Limited Coverage for Pollutant Cleanup and Removal (per NC R2 38 03 17), for any one Insured Location in any one Occurrence: | \$5,000 |

**Third Coast Insurance Company
New Berlin, WI 53151**

| | |
|---|----------------------------|
| 13. Claim Data Expense for any one Insured Location in any one Occurrence: | \$5,000 |
| <hr/> | |
| 14. Ordinance or Law: | |
| a. Loss to the Undamaged Portion of a covered building, for any one Insured Location in any one Occurrence: | Included |
| <hr/> | |
| b. Demolition and Site Clearing: For any one building at an Insured Location in any one Occurrence: 10% of the value of the damaged building as of the time of loss. The value of the damaged building is calculated by multiplying the actual square footage of the building by the dollar value per square foot (ITV) on file with the Company. This per building sublimit is part of, and does not increase, the per Insured Location sublimit that follows. For any one Insured Location in any one Occurrence: 10% of the Building Value for the Insured Location as shown on the latest Statement of Values, not to exceed in any one Occurrence: | \$1,000,000 |
| <hr/> | |
| c. Increased Cost of Construction: For any one building at an Insured Location in any one Occurrence: 10% of the value of the damaged building as of the time of loss. The value of the damaged building is calculated by multiplying the actual square footage of the building by the dollar value per square foot (ITV) on file with the Company. This per building sublimit is part of, and does not increase, the per Insured Location sublimit that follows. For any one Insured Location in any one Occurrence: 10% of the Building Value for the Insured Location as shown on the latest Statement of Values, not to exceed in any one Occurrence: | \$1,000,000 |
| <hr/> | |
| d. Within the Increased Cost of Construction limit set forth in 14.c. above, the Company will pay no more than the following for any one Insured Location in any one Occurrence as a result of the enforcement of an ordinance or law in force at the time of loss regulating energy conservation, energy efficiency, or environmental conservation for the building envelope (walls, floors, roofs, windows, skylights and doors) or HVAC systems: | \$100,000 |
| <p style="margin-left: 20px;">This extension of coverage is inclusive of limits shown under item 14. c. above and not in addition to limits stated in item 14. c.</p> | |
| <hr/> | |
| 15. Business Income: | |
| a. Business Income, per Statement of Values on file with the Company for any one Insured Location in any one Occurrence: | As per Statement of Values |
| b. Rental Value, per Statement of Values on file with the Company for any one Insured Location in any one Occurrence: | As per Statement of Values |

**Third Coast Insurance Company
New Berlin, WI 53151**

| | |
|--|------------------------|
| c. Ordinary Payroll: | Excluded |
| d. Extended Business Income or Rental Value for any one Insured Location in any one Occurrence: | 90 Days |
| e. Civil Authority 30 days subject to a maximum for any one Insured Location in any one Occurrence: | \$100,000 |
| f. Ordinance or Law - Increased Period of Restoration: in any one Occurrence and in the aggregate per Policy period for any one Insured Location for all insured losses covered under this Policy commencing with the inception date of this Policy: | \$1,000,000 |
| g. Newly Constructed or Acquired Property, for any one Insured Location in any one Occurrence: | Included in Item B.7. |
| h. Maximum number of days of automatic coverage: | 90 days |
| i. Undescribed Premises for any one Insured Location in any one Occurrence: | Included in Item B.10. |
| j. Claim Data for any one Insured Location in any one Occurrence: | Included in Item B.13. |

Note: The inclusion of a Sublimit for Business Income / Rental Value does not mean that coverage for Business Income / Rental Value is provided at every Insured Location on the Statement of Values. Such coverage is only provided for those Insured Locations where a value is stated for Business Income / Rental Value on the Statement of Values.

| | |
|--|------------------------|
| 16. Extra Expense: | |
| a. Extra Expense for any one Insured Location in any one Occurrence: | \$500,000 |
| Note: The inclusion of a Sublimit for Extra Expense does not mean that coverage for Extra Expense is provided at every Insured Location on the Statement of Values. Such coverage is only provided for those Insured Locations where a value is stated for Business Income / Rental Value on the Statement of Values and for those that qualify for such coverage as a Newly Constructed or Acquired Property. | |
| b. Civil Authority 30 days subject to a maximum for any one Insured Location in any one Occurrence of: | \$100,000 |
| c. Ordinance or Law - Increased Period of Restoration for any one Insured Location in any one Occurrence: | \$100,000 |
| d. Newly Constructed or Acquired Property, for any one Building at any one Insured Location in any one Occurrence: | Included in Item B.7. |
| Number of days: | 90 Days |
| e. Undescribed Premises, for any one Insured Location in any one Occurrence: | Included in Item B.10. |
| f. Claim Data, for any one Insured Location in any one Occurrence: | Included in Item B.13. |
| 17. Leasehold Interest for any one Insured Location in any one Occurrence: | \$50,000 |
| 18. Earthquake, Volcanic Eruption, Landslide and Mine Subsidence - In any one occurrence and in the aggregate for Policy period for any Insured Location, for all losses covered under this Policy, commencing with the inception date of this Policy: | |
| a. Occurring at Insured Locations in counties identified as High Hazard counties in NC R6 09 03 17: | Excluded |

**Third Coast Insurance Company
New Berlin, WI 53151**

b. Occurring at Insured Locations in counties not identified as High Hazard counties in NC R6 09 03 17: Excluded

If more than one Annual Aggregate Limit applies for any one Insured Location in any one Occurrence, the maximum the Company will pay is the highest involved Aggregate Limit. The maximum the Company will pay during each Policy period is the largest of the Annual Aggregate Limits shown.

The inclusion of a Sublimit in B.18.b. does not mean that coverage for Earthquake, Volcanic Eruption, Landslide, and Mine Subsidence is provided at every Insured Location on the Statement of Values. See Form NC R2 04 03 17. Coverage for Earthquake, Volcanic Eruption, Landslide, and Mine Subsidence is provided at an Insured Location only if (i) a Sublimit is provided in Coverage Declaration B. 18.b.,(ii) a deductible for Earthquake is provided on the Statement of Values for the Insured Location and (iii) no part of the Insured Location is located within a county identified as a High Hazard county in Form NC R6 09 03 17.

- | | |
|--|----------|
| 19. Flood – In any one Occurrence and in the aggregate per Policy period for any one Insured Location for all losses covered under this Policy, commencing with the inception date of this Policy: | |
| a. Occurring at Insured Locations, resulting from Flood to buildings, structures or property in the open within Flood Zone A, B, V, or X (shaded) as classified under the National Flood Insurance Program or property in or on buildings or structures located within such Flood Zones: | Excluded |
| b. Occurring at Insured Locations, resulting from Flood to buildings, structures, or property in the open not located within Flood Zone A, B, V, or X (shaded): | Excluded |

Any loss resulting from Flood to a building, structure or property in the open which is, at the time of loss, within more than one Flood Zone will be subject to the insurance and sublimits, if any, that would apply under this Policy if that building, structure or property in the open was wholly located within the most hazardous of the Flood Zones, as identified in NC R2 06 02 21, in which it is located. The Flood Zone that applies to a building or structure will also apply to any property in or on such building or structure.

If more than one annual aggregate limit applies in any one Occurrence, the most the Company will pay is the highest involved Aggregate Limit. The most the Company will pay during each Policy period is the largest of the Annual Aggregate Limits shown.

The inclusion of a Sublimit for Flood in B.19.b does not mean that coverage for Flood is provided at every Insured Location on the Statement of Values. See Form NC R2 06 02 21. Flood coverage is provided at an Insured Location only if (i) a Sublimit is provided in B.19.b., (ii) a deductible for Flood is provided on the Statement of Values for the Insured Location, and (iii) no part of the Insured Location is located within Flood Zone A, B, V, or X (shaded).

- | | |
|---|-------------|
| 20. Boiler and Machinery Property Damage, in any one accident: | See Policy |
| 21. Limited Coverage for Mold, Mildew, Wet Rot, Dry Rot, and Other Fungi (per NC R2 39 04 16) | |
| a. Direct Damage: Aggregate for any one Insured Location in any one Policy period: | \$5,000 |
| b. Business Income, Rental Value and Extra Expense: | Excluded |
| 22. Limited Asbestos Coverage (per NC R2 38 03 17): | |
| a. Aggregate, for any one Insured Location in any one Policy period: | \$25,000 |
| b. Business Income, Rental Value and Extra Expense: All as per the terms and conditions of the Asbestos Exclusion Clause, Form NC R2 38 03 17: | Excluded |
| 23. Water, other liquids, powder, or molten material damage: | Included |
| 24. Property of others in the care, custody, and control of the Named Insured if the Named Insured is required by written contract to insure such property: | \$10,000 |
| 25. Debris Removal: For any one Insured Location in any one Occurrence: 25% of the direct physical loss or damage to Covered Property not to exceed in any one Occurrence: | \$1,000,000 |

26. Terrorism: See Underwriters at Lloyds Policy

Third Coast Insurance Company New Berlin, WI 53151

C. DEDUCTIBLES: For application of Deductibles refer to Section B. (Application of Deductibles) in the General Conditions. The deductibles that apply to the following coverages and causes of loss are as follows:

| | |
|---|----------------------------|
| 1. Business Income Coverage and Rental Value Coverage, for any one Insured Location in any one Occurrence: | As per Statement of Values |
| 2. Extra Expense Coverage for any one Insured Location in any one Occurrence: | As per Statement of Values |
| 3. Earthquake, Volcanic Eruption, Landslide and Mine Subsidence losses covered under this Policy: | |
| a. Occurring in counties identified as High Hazard counties in NC R6 09 03 17, at any one Insured Location in any one Occurrence: | Excluded |
| b. Occurring in counties not identified as High Hazard counties, at any one Insured Location in any one Occurrence: | As per Statement of Values |
| <p>The inclusion of a deductible for Earthquake, Volcanic Eruption, Landslide, and Mine Subsidence in C.3.b. or for Earthquake on the Statement of Values for an Insured Location does not mean that coverage for Earthquake, Volcanic Eruption, Landslide, and Mine Subsidence is provided for such Insured Location. See Form NC R2 04 03 17. Coverage for Earthquake, Volcanic Eruption, Landslide, and Mine Subsidence is provided at an Insured Location only if (i) a Sublimit is provided in Coverage Declaration B.18.b.,(ii) a deductible for Earthquake is provided on the Statement of Values for the Insured Location and (iii) no part of the Insured Location is located within a county identified as a High Hazard county in Form NC R6 09 03 17.</p> | |
| 4. Flood losses covered under this Policy, at any one Insured Location in any one Occurrence: | As per Statement of Values |
| <p>The inclusion of a Deductible for Flood in C.4 or on the Statement of Values for an Insured Location does not mean that coverage for Flood is provided at any Insured Location. See Form NC R2 06 02 21. Flood coverage is provided at an Insured Location only if (i) a Sublimit is provided in B.19.b., (ii) a deductible for Flood is provided on the Statement of Values for the Insured Location, and (iii) no part of the Insured Location is located within Flood Zone A, B, V, or X (shaded).</p> | |
| 5. Civil Authority, at any one Insured Location in any one Occurrence: | 24 Hours |
| 6. Windstorm (including hail) losses covered under this Policy: | |
| a. Occurring as a result of any Windstorm (including hail), excluding a Named Storm, as defined herein, in counties identified as High Hazard Wind Counties in NC R6 06 02 21, at any one Insured Location: | As per Statement of Values |
| b. Occurring as a result of a Named Storm, as defined herein, in counties identified as High Hazard Wind Counties in NC R6 06 02 21, at any one Insured Location: | As per Statement of Values |
| c. Occurring at any one Insured Location in any one Occurrence not located in counties identified as High Hazard Wind Counties in NC R6 06 02 21: | As per Statement of Values |
| 7. Any other covered loss for each Insured Location in any one Occurrence: | As per Statement of Values |
| 8. To any covered loss resulting from a fire which emanates from a permanently attached cooking surface protected at the time of loss by an approved, charged, unexpired, and properly installed "Stove Top Fire Suppression System": | NIL |

D. VALUATION PROVISION: Replacement Cost applies as per NC R5 05 03 19, except as otherwise stated within the Replacement Cost Form, within this Coverage Declarations or elsewhere in this Policy.

E. REPORTING AND ADJUSTMENT: Reporting and adjustment for additions and deletions to this Policy, if required, will be made on an as requested basis.

F. ISSUING COMPANY:Third Coast Insurance Company.

G. DESIGNATED LOSS ADJUSTERS: Strata Claims Management, LLC, 8144 Walnut Hill Lane, Suite 1490, Dallas, TX 75231 (claims@strataclaims.com) will adjust each and every loss with all participating Insurers, unless otherwise designated by Strata Underwriting Managers.

EXCLUSION OF CERTIFIED ACTS AND OTHER ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

PROPERTY COVERAGE FORM NC R1 00 02 22

A. The following Exclusion is added:

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, except for ensuing fire, but only to the extent as required by state statute as indicated in item B., below.

Exclusion Of Certified Acts And Other Acts Of Terrorism

We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism" or an "other act of terrorism", including action in hindering or defending against an actual or expected incident of a "certified act of terrorism" or an "other act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

But with respect to any such activity that also comes within the terms of the War And Military Action Exclusion, that exclusion supersedes this Terrorism Exclusion.

In the event of an act of terrorism that involves nuclear reaction or radiation, or radioactive contamination, this Terrorism Exclusion supersedes the Nuclear Hazard Exclusion.

Exclusion Of Nuclear, Biological or Chemical Terrorism

We will not pay for loss or damage caused directly or indirectly by any act of terrorism:

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

including action in hindering or defending against an actual or expected incident of terrorism. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

In the event of any incident of terrorism that is not subject to this Nuclear, Biological or Chemical Terrorism Exclusion, coverage does not apply to any element of loss or damage that is otherwise excluded under this Coverage Part or Standard Property Policy.

But with respect to any such activity that also comes within the terms of the War And Military Action Exclusion, that exclusion supersedes this Terrorism Exclusion.

In the event of an incident of terrorism that involves nuclear reaction or radiation, or radioactive contamination, this Terrorism Exclusion supersedes the Nuclear Hazard Exclusion.

B. **Exception Covering Certain Fire Losses**

If a "certified act of terrorism" or an "other act of terrorism" results in fire, we will pay for the loss or damage caused by that fire, to the extent as required by state statute. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the exception does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form, if any.

**Third Coast Insurance Company
New Berlin, WI 53151**

C. The following definitions are added with respect to the provisions of this endorsement:

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

- a. The act resulted in insured losses in excess of \$10 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
- b. 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.

“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.

**Third Coast Insurance Company
New Berlin, WI 53151**

NC R1 00 02 22

PROPERTY COVERAGE FORM

Various provisions in this Policy restrict coverage. Read the entire Policy, including any endorsements, carefully to determine rights, duties and what is and is not covered. Words and phrases that appear in quotation marks have special meaning; refer to Section G. (Definitions).

A. INSURING AGREEMENT: The Company will pay for direct physical loss or damage to Covered Property at an Insured Location as described in the most recent Statement of Values caused by or resulting from a Covered Cause of Loss. Notwithstanding any other provision in this Policy, the Company will not pay for loss to Covered Property due to any "Diminution in Value", whether the Covered Property is repaired, partially repaired or not repaired.

B. COVERAGE: Coverage is provided for Covered Property and Covered Costs and Expenses, as described in Sections B.1. and B.2., for which the Named Insured has an insurable interest, unless excluded in Section C. Coverage applies only when a Sublimit of Insurance is shown in the Coverage Declarations for the specific type of Covered Property or Covered Costs and Expenses, except for Sections B.2. a., d., e., g. h. and i., which do not require a specific Sublimit of Insurance to be shown.

1. COVERED PROPERTY

a. Building(s) means the buildings or other structures at the Insured Location, including:

- (1) Completed additions including garages and detached carports;
- (2) Fixtures, including outdoor fixtures;
- (3) Machinery and equipment permanently attached to the building;
- (4) Personal property owned by the Named Insured that is used to maintain or service the buildings, structures or grounds; and
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the buildings or structures; and
 - (b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the Insured Location, used for making alterations or repairs to the buildings or structures.

Building(s) do not include "Outdoor Property" except as provided in Section B.1.h.

b. Business Personal Property located in or on the Buildings at the Insured Location or in the open (or in a vehicle) within 1,000 feet of the Insured Location, consisting of the following unless otherwise specified in the Coverage Declarations:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by the Named Insured and used in the Named Insured's business;
- (5) Labor, materials or services furnished or arranged by the Named Insured on personal property of others;
- (6) The Named Insured's use interest as tenant in improvements and betterments.

Improvements and betterments are fixtures, alterations, installations or additions:

- (a) Made a part of the buildings or structures occupied or leased, but not owned, by the Named Insured; and
- (b) Acquired or made at the Named Insured's expense but which the Named Insured is not permitted to remove.

Business Personal Property does not include:

- (1) "Electronic Data Processing Equipment" or "Electronic Data Processing Data and Media" except

**Third Coast Insurance Company
New Berlin, WI 53151**

as provided in Section B.1.c.;

- (2) Accounts Receivable except as provided in Section B.1.d.;
- (3) Valuable Papers except as provided in Section B.1.e.; or
- (4) "Fine Arts" except as provided in Section B.1.f.

c. "Electronic Data Processing Equipment" and "Electronic Data Processing Data and Media": This insurance applies to loss or damage to "Electronic Data Processing Equipment" and "Electronic Data Processing Data and Media" at or within 1,000 feet of the Insured Location.

d. Accounts Receivable: This insurance applies to loss or damage to the accounts receivable records of the Named Insured while at or within 1,000 feet of the Insured Location, including records stored on Electronic Data Processing Media. Credit card company charge records will be considered accounts receivable records until delivered to the credit card company.

(1) The Company will pay:

- (a) Amounts due the Named Insured from customers that the Named Insured is unable to collect because of loss or damage to the Named Insured's accounts receivable records;
- (b) Interest charges on any loan required to offset amounts the Named Insured is unable to collect because of loss or damage to the Named Insured's accounts receivable records, pending the Company's payment of these amounts;
- (c) Collection expenses in excess of the Named Insured's normal collection expenses that are made necessary by the loss; and
- (d) Other reasonable expenses that the Named Insured incurs to reestablish the Named Insured's records of Accounts Receivable.

(2) The following additional exclusions apply to Accounts Receivable:

The Company will not pay for loss or damage caused by or resulting from any of the following:

- (a) Bookkeeping, accounting or billing errors or omissions; and
- (b) Alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property but only to the extent of such wrongful giving, taking, obtaining or withholding.

(3) The Company will not pay for loss or damage that requires an audit of records or any inventory computation to prove its factual existence.

(4) In the event the Named Insured cannot accurately establish the amount of Accounts Receivable outstanding as of the time of loss, the following method will be used:

- (a) The Company will determine the total of the average monthly amounts of Accounts Receivable for the twelve (12) months immediately preceding the month in which the loss occurs;
- (b) The Company will adjust the total for any normal fluctuations in the amounts of Accounts Receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month; and
- (c) 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;
 - (ii) The amount of the accounts that the Named Insured is able to re-establish or collect;
 - (iii) An amount to allow for probable bad debts that the Named Insured is normally unable to collect; and
 - (iv) All unearned interest and service charges.

e. Valuable Papers and Records: This insurance applies to loss or damage to Valuable Papers and

**Third Coast Insurance Company
New Berlin, WI 53151**

Records while at or within 1,000 feet of the Insured Location. Coverage does not apply to Valuable Papers and Records that exist on electronic data processing media.

- f. **“Fine Arts”**: This insurance applies to loss or damage to “Fine Arts” while at or within 1,000 feet of the Insured Location.

- g. **Newly Constructed or Acquired Property**: This insurance applies to:

- (1) New buildings while being built at an Insured Location or on a newly acquired location including materials, equipment, supplies and temporary structures which are at or within 1,000 feet of the premises;
- (2) Buildings newly acquired by the Named Insured at locations other than an Insured Location;
- (3) Buildings the Named Insured becomes newly required to insure under a written contract; and
- (4) Personal Property of a type insured under this Policy at or within 1,000 feet of a newly acquired building or a newly acquired location.

Insurance under this Coverage for each Newly Constructed or Acquired Property will end when any of the following first occurs:

- (1) This Policy is cancelled, terminates or expires;
- (2) Ninety (90) days expire after the Named Insured acquires, begins to construct the building(s), or becomes newly required to insure the building(s) under a written contract;
- (3) The Named Insured reports the new values to the Company; or
- (4) The property is more specifically insured elsewhere.

The Company will charge the Named Insured additional premium for values reported from the date construction begins or the Named Insured acquires the property.

- h. **“Outdoor Property”**: This insurance applies to “Outdoor Property” at the Insured Location for loss or damage only by the following Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or civil commotion;
- (5) Vandalism or malicious mischief; or
- (6) Aircraft or vehicles.

This insurance also applies to the necessary and reasonable expense incurred by the Named Insured to remove debris of “Outdoor Property” at the Insured Location caused by or resulting from a Covered Cause of Loss listed above that occurs during the Policy period. Such expenses will be paid only if reported to the Company in writing within 180 days of the date of direct physical loss or damage. This will not increase the Sublimit of Insurance that applies to “Outdoor Property”.

- i. **Personal Effects of Officers and Employees of the Named Insured**: This insurance applies to the Personal Effects and “Fine Arts” owned by officers, partners or employees of the Named Insured. Such property must be located at or within 1,000 feet of the Insured Location. Payment for loss or damage to Personal Effects and “Fine Arts” will only be for the account of the owner of the property.
- j. **Covered Property At Undescribed Premises**: This insurance applies to:
- (1) Covered Property at an “Exhibition” including while in transit to and from the “Exhibition” site. Coverage for this property applies worldwide except within any country on which the United States government has imposed sanctions, embargoes or any other similar prohibitions.
 - (2) Covered Property that will or has become a permanent part of an installation project being performed for others by the Named Insured, or on the Named Insured’s behalf, while such property is at the installation premises or at other premises where the property is temporarily

Third Coast Insurance Company

New Berlin, WI 53151

stored. Coverage for this installation property applies only within the Policy Territory and will apply only until the Named Insured's interest in the property ceases, the installation is accepted, the installation is abandoned, or this Policy expires, terminates, or is cancelled, whichever occurs first.

- (3) Covered Property at any other premises within the Policy Territory which are not listed on the latest Statement of Values submitted to and accepted by the Company.

This Coverage does not apply to Personal Effects of Officers and Employees of the Named Insured, property while in transit, while waterborne, covered under Newly Constructed and Acquired Property, or otherwise covered elsewhere in this Policy or any other policy issued by the Company to the Named Insured.

- k. Covered Property in Transit:** This insurance applies to Covered Property in due course of transit to or from the Insured Location between points within the Policy Territory, including inland and coastal waters and air space. This Coverage will attach when the Covered Property leaves the initial point of shipment and will continue until the property is delivered at its destination. In the event the Covered Property is not deliverable or is rejected by the consignee, such property will be covered while in due course of transit back to the Named Insured and while temporarily being held by the receiver or carrier awaiting its return to the Named Insured.

The Company will also pay for:

- (1) Any general average or salvage charges incurred by the Named Insured as respects losses to waterborne shipments.
- (2) The Named Insured's contingent interest in shipments sold on a F.O.B. (Free On Board) basis but only in the event that any loss recoverable hereunder is not collectible from the consignee or any other insurance.
- (3) Loss of Covered Property occasioned by the unintentional acceptance of fraudulent bills of lading, shipping receipts or messenger receipts by the Named Insured or any agent, customer or consignee of the Named Insured.

This Coverage does not apply to:

- (1) Shipments by a government postal service except by registered mail;
- (2) Any export shipment once the earlier of the following occurs:
 - (a) The shipment is placed on the export conveyance; or
 - (b) Coverage under an Ocean Marine or other insurance policy covering the shipment begins;
- (3) Any import shipment until the later of the following occurs:
 - (a) The shipment is unloaded from the importing vessel or conveyance; or
 - (b) Coverage under an Ocean Marine or other insurance policy covering the shipment ends;
- (4) Theft from a conveyance or container while unattended unless the portion of the conveyance or container containing the Covered Property is fully enclosed and securely locked, and the theft is by forcible entry of which there is visible evidence;
- (5) Property of others for which the Named Insured is responsible while acting as a common or contract carrier, freight forwarder, freight consolidator, freight broker or public warehouseman; or
- (6) Personal Effects of Officers and Employees of the Named Insured or to Covered Property in due course of transit to or from an "Exhibition".

2. COVERED COSTS AND EXPENSES

a. Debris Removal

- (1) The Company will pay the necessary and reasonable expense incurred by the Named Insured to remove debris of Covered Property, other than "Outdoor Property", caused by or resulting from a Covered Cause of Loss that occurs during the Policy period. Such expenses will be paid only if reported to the Company in writing within 180 days of the date of direct physical loss or damage. Coverage for the expense to remove debris of "Outdoor Property" is included in the

**Third Coast Insurance Company
New Berlin, WI 53151**

Sublimits of Insurance provided separately under Section B.1.h. of this Coverage Form.

- (2) For this Debris Removal Coverage, the Company will pay up to 25% of:
- (a) The amount the Company pays for the direct physical loss or damage to the Covered Property; plus
 - (b) The deductible in this Policy applicable to that direct physical loss or damage.

This limit is part of and not in addition to the Limit of Insurance that applies to the lost or damaged Covered Property.

- (3) In no event will this Debris Removal Coverage apply to:
- (a) Costs to extract "Pollutants" from land or water; or
 - (b) Costs to remove, restore or replace polluted land or water.

b. Pollutant Cleanup and Removal: See Exclusion of Pollutants and Asbestos Form (NC R2 38 03 17) that is included in this Policy.

c. Claim Data Expense: The Company will pay the reasonable expenses incurred by the Named Insured in preparing claim data required by the Company. This includes the cost of taking inventories, making appraisals and preparing other documentation to show the extent of loss.

d. Fire Department Service Charge: When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, the Company will pay for any fire department service charges incurred by the Named Insured that are:

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

e. Fire Protective Equipment Discharge: If fire protective equipment discharges accidentally or to control a Covered Cause of Loss, the Company will pay the Named Insured's cost to:

- (1) Refill or recharge the system with the extinguishing agents that were discharged; and
- (2) Replace or repair faulty valves or controls that caused the discharge.

f. Ordinance or Law: If a Covered Cause of Loss causes direct physical loss or damage to Covered Property, and such direct physical loss or damage alone and directly causes the enforcement of an ordinance or law in force at the time of loss regulating the construction or repair of buildings or establishing zoning or land use requirements at the Insured Location, the Company will pay for:

- (1) **The loss to the undamaged portion of a covered building** at the Insured Location caused by such enforcement that requires the demolition of parts of the same property not damaged by a Covered Cause of Loss.

The most the Company will pay for loss or damage under this portion of Ordinance or Law coverage is the Sublimit of Insurance specified for Ordinance or Law – Undamaged Portion shown in the Coverage Declarations.

- (2) **The cost to demolish and clear the site of undamaged parts of the covered building** caused by such enforcement.

The Company will not pay more for loss or damage under this portion of Ordinance or Law coverage than the lesser of:

- (a) The amount the Named Insured actually spends to demolish and clear the site; or
- (b) The Sublimit of Insurance specified for Ordinance or Law – Demolition shown in the Coverage Declarations.

- (3) **The increased cost of repair or reconstruction of the Covered Property** caused by such enforcement when the Covered Property is insured for replacement cost. If the covered

Third Coast Insurance Company
New Berlin, WI 53151

building is repaired or reconstructed, it must be intended for similar occupancy as the current building, unless otherwise required by zoning or land use ordinance or law.

The Company will not pay for increased construction costs until the Covered Property is actually repaired or reconstructed by the Named Insured, at the same location or elsewhere, and unless the repair or replacement is made as soon as reasonably possible but not to exceed 365 days after the loss or damage occurs.

The most the Company will pay for loss or damage under this portion of Ordinance or Law coverage is the increased cost of repair or reconstruction:

- (a) Of a building of the same size and at the same premises, or another premises if required by the ordinance or law; and
- (b) Limited to the minimum requirements of such ordinance or law regulating the repair or reconstruction of the damaged property on the same site, which is not to exceed the Sublimit of Insurance specified for Ordinance or Law – Increased Cost of Construction shown in the Coverage Declarations.

(4) Ordinance or Law Coverages do not apply to:

- (a) "Vacant" buildings.
- (b) Any loss due to the Named Insured's failure to comply with any ordinance or law that the Named Insured was required to comply with before the loss, even if the Covered Property was undamaged.
- (c) Costs associated with the enforcement of any ordinance or law that requires the Named 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".
- (d) Costs associated with the enforcement of an ordinance or law where such enforcement is not the direct result of direct physical loss or damage to Covered Property, even if the enforcement of the ordinance or law results from an inspection of the Covered Property that sustained a Covered Cause of Loss.

g. Preservation of Property: If it becomes necessary to move Covered Property from an Insured Location to preserve it from loss or damage by a Covered Cause of Loss, the Company will pay for:

- (1) The necessary and reasonable expenses actually incurred by the Named Insured to remove the Covered Property from an Insured Location and to move the Covered Property back to an Insured Location; and
- (2) Any direct physical loss or damage to Covered Property while it is being moved from an Insured Location, while temporarily stored at another location or while it is being moved back to an Insured Location.

However, this Coverage will apply only if the loss or damage occurs within ninety (90) days after the property is first moved and will cease when the Policy is amended to provide insurance at the new location, the property is returned to the existing Insured Location, or this Policy is cancelled, terminates, or expires, whichever occurs first.

h. Protection of Property: The Company will pay the necessary and reasonable expenses actually incurred by the Named Insured to temporarily safeguard Covered Property against the threat of imminent direct physical loss or damage by a Covered Cause of Loss. This Coverage does not apply to any expenses to which the above Preservation of Property coverage applies.

i. Water, Other Liquids, Powder or Molten Material Damage: If covered loss or damage caused by or resulting from water or other liquid, powder or molten material damage occurs, the Company 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.

When a Sublimit of Insurance is specified in the Coverage Declarations for Water, Other Liquids, Powder or Molten Material Damage, that Sublimit of Insurance is the most the Company will pay under this Coverage. Otherwise, this coverage is provided subject to the Sublimit of Insurance that

Third Coast Insurance Company
New Berlin, WI 53151

applies to the covered water or other liquid, powder or molten material damage loss.

- j. **Lock and Key Replacement:** This Policy is extended to include coverage for the necessary expense to repair or replace exterior and interior door locks of a covered building at an Insured Location if:
1. the door keys are stolen in a covered theft loss; or
 2. as a result of insured physical damage to insured property and door keys are stolen by burglars

Such loss is insured under this section for up to \$1,000 per location per Occurrence, maximum \$5,000 in the aggregate annually for all locations insured. This extension of coverage is not subject to a deductible.

C. PROPERTY AND COSTS NOT COVERED: Unless the following property or costs are added by endorsement to this Policy, Covered Property and Covered Costs and Expenses do not include:

1. Currency, deeds or other evidences of debt, money, notes, checks, drafts, or securities;
2. Contraband or property in the course of illegal transportation or trade;
3. Water whether in its natural state or otherwise, above or below ground (except water normally contained in plumbing, the process of manufacture or fire protection equipment), watercourses, aquifers or the cost of reclaiming or restoring water;
4. Land whether in its natural state or otherwise (including land on which the property is located), land improvements, grain, hay straw or other harvested crops while outside of buildings, growing crops or standing timber;
5. The cost of excavations, grading, backfilling or filling;
6. Property sold by the Named Insured under an installment plan, conditional sale, trust agreement or other deferred payment plan after delivery to the purchasers;
7. Vehicles or self-propelled machines that:
 - (a) Are licensed for use on public roads; or
 - (b) Are operated principally away from the Insured Location;
8. Aircraft or watercraft;
9. Live animals or birds;
10. Bulkheads, pilings, piers, wharves, docks, dikes, dams, canals, sea walls or vehicular bridges;
11. Underground tanks, pipes, flues, drains or tunnels, all whether or not connected to buildings, mines or mining property;
12. Any "Electronic Data Processing Data and Media" which is obsolete or unused by the Named Insured;
13. Transmission and Distribution Lines and their lead-in wiring, masts, or towers;
14. Property that is covered under another coverage form or endorsement of any other policy in which it is more specifically described, except for the excess of the amount due (whether the Named Insured can collect on it or not) from that other insurance;
15. Any of the specific types of Covered Property described in Sections B.1.a. through B.1.k. of this Coverage Form for which a Sublimit of Insurance is not shown in the Coverage Declarations;

Third Coast Insurance Company
New Berlin, WI 53151

16. Any of the following Covered Costs and Expenses for which a Sublimit of Insurance is not shown in the Coverage Declarations:
- (a) Pollutant Clean Up and Removal, as described in Form NC R2 38 03 17 (EXCLUSION OF POLLUTANTS AND ASBESTOS FORM) included in this Policy;
 - (b) Claim Data Expense, as described in Section B.2.c.; or
 - (c) Ordinance or Law, as described in Section B.2.f.
17. The costs to repair or replace pre-existing loss or damage to any building or structure, or any resulting loss or damage, at any property where such pre-existing loss or damage was caused by, resulted from, or was contributed to by, any cause of loss, whether covered or uncovered, occurring prior to an Occurrence.
18. The Company will not pay for any expenses incurred, directed, or billed by or payable to public insurance adjusters or their associates or subsidiaries; expenses of preparing estimates, bids, proposals or similar documentation of property damage or loss, including but not limited to fees charged by engineers or other consultants fees charged by property management companies for overseeing, administering or managing (i) construction, repairs or replacements of property, or (ii) insurance claims; or any costs as provided in the General Conditions - Section C. (Appraisal).

D. EXCLUSIONS

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

a. EARTH MOVEMENT

- (1) Any earth movement (other than "Sinkhole Collapse") including earthquake, mine subsidence, landslide, erosion, the expansion or contraction of soil due to the presence of moisture or water, or the lack thereof, and any other earth sinking, rising, shifting or movement, all whether naturally occurring or due to manmade or other artificial causes.
However, if earth movement results in fire or explosion, the Company will pay for the loss or damage caused by that fire or explosion.
- (2) Volcanic eruption, explosion or effusion. However, if volcanic eruption, explosion or effusion results in "Volcanic Action" or fire, the Company will pay for the loss or damage caused by that "Volcanic Action" or fire.
All "Volcanic Action" that results from all volcanic eruptions or explosions that occur within any 168 consecutive hour period will constitute a single Occurrence.
- (3) Earthquake Sprinkler Leakage as defined in Form NC R2 04 03 17.

b. FLOOD: Flood meaning:

- (1) Flood, surface water, rising water, underground water, waves, tides, tidal waves, tsunamis, storm surge, overflow of any body of water, or their spray, all whether driven by wind or not ;
- (2) Mudslide or mudflow;
- (3) Release of water impounded by a dam, levee or dike or by a water or flood control device;
- (4) Water or sewage which backs up through sewers, drains or sumps;
- (5) The rising, overflowing or breaking of boundaries of natural or manmade bodies of water; or
- (6) The release of water caused by the Acts, Errors or Omissions by you or others in the design, specifications, workmanship, repair, construction, or renovation of all or any part of a water or flood control device, levee, dam or dike.

all whether naturally occurring or due to manmade or other artificial causes.

This exclusion will not apply to direct loss or damage from resulting fire, explosion or leakage from

**Third Coast Insurance Company
New Berlin, WI 53151**

fire protective equipment; however, the Company will be liable only for such resulting loss or damage.

- c. **GOVERNMENTAL ACTION:** Seizure or destruction of property by order of governmental authority except as provided for under Covered Costs and Expenses in Section B.2.f., Ordinance or Law. However, the Company 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 Coverage Form.
- d. **NUCLEAR HAZARD:** See Sections A, G, and H in the Exclusion Of Nuclear Energy Risks, War And Military Action, Electronic Data, Nuclear Hazard, Biological Agents, Toxic Materials and Radioactive Contamination Form (NC R2 39 04 16) that is included in this Policy.
- e. **WAR AND MILITARY ACTION:** See Section B., War And Military Action Exclusion Clause, in the Exclusion Of Nuclear Energy Risks, War And Military Action, Electronic Data, Nuclear Hazard, Biological Agents, Toxic Materials And Radioactive Contamination Form (NC R2 39 04 16) that is included in this Policy.
- f. **ELECTRONIC DATA AND COMPUTER VIRUS:** See Exclusion Of Nuclear Energy Risks, War And Military Action, Electronic Data, Nuclear Hazard, Biological Agents, Toxic Materials And Radioactive Contamination Form (NC R2 39 04 16) that is included in this Policy.
- g. **PROGRAMMING ERRORS OR OMISSIONS:** Programming errors, omissions or incorrect instructions to a machine.
- h. **ORDINANCE OR LAW:** The enforcement of any ordinance or law:
 - (1) Regulating the construction, use or repair of any property; or
 - (2) Requiring the tearing down of any property, including the cost of removing its debris;except as provided in Covered Costs and Expenses in Section B.2.f. (Ordinance or Law).

The Ordinance or Law exclusion applies whether the loss results from an ordinance or law that is enforced even if the property has not been damaged; or from the increased costs incurred to comply with an ordinance or law in the course of repair, construction, reconstruction, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

- i. **COLLAPSE OF BUILDINGS:** Collapse of buildings meaning an abrupt falling down or caving in of a building or substantial portion of a building with the result being that the building or substantial portion of a building cannot be occupied for its intended purpose.
 - (1) This exclusion will not apply to collapse of buildings if the collapse is caused by one or more of the following:
 - (a) A "Specified Cause of Loss";
 - (b) Decay or insect or vermin damage that is hidden from view, unless the presence of such decay or insect or vermin damage is known to the Named Insured prior to collapse;
 - (c) Weight of rain that collects on a roof;
 - (d) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after the construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in i. (1) (a) through (c) above, the Company will be liable for loss or damage caused by the collapse even if use of defective material or methods in construction, remodeling or renovation contributes to the collapse.

In the event collapse results in a Covered Cause of Loss, the Company will be liable only for such resulting loss or damage caused by that Covered Cause of Loss.

Third Coast Insurance Company
New Berlin, WI 53151

- (2) A building or portion of a building that:
 - (a) Is in imminent danger of abruptly falling down or caving in; or
 - (b) Suffers a substantial impairment of structural integrity;
is not considered a collapse but is considered to be in a state of imminent collapse.

- (3) As respects buildings in a state of imminent collapse, the Company will not pay for loss or damage unless the state of imminent collapse first manifests itself during the Policy period and is caused only by one or more of the following which occurs during the Policy period:
 - (a) Fire; lightning; explosion; Windstorm (including hail); aircraft or vehicles; riot or civil commotion; "Sinkhole Collapse"; weight of snow, ice or sleet; or
 - (b) Weight of rain that collects on a roof.

As respects "Electronic Data Processing Equipment" and "Electronic Data Processing Data and Media", only exclusions D.1.a. through h. apply. As respects Accounts Receivable, and Valuable Papers and Records, only exclusions D.1.a. through g. apply. As respects Property in the due course of transit, Exclusions D.1.a. and D.1.b. do not apply.

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

- a. Artificially generated electric current, including electric arcing, that disturbs electrical devices, equipment, appliances or wires. However, in the event artificially generated electric current results in fire or explosion, the Company will be liable only for such resulting loss or damage.

- b. Indirect or remote loss or damage; delay, loss of use or loss of market; or interruption of business.

- c.
 - (1) Wear and tear or depletion;
 - (2) Rust, corrosion, erosion, decay, deterioration, hidden or latent defect or any quality in the property that causes it to damage or destroy itself;
 - (3) Settling, cracking, shrinking, bulging or expansion;
 - (4) Nesting or infestation or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
 - (5) Mechanical or machinery breakdown, including rupture or bursting caused by centrifugal force; and
 - (6) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature;
 - (c) Changes in flavor or color, texture or finish; and
 - (d) Contamination, evaporation or leakage.

However, in the event an excluded cause of loss that is listed in 2.c. (1) through (6) above results in fire, explosion, smoke, "Water Damage", "Sinkhole Collapse", or falling objects, the Company will pay for the loss or damage caused by that fire, explosion, smoke, "Water Damage", "Sinkhole Collapse", or falling objects.

- d. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by the Named Insured, or operated under the Named Insured's control. However, if explosion of steam boilers, steam pipes, steam engines, or steam turbines results in fire or combustion explosion, the Company will pay for loss or damage caused by that fire or combustion explosion. The Company 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. Dishonest or criminal act by the Named Insured, any of the Named Insured's partners, employees (including leased employees), directors, trustees, authorized representatives or anyone (other than a carrier for hire or bailee) to whom the Named Insured entrusts the property for any purpose:
 - (1) Acting alone or in collusion with others; and
 - (2) Whether or not occurring during the hours of employment.

Third Coast Insurance Company
New Berlin, WI 53151

This exclusion does not apply to acts of destruction by the Named Insured's employees (including leased employees), but theft by the Named Insured's employees (including leased employees) is not covered.

- f. Rain, snow, sand, dust, ice, or sleet to personal property in the open (other than to property in the custody of a carrier for hire).
- g. The cost of correcting or making good the damage to personal property attributable to such property being processed, manufactured, tested or otherwise being worked upon.
- h. Voluntary parting with any property by the Named Insured or anyone else to whom the Named Insured has entrusted the property.
- i. Accumulated effects of smog, smoke, vapor, liquid or dust.
- j. If the building or leased premises where loss or damage has occurred has been "Vacant" for more than sixty (60) consecutive days before the loss or damage occurs, the Company will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss:
 - (1) Vandalism;
 - (2) Sprinkler leakage;
 - (3) Building glass breakage;
 - (4) Water Damage;
 - (5) Theft; or
 - (6) Attempted theft.
- k. Continuous or repeated seepage, leakage or flow of water that occurs over a period of fourteen (14) days or more.
- l. Shortage disclosed by audit or upon taking inventory or by a profit and loss statement or other instances where there is no physical evidence to show what happened to the property.
- m. "Cosmetic loss or damage"

As respects Accounts Receivable, Valuable Papers and Records, "Electronic Data Processing Equipment" and "Electronic Data Processing Data and Media" only the following exclusions in Section D.2 apply:

- (1) Exclusions c. (1), c. (6) (a) and c., (6) (b); but if mechanical breakdown not otherwise excluded results, the company will pay for that resulting loss or damage by mechanical breakdown; and
 - (2) Exclusions b., e., g., h. and l.
3. The Company will not pay for loss or damage caused by or resulting from any of the following:
- a. Weather conditions. However, this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in D.1 above to produce the loss or damage.

However, in the event weather conditions, as excluded above, result in a Covered Cause of Loss, this exclusion does not apply to loss or damage caused by that resulting Covered Cause of Loss.
 - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

However, in the event an act or decision or the failure to act or decide, as excluded above, results in a Covered Cause of Loss, this exclusion does not apply to loss or damage caused by that resulting Covered Cause of Loss.
 - c. Faulty, inadequate or defective:

**Third Coast Insurance Company
New Berlin, WI 53151**

- (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 an Insured Location.

However, in the event an excluded cause of loss that is listed in 3.c. (1) through 3.c. (4) above results in a Covered Cause of Loss, this exclusion does not apply to loss or damage caused by that resulting Covered Cause of Loss. However, the Company will not be liable for:

- (i) Any cost of correcting or making good the fault, inadequacy or defect itself, except as provided for fire extinguishing equipment under Section E.2. (Limitations) below; or
- (ii) Any cost incurred to tear down, tear out, repair or replace any part of any property to correct the fault, inadequacy or defect, except as specifically provided under the Water, Other Liquids, Powder or Molten Material Damage coverage in Section B.2.i. of this Coverage Form; or
- (iii) Any resulting loss or damage by a Covered Cause of Loss to the property that has the fault, inadequacy or defect until the fault, inadequacy or defect is corrected.

d. Windstorm (including Hail) and Named Storm in High Hazard Wind Counties:

1. Windstorm (including Hail) in counties identified as High Hazard Wind Counties as per NC R6 06 02 21 at any one Insured Location unless a Deductible value is included on the Statement of Values for Windstorm in High Hazard Wind Counties for such Insured Location.
2. Named Storm in counties identified as High Hazard Wind Counties as per NC R6 06 02 21 at any one Insured Location unless a Deductible value is included on the Statement of Values for Named Storm in High Hazard Wind Counties for such Insured Location.

4. For loss or damage caused by or resulting from water that leaks or flows from plumbing, heating, air conditioning or other equipment caused by or resulting from freezing, that is otherwise covered by this Policy, the Company will not pay for such loss or damage unless the Named Insured:
 - a. Does its best to maintain heat throughout the affected building; or
 - b. drain the equipment and shut off the supply if the heat is not maintained throughout the affected building.

E. LIMITATIONS

1. The Company will not pay for loss of or damage to property, as described and limited in this section. In addition, the Company will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
 - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. However, the Company 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.
 - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than explosion.
 - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

Third Coast Insurance Company
New Berlin, WI 53151

2. The Company will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. However, the Company will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:
 - a. Results in discharge of any substance from an automatic fire protections system; or
 - b. Is directly caused by freezing.

F. DEDUCTIBLES: When a deductible(s) is shown in the Coverage Declarations, refer to Section B. (Application of Deductibles) in the General Conditions.

G. DEFINITIONS

The following definitions apply to the defined terms wherever they appear in any form included in the Policy, unless the term is otherwise specifically defined in an endorsement to the Policy.

1. **“Actual Cash Value”** means the cost to repair, rebuild or replace the lost or damaged property, at the time and place of the loss, with other property of comparable size, material and quality, less allowance for physical deterioration, depreciation, obsolescence and depletion.
2. **“The Company”** or **“the Company”** means the company providing this insurance to a Named Insured for an Insured Location: Third Coast Insurance Company.
3. **“Cosmetic loss or damage”** means damage to any portion of the roof or siding coverings or appurtenances, roof insulation, HVAC equipment, doors, windows, awnings, carports, gutters or downspouts that alters only the physical appearance of any such item (including but not limited to marring, pitting, scratches or dents) but does not result in the failure of the item to perform its intended function for the remainder of its original, useful life. **Roof or siding coverings** means the roofing or siding material exposed to the weather, the underlayments applied for moisture protection, and all flashing and edging required in the replacement of the coverings. **Roof or siding appurtenances** include vents, flue covers, exhaust caps, pipe jacks, skylights, and chimney covers. However, “cosmetic loss or damage” does not include damage to asphalt shingle roof coverings.
4. **“Covered Cause of Loss”** means risks of direct physical loss or damage unless the loss or damage is excluded in Section D. (Exclusions); limited in Section E. (Limitations); excluded or limited in the Coverage Declarations or Statement of Values; or excluded or limited by endorsements or other policy forms.
5. **“Diminution in Value”** means the actual or perceived loss in market or resale value, and includes any actual or perceived loss in value resulting from replacement building components not matching undamaged building components.
6. **“Electronic Data Processing Data and Media”** means:
 - (a) Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells, or similar magnetic recording or storage devices;
 - (b) Data stored on such media; and
 - (c) Original programming materials used to enter data and/or program media.
7. **“Electronic Data Processing Equipment”** means electronic data processing equipment, facsimile machines, word processors, multi-functional telephone equipment, laptop and portable computers; related surge protection devices; and their component parts and peripherals used solely for data processing operations.
8. **“Excluded”** means not covered and not insured by the terms of this Policy.
9. **“Exhibition”** means the temporary display of personal property at a convention, exposition, trade show or similar event at a location not owned or regularly occupied by the Named Insured.
10. **“Fine Arts”** means paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass, bric-a-brac and similar property of rarity, historical value, or artistic merit.
11. **“Finished Stock”** means goods manufactured by the Named Insured that in the ordinary course of the Named Insured’s business are in their completed state and ready for sale. “Finished Stock” does not include goods manufactured by the Named Insured that are held for sale on the premises of any retail outlet insured under this Coverage Form.

Third Coast Insurance Company
New Berlin, WI 53151

12. **"Included"** means included in the Policy Limit.
13. **"Limit of Insurance"** means the maximum amount the Company will pay for loss or damage and is subject to amounts declared at each Insured Location as reflected in the latest Statement of Values.
14. **"Insured Location"** means any location (a) listed on the Statement of Values and agreed by the Company, (b) covered under Newly Constructed or Acquired Property, or (c) covered at undescribed Premises, all including the area within one thousand (1,000) feet of such location, all within the Territorial Limits of the Policy, it being understood that all listed locations may be comprised of more than one street address.
15. **"Named Insured"** means any owner, manager, operator and/or controller of an Insured Location that is identified as a Named Insured in the Policy, for and to the extent of its respective interest in the Insured Location.
- "Named Insured"** also includes any owner, manager, operator or controller of a Newly Constructed or Acquired Property that qualifies for coverage under the Policy, even if not identified as a Named Insured in the Policy, for and to the extent of its respective interest in the Newly Constructed or Acquired Property, but only until the first of any of the following occurs: (a) this Policy is cancelled, terminates or expires; (b) 120 days expire after the Named Insured acquires, begins to construct the building(s), or becomes newly required to insure the building(s) under a written contract; (c) the Named Insured reports the new values to the Company; or (d) the property is more specifically insured elsewhere.
16. **"Named Storm"** means a storm or weather disturbance that has been declared by the National Weather Service to be a hurricane, typhoon, tropical cyclone, tropical storm, or tropical depression.
17. **"Occurrence" or "Loss Occurrence"**
1. The term "Occurrence" or "Loss Occurrence" shall mean the sum of all individual losses directly occasioned by any one disaster, accident, or loss or series of disasters, accidents or losses arising out of one event which occurs within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another. However, the duration and extent of any one Occurrence shall be limited to all individual losses sustained occurring during any period of 168 consecutive hours arising out of and directly occasioned by the same event except that the term Occurrence shall be further defined as follows:
 - a. As regards Windstorm (including hail), Named Storm, including ensuing collapse and water damage, all individual losses sustained occurring during any period of 96 consecutive hours arising out of and directly occasioned by the same event. However, the event need not be limited to one state or states contiguous thereto.
 - b. As regards riot, riot attending a strike, civil commotion, vandalism, and malicious mischief, all individual losses sustained occurring during any period of 72 consecutive hours within the area of one municipality or county and the municipalities or counties contiguous thereto arising out of and directly occasioned by the same event. The maximum duration of 72 consecutive hours may be extended in respect of individual losses which occur beyond such 72 consecutive hours during the continued occupation of an assured's premises by strikers, provided such occupation commenced during the aforesaid period.
 - c. As regards earthquake (the epicenter of which need not necessarily be within the territorial confines referred to in the introductory portion of subparagraph 1) and fire following directly occasioned by the earthquake, only those individual fire losses which commence during the period of 168 consecutive hours may be included in the Occurrence.
 - d. As regards "freeze," only individual losses directly occasioned by collapse, breakage of glass and water damage (including but not limited to those caused by freezing and/or melting of ice, snow or sleet, or ice damming on a structure, or bursting of frozen pipes and tanks) may be included in the Occurrence.
 2. For all Occurrences, the Named Insured may choose the date and time when any such period of consecutive hours commences provided that it is not earlier than the date and time of the occurrence of the first recorded individual loss sustained arising out of that disaster, accident, or loss.
 3. Except for the Occurrence referred to in subparagraph b. above, only one such period of consecutive hours shall apply with respect to one event regardless of the duration of the event.
 4. However, as respects the Occurrence referred to in subparagraph b. above, if the disaster, accident,

Third Coast Insurance Company
New Berlin, WI 53151

or loss occasioned by the event is of greater duration than 72 consecutive hours, then the Named Insured may divide that disaster, accident, or loss into two or more Occurrences provided no two periods overlap and no individual loss is included in more than one such period and provided that no period commences earlier than the date and time of the occurrence of the first recorded individual loss sustained arising out of that disaster, accident, or loss.

5. No individual losses occasioned by an event that would be covered by the 96 or 72 hours provisions may be included in any Occurrence claimed under the 168 hours provision.
6. Losses arising, directly or indirectly, out of:
- a. loss of, alteration of, or damage to, or
 - b. a reduction in the functionality, availability or operation of:
 - a computer system, hardware, program, software, data, information repository, microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the policyholders of the reinsured or not, do not in and of themselves constitute an event or occurrence or catastrophe.

However, losses resulting from the perils of fire, lightning, explosion, aircraft or vehicle impact, falling objects, Windstorm (including hail), tornado, cyclone, Named Storm, earthquake, volcano, tsunami, Flood, freeze or weight of snow, subject to the terms and conditions of this Policy, will be treated as an event, occurrence or catastrophe in the normal manner.

- 18. "Outdoor Property"** means retaining walls not part of a building, lawns (including fairways, greens and tees), trees, shrubs, plants, bridges (excluding vehicular bridges), walks, roadways, patios or other paved surfaces, attached or detached solar panels, wood fences, detached signs, satellite dishes, and radio or television antennas, and their lead-in wiring, masts or towers.
- 19. "Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including but not limited to any smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste (whether recycled, reconditioned or reclaimed) which are designated as Pollutant(s) in listing(s) published by the United States Environmental Protection Agency (U.S.E.P.A.) or by any other governmental authority, or, if unlisted, exhibit(s) the characteristic(s) of ignitability, corrosivity, reactivity, or toxicity to a degree which would cause it (them) to be so listed if the subject were to be addressed by the U.S.E.P.A. or by any other governmental authority.
- 20. "Raw Stock"** means material in the state in which the Named Insured receives it for conversion by the Named Insured into "Stock in Process" or "Finished Stock".
- 21. "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:

- a. The cost of filling sinkholes; or
- b. Sinking or collapse of land into manmade underground cavities.

- 22. "Specified Cause of Loss"** means any of the following: fire; lightning; explosion; "Windstorm" (including hail); smoke, aircraft or vehicle; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "Sinkhole Collapse"; "Volcanic Action"; falling objects; weight of snow, ice or sleet; or Water Damage.

Falling objects does not include loss or damage to:

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

- 23. "Water Damage"** means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

**Third Coast Insurance Company
New Berlin, WI 53151**

- 24. "Statement of Values"** means a schedule attached to this Policy that lists for the property insured hereunder, information specific to each Insured Location, including the location name, address, deductible(s), and insurable values provided by the Named Insured. Additional information may be added by the Company such as deductibles, rates, premiums, etc. for each Insured Location.
- 25. "Stock"** means merchandise held in storage or for sale, "Raw Stock", "Stock in Process" or "Finished Stock" including supplies used in their packing or shipping.
- 26. "Stock in Process"** means "Raw Stock" which has undergone any aging, seasoning, mechanical or other process of manufacturing but which has not become "Finished Stock".
- 27. "Vacant"** means the following:

a. When the Named Insured is the owner, property manager or general lessee of a building, Vacant means more than 50% of the square footage of the entire building is not:

- (1) Rented to or occupied by a lessee or sub-lessee; or
- (2) Used by the building owner to conduct customary operations.

b. With respect to a unit or suite that is owned, rented or leased to the Named Insured, and not within a building to which a. above applies, Vacant means the unit or suite does not contain enough Business Personal Property to conduct customary operations.

However, buildings whether or not under construction or renovation are not considered Vacant until 60 days after the date the building has met the definition listed above. Further, Newly Constructed Buildings are not considered Vacant for a period of six (6) months after coverage attaches.

Additionally, duplexes that are occupied by one tenant or the owner or their representative are not considered Vacant regardless of percentage of square footage that is occupied.

- 28. "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.

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

- 29. "Windstorm"** means the direct action of wind, wind-driven precipitation, hail or sleet from any storm or weather condition.

BUSINESS INCOME COVERAGE FORM INCLUDING EXTRA EXPENSE FORM

Various provisions in this Policy restrict coverage. Read the entire Policy carefully, including any endorsements, to determine rights, duties and what is and is not covered. Words and phrases that appear in quotation marks have special meaning; refer to Section G., Definitions in this form and to Section G. (Definitions) in the Property Coverage Form.

A. COVERAGE: The Company will pay for the actual loss of Business Income and/or Rental Value sustained by the Named Insured due to the necessary "Suspension" of the Named Insured's "Operations" during the "Period of Restoration". The Company will also pay for the actual and necessary Extra Expense the Named Insured incurs during the "Period of Restoration". The "Suspension" and the Extra Expense must be caused by direct physical loss or damage to Covered Property, including personal property in the open (or in a vehicle) within 1,000 feet, at the Insured Location:

- Which is described in the most recent Statement of Values or Business Income Work Sheet(s) or other documentation on file with the Company and
- For which a value for the exposure at the premises to which this form applies has been reported.

The loss or damage must be caused by or result from a Covered Cause of Loss.

Coverage is provided as described below only when a Sublimit of Insurance is shown for the specified coverage in the Coverage Declarations.

1. Business Income: Business Income means the Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred by the Named Insured; and continuing normal operating expenses incurred by the Named Insured. However, Business Income does not include Rental Value.

Continuing normal operating expenses incurred by the Named Insured exclude "Ordinary Payroll Expenses" except when "Ordinary Payroll Expenses" are either included or limited to a specified number of days as indicated on the Coverage Declarations. If limited, the number of consecutive days during which coverage for "Ordinary Payroll Expenses" applies may be used in two separate periods during the "Period of Restoration". The Company will also pay for those continuing fixed charges and expenses, excluding "Ordinary Payroll Expenses" (unless otherwise included or limited), directly attributable to "Research and Development" activities even if the activities would not have produced income during the "Period of Restoration".

2. Rental Value: Rental Value means the:

- a. Total anticipated rental income;
 - b. Amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be the obligation of the Named Insured; and
 - c. Fair rental value of any portion of the Insured Location that is occupied by the Named Insured;
- less any operating expenses that do not continue from tenant occupancy of the premises as furnished and equipped by the Named Insured.

3. Extra Expense: Extra Expense means the following expenses incurred by the Named Insured that the Named Insured would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss:

- a. Reasonable and necessary expenses to avoid or minimize the "Suspension" of business and to continue "Operations":
 - (1) At the Insured Location; or
 - (2) At replacement premises or at temporary locations, including relocation expenses and costs to equip and operate the replacement premises or temporary locations;
- b. Reasonable and necessary expenses to minimize the "Suspension" of business if the Named Insured cannot continue "Operations"; and
- c. Reasonable and necessary expenses to:
 - (1) Repair or replace any property; or
 - (2) Research, replace or restore the lost information on damaged valuable papers and records;to the extent they reduce the amount of loss that otherwise would have been payable under this coverage form.

Third Coast Insurance Company
New Berlin, WI 53151

- 4. Leasehold Interest:** Leasehold Interest means the leasehold interest when property is rendered wholly or partially untenable due to any insured loss during the term of this Policy and a lease is cancelled by a party not insured by this Policy in accordance with the conditions of the lease or by statutory requirements of the appropriate jurisdiction in which the damaged property is located.

Coverage under this clause includes the pro-rata portion from the date of loss to the expiration date of the lease (to be paid without discount) on the Named Insured's interest in:

- a. The amount of the bonus paid by the Named Insured for the acquisition of the lease not recoverable under the terms of the lease;
- b. Improvements and betterments to real property which are not insured under any other section of this Policy;
- c. The amount of advance rental paid by the Named Insured and not recoverable under the terms of this lease.

The Company shall indemnify the Named Insured for its Lease Interest for the first three months following the loss or damage and for its Net Lease Interest for the remaining unexpired term of the lease, provided that the Company shall not be liable for any increase in the amount recoverable hereunder resulting from the suspension, lapse, or cancellation of any license, or from the Named Insured exercising an option to cancel the lease; or from any act or omission of the Named Insured which constitutes a default under the lease; and provided further that the Named Insured shall use any suitable property or service owned or controlled by the Named Insured or obtainable from another source to reduce the loss hereunder.

- B. ADDITIONAL COVERAGE EXTENSIONS:** Each of the following Additional Coverage Extensions applies only when a Sublimit of Insurance is shown in the Coverage Declarations except for items 1. and 2., which do not require a specific Sublimit of Insurance to be shown:

- 1. Civil Authority:** The insurance provided by this coverage form is extended to apply to such loss and expense incurred by the Named Insured caused by the action of civil authority that prohibits access to the Insured Location due to direct physical loss or damage to property, other than at the Insured Location, caused by or resulting from a Covered Cause of Loss.

Coverage for Business Income and/or Rental Value will begin twenty four (24) hours after the time of the civil authority action and will then apply for a period of up to thirty (30) consecutive days.

No other hour deductible applicable to Business Income and/or Rental Value applies to this coverage.

Coverage for Extra Expense will begin immediately after the action of the civil authority and will end on the later of the following:

- a. Thirty (30) days after the date of the civil authority action; or
- b. The date Business Income and/or Rental Value coverage ends.

- 2. Extended Business Income or Rental Value:** If the necessary "Suspension" of the Named Insured's "Operations" produces a Business Income or Rental Value loss payable under this Policy, the insurance provided by this coverage form is extended to apply to such loss of Business Income or Rental Value incurred by the Named Insured during the period that:

- a. Begins on the date property (except "Finished Stock") is actually repaired, rebuilt or replaced and "Operations" are resumed or tenantability is restored; and
- b. Ends on the earlier of:
 - (1) The date the Named Insured could restore "Operations", with reasonable speed, to the level which would generate the Business Income amount or Rental Value amount that would have existed if no direct physical loss or damage had occurred; or
 - (2) Ninety (90) consecutive days after the date determined in 2. a. above.

However, this Additional Coverage Extension does not apply to loss of Business Income or Rental Value incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss

**Third Coast Insurance Company
New Berlin, WI 53151**

in the area where the Insured Location is located.

Loss of Business Income or Rental Value must be caused by direct physical loss or damage to property at the Insured Location, the premises of a "Dependent Property", Newly Acquired Premises or Undescribed Premises, all only as insured under this coverage form, caused by or resulting from a Covered Cause of Loss.

The expiration date of this Policy will not cut short the extended Business Income or Rental Value period of coverage.

- 3. "Dependent Property":** The insurance provided by this coverage form is extended to apply to such loss and expense incurred by the Named Insured during the "Period of Restoration" due to direct physical loss or damage by a Covered Cause of Loss to property at the premises of a "Dependent Property" within the Policy Territory.

This Additional Coverage Extension does not apply to "Dependent Property" for which the Named Insured has more specific insurance either under this Policy or another.

4. Ordinance or Law – Increased "Period of Restoration"

- a. If a Covered Cause of Loss causes direct physical loss or damage to Covered Property, and such direct physical loss or damage alone and directly causes the enforcement of an ordinance or law in force at the time of loss regulating the construction or repair of buildings or establishing zoning or land use requirements at the Insured Location, the "Period of Restoration" is increased to include the additional period of "Suspension" of "Operations" caused by or resulting from such enforcement.
- b. Insurance under this Additional Coverage Extension applies only to the increased period required to repair or replace the property to comply with the minimum requirements of the ordinance or law.
- c. Under this Additional Coverage Extension, the Company will not pay for:
 - (1) Any loss due to any ordinance or law that:
 - (a) The Named Insured was required to comply with before the loss, even if the property was undamaged; and
 - (b) The Named Insured failed to comply with.
 - (2) Costs associated with the enforcement of any ordinance or law which requires any Named Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "Pollutants".
 - (3) Costs associated with the enforcement of an ordinance or law where such enforcement is not the direct result of direct physical loss or damage to Covered Property, even if the enforcement of the ordinance or law results from an inspection of the Covered Property that sustained a Covered Cause of Loss.

5. Newly Acquired Premises

- a. The insurance provided by this coverage form is extended to apply to such loss and expense incurred by the Named Insured during the "Period of Restoration" due to direct physical loss or damage by a Covered Cause of Loss to property within the Policy Territory at any:
 - (1) Premises newly acquired by the Named Insured; and
 - (2) Premises the Named Insured becomes newly required to insure under a written contract.
- b. Insurance under this Additional Coverage Extension for each premise will end when any of the following first occurs:
 - (1) This Policy is cancelled, terminates or expires;
 - (2) Ninety (90) days expire after the Named Insured acquires or begins to construct the property or is required to insure the property under a written contract;
 - (3) The Named Insured reports the new premises to the Company; or
 - (4) The Business Income, Rental Value or Extra Expense is more specifically insured elsewhere.
- c. The Company will charge the Named Insured additional premium for values reported from the date the

Third Coast Insurance Company

New Berlin, WI 53151

Named Insured acquires the property or is required to insure the property.

- 6. Undescribed Premises:** The insurance provided by this coverage form is extended to apply to such loss and expense incurred by the Named Insured during the "Period of Restoration" due to direct physical loss or damage by a Covered Cause of Loss to Covered Property, as described in the Property Coverage Form, while at an Undescribed Premises. Undescribed Premises means premises not owned, leased or regularly operated by the Named Insured. Covered Property at an Undescribed Premises does not include:
- Property at the premises of "Dependent Property";
 - Property in due course of transit; or
 - Property at any premises outside of the Policy Territory. However, this exclusion does not apply to Covered Property at an "Exhibition", unless the "Exhibition" is within any country on which the United States government has imposed sanctions, embargoes or any other similar prohibitions.

- C. CLAIM DATA EXPENSE:** This insurance applies to the reasonable expenses incurred by the Named Insured in preparing claim data when required by the Company to establish the extent of Business Income loss, Rental Value loss and/or Extra Expense. This includes the cost of preparing income statements and other documentation to show the extent of the loss.

D. EXCLUSIONS

- All of the exclusions contained in Section D. of the Property Coverage Form apply to this coverage form except:
 - Exclusion 1.h. (Ordinance or Law), is amended by the addition of the following:

This exclusion does not apply to the Ordinance or Law – Increased "Period of Restoration" Additional Coverage Extension.
 - Exclusion 2.b. (Indirect or remote loss or damage; delay, loss of use or loss of market; or interruption of business), does not apply to the extent coverage is specifically provided under this coverage form.
- In addition, the Company will not pay for:
 - Any loss caused by or resulting from:
 - Damage or destruction of "Finished Stock"; or
 - The time required to reproduce "Finished Stock".This exclusion does not apply to Extra Expense.
 - Any loss caused by or resulting from direct physical loss or damage to outdoor trees, shrubs, plants or lawns (including fairways, greens and tees); growing crops; standing timber; land; water; wood fences; attached or detached solar panels, or radio or television antennas (including microwave satellite dishes), and their lead-in wiring, masts or towers.
 - Any loss or damage to property while in due course of transit.
 - Any increase of loss caused by or resulting from:
 - 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
 - Any license, lease or contract which is suspended, lapses or is cancelled. However, if the license, lease or contract is suspended, lapses or is cancelled as the direct result of the "Suspension" of "Operations", the Company will cover such loss that affects the Named Insured's Business Income or Rental Value during the "Period of Restoration" and the period of Extended Business Income or Rental Value.
 - Any Extra Expense caused by or resulting from any suspended, lapsed or cancelled license, lease or contract beyond the "Period of Restoration".
 - Any other consequential loss.
 - Any expenses incurred, directed, or billed by or payable to public insurance adjusters or their associates or subsidiaries; expenses of preparing estimates, bids, proposals or similar documentation of property damage or loss, including but not limited to fees charged by engineers or other consultants; fees charged by property management companies for overseeing, administering or managing (i) construction, repairs or replacements of property, or (ii) insurance claims; or any costs as provided in General Conditions - Section C. (Appraisal).

Third Coast Insurance Company
New Berlin, WI 53151

- E. LIMITATIONS:** Limitations contained in Section E. of the Property Coverage Form apply to this coverage form. In addition, the following limitation applies:

Limitation – “Electronic Data Processing Data and Media”

The Company will not pay for any loss of Business Income or Rental Value caused by direct physical loss or damage to “Electronic Data Processing Data and Media” after the longer of:

1. Sixty (60) consecutive days from the date of direct physical loss or damage; or
2. The period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild or replace, with reasonable speed and similar quality, other property at the Insured Location which suffered loss or damage in the same Occurrence.

This limitation does not apply to Extra Expense.

F. DEDUCTIBLES

When a deductible(s) is shown in the Coverage Declarations, refer to Section B. (Application of Deductibles) in the General Conditions.

- G. ADDITIONAL CONDITION:** The following condition applies in addition to the conditions contained in the General Conditions:

Loss Determination

1. The amount of Business Income or Rental Value loss will be determined based on:
 - a. The Net Income or Rental Value of the business before the direct physical loss or damage occurred;
 - b. The likely Net Income or Rental Value of the business if no direct physical loss or damage had occurred, but not including any likely increase in Net Income or Rental Value attributable to an increase in the volume of business as a result of favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
 - c. The operating expenses, including “Ordinary Payroll Expenses” to the extent insured, necessary to resume “Operations” with the same quality of service that existed just before the direct physical loss or damage; and
 - d. Other relevant sources of information, including:
 - (1) The financial records and accounting procedures of the Named Insured;
 - (2) Bills, invoices and other vouchers; and
 - (3) Deeds, liens, contracts or leases.
2. The amount of Extra Expense will be determined based on:
 - a. All reasonable and necessary expenses that exceed the normal operating expenses that would have been incurred by “Operations” during the “Period of Restoration” if no direct physical loss or damage had occurred. The Company will deduct from the total of such expenses:
 - (1) The salvage value that remains of any property bought for temporary use during the “Period of Restoration”, once “Operations” are resumed; and
 - (2) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
 - b. All reasonable and necessary expenses that reduce the Business Income or Rental Value loss that otherwise would have been incurred.
3. The Company will reduce the amount of the Named Insured’s:
 - a. Business Income or Rental Value loss, to the extent the Named Insured can resume “Operations” in whole or in part, by using:
 - (1) Damaged or undamaged property (including merchandise or stock) at the Insured Location or elsewhere; or
 - (2) Any other available sources of materials or outlets for the Named Insured’s products.
 - b. Extra Expense loss to the extent the Named Insured can return “Operations” to normal and discontinue such Extra Expense.

**Third Coast Insurance Company
New Berlin, WI 53151**

4. If the Named Insured intends to continue the Named Insured's business, the Named Insured must resume "Operations", in whole or in part, as quickly as possible. If the Named Insured does not resume "Operations", or does not resume "Operations" as quickly as possible, the Company will pay based on the length of time it would have taken to resume "Operations" as quickly as possible.

H. DEFINITIONS: The following definitions are in addition to those contained in the Property Coverage Form:

1. **"Dependent Property"** means property operated by others that the Named Insured depends on to:
 - a. Supply materials or services to the Named Insured, or to others for the account of the Named Insured (Contributing Locations). With respect to Contributing Locations, services do not mean utility services including but not limited to water supply services, communication supply services, or power supply services supplying electricity, steam or gas;
 - b. Accept the Named Insured's products or services (Recipient Locations);
 - c. Manufacture products for delivery to the Named Insured's customers under contract of sale (Manufacturing Locations); or
 - d. Attract customers to the Named Insured's business (Leader Locations).
2. **"Exhibition"** means the temporary display of personal property at a convention, exposition, trade show or similar event at a location not owned or regularly occupied by the Named Insured.
3. **"Operations"** means:
 - a. The Named Insured's business activities occurring at the Insured Location; and
 - b. The tenantability of the Insured Location when coverage for Rental Value applies.
4. **"Ordinary Payroll Expenses"** means payroll expenses for all employees of the Named Insured except: Officers; Executives; Department Managers; Employees Under Contract; and any Additional Exemptions for which coverage is added by endorsement for specific Job Classifications or Employees. "Ordinary Payroll Expenses" include:
 - a. Payroll;
 - b. Employee benefits, if directly related to payroll;
 - c. FICA and Medicare payments;
 - d. Union dues; and
 - e. Worker's compensation premiums.
5. **"Period of Restoration"**
 - a. Except as provided in paragraphs b. and c. below, "Period of Restoration" means the period of time that:
 - (1) Begins with the date and time of direct physical loss or damage to property at the Insured Location caused by or resulting from a Covered Cause of Loss; and
 - (2) Ends on the earlier of the following:
 - (a) The date when the property 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. If:
 - (1) The direct physical loss or damage by a Covered Cause of Loss is to any of the following property at premises to which this insurance applies:
 - (a) New buildings or structures, whether complete or under construction;
 - (b) Alterations or additions to existing buildings or structures; or
 - (c) Machinery, equipment, supplies or building materials on or within 1,000 feet of the premises that are used in the construction, alterations or additions, or incidental to the occupancy of the buildings; and
 - (2) Such direct physical loss or damage delays the start of "Operations"; the "Period of Restoration" for Business Income or Rental Value will be the same length of time provided in a. above, but will not begin until the date when "Operations" would have begun if the direct physical loss or damage had not occurred. This change in the start of the "Period of Restoration" does not apply to Extra Expense.

**Third Coast Insurance Company
New Berlin, WI 53151**

- c. When a number of hours is shown in the deductible item in the Coverage Declarations for Business Income or Rental Value, the "Period of Restoration" will not begin until that number of hours immediately following the date and time the "Period of Restoration" would otherwise have begun, as described in a. and b. above. This deductible does not apply to Extra Expense.
 - d. "Period of Restoration" does not include any increased period required due to the enforcement of any ordinance or law that:
 - (1) Regulates the construction or repair of buildings or establishes zoning or land use requirements at the Insured Location, except as provided under the Ordinance or Law – Increased "Period of Restoration" Additional Coverage Extension; or
 - (2) Requires any Named 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"; or
 - (3) Is not the direct result of direct physical loss or damage to Covered Property, even if the enforcement of the ordinance or law results from an inspection of the Covered Property that sustained a Covered Cause of Loss.
 - e. The expiration date of this Policy will not cut short the "Period of Restoration".
6. **"Research and Development"**: means the development of new products and enhancements of existing products. "Research and Development" does not mean the maintenance of existing products.
7. **"Suspension"** means:
- a. The partial or complete cessation of the Named Insured's business "Operations"; or
 - b. That a part or all of the Insured Location is rendered untenable, if coverage for Rental Value is provided.

EXCLUSION OF POLLUTANTS AND ASBESTOS FORM

Pollutants Exclusion AND LIMITED COVERAGE

This insurance does not insure land, atmosphere or any watercourse or body of water, whether above or below ground.

It is further agreed that this insurance does not insure loss, cost, damage or expense caused by, resulting from, contributed to or made worse by any of the following whether to property of the Named Insured or arising out of or resulting from the liability of the Named Insured, or the alleged liability of the Named Insured, or the defense of the Named Insured for property of others in the care, custody or control of the Named Insured (whether actual or constructive) or otherwise and except as provided in this form regardless of any other cause or event, whether or not dominant, which contributes concurrently or in any sequence to the loss.

- (1) Actual, alleged, or threatened release, discharge, seepage, migration, escape or dispersal of Pollutant(s) (as defined hereinafter), all whether direct or indirect, proximate or remote, sudden, accidental or gradual, or in whole or in part caused by, resulting from, contributed to or made worse by any physical loss or damage insured by this Policy.
However, if fire and/or explosion are covered, this insurance covers, subject to all of its terms, conditions and limitations, direct physical loss or damage by fire or explosion to property insured which results from the foregoing. In addition, this insurance covers loss or damage directly caused by the actual contact of property insured by this Policy with Pollutant(s) when such actual contact of insured property with Pollutant(s) results directly from unfriendly fire (as defined hereinafter), smoke from unfriendly fire, lightning, explosion, aircraft and objects falling therefrom, leakage or collision, upset or overturn of transporting conveyance but only to the extent that these perils are not excluded by this Policy.
- (2) The enforcement, direction or request of any civil or governmental authority regulating the test for, monitoring, prevention, control, removal, tearing down, demolition, disposal, treatment, clean-up, decontamination, detoxification, neutralization or containment of Pollutant(s), or the restoration, construction, reconstruction or replacement of property contaminated by Pollutant(s).
- (3) Any fines, penalties, compensatory damages, punitive damages, or any other damages, awards or settlements adjudged against the Named Insured by any civil or judicial body, or board of arbitration, nor any sums which the Named Insured shall voluntarily agree to pay to any third party(ies), nor any legal fees or other costs of defense of legal actions, claims, or proceedings and appeals arising out of or attributable to any loss, damage or expense caused by or resulting from Pollutant(s).

It is further agreed that if this Policy does cover the cost of the removal of debris of insured property damaged or destroyed by a Covered Cause of Loss, or the liability of the Named Insured for the cost of the removal of debris of the insured property or the cost of defense of the Named Insured for the removal of debris of insured property, this insurance shall not be liable for the expense to:

- (i) extract or remove Pollutant(s) from the debris; or
- (ii) extract or remove Pollutant(s) from land, atmosphere or any watercourse or body of water, whether above or below ground; or
- (iii) remove, restore or replace contaminated or polluted land, atmosphere or any watercourse or body of water, whether above or below ground; or
- (iv) remove or transport any property or debris to a site for storage or decontamination required because the property or debris is affected by Pollutant(s), whether or not such removal, transportation, or decontamination is required by law or regulation; or
- (v) store any property or debris requiring specialized storage because the property or debris is affected by Pollutant(s), whether or not such storage is required by law or regulation;

regardless of any other cause or event, whether or not dominant, which contributes concurrently to or in any sequence to the loss, damage or expense.

Third Coast Insurance Company New Berlin, WI 53151

It is further agreed that this exclusion does not apply to the costs the Named Insured incurs to clean up or remove Pollutant(s) from land, water or air at an Insured Location if the discharge, dispersal, seepage, migration, release or escape of the Pollutant(s) is caused by or results from fire, explosion, smoke, or leakage from fire extinguishing equipment that occurs during the Policy period.

The costs will be paid only if they are reported in writing within 180 days of the date the peril occurred which caused or resulted in the discharge, dispersal, seepage, migration, release or escape of the Pollutant(s).

The Company will not be liable for the costs to test for, monitor, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of Pollutant(s), other than for testing that is performed during the clean up or removal of the Pollutant(s) from the land, water or air.

This limited coverage does not apply if the discharge, dispersal, seepage, migration, release or escape of Pollutant(s) occurred prior to the inception date of this Policy.

For the purpose of this insurance, Pollutant(s) means any solid, liquid, gaseous or thermal irritant or contaminant substance, including but not limited to any smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste (whether recycled, reconditioned or reclaimed) which are designated as Pollutant(s) in listing(s) published by the United States Environmental Protection Agency (U.S.E.P.A.) or by any other governmental authority, or, if unlisted, exhibit (s) the characteristic(s) of ignitability, corrosivity, reactivity, or toxicity to a degree which would cause it (them) to be so listed if the subject were to be addressed by the U.S.E.P.A. or by any other governmental authority.

For the purposes of this insurance, "unfriendly fire" means a fire which becomes uncontrolled or breaks out from where it was intended to be.

ASBESTOS EXCLUSION AND LIMITED COVERAGE

A. This Policy only insures asbestos physically incorporated in an insured building or structure, and then that part of the asbestos which has been physically damaged during the Policy period by one of the following Listed Perils: Fire; Explosion; Lightning; Windstorm (including hail); Collapse; Water Damage; Direct impact of a vehicle, aircraft, or vessel; Riot or civil commotion; vandalism or malicious mischief; or accidental discharge of fire protective equipment.

This coverage is subject to all limitations in the Policy to which this form is attached and, in addition, to each of the following specific conditions and limitations:

1. The said building or structure must be insured under this Policy for damage by that Listed Peril.
2. The Listed Peril must be the immediate, sole cause of the damage to the asbestos.
3. The Named Insured must report to the Company, in writing, the existence of the damage to the asbestos as soon as practicable after the Listed Peril first damaged the asbestos. However this Policy does not insure any such damage first reported to the Company more than 365 days after this Policy expires, terminates, or is cancelled.
4. Insurance provided under this Policy in respect of asbestos shall not include any sum relating to:
 - i. any faults in the design, manufacture, or installation of the asbestos.
 - ii. asbestos not physically damaged by the Listed Peril, including any government or regulatory authority, direction or request of whatsoever nature relating to undamaged asbestos.

B. The most the Company will pay for loss or damage for any one Insured Location which is attributed to the presence or possible presence of asbestos or caused by or resulting from asbestos, including but not limited to costs to test for, survey, monitor or assess the existence, concentration or effects of asbestos, costs to prepare abatement protocols or plans, and costs of asbestos removal and abatement, as limited in item A, is: **\$25,000** for any one Insured Location, in the aggregate, during any one Policy period.

C. Except as set forth in the foregoing Sections **A** and **B**, this Policy does not insure asbestos or any sum relating thereto, including any loss, damage, expense or increased cost caused by, resulting from, contributed to or made worse by asbestos.

EXCLUSION OF NUCLEAR ENERGY RISKS, WAR AND MILITARY ACTION, ELECTRONIC DATA, NUCLEAR HAZARD, BIOLOGICAL AGENTS, TOXIC MATERIALS AND RADIOACTIVE CONTAMINATION FORM

This modifies the insurance provided under this Policy.

A. NUCLEAR ENERGY RISKS EXCLUSION

This Policy excludes Nuclear Energy Risks whether such risks are written directly and/or via Pools and/or Associations.

For all purposes of this Policy Nuclear Energy Risks shall mean all first party and/or third party insurances in respect of:

- I. All Property, on the site of a nuclear power station.
Nuclear Reactors, reactor buildings and plant and equipment therein on any site other than a nuclear power station.
- II. All Property, on any site (including but not limited to the sites referred to in I. above) used or having been used for:
 - (a) The generation of nuclear energy; or
 - (b) The Production, Use or Storage of Nuclear Material.
- III. Any other Property eligible for insurance by the relevant local Nuclear Insurance Pool and/or Association but only to the extent of the requirements of that local Pool and/or Association.
- IV. The supply of goods and services to any of the sites, described in I. through III. above, unless such insurances shall exclude the perils of irradiation and contamination by Nuclear Material.

Except as undernoted, Nuclear Energy Risks shall not include:

- (i) Any insurance in respect of the construction or erection or installation or replacement or repair or maintenance or decommissioning of Property as described in I through III above (including contractors' plant and equipment);
- (ii) Any Machinery Breakdown or other Engineering insurance not coming within the scope of (i) above.

Provided always that such insurance shall exclude the perils of irradiation and contamination by Nuclear Material.

However, the above exemption shall not extend to:

1. The provision of any insurance whatsoever in respect of:
 - (a) Nuclear Material;
 - (b) Any Property in the High Radioactivity Zone or Area of any Nuclear Installation as from the introduction of Nuclear Material or - for reactor installations - as from fuel loading or first criticality where so agreed with the relevant local Nuclear Insurance Pool and/or Association.
2. The provision of any insurance or reinsurance for the undernoted perils:
 - (a) Fire, lightning, explosion;
 - (b) Earthquake;
 - (c) Aircraft and other aerial devices or articles dropped therefrom;
 - (d) Irradiation and radioactive contamination;
 - (e) Any other peril insured by the relevant local Nuclear Insurance Pool and/or Association;
in respect of any other Property not specified in 1 above which directly involves the Production, Use or Storage of Nuclear Material as from the introduction of Nuclear Material into such Property.

Third Coast Insurance Company New Berlin, WI 53151

Definitions

"Nuclear Material" means:

- (i) Nuclear fuel, other than natural uranium and depleted uranium, capable of producing energy by a self-sustaining chain process of nuclear fission outside a Nuclear Reactor, either alone or in combination with some other material; and
- (ii) Radioactive Products or Waste.

"Radioactive Products or Waste" means any radioactive material produced in, or any material made radioactive by exposure to the radiation incidental to the production or utilization of nuclear fuel, but does not include radioisotopes which have reached the final stage of fabrication so as to be usable for any scientific, medical, agricultural, commercial or industrial purpose.

"Nuclear Installation" means:

- (i) Any Nuclear Reactor;
- (ii) Any factory using nuclear fuel for the production of Nuclear Material, or any factory for the processing of Nuclear Material, including any factory for the reprocessing of irradiated nuclear fuel; and
- (iii) Any facility where Nuclear Material is stored, other than storage incidental to the carriage of such material.

"Nuclear Reactor" means any structure containing nuclear fuel in such an arrangement that a self-sustaining chain process of nuclear fission can occur therein without an additional source of neutrons.

"Production, Use or Storage of Nuclear Material" means the production, manufacture, enrichment, conditioning, processing, reprocessing, use, storage, handling and disposal of Nuclear Material.

"Property" shall mean all land, buildings, structures, plant, equipment, vehicles, contents (including but not limited to liquids and gases) and all materials of whatever description whether fixed or not.

"High Radioactivity Zone or Area" means:

- (i) For nuclear power stations and Nuclear Reactors, the vessel or structure which immediately contains the core (including its supports and shrouding) and all the contents thereof, the fuel elements, the control rods and the irradiated fuel store; and
- (ii) For non-reactor Nuclear Installations, any area where the level of radioactivity requires the provision of a biological shield.

B. WAR AND MILITARY ACTION EXCLUSION

Notwithstanding any provision to the contrary within this Policy or any endorsement thereto it is agreed that this Policy excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss:

1. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
2. any act of terrorism.

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

This clause also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to 1 and/or 2 above.

Third Coast Insurance Company New Berlin, WI 53151

If the Company determines that by reason of this exclusion, any loss, damage, cost or expense is not covered by this Policy the burden of proving the contrary shall be upon the Named Insured.

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

C. ELECTRONIC DATA

1. Electronic Data Exclusion

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- (a) This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of Electronic Data from any cause whatsoever (including but not limited to Computer Virus) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

"Electronic Data" means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programs, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment. "Computer Virus" means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. Computer Virus includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

- (b) However, in the event that a peril listed below results from any of the matters described in paragraph (a) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage occurring during the Policy period to property insured by this Policy directly caused by such listed peril.

Listed Perils

Fire
Explosion

2. Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows: Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost of the blank media plus the costs of copying the Electronic Data from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling such Electronic Data. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such Electronic Data to the Named Insured or any other party, even if such Electronic Data cannot be recreated, gathered or assembled.

All other terms and conditions remain unaltered.

D. BIOLOGICAL AGENTS EXCLUSION

This insurance does not apply to loss or damage:

- which is a biological agent;
- which is in any way attributed to the presence of a biological agent; or
- caused by or resulting from a biological agent;

Regardless of any other cause that directly or indirectly:

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

Third Coast Insurance Company New Berlin, WI 53151

- worsens;
- the loss or damage, even if such cause or event would otherwise be covered.

This exclusion does not apply to loss or damage which is attributed to the presence of or caused by or resulting from mold, mildew or other fungi, or any mycotoxins, spores or other byproducts of any of them:

- as the direct result of a cause or event that is not otherwise excluded under this Policy; and
- provided such loss or damage is reported to the Company, in writing, before the Policy expires, terminates or is cancelled, and within thirty (30) days of the date that the Named Insured first discovered, or in the exercise of reasonable care should have discovered, the loss or damage.

As respects this exclusion, the following definition applies:

Biological Agent means any:

- bacteria;
- mildew, mold, wet rot, dry rot, or other fungi;
- other microorganism;
- any mycotoxins, spores or other by-products of any of the foregoing;
- viruses or other pathogens (whether or not a microorganism); or
- colony or group of any of the foregoing.

E. LIMITED COVERAGE FOR MOLD, MILDEW, WET ROT, DRY ROT, AND OTHER FUNGI:

The most the Company will pay for loss or damage that is attributed to the presence of or caused by or resulting from mold, mildew, wet rot, dry rot or other fungi, or any mycotoxins, spores or other byproducts of any of them is: \$5,000 for any one Insured Location, in the aggregate, during each Policy period.

F. TOXIC MATERIALS EXCLUSION

This Policy does not insure loss or expense resulting from the actual, alleged or threatened release or escape of any solid, liquid or gaseous material that is toxic or poisonous to humans or animals ("Toxic Materials"), including but not limited to dioxin, polychlorinated biphenyls and lead.

This exclusion also applies to:

1. The removal of Toxic Materials from any structure, fixture, item of personal property or product;
2. Any demolition or increased cost of construction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating Toxic Materials;
3. Any governmental direction declaring that Toxic Materials present in or part of or utilized on any undamaged portion of the Named Insured's property can no longer be used for the purpose for which it was intended or installed and must be removed or modified.

This exclusion applies regardless of any other cause or event that contributes concurrently or in sequence to any such loss, damage or expenses.

G. RADIOACTIVE CONTAMINATION and NUCLEAR EXCLUSION

This Policy does not cover:

1. Loss or destruction of or damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss;
2. Any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from
 - (a) Ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion on nuclear fuel
 - (b) The radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

**Third Coast Insurance Company
New Berlin, WI 53151**

H. BIOLOGICAL, CHEMICAL, NUCLEAR, RADIOLOGICAL

Without qualification, this Policy does not insure loss, damage, business income, expense cost, or any other interest or obligation directly or indirectly resulting from or arising out of or in any way related to the following regardless of any other cause or event that in any way contributed concurrently or in any sequence to the loss claimed by the Named Insured.

1. The unlawful possession, use, release, discharge, dispersal or disposal of any chemical bacteriological, viral, radioactive or similar agents or matter regardless of who is responsible for the act and whether war be declared or not.
2. The unlawful possession, use, release, discharge, detonation, dispersal or disposal of any device or material capable of producing a nuclear reaction or the spread of radioactivity, regardless of who is responsible for the act and whether war be declared or not.

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA FORM

This modifies the insurance provided under this Policy.

- A.** The exclusion set forth in Paragraph B. below applies to all coverage under all forms and endorsements that comprise this Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover Business Income, Extra Expense, Rental Value or Action of Civil Authority.
- B.** The Company will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
- C.** With respect to any loss or damage subject to the exclusion in Paragraph B. above, such exclusion supersedes any exclusion relating to "Pollutants".
- D.** The terms of the exclusion in Paragraph B. above, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Policy.

GENERAL CONDITIONS

All coverages included in this Policy are subject to the following conditions.

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

B. APPLICATION OF DEDUCTIBLES

1. Any deductibles that apply are specified in the Coverage Declarations or in the forms or endorsements attached to this Policy.

2. Dollar Deductibles

When the deductible that applies is specified as a dollar amount, the Company will not pay for loss or damage to which the deductible applies until the amount of loss or damage, after applying any applicable Sublimits of Insurance, exceeds the specified deductible amount. The Company will then pay the covered amount of the loss or damage in excess of the specified deductible, up to the applicable Limit of Insurance or Sublimit of Insurance.

3. Percentage Deductibles

When the deductible that applies is specified as a percentage, the Company will not pay for loss or damage to which the deductible applies until the amount of the loss or damage, after applying any applicable Sublimits of Insurance, exceeds the specified percentage deductible. The Company will then pay the covered amount of the loss or damage in excess of the percentage deductible, up to the applicable Limit of Insurance or Sublimit of Insurance.

Percentage deductibles will be calculated as a percentage of Total Insured Value shown on the Statement of Values on file with the Company (including Buildings, Structures, Business Personal Property, Business Income/Rental Value and Extra Expense) for the Insured Location involved in the loss.

4. When both a percentage deductible and a dollar deductible are specified together as applicable to a coverage or exposure applying at an Insured Location in any one Occurrence, the percentage deductible will be calculated and applied as described above in Condition B.3. The dollar deductible, however, is the minimum amount the Company will deduct at each Insured Location in any one Occurrence for all loss or damage to which the deductible applies.

When a maximum dollar deductible is specified as applicable, the specified maximum deductible is the most the Company will deduct in any one Occurrence for all loss or damage to which the deductible applies.

5. Hour Deductibles

If the deductible for Business Income or any other time element coverage is specified in hours, the Company will not be liable for any loss incurred during the specified number of hours immediately following the start of the "Period of Restoration" or other applicable period during which incurred loss would otherwise be covered. The Company will then pay the amount of loss incurred for the remainder of the "Period of Restoration" or other applicable period during which incurred loss is covered, up to the Limit of Insurance or any applicable Sublimit.

6. Two or More Deductibles in Any One Occurrence

If any causes of loss, coverages or types of property insured against under this Policy are subject to separate deductibles and two or more of those causes of loss, coverages and/or types of property are involved in any one Occurrence, each cause of loss, coverage and type of property loss will be adjusted separately. However, the total of the deductible amounts applied will not exceed the highest deductible amount applied in that

**Third Coast Insurance Company
New Berlin, WI 53151**

Occurrence for any one involved cause of loss, coverage or type of property.

This provision does not apply to:

- a. Earth Movement, Earthquake, Earthquake Sprinkler Leakage, Flood, Windstorm (including hail) or Named Storm deductibles; or
- b. Any hour deductible

7. Application of Earth Movement, Earthquake, Earthquake Sprinkler Leakage, Flood, and Boiler and Machinery Deductibles

Any deductible shown on the Coverage Declarations for a cause of loss listed below applies only with respect to loss or damage to which the corresponding cause of loss form applies:

- a. Earth Movement;
- b. Earthquake;
- c. Earthquake Sprinkler Leakage;
- d. Flood; or
- e. Boiler and Machinery.

These deductibles do not apply to any loss or damage by these causes of loss that is covered in the absence of such forms, such as fire or explosion that results from earth movement.

8. Any Other Covered Loss Deductible

Unless otherwise specifically stated in this Policy, the deductible shown in the Statement of Values for "any other covered loss" applies to all causes of loss, coverages and types of property insured against under this Policy for which no deductible is specifically shown in the Coverage Declarations or in the forms or endorsements attached to this Policy, except Extra Expense.

C. APPRAISAL

If the Company and the Named Insured disagree on the value of the property or the amount of loss and mutually agree to resolve the disagreement through an appraisal, an appraisal of the loss may be conducted.

Each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days after their mutual agreement to conduct an appraisal of the loss. The two appraisers will select an umpire. If they cannot agree upon an umpire within 15 days, then, at the request of either the Company or the Named Insured, and after providing at least 10 days' notice of hearing to the non-requesting party by (i) certified mail and (ii) facsimile or e-mail, selection of the umpire will be made by a judge of a district court in the county where the loss occurred. The appraisers will state separately the value of the property and amount of loss. If the appraisers submit a written report of agreement to the Named Insured and the Company, the amounts agreed upon will be the value of the property and the amount of loss. The amounts agreed upon will be binding on both parties. If the appraisers fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding on both parties.

Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, the Company will still retain its right to apply the exclusions, limitations and other terms and conditions of the Policy, including but not limited to its right to deny the claim.

D. CANCELLATION AND NONRENEWAL

1. Cancellation

- a. The first Named Insured listed in the Policy may cancel this Policy by mailing or delivering to the Company advance written notice of cancellation. For locations NOT in the High Hazard Wind Counties form # NC R6 03 17, if the Named Insured cancels this Policy or removes an Insured Location, the

**Third Coast Insurance Company
New Berlin, WI 53151**

short rate return premium may be as high as 90% of the applicable pro-rata premium subject to any Minimum Earned Premium stipulations in the Policy.

- b. The Company may cancel this Policy by mailing or delivering to the first Named Insured listed in the Policy written notice of cancellation at least:
 - (1) Ten (10) days before the effective date of cancellation if the Company cancels for nonpayment of premium; or
 - (2) Thirty (30) days before the effective date of cancellation if the Company cancels for any other reason.
- c. The Company will mail or deliver notice to the last mailing address known to the Company for the first Named Insured listed in the Policy.
- d. Notice of cancellation will state the effective date of cancellation. If the Policy is cancelled, that date will become the end of the Policy period. Cancellation will not affect coverage on any shipment in transit on the date of the cancellation. Coverage will continue in full force for such property in transit until it is delivered and accepted.
- e. If this Policy is cancelled, the Company will send to the first Named Insured listed in the Policy any premium refund due. This refund will be pro rata. The cancellation will be effective even if the Company has not made or offered a refund.
- f. If notice is mailed, proof of mailing will be sufficient proof of notice.
- g. If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended to be equal to the minimum period of limitation permitted by such law.

2. Nonrenewal

In the event the Company decides not to renew this Policy, the Company will mail or deliver to the first Named Insured written notice of the nonrenewal not less than Thirty (30) days before the expiration date.

- E. CHANGES:** The Policy terms can be amended or waived only by written endorsement or individual Coverage Declarations issued as part of this Policy by the Company or by Strata Underwriting Managers on behalf of the Company.
- F. FRAUDULENT CLAIM CLAUSE:** If the Named Insured shall make any claim knowing the same to be fraudulent, as regards amount or otherwise, this Policy may become voidable and the claim in question shall be forfeited.
- G. CONCEALMENT, MISREPRESENTATION OR FRAUD:** This Policy is void as to a Named Insured in any case of fraud by that Named Insured as it relates to this Policy at any time. It is also void as to a Named Insured if that Named Insured, at any time, whether before or after a loss, conceals or misrepresents a material fact concerning:
 - 1. This Policy;
 - 2. The Covered Property;
 - 3. The Named Insured's interest in the Covered Property or an Insured Location; or
 - 4. A claim under this Policy.
- H. CONTROL OF PROPERTY:** Any act or neglect of any person other than the Named Insured beyond the direction or control of the Named Insured will not affect this insurance. The breach of any condition of this Policy at any one or more Insured Locations will not affect coverage at any Insured Location where, at the time of loss or damage, the breach of condition does not exist.
- I. CURRENCY:** It is understood and agreed that all amounts used herein are in the currency of the United States of America and that premiums and losses are payable in United States currency. In the event of a loss adjustment involving foreign currency, the conversion into the currency of the United States of America will be at the rate of exchange quoted in *The Wall Street Journal* as of the date of the loss.
- J. EXAMINATION OF THE NAMED INSURED'S BOOKS AND RECORDS:** The Company may examine and audit the Named Insured's books and records as they relate to this Policy at any time during the Policy period and up to three (3) years afterward.

**Third Coast Insurance Company
New Berlin, WI 53151**

K. INSPECTIONS AND SURVEYS

The Company has the right but is not obligated to:

1. Make inspections and surveys at any time;
2. Give the Named Insured reports on the conditions found resulting therefrom; and
3. Recommend changes.

Neither the right to make inspections, nor the making thereof, nor any Insured Location analysis, nor any advice or reports resulting therefrom will imply any liability, or constitute an undertaking on behalf of or for the benefit of the Named Insured. Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged and do not imply that any property is free of pre-existing damage. The Company does not make safety inspections. The Company does not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. In addition, the Company does not warrant that the conditions are safe, healthful or in compliance with any law, rule, regulation, code or standard.

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

L. LEGAL ACTION AGAINST THE COMPANY: No one may bring a legal action against the Company under this Policy unless:

1. There has been full compliance with all of the terms of this Policy by the Named Insured; and
2. The action is brought in the United States of America, in a court having proper jurisdiction, within two (2) years and one (1) day after the date on which the cause of action accrues.

M. LIBERALIZATION: If the Company adopts any revision that would broaden the coverage under this Policy without additional premium, within forty five (45) days prior to or during the Policy period, the broadened coverage will immediately apply to this Policy.

N. SUBLIMITS OF INSURANCE: The most the Company will pay for all loss or damage for any one Occurrence under this Policy is the Policy Limit shown in the Coverage Declarations, subject to any applicable Limit of Insurance or Sublimits of Insurance. Sublimit(s) of Insurance shown in the Coverage Declarations, Schedule(s), Coverage Form(s) or endorsement(s) are included within, and do not increase, the applicable Limit of Insurance or Policy Limit.

O. LOSS PAYMENT

1. In the event of loss or damage to property covered by this Policy, at the option of the Company, the Company will either:
 - a. Pay the value of lost or damaged property;
 - b. Pay the cost of repairing or replacing the lost or damaged property with property of comparable size, material and quality subject to 2. below;
 - c. Take all or any part of the property at an agreed or appraised value; or
 - d. Repair, rebuild, or replace the property with other property of comparable, size, material and quality subject to 2. below.
2. Except as otherwise specifically provided in this Policy, the cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
3. The Company will give notice of its intentions within fifteen (15) business days after the Company receives all items, statements, and forms required by the Company to secure a final proof of loss.
4. The Company will not pay the Named Insured more than the Named Insured's financial interest in the Covered Property.
5. The Company may adjust losses with the owners of lost or damaged property if other than the Named

Third Coast Insurance Company New Berlin, WI 53151

Insured. If the Company pays the owners, such payments will satisfy the Named Insured's claims against the Company for the owner's property. The Company will not pay the owners more than their financial interest in the Covered Property.

6. The Company may elect to defend the Named Insured against suits arising from claims of owners of property. The Company will do this at its own expense.
7. The Company will pay for covered loss or damage within twenty (20) business days after the Company receives the signed, sworn proof of loss it requires, if
 - a. The Named Insured has complied with all of the terms of this Policy; and
 - b. The Company has:
 - (1) reached agreement with the Named Insured on the amount of loss,
 - (2) received an appraisal award, or
 - (3) received all items, statements, and forms required by the Company to secure a proof of loss.
8. At the option of the Company, the Company may make a partial payment toward any claims, subject to the Policy provisions and the Company's normal adjustment process. To be considered for a partial claim payment, the Named Insured must submit a partial sworn proof of loss with supporting documentation. Any applicable Policy deductibles must be satisfied before any partial payments are made.
9. If two or more of this Policy's coverages apply to the same loss or damage, the Company will not pay more than the actual amount of the loss or damage.

P. MORTGAGEE INTERESTS AND OBLIGATIONS:

Loss or damage, if any, as covered under this Policy, will be payable to each mortgagee (or trustee) designated herein in order of their precedence as their interests may appear. With respect to the mortgagee's (or trustee's) interest, this insurance will not be invalidated by any act of the Named Insured (mortgagor or owner), nor by any foreclosure or other similar proceedings or notice of sale relating to the property, nor by any change in title or ownership of the property, provided that:

1. In the event the Named Insured (mortgagor or owner) has neglected to pay any premium due under this Policy, the mortgagee (or trustee), at the request of the Company, pays the same;
2. The mortgagee (or trustee) has notified the Company of any change in ownership, occupancy or increase in the risk at the Insured Location or hazards known to the mortgagee (or trustee) and, at the request of the Company, pays the premium for such increased risk at the Insured Location or hazards; and
3. The mortgagee (or trustee) submits a signed, sworn proof of loss within sixty (60) days after having been notified by the Company that the Named Insured (mortgagor or owner) has failed to do so.

In the event the Company pays the mortgagee (or trustee) for any loss or damage covered under this Policy and therefore claims that as to the Named Insured (mortgagor or owner) no liability existed, the Company will be subrogated to all the rights, to the extent of such payment, of the party to whom such payment was made. The Company may, at the Company's option, pay to the mortgagee (or trustee) the whole principal due plus any accrued interest. Thereupon, the Company will receive a full assignment and transfer of the mortgage and other such securities and the remaining mortgage debt will be payable by the Named Insured (mortgagor or owner) to the Company.

The Company reserves the right to cancel this Policy at any time as provided by its terms but, in such case, this Policy will continue in force for the benefit only of the mortgagee (or trustee) for ten (10) days after notice to the mortgagee (or trustee) of cancellation for nonpayment of premium or thirty (30) days after notice to the mortgagee (or trustee) of cancellation for any other reason. In the event the Company elects not to renew this Policy, the Company will give written notice to the mortgagee (or trustee) at least thirty (30) days prior to the expiration of this Policy.

- Q. NO BENEFIT TO BAILEE:** No person or organization, other than the Named Insured, having custody of Covered Property will benefit from this insurance.

**Third Coast Insurance Company
New Berlin, WI 53151**

R. NO REDUCTION BY LOSS: Except with respect to any aggregate limit(s) or aggregate Sublimit(s) of Insurance in this Policy, it is mutually understood and agreed that the amount of insurance will not be reduced by the payment of losses under this Policy.

S. NOTICE OF LOSS AND DUTIES IN THE EVENT OF LOSS OR DAMAGE

1. As a condition precedent to coverage under this Policy, the Named Insured must see that the following are done in the event of loss or damage:
 - a. Notify the police if a law may have been broken.
 - b. Give the Company prompt written notice of the loss or damage. Notice should include a description of the property involved, and a description of how, when, and where the loss or damage occurred.
 - c. Promptly make claim in writing against any other party that had custody of the Covered Property at the time of loss.
 - d. Take all reasonable steps to protect the Covered Property from further damage, and keep a record of expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, the Company 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.
 - e. At the request of the Company, give the Company complete inventories of the damaged and undamaged property, including quantities, costs, values and amount of loss claimed.
 - f. As often as may be reasonably required, permit the Company to inspect the property and records proving the loss or damage and examine the Named Insured's books and records.
 - g. Permit the Company to take samples of damaged and undamaged property for inspection, testing and analysis and permit the Company to make copies from the Named Insured's books and records.
 - h. Send the Company a signed, sworn proof of loss containing the information that the Company requests to investigate the claim. The Named Insured must do this within sixty (60) days after the Company's request. The Company will supply the Named Insured with the necessary forms.
 - i. Cooperate with the Company in the investigation or settlement of the claim.
2. The Company may examine any Named Insured under oath, while not in the presence of any other Named Insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including a Named Insured's books and records. In the event of an examination, a Named Insured's answers must be signed.

T. OTHER INSURANCE

1. Underlying Insurance

Permission is granted to the Named Insured to purchase insurance on all or any part of the deductibles of this Policy, and the existence of such underlying insurance will not prejudice any recovery otherwise payable under this Policy. If the limits of such underlying insurance exceed the deductible which would apply under this Policy, then the insurance provided by this Policy will apply only as excess after the limits applicable to the underlying insurance, including that portion which exceeds such deductible, have been exhausted.

2. Excess Insurance

Permission is granted to the Named Insured to have excess insurance over the Limit(s) of Insurance set

Third Coast Insurance Company

New Berlin, WI 53151

forth in this Policy without prejudice to this Policy. The existence of such insurance will not reduce the Company's liability under this Policy.

Except: Permission for Excess Insurance is not granted without the Company's prior approval for Insured Locations located in High Hazard Wind Counties as identified in NC R6 06 02 21 when Windstorm coverage is provided.

3. Other Insurance Subject to Same Plan, Terms, Conditions and Provisions

In the event the Named Insured has other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Policy, the Company will pay its share of the covered loss or damage. The Company's share is the proportion that the applicable Limit of Insurance under this Policy bears to the Limits of Insurance of all insurance covering on the same basis.

If there is other insurance covering the same loss or damage, other than that described above, the Company will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether the Named Insured can collect on it or not. However, the Company will not pay more than the applicable Limit of Insurance.

U. POLICY PERIOD AND TERRITORY: Under this Policy, the Company will cover loss or damage that commences during the Policy period as specified in the Common Policy Declarations and, except as otherwise specifically provided, within the Policy Territory. The Policy Territory is the United States of America (including its territories and possessions).

V. RECOVERED PROPERTY: Salvages and all recoveries shall be first deducted from such loss to arrive at an amount of liability attaching hereunder. In the event either the Named Insured or the Company recovers any property after loss settlement, that party must give the other prompt notice. Such recovery shall be applied as if recovered or received prior to the aforesaid settlement. At the option of the Named Insured, the property will be returned to the Named Insured. The Named Insured must then return to the Company the amount the Company paid to the Named Insured for the property.

The Company will pay (1) the recovery expenses and (2) the costs to repair the recovered property. However, the amount that the Company pays will not exceed the total of (1) and (2) above.

W. SUBROGATION AND SUBROGATION WAIVER

1. Subrogation – Transit

The following subrogation provisions apply to any transit coverage provided under this Policy:

- a. If any person or organization to or for whom the Company makes payment under any transit coverage provisions of this Policy has rights to recover damages from another, those rights are transferred to the Company to the extent of such payment. That person or organization must do everything necessary to secure the Company's rights and must do nothing after the loss to impair them.
- b. Insurance under the transit coverage provisions will be null and void if any Named Insured does any act or enters into any agreement, before or after loss, which in any way releases, impairs or destroys the right to recover against any carrier for hire, or other party liable for the loss, or transfers such right to anyone other than the Company. Even if the transit coverage becomes null and void, the Company has the right to retain and recover the premium for this coverage. The Named Insured does have permission to accept the limited liability form receipts or bills of lading commonly used by carriers for hire without prejudice to this coverage. The Company is not liable however, for any loss that is settled or compromised without the written consent of the Company.
- c. If the Company pays for loss or advances or loans money under the transit coverage, the Named Insured will, upon request and at the expense of the Company, make claim upon and institute legal proceedings against any carrier, bailee or other party liable for the loss. At the option of the Company,

Third Coast Insurance Company New Berlin, WI 53151

such claims or legal proceedings may be instituted in the name of the Named Insured. The Named Insured agrees to fully cooperate with the Company in making such claims and prosecuting such legal proceedings.

2. Subrogation – All Other Coverages

If any person or organization to or for whom the Company makes payment under this Policy has rights to recover damages from another; those rights are transferred to the Company to the extent of such payment. That person or organization must do everything necessary to secure the Company's rights and must do nothing after the loss to impair them. The Company will be entitled to priority of recovery against any such third party (including interest) to the extent payment has been made by the Company, plus attorney's fees, expenses or costs incurred by the Company.

However, the Named Insured may waive its rights against another party by specific written agreement:

- a. Prior to a loss to Covered Property.
- b. After a loss to Covered Property or Covered Income only if, at the time of loss, that party is one of the following:
 - (1) Someone insured by this insurance;
 - (2) A business firm owned or controlled by the Named Insured or that owns or controls the Named Insured;
 - (3) The Named Insured's tenant;
 - (4) The Named Insured's Mortgagee; or
 - (5) A unit owner in a Named Insured's Condominium Association

Such waiver will not invalidate or restrict this insurance.

- X. TRANSFER OF THE NAMED INSURED'S RIGHTS AND DUTIES UNDER THIS POLICY:** The Named Insured's rights and duties under this Policy may not be transferred except in the case of death of an individual Named Insured. If an individual Named Insured dies, the Named Insured's rights and duties will be transferred to the Named Insured's legal representative but only while acting within the scope of duties as the Named Insured's legal representative. Until the Named Insured's legal representative is appointed, anyone having proper temporary custody of the Named Insured's property will have rights and duties but only with respect to that property.
- Y. UNINTENTIONAL ERRORS IN DESCRIPTION:** No inadvertent error, omission or failure in making reports or other data hereunder shall prejudice the Named Insured's right of recovery, but shall be corrected when discovered.
- Z. JOINT LOSS ADJUSTMENT WITH THE BOILER & MACHINERY (EQUIPMENT BREAKDOWN) INSURER:** In the event of loss or damage to property at an Insured Location insured under this Policy and also insured in a separate Boiler & Machinery insurance policy and there is a disagreement between the insurers with respect to:
- A. Whether such loss or damage is insured against by this Policy or by such Boiler & Machinery insurance policy, or
 - B. The extent of participation of this Policy and of such Boiler & Machinery insurance policy in a loss which is insured against partially or wholly or by any or all of said policies,

The Company shall, upon written request of the Named Insured, pay to the Named Insured one-half (1/2) of the amount of the loss which is in disagreement but in no event more than the Company would have paid if there had been no Boiler & Machinery insurance policy in effect, subject to the following conditions:

1. The amount of the loss which is in disagreement, after making provisions for any undisputed claims payable under the said policies and after the amount of the loss is agreed upon by the Named Insured and the Insurers, is limited to the minimum amount remaining payable under either the Boiler & Machinery policy or the Policy.
2. The Boiler & Machinery insurance company shall simultaneously pay to the Named Insured one-

**Third Coast Insurance Company
New Berlin, WI 53151**

half (1/2) of said amount which is in disagreement, but in no event more than the Boiler & Machinery insurance company would have paid if there had been no property policy in effect, and also limited to the minimum amount remaining payable under either the Boiler & Machinery policy or this Policy.

3. The payments by the insurers hereunder and acceptance of the same by the Named Insured signifies the agreement of the Named Insured to submit to and proceed with arbitration within ninety (90) days of such payments.
The arbitrators shall be three in number, one of whom shall be appointed by the Boiler & Machinery insurance company, one whom shall be appointed by the Company, and the third appointed by consent of the other two. The decision by the arbitrators shall be binding on the insurers and judgment upon such award may be entered in any court of competent jurisdiction.
4. The Named Insured agrees to cooperate in connection with such arbitration, but not to intervene therein.
5. This provision shall not apply unless such other policy issued by the Boiler & Machinery insurance company is similarly endorsed.
6. Acceptance by the Named Insured of sums paid pursuant to the provisions.

AA. PRIORITY OF PAYMENTS / STEPDOWN / DROPDOWN: Primary. Any recoveries made under this Policy shall first apply to loss or damage not insured against by the excess policy(ies). Upon exhaustion of this Policy's limit, the excess policy(ies) shall step down and be liable for the loss in excess of the amount attributed to this Policy as respects loss or damage insured thereunder subject to the excess policy(ies) limits.

Excess: The amount of loss from any one Occurrence, for which the excess policy(ies) is excess, shall be determined by the combined loss, damage and expense, as insured under the primary policy. In the event of loss or damage involving more than one coverage or peril, the Limits of Liability of the underlying policies shall first apply to the coverage(s) or peril(s) not insured by the excess policy(ies), and the remainder, if any, to the coverage(s) or peril(s) as provided by the excess policy(ies). Upon erosion or exhaustion of the Limits of Liability of the underlying policy(ies), the excess policy(ies) shall then be liable for the loss uncollected from the coverage(s) or peril(s) insured by the underlying policy(ies), subject to the Limit of Liability specified herein. In the event of reduction or exhaustion of the aggregate limit(s) designated in the underlying policy(ies), it is hereby understood and agreed that such insurance as is afforded by the excess policy(ies) shall apply in excess of the reduced or exhausted underlying limit(s).

BB. APPORTIONMENT CLAUSE: In the event that any policies providing excess coverage above this Policy's Limits of Insurance insure different perils or interest, and the amount of the net loss after application of deductibles exceeds the Limits of Insurance of this Policy, then this Policy shall allocate any loss recoveries made hereunder in the same proportion as the amount of loss or damage insured by each excess policy bears to the combined total loss.

CC. LENDER LOSS PAYABLE PROVISIONS: For Covered Property in which both the Named Insured and a Loss Payee shown in the Statement of Values or elsewhere in the policy have an insurable interest, the Company will:

1. Adjust losses with the Named Insured; and
2. Pay any claim for loss or damage jointly to the Named Insured and the Loss Payee, as their interests may appear.

Lender's Loss Payable

1. The Loss Payee shown in the schedule or in the elsewhere in the Policy is a creditor, including a mortgagee or trustee, whose interest in the Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements; or
 - e. Mortgages, deeds of trust, or security agreements.
2. For Covered Property in which both the Named Insured and a Loss Payee have an insurable Interest:

**Third Coast Insurance Company
New Berlin, WI 53151**

- a. The Company will pay for covered loss or damage jointly to the Named Insured and to each Loss Payee in the order of precedence, as interest may appear.
- b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
- c. If the Company denies a claim because of the Named Insured's acts or because the Named Insured has failed to comply with the terms of the Policy, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Policy at the Company's request if the Named Insured failed to do so;
 - (2) Submits a signed, sworn proof of loss within sixty (60) days after receiving notice from the Company of the Named Insured's failure to do so; and
 - (3) Has notified the Company of any change in ownership, occupancy or substantial change in the Insured Location known to the Loss Payee.All of the terms of this Coverage Part will then apply directly to the Loss Payee.
- d. If the Company pays the Loss Payee for any loss or damage and denies payment to the Named Insured because of the Named Insured's acts or because the Named Insured has failed to comply with the terms of this Policy:
 - (1) The Loss Payee's rights will be transferred to the Company to the extent of the amount the Company pays; and
 - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At its option, the Company may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, the Named Insured will pay its remaining debt to the Company.

3. If the Company cancels this Policy, it will give written notice to the Loss Payee at least:
 - a. Ten (10) days before the effective date of cancellation if the Company cancels for the Named Insured's non-payment of premium; or
 - b. Thirty (30) days before the effective date of cancellation if the Company cancels for any other reason.
4. If the Company elects to not renew this Policy, it will give written notice to the Loss Payee at least ten (30) days before the expiration date of this Policy.

DD. STATUTORY REQUIREMENTS: Any term, condition or other provision of this Policy related to the provision of notice or a deadline for making payment which is in conflict with the statutes of the state wherein this Policy is issued is amended to conform to the minimum requirements of such statutes. It is understood and agreed that in the event of such an amendment, the provision of notice or a deadline for making payment may be extended or shortened.

EE. SANCTION LIMITATION AND EXCLUSION CLAUSE: No Insurer shall be deemed to provide coverage and no Insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such coverage, payment of such claim or provision of such benefit would expose the Insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

FF. SEVERABILITY OF INTEREST: Each of the Named Insureds covered by this Policy will have the same protection and obligations as if the Policy has been issued individually to each of them, except as respects the obligations associated with the CANCELLATION AND NONRENEWAL clause. However, the inclusion of more than one Named Insured will not operate to increase the limit of the Company beyond the Limit of Insurance stated in this Policy.

REPLACEMENT COST FORM

This modifies the Property Coverage Form.

The following Valuation Provisions are added:

- A. REPLACEMENT COST:** In the event of a covered loss or damage, the Company will determine the value of Covered Property at replacement cost as of the time and place of loss, without deduction for physical deterioration, depreciation, obsolescence and depletion, except as otherwise provided in this form or as stipulated by any other endorsement(s) to this Policy. This replacement cost valuation is subject to the following conditions:
1. The Company will not pay more on a replacement cost basis than the least of:
 - a. The cost to repair, rebuild or replace, at the same site, the lost, damaged or destroyed property, with other property of comparable size, material and quality; or
 - b. The actual amount spent by the Named Insured that is necessary for it to repair, rebuild or replace the lost, damaged or destroyed property; or
 - c. Any Limit of Insurance or Sublimit of Insurance applicable to the lost, damaged or destroyed property.
 2. The Company will not pay for any loss or damage on a replacement cost basis until the property is repaired, rebuilt or replaced by the Named Insured, and then only if such repair, rebuilding or replacement is made within 365 days after the loss or damage occurs. If the property is not repaired, rebuilt or replaced by the Named Insured within 365 days after the loss or damage occurs, the value of the property will be determined at Actual Cash Value.
 3. For property to which this replacement cost valuation applies, the Named Insured may make a claim for loss or damage on an Actual Cash Value basis instead of on a replacement cost basis. In the event the Named Insured elects to have loss or damage settled on an Actual Cash Value basis, the Named Insured may still make a claim on a replacement cost basis if the Named Insured notifies the Company within 180 days after the loss or damage occurs and requests additional time in writing to complete the required repairs, but such repairs by the Named Insured must be completed no more than 365 days after the loss or damage occurs.
 4. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property unless a Sublimit of Insurance is specified for Ordinance or Law in the Coverage Declarations, and then only to the extent provided under that coverage as set forth in Section B.2.f of the Property Coverage Form.
 5. In the event the Named Insured decides to repair, rebuild or replace the damaged or destroyed property, payment will include any reasonable and necessary architectural, engineering, consulting or supervisory fees necessary for the construction, repair or replacement of the damaged or destroyed property, but will not include fees charged by property management companies for overseeing, administering or managing (i) construction, repairs or replacements of property, or (ii) insurance claims. This will not increase the applicable Limit of Insurance.

B. REPLACEMENT COST EXCEPTIONS

1. Valuable Papers and Records and Electronic Data Processing Data and Media will be valued as follows:
 - a. At the Named Insured's cost to research, replace or restore the lost information on lost, damaged or destroyed Valuable Papers and Records or Electronic Data Processing Data and Media for which duplicates do not exist;
 - b. At the cost of blank materials or media and the cost of copying data onto blank materials or media when duplicates of the papers, records or data exist;
 - c. At the cost of blank materials or media of the same kind and quality if the papers, records or data are not replaced; or
 - d. At the specified amount per article for those articles which are specifically declared, described and

Third Coast Insurance Company New Berlin, WI 53151

valued in a Statement of Values forming a part of this Policy.

2. Brands and Labels - If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss and the Company takes all or part of the property at an agreed or appraised value, the Company will also pay:
 - a. Any expenses incurred by the Named Insured to:
 - (1) Stamp the word 'Salvage' on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
 - (2) Remove the brands or labels, if doing so will not physically damage the merchandise. The Named Insured must re-label the merchandise or its containers to comply with the law.
 - b. Any reduction in the salvage value of the damaged merchandise with the brands or labels removed. However, this will not increase the Limit(s) of Insurance applicable to the lost or damaged property.
3. Electronic Data Processing Equipment will be valued on a replacement cost basis as provided in Section A. of this form. However, in the event replacement of Electronic Data Processing Equipment with identical property is impossible, the replacement cost will be the cost of items that are similar to the damaged or destroyed equipment and intended to perform the same function, but which may include technological advances.
4. Fine Arts will be valued at the least of:
 - a. The cost of reasonably restoring that property; or
 - b. The cost of replacing that property, at the time and place of loss, with substantially the same property; or
 - c. The market value of the property at the time and place of loss or, if the article of property is specifically declared, described and valued in a Statement of Values forming a part of this Policy, the amount per article specified in the Statement of Values.

NOTE: Roofing materials are not considered Fine Arts.
5. Finished Stock will be valued at the selling price less discounts and expenses the Named Insured otherwise would have had.
6. Pairs, Sets, or Parts
 - a. Pairs or Sets - In case of loss to any part of a pair or set, the Company may, at its option:
 - (1) Repair or replace any part to restore the pair or set to its value before the loss; or
 - (2) Pay the difference between the values of the pair or set before and after the loss.
 - b. Parts - In case of loss to any part of Covered Property consisting of several parts when complete, the Company will only pay for the value of the lost or damaged part.
7. Patterns, dies, molds, and forms not in current usage will be valued at Actual Cash Value. If loss is paid on an Actual Cash Value basis, and within twelve (12) months from the date of the loss the Named Insured needs to repair or replace one or more of the items, the Company will pay the Named Insured, subject to the conditions of this Policy, the difference between Actual Cash Value and replacement cost for those patterns, molds and dies which are actually repaired or replaced.
8. Business Personal Property sold by the Named Insured but not delivered will be valued at the selling price less discounts and expenses the Named Insured otherwise would have had.
9. Business Personal Property of Others will be valued at the amount for which the Named Insured is liable, not to exceed the replacement cost.
10. Stock in Process will be valued at the cost of Raw Stock, labor expended, plus the proper proportion of overhead charges.
11. Tenant's Improvements and Betterments will be valued at:
 - a. Replacement cost of the damaged or destroyed property (subject to the provisions of Section A. above) if the Named Insured tenant makes the repairs or replaces promptly.
 - b. A proportion of the Named Insured tenant's original cost if the Named Insured tenant does not make

**Third Coast Insurance Company
New Berlin, WI 53151**

repairs promptly. The Company will determine the proportionate value as follows:

- (1) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
- (2) Divide the amount determined in (1) above by the number of days from the installation of improvements to the expiration of the lease.

If the Named Insured tenant's lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- c. If repaired or replaced at the expense of others, there will be no liability hereunder.
12. Vacant buildings will be valued at Actual Cash Value.
 13. Any damage to existing roof coverings that have been in place on a building or structure of an Insured Location for more than fifteen (15) years and one (1) day will be valued at "Actual Cash Value" for the perils of Windstorm (including hail) and Named Storms.
 14. If at the time of loss to Covered Property it is determined that the condition of the property prior to the loss is found to be either:
 - a. abandoned, or
 - b. condemned,then recovery hereunder for damage from a Covered Cause of Loss is limited to the lesser of:
 - (1) the cost to repair at Actual Cash Value or
 - (2) the "Actual Cash Value" of the property prior to the loss, or
 - (3) \$50,000.

**Third Coast Insurance Company
New Berlin, WI 53151**

NC R6 06 02 21

HIGH HAZARD WIND COUNTIES

The following listing of High Hazard Wind Counties (Parishes in Louisiana) by State is provided to determine applicable Coverage, Limit(s) of Insurance and Deductible(s) referred to in this Policy.

| State | Counties/Parishes |
|----------------|--|
| Alabama | Baldwin, Mobile |
| Connecticut | Fairfield, Middlesex, New Haven, New London |
| Delaware | Kent, New Castle, Sussex |
| Florida | Entire State |
| Georgia | Bryan, Camden, Chatham, Glynn, Liberty, McIntosh |
| Hawaii | Entire State |
| Louisiana | Calcasieu, Cameron, Iberia, Jefferson, Lafourche, Orleans, Plaquemines, St Bernard, St Mary, St Tammany, Terrebonne, Vermilion |
| Maine | Cumberland, Hancock, Knox, Lincoln, Sagadahoc, Waldo, Washington, York |
| Maryland | Anne Arundel, Baltimore, Baltimore City, Calvert, Cecil, Charles, Dorchester, Harford, Kent, Queen Anne's, St. Mary's, Somerset, Talbot, Wicomico, Worcester |
| Massachusetts | Barnstable, Bristol, Dukes, Essex, Nantucket, Norfolk, Plymouth, Suffolk |
| Mississippi | Hancock, Harrison, Jackson |
| New Hampshire | Rockingham |
| New Jersey | Atlantic, Cape May, Cumberland, Essex, Hudson, Middlesex, Monmouth, Ocean, Passaic, Salem, Union |
| New York | Bronx, Kings, Nassau, New York, Queens, Suffolk, Richmond, Westchester |
| North Carolina | Beaufort, Brunswick, Carteret, Craven, Currituck, Dare, Hyde, New Hanover, Onslow, Pamlico, Pender |
| Rhode Island | Bristol, Kent, Newport, Providence, Washington |
| South Carolina | Beaufort, Berkeley, Charleston, Colleton, Georgetown, Horry, Jasper |
| Texas | Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Harris, Jackson, Jefferson, Kenedy, Kleberg, Matagorda, Nueces, Refugio, San Patricio, Willacy |
| Virginia | Accomack, Beach City, Chesapeake, Gloucester, Hampton City, Lancaster, Mathews, Middlesex, Newport News, Norfolk City, North Hampton, Northumberland, Poquoson City, Portsmouth City Suffolk, Virginia Beach, York |

EXCLUSION – CERTAIN COMPUTER RELATED LOSSES DUE TO DATES OR TIMES FORM

This modifies the insurance provided under the following:

Property Coverages

A. This Policy does not insure against loss or damage caused, consisting of, or caused directly or indirectly by any of the following (Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss except as provided in B):

1. The failure, malfunction or inadequacy or the inability to use or have access to:
 - a. Any of the following, whether belonging to the Named Insured or to others:
 - (1) computer hardware, including microprocessors;
 - (2) computer application software;
 - (3) computer operating systems and related software;
 - (4) computer networks;
 - (5) microprocessors (computer chips) not part of any computer system;
 - (6) any other computerized or electronic equipment or components; or
 - b. Any other products or services that directly or indirectly use or rely upon, in any manner, any of the items listed in paragraph 1.a. of this form; due to the inability of those products or services described in paragraphs 1.a. and 1.b. to correctly recognize, distinguish, interpret or accept one or more dates or times.
2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair or supervision done by or for the Named Insured to determine, rectify or test, any potential or actual failure, malfunction or inadequacy described in paragraph A.1. above.
3. The destruction, disruption, distortion or corruption of any computer data, coding, program or software if related to dates or times due to the inability of those products or services described in paragraphs 1.a. and 1.b. to correctly recognize, distinguish, interpret or accept one or more dates or times.

B. If an excluded cause of loss as described in A. 1., 2. and 3. of this form results in a Covered Cause of Loss under the Property Coverage Form then this Policy shall pay only for such resulting direct physical loss or damage subject to the following exceptions:

This Policy will not pay for resulting loss or damage if the cause of loss is:

- a. Mechanical or machinery breakdown; or
- b. Artificially generated electrical current, including electrical arcing, that disturbs items in paragraph A.1. above unless fire results, and then this Policy shall pay only for the direct physical loss or damage caused by that fire.

C. This Policy does not insure against any preventive or remedial costs to repair or modify any items in

**Third Coast Insurance Company
New Berlin, WI 53151**

A.1.a. and b. above to correct any actual or potential deficiencies or change any features of logic or operation.

- D.** This Policy does not insure against any expense incurred by the Named Insured or others in the defense, safeguarding, protecting or recovering of property whether before or after loss due to any actual or potential loss excluded in paragraph A. above.

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 enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

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

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

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

**Third Coast Insurance Company
New Berlin, WI 53151**

TCIC 03 20

Third Coast Insurance Company

Policyholder Privacy Statement

As a policyholder of Third Coast Insurance Company, you may remember that you purchased your Third Coast Insurance Company policy from an insurance agent. Please understand that the agent from whom you purchased your Third Coast Insurance Company Policy is not affiliated with Third Coast Insurance Company, but rather is a separate legal entity. In the process of purchasing your Third Coast Insurance Company Policy, you may have provided your insurance agent with various information, including nonpublic personal information about yourself. You did not provide any such information directly to Third Coast Insurance Company, but on occasion we may receive such information from your insurance agent. This statement is intended to explain and disclose Third Coast Insurance Company's policies and practices regarding the collection, disclosure and protection of such information. Third Coast Insurance Company will provide customers like yourself with a copy of our privacy policy at the beginning of our relationship and annually thereafter, unless and until our relationship ends. As our products and services continue to evolve, it may be necessary to review and revise our privacy policies, in which case we will provide you with an updated privacy notice.

A. Financial Information Collected

During the ordinary course of our business, Third Coast Insurance Company may – as explained above – collect information about you from the following sources:

- Information the insurance agent receives from you on applications or other forms;
- Information about your transactions (including claims) with us, our affiliates and others; and
- Information we receive from other agents, brokers, administrators, insurance support agencies, legal counsel, consumer reporting agencies and government reporting agencies.

B. Financial Information Disclosed.

We do not disclose any information about our customers or former customers to anyone, except as permitted by law to service your business

C. Parties To Whom Information is Disclosed.

We do not disclose any information about our customers or former customers to anyone, except as permitted by law to service your business.

D. Confidentiality and Security of Information.

We restrict access to information about you to those employees who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards to guard your information.

E. Access to and Correction of Your Information.

You may write to us if you have any questions about the information that we may have in our records about you. We will respond within 30 business days from the date such request is received to your inquiry. If you wish, you may review this information in person or receive a copy at a reasonable charge. You can notify us in writing if you believe any information should be corrected, amended, or deleted and we will review your request. We will either make the requested change or explain why we did not do so. If we do not make the requested change, you may submit a short written statement identifying the disputed information, which will be included in all future disclosures of your information.

We value your business. This statement is for your information. No response is necessary.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TRADE OR ECONOMIC SANCTIONS

The following is added to this policy:

Trade Or Economic Sanctions

This insurance does not provide any coverage, and we (the Company) shall not make payment of any claim or provide any benefit hereunder, to the extent that the provision of such coverage, payment of such claim or provision of such benefit would expose us (the Company) to a violation of any applicable trade or economic sanctions, laws or regulations, including but not limited, to those administered and enforced by the United States Treasury Department's Office of Foreign Assets Control (OFAC).

Whenever coverage provided by this policy would be in violation of any U.S. economic or trade sanctions such as, but not limited to, those sanctions administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control (OFAC), such coverage or payment requirement shall be null and void. Similarly, any coverage relating to or referred to in any certificates or other evidences of insurance or any claim that would be in violation of U.S. economic or trade sanctions as described above shall also be null and void. All other terms and conditions remain unchanged.

**Third Coast Insurance Company
New Berlin, WI 53151**

SIL 00 01 09 21

**THIS ENDORSEMENT CHANGES THE POLICY.
PLEASE READ IT CAREFULLY.**

SERVICE OF SUIT ENDORSEMENT

It is understood and agreed that in the event of the failure of the Company to pay any amount claimed to be due hereunder, the Company, at the request of the Named Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States of America. The foregoing shall not constitute a waiver of the right of the Company to remove, remand or transfer such suit to any other court of competent jurisdiction in accordance with the applicable statutes of the state or United States pertinent hereto. In any suit instituted against them upon this contract, the Company will abide by the final decision of such court or of any appellate court in the event of an appeal.

It is further agreed that service of process in such suit may be made upon the Superintendent, Commissioner, or Director of Insurance or other person specified for that purpose in the statute or his or her successor or successors in office as their true and lawful attorney upon whom may be served any lawful process in any action, suit, or proceeding instituted by or on behalf of the Named Insured or any beneficiary hereunder arising out of this contract of insurance.

The Company hereby designates **Bobbi Elliot, Secretary of Third Coast Insurance Company, 200 North Grand Avenue, PO Box 40790, Lansing, MI 48901-7990** as the person to whom the said Superintendent, Commissioner, or Director of Insurance is authorized to mail such process or a true copy thereof, in compliance with the applicable statutes governing said service of process in the state or jurisdiction in which a cause of action under this contract of insurance arises.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN THE SAME.

**Third Coast Insurance Company
New Berlin, WI 53151**

SCP 00 18 02 23

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BACKUP OF SEWERS, DRAINS AND SUMPS

This endorsement modifies insurance provided under the following

PROPERTY COVERAGE FORM

BACKUP OF SEWERS, DRAINS AND SUMPS SUBLIMIT: \$50,000

The following is added to the policy:

The Flood definition in the Flood Form is hereby amended to delete the Covered and Specified Causes of Loss item A. 4., "Water or sewage which backs up through sewers, drains, or sumps, including any resulting overflow of a plumbing fixture." The Property Coverage Form is amended to delete item D. 1. B.(4) "Water or sewage which backs up through sewers, drains, or sumps, including any resulting overflow of a plumbing fixture."

Accordingly, this Policy insures direct physical loss or damage caused by "Water or sewage which backs up through sewers, drains, or sumps, including any resulting overflow of a plumbing fixture" subject to a Sublimit of \$50,000 per Occurrence per Insured Location and a deductible as shown in the Statement of Values for All Other Perils.

ALL OTHER TERMS AND CONDITIONS REMAIN THE SAME.

APPROVED CONTRACTOR ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

It is agreed that for loss or damage to Covered Property caused by or resulting from Windstorm (including hail), the following shall apply:

A. THE COMPANY'S RIGHT TO REPAIR OR REPLACE DAMAGED PROPERTY.

- (1) The Company has the right to select a qualified pre-approved contractor from its panel of Approved Contractors to make covered repairs or replacements of the damaged property and make payment directly to the contractor, subject to the following conditions.
- (2) Upon written notice from the Company to the Named Insured no later than 20 business days after the Company provides its written coverage determination to the Named Insured, the Company, may, at its option, elect to repair or replace the damaged property with other property of comparable size, material, and quality;
- (3) In the event the Company exercises its option to repair or replace the damaged property pursuant to Paragraph A.(2) above:
 - a. The **Deductible Credit** set forth in b. below will be applied to reduce the Named Insured's deductible obligation, regardless of whether the applicable deductible is a Dollar Deductible or Percentage Deductible. The credit will apply only to the extent that the amount of covered loss or damage exceeds the applicable deductible.
 - b. **Deductible Credit:** \$200,000
 - c. If an identical replacement is not available, the Company may, at its option, substitute replacement property of equal or greater features, functions, or capacities of the damaged property.
 - d. **Damage or loss only covered for Actual Cash Value.** For damage or loss only covered for **Actual Cash Value**, the Named Insured will be responsible for promptly paying the **Approved Contractor** the following amounts before the Approved Contractor begins work, unless the Named Insured and Approved Contractor otherwise agree in writing as to the timing of the Named Insured paying such amounts:
 - (i) the applicable deductible less the Deductible Credit,
 - (ii) the cost of repair or replacement that exceeds the Actual Cash Value,
 - (iii) any cost of repair or replacement that exceeds an applicable Limit of Insurance or Sublimit of Insurance, and
 - (iv) any cost of repair or replacement that is not covered by the Policy.

**Third Coast Insurance Company
New Berlin, WI 53151**

AC R0 05 24

As an alternative to the Company paying the Actual Cash Value to the Approved Contractor and the Named Insured making payments to the Approved Contractor pursuant to Paragraphs d.(i) – (iv) above, the Named Insured may elect to have payment made to the Named Insured. The Named Insured may elect such alternative only if it provides written notice to the Company of such decision **within five (5) business days** of the Company's written notice under Paragraph A.(2) that it will repair or replace the damaged property.

In the event the Named Insured makes the election to receive the Actual Cash Value payment:

- (i) The Actual Cash Value will be determined based on the estimate prepared by the Approved Contractor.
- (ii) The Actual Cash Value of the loss or damage less the applicable deductible and the Deductible Credit will be paid in exchange for the Named Insured providing the Company a signed, sworn proof of loss. The Company will supply the Named Insured with the necessary form(s).

e. **Damage or loss covered for replacement cost.** For damage or loss covered for replacement cost, the Named Insured will be responsible for promptly paying the Approved Contractor the following amounts before the Approved Contractor begins work, unless the Named Insured and Approved Contractor otherwise agree in writing as to the timing of the Named Insured paying such amounts:

- (i) the applicable deductible less the Deductible Credit,
- (ii) any cost of repair or replacement that exceeds an applicable Limit of Insurance or Sublimit of Insurance, including Sublimits of Insurance for any Ordinance or Law requirements, and
- (iii) any cost of repair or replacement that is not covered by the Policy.

(4) **Ordinance or Law.** In the event the Company exercises its option to repair or replace the damaged property pursuant to Paragraph A.(2) above:

- a. The phrase "by the Named Insured" is deleted from Paragraph B.2.f.(3) of the Policy's Property Coverage Form.

B. DEFINITIONS. The following definitions apply to the defined terms wherever they appear in the Approved Contractor Endorsement:

- (1) **"Approved Contractor"** means a person, company or other entity, including their employees, agents, representatives, and general or specialty contractors, that is on a panel of contractors pre-approved by the Company to provide the repair or replacement of damaged property pursuant to the Policy's Approved Contractor Endorsement.

C. CONDITIONS

Under **S. NOTICE OF LOSS AND DUTIES IN THE EVENT OF LOSS OR DAMAGE** in the General Conditions form, paragraph 1. is amended by the addition of the following conditions:

- k. When the Company provides written notice to the Named Insured, pursuant to Paragraph A.(2) of the Approved Contractor Endorsement, that it will repair or replace the damaged property:
- (1) The Named Insured shall, as often as is reasonably necessary to repair or replace the damaged property:
 - (i) Provide the Approved Contractor access to the Insured Location;
 - (ii) Execute any necessary governmental permits or other documentation for repairs or replacements to be undertaken;
 - (iii) Execute work authorizations to allow the Approved Contractor entry to the Insured Location; and
 - (iv) Otherwise cooperate with the Company and the Approved Contractor.
 - (2) The Named Insured shall not have another party perform or contract to perform any permanent repair or replacement unless reasonably necessary to protect the Covered Property from further damage.

D. LOSS PAYMENT CONDITIONS

When the Company provides written notice to the Named Insured pursuant to Paragraph A.(2) of the Approved Contractor Endorsement that it will repair or replace the damaged property, Paragraphs 1 and 7 in **O. LOSS PAYMENT** in the General Conditions form will not apply.

E. VALUATION

When the Company provides written notice to the Named Insured pursuant to Paragraph A.(2) of the Approved Contractor Endorsement that it will repair or replace the damaged property, Paragraphs A.2 and A.3 in the Policy's Replacement Cost Form are replaced with the following:

2. If the property is not repaired, rebuilt or replaced within 365 days after the loss or damage occurs due to the Named Insured's failure to comply with any of the terms in paragraph **C. CONDITIONS** of this endorsement, the value of the property will be determined at Actual Cash Value.
3. **Named Insured's Option to Make Actual Cash Value Claim:** For property to which this replacement cost valuation applies, the Named Insured may make a claim for loss or damage on an Actual Cash Value basis instead of on a replacement cost basis, but only if it provides written notice to the Company of such decision **within five (5) business days** of the Company's written notice under Paragraph A.(2) that it will repair or replace the damaged property.

**Third Coast Insurance Company
New Berlin, WI 53151**

AC R0 05 24

In the event the Named Insured elects to have the claim settled on an Actual Cash Value basis as set forth in the previous paragraph, the Actual Cash Value will be determined based on the estimate prepared by the Approved Contractor.

The Actual Cash Value of the loss or damage less the applicable deductible and the Deductible Credit will be paid in exchange for the Named Insured providing the Company a signed, sworn proof of loss. The Company will supply the Named Insured with the necessary form(s). The Actual Cash Value payment will be made to the Named Insured unless the Named Insured, in writing, directs that such payment be made to the Approved Contractor.

All other terms and conditions of the Policy remain the same.

**Third Coast Insurance Company
New Berlin, WI 53151**

NC R0 05 03 17

**ASBESTOS EXCLUSION
ADVISORY NOTICE TO POLICYHOLDER**

This Notice does not form a part of your insurance contract. No coverage is provided by this Notice, nor can it be construed to replace any provisions of your Policy (including its endorsements). If there is any conflict between this Notice and the Policy (including its endorsements), the provisions of the Policy (including its endorsements) shall prevail.

Carefully read your Policy, including the endorsements attached to your Policy.
This Notice provides information concerning the following form, which applies to your new or renewal Policy being issued by the Company:

NC R2 38 03 17 EXCLUSION OF POLLUTANTS AND ASBESTOS FORM

This form makes an explicit statement regarding a risk that is not covered under your Commercial Property insurance. It points out that there is no coverage under such insurance for loss or damage caused by or resulting from asbestos, subject to a narrow exception that provides certain asbestos coverage limited to \$25,000 in the aggregate for any one Insured Location in any one Policy period. The exclusion in this form applies to all coverages provided by your Commercial Property insurance, including (if any) property damage and business income coverages.

MINIMUM EARNED PREMIUM FOR HIGH HAZARD WIND LOCATIONS

1. For locations that are located in High Hazard Wind Counties, if the Named Insured cancels this Policy, removes a location or reduces the amount of insurance on a location and coverage existed any time during the period of June 1st to November 1st the amount of premium the Companies will return will be the Unearned Premium for the Insured Location. The Unearned Premium is the Insured Location's premium times the Unearned Factor noted below.

| Days Policy in Force | Unearned |
|-----------------------------|-----------------|
| 1-180 | 20% |
| 181-210 | 15% |
| 211-240 | 10% |
| 241-270 | 7.5% |
| 271-300 | 5.0% |
| 301-330 | 2.5% |
| 331 or more | 0% |

2. If a Insured Location that is located in a High Hazard Wind County is added (or coverage increased at an existing Insured Location) during the term of the Policy and coverages exists at any time during the period of June 1st to November 1st, the premium will be calculated at 100% of the annual rate, less the Unearned Factor noted in 2. above. Otherwise, it shall be pro-rata.
3. Coverage cannot be increased nor additional locations added if they are located in a High Hazard Wind County and a "Named Storm" is in existence, unless with written consent of the Company is granted.
4. If property is added or deleted, each type of property at each Insured Location shall be treated separately and the Companies shall determine the applicable annual rate based upon the characteristics of the risk. Risks of like kind and quality will be added or deleted as per the account rate subject to the Unearned factor, if applicable, noted in 2 above.
5. If an Insured Location is within a High Hazard Wind County, the provisions of this clause replace any short rate provisions stipulated in this Policy, all subject to the Minimum Earned Premium provisions. Otherwise, a short rate return premium may be imposed on the applicable pro-rata premium subject to any Minimum Earned Premium stipulations in the Policy.
6. Nothing herein will act to provide coverage outside the automatic acquisition clause elsewhere in the Policy.
7. Non-payment of premium, material misstatement or non-compliance with underwriting requirements shall be considered a request by the Named Insured to cancel the Policy.
8. Proof of mailing will be sufficient proof of notice of cancellation.

PROTECTIVE SAFEGUARDS ENDORSEMENT

Failure to comply with the Protective Safeguard Clauses specified as applicable in the Schedule below shall suspend this insurance.

PROTECTIVE SAFEGUARD CLAUSE(S)

In consideration of the premium at which this Policy is written, based on the protection of the premises by any or all of the protective safeguard system(s) indicated below, it is a condition of this Policy that the Named Insured shall exercise due diligence in maintaining in complete working order all equipment and services pertaining to the system(s) which are under the control of the Named Insured, this would include any special maintenance or service requirements indicated below. It also is a condition of this insurance that the Named Insured shall give immediate notice to the Company of any impairment in or suspension of any equipment or service pertaining to the system(s) within the knowledge of the Named Insured. This endorsement applies only to Protective Safeguards (as listed below) in place as of the date that coverage is bound, whether reported to the Company or not.

A. Automatic Sprinkler System

In further consideration of the premium at which this Policy is written, it is a condition of this Policy that the Named Insured shall have the automatic sprinkler system serviced by an independent contractor licensed to service and maintain automatic sprinkler systems in the state in which the premises are located. It also is a condition of this Policy that the Named Insured shall have the automatic sprinkler system inspected and tested at least once per year by an independent contractor licensed to inspect and test automatic sprinkler systems in the state in which the premises are located.

B. Automatic Fire Alarm

Reporting to a public or private fire alarm station. It is a condition of this insurance that the Named Insured shall immediately give notice to the Company of any impairment in or suspension of any service or equipment pertaining to the Automatic Fire Alarm System(s).

C. Activated and operational Central Station Burglar Alarm

Reporting to a public or private burglar alarm station. Alarm must be in the "on" position during all non-working hours and/or whenever the Named Insured's premises are unoccupied. It is a condition of this insurance that the Named Insured shall immediately give notice to the Company of any impairment in or suspension of any equipment or service pertaining to the Central Station Burglar Alarm.

D. Automatic Extinguishing System and Hood and Duct Cleaning. (Applicable to commercial food preparation risks only).

It is a condition of this Policy that all ranges, deep-fat fryers, broilers and other cooking appliances, including their hoods, are protected by an approved, automatic fire extinguishing system, and insofar as such protective equipment is under the control of the Named Insured, due diligence shall be used to maintain such system in complete working order.

All automatic extinguishing systems and hoods and duct work shall be cleaned and inspected by an outside cleaning service no less than twice a year.

It is also a condition of this insurance that all hoods and ducts are equipped with approved grease filters which shall be routinely cleaned.

E. Automatic Cooktop Fire Suppressors

If the installation of automatic cooktop fire suppressors in all units at an Insured Location is indicated in the application, certification or underwriting materials provided to the Company by or on behalf of the Named Insured, it is a condition of this Policy that the automatic cooktop fire suppressors are properly installed and have not expired and that you maintain them in complete working order at all times during the Policy period.

We will not pay for loss or damage caused by or resulting from a fire originating from a cooktop if:

- (1) Contrary to an indication in the application, certification or underwriting materials that automatic cooktop fire suppressors were installed in all units at an Insured Location, an automatic cooktop fire suppressor was not installed in the unit where the fire originated; or
- (2) An automatic cooktop fire suppressor was installed in the unit where the fire originated but:
 - a. You failed to have a qualified person inspect the automatic cooktop fire suppressors in the unit where the fire originated at least once in the 365 days before the fire to confirm the automatic cooktop fire suppressors were properly installed, in complete working order and not expired; or
 - b. Before the fire you failed to maintain an automatic cooktop fire suppressor over which you had control in complete working order.

**Third Coast Insurance Company
New Berlin, WI 53151**

PORL R0 05 24

PERIOD OF RESTORATION LIMITATION ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is agreed that the following provision is added to the definition of "**Period of Restoration**" in Section **H.5.a., DEFINITIONS**, of the BUSINESS INCOME COVERAGE INCLUDING EXTRA EXPENSE FORM:

- (3) However, in no instance will the Period of Restoration end more than 12 months after the date and time of direct physical loss or damage to property at the Insured Location caused by or resulting from a Covered Cause of Loss.

All other terms and conditions of the Policy remain the same.

**WINDSTORM (INCLUDING HAIL)
NOTICE OF LOSS AMENDMENT ENDORSEMENT**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is agreed that for loss or damage to Covered Property caused by or resulting from Windstorm (including hail) the following shall apply:

Under **S. NOTICE OF LOSS AND DUTIES IN THE EVENT OF LOSS OR DAMAGE** in the General Conditions form, paragraph **1.** is amended by the addition of the following condition:

- j. In addition to your obligation to provide us with prompt written notice of loss or damage, with respect to any claim wherein written notice of the claim is reported to us more than one year after the reported date of loss or damage, this Policy shall not provide coverage for such claim.

All other terms and conditions of the Policy remain the same.

GENERAL CONTRACTOR OVERHEAD AND PROFIT ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the PROPERTY COVERAGE FORM.

With respect to any claim for damage or loss caused by or resulting from Windstorm (including hail), the Company will not pay General Contractor Overhead and Profit to repair or replace loss or damage to the roof system or any component thereof, even if such costs are paid by the Named Insured.

The decision to pay General Contractor Overhead and Profit for other items damaged by Windstorm (including hail) will be made separately in accordance with the terms and conditions of the Policy and without regard to whether such costs are actually paid by the Named Insured.

“General Contractor Overhead and Profit” means those costs paid by the Named Insured to a General Contractor to oversee, supervise, coordinate, or monitor repairs to the Covered Property.

All other terms and conditions of the Policy remain the same.

**ELECTRICAL SYSTEM CONDITION
ENDORSEMENT**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies the Coverage Declarations, General Conditions form and other Policy forms and endorsements and requires action on the part of the Named Insured to select an option if the Electrical System Condition described herein were to apply.

The following provision is added to the General Conditions form (NC R5 02 02 21).

GG. ELECTRICAL SYSTEM CONDITION: The Named Insured and the Company agree that, in the event that Federal Pacific Electric (FPE) Stab-Lok, Zinsco or GTE-Sylvania electrical panels or circuit breakers are discovered at an Insured Location, whether as the result of an underwriting inspection, loss-related inspection or otherwise, the Named Insured agrees to the cancellation of the coverage under this Policy for such Insured Location upon the Company providing the first Named Insured listed in the Policy written notice of cancellation. Such cancellation will be effective thirty (30) days after notice of cancellation is provided by the Company mailing or otherwise delivering notice to the last mailing address known to the Company for the first Named Insured listed in the Policy. If notice is mailed, proof of mailing will be sufficient proof of notice.

This Electrical System Condition shall not apply to an Insured Location if the Federal Pacific Electric (FPE) Stab-Lok, Zinsco or GTE-Sylvania electrical panels or circuit breakers at such location were specifically disclosed in the insurance application, certification of loss history, or underwriting materials provided to the Company by or on behalf of the Named Insured for this Policy. However, disclosure or discovery of the Federal Pacific Electric (FPE) Stab-Lok, Zinsco or GTE-Sylvania electrical panels or circuit breakers in connection with another policy issued by the Company or by any other insurer or another policy period shall not preclude the application of this Electrical System Condition.

All other terms and conditions of the Policy remain the same.



LLOYD'S

THIS INSURANCE is effected with certain Underwriters at Lloyd's, London (not incorporated).

THIS CERTIFICATE is issued in accordance with the limited authorization granted to the Correspondent by certain Underwriters at Lloyd's, London whose names and the proportions underwritten by them can be ascertained from the office of said Correspondent (such Underwriters being hereinafter called "underwriters") and in consideration of the premium specified herein, Underwriters do hereby bind themselves each for his own part, and not for one another, their heirs, executors and administrators.

THE ASSURED is requested to read this certificate, and if not correct, return it immediately to the Correspondent for appropriate alteration.

In the event of a claim under this certificate, please notify the following Correspondent:

LLOYD'S

One Lime Street London EC3M 7HA

**TERRORISM INSURANCE
PHYSICAL LOSS OR PHYSICAL DAMAGE**

TABLE OF CONTENTS

| Title | Section |
|-------------------|----------------|
| Schedule | 1 |
| Insuring Clause | 2 |
| Losses Excluded | 3 |
| Property Excluded | 4 |
| Conditions | 5 |

Terrorism Insurance

Physical Loss or Physical Damage Wording LMA3030

Section 1: SCHEDULE

This Schedule forms part of the Wording and for the purposes of interpretation, the contents of this Schedule shall have meaning only as provided for in the Wording.

| | |
|---|--|
| Policy Number: | TERRSUM4-002084-24 |
| Unique Market Reference Number: | B0507FTE2100007 100% participation by MS Amlin Syndicate 2001 |
| Name of Insured: | St. James Court Homes Association Inc |
| Address of Insured: | 11125 Ambassador Dr Suite 360 c/o First Services Residential MO, Kansas City, MO, 64153 |
| Broker: | Price Forbes & Partners Ltd. |
| Period of Insurance: | From: 10/8/2024 To: 10/8/2025 Both dates at 12.01 Local Standard Time at the location of the insured property |
| Premium | \$1,552.45 |
| Description of Property Insured: (Including Full Postal address and post / zip code) | As per Reported Bordereaux On File with Underwriters (See Attached) |
| Condition 3 | Location(s) Insured: As Per Reported Bordereaux on File with Underwriters (See Attached) |
| Condition 4 | Sum Insured (Total declared value of property insured): \$77,622,572 The lesser of TIV scheduled and on file with the company or 50,000,000, any one location; each occurrence and in the aggregate. |
| Condition 5 | Deductible(s): USD 5,000 per Occurrence per location |
| Condition 12 | Notification of Claims to: Strata Claims Management C/O Clearview Risk Holdings, LLC 8144 Walnut Hill Ln Suite 1400 Dallas, TX 75231 USA |
| Condition 28 | Choice of Law: United States of America |
| Condition 29 | Choice of Jurisdiction: Texas, United States of America |
| Condition 30 | Service of Suit Nominee: Lloyd's America, Inc Attention: Legal Department 280 Park Avenue, East Tower, 25th Floor New York, NY 10017 |

SECTION 2. INSURING CLAUSE

Subject to the exclusions, limits and conditions hereinafter contained, this Insurance insures property as stated in the Schedule attaching and forming part of this Policy (hereinafter referred to as the "Schedule") against physical loss or physical damage occurring during the period of this Policy caused by an Act of Terrorism or Sabotage, as herein defined.

For the purpose of this Insurance, an Act of Terrorism means an act or series of acts, including the use of force or violence, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s), committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.

For the purpose of this Insurance, an act of sabotage means a subversive act or series of such acts committed for political, religious or ideological purposes including the intention to influence any government and/or to put the public in fear for such purposes.

SECTION 3. LOSSES EXCLUDED

This Policy does not insure against:-

1. Loss or damage arising directly or indirectly from nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination, however such nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination may have been caused.
2. Loss or damage occasioned directly or indirectly by war, invasion or warlike operations (whether war be declared or not), hostile acts of sovereign or local government entities, civil war, rebellion, revolution, insurrection, martial law, usurpation of power, or civil commotion assuming the proportions of or amounting to an uprising.
3. Loss by seizure or legal or illegal occupation unless physical loss or damage is caused directly by an Act of Terrorism or an Act of Sabotage.
4. Loss or damage caused by confiscation, nationalisation, requisition, detention, embargo, quarantine, or any result of any order of public or government authority which deprives the Insured of the use or value of its property, nor for loss or damage arising from acts of contraband or illegal transportation or illegal trade.

5. Loss or damage directly or indirectly arising from or in consequence of the seepage and or discharge of pollutants or contaminants, which pollutants and contaminants shall include but not be limited to any solid, liquid, gaseous or thermal irritant, contaminant or toxic or hazardous substance or any substance the presence, existence or release of which endangers or threatens to endanger the health, safety or welfare of persons or the environment.
6. Loss or damage arising directly or indirectly from or in consequence of chemical or biological emission, release, discharge, dispersal or escape or chemical or biological exposure of any kind.
7. Loss or damage arising directly or indirectly from or in consequence of asbestos emission, release, discharge, dispersal or escape or asbestos exposure of any kind.
8. Any fine or penalty or other assessment which is incurred by the Insured or which is imposed by any court, government agency, public or civil authority or any other person.
9. Loss or damage by electronic means including but not limited to computer hacking or the introduction of any form of computer virus or corrupting or unauthorised instructions or code or the use of any electromagnetic weapon.

This exclusion shall not operate to exclude losses (which would otherwise be covered under this Policy) arising from the use of any computer, computer system or computer software programme or any other electronic system in the launch and/or guidance system and/or firing mechanism of any weapon or missile.
10. Loss or damage caused by vandals or other persons acting maliciously or by way of protest or strikes, labour unrest, riots or civil commotion.
11. Loss or increased cost occasioned by any public or government or local or civil authority's enforcement of any ordinance or law regulating the reconstruction, repair or demolition of any property insured hereunder.
12. Loss or damage caused by measures taken to prevent, suppress or control actual or potential terrorism or sabotage unless agreed by Underwriters in writing prior to such measures being taken.
13. Any consequential loss or damage, loss of use, delay or loss of markets, loss of income, depreciation, reduction in functionality, or increased cost of working.

SECTION 5. CONDITIONS

14. Loss or damage caused by factors including but not limited to cessation, fluctuation or variation in, or insufficiency of, water, gas or electricity supplies and telecommunications or any type of service.
15. Loss or increased cost as a result of threat or hoax.
16. Loss or damage caused by or arising out of burglary, house - breaking, looting, theft or larceny.
17. Loss or damage caused by mysterious disappearance or unexplained loss.
18. Loss or damage directly or indirectly caused by mould, mildew, fungus, spores or other microorganism of any type, nature or description, including but not limited to any substance whose presence poses an actual or potential threat to human health.

SECTION 4. PROPERTY EXCLUDED

This Policy does not cover physical loss or physical damage to:

1. Land or land values.
2. Power transmission, feeder lines or pipelines not on the Insured's premises.
3. Any building or structure, or property contained therein, while such building or structure is vacant or unoccupied or inoperative for more than thirty days, unless the property is intended to be unoccupied in its normal operations.
4. Aircraft or any other aerial device, or watercraft.
5. Any land conveyance, including vehicles, locomotives or rolling stock, unless such land conveyance is declared hereon and solely whilst located at the property insured herein at the time of its damage.
6. Animals, plants and living things of all types.
7. Property in transit not on the Insured's premises.

1. JOINT INSURED

The Underwriters' total liability for any loss or losses sustained by any one or more of the Insureds under this Insurance will not exceed the sum insured shown in the Schedule. The Underwriters shall have no liability in excess of the sum insured whether such amounts consist of insured losses sustained by all of the Insureds or any one or more of the Insureds.

2. OTHER INSURANCE

This Policy shall be excess of any other insurance available to the Insured covering a loss covered hereunder except such other insurance which is written specifically as excess insurance over this Policy. When this Policy is written specifically in excess of other insurance covering the peril insured hereunder, this Policy shall not apply until such time as the amount of the underlying insurance, (whether collectible or not), has been exhausted by loss and damage covered by this Policy in excess of the deductible with respect to each and every covered loss.

3. SITUATION

This Policy insures property located at the addresses stated in the Schedule.

4. SUM INSURED

The Underwriters hereon shall not be liable for more than the sum insured stated in the Schedule in respect of each occurrence and in the Policy aggregate.

5. DEDUCTIBLE

Each occurrence shall be adjusted separately and from each such amount the sum stated in the Schedule shall be deducted.

6. OCCURRENCE

The term "Occurrence" shall mean any one loss and/or series of losses arising out of and directly occasioned by one Act or series of Acts of Terrorism or Sabotage for the same purpose or cause. The duration and extent of any one "Occurrence" shall be

limited to all losses sustained by the Insured at the property insured herein during any period of 72 consecutive hours arising out of the same purpose or cause. However no such period of 72 consecutive hours may extend beyond the expiration of this Policy unless the Insured shall first sustain direct physical damage by an Act of Terrorism or an Act of Sabotage prior to expiration and within said period of 72 consecutive hours nor shall any period of 72 consecutive hours commence prior to the attachment of this Policy.

7. DEBRIS REMOVAL

This Policy also covers, within the sum insured, expenses incurred in the removal from the insured location of debris of property stated in the Schedule damaged by an Act of Terrorism or an Act of Sabotage. The cost of removal of debris shall not be considered in determination of the valuation of the property covered.

8. DUE DILIGENCE

The Insured (or any of the Insured's agents, sub or co-contractors) must use due diligence and do (and concur in doing and permit to be done) everything reasonably practicable, including but not limited to taking precautions to protect or remove the insured property, to avoid or diminish any loss herein insured and to secure compensation for any such loss including action against other parties to enforce any rights and remedies or to obtain relief or indemnity.

9. PROTECTION MAINTENANCE

It is agreed that any protection provided for the safety of the property insured shall be maintained in good order throughout the currency of this Policy and shall be in use at all relevant times, and that such protection shall not be withdrawn or varied to the detriment of the interests of the Underwriters without their consent.

10. VALUATION

It is understood that, in the event of damage, settlement shall be based upon the cost of repairing, replacing or reinstating (whichever is the least) property on the same site, or nearest available site (whichever incurs the least cost) with material of like kind and quality without deduction for depreciation, subject to the following provisions: -

The repairs, replacement or reinstatement (all hereinafter referred to as "replacement") must be executed with due diligence and dispatch;

Until replacement has been effected the amount of liability under this Policy in respect of loss shall be limited to the actual cash value at the time of loss;

If replacement with material of like kind and quality is restricted or prohibited by any by-laws, ordinance or law, any increased cost of replacement due thereto shall not be covered by this Policy.

The Underwriters' liability for loss under this Policy shall not exceed the smallest of the following amounts: -

The Policy limit applicable to the destroyed or damaged property,

The replacement cost of the property or any part thereof which was intended for the same occupancy and use, as calculated at the time of the loss,

The amount actually and necessarily expended in replacing said property or any part thereof.

The Underwriters will normally expect the Insured to carry out repair or replacement of the insured property, but if the Insured and the Underwriters agree that it is not practicable or reasonable to do this, the Underwriters will pay the Insured an amount based on the repair or replacement costs, less an allowance for fees and associated costs which are not otherwise incurred. The Underwriters will only pay the Insured up to the Sum Insured shown in the Schedule.

11. INCORRECT DECLARATION PENALTY

If the values declared as stated in the Schedule are less than the correct insured values as determined above, then any recovery otherwise due hereunder shall be reduced in the same proportion that the values declared bear to the values that should have been declared, and the Insured shall co-insure for the balance.

12. NOTIFICATION OF CLAIMS

The Insured, upon knowledge of any occurrence likely to give rise to a claim hereunder, shall give written advice as soon as reasonably practicable to the Underwriters and or the Broker, named for that purpose in the Schedule, who is to advise the Underwriters within seven (7) days of such knowledge of any occurrence and it is a condition precedent to the liability of Underwriters that such notification is given by the Insured as provided for by this Policy.

If the Insured makes a claim under this Insurance he must give the Underwriters such relevant information and evidence as may reasonably be required and co-operate fully in the investigation or adjustment of any claim. If required by the Underwriters, the Insured must submit to examination under oath by any person designated by the Underwriters.

13. PROOF OF LOSS

The Insured shall render a signed and sworn proof of loss within sixty (60) days after the occurrence of a loss (unless such period be extended by the written agreement of Underwriters) stating the time, place and cause of loss, the interest of the Insured and all others in the property, the sound value thereof and the amount of loss or damage thereto.

If the Underwriters have not received such proof of loss within two years of the expiry date of this Policy, they shall be discharged from all liability hereunder.

In any claim and/or action, suit or proceeding to enforce a claim for loss under this Policy, the burden of proving that the loss is recoverable under this Policy and that no limitation or exclusion of this Policy applies and the quantum of loss shall fall upon the Insured.

14. SUBROGATION

Any release from liability entered into in writing by the Insured prior to loss hereunder shall not affect this Policy or the right of the Insured to recover hereunder. The right of subrogation against any of the Insured's subsidiary or affiliated companies or any other companies associated with the Insured through ownership or management is waived;

In the event of any payment under this Policy, the Underwriters shall be subrogated to the extent of such payment to all the Insured's right of recovery therefor. The Insured shall execute all papers required, shall cooperate with Underwriters and, upon the Underwriters' request, shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, attaining the attendance of witnesses and in the conduct of suits and shall do anything that may be necessary to secure such right. The Underwriters will act in concert with all other interests concerned (including the Insured) in the exercise of such rights of recovery. If any amount is recovered as a result of such proceedings, such amount shall be distributed in the following priorities:

(i) Any interest, (including the Insured's), exclusive of any deductible or self insured retention, suffering a loss of the type covered by this Policy and in excess of the coverage under this Policy shall be reimbursed up to the amount of such loss (excluding the amount of the deductible);

(ii) Out of the balance remaining, the Underwriters shall be reimbursed to the extent of payment under this Policy;

(iii) The remaining balance, if any, shall inure to the benefit of the Insured, or any insurer providing insurance primary to this Policy, with respect to the amount of such primary insurance, deductible, self insured retention, and/or loss of a type not covered by this Policy. The expense of all proceedings necessary to the recovery of any such amount shall be apportioned between the interests concerned, including that of the Insured, in the ratio of their respective recoveries as finally settled. If there should be no recovery and proceedings are instituted solely on the initiative of Underwriters, the expense thereof shall be borne by the Underwriters.

15. SALVAGE AND RECOVERIES

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

16. FALSE OR FRAUDULENT CLAIMS

If the Insured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this Policy shall become void and all claims and benefit hereunder shall be forfeited.

17. MISREPRESENTATION

If the Insured has concealed or misrepresented any material fact or circumstance relating to this Insurance, this Insurance shall become void. If the Insured is unsure what constitutes material fact(s) or circumstance(s), they should consult their broker or agent.

18. ABANDONMENT

There shall be no abandonment to the Underwriters of any property.

19. INSPECTION AND AUDIT

The Underwriters or their agents shall be permitted but not obligated to inspect the Insured's property at any time.

Neither the Underwriters' right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the Insured or others, to determine or warrant that such property is safe. The Underwriters may examine and audit the Insured's books and records at any time up to two years after the final termination of this Policy, as far as they relate to the subject matter of this Insurance.

20. ASSIGNMENT

Assignment or transfer of this Policy shall not be valid except with the prior written consent of the Underwriters.

21. RIGHTS OF THIRD PARTIES EXCLUSION

This Policy is effected solely between the Insured and the Underwriters.

This Policy shall not confer any benefits on any third parties, including shareholders, and no such third party may enforce any term of this Policy.

This clause shall not affect the rights of the Insured.

22. CANCELLATION

This Policy shall be non-cancellable by the Underwriters or the Insured except in the event of non-payment of premium where the Underwriters may cancel the Policy at their discretion.

In the event of non-payment of premium this Policy may be cancelled by or on behalf of the Underwriters by delivery to the Insured or by mailing to the Insured or the Broker by registered, certified, or other first class mail, at the Insured's address as shown in this Policy, written notice stating when, not less than fifteen (15) days thereafter, the cancellation shall be effective. The mailing of such notice shall be sufficient proof of notice and this Policy shall terminate at the date and hour specified in such notice.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

23. ARBITRATION

If the Insured and Underwriters fail to agree in whole or in part regarding any aspect of this Policy, each party shall, within ten (10) days after the demand in writing by either party, appoint a competent and disinterested arbitrator and the two (2) chosen shall before commencing the arbitration select a competent and disinterested umpire.

The arbitrators together shall determine such matters in which the Insured and Underwriters shall so fail to agree and shall make an award thereon and the award in writing of any two(2), duly verified, shall determine the same, and if they fail to agree, they will submit their differences to the umpire.

The parties to such arbitration shall pay the arbitrators respectively appointed by them and bear equally the expenses of the arbitration and the charges of the umpire.

24. SEVERAL LIABILITY

The Underwriters' obligations under this Policy are several and not joint and are limited solely to their individual subscriptions. The Underwriters are not responsible for the subscription of any co-subscribing Underwriter who for any reason does not satisfy all or part of its obligations.

25. LEGAL ACTION AGAINST UNDERWRITERS

No one may bring a legal action against Underwriters unless: There has been full compliance by the Insured with all of the terms of this Policy; and The action is brought within two (2) years after the expiry or cancellation of this Policy.

26. MATERIAL CHANGES

The Insured shall notify the Underwriters of any change of circumstances which would materially affect this Insurance.

27. EXPERTS FEES

This Insurance includes, within the sum insured, the necessary and reasonable fees of architects, surveyors, consulting engineers and other professional experts which are incurred in reinstating or repairing the insured property following damage insured under this Policy.

28. LAW

As specified in the Schedule.

29. JURISDICTION

As specified in the Schedule.

30. SERVICE OF SUIT

This Service of Suit Clause is only applicable to Insureds domiciled in the USA.

This Service of Suit Clause will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in the Arbitration provision within this Policy. This Clause is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to such Arbitration provision for resolving disputes arising out of this contract of insurance.

It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured, will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States.

It is further agreed that service of process in such suit may be made upon underwriters representatives stated in the Schedule and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorised and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured to give a written undertaking to the Insured that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above-named as the person to whom the said officer is authorised to mail such process or a true copy thereof.

31. SANCTION LIMITATION AND EXCLUSION

The Underwriters shall not be deemed to provide cover and the Underwriters shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment or such claim or provision of such benefit would expose the Underwriters to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

32. LOSS CONTROL CLAUSE

Notwithstanding any provision to the contrary within this insurance, it is understood and agreed that this insurance is, subject to all its terms and conditions except as specifically varied or provided by this Endorsement, extended to include cover against physical loss or physical damage to insured property directly caused by the actions of the government of the state (or its Military Authority) where the insured property is located, in suppressing, controlling or minimizing the consequences of an Act of Terrorism and/or Sabotage, as covered by this insurance.

If the Insured is eligible for compensation or indemnity under any government compensation plan or other similar scheme in respect of the damage described above, this insurance shall be excess of any amount due from such plan or scheme whether paid or not. "Military Authority" shall mean a military or security authority operating on behalf of a state recognised by the United Nations.

SANCTION LIMITATION AND EXCLUSION CLAUSE

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

15/09/10
LMA3100

INSTITUTE SERVICE OF SUIT CLAUSE (U.S.A.)

It is agreed that in the event of the failure of the Underwriters severally subscribing this insurance (the Underwriters) to pay any amount claimed to be due hereunder, the Underwriters, at the request of the Assured, will submit to the jurisdiction of a court of competent jurisdiction within the United States of America.

Notwithstanding any provision elsewhere in this insurance relating to jurisdiction, it is agreed that the Underwriters have the right to commence an action in any court of competent jurisdiction in the United States of America, and nothing in this clause constitutes or should be understood to constitute a waiver of the Underwriters' rights to remove an action to a United States Federal District Court or to seek remand therefrom or to seek a transfer of any suit to any other court of competent jurisdiction as permitted by the laws of the United States of America or any state therein.

Subject to the Underwriters' rights set forth above:

- (a) It is further agreed that the Assured may serve process upon:

**Lloyd's America, Inc
Attention: Legal Department
280 Park Avenue, East Tower, 25th Floor
New York, NY 10017**

and that in any suit instituted against any one of them upon this contract the Underwriters will abide by the final decision of the Court or of any Appellate Court in the event of an appeal.

- (b) The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Assured to give a written undertaking to the Assured that they will enter a general appearance upon the Underwriters' behalf in the event such a suit shall be instituted.
- (c) The right of the Assured to bring suit as provided herein shall be limited to a suit brought in its own name and for its own account. For the purpose of suit as herein provided the word Assured includes any mortgagee under a ship mortgage which is specifically named as a loss payee in this insurance and any person succeeding to the rights of any such mortgagee.
- (d) Further, pursuant to any statute of any state, territory or district of the United States of America which makes provision therefor, Underwriters hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office (the Officer), as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Assured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above-named as the person to whom the Officer is authorized to mail such process or a true copy thereof.

If this clause is attached to a contract of reinsurance the terms insurance and Assured shall mean reinsurance and Reassured respectively.

CL355A

12 November 2019

EXTRA EXPENSE EXTENSION

In consideration of the premium paid and subject to the EXCLUSIONS, CONDITIONS AND LIMITATIONS of the Policy to which this Extension is attached, and also to the following ADDITIONAL CONDITIONS AND EXCLUSIONS, this Insurance is extended to cover the necessary Extra Expense incurred by the Insured in order to continue as nearly as practicable the normal conduct of the Insured's business following Direct Physical Loss or Damage as covered by the Policy to which this Extension is attached, to the Property Insured.

DEFINITION OF EXTRA EXPENSE

"Extra Expense" means the excess (if any) of the total cost during the period of restoration chargeable to the conduct of the Insured's business over and above the total cost that would normally have been incurred to conduct the Insured's business during the same period had no loss occurred. The term "Extra Expense" includes the reasonable extra cost of temporary repair or of expediting the repair or replacement of such damaged property of the Insured, including overtime and the extra cost of express or other rapid means of transportation; and shall also include the cost incurred in obtaining property for temporary use during the period of restoration necessarily required for the conduct of the Insured's business. The period of restoration shall be limited to the time required, with the exercise of due diligence and dispatch, to repair, rebuild or replace such damaged or destroyed property, commencing with the date of such damage or destruction and not limited by the expiration date of this Policy. However, the period of restoration shall not exceed eighteen (18) calendar months.

CONDITIONS

1. Direct Loss or Damage

No claim shall be payable under this Extension unless and until a claim has been paid, or liability admitted, in respect of Direct Physical Loss or Damage to property insured under the Policy to which this Extension is attached and which gave rise to Extra Expense.

This Condition shall not apply if no such payment shall have been made, or liability admitted, solely owing to the operation of a Deductible in said Policy which excludes liability for losses below a specified amount.

2. Resumption of Operations

It is a condition of this Policy that, as soon as practicable, the Insured shall resume normal operation of the business and shall dispense with such Extra Expense.

3. Salvage

At the end of the period of restoration, any salvage value remaining in property obtained for temporary use shall be taken into consideration in the determination of such Extra Expense.

EXCLUSIONS

This Extension does not insure against:

1. increase in Extra Expense resulting from interference at the insured premises, by strikers or other persons, with rebuilding, repairing or replacing the property or with the resumption or continuation of operation;
2. increase in Extra Expense by the suspension, lapse, or cancellation of any lease, license, contract, or order;
3. increase in Extra Expense caused by the enforcement of any ordinance or law regulating the use, reconstruction, repair or demolition of any property insured hereunder;
4. Loss of Earnings or any other consequential loss.

14/12/05

LMA5043

Form approved by Lloyd's Market Association

Rental Income Extension

In consideration of the premium paid, and subject to the EXCLUSIONS, CONDITIONS AND LIMITATIONS of the Policy to which this Extension is attached, and also to the following ADDITIONAL CONDITIONS AND EXCLUSIONS, this Policy is extended to cover loss resulting from necessary untenability caused by Direct Physical Loss or Damage, as covered by the Policy to which this Extension is attached, to property insured by this Policy.

In the event of such Direct Physical Loss or Damage, the Underwriters shall be liable for the actual loss sustained by the Insured resulting directly from such necessary untenability, but not exceeding the reduction in Rental Income, as defined hereafter, less charges and expenses which are not necessary during the period of untenability, for only such length of time as would be required, with the exercise of due diligence and dispatch to repair, rebuild or replace such part of the property as has been destroyed or damaged. However, such length of time shall not exceed eighteen (18) months commencing with the date of such Direct Physical Loss or Damage and not limited by the expiration of this Policy.

For the purpose of this Extension "Rental Income" is defined as the sum of:

- (a) the anticipated gross rental income from tenant occupancy of the described property as furnished and equipped by the Insured, and
- (b) the amount of all charges which are the legal obligations of the tenants and which would otherwise be obligations of the Insured, and
- (c) the fair rental value of any portion of such property which is occupied by the Insured.

In determining Rental Income due consideration shall be given to the rental experience before the date of damage or destruction and the probable experience thereafter had no loss occurred.

CONDITIONS

1. Direct Loss or Damage

No claim shall be payable under this Extension unless and until a claim has been paid, or liability admitted, in respect of Direct Physical Loss or Damage to property insured under the Policy to which this Extension is attached and which gave rise to loss of Rental Income.

This Condition shall not apply if no such payment shall have been made, or liability admitted, solely owing to the operation of a Deductible in said Policy which excludes liability for losses below a specified amount.

2. Values Declared (and Incorrect Declaration Penalty)

The premium for this Extension has been based on a statement of individual values declared to and agreed by

the Underwriters at the inception of the Policy and stated in the Schedule.

If any of the individual values declared are less than the equivalent amount of the Co-insurance percentage, as stated in the Schedule, of the Rental Income values, then any recovery otherwise due hereunder shall be reduced in the same proportion that the individual value(s) declared bear to the value(s) that should have been declared and the Insured shall co-insure for the balance.

EXCLUSIONS

This Extension does not insure against:

1. increase in loss resulting from interference at the insured premises, by strikers or other persons, with rebuilding, repairing or replacing the property or with the resumption or continuation of operation;
2. increase in loss caused by the suspension, lapse, or cancellation of any lease, license, contract, or order, unless such results directly from the insured untenability, and then the Underwriters shall be liable for only such loss as affects the Insured's income during, and limited to, the period of untenability covered under this Policy;
3. increase in loss caused by the enforcement of any ordinance or law regulating the use, reconstruction, repair or demolition of any property insured hereunder;
4. any other consequential loss.

14/12/05

LMA5042

Form approved by Lloyd's Market Association

St. James Court Homes Association Inc **Statement of Values**

Prorata Factor: 1.000

Grand Total TIV: \$77,622,572

| <u>Loc Name</u> | <u>Address</u> | <u>City</u> | <u>State</u> | <u>Zip</u> | <u>Eff Date</u> | <u>Exp Date</u> |
|----------------------------------|--------------------------|-------------------------------|---------------------|----------------------------|---------------------------------|-----------------|
| St. James Court HOA | 14101 West 151st Terrace | Olathe | KS | 66062 | 10/08/24 | 10/08/25 |
| Coverages | Limits of Insurance | Coverages | Limits of Insurance | Total Coverage | Total Limit of Insurance | |
| Real Property | \$77,015,672 | Bus. Personal Property | \$57,500 | Total Insured Value | \$77,622,572 | |
| Bus. Income Loss of Rents | \$114,400 | Other | \$435,000 | | | |



One Tower Square, Hartford, Connecticut 06183

TRAVELERS CORP. TEL: 1-800-328-2189
APARTMENT BLDGS
COMMON POLICY DECLARATIONS

INSURING COMPANY:
TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA

LOCATIONS

| | | | |
|----------|-------|-----------|---------|
| Premises | Bldg. | | |
| Loc. No. | No. | Occupancy | Address |

SEE IL TO 03

COVERAGE PARTS FORMING PART OF THIS POLICY AND INSURING COMPANIES:
EQUIPMENT BREAKDOWN PROTECTION DECLARATIONS EB TO 00 02 19 TIL

NUMBERS OF FORMS AND ENDORSEMENTS
FORMING A PART OF THIS POLICY: SEE IL T8 01 10 93

SUPPLEMENTAL POLICIES: Each of the following is a separate policy
containing its complete provisions:
Policy Policy No. Insuring Company

NAME AND ADDRESS OF AGENT OR BROKER:
STRATA UNDERWRITING MGRS (DCB78)
8144 WALNUT HILL LN STE 1490
DALLAS, TX 75231

COUNTERSIGNED BY:

Authorized Representative

DATE: _____

LISTING OF FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS

THIS LISTING SHOWS THE NUMBER OF FORMS, SCHEDULES AND ENDORSEMENTS BY LINE OF BUSINESS.

| | |
|----------------|--|
| IL TO 02 11 89 | COMMON POLICY DECLARATIONS |
| IL T8 01 10 93 | FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS |
| IL TO 01 01 07 | COMMON POLICY CONDITIONS |
| IL TO 03 04 96 | LOCATION SCHEDULE |

BOILER AND MACHINERY

| | |
|----------------|--|
| EB TO 00 02 19 | ENERGYMAX21 EQUIP BREAKDOWN DEC |
| EB TO 01 02 19 | ENERGYMAX 21 EQUIP BREAKDOWN PRO TOC |
| EB T1 00 02 19 | EQUIPMENT BREAKDOWN PROTECTION |
| EB T4 49 10 22 | SHIPLOADER AND BARGE LOADER EXCLUSION |
| EB T4 50 01 23 | DIGITAL ASSETS EXCL |
| BM T5 94 01 21 | FEDERAL TERRORISM RISK INSURANCE ACT DIS |
| EB T3 18 02 19 | SPECIFIED PERILS EXCLUSION |
| EB T3 19 02 19 | ACTUAL CASH VALUE - PREDETERMINED DEPREC |
| EB T3 77 02 19 | ORDINARY PAYROLL EXCLUSION |
| EB T4 47 01 23 | ELECTRONIC VANDALISM EXCLUSION |
| EB T9 02 02 19 | AZ CHANGES - CONCEALMENT, MISREP, FRAUD |
| EB T9 07 09 19 | KANSAS CHANGES |
| EB T9 12 06 23 | MICHIGAN CHANGES |
| EB T9 13 04 20 | MINNESOTA CHANGES |
| EB T9 14 02 19 | MS LEGAL ACTION AGAINST US; CANCELLATION |
| EB T9 15 12 13 | MISSOURI CHANGES - LEGAL |
| EB T9 17 06 23 | NORTH CAROLINA CHANGES |
| EB T9 28 08 08 | INDIANA CHANGES-TRANSFER OF RIGHTS |
| EB T9 33 02 19 | TX CHANGES - ARBITRATION, DEF, LEGAL ACT |
| EB T9 37 02 19 | GEORGIA CHANGES - VALUATION |
| PN EB 08 12 13 | NORTH CAROLINA POLICYHOLDER NOTICE |

INTERLINE ENDORSEMENTS

| | |
|----------------|--|
| IL TO 63 07 22 | ACTUAL CASH VALUE |
| IL T4 12 03 15 | AMNDT COMMON POLICY COND-PROHIBITED COVG |
| IL T4 14 01 21 | CAP ON LOSSES FROM CERT ACTS OF TERRORIS |
| IL T4 27 06 19 | ADDITIONAL BENEFITS |
| IL T4 28 10 19 | ADDITIONAL BENEFITS - KANSAS |
| IL F1 54 12 22 | ACTUAL CASH VALUE DEFINITION - GEORGIA |
| IL 01 06 04 15 | VIRGINIA CHANGES-APPRAISAL |
| IL 01 10 09 07 | NV CHANGES-CONCEALMENT, MISREP OR FRAUD |
| IL 01 52 10 15 | VIRGINIA CHANGES |
| IL 01 56 11 17 | IN CHGES - CONCEALMENT, MISREP OR FRAUD |
| IL 01 59 09 07 | NE CHANGES-FRAUD OR MISREPRESENTATION |
| IL 01 60 01 16 | KS CHANGES-CONCEALMENT, MISREP OR FRAUD |
| IL 01 63 10 17 | ARKANSAS CHANGES |

INTERLINE ENDORSEMENTS (CONTINUED)

| | |
|----------------|---|
| IL 01 71 09 07 | TEXAS CHANGES-LOSS PAYMENT |
| IL 01 77 10 10 | OK CHANGES-CONCEAL, MISREPRESENT OR FRAUD |
| IL 01 78 09 07 | NEW MEXICO CHANGES |
| IL 02 12 01 12 | VIRGINIA CHANGES |
| IL 02 88 12 19 | TX CHANGES - CANCEL AND NONRENEWAL |
| IL T9 56 04 93 | TX CHANGES-NOTICE OF CLAIM OR SETTLEMENT |

POLICYHOLDER NOTICES

| | |
|----------------|--|
| PN T1 89 02 23 | JURISDICTIONAL INSP & CONTACT INFO REQ |
| PN T1 01 10 19 | IMPORTANT NOTICE - VIRGINIA |
| PN T4 71 04 20 | IMPORTANT NOT-POLICYHOLDER INFO-ARKANSAS |
| PN U3 53 06 19 | IMPT NOTICE - FLOOD - TX |

**ENERGYMAX 21
EQUIPMENT BREAKDOWN PROTECTION
DECLARATIONS**

INSURING COMPANY:

TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA

EFFECTIVE DATE: Same as Policy unless otherwise specified:

COVERED PREMISES:

The Coverage Provided By This Coverage Part Applies To All Locations Covered By This Policy Except Those Listed Below:

EXCEPTIONS:

The Limits of Insurance for Property Damage and the Coverage Extensions and Limitations are part of, not in addition to, the Total Limit per Breakdown.

If INCLUDED is shown under Limit of Insurance for Property Damage or a Coverage Extension or Limitation, then the limit for such coverage is part of, not in addition to, the other Limit of Insurance identified.

The Coverage Extensions listed below apply only if a limit or other coverage indicator is shown under the Limit of Insurance for that Coverage Extension.

The Coverage Limitations listed below always apply.

COVERAGES and LIMITS OF INSURANCE

Total Limit per Breakdown:

\$50,000,000

1. Property Damage (PD):

INCLUDED IN TOTAL LIMIT PER BREAKDOWN

2. Coverage Extensions:

a. Business Income Coverage Extension (BI):

INCLUDED IN TOTAL LIMIT PER BREAKDOWN

Coinsurance Percentage *SUSPENDED*

b. Extra Expense Coverage Extension (EE):

\$50,000,000

c. Spoilage Damage Coverage Extension (SD):

\$100,000

Utility Interruption – Spoilage coverage applies only if the interruption lasts at least (waiting period):

24 Hours

d. Utility Interruption – Time Element Coverage Extension (UI-TE):

\$1,000,000

Utility Interruption – Time Element coverage applies only if the interruption lasts at least (waiting period):

24 Hours

e. Civil Authority Coverage Extension:

COVERED

COVERAGES and LIMITS OF INSURANCE – Continued

- f. "Dependent Property" Coverage Extension:
NOT COVERED

"Dependent Property" Locations:

- g. "Electronic Data" Or "Media" Coverage Extension:

(1) "Electronic Data" Or "Media" Stored At "Covered Premises":
\$100,000

(2) "Electronic Data" Or "Media" Stored With "Electronic Data Storage Provider":
INCLUDED IN "ELECTRONICS DATA" OR "MEDIA" STORED AT "COVERED PREMISES"

- h. Errors And Omissions Coverage Extension:
INCLUDED IN TOTAL LIMIT PER BREAKDOWN

- i. Expediting Expense Coverage Extension:
\$100,000

- j. Extended Period Of Restoration Coverage Extension:
30 Days

- k. "Fungus", Wet Rot And Dry Rot Coverage Extension:

(1) Property Damage:
\$100,000

(2) Business Income Or Extra Expense:
30 DAYS

- l. Green Enhancements Coverage Extension:

Property Damage Percentage Factor:
5 %

Property Damage Additional Costs Limit of Insurance:
\$100,000

Business Income or Extra Expense Additional Number of Days:
30 days

- m. Ingress Or Egress Coverage Extension:
1 DAY

- n. Newly Acquired Locations Coverage Extension:
\$1,000,000

Number of Days of Coverage:
90 Days

- o. Off-Premises Transportable Equipment Coverage Extension:
\$100,000

COVERAGES and LIMITS OF INSURANCE – Continued

- p. Ordinance Or Law (Including Demolition And Increased Cost Of Construction) Coverage Extension:
 - (a) Undamaged Property:
\$100,000
 - (b) Demolition:
INCLUDED IN UNDAMAGED PROPERTY
 - (c) Increased Cost Of Construction:
INCLUDED IN UNDAMAGED PROPERTY
- q. Sump Overflow Coverage Extension:
\$5,000

COVERAGE LIMITATIONS and LIMITS OF INSURANCE

- a. Hazardous Substance Limitation:
\$100,000
- b. Refrigerant Contamination Limitation:
\$100,000
- c. Water Damage Limitation:
\$100,000

Drying Out Limit of Insurance:
INCLUDED IN PD LIMIT

Other:

NUMBER OF DAYS FOR NOTICE OF CANCELLATION:

60 Days

Except: 10 days for non-payment of Premium

COVERAGES and DEDUCTIBLE AMOUNT

Combined Deductible:

NOT APPLICABLE

Property Damage (PD):

\$10,000

Business Income (BI):

24 HOURS

Extra Expense (EE):

24 HOURS

Spoilage Damage (SD):

INCLUDED IN PD DEDUCTIBLE

Utility Interruption – Time Element (UI-TE):

24 HOURS

"Dependent Property":

NOT APPLICABLE

Refrigerant Contamination:

INCLUDED IN PD DEDUCTIBLE

Other:

NUMBERS OF FORMS, SCHEDULES AND ENDORSEMENTS FORMING PART OF THIS COVERAGE PART ARE ATTACHED AS A SEPARATE LISTING

EnergyMax 21 Equipment Breakdown Protection

Table of Contents

| | TOPIC | PAGE |
|----------------------|---|-----------|
| A. Coverage | | 1 |
| 1. | Property Damage (PD) | 1 |
| 2. | Coverage Extensions | 1 |
| a. | Business Income Coverage Extension (BI) | 1 |
| b. | Extra Expense Coverage Extension (EE) | 2 |
| c. | Spoilage Damage Coverage Extension (SD) | 2 |
| d. | Utility Interruption – Time Element Coverage Extension (UI – TE) | 2 |
| e. | Civil Authority Coverage Extension | 3 |
| f. | "Dependent Property" Coverage Extension | 3 |
| g. | "Electronic Data" Or "Media" Coverage Extension | 3 |
| h. | Errors And Omissions Coverage Extension | 4 |
| i. | Expediting Expense Coverage Extension | 4 |
| j. | Extended Period Of Restoration Coverage Extension | 4 |
| k. | "Fungus", Wet Rot And Dry Rot Coverage Extension | 4 |
| l. | Green Enhancements Coverage Extension | 5 |
| m. | Ingress Or Egress Coverage Extension | 7 |
| n. | Newly Acquired Locations Coverage Extension | 8 |
| o. | Off-Premises Transportable Equipment Coverage Extension | 8 |
| p. | Ordinance Or Law (Including Demolition And Increased Cost Of Construction) Coverage Extension | 9 |
| q. | Sump Overflow Coverage Extension | 10 |
| B. Exclusions | | 11 |
| 1. | Earth Movement | 11 |
| 2. | Nuclear Hazard | 11 |
| 3. | War or Military Action | 11 |
| 4. | Water | 11 |
| 5. | Capsizing, Collapse, Collision, Impact, Overturning, Sinking or Upset | 11 |
| 6. | Discharge or Leakage | 11 |
| 7. | Delay, Interruption of Business, Loss of Use or Loss of Market | 12 |
| 8. | Depletion, Deterioration, Corrosion, Erosion, Decay, Wear and Tear or Rust | 12 |
| 9. | Explosion | 12 |
| 10. | Explosion within Chemical Recovery Type Boiler | 12 |
| 11. | Fire or Combustion Explosion | 12 |
| 12. | "Fungus", Wet Rot and Dry Rot | 12 |
| 13. | "Hacking Event" | 12 |
| 14. | Lack or Excess of Power, Light, Heat, Steam or Refrigeration | 12 |

| | |
|---|-----------|
| 15. Neglect | 12 |
| 16. Ordinance or Law | 12 |
| 17. Hail or Windstorm | 12 |
| 18. Specified Perils | 13 |
| 19. Testing | 13 |
| 20. Virus or Bacteria | 13 |
| 21. Water, Means to Extinguish a Fire | 13 |
| 22. Business Income, Extra Expense, Utility Interruption – Time Element Additional Exclusions | 13 |
| 23. Utility Interruption– Spoilage, Utility Interruption – Time Element Additional Exclusions | 13 |
| 24. Other Indirect Result | 14 |
| C. Limits of Insurance | 14 |
| 4. Limitations | 14 |
| a. Hazardous Substance Limitation | 14 |
| b. Refrigerant Contamination Limitation | 14 |
| c. Water Damage Limitation | 14 |
| D. Deductibles | 15 |
| 1. Application of Deductibles | 15 |
| 2. Determination of Deductibles | 15 |
| a. Dollar Deductible | 15 |
| b. Multiple per Unit Deductible | 15 |
| c. Time Deductible | 15 |
| d. Multiple of Average Daily Value (ADV) Deductible | 15 |
| e. Percentage of Loss Deductible | 15 |
| f. Minimum or Maximum Deductible | 16 |
| E. Conditions | 16 |
| 1. Loss Conditions | 16 |
| a. Abandonment | 16 |
| b. Appraisal | 16 |
| c. Defense | 16 |
| d. Duties in the Event of Loss or Damage | 16 |
| e. Insurance Under Two or More Coverages | 17 |
| f. Legal Action Against Us | 17 |
| g. Other Insurance | 17 |
| h. Privilege to Adjust with Owner | 17 |
| i. Reducing Your Loss | 17 |
| j. Transfer of Rights of Recovery Against Others to Us | 18 |
| k. Loss Payment | 18 |
| l. Valuation | 18 |
| (1) Replacement Cost | 18 |
| (2) New Generation | 19 |

| | |
|---|-----------|
| (3) Better Kind or Quality | 19 |
| (4) Extended Warranty, or Maintenance or Service Contract | 19 |
| (5) If You do not Repair or Replace | 19 |
| (6) Goods Held by You for Sale | 19 |
| (7) Property in Process | 19 |
| (8) Salvage Value | 19 |
| (9) Pairs, Sets or Parts | 19 |
| (10) Brands and Labels | 20 |
| m. Business Income | 20 |
| (1) Business Income Report of Values | 20 |
| (2) Business Income Coinsurance | 20 |
| 2. General Conditions | 21 |
| a. Bankruptcy | 21 |
| b. Cancellation | 21 |
| c. Concealment, Misrepresentation or Fraud | 21 |
| d. Currency | 21 |
| e. Jurisdictional Inspections | 22 |
| f. Liberalization..... | 22 |
| g. No Benefit to Bailee | 22 |
| h. Policy Period, Coverage Territory | 22 |
| i. Reporting of Values | 22 |
| j. Premium Adjustments | 22 |
| k. Suspension | 22 |
| 3. Joint or Disputed Loss Agreement | 23 |
| 4. Statutes or Regulations | 24 |
| 5. Mortgageholders | 24 |
| F. Definitions | 25 |
| 1. Breakdown | 25 |
| a. Breakdown means | 25 |
| b. Breakdown does not mean | 25 |
| 2. Business Income | 25 |
| 3. Business Income Actual Annual Value | 25 |
| 4. Business Income Estimated Annual Value | 25 |
| 5. Computer Equipment | 25 |
| 6. Computer Program | 25 |
| 7. Covered Equipment | 25 |
| a. Covered Equipment means | 25 |
| b. Covered Equipment does not mean | 25 |
| 8. Covered Premises | 26 |
| 9. Covered Property | 26 |

| | |
|--|----|
| a. Covered Property means | 26 |
| b. Covered Property does not mean | 26 |
| 10. Dependent Property | 26 |
| 11. Diagnostic Equipment | 26 |
| 12. Electronic Data | 26 |
| 13. Electronic Data Storage Provider | 26 |
| 14. Extra Expense | 27 |
| 15. Fungus | 27 |
| 16. Green | 27 |
| 17. Green Authority..... | 27 |
| 18. Hacking Event | 27 |
| 19. Hazardous Substance | 27 |
| 20. Media | 27 |
| 21. One Breakdown | 27 |
| 22. Ordinary Payroll | 27 |
| 23. Period of Restoration | 27 |
| 24. Period of Restoration for Dependent Property | 27 |
| 25. Perishable Goods | 28 |
| 26. Power Generating Equipment..... | 28 |
| 27. Production Machines..... | 28 |
| 28. Utility Services | 28 |

ENERGYMAX 21

EQUIPMENT BREAKDOWN PROTECTION

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

Throughout this Coverage Part the words "you" and "your" refer to the Named Insured shown in the Declarations or as endorsed hereunder. The words "we", "us" and "our" refer to the Company providing this insurance.

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

A. Coverage

1. Property Damage (PD)

- a. We will pay for direct damage to "Covered Property" located at the "Covered Premises" caused by a "Breakdown" to "Covered Equipment".
- b. We will also pay for the costs you incur to remove debris of such damaged "Covered Property", where such debris is a direct result of a "Breakdown" to "Covered Equipment".

2. Coverage Extensions

Coverage provided under Section A.1. may be modified by the following Coverage Extensions. Coverage Extensions apply only if a limit or other coverage indicator is shown under the Limit of Insurance for that Coverage Extension in the Declarations or elsewhere in this Coverage Part.

The Coverage Extensions apply only to that portion of the loss or damage that is a direct result of a "Breakdown" to "Covered Equipment". The "Breakdown" to "Covered Equipment" must occur during the policy period, but expiration of the Policy does not limit our liability under these Coverage Extensions.

The most we will pay under each of the Coverage Extensions is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for such Coverage Extension.

The Limits of Insurance for these Coverage Extensions are part of, and are not in addi-

tion to, the Total Limit per Breakdown Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part.

a. Business Income Coverage Extension (BI)

(1) We will pay:

- (a) Your actual loss of "Business Income" from a total or partial interruption of business during the "Period of Restoration"; and
- (b) The additional necessary expenses you incur during the "Period of Restoration", over and above the expenses that you normally would have incurred, to reduce or avert the amount of loss under this Coverage Extension. We will pay for such expenses only to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Coverage Extension.

(2) The "Covered Equipment" must either be:

- (a) "Covered Property" located at a "Covered Premises"; or
- (b) Property of others that is:
 - (i) Located at a "Covered Premises" insured under this Coverage Part; and
 - (ii) Used to supply "Utility Services" to the "Covered Premises".

(3) We will take into consideration:

- (a) The experience of your business before the "Breakdown" to "Covered Equipment" and the probable experience you would have had without the "Breakdown" to "Covered Equipment"; and
- (b) Any amount recovered under physical damage coverages based on selling price valuation;

EQUIPMENT BREAKDOWN

in the adjustment of any loss.

b. Extra Expense Coverage Extension (EE)

- (1) We will pay your "Extra Expense".
- (2) The "Covered Equipment" must either be:
 - (a) "Covered Property" located at a "Covered Premises"; or
 - (b) Property of others that is:
 - (i) Located at a "Covered Premises" insured under this Coverage Part; and
 - (ii) Used to supply "Utility Services" to the "Covered Premises".
- (3) We will take into consideration the experience of your business before the "Breakdown" to "Covered Equipment" and the probable experience you would have had without the "Breakdown" to "Covered Equipment" in the adjustment of any loss.

c. Spoilage Damage Coverage Extension (SD)

We will pay for:

- (1) Spoilage damage to "Perishable Goods" located at the "Covered Premises".
- (2) Utility Interruption – Spoilage
Spoilage damage to "Perishable Goods" located at the "Covered Premises" that is caused by or results from an interruption in "Utility Services" to your "Covered Premises" that is the direct result of a "Breakdown" to "Covered Equipment" owned, operated or controlled by a private or public utility, landlord or other supplier with whom you have a contract to provide you with "Utility Services".

The interruption of such "Utility Service" to your "Covered Premises" must last at least the consecutive period of time shown in the Declarations or elsewhere in this Coverage Part for Utility Interruption – Spoilage. Once this waiting period is met, coverage will commence at the initial time of the interruption and will

then be subject to the applicable deductible.

- (3) Any necessary expenses you incur to reduce or avert the amount of loss under this Coverage Extension. We will pay such expenses to the extent they do not exceed the amount of loss that otherwise would have been payable under this Coverage Extension.

d. Utility Interruption – Time Element Coverage Extension (UI-TE)

If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover loss caused by the interruption of "Utility Services" to your "Covered Premises" provided all of the following conditions are met:

- (1) The interruption is the direct result of a "Breakdown" to "Covered Equipment" owned, operated or controlled by a private or public utility, landlord or other supplier with whom you have a contract to provide you with "Utility Services";
- (2) The "Covered Equipment" is not located at the affected "Covered Premises" insured under this Coverage Part;
- (3) The "Covered Equipment" is used to supply "Utility Services" to the "Covered Premises"; and
- (4) The interruption of "Utility Services" to your "Covered Premises" lasts at least the consecutive period of time shown in the Declarations or elsewhere in this Coverage Part for Utility Interruption – Time Element. Once this waiting period is met, coverage will commence at the initial time of the interruption, subject to the applicable deductible.

With respect to this Coverage Extension, the "Period of Restoration" ends on the date when the "Covered Equipment" owned, operated or controlled by such utility supplier should be repaired, rebuilt or replaced with reasonable speed and similar quality.

e. Civil Authority Coverage Extension

- (1) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover loss caused by the action of civil authority that prohibits access to the "Covered Premises". The action of civil authority must be due to direct physical loss or damage to property caused by a "Breakdown" to "Covered Equipment" at locations, other than the "Covered Premises", that are within 100 miles of the "Covered Premises".
- (2) Coverage provided under Paragraph e.(1) above will commence 24 hours after the time of the civil authority action and will continue:
- (a) For a period of up to three consecutive weeks; or
- (b) Until the action of civil authority is rescinded or expires and access to the "Covered Premises" is no longer prohibited;

whichever occurs first. The "Period of Restoration" does not apply to this Coverage Extension.

f. "Dependent Property" Coverage Extension

If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover loss caused by the necessary partial or total interruption of your business during the "Period of Restoration for Dependent Property". The interruption must be caused by direct physical loss of or damage to "Dependent Property", shown in the Declarations or elsewhere in this Coverage Part, caused by or resulting from a "Breakdown" to "Covered Equipment".

However, coverage under this Coverage Extension does not apply when the only loss to "Dependent Property" is loss or damage to "Electronic Data", including destruction or corruption of "Electronic Data". If the "Dependent Property" sustains loss or damage to "Electronic Data" and other property, coverage under this Coverage Extension will end once the other property is repaired, rebuilt or replaced.

g. "Electronic Data" Or "Media" Coverage Extension**(1) "Electronic Data" Or "Media" Stored At "Covered Premises"**

If "Media" is damaged or "Electronic Data" is lost or corrupted as a direct result of a "Breakdown" to "Covered Equipment" and such "Media" or "Electronic Data" is located or stored at a "Covered Premises", we will pay the actual cost to:

- (a) Research, replace, recreate or restore the damaged "Media" or lost or corrupted "Electronic Data"; and
- (b) Reprogram instructions used in any "Covered Property" that is "Computer Equipment" made necessary due to the damaged "Media" or lost or corrupted "Electronic Data".

(2) "Electronic Data" Or "Media" Stored With "Electronic Data Storage Provider"

If "Media" is damaged or "Electronic Data" is lost or corrupted as a direct result of a "Breakdown" to "Covered Equipment" owned, operated or controlled by an "Electronic Data Storage Provider" and such "Media" or "Electronic Data" is stored with that "Electronic Data Storage Provider", we will pay your actual cost to:

- (a) Research, replace, recreate or restore your damaged "Media" or your lost or corrupted "Electronic Data"; and
- (b) Reprogram instructions used in any "Covered Property" that is "Computer Equipment";

provided that the "Covered Equipment" owned, operated or controlled by that "Electronic Data Storage Provider" is not located at any "Covered Premises" insured under this Coverage Part and that such "Covered Equipment" is used to store your "Electronic Data".

- (3) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover the actual loss incurred during

EQUIPMENT BREAKDOWN

the time necessary to:

- (a) Research, replace, recreate or restore the damaged, "Media" or lost or corrupted "Electronic Data"; and
- (b) Reprogram instructions used in any covered "Computer Equipment";

with reasonable speed and similar quality. The "Period of Restoration" does not apply to this Coverage Extension.

- (4) We will not pay for any loss or expense incurred due to damaged "Media" or lost or corrupted "Electronic Data" if the "Electronic Data" or "Media" cannot be replaced, recreated or restored. To the extent that "Electronic Data" is not replaced, recreated 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 a substantially identical type.

The deductible for coverage provided under this Coverage Extension is INCLUDED within the applicable Property Damage Deductible, Business Income Deductible or Extra Expense Deductible shown in the Declarations or elsewhere in this Coverage Part.

h. Errors And Omissions Coverage Extension

We will pay for your loss or damage that would otherwise be payable under this Coverage Part, but is not payable solely because of any unintentional:

- (1) Error or omission in the description or location of property as insured under this Coverage Part;
- (2) Failure to include any premises owned or occupied by you at the inception date of this Coverage Part; or
- (3) Error or omission by you that results in cancellation of coverage for any premises insured under this Policy.

No coverage is provided as a result of any error or omission in the reporting of

values or the coverage you requested.

It is a condition of coverage provided under this Coverage Extension that any errors or omissions must be reported and corrected when discovered. The policy premium will be adjusted accordingly to reflect the date that any premises should have been added had no error or omission occurred.

i. Expediting Expense Coverage Extension

With respect to direct damage to "Covered Property" located at the "Covered Premises" caused by a "Breakdown" to "Covered Equipment", we will pay the reasonable extra cost you necessarily incur to:

- (1) Make temporary repairs to; or
- (2) Expedite the permanent repairs or replacement of;

the damaged "Covered Property".

The deductible for coverage under this Coverage Extension is INCLUDED within the Property Damage Deductible shown in the Declarations or elsewhere in this Coverage Part.

j. Extended Period Of Restoration Coverage Extension

The "Period of Restoration" is extended for the number of consecutive days indicated in the Declarations or elsewhere in this Coverage Part.

k. "Fungus", Wet Rot And Dry Rot Coverage Extension

(1) Property Damage

- (a) We will pay for direct damage to "Covered Property" located at the "Covered Premises" caused by "Fungus", wet rot or dry rot, but only when the "Fungus", wet rot or dry rot is caused by or results from a "Breakdown" to "Covered Equipment" that occurs during the policy period, including the cost:

- (i) To treat, contain or remove the "Fungus", wet rot or dry rot;
- (ii) To dispose of the "Fungus",

wet rot or dry rot;

- (iii) To tear out and replace any "Covered Property" located at the "Covered Premises" as needed to gain access to the "Fungus", wet rot or dry rot; and
 - (iv) Of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "Fungus", wet rot or dry rot is present.
- (b) The most we will pay for coverage provided under Paragraph k.(1)(a) above is \$15,000 per "Covered Premises" per 12-month period starting with the effective date of this Coverage Part, or the amount shown in the Declarations or elsewhere in this Coverage Part as the Limit of Insurance for "Fungus", Wet Rot And Dry Rot Coverage Extension, whichever is greater. With respect to any "One Break-down" that results in "Fungus", wet rot or dry rot, we will not pay more than such limit even if the "Fungus", wet rot or dry rot continues to be present or active or recurs in a later policy period.
- (c) The limit in Paragraph k.(1)(b) above is part of, and is not in addition to, the Property Damage Limit of Insurance.

However, if "Fungus", wet rot or dry rot results from water released as a result of a "Break-down" to "Covered Equipment", the limit in Paragraph k.(1)(b) above is part of, and is not in addition to, the Water Damage Limitation Limit of Insurance.

(2) Business Income Or Extra Expense

- (a) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover the additional

loss caused by the presence of "Fungus", wet rot or dry rot as identified in Paragraph k.(1)(a) above.

- (b) Coverage identified in Paragraph k.(2)(a) above is limited to 30 days, or the number of days shown in the Declarations or elsewhere in this Coverage Part for the "Fungus", Wet Rot And Dry Rot Coverage Extension, whichever is greater. The number of indicated days need not be consecutive. This limit is part of, and is not in addition to, the applicable Limits of Insurance for the Business Income Coverage Extension or Extra Expense Coverage Extension.

The deductible for coverage under this Coverage Extension is INCLUDED with in the applicable Property Damage Deductible, Business Income Deductible or Extra Expense Deductible shown in the Declarations or elsewhere in this Coverage Part.

I. Green Enhancements Coverage Extension

(1) Green Alternative Additional Costs

- (a) We will pay for the reasonable additional cost you incur to:
 - (i) Repair or replace the damaged or destroyed portions of the "Covered Property" located at the "Covered Premises" (except as may be provided under Section E. Conditions, 1. Loss Conditions, I. Valuation, (2) New Generation) using products or materials that:
 - i. Are "Green" alternatives to the products or materials of the damaged or destroyed "Covered Property" located at the "Covered Premises", in accordance with the documented standards of a "Green Authority"; and

EQUIPMENT BREAKDOWN

- ii. Are otherwise of comparable quality and function to the damaged or destroyed "Covered Property" located at the "Covered Premises"; and
 - (ii) Employ "Green" methods or processes of construction, disposal or recycling in the course of the repair and replacement of the damaged or destroyed "Covered Property" located at the "Covered Premises", in accordance with the documented standards of a "Green Authority".
- (b) Green Reengineering, Recertification And Related Expenses**
- (i) If, as a direct result of the "Breakdown" to "Covered Equipment", the pre-loss level of "Green" certification by a "Green Authority" on the "Covered Property" located at the "Covered Premises" is lost, we will pay for the following reasonable additional expense you incur to re-attain the pre-loss level of "Green" certification from that "Green Authority":
 - i. The reasonable additional expenses you incur to hire a qualified engineer or other professional required by the "Green Authority" to be involved in:
 - a. Designing, overseeing or documenting the repair or replacement of the damaged or destroyed "Covered Property" located at the "Covered Premises"; or
 - b. Testing and recalibrating the systems and mechanicals of the damaged or destroyed "Covered Property" located at the "Covered Premises" to verify that the systems and mechanicals are performing in accordance with the design of such systems and mechanicals or the specifications of the manufacturer; and
 - ii. The reasonable registration and recertification fees charged by the "Green Authority".
 - (ii) After repair or reconstruction is completed, we will pay your reasonable expenses to flush out the renovated space or to conduct air quality testing of the renovated space in accordance with the recommended procedures of a "Green Authority" and for the purpose of mitigating indoor air-quality deficiencies resulting from the repair or reconstruction.
 - (iii) This coverage applies to the additional expenses described in Paragraphs I.(1)(b)(i) and (ii) above that you incur to achieve the pre-loss level of "Green" certification in accordance with the standards of the "Green Authority" that exist at the time of repair or replacement, even if the standards have changed since the original certification was achieved.
- (c) Coverage provided under Paragraphs I.(1)(a) and I.(1)(b) above applies only if replacement cost valuation applies to the damaged or destroyed "Covered Property" located at the "Covered Premises", and then only if the "Covered Property" is actually repaired or replaced as

EQUIPMENT BREAKDOWN

soon as reasonably possible after the "Breakdown" to "Covered Equipment".

(d) The most we will pay for coverage provided under Paragraphs I.(1)(a) and I.(1)(b) above for any "One Breakdown" is the least of:

(i) The Property Damage Percentage Factor shown in the Declarations or elsewhere in this Coverage Part multiplied by the amount we would otherwise pay for loss covered under Section A. Coverage, 1. Property Damage, prior to the application of any applicable deductible; or

(ii) The Property Damage Additional Costs Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part.

(2) Green Alternative Business Income And Extra Expense

(a) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover the actual and necessary loss or expense incurred during the reasonable and necessary increase in the "Period of Restoration" incurred to:

(i) Repair or replace the damaged or destroyed portions of the "Covered Property" located at the "Covered Premises" using products or materials that:

i. Are "Green" alternatives to the products or materials of the damaged or destroyed "Covered Property", in accordance with the documented standards of a "Green Authority"; and

ii. Are otherwise of comparable quality and function to the damaged or destroyed "Covered Property"; and

(ii) Employ "Green" methods or processes of construction, disposal or recycling in the course of the repair and replacement of the damaged or destroyed "Covered Property" located at the "Covered Premises", in accordance with the documented standards of a "Green Authority".

(b) The coverage provided under Paragraph I.(2)(a) above does not increase the applicable Business Income or Extra Expense Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part.

The deductible for coverage provided under this Coverage Extension is INCLUDED within the applicable Property Damage Deductible, Business Income Deductible or Extra Expense Deductible shown in the Declarations or elsewhere in this Coverage Part.

m. Ingress Or Egress Coverage Extension

(1) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover loss you incur due to physical prevention of ingress to or egress from a "Covered Premises" provided such prevention is a direct result of a "Breakdown" to "Covered Equipment" as otherwise covered under this Policy. The prevention of ingress to or egress from a "Covered Premises" must be caused by a "Breakdown" to "Covered Equipment" at a location other than a "Covered Premises".

(2) Coverage provided under Paragraph m.(1) above will commence 24 hours after the inception of the prevention of ingress or egress and will continue for the period of time

EQUIPMENT BREAKDOWN

shown for the Ingress Or Egress Coverage Extension in the Declarations or elsewhere in this Coverage Part.

- (3) Coverage provided under this Coverage Extension does not apply if the ingress to or egress from your "Covered Premises" is prohibited by civil authority.

The deductible for coverage under this Coverage Extension is INCLUDED within the applicable Business Income Deductible or Extra Expense Deductible shown in the Declarations or elsewhere in this Coverage Part.

n. Newly Acquired Locations Coverage Extension

We will provide coverage at newly acquired locations you have purchased or leased. This coverage begins at the time you acquire the property and is subject to the following conditions:

- (1) You must promptly inform us in writing of each newly acquired location;
- (2) You agree to pay an additional premium as determined by us for each newly acquired location from the date you acquire each such location;
- (3) The coverage for these locations will be subject to the same terms, conditions, exclusions and limitations as other "Covered Premises" until such locations are more specifically insured under the Coverage Part;
- (4) The coverage under this Coverage Extension will end when any of the following first occurs:
 - (a) This Policy expires;
 - (b) The number of days shown in the Declarations or elsewhere in this Coverage Part for Newly Acquired Locations is exceeded; or
 - (c) The location is reported to us and we have communicated to you in writing our intent to continue coverage (including coverage with different limits, deductibles, terms or conditions) or decline further coverage for such reported location.

- (5) If the coverages and deductibles vary for existing premises, then the coverages for the newly acquired locations will be the broadest coverage, highest limits and highest deductibles applicable to the existing "Covered Premises". However, the most we will pay for all loss or damage as provided under this Coverage Extension is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Newly Acquired Locations Coverage Extension.

o. Off-Premises Transportable Equipment Coverage Extension

- (1) If you have transportable "Covered Equipment" that, at the time of the "Breakdown", is within the Coverage Territory but is at a temporary location that is not a "Covered Premises" or any other location owned, leased or operated by you, we will pay for direct damage to "Covered Property" caused by a "Breakdown" to such "Covered Equipment".
- (2) With respect to coverage provided under this Coverage Extension, Section F, Definitions, 7. "Covered Equipment", Paragraph b.(11) does not apply to transportable "Covered Equipment" mounted on or used with a vehicle, self-propelled equipment or floating vessel, provided the transportable "Covered Equipment" is not used in the operation or propulsion of the vehicle, self-propelled equipment or floating vessel.
- (3) The Limit of Insurance for coverage provided under this Coverage Extension is part of, and is not in addition to, the Property Damage Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part. The deductible for coverage under this Coverage Extension is INCLUDED within the applicable Property Damage Deductible shown in the Declarations or elsewhere in this Coverage Part.

p. Ordinance Or Law (Including Demolition And Increased Cost Of Construction) Coverage Extension

(1) With respect to a building or structure that is "Covered Property" located at a "Covered Premises" and that was damaged as a result of a "Breakdown" to "Covered Equipment", the following coverages apply:

(a) Undamaged Property

We will pay for the loss in value of the undamaged portion of the building or structure as a consequence of enforcement of an ordinance, law, rule, regulation or ruling that requires the demolition of undamaged parts of the same building or structure.

(b) Demolition

We will pay your actual cost to demolish and clear the site of the undamaged parts of the same building or structure as a consequence of enforcement of an ordinance, law, rule, regulation or ruling that requires the demolition of such undamaged property.

(c) Increased Cost Of Construction

We will pay the increased cost actually and necessarily expended to:

(i) Repair or reconstruct the damaged or destroyed portions of the building or structure; and

(ii) Reconstruct or remodel the undamaged portion of that building or structure with buildings or structures of like materials, height, floor area, and style for like occupancy, regardless of whether demolition is required on:

i. The same "Covered Premises" or at another location, if you so elect. However, if you rebuild at another location, the most we will pay is the

increased cost of construction that we would have paid to rebuild at the same "Covered Premises"; or

ii. Another location if the relocation is required by the ordinance, law, rule, regulation or ruling. The most we will pay is the increased cost of construction at the new location.

(d) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover loss incurred as a direct consequence of coverage provided in Paragraph p.(1)(a), (b) or (c) above. With regard to loss covered under this paragraph, the "Period of Restoration" is extended to include the additional period of time required for demolition, removal, repair, remodeling or reconstruction and to meet the minimum requirement for the enforcement of any ordinance, law, rule, regulation or ruling in effect at the time of the "Breakdown".

(2) The coverages described in Paragraph p.(1) above apply only if the increases in loss are necessitated by the enforcement of any ordinance, law, rule, regulation or ruling that is in force at the time of the "Breakdown" to "Covered Equipment" and that regulates the demolition, construction, repair or use of the building or structure.

(3) We will not pay for:

(a) Demolition or site clearing until the undamaged portions of the buildings or structures are actually demolished;

(b) Increase in loss until the damaged or destroyed buildings or structures are actually rebuilt or replaced and approved by the regulating government agency;

EQUIPMENT BREAKDOWN

- (c) Loss due to any ordinance, law, rule, regulation or ruling that:
 - (i) You were required to comply with before the loss, even if the building was undamaged; and
 - (ii) You failed to comply with;
 - (d) Increase in loss excess of the amount required to meet the minimum requirement of an ordinance, law, rule, regulation or ruling enforcement at the time of the "Breakdown" to "Covered Equipment";
 - (e) Increase in loss resulting from a "Hazardous Substance";
 - (f) Loss or expense sustained due to the enforcement of any ordinance, law, rule, regulation or ruling that requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to the presence, growth, proliferation, spread or any activity of "Fungus", wet rot or dry rot; or
 - (g) Costs associated with the enforcement of any ordinance, law, rule, regulation or ruling that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "Fungus", wet rot or dry rot.
- (4) If:
- (a) The building or structure is damaged by a "Breakdown" to "Covered Equipment" that is covered by this Coverage Part;
 - (b) There is other physical damage that is not covered by this Coverage Part; and
 - (c) As a result of the building damage in its entirety, you are required to comply with the ordinance, law, rule, regulation or ruling;
- then we will not pay the full amount of the loss under this Coverage Extension. Instead, we will pay only

that proportion of such loss that the damage by the "Breakdown" to "Covered Equipment" bears to the total physical damage.

But if the building or structure sustains direct physical damage that is not covered under this Coverage Part and such damage is the subject of the ordinance, law, rule, regulation or ruling, then there is no Ordinance or Law coverage under this Coverage Part even if the building has also sustained damage by a "Breakdown" to "Covered Equipment".

- (5) The most we will pay under this Coverage Extension for the sum of all covered loss, including loss covered under any applicable Business Income Coverage Extension or Extra Expense Coverage Extension, is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Ordinance Or Law (Including Demolition And Increased Cost Of Construction).

The deductible for coverage provided under this Coverage Extension is INCLUDED within the applicable Property Damage Deductible, Business Income Deductible or Extra Expense Deductible shown in the Declarations or elsewhere in this Coverage Part.

q. Sump Overflow Coverage Extension

- (1) We will pay for direct damage to "Covered Property" located at the "Covered Premises" caused by or resulting from the overflow of water or waterborne material from a sump located at a "Covered Premises" if such overflow is the result of a "Breakdown" to "Covered Equipment" that is a sump pump or any other "Covered Equipment" at the "Covered Premises" necessary to operate that sump pump.
- (2) We will also pay for any loss covered under any other Coverage Extension as otherwise provided under this Policy that directly results from a loss covered under Paragraph q.(1) above.

- (3) The most we will pay under this Coverage Extension for "One Breakdown" is \$5,000.
- (4) We will not pay for any loss or damage under this Coverage Extension if such loss or damage is covered under another policy of insurance or self-insurance risk retention plan in force at the time of the "Breakdown" to "Covered Equipment", regardless of any applicable deductible, or whether you can collect on it or not.

The deductible for coverage under this Coverage Extension is INCLUDED within the applicable Property Damage Deductible shown in the Declarations or elsewhere in this Coverage Part.

B. Exclusions

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.

The exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

1. Earth Movement

Earth movement including: earthquake; landslide; land subsidence; mine subsidence; sinkhole collapse; volcanic action; or other rising or shifting of earth that results from, contributes to, or is aggravated by any of the above, all whether naturally occurring or due to man-made or other artificial causes.

2. Nuclear Hazard

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

3. War or Military Action

- a. War, including undeclared or civil war;
- b. 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
- c. Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

4. Water

- a. Flood, surface water, waves, tides, tidal waves, tsunami, overflow of any body of water, or their spray, all whether driven by wind or not;
- b. Mudflow or mudslides;
- c. Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment, except as provided in the Sump Overflow Coverage Extension in Section A.2.q. ; or
- d. Water under the ground surface pressing on, or flowing or seeping through:
 - (1) Foundations, walls, floors or paved surfaces;
 - (2) Basements, whether paved or not; or
 - (3) Doors, windows or other openings:

all whether naturally occurring or due to man-made or other artificial causes.

However, if your electrical "Covered Equipment" located at the "Covered Premises" requires drying out as a result of a loss event described in Paragraphs 4. a., b. or c. above, we will pay the expenses you incur to dry out such "Covered Equipment". We will not pay the cost to repair (other than the expense to dry out) or replace such "Covered Equipment" or any other resulting loss, damage or expense.

The most we will pay for such drying out expenses is the applicable Drying Out Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part, or the actual cash value of your affected electrical "Covered Equipment", whichever is less. The Property Damage Deductible shown in the Declarations or elsewhere in this Coverage Part applies to these expenses.

5. **Capsizing, collapse, collision, impact, overturning, sinking or upset** of transportable "Covered Equipment" or the vehicle, vessel, platform or any other structure on which the "Covered Equipment" is mounted or transported.
6. **Discharge or leakage** of a sprinkler system, sewer piping or domestic water piping, unless such discharge or leakage is the direct result of a "Breakdown" to

EQUIPMENT BREAKDOWN

"Covered Equipment". The most we will pay for such water damage is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Water Damage Limitation.

7. **Delay, interruption of business, loss of use or loss of market** except as provided in the Business Income Coverage Extension, Extra Expense Coverage Extension or Utility Interruption-Time Element Coverage Extension in Section A.2.

8. **Depletion, deterioration, corrosion, erosion, decay, wear and tear or rust.** However, if a "Breakdown" to "Covered Equipment" ensues, we will pay the ensuing loss or damage not otherwise excluded.

9. **An explosion.**

However, we will pay for direct loss or damage caused by an explosion of "Covered Equipment" of a kind specified below, and which is not otherwise excluded elsewhere in this Coverage Part:

- a. Steam boiler; electric steam generator; steam piping; steam turbine; steam engine; or
 - b. Gas turbine or any other moving or rotating machinery, when such explosion is caused by centrifugal force or mechanical breakdown.
10. **Explosion** within the furnace of a chemical recovery type boiler or within the gas passages from the furnace to the atmosphere.
11. **Fire or combustion explosion** including those that:
- a. Result in a "Breakdown" to "Covered Equipment";
 - b. Occur at the same time as a "Breakdown" to "Covered Equipment"; or
 - c. Ensur from a "Breakdown" to "Covered Equipment".

12. **"Fungus", Wet Rot and Dry Rot**

Presence, growth, proliferation, spread or activity of "Fungus", wet rot or dry rot, except as provided in the "Fungus", Wet Rot And Dry Rot Coverage Extension in Section A.2.k.. However, if a "Breakdown" to "Covered Equipment" ensues, we will pay the ensuing loss or damage not otherwise excluded.

13. **"Hacking Event"**. However, if a "Breakdown" to "Covered Equipment" ensues, we will pay the ensuing loss or damage not otherwise excluded.

14. Any indirect loss, including damage due to spoilage, following a "Breakdown" to "Covered Equipment" that results from the **lack or excess of power, light, heat, steam or refrigeration**, except as provided in the Business Income Coverage Extension, Extra Expense Coverage Extension, Utility Interruption-Time Element Coverage Extension or Spoilage Damage Coverage Extension in Section A.2.

15. **Neglect** by you to use all reasonable means to save and preserve "Covered Property" from further damage at and after the time of loss.

16. **Ordinance or Law**

Increase in loss from the enforcement of any ordinance, law, rule, regulation or ruling which restricts or regulates the repair, replacement, alteration, use, operation, construction, installation, clean-up or disposal of "Covered Property", except as provided in the Ordinance Or Law (Including Demolition And Increased Cost Of Construction) Coverage Extension in Section A.2.p. or in the Hazardous Substance Limitation in Section C.4.a.

However, the words 'use' and 'operation' do not apply as respects a covered "Breakdown" to electrical supply and emergency generating equipment located on any "Covered Premises" when continued operation is contingent on the presence of such electrical supply and emergency generating equipment as mandated by any government agency.

17. **Hail or Windstorm.** However, if:

- a. The hail or windstorm occurs away from the "Covered Premises" and causes an electrical surge or other electrical disturbance;
- b. Such surge or disturbance is transmitted through utility service transmission lines to the "Covered Premises";
- c. The surge or disturbance results in a "Breakdown" to "Covered Equipment" at the "Covered Premises"; and

- d. The loss or damage caused by the surge or disturbance is not covered under another policy of insurance or self-insurance risk retention plan in force at the time of the "Breakdown" to "Covered Equipment", regardless of any applicable deductible, or whether you can collect on it or not;

this exclusion will not apply to the loss or damage caused by such electrical surge or disturbance.

18. Specified Perils

A "Breakdown" to "Covered Equipment" that is the direct or indirect result of the following causes of loss, if such cause of loss is covered by another policy of insurance or self-insurance risk retention plan in force at the time of the "Breakdown" to "Covered Equipment", regardless of any applicable deductible, or whether you can collect on it or not.

- a. Aircraft or missiles;
 - b. Civil commotion;
 - c. Collapse;
 - d. Freezing caused by cold weather;
 - e. Lightning;
 - f. Molten material;
 - g. Objects falling from aircraft or missiles;
 - h. Riot;
 - i. Smoke;
 - j. Vandalism;
 - k. Vehicles, including any material carried in or on the vehicles; or
 - l. Weight of snow, ice, sleet.
19. Any "Breakdown" to "Covered Equipment" that takes place while the "Covered Equipment" is undergoing a test which subjects the "Covered Equipment" to greater than maximum allowable operating conditions as identified by the manufacturer of the "Covered Equipment".
20. **Virus or Bacteria**
- Any virus, bacterium, or other microorganism that induces or is capable of inducing physical distress, illness or disease, except as provided in the Spoilage Damage Coverage Extension in Section A.2.c. However, if

a "Breakdown" to "Covered Equipment" ensues, we will pay for the ensuing loss or damage not otherwise excluded.

This exclusion does not apply to loss or damage caused by or resulting from "Fungus", Wet Rot and Dry Rot. Such loss or damage is addressed in the "Fungus", Wet Rot and Dry Rot Exclusion.

21. **Water or other means used to extinguish a fire**, even when the attempt is unsuccessful.

22. **With respect to the Business Income Coverage Extension, Extra Expense Coverage Extension, and Utility Interruption – Time Element Coverage Extension** in Section A.2., the following additional exclusions apply:

- a. The business that would not or could not have been carried on if the "Breakdown" to "Covered Equipment" had not occurred;
- b. Your failure to use due diligence and dispatch to operate your business as nearly normal as practicable at the "Covered Premises"; or
- c. The suspension, lapse or cancellation of any contract or agreement following a "Breakdown" to "Covered Equipment" extending beyond the time business could have resumed if the contract or agreement had not lapsed, been suspended or canceled.

23. **With respect to Utility Interruption-Spoilage Coverage Extension and the Utility Interruption-Time Element Coverage Extension** in Section A.2., the following additional exclusions apply:

Specified Perils, any loss resulting from the following causes of loss:

- a. Aircraft or missiles;
- b. Civil commotion;
- c. Collapse;
- d. Freezing caused by cold weather;
- e. Lightning;
- f. Molten material;
- g. Objects falling from aircraft or missiles;
- h. Riot;
- i. Smoke;
- j. Vandalism;

EQUIPMENT BREAKDOWN

- k. Vehicles, including any material carried in or on the vehicles;
- l. Weight of snow, ice, sleet;
- m. Acts of Sabotage; or
- n. Deliberate acts of load shedding by the supplying or distributing utility, landlord or other supplier.

24. Any other indirect result of a "Breakdown" to "Covered Equipment" except as provided under any Coverage Extension.

C. Limits of Insurance

1. The most we will pay for loss or damage under any and all Coverage, Coverage Extensions and Limitations from any "One Breakdown" is the applicable Total Limit per Breakdown Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part.
2. For each Coverage and Coverage Extension in Section A., if:
 - a. INCLUDED is shown in the Declarations or elsewhere in this Coverage Part under Limit of Insurance, then the limit for such coverage is part of, and is not in addition to, the other Limit of Insurance identified.
 - b. A Limit of Insurance is shown in the Declarations or elsewhere in this Coverage Part, we will not pay more than the applicable Limit of Insurance.
3. Any payment made will not be increased if more than one Insured is shown in this Coverage Part.
4. Limitations
 - a. Hazardous Substance Limitation
 - (1) If "Covered Property" located at the "Covered Premises" is damaged, contaminated or polluted by a "Hazardous Substance" as a direct result of a "Breakdown" to "Covered Equipment", we will pay for direct damage to that "Covered Property" caused by the "Hazardous Substance", including any additional expenses incurred by you for clean-up, repair, replacement or disposal of that property.
 - (2) As used here, additional expenses means the additional cost incurred

over and above the amount that we would have paid had no "Hazardous Substance" been involved with the loss.

(3) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover any loss caused by a "Hazardous Substance" as identified in Paragraph a.(1) above.

(4) The most we will pay for all loss or damage described under this Coverage Limitation is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Hazardous Substance Limitation. This limit is part of, and is not in addition to, the Total Limit per Breakdown Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part.

The deductible for coverage under this Limitation is INCLUDED within the applicable Property Damage Deductible, Business Income Deductible or Extra Expense Deductible shown in the Declarations or elsewhere in this Coverage Part.

b. Refrigerant Contamination Limitation

If "Covered Property" located at the "Covered Premises" is contaminated by a refrigerant, including ammonia, as a direct result of a "Breakdown" to "Covered Equipment", the most we will pay for direct damage to that "Covered Property" caused by such refrigerant contamination, including salvage expense and any additional expenses incurred by you for clean-up, repair, replacement or disposal of that property, is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Refrigerant Contamination Limitation. This limit is part of, and is not in addition to, the Limit of Insurance for Property Damage.

The deductible for coverage under this Limitation is shown in the Declarations or elsewhere in this Coverage Part. If no deductible is shown in the Declarations or elsewhere in this Coverage Part for

coverage under this Limitation, the deductible is INCLUDED within the Property Damage Deductible shown in the Declarations or elsewhere in this Coverage Part.

c. Water Damage Limitation

If "Covered Property" located at the "Covered Premises" is damaged by water as a direct result of a "Breakdown" to "Covered Equipment", the most we will pay for direct damage to that "Covered Property" caused by such water, including salvage expense, is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Water Damage Limitation. This limit is part of, and is not in addition to, the Limit of Insurance for Property Damage.

This Limitation does not apply to any loss or damage covered under the Sump Overflow Coverage Extension in Section A.2.q.

The deductible for coverage under this Limitation is INCLUDED within the Property Damage Deductible shown in the Declarations or elsewhere in this Coverage Part.

D. Deductibles

1. Application of Deductibles

We will not pay for loss or damage resulting from any "One Breakdown" until the amount of covered loss or damage exceeds the deductible shown in the Declarations or elsewhere in this Coverage Part for each applicable coverage. We will then pay the amount of covered loss or damage in excess of the deductible, up to the applicable Limit of Insurance.

Deductibles apply separately for each applicable coverage except if:

- a. A Combined Deductible is shown in the Declarations or elsewhere in this Coverage Part, then we will first subtract the combined deductible amount from the aggregate amount of all loss;
- b. More than one "Covered Equipment" is involved in "One Breakdown", then only one deductible, the highest, will apply for each of the applicable coverages; or

- c. INCLUDED is shown in the Declarations or elsewhere in this Coverage Part, then the deductible for that Coverage, Coverage Extension or Coverage Limitation is part of the other deductible identified, and we will subtract the deductible from the aggregate amount of loss under any Coverage, Coverage Extension and Coverage Limitation subject to such deductible.

2. Determination of Deductibles

a. Dollar Deductible

If a dollar deductible is shown in the Declarations or elsewhere in this Coverage Part, we will first subtract the dollar amount from any loss we would otherwise pay.

b. Multiple per Unit Deductible

If a multiple of units is shown in the Declarations or elsewhere in this Coverage Part, the deductible will be calculated as the product of the multiplier times the number of units specified. (For example: if the deductible is specified as \$25/hp for air conditioning units, and a covered 500 hp air conditioning unit suffered a "Breakdown" to "Covered Equipment", the deductible would be \$25 times 500 hp which equals \$12,500.)

c. Time Deductible

If a time deductible is shown in the Declarations or elsewhere in this Coverage Part, we will not be liable for any loss under that coverage that occurs during that specified time period immediately following a "Breakdown" to "Covered Equipment". If a time deductible is shown in days, each day will mean 24 consecutive hours.

d. Multiple of Average Daily Value (ADV) Deductible

If a multiple of average daily value is shown in the Declarations or elsewhere in this Coverage Part, this deductible will be calculated as follows:

- (1) For the entire "Covered Premises" where the loss occurred, determine the total amount of "Business Income" that would have been earned during the "Period of Restoration"

EQUIPMENT BREAKDOWN

had no "Breakdown" to "Covered Equipment" taken place.

- (2) Divide the result in Paragraph d.(1) by the number of days the business would have been open during the "Period of Restoration". The result is the average daily value (ADV).
- (3) Multiply the ADV by the multiple of average daily value shown in the Declarations or elsewhere in this Coverage Part.

e. Percentage of Loss Deductible

If a deductible is expressed as a percentage of loss in the Declarations or elsewhere in this Coverage Part, we will not be liable for the indicated percentage of the gross amount of loss or damage (prior to the applicable deductible or coinsurance) payable under the applicable coverage.

f. Minimum or Maximum Deductible

(1) If:

- (a) A minimum dollar amount deductible is shown in the Declarations or elsewhere in this Coverage Part; and
- (b) The dollar amount of the Multiple per Unit, Multiple of Average Daily Value or Percentage of Loss Deductible is less than the Minimum Deductible;

then the Minimum Deductible amount shown in the Declarations or elsewhere in this Coverage Part will be the applicable deductible.

(2) If:

- (a) A maximum dollar amount deductible is shown in the Declarations or elsewhere in this Coverage Part; and
- (b) The dollar amount of the Multiple per Unit, Multiple of Average Daily Value or Percentage of Loss Deductible is greater than the Maximum Deductible;

then the Maximum Deductible amount shown in the Declarations or elsewhere in this Coverage Part will be the applicable deductible.

E. Conditions

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

1. Loss Conditions

a. Abandonment

There can be no abandonment of any property to us.

b. Appraisal

If you and we disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that a judge of a court having jurisdiction make the selection. The appraisers will state separately the value of the property and 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:

- (1) Pay its chosen appraiser; and
- (2) 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.

c. Defense

If there is damage to property of another in your care, custody or control for which you are legally liable, we have the right, but are not obligated, to defend you against any suit alleging liability for that property. When we do this, it will be at our expense.

d. Duties in the Event of Loss or Damage

(1) You must see that the following are done in the event of loss or damage to "Covered Property":

- (a) Give us a prompt notice of the loss or damage. Include a description of the property involved;
- (b) As soon as possible, give us a description of how, when and where the loss or damage occurred;
- (c) Allow us reasonable time and

- opportunity to examine the property and "Covered Premises" before repairs are undertaken or physical evidence of the "Breakdown" to "Covered Equipment" is removed. But you must take whatever measures are necessary to protect the property and "Covered Premises" from further damage;
- (d) Preserve all repaired or replaced "Covered Property" for our inspection, unless we authorize otherwise;
 - (e) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records;
 - (f) 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;
 - (g) 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;
 - (h) Cooperate with us in the investigation or settlement of the claim;
 - (i) Promptly send us any legal papers or notices received concerning the loss or damage; and
 - (j) Make no statement that will assume any obligation or admit any liability, for any loss or damage for which we may be liable, without our consent.
- (2) 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.
- e. **Insurance Under Two or More Coverages**
If two or more of this Coverage Part's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.
 - f. **Legal Action Against Us**
No one may bring a legal action against us under this Coverage Part unless:
 - (1) There has been full compliance with all the terms of this Coverage Part; and
 - (2) The action is brought within 2 years after the date of the "Breakdown" to "Covered Equipment"; or
 - (3) We agree in writing that you have an obligation to pay for damage to "Covered Property" of others or until the amount of that obligation has been determined by final judgment or arbitration award. No one has the right under this Coverage Part to bring us into any action to determine your liability.
 - g. **Other Insurance**
 - (1) You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the limit(s) of insurance of all insurance covering on the same basis.
 - (2) If there is other insurance covering the same loss or damage, other than that described in Paragraph g.(1) above, 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 under this Coverage Part.
 - h. **Privilege to Adjust with Owner**
In the event of loss or damage involving property of others in your care, custody

EQUIPMENT BREAKDOWN

or control, we have the right to settle the loss or damage with the owner of the property. A receipt for payment from the owner of that property will satisfy any claim of yours against us.

i. Reducing Your Loss

As soon as possible after a "Breakdown" to "Covered Equipment" you must:

- (1) Resume business, partially or completely;
- (2) Make up for lost business within a reasonable period of time. This reasonable period does not necessarily end when operations are resumed; and
- (3) Make use of every reasonable means to reduce or avert loss including:
 - (a) Working extra time or overtime at the "Covered Premises" or at another location you own or acquire to carry on the same operations;
 - (b) Utilizing the property or services of other concerns;
 - (c) Using merchandise or other property, such as surplus machinery, duplicate parts, equipment, supplies and surplus or reserve stock you own, control or can obtain; and
 - (d) Salvaging the damaged "Covered Property".

j. Transfer of Rights of Recovery Against Others to Us

If any person or organization to or for whom we make payment under this Coverage Part 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 the loss to impair them.

However, you may waive your rights against another party in writing:

- (1) Prior to a loss to your "Covered Property" or covered income; or

- (2) After a loss to your "Covered Property" or covered income only if, at the time of loss, that party is one of the following:

- (a) Someone insured by this Coverage Part;
- (b) A business firm:
 - (i) Owned or controlled by you; or
 - (ii) That owns or controls you; or
- (c) Your tenant.

This will not restrict your insurance.

k. Loss Payment

- (1) In the event of loss or damage covered by this Coverage Part, at our option, we will either:
 - (a) Pay the value of lost or damaged property;
 - (b) Pay the cost of repairing or replacing the lost or damaged property;
 - (c) Take all or any part of the property at an agreed or appraised value; or
 - (d) Repair, rebuild or replace the property with other property of like kind and quality.
- (2) We will give notice of our intentions within 30 days after we receive the proof of loss.
- (3) We will not pay more than your financial interest in the "Covered Property".
- (4) We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if:
 - (a) You have complied with all of the terms of the Coverage Part; and
 - (b) We have reached agreement with you on the amount of loss or an appraisal award has been made and we have not denied the claim.

l. Valuation

We will determine the value of "Covered

Property" in the event of loss or damage as follows:

- (1) At replacement cost as of the time of loss or damage, except as provided in Paragraphs I.(2), (4), (5), (6), (7), (9) and (10) below. However, we will not pay more for loss or damage on a replacement cost basis than the least of the following:

- (a) The Limit of Insurance applicable to the damaged "Covered Property";
- (b) The cost to repair the damaged "Covered Property";
- (c) The cost to replace the damaged "Covered Property" with other property of comparable material and quality intended to be used for the same purpose; or
- (d) The amount actually spent that is necessary to repair or replace the damaged "Covered Property".

But we will not pay for damaged "Covered Property" that is obsolete or useless to you.

- (2) If "Covered Equipment" is valued at replacement cost, cannot be repaired and requires replacement you may choose to apply the following provision.

New Generation Coverage – You may replace damaged "Covered Equipment" with a newer generation "Covered Equipment" of the same capacity which improves the environment, increases efficiency or enhances safety. We will pay up to an additional 50% of the "Covered Property" damage amount for the "Covered Equipment". This additional amount is included in, and is not in addition to, the applicable Property Damage Limit of Insurance.

- (3) Except for New Generation Coverage, you must pay the extra cost of replacing damaged "Covered Property" with property of a better kind or quality or of a larger capacity.
- (4) If:

- (a) Any damaged "Covered Property", that is intended for your use, is protected by an **extended warranty, or maintenance or service contract**; and
- (b) That warranty or contract becomes void or unusable due to a "Breakdown" to "Covered Equipment";

we will reimburse you for the pro-rated amount of the unused costs of non-refundable, non-transferable warranties or contracts.

- (5) Unless we agree otherwise in writing, if you do not repair or replace the damaged "Covered Property" within 24 months following the date of the "Breakdown" to "Covered Equipment", then we will pay only the smaller of the:

- (a) Cost it would have taken to repair the "Covered Property";
- (b) Cost it would have taken to replace the "Covered Property"; or
- (c) Actual cash value at the time of the "Breakdown" to "Covered Equipment".

- (6) If all of the following conditions are met, "Covered Property" (including finished goods) held by you for sale except as identified in I.(7) below, will be valued at the selling price as if no loss or damage had occurred, less any discounts you offered and expenses you otherwise would have had:

- (a) The selling price of the "Covered Property" is more than the replacement cost of the "Covered Property"; and

- (b) You are unable to replace the "Covered Property" before its anticipated sale.

- (7) We will determine the value of "Covered Property" that is being processed as follows:

- (a) For raw materials, the replacement cost; and

- (b) For goods in process, the replacement cost of the raw materials,

EQUIPMENT BREAKDOWN

the labor extended and the proper proportion of overhead charges.

- (8) Any **salvage value** of property obtained for temporary repairs or use following a "Breakdown" to "Covered Equipment" which remains after repairs are completed will be taken into consideration in the adjustment of any loss.

(9) Pairs, Sets or Parts

- (a) **Pairs or Sets.** In case of loss caused by a "Breakdown" to "Covered Equipment" to any part of a pair or set we may;

(i) Repair or replace any part to restore the pair or set to its value before the "Breakdown" to "Covered Equipment"; or

(ii) Pay the difference between the value of the pair or set before and after the "Break down" to "Covered Equipment".

- (b) **Parts.** In case of loss caused by a "Breakdown" to "Covered Equipment" to any part of "Covered Property" consisting of several parts when complete, we will only pay for the value, as determined elsewhere in this Condition, of the lost or damaged part.

(10) Brands and Labels

- (a) If branded or labeled merchandise that is "Covered Property" is damaged by a "Breakdown" to "Covered Equipment", we may take all or any part of the property at an agreed or appraised value. If we take such property, you may;

(i) Stamp the word SALVAGE on the merchandise or its containers if the stamp will not physically damage the merchandise; or

(ii) 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 any law.

- (b) We will pay the reasonable cost you incur to perform the activities described in Paragraphs (10)(a)(i) and (10)(a)(ii) above.

However, if costs identified in Paragraphs (10)(a)(i) and (10)(a)(ii) above are incurred as a result of damage as covered under the "Fungus", Wet Rot and Dry Rot Coverage Extension, Hazardous Substance Limitation, Refrigerant Contamination Limitation or Water Damage Limitation, such costs will be a part of, and not in addition to, the respective limits shown in the Declarations or elsewhere in this Coverage Part for the "Fungus", Wet Rot and Dry Rot Coverage Extension, Hazardous Substance Limitation, Refrigerant Contamination Limitation and Water Damage Limitation.

- (11) Except as provided under Green Enhancements Coverage Extension, the cost to repair, rebuild or replace "Covered Property" does not include any increased cost incurred to re-attain a pre-loss level of "Green" certification from a "Green Authority".

m. The following conditions apply to the Business Income Coverage Extension only.

(1) Business Income Report of Values

You must report to us each year the "Business Income Estimated Annual Value" for each "Covered Premises" to which the Business Income Coverage Extension applies.

(2) Business Income Coinsurance

Unless Business Income Coinsurance is shown as Suspended in the Declarations or elsewhere in this Coverage Part, the Business Income loss is subject to a Coinsurance Percentage.

- (a) If "Business Income Estimated Annual Values" have been reported for each "Covered Premises"

EQUIPMENT BREAKDOWN

affected by the "Breakdown" to "Covered Equipment":

- (i) For all "Covered Premises" affected by the "Breakdown" to "Covered Equipment" divide the "Business Income Estimated Annual Values" last reported to us by the "Business Income Actual Annual Values" at the time of the "Breakdown" to "Covered Equipment".
- (ii) If the percentage as calculated in Paragraph **m.(2)(a)(i)** above is less than the Coinsurance Percentage shown for Business Income in the Declarations or elsewhere in this Coverage Part, we will not pay the full amount of any Business Income loss. Instead we will determine the most we will pay using the following steps:
 - i. Multiply the amount of Business Income Loss by the Coinsurance Percentage determined in Paragraph **m.(2)(a)(i)** above;
 - ii. Subtract the applicable deductible from the amount determined in Paragraph **m.(2)(a)(ii)i.** above;

We will pay the amount determined in Paragraph **m.(2)(a)(ii)ii.**, or the Limit of Insurance for Business Income shown in the Declarations or elsewhere in this Coverage Part, whichever is less.

- (b) If "Business Income Estimated Annual Values" have not been reported for each "Covered Premises" affected by the "Breakdown":
 - (i) Divide the Limit of Insurance shown in the Declarations or elsewhere in this Coverage

Part for the Business Income Coverage Extension by the "Business Income Actual Annual Values" at the time of the "Breakdown" to "Covered Equipment".

- (ii) If the percentage as calculated in Paragraph **m.(2)(b)(i)** above is less than the Coinsurance Percentage shown for Business Income in the Declarations or elsewhere in this Coverage Part, we will not pay the full amount of any Business Income loss.

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

- i. Multiply the amount of Business Income Loss by the Coinsurance Percentage determined in Paragraph **m.(2)(b)(i)** above;
- ii. Subtract the applicable deductible from the amount determined in Paragraph **m.(2)(b)(ii)i.** above;

We will pay the amount determined in Paragraph **m.(2)(b)(ii)ii.** above or the Limit of Insurance for Business Income shown in the Declarations or elsewhere in this Coverage Part, whichever is less.

2. General Conditions

a. Bankruptcy

The bankruptcy or insolvency of you or your estate will not relieve us of any obligation under this Coverage Part.

b. Cancellation

As respects this Coverage Part, part 2. and part 5. of the **CANCELLATION** Condition of the Common Policy Conditions are replaced by the following:

- 2. We may cancel this Coverage Part by mailing or delivering to the first

EQUIPMENT BREAKDOWN

Named Insured written notice of cancellation at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (2) The number of days shown in the Declarations or elsewhere in this Coverage Part for Notice of Cancellation before the effective date of cancellation if we cancel for any other reason.

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

c. Concealment, Misrepresentation or Fraud

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact by you or any other Insured, at any time, concerning:

- (1) This Coverage Part;
- (2) The "Covered Property";
- (3) Your interest in the "Covered Property"; or
- (4) A claim under this Coverage Part.

d. Currency

All amounts used herein are expressed in the currency of the United States of America and any loss sustained under this Coverage Part will be paid in the currency of the United States of America.

If, in the event of loss or damage, the amount of such loss or damage is computed in a foreign currency, the amount of such loss or damage will then be converted into the currency of the United States of America at the rate of exchange as specified in the Wall Street Journal as of the date the "Breakdown" to "Covered Equipment" occurred.

e. Jurisdictional Inspections

At your option, we will provide certificate-of-operation inspection services for boilers and other pressure vessels

where:

- (1) You have notified us of equipment that is insured under this Coverage Part and that requires a certificate-of-operation;
- (2) The certificate-of-operation is required by state, city or provincial law; and
- (3) The state, city or provincial law permits inspections by insurance company employees.

Certificate-of-operation inspection services will be provided only in the United States of America, Puerto Rico and Canada as allowed by state, city or provincial law.

f. Liberalization

If we adopt any standard form revision for general use that would broaden coverage under this Coverage Part without additional premium, the broadened coverage will immediately apply to this Coverage Part if the revision is effective within 45 days prior to or during the policy period.

g. No Benefit to Bailee

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

h. Policy Period, Coverage Territory

Under this Coverage Part:

- (1) We cover loss or damage commencing;
 - (a) During the policy period shown in the Declarations or elsewhere in this Coverage Part; and
 - (b) Within the Coverage Territory.
- (2) The Coverage Territory is:
 - (a) The United States of America (including its territories and possessions);
 - (b) Puerto Rico; and
 - (c) Canada.

i. Reporting of Values

You must report to us 100% of the total insurable values at each "Covered Premises" as of the inception date of

this Coverage Part and every subsequent year as of the anniversary date. The values must be reported separately for each of the coverages provided.

You agree to keep the applicable records for each policy year available for inspection by our representatives at all times during business hours, during the respective policy year, and for a period of 12 months after the end of the respective policy year or after cancellation of this Coverage Part.

j. Premium Adjustments

For policies with policy periods greater than 12 months, the premium will be calculated at each anniversary for the subsequent policy year on the basis of rates in effect at the anniversary date and for all values at risk as of that anniversary date.

k. Suspension

Whenever "Covered Equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance under this Coverage Part against loss from a "Breakdown" to that "Covered Equipment". This can be done by delivering or mailing a written notice of suspension to:

- (1) Your last known address; or
- (2) The address where the "Covered Equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "Covered Equipment".

If we suspend your insurance, you will receive a pro rata refund of premium for such suspension. But the suspension will be effective even if we have not yet made or offered a refund.

3. Joint or Disputed Loss Agreement

a. This condition is intended to facilitate payment of insurance proceeds when:

- (1) Both a commercial property policy and this Coverage Part are in effect;
- (2) Damage occurs to "Covered Property" that is insured by the

commercial property policy and this Coverage Part; and

- (3) There is disagreement between the insurers as to whether there is coverage or as to the amount of the loss to be paid, if any, by each insurer under its own policies or coverage parts.
- b. This condition does not apply if:
- (1) Both the commercial property insurer and we do not admit to any liability; and
 - (2) Neither the commercial property insurer nor we contend that coverage applies under the other insurer's Coverage Part.
- c. The provisions of this condition apply only if all of the following requirements are met:
- (1) The commercial property policy carried by the Named Insured, insuring the "Covered Property", contains a similar provision at the time of the loss or damage, with substantially the same requirements, procedures and conditions as contained in this condition; and
 - (2) The damage to the "Covered Property" was caused by a loss for which:
 - (a) Both the commercial property insurer and we admit to some liability for payment under the respective policies; or
 - (b) There is disagreement between the insurers with respect to:
 - (i) Whether the damage to the "Covered Property" was caused by a "Breakdown" to "Covered Equipment" insured under this Coverage Part or by a covered cause of loss insured by the commercial property policy; or
 - (ii) The extent of participation of this Coverage Part and of such commercial property policy in a loss that is insured against, partially or wholly, by both this Coverage Part and such commercial property policy.

EQUIPMENT BREAKDOWN

- d. If the requirements listed in Paragraph c. above are satisfied, the commercial property insurer and we will make payment per the following:
- (1) We will pay, after your written request, the entire amount of loss that we have agreed is covered, if any, by this Coverage Part and one-half (1/2) the amount of the loss that is in disagreement.
 - (2) The commercial property insurer will pay, after your written request, the entire amount of loss that it has agreed is covered, if any, by the commercial property policy and one-half (1/2) the amount of loss that is in disagreement.
 - (3) Payments by the insurers of the amounts that are in disagreement, as described in Paragraphs d.(1) and d.(2), do not alter, waive or surrender any rights of any insurer against any other with regard to the portion of the loss for which each insurer is liable.
 - (4) The amount in disagreement to be paid by us under this condition will not exceed the amount payable under the equivalent Loss Agreement of the commercial property policy.
 - (5) The amount to be paid under this condition will not exceed the amount we would have paid had no commercial property policy been in effect at the time of loss. In no event will we pay more than the applicable Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part.
 - (6) Acceptance by you of sums paid under this condition does not alter, waive or surrender any other rights against us.
- e. Arbitration
- (1) The payments by the commercial property insurer and us hereunder and acceptance of those sums by you signify the agreement between the commercial property insurer and us to proceed with arbitration within 90 days of such payment.
 - (2) The arbitrators will be three in number, one of whom will be appointed by us and one of whom will be appointed by the commercial property insurer and the third appointed by consent of the other two arbitrators.
 - (3) The decision by the arbitrators will be binding on the commercial property insurer and us and that judgment upon such award may be entered in any court of competent jurisdiction.
 - (4) You agree to cooperate in connection with such arbitration but not to intervene therein.
4. **Statutes or Regulations**
- If any term or condition of this Coverage Part conflicts with any requirement of applicable statutory or regulatory law, such term or condition is amended to conform to that law.
5. **Mortgageholders**
- a. The term – mortgageholder – includes trustee.
 - b. We will pay for direct damage to "Covered Property" due to a "Breakdown" to "Covered Equipment" to each mortgageholder shown in the Mortgagee Schedule forming a part of this Coverage Part 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 "Covered Property".
 - d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this Coverage Part 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 or material change in risk known to the mortgageholder.

All of the terms of this Coverage Part 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 Coverage Part:
- (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 Coverage Part, 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 do not renew this Coverage Part, we will give written notice to the mortgageholder at least 10 days before the expiration date of this Coverage Part.
- h. If we suspend coverage, it will also be suspended as respects the mortgageholder. We will give written notice of the suspension to the mortgageholder.

F. Definitions

The defined terms "Diagnostic Equipment", "Power Generating Equipment", and "Production Machines" do not appear in this Coverage Form, but may appear on the Declarations or in an endorsement added to this Coverage Part.

1. "Breakdown"

- a. "Breakdown" means the following direct

physical loss that causes physical damage to "Covered Equipment" and necessitates its repair or replacement:

- (1) Electrical failure including arcing;
- (2) Failure of pressure or vacuum equipment; or
- (3) Mechanical failure including rupture or bursting caused by centrifugal force;

unless such loss or damage is otherwise excluded within this Coverage Part or any Endorsement forming a part of this Coverage Part.

- b. "Breakdown" does not mean or include:

- (1) Cracking of any part of an internal combustion gas turbine exposed to the products of combustion;
- (2) Defects, erasures, errors, limitations or viruses in "Computer Equipment", "Electronic Data", "Media" or programs, including the inability to recognize and process any date or time or provide instructions to "Covered Equipment". However, if a "Breakdown" ensues, we will pay the ensuing loss or damage not otherwise excluded;
- (3) Functioning of any safety or protective device;
- (4) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection; or
- (5) Malfunction including adjustment, alignment, calibration, cleaning or modification.

2. "Business Income" means the:

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

3. "Business Income Actual Annual Values" means the "Business Income" values for the 12 months prior to the "Breakdown" to "Covered Equipment".

4. "Business Income Estimated Annual Values" means the "Business Income" as estimated in the most recent Business Income

EQUIPMENT BREAKDOWN

Report of Values we have on file.

5. **"Computer Equipment"** means:

- a. Your 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 or auxiliary functions such as data transmission.

It does not include "Electronic Data" or "Media".

6. **"Computer Program"** means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enables the computer or device to receive, process, store, retrieve or send data.

7. **"Covered Equipment"**

a. "Covered Equipment" means any:

- (1) Equipment designed and built to operate under internal pressure or vacuum other than weight of contents;
For any boiler or fired vessel, the furnace of the "Covered Equipment" and the gas passages from there to the atmosphere will be considered as outside the "Covered Equipment";

- (2) Communication equipment and "Computer Equipment";

- (3) Fiber optic cable; or

- (4) Any other electrical or mechanical equipment that is used in the generation, transmission or utilization of energy.

b. "Covered Equipment" does not mean any:

- (1) Astronomical telescope, cyclotron used for other than medical purposes, nuclear reactor, particle accelerator used for other than medical purposes, satellites or spacecraft (including any "Covered Equipment" mounted on or used solely with any satellite or spacecraft);

- (2) Dragline, power shovel, excavation or construction equipment including any "Covered Equipment" mounted

on or used solely with any dragline, power shovel, excavation or construction equipment;

- (3) Equipment or any part of equipment manufactured by you for sale;

- (4) Felt, wire, screen, mold, form, pattern, die, extrusion plate, swing hammer, grinding disc, cutting blade, non-electrical cable, chain, belt, rope, clutch plate, brake pad, vacuum tube, gas tube, brush, or any other part or tool subject to periodic replacement;

- (5) Insulating or refractory material;

- (6) "Media";

- (7) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;

- (8) Pressure vessels or piping that are buried below, under or encased in ground, ice, sand, cement or other material and require the excavation of materials to inspect, remove, repair or replace;

- (9) Structure, foundation, cabinet or compartment supporting or containing the "Covered Equipment" or part of the "Covered Equipment";

- (10) Penstock, draft tube or well casing; or

- (11) Vehicle, aircraft, self-propelled equipment or floating vessel including any "Covered Equipment" mounted on or used solely with any vehicle, aircraft, self-propelled equipment or floating vessel.

However, any property that is stationary, permanently installed at a "Covered Premises" and that receives electrical power from an external power source will not be considered a vehicle, self-propelled equipment or floating vessel.

8. **"Covered Premises"** means at or within 1,000 feet of the insured location shown in the Declarations or elsewhere in this Coverage Part.

9. **"Covered Property"**
- a. "Covered Property" means any property that:
 - (1) You own; or
 - (2) Is in your care, custody or control and for which you are legally liable.
 - b. "Covered Property" does not mean:
 - (1) Live mammals, fish, birds, reptiles, amphibians, insects, or eggs intended to become live mammals, fish, birds, reptiles, amphibians or insects; or
 - (2) "Electronic Data".
10. **"Dependent Property"** means property operated by others whom you depend on to:
- a. Deliver materials or services to you or to others for your account (Supplying Locations). But any property which delivers any of the following services is not a Supplying Location with respect to such "Utility Services": air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment.
 - b. Accept your products or services (Recipient Locations);
 - c. Manufacture products for delivery to your customers under contract of sale (Manufacturing Locations); or
 - d. Attract customers to your business (Leader Locations).
11. **"Diagnostic Equipment"** means any machine, vessel or apparatus used solely for diagnosis, testing, research, medical, surgical, therapeutic, dental or pathological purposes.
12. **"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.
13. **"Electronic Data Storage Provider"** means any person or organization, other than an insured, that owns or operates self-service data storage or data processing services, which are provided through the internet or telecommunications lines, and with whom you have a contract to provide you with such services.
14. **"Extra Expense"** means the additional cost you necessarily incur to operate your business during the "Period of Restoration" over and above the cost that you normally would have incurred to operate the business during the same period had no "Breakdown" to "Covered Equipment" occurred.
- Any salvage value of property obtained for temporary use during the "Period of Restoration" which remains after the resumption of normal operations will be taken into consideration in the adjustment of any loss.
15. **"Fungus"** means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by fungi.
16. **"Green"** means products, materials, methods and processes that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize the environmental impact.
17. **"Green Authority"** means a recognized authority on "Green" building or "Green" products, materials or processes.
18. **"Hacking Event"** means an attack that allows unauthorized access or use of "Covered Equipment".
19. **"Hazardous Substance"** means any substance, other than refrigerants (including ammonia), that has been declared to be hazardous to health by a government agency.
20. **"Media"** means electronic data processing or storage material such as films, tapes, discs, drums or cells.
- However, "Media" does not include any hard disk drive that is an internal component of "Computer Equipment".
21. **"One Breakdown"** means if an initial "Breakdown" causes other "Breakdowns", all will be considered "One Breakdown". All "Breakdowns" at any one "Covered Premises" that manifest themselves at the same time and are the direct result of the same cause will be considered "One Breakdown".
22. **"Ordinary Payroll"** means payroll expenses for all your employees except Officers,

EQUIPMENT BREAKDOWN

Executives, Department Managers, and Employees under contract. "Ordinary Payroll" expenses include payroll; employee benefits, if directly related to payroll; FICA payments; union dues; and Worker's Compensation premiums.

23. "Period of Restoration"

a. "Period of Restoration" means the period of time that:

- (1) Begins at the time of the "Breakdown" to "Covered Equipment"; and
- (2) Ends on the earlier of:
 - (a) The date when the property at the "Covered 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. "Period of Restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

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

c. "Period of Restoration" does not include any increased period required to re-attain a pre-loss level of "Green" certification from a "Green Authority". But this does not apply to any increase in the "Period of Restoration" otherwise insured under the Green Enhancements Coverage Extension.

24. "Period of Restoration for Dependent Property"

a. "Period of Restoration for Dependent Property" means the period of time that:

- (1) Begins at the time of direct physical loss or damage caused by or resulting from a "Breakdown" to "Covered

Equipment" at the premises of the "Dependent Property"; and

- (2) Ends on the date when the property at the premises of the "Dependent Property" should be repaired, rebuilt or replaced with reasonable speed and similar quality.

b. "Period of Restoration for Dependent Property" does not include any increased period required due to the enforcement of any ordinance or law that:

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

25. "Perishable Goods" means any "Covered Property" that is maintained under controlled environmental conditions and is susceptible to loss, damage, deterioration or impairment if the controlled conditions change.

26. "Power Generating Equipment" means any pressure, mechanical or electrical equipment, machinery or apparatus that is used in, or associated with, the generation of electric power. "Power Generating Equipment" does not mean any equipment, machinery or apparatus with less than or equal to 1000 kilowatts of capacity, which is used solely to generate emergency power.

27. "Production Machines" means any machine or apparatus that processes or produces a product, or part of a product, intended for eventual sale, including all component parts of such machine or apparatus and any other equipment used solely with such machine or apparatus.

However, "Production Machines" does not include any boiler, or fired or unfired pressure vessel.

28. "Utility Services" means air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment, including alternative power generation and alternative water systems.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SHIPLOADER AND BARGE LOADER EXCLUSION

This endorsement modifies insurance provided under the following:

EnergyMax 21 EQUIPMENT BREAKDOWN PROTECTION

1. The following is added to Section F. **Definitions**,
9. "Covered Property", Paragraph b.:
"Covered Property" also does not mean any:
property described in the Schedule below.
2. The following exclusion is added to Section B.
Exclusions:
"Breakdown" to Scheduled Property
We will not pay for loss or damage caused
directly or indirectly by a "Breakdown" to any
property described in the Schedule below.

SCHEDULE

Property:

Shiploader or Barge Loader or Ship Unloader or Barge Unloader including any similarly constructed or similarly utilized devices and machinery, any Conveyor or Crane or Hoist or Leg used solely with any of the previously listed items, and any "Covered Equipment" mounted on or used solely with any of the items on this list.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DIGITAL ASSETS EXCLUSIONS – DIGITAL CURRENCY AND NON-FUNGIBLE TOKENS

This endorsement modifies insurance provided under the following:

EnergyMax 21 EQUIPMENT BREAKDOWN PROTECTION

1. The following is added to Section F. Definitions, 9. "Covered Property", Paragraph b.:

"Covered Property" also does not mean any "Digital Currency" or any "Non-Fungible Token".

2. The following exclusion is added to Section B. Exclusions:

With respect to the Business Income Coverage Extension and the Extra Expense Coverage Extension (including any other coverage that is an extension of such Coverage Extension) in Section A.2., the following additional exclusion applies:

We will not pay for any loss caused by or resulting from loss of or damage to:

(1) Any "Digital Currency"; or

(2) Any "Non-Fungible Token".

3. The following is added to Section F. Definitions:

"Digital Currency" means any exclusively digital, electronic or virtual currency, including crypto currency, that is a representation of value and may be used as a medium of exchange or held as an investment.

"Non-Fungible Token" means any unique or semi-unique unit of data, digital file or token or other digital identifier that is recorded in a digital ledger, such as a blockchain.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FEDERAL TERRORISM RISK INSURANCE ACT DISCLOSURE

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART

The federal Terrorism Risk Insurance Act of 2002 as amended ("TRIA") establishes a program under which the Federal Government may partially reimburse "Insured Losses" (as defined in TRIA) caused by "Acts Of Terrorism" (as defined in TRIA). "Act Of Terrorism" is defined in Section 102(1) of TRIA to mean any act that is 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.

The Federal Government's share of compensation for such Insured Losses is 80% of the amount of such Insured Losses in excess of each Insurer's "Insurer

Deductible" (as defined in TRIA), subject to the "Program Trigger" (as defined in TRIA).

In no event, however, will the Federal Government be required to pay any portion of the amount of such Insured Losses occurring in a calendar year that in the aggregate exceeds \$100 billion, nor will any Insurer be required to pay any portion of such amount provided that such Insurer has met its Insurer Deductible. Therefore, if such Insured Losses occurring in a calendar year exceed \$100 billion in the aggregate, the amount of any payments by the Federal Government and any coverage provided by this policy for losses caused by Acts Of Terrorism may be reduced.

The charge for such Insured Losses under this Coverage Part is included in the Coverage Part premium. The charge for such Insured Losses that has been included for this Coverage Part is indicated below, and does not include any charge for the portion of such Insured Losses covered by the Federal Government under TRIA:

- 1% of your total Boiler and Machinery or Equipment Breakdown Coverage Part premium.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIFIED PERILS EXCLUSION

This endorsement modifies insurance provided under the following:

EnergyMax 21 EQUIPMENT BREAKDOWN PROTECTION

The following replaces Section B. Exclusions, 18.

Specified Perils:

18. Specified Perils

A "Breakdown" to "Covered Equipment" that is the direct or indirect result of any of the following causes of loss:

- a. Aircraft or missiles;
- b. Civil commotion;
- c. Collapse;
- d. Freezing caused by cold weather;
- e. Lightning;
- f. Molten material;
- g. Objects falling from aircraft or missiles;
- h. Riot;
- i. Smoke;
- j. Vandalism;
- k. Vehicles, including any material carried in or on the vehicles; or
- l. Weight of snow, ice, sleet.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ACTUAL CASH VALUE - PREDETERMINED DEPRECIATION

This endorsement modifies insurance provided under the following:

EnergyMax 21 Equipment Breakdown Protection

The following replaces Section E. **Conditions**, 1. **Loss Conditions**, I. **Valuation**, Paragraphs (1), (2), (3), (4) and (5), but only with respect to any "Covered Property" described in the Schedule below:

- (1) Except as provided in Paragraphs (6), (7), (9) and (10), we will pay you the actual cash value of "Covered Property" described in the Schedule below in the event of loss or damage. If the damaged "Covered Property" can be restored by the replacement of any part or parts, we will pay only the lesser of:
 - (a) The reasonable cost of the restoration;
 - (b) The actual cash value of the "Covered Property"; or
 - (c) The Limit of Insurance applicable to the "Covered Property".
- (2) The valuation of the "Covered Property" will be as of the time of the "Breakdown".
- (3) The actual cash value of the damaged "Covered Property" will be determined as the replacement cost of the property less depreciation. Depreciation will be calculated at the rate of 5% per year since the more recent of:
 - (a) The date such "Covered Property" was manufactured; or
 - (b) The date such "Covered Property" was 100% completely rewound, refurbished or rebuilt.
 Depreciation will be subject to a maximum of 75%.
- (4) You must pay the extra cost of replacing "Covered Property" with property of a better kind or quality or of a larger capacity.

SCHEDULE

"Covered Premises"

All "Covered Premises"

Description of "Covered Property"

All "Covered Equipment" 25 Years of Age and Older

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINARY PAYROLL EXCLUSION

This endorsement modifies insurance provided under the following:

EnergyMax 21 EQUIPMENT BREAKDOWN PROTECTION

1. The following replaces Section F. **Definitions**, 2. **"Business Income"**;
 2. **"Business Income"** means the:
 - a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
 - b. Continuing normal operating expenses incurred, excluding "Ordinary Payroll".
2. The following is added to Section E. **Conditions**, 1. **Loss Conditions**, m.(2) **Business Income Coinsurance**;

In determining the operating expenses for the policy year for coinsurance purposes, operating expenses will not include "Ordinary Payroll" expenses.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ELECTRONIC VANDALISM EXCLUSION

This endorsement modifies insurance provided under the following:

EnergyMax 21 EQUIPMENT BREAKDOWN PROTECTION

1. The following replaces Section B. Exclusions, 13.:

"Electronic Vandalism".

2. The following definition is added to Section F. Definitions:

"Electronic Vandalism" means:

- a. Willful or malicious destruction of computer programs, content, instructions or other electronic or digital data stored within computer systems.
- b. Unauthorized computer code or programming that:
 - (1) Deletes, distorts, corrupts or manipulates computer programs, content, instructions or other electronic or digital data, or otherwise results in damage to computers or computer systems or networks to which it is introduced;
 - (2) Replicates itself, impairing the performance of computers or computer systems or networks;
 - (3) Gains remote control access to data and programming within computers or

computer systems or networks to which it is introduced, for uses other than those intended for authorized users of the computers or computer systems or networks; or

- (4) Introduces a virus, harmful code or similar instruction 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.
- c. Any other unauthorized access to or use of computers or computer systems or networks, including data and programming within such computers or computer systems or networks.
- d. A denial of service attack that restricts, prevents or disrupts access to or use of any computer, computer system or network, or otherwise disrupts the normal functioning or operation of any computer, computer system or network.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARIZONA CHANGES – CONCEALMENT, MISREPRESENTATION OR FRAUD

This endorsement modifies insurance provided under the following:

EnergyMax 21 EQUIPMENT BREAKDOWN PROTECTION

Paragraph E. **Conditions, 2. General Conditions, c. Concealment, Misrepresentation or Fraud** is deleted and replaced with the following:

- c. We will not pay for any loss or damage in any case involving misrepresentation, omission, concealment of facts or incorrect statements:
- (1) That are fraudulent;
 - (2) That are material either to the acceptance of the risk, or to the hazard assumed by us; and
 - (3) Where, if the true facts had been made known to us as required either by the application for the policy or otherwise, we in good faith would either:
 - (a) Not have issued the policy;
 - (b) Not have issued the policy in as large an amount; or
 - (c) Not have provided coverage with respect to the hazard resulting in the loss.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KANSAS CHANGES

This endorsement modifies insurance provided under the following:

EnergyMax 21 EQUIPMENT BREAKDOWN PROTECTION

- A. The following is added to the **Inspections And Surveys** Common Policy Condition:
If the "Covered Equipment" being insured is a steam boiler and subject to KSA 44-923 (SB7) that steam boiler will be inspected at least annually by us.
- B. Paragraph (2) of the **Legal Action Against Us** Condition is amended to read:
(2) The action is brought within 5 years after the date of the "Breakdown"; or

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICHIGAN CHANGES

This endorsement modifies insurance provided under the following:

EnergyMax 21 EQUIPMENT BREAKDOWN PROTECTION

A. Section E. Conditions, 1. Loss Conditions, b. Appraisal is replaced by the following:

b. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and independent appraiser and notify the other of the appraiser's identity within 20 days after receiving a written request from the other. The two appraisers will select a competent and impartial umpire. If they cannot agree upon an umpire within 15 days, we or you may request that the selection be made by a judge of the circuit court for the county in which the loss occurred or in which the property is located. The appraisers will state separately the value of the property and amount of loss. If the

appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, within a reasonable time, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

- (1) Pay its chosen appraiser; and
- (2) 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.

- B.** With respect to the Duties In The Event Of Loss Or Damage Condition, notice given by or on behalf of the insured to our authorized agent, with particulars sufficient to identify the insured, shall be considered notice to us.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MINNESOTA CHANGES

This endorsement modifies insurance provided under the following:

EQUIPMENT BREAKDOWN COVERAGE PART

- A. The Examination Of Your Books And Records**
Common Policy Condition is replaced by the following:
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 one year afterward.
- B. Section E. Conditions, 1. Loss Conditions, b. Appraisal** is replaced by the following:
- b. Appraisal**
If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that the selection be made by a judge of a court of record in the state in which the loss at the described premises occurred. The appraisers will state separately the value of the property and 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:
- (1) Pay its chosen appraiser; and
 - (2) 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. However, if an appraisal award has been made, we will not pay you any interest, other than the interest that accrues between the time that it is determined that a loss shall be payable, in accordance with this **Appraisal** condition, and before we pay, tender or deposit in court payment for the loss.
- C. Section E. Conditions, 1. Loss Conditions, c. Defense** is replaced by the following:
- c. Defense**
We may elect to defend you against suits arising from claims of owners of property. We
- prejudgment interest awarded against you on that part of the judgment we pay. If we make an offer to pay the applicable Limit of Insurance, we will not pay prejudgment interest based on the period of time after the offer.
- D. Section E. Conditions, 1. Loss Conditions, d. Duties In The Event Of Loss Or Damage, Paragraph (a)** is replaced by the following:
- (a)** Give us prompt notice of the loss or damage. The requirement to notify us can be satisfied by notifying our agent. Such notice may be oral or written. Include a description of the property involved.
- E. Paragraph E.5.b. in the Product Withdrawal Coverage endorsement** is replaced by the following:
- b.** Notify us of the "Product Withdrawal" as soon as practicable. The requirement to notify us can be satisfied by notifying our agent. Such notice may be oral or written.
- F. Section E. Conditions, 1. Loss Conditions, j. Transfer Of Rights Of Recovery Against Others To Us** is amended by the addition of the following:
Our rights do not apply against any person or organization insured under this or any other Coverage Part we issue with respect to the same "Breakdown".
- G. Section E. Conditions, 2. General Conditions, a. Bankruptcy** is replaced by the following:
- b. Bankruptcy**
The bankruptcy, insolvency or dissolution of you or your estate will not relieve us of our obligation under this Coverage Part.
- H. Section E. Conditions, 2. General Conditions, c. Concealment, Misrepresentation or Fraud** is replaced by the following:
- c. Concealment, Misrepresentation Or Fraud**
We will not pay for any loss or damage if you have:

EQUIPMENT BREAKDOWN

- (1) Before a loss, willfully; or
- (2) After a loss, willfully and with intent to defraud, concealed or misrepresented any material fact or circumstances concerning:
 - (a) This Coverage Part;
 - (b) The "Covered Property";
 - (c) Your interest in the "Covered Property"; or
 - (d) A claim under this Coverage Part.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MISSISSIPPI CHANGES – LEGAL ACTION AGAINST US; CANCELLATION

This endorsement modifies insurance provided under the following:

EnergyMax 21 EQUIPMENT BREAKDOWN PROTECTION

Section E. Conditions, 1. Loss Conditions, f. Legal Action Against Us, Paragraph (2) is replaced by the following:

(2) The action is brought within 3 years after the date of the "Breakdown"; or

When this Endorsement is attached to the Boiler and Machinery Coverage Form, it is understood that the term "Breakdown" shall include "Accident".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MISSOURI CHANGES – LEGAL ACTION AGAINST US; MPCIGAA; APPRAISAL; LOSS PAYMENT

This endorsement modifies insurance provided under the following:

EnergyMax 21 EQUIPMENT BREAKDOWN PROTECTION
EQUIPMENT BREAKDOWN BUILDERS RISK PROTECTION
BOILER AND MACHINERY COVERAGE FORM

A. Paragraph (2) of the Legal Action Against Us Condition is deleted and replaced by the following:

(2) The action is brought within 10 years after the date of "Breakdown"; or

When this Endorsement is attached to the Boiler and Machinery Coverage Form, it is understood that the term "Breakdown" shall include "Accident".

B. Missouri Property And Casualty Insurance Guaranty Association Coverage Limitations

1. Subject to the provisions of the Missouri Property And Casualty Insurance Guaranty Association Act (to be referred to as the Act), if we are a member of the Missouri Property And Casualty Insurance Guaranty Association (to be referred to as the Association), the Association will pay claims covered under the Act if we become insolvent.

2. The Act contains various exclusions, conditions and limitations that govern a claimant's eligibility to collect payment from the Association and affect the amount of any payment. The following limitations apply subject to all other provisions of the Act:

a. Claims covered by the Association do not include a claim by or against an insured of an insolvent insurer, if the insured has a net worth of more than \$25 million on the later of the end of the insured's most recent fiscal year or the December thirty-first of the year next preceding the date the insurer becomes insolvent; provided that an insured's net worth on such date shall be deemed to include the aggregate net worth of the insured and all of its affiliates as calculated on a consolidated basis.

b. Payments made by the Association for covered claims will include only that amount of each claim which is less than \$300,000.

However, the Association will not:

(1) Pay an amount in excess of the applicable limit of insurance of the policy from which a claim arises; or

(2) Return to an insured any unearned premium in excess of \$25,000.

These limitations have no effect on the coverage we will provide under this policy.

C. The Appraisal Loss Condition is deleted and replaced by the following:

APPRAISAL

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of the written demand for appraisal. The two appraisers will select an umpire. If they cannot agree upon an umpire within 15 days then, upon your or our request, an umpire shall be selected by a judge of a court of record in the state and county (or city if the city is not within a county) in which the property covered is located. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. The umpire shall make an award within 30 days after the umpire receives the appraisers' submissions of their differences. A decision agreed to by any two will be binding.

EQUIPMENT BREAKDOWN

Each party will:

1. Pay its chosen appraiser; and
2. 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.

D. Paragraph E. Conditions, 1. Loss Conditions, **Loss Payment (2)** is deleted and replaced with the following:

- (2) We will give notice of our intentions within 15 days after we receive the proof of loss.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES

This endorsement modifies insurance provided under the following:

EnergyMax 21 EQUIPMENT BREAKDOWN PROTECTION

A. Paragraph (2) of the Legal Action Against Us Condition is replaced by the following:

(2) The action is brought within three years after the date of "Breakdown"; or

B. The following condition is added:

Time Period For Performance Of Contractual Obligations

Whenever a state of disaster is proclaimed for the state of North Carolina or for an area within this state in accordance with state law, or whenever a major disaster is declared for North Carolina or an area within this state by the President of the United States under the Stafford Act or its successors, the following provisions apply:

1. If the Covered Property that has sustained loss or damage is located within designated area in the disaster declaration or proclamation, the time period for your submission of a proof of loss (as set forth in the Duties In The Event Of Loss Or Damage Condition or similar provision in this Coverage Part or in an endorsement attached to this Coverage Part) shall be extended by a time period not exceeding the earlier of:

- a. The expiration of the disaster proclamation or declaration and all renewals of the proclamation; or
- b. The expiration of the Insurance Commissioner's order declaring action for the specific disaster.

2. Except as otherwise provided in Paragraphs 1. and 4., the following applies if you or we reside in or are located in the designated area in the disaster declaration or proclamation:

If this Coverage Part or an endorsement attached to this Coverage Part imposes a time limitation on you or us for performance of:

- a. A premium or debt payment; or
- b. Any other duty or any act (including transmittal of information and communications),

under the terms of this Coverage Part and such performance would be required during the time period prior to the expiration of the Insurance Commissioner's order declaring action for the specific disaster, your performance and our performance is subject to a deferral period of 30 days. The Commissioner of Insurance may extend such deferral period.

3. In addition to Paragraphs 1. and 2. above, if you have been displaced from your residence:

- a. Any written notice of cancellation for nonpayment of premium scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may cancel for nonpayment of premium subject to the notice requirements in the Cancellation Condition of this Coverage Part.
- b. Any written notice of nonrenewal scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may elect not to renew this policy subject to the notice requirements in the Nonrenewal Condition of this Coverage Part.

4. If the proclamation or declaration is the result of a public health emergency as determined by the Secretary of the U.S. Department of Health and Human Services, or other situations where the Governor has, by executive order, ordered all individuals in North Carolina to stay at home or at their place of residence, the following provisions shall apply:

- a. If you reside within the designated area in the proclamation or declaration, you have the option to defer premium payments that are due during the time period covered by the Commissioner's order declaring the specific public health

EQUIPMENT BREAKDOWN

emergency or situation that may require the citizens of North Carolina to shelter in place. The deferral period shall be 30 days from the last day the premium payment may be made under the terms of the policy. The Commissioner of Insurance may extend such deferral period.

- b. Any written notice of cancellation for nonpayment of premium scheduled to be

effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may cancel for nonpayment of premium subject to the notice requirements in the Cancellation Condition of this Coverage Part.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES – TRANSFER OF RIGHTS

This endorsement modifies insurance provided under the following:

EnergyMax 21 EQUIPMENT BREAKDOWN PROTECTION
EQUIPMENT BREAKDOWN BUILDERS RISK PROTECTION
BOILER AND MACHINERY COVERAGE FORM

The **Transfer Of Rights Of Recovery Against Others To Us** Condition is replaced by the following:

TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. Our right to recover damages from another may be enforced even if the person or organization to or for whom we make payment has not been fully compensated for damages.

The person or organization to or for whom we make payment 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:

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

This will not restrict your insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES – ARBITRATION, DEFENSE, LEGAL ACTION

This endorsement modifies insurance provided under the following:

EnergyMax 21 EQUIPMENT BREAKDOWN PROTECTION

A. Paragraph **3.e. Arbitration** of Section E. **Conditions** is replaced by the following:

e. Arbitration

- (1) If any of the circumstances described in paragraphs **c.(2)(a)** and **c.(2)(b)** exist, then the commercial property insurer(s) and we agree to submit our differences to arbitration within 90 days after payment of the loss under the terms of this condition.
- (2) You agree to cooperate with any arbitration procedures. There will be three arbitrators: one will be appointed by us, and another will be appointed by the commercial property insurer(s). The two arbitrators will select a third arbitrator. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. A decision agreed to by two of the three arbitrators will be binding on both parties. Judgment on any award can be entered in any court that has jurisdiction.
- (3) If we and commercial property insurers agree to submit to arbitration as described in Paragraph **e.(1)** above, the insured will incur no delay in receiving payment in the manner specified in Paragraph **d.**
- (4) Arbitration expenses will be apportioned between insurers on the same basis that the ultimate loss is apportioned.

B. Paragraph **1.c. Defense** of Section E. **Conditions** is replaced with the following:

c. Defense

- (1) If there is damage to "Covered Property" of another in your care, custody or control and for which you are legally liable, that was directly caused by a "Breakdown" to "Covered Equipment", we will have the right and duty to defend you against any "Suit" alleging liability for damage to that

"Covered Property". However, we have no duty to defend you against any "Suit" alleging liability for damage to property not covered by this Coverage Part.

- (2) If a claim or "Suit" is brought against you alleging that you are liable for damage to "Covered Property" of another that was caused by a "Breakdown" to "Covered Equipment", we will either:
 - (a) Settle the claim or "Suit"; or
 - (b) Defend you against the "Suit" but keep for ourselves the right to settle it at any point.
- (3) We will pay the following Supplementary Payments, with respect to any claim or any "Suit" we defend:
 - (a) All expenses we incur;
 - (b) The cost of bonds to release attachments, but only for bond amounts within the Limit of Insurance. We do not have to furnish these bonds;
 - (c) All reasonable expenses incurred by you at our request to assist us in the investigation or defense of the claim or "Suit", including actual loss of earnings up to \$100 a day because of time off from work;
 - (d) All costs taxed against you in any "Suit" we defend;
 - (e) Pre-judgment interest awarded against you on that part of the judgment we pay. If we make an offer to pay the applicable Limit of Insurance, we will not pay any pre-judgment interest based on that period of time after the offer; and
 - (f) 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

EQUIPMENT BREAKDOWN

within the Limit of Insurance shown in the Declarations.

These payments will not reduce the Limit of Insurance.

C. The following definition is added to Section F. **Definitions:**

"**Suit**" means a civil proceeding and includes:

- a. An arbitration proceeding in which damages are claimed and to which you must submit or do submit with our consent; or

- b. Any other alternative dispute resolution proceeding in which damages are claimed and to which you submit with our consent.

D. Section E. **Conditions, 1. Loss Conditions, f. Legal Action Against Us, (2)** is deleted and replaced with the following:

- (2) The action is brought within 2 years and one day from the date the cause of action first accrues. A cause of action accrues on the date of the initial breach of our contractual duties as alleged in the action; or

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

GEORGIA CHANGES – VALUATION

This endorsement modifies insurance provided under the following:

EnergyMax 21 EQUIPMENT BREAKDOWN PROTECTION

A. The following is added to Section E. Conditions, 1. Loss Conditions, I. Valuation:

The cost of loss or damage to "Covered Property" does not include any actual or perceived reduction in the market value of the repaired, rebuilt or replaced "Covered Property" and therefore this policy does not pay any compensation for an actual or perceived reduction in the market value of any "Covered Property".

But if the "Covered Property" that has sustained the loss or damage is subject to an endorsement in this policy which explicitly addresses market value, then that endorsement will apply to such "Covered Property" in accordance with its terms.

B. E. Conditions, 2. General Conditions, c. Concealment, Misrepresentation Or Fraud is replaced with the following:

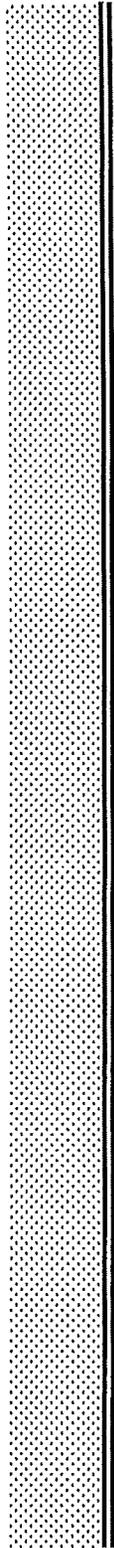
We will not pay for any loss or damage in any case of fraud, intentional concealment or misrepresentation of a material fact by you or any other Insured, at any time, concerning:

- (1) This Coverage Part;
- (2) The "Covered Property";
- (3) Your interest in the "Covered Property"; or
- (4) A claim under this Coverage Part.

IMPORTANT NOTICE TO NORTH CAROLINA POLICYHOLDERS
FLOOD, EARTHQUAKE, MUDSLIDE, MUDFLOW, LANDSLIDE, WINDSTORM
AND HAIL LOSSES NOT COVERED

The following warning is provided in accordance with North Carolina law.

WARNING: THIS EQUIPMENT BREAKDOWN POLICY DOES NOT PROTECT YOU AGAINST LOSSES FROM FLOODS, EARTHQUAKES, MUDSLIDES, MUDFLOWS, LANDSLIDES, WINDSTORM OR HAIL. YOU SHOULD CONTACT YOUR INSURANCE COMPANY OR AGENT TO DISCUSS YOUR OPTIONS FOR OBTAINING COVERAGE FOR THESE LOSSES. THIS IS NOT A COMPLETE LISTING OF ALL OF THE CAUSES OF LOSSES NOT COVERED UNDER YOUR POLICY. YOU SHOULD READ YOUR ENTIRE POLICY TO UNDERSTAND WHAT IS COVERED AND WHAT IS NOT COVERED.



**INTERLINE
ENDORSEMENTS**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ACTUAL CASH VALUE

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
DELUXE PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
TRAVELERS PROPERTY COVERAGE PART

The following definition is added to any Definitions Section and applies to any provision that uses the term actual cash value:

Actual cash value means the value of the covered property at the time of loss or damage.

When calculating actual cash value using the estimated cost to repair or replace such property, with a reasonable deduction for depreciation that occurred before such loss or damage, we may apply depreciation to all components of the estimated cost, including the following:

- a. Materials;
- b. Labor;
- c. Overhead and profit; and
- d. Any applicable tax.

The deduction for depreciation may include such considerations as:

- a. Age;
- b. Condition, such as wear and tear or deterioration;
- c. Reduction in useful life; and
- d. Obsolescence.

This definition does not apply to covered property in the following states:

AR CA CT GA LA ME MT NY PR VT WA WV

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF COMMON POLICY CONDITIONS – PROHIBITED COVERAGE – UNLICENSED INSURANCE AND TRADE OR ECONOMIC SANCTIONS

This endorsement modifies insurance provided under the following:

ALL COVERAGES INCLUDED IN THIS POLICY

The following is added to the Common Policy Conditions:

Prohibited Coverage – Unlicensed Insurance

1. With respect to loss sustained by any insured, or loss to any property, located in a country or jurisdiction in which we are not licensed to provide this insurance, this insurance does not apply to the extent that insuring such loss would violate the laws or regulations of such country or jurisdiction.
2. We do not assume responsibility for:
 - a. The payment of any fine, fee, penalty or other charge that may be imposed on any person or organization in any country or jurisdiction because we are not licensed to provide insurance in such country or jurisdiction; or

- b. The furnishing of certificates or other evidence of insurance in any country or jurisdiction in which we are not licensed to provide insurance.

Prohibited Coverage – Trade Or Economic Sanctions

We will provide coverage for any loss, or otherwise will provide any benefit, only to the extent that providing such coverage or benefit does not expose us or any of our affiliated or parent companies to:

1. Any trade or economic sanction under any law or regulation of the United States of America; or
2. Any other applicable trade or economic sanction, prohibition or restriction.

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:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CYBERFIRST ESSENTIALS GENERAL PROVISIONS FORM
CYBERFIRST GENERAL PROVISIONS FORM
DELUXE PROPERTY COVERAGE PART
EMPLOYEE BENEFITS LIABILITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EMPLOYMENT PRACTICES LIABILITY⁺ WITH IDENTITY FRAUD EXPENSE REIMBURSEMENT
COVERAGE PART
ENVIRONMENTAL HAZARD POLICY
EQUIPMENT BREAKDOWN COVERAGE PART
EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE
EXCESS (FOLLOWING FORM) LIABILITY INSURANCE
LAW ENFORCEMENT LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MANUFACTURERS ERRORS AND OMISSIONS LIABILITY COVERAGE PART
MEDFIRST PRODUCTS/COMPLETED OPERATIONS, ERRORS AND OMISSIONS, AND
INFORMATION SECURITY LIABILITY COVERAGE FORM
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY - NEW YORK DEPARTMENT OF
TRANSPORTATION
TRAVELERS PROPERTY COVERAGE PART
TRIBAL BUSINESS MANAGEMENT LIABILITY COVERAGE PART
Any other Coverage Part or Coverage Form included in this policy that is subject to the federal Terrorism Risk Insurance Act of 2002 as amended

The following is added to this policy. This provision can limit coverage for any loss arising out of a "certified act of terrorism" if such loss is otherwise covered by this policy. This provision does not apply if and to the extent that coverage for the loss is excluded or limited by an exclusion or other coverage limitation for losses arising out of "certified acts of terrorism" in another endorsement to this policy.

If aggregate insured losses attributable to "certified acts of terrorism" exceed \$100 billion in a calendar year and we have met our insurer deductible under "TRIA", we will 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.

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of "TRIA", to be an act of terrorism pursuant to "TRIA". The criteria contained in "TRIA" 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 "TRIA"; 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.

"TRIA" means the federal Terrorism Risk Insurance Act of 2002 as amended.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL BENEFITS

This endorsement modifies insurance provided under the following:

ALL COVERAGES INCLUDED IN THIS POLICY

The following Condition is added to each Common Policy Conditions included in this policy:

Additional Benefits

1. We may offer or provide, or allow others to provide, you or another insured under this policy with goods and services, access to discounted goods and services, other program benefits or other items of value that could assist your business with managing your risk, with servicing your policy or with staying informed about loss control and mitigation of risk.
2. These Additional Benefits may be provided in any form. You or another insured under this policy may be eligible to receive additional benefits. You

are under no obligation to pursue any of these Additional Benefits.

3. While we may arrange for these Additional Benefits, the other provider is liable to you or the other insured for the provision of the goods and services. We do not warrant the merchantability, fitness or quality of any goods or services provided or assume any additional obligation related to any Additional Benefits provided.
4. We have the right to modify or discontinue any Additional Benefits provided by us, or others authorized by us, without notice to you or any other insured.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL BENEFITS – KANSAS

This endorsement modifies insurance provided under any of the following coverages included in this policy:

BOILER AND MACHINERY COVERAGES
COMMERCIAL AUTOMOBILE COVERAGES
COMMERCIAL PROPERTY COVERAGES
CRIME COVERAGES
CYBER COVERAGES
FARM COVERAGES
GENERAL LIABILITY COVERAGES
INLAND MARINE COVERAGES
PROFESSIONAL AND MANAGEMENT LIABILITY COVERAGES

The following Condition is added to each Common Policy Conditions included in this policy:

Additional Benefits:

1. We may offer or provide, or allow others to provide, you or another insured under this policy with goods and services, access to discounted goods and services, other program benefits or other items of value such as telematic devices, loss mitigation devices, loss prevention, or safety-related items, or services such as loss mitigation services or risk management services designed to assist your business with managing your risk, with servicing your policy or with staying informed about loss control and mitigation of risk.
2. These Additional Benefits may be provided in any form, including redemption codes, coupons and vouchers. You or another insured under this policy may be eligible to receive additional benefits. You are under no obligation to pursue any of these Additional Benefits.
3. While we may arrange for these Additional Benefits, the other provider is liable to you or the other insured for the provision of the goods and services. We do not warrant the merchantability, fitness or quality of any goods or services provided or assume any additional obligation related to any Additional Benefits provided.
4. We have the right to modify or discontinue any Additional Benefits provided by us, or others authorized by us, without notice to you or any other insured.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ACTUAL CASH VALUE DEFINITION – GEORGIA

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
DELUXE PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
TRAVELERS PROPERTY COVERAGE PART

The following definition is added to any Definitions Section and applies to any provision that uses the term actual cash value:

Actual cash value means the value of the covered property at the time of loss or damage.

When calculating actual cash value using the estimated cost to repair or replace such property, with a reasonable deduction for depreciation that occurred before such loss or damage, we may apply depreciation to all components of the estimated cost, including the following:

- a. Materials;
- b. Labor;
- c. Overhead and profit; and
- d. Any applicable tax.

The deduction for depreciation may include such considerations as:

- a. Age;
- b. Condition, such as wear and tear or deterioration;
- c. Reduction in useful life; and
- d. Obsolescence.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VIRGINIA CHANGES – APPRAISAL

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART

The **Appraisal** Condition is replaced by the following:

Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. You and we must notify the other of the appraiser selected within 20 days of the written demand for appraisal. The two appraisers will select an umpire. If the appraisers do not agree on the selection of an umpire within 15 days, the insured or the insurer may apply in writing, for the appointment of an umpire, to the judge of the circuit court of the county or city in which the damaged or destroyed property was located at the time of loss. The appraisers will state separately the value of the property and amount of loss. If the appraisers submit a written report of an

agreement to us, the amount agreed upon will be the amount of the loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss. Any outcome of the appraisal will be binding on both parties.

Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

However, if we make written demand for an appraisal of the loss, we will reimburse you for the reasonable cost of your chosen appraiser, and for your portion of the cost of the umpire.

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEVADA CHANGES – CONCEALMENT, MISREPRESENTATION OR FRAUD

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL
COVERAGES, CONDITIONS, DEFINITIONS
FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE
FORM
STANDARD PROPERTY POLICY

The **CONCEALMENT, MISREPRESENTATION OR FRAUD** Condition is replaced by the following:

CONCEALMENT, MISREPRESENTATION OR FRAUD

We will not pay for any loss ("loss") or damage in any case of:

1. Concealment or misrepresentation of a material fact; or
2. Fraud;
committed by an insured ("insured") at any time and relating to a claim under this policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VIRGINIA CHANGES

This endorsement modifies insurance provided under the following when written as part of a Commercial Package Policy containing liability coverage and supersedes the cancellation and nonrenewal provisions contained in any amendatory endorsement(s) of a policy to which this endorsement is attached.

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART

- A.** Paragraphs **2.**, **3.** and **5.** of the **Cancellation** Common Policy Condition are replaced by the following:
- 2.** We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, stating the reason for cancellation, at least:
 - a.** 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b.** 45 days before the effective date of cancellation if we cancel for any other reason.
 - 3.** We will mail or deliver written notice to the first Named Insured's last mailing address known to us. If notice is mailed, it will be sent in accordance with Virginia Law.
 - 5.** If this policy is cancelled, we will send the first Named Insured any premium refund due. The cancellation will be effective even if we have not made or offered a refund. The following provisions govern calculation of return premium:
 - a.** We will compute return premium pro rata and round to the next higher whole dollar when this policy is cancelled:
 - (1)** At our request;
 - (2)** Because you no longer have a financial or insurable interest in the property or business operation that is the subject of insurance;
 - (3)** And rewritten by us or a member of our company group; or
 - (4)** After the first year, if it is a prepaid policy written for a term of more than one year.
- b.** When this policy is cancelled at your request (except when Paragraph **a.(2)**, **a.(3)** or **a.(4)** applies), we will return 90% of the pro rata unearned premium, rounded to the next higher whole dollar. However, when such cancellation takes place during the first year of a multi-year prepaid policy, we will return the full annual premium for the subsequent years. In addition, earned premium will not be less than our policywriting minimum premium.
- B.** The following is added and supersedes any other provision to the contrary:
- Nonrenewal**
- 1.** If we elect not to renew this policy, we will mail or deliver a notice of nonrenewal to the first Named Insured shown in the Declarations, stating the reason for nonrenewal, at least:
 - a.** 15 days before the expiration date if the nonrenewal is due to nonpayment of premium; or
 - b.** 45 days before the expiration date if the nonrenewal is for any other reason.
 - 2.** We will mail or deliver written notice of nonrenewal to the first Named Insured's last mailing address known to us. If notice is mailed, it will be sent in accordance with Virginia Law.
 - 3.** If notice is mailed, proof of mailing will be sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES – CONCEALMENT, MISREPRESENTATION OR FRAUD

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART

A. The Concealment, Misrepresentation Or Fraud
Condition is replaced by the following:

Concealment, Misrepresentation Or Fraud

We will not pay for any loss or damage in any case of:

1. Concealment or misrepresentation of a material fact; or
2. Fraud

committed by an insured ("insured") at any time and relating to a claim under this policy.

B. However, with respect to the Commercial Property and Farm Coverage Parts, Paragraph A. does not apply when a claim is made by an "innocent coinsured", provided:

1. The property loss or damage occurs to the primary residence of the "innocent coinsured" as covered under Building Coverage (for Commercial Property) or Coverage A or B (for Farm).
2. The "final settlement" for the property loss or damage is at least 60% of available insurance proceeds under the policy.

C. The following is added and supersedes any provision to the contrary:

1. Any payment made pursuant to Paragraph B. will be for:
 - a. The actual cost of repair or replacement of the property that is the subject of the claim if the actual cost of repair or replacement is less than or equal to the maximum limit of coverage under the policy; or
 - b. The maximum limit of coverage under the policy if the actual cost of repair or

replacement of the property that is the subject of the claim is greater than the maximum limit of coverage under the policy.

2. Any payment made pursuant to Paragraph B. is limited to the following:

- a. An "innocent coinsured's" ownership interest in the property, less any payments we make to a mortgagee or other lienholder with a secured interest in the property.
- b. We will not pay another coinsured for any part of the claim for which we have already paid to an "innocent coinsured".
- c. We will not pay an amount that is greater than the amount an "innocent coinsured" is entitled to under a decree of dissolution of marriage between the "innocent coinsured" and an individual described in Paragraphs D.1.a. or b.

D. As used in this endorsement, "innocent coinsured" is an insured ("insured") who:

1. Did not have knowledge of, cooperate in, or intentionally contribute to a property loss or damage that was caused or arranged by another individual who:

Is an insured ("insured") and:

- a. Died in connection with the circumstances that caused the property loss or damage; or
- b. Has been charged with a crime based on a court finding that there is probable cause to believe that the individual committed the crime in connection with

the circumstances that caused the property loss or damage;

2. Signs a sworn affidavit attesting that they did not have knowledge of, cooperate in, or intentionally contribute to the property loss or damage; and
 3. Cooperates in the investigation and resolution of the claim for the property loss or damage, any police investigation related to the property loss or damage, and any criminal prosecution of the individual that caused or arranged the property loss or damage.
- E. As used in this endorsement, "final settlement" is a determination:
1. Of the amount owed by us to an "innocent coinsured" under Building Coverage (for Commercial Property) or Coverage **A** or **B**

(for Farm) under the policy and for property loss or damage to the "innocent coinsured's" primary residence; and

2. Made by:
 - a. Acceptance of a proof of loss by us;
 - b. Execution of a release by the "innocent coinsured";
 - c. Acceptance of an arbitration award by the "innocent coinsured" and us; or
 - d. Judgment of a court of competent jurisdiction.

However, "final settlement" does not apply to loss or damage related to contents, personal property, or another loss that is not covered under Building Coverage (for Commercial Property) or Coverage **A** or **B** (for Farm) under this policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEBRASKA CHANGES – FRAUD OR MISREPRESENTATION

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART

The **CONCEALMENT, MISREPRESENTATION OR FRAUD** General Condition is replaced by the following:

MISREPRESENTATION OR BREACH OF CONDITION OR WARRANTY

1. A misrepresentation or warranty made by you or on your behalf in the negotiation of or application for this Coverage Part will void this policy if:
 - a. It is material;
 - b. It is made with the intent to deceive;
 - c. We rely on it; and
 - d. We are deceived to our injury.
2. A breach of warranty or condition will void the policy if such breach exists at the time of loss and contributes to the loss.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KANSAS CHANGES – CONCEALMENT, MISREPRESENTATION OR FRAUD

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

- A. When this endorsement is attached to the **Standard Property Policy CP 00 99** the term Coverage Part in this endorsement is replaced by the term Policy.
- B. The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following:
- Concealment, Misrepresentation Or Fraud**
- We will not pay for any loss or damage under this Coverage Part if you or any other insured in relation to an insurance application, rating, claim or coverage under this policy knowingly and with intent to defraud:
1. Presents, causes to be presented or prepares with the knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement which such person knows to contain materially false information concerning any material fact; or
 2. Conceals information concerning any material fact for the purpose of misleading.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARKANSAS CHANGES

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART

- A. When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.
- B. The following is added to the Common Policy Conditions:
Multiyear Policies
We may issue this policy for a term in excess of 12 months with the premium adjusted on an annual basis in accordance with our rates and rules.
- C. 1. Except as provided in **C.2.** below, the Appraisal Condition, if any, is replaced by the following:
- If we and you disagree on the value of the property or the amount of loss ("loss"), either party may make a written request for an appraisal of the loss ("loss"). However, an appraisal will be made only if both we and you agree, voluntarily, to have the loss ("loss") appraised. If so agreed, 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 value of the property and amount of loss ("loss"). If they fail to agree, they will submit their differences to the umpire.
 - An appraisal decision will not be binding on either party.
 - If there is an appraisal, we will still retain our right to deny the claim.
 - Each party will:
 - Pay its chosen appraiser; and
 - Bear the other expenses of the appraisal and umpire equally.
- C. 2. The **Appraisal** Condition in Business Income Coverage Form (And Extra Expense) **CP 00 30**, Business Income Coverage Form (Without Extra Expense) **CP 00 32** and Capital Assets Program Coverage Form (Output Policy) **OP 00 01**, Paragraph **A.7. Business Income And Extra Expense**, is replaced by the following:
- If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either party may make a written request for an appraisal of the loss. However, an appraisal will be made only if both we and you agree, voluntarily, to have the loss appraised. If so agreed, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire.
 - An appraisal decision will not be binding on either party.
 - If there is an appraisal, we will still retain our right to deny the claim.
 - Each party will:
 - Pay its chosen appraiser; and
 - Bear the other expenses of the appraisal and umpire equally.
- D. 1. This Paragraph **D.2.** does not apply to the following:
Farm Liability Coverage Form

Legal Liability Coverage Form

2. The two-year limitation in the Legal Action Against Us Condition is changed to five years.

- E. 1. This Paragraph E.2. does not apply to the following:

Crime and Fidelity Coverage Part

Farm Liability Coverage Form

Legal Liability Coverage Form

Mortgageholders Errors And Omissions Coverage Form

2. The following is added to the Transfer Of Rights Of Recovery Against Others To Us Condition:

We will be entitled to recovery only after the insured ("insured") has been fully compensated for the loss ("loss") or damage sustained.

- F. The following is added to the **Transfer Of Your Rights Of Recovery Against Others To Us** Condition for the Crime and Fidelity Coverage Part:

Notwithstanding the procedures set forth in the **Recoveries** Condition, we will be entitled

to recovery only after the insured has been fully compensated for the loss sustained.

- G. The following is added to the **Transfer Of Rights Of Recovery Against Others To Us** Condition in Legal Liability Coverage Form **CP 00 40** and Mortgageholders Errors And Omissions Coverage Form **CP 00 70**:

We will be entitled to recovery only after the insured has been fully compensated for the loss or damage sustained, including expenses incurred in obtaining full compensation for the loss or damage.

- H. In accordance with ARK. CODE ANN. § 23-88-106, we are providing notice of the following:

Unless otherwise provided by this policy, we may deduct expense depreciation. Expense depreciation is defined as depreciation, including but not limited to the cost of goods, materials, labor and services necessary to replace, repair or rebuild damaged property.

If expense depreciation is applied to a loss for damaged property, the insurer shall provide a written explanation as to how the expense depreciation was calculated.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES – LOSS PAYMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART

A. Loss Payment

1. With respect to the Crime And Fidelity Coverage Part and Equipment Breakdown Coverage Part, the following conditions are added.
2. With respect to the Commercial Inland Marine Coverage Part, the following conditions replace Item E. **Loss Payment** in the Commercial Inland Marine Loss Conditions:

a. Claims Handling

(1) Within 15 days after we receive written notice of claim, we will:

(a) Acknowledge receipt of the claim. If we do not acknowledge receipt of the claim in writing, we will keep a record of the date, method and content of the acknowledgment;

(b) Begin any investigation of the claim; and

(c) Request a signed, sworn proof of loss, specify the information you must provide and supply you with the necessary forms. We may request more information at a later date, if during the investigation of the claim such additional information is necessary.

(2) We will notify you in writing as to whether:

(a) The claim or part of the claim will be paid;

(b) The claim or part of the claim has been denied, and inform you of the reasons for denial;

(c) More information is necessary; or

(d) We need additional time to reach a decision. If we need additional time, we will inform you of the reasons for such need.

We will provide notification, as described in (2)(a) through (2)(d) above, within:

(i) 15 business days after we receive the signed, sworn proof of loss and all information we requested; or

(ii) 30 days after we receive the signed, sworn proof of loss and all information we requested, if we have reason to believe the loss resulted from arson.

If we have notified you that we need additional time to reach a decision, we must then either approve or deny the claim within 45 days of such notice.

b. We will pay for covered loss or damage within 5 business days after:

(1) We have notified you that payment of the claim or part of the claim will be made and have reached agreement with you on the amount of loss; or

(2) An appraisal award has been made.

However, if payment of the claim or part of the claim is conditioned on your compliance with any of the terms of this policy, we will make payment within 5 business days after the date you have complied with such terms.

c. Catastrophe Claims

If a claim results from a weather related catastrophe or a major natural disaster, the claim handling and claim payment deadlines described in a. and b. above are extended for an additional 15 days.

Catastrophe or Major Natural Disaster means a weather related event which is:

(1) Declared a disaster under the Texas Disaster Act of 1975; or

- (2) Determined to be a catastrophe by the State Board of Insurance.
- d. The term "business day", as used in this endorsement, means a day other than Saturday, Sunday or a holiday recognized by the state of Texas.

- B. With respect to the Commercial Inland Marine Coverage Part the following is added:
We will not be liable for any part of a "loss" that has been paid or made good by others.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OKLAHOMA CHANGES – CONCEALMENT, MISREPRESENTATION OR FRAUD

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL
COVERAGES, CONDITIONS, DEFINITIONS
FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE
FORM
STANDARD PROPERTY POLICY

A. When this endorsement is attached to the **Standard Property Policy CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.

B. The **Concealment, Misrepresentation Or Fraud** condition is replaced by the following:

Except as provided in Paragraphs C. and D., we do not provide coverage in any case of fraud by you as it relates to this Coverage Part at any time. We also do not provide coverage if you or any other insured ("insured"), at any time, intentionally conceal or misrepresent a material fact concerning:

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

C. The **Concealment, Misrepresentation Or Fraud** condition in the Commercial Auto Coverage Part 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 Coverage Part. We also do not provide coverage if you or any other "insured", at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The covered "auto";
3. Your interest in the covered "auto"; or
4. A claim under this Coverage Part.

However, this provision does not apply, but only up to the compulsory or financial responsibility limits required by Oklahoma law, if an "accident" results in a third party liability claim against the "insured" under this Coverage Part.

D. Under the Kidnap/Ransom And Extortion Coverage Form, the **Concealment, Misrepresentation Or Fraud** condition is replaced by the following:

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

1. This insurance;
2. A person insured under this insurance;
3. The "property" covered under this insurance;
4. Your interest in the "property" covered under this insurance; or
5. A claim under this insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW MEXICO CHANGES – PROPERTY CLAIMS SETTLEMENT IN THE EVENT OF A CATASTROPHE

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART

- A. The provisions of this endorsement apply to a claim for direct physical loss or damage to Covered Property, provided that:
1. The claim is for loss or damage that results from a catastrophe declared by the Superintendent of Insurance; and
 2. The catastrophic event is a Covered Cause of Loss.
- B. The word loss, as used in this endorsement, includes "loss" as defined in certain coverage forms.
- C. The following provisions, C.1. and C.2., are added to the policy and supersede any provisions to the contrary:
1. If you reported your claim to us:
 - a. Before the catastrophe was declared, we will reach agreement with you on the amount of loss within 90 days after the date the catastrophe was declared;
 - b. After the catastrophe was declared, we will reach agreement with you on the amount of loss within 90 days after the date on which you reported the claim.
 2. However, the time periods specified in C.1. above will be extended by the period of time taken to resolve the following situations:
 - a. We suspect the claim is fraudulent and commence an investigation to make such a determination;
 - b. You do not provide the necessary information regarding the nature of the claim, following our request for such information; or
 - c. You filed suit against us in connection with the claim before expiration of the applicable 90-day period.
- D. All other provisions of this policy continue to apply in the event of a catastrophe, including the Suit Against Us and Appraisal conditions.
- E. This endorsement does not invalidate our right to deny your claim, nor the right of either party to seek judgment in a court having jurisdiction.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VIRGINIA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART

Paragraph 5. of the **Cancellation** Common Policy Condition is replaced by the following:

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. The cancellation will be effective even if we have not made or offered a refund. The following provisions govern calculation of return premium.
 - a. We will compute return premium pro rata and round to the next higher whole dollar when this policy is cancelled:
 - (1) At our request;
 - (2) Because you no longer have a financial or insurable interest in the property or business operation that is the subject of insurance;
 - (3) And rewritten by us or a member of our company group; or
 - (4) After the first year, if it is a prepaid policy written for a term of more than one year.

b. When this policy is cancelled at your request (except when Paragraph a.(2), a.(3) or a.(4) applies), we will compute return premium as follows:

- (1) 75% of the pro rata unearned premium, rounded to the next higher whole dollar, for the Equipment Breakdown Coverage Part; or
- (2) 90% of the pro rata unearned premium, rounded to the next higher whole dollar, for the Commercial Inland Marine Coverage Part.

However, when such cancellation takes place during the first year of a multi-year prepaid policy, we will return the full annual premium for the subsequent years. In addition, earned premium will not be less than our policywriting minimum premium.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM

- A. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, stating the reason for cancellation, at least 10 days before the effective date of cancellation.
- B. The following is added to the **Cancellation** Common Policy Condition:
7. If this policy has been in effect for 60 days or less, we may cancel for any reason except that, under the provisions of the Texas Insurance Code, we may not cancel this policy solely because the policyholder is an elected official.
 8. If this policy has been in effect for more than 60 days, or if it is a renewal or continuation of a policy issued by us, we may cancel only for one or more of the following reasons:
 - a. Fraud in obtaining coverage;
 - b. Failure to pay premiums when due;
 - c. An increase in hazard within the control of the insured which would produce an increase in rate;
 - d. Loss of our reinsurance covering all or part of the risk covered by the policy; or
- e. If we have been placed in supervision, conservatorship or receivership and the cancellation is approved or directed by the supervisor, conservator or receiver.
- C. The following condition is added:
- Nonrenewal**
1. We may elect not to renew this policy except that, under the provisions of the Texas Insurance Code, we may not refuse to renew this policy solely because the policyholder is an elected official.
 2. If we elect not to renew this policy, we may do so by mailing or delivering to the first Named Insured, at the last mailing address known to us, written notice of nonrenewal, stating the reason for nonrenewal, not later than the 60th day before the expiration date. If notice is mailed or delivered later than the 60th day before the expiration date, this policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned premium for any period of coverage that extends beyond the expiration date will be computed pro rata based on the previous year's rate.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES— NOTICE OF CLAIM OR SETTLEMENT

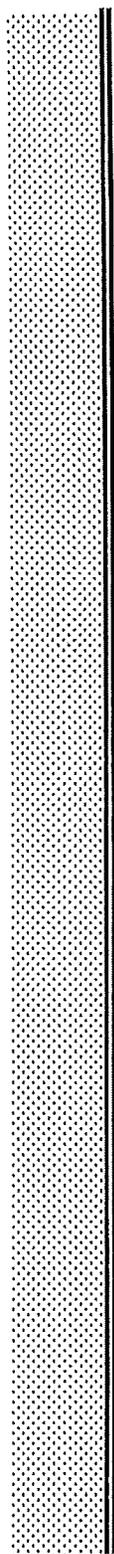
This endorsement modifies Insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PHARMACISTS PROFESSIONAL LIABILITY COVERAGE FORM
VETERINARIANS PROFESSIONAL LIABILITY COVERAGE PART
CATASTROPHE UMBRELLA POLICY
EMPLOYEE BENEFITS LIABILITY

PROVISIONS

If a claim is made against you under a casualty policy, we must notify you of the initial offer to compromise or settle the claim. We must do so within 10 business days after the date on which the offer is made.

If a claim under a casualty policy is settled, we must notify you within 30 days of the settlement.



POLICYHOLDER NOTICES

NOTICE TO MICHIGAN POLICYHOLDERS

THIS POLICY IS EXEMPT FROM THE FILING REQUIREMENTS OF SECTION 2236 OF THE INSURANCE CODE OF 1956, 1956 PA 218, MCL 500.2236.

IMPORTANT NOTICE – INDEPENDENT AGENT AND BROKER COMPENSATION

NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR BROKER IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.

For information about how Travelers compensates independent agents and brokers, please visit www.travelers.com, call our toll-free telephone number 1-866-904-8348, or request a written copy from Marketing at One Tower Square, 2GSA, Hartford, CT 06183.

IMPORTANT NOTICE – COMPLAINTS – ILLINOIS

NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR BROKER IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.

If you are having problems, you may contact your insurance agent directly or you may contact the company at:

Mail: Consumer Affairs
One Tower Square
Hartford, CT 06183

Phone: (860) 277-1561 or toll free (866) 894-0687

Email: consumeraffairs@travelers.com

The addresses and phone numbers of the consumer complaint division of the Illinois Department of Insurance are:

Illinois Department of Insurance
Consumer Division
122 S. Michigan Ave. – 19th Floor
Chicago, IL 60603
312-814-2420 phone

And

Illinois Department of Insurance
Consumer Division
320 W Washington St
Springfield, IL 62767
217-782-4515 phone

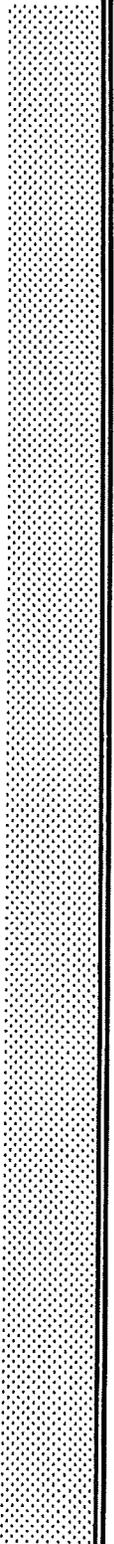
Complaints may also be filed electronically to the Illinois Department of Insurance at:

<https://mc.insurance.illinois.gov/messagecenter.nsf>

IMPORTANT NOTICE – DISCLOSURE OF LOCAL GOVERNMENT TAXES – KENTUCKY

In compliance with Kentucky Administrative Regulation 806 KAR 2:092 we are providing the amount of Kentucky local government tax being charged to you and the taxing jurisdiction to which the tax is due. Any applicable collection fee is included in the tax.

| Taxing Jurisdiction | Amount of Local Government Tax |
|---------------------|-----------------------------------|
| BOWLING GREEN | |
| LOUISVILLE USD | |



POLICYHOLDER NOTICES

IMPORTANT NOTICE – POLICYHOLDER INFORMATION – ARKANSAS

NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR BROKER IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.

In the event you need to contact someone about this policy, please contact your agent as shown on your policy or in the material accompanying the policy. If you need additional assistance, you may contact us at the address listed below:

Travelers
One Tower Square
Hartford, CT 06183

Telephone: 1-800-328-2189

Policyholders have the right to file a complaint with the Arkansas Insurance Department (AID). You may call AID to request a complaint form at (800) 852-5494 or (501) 371-2640 or write the Department at:

Arkansas Insurance Department
1 Commerce Way, Suite 102
Little Rock, AR 72202

IMPORTANT NOTICE – FLOOD – TEXAS

NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR BROKER IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.

Flood Insurance: You may also need to consider the purchase of flood insurance. Your insurance policy does not include coverage for damage resulting from a flood even if hurricane winds and rain caused the flood to occur. Without separate flood insurance coverage, you may have uncovered losses caused by a flood. Please discuss the need to purchase separate flood insurance coverage with your insurance agent or insurance company, or visit www.floodsmart.gov.

NOTICE – IMPORTANT INFORMATION REGARDING YOUR INSURANCE – VIRGINIA

NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR BROKER IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.

Should you need to contact anyone about this insurance for any reason, please contact your agent. If you have additional questions you may contact Travelers at:

One Tower Square
Hartford, CT 06183
1-800-328-2189

Travelers.com

If you have been unable to contact or obtain satisfaction from our company or your agent, you may contact the Virginia State Corporation Commission's Bureau of Insurance at:

State Corporation Commission, Virginia Bureau of Insurance
PO Box 1157
Richmond, VA 23218

Toll free: 1-877-310-6560
Richmond, VA area: 804-371-9741

Email: bureauofinsurance@scc.virginia.gov

Written correspondence is preferable so that a record of your inquiry is maintained. When contacting your agent, company or the Bureau of Insurance, have your policy number available.

IMPORTANT NOTICE – FILING COMPLAINTS WITH THE INDIANA DEPARTMENT OF INSURANCE

NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR BROKER IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.

Questions regarding your policy or coverage should be directed to:

Travelers

(800) 328-2189

If you (a) need the assistance of the governmental agency that regulates insurance; or (b) have a complaint you have been unable to resolve with your insurer, you may contact the Department of Insurance by mail, telephone or email:

State of Indiana Department of Insurance
Consumer Services Division
311 West Washington Street, Suite 300
Indianapolis, Indiana 46204
Consumer Hotline: (800) 622-4461; (317) 232-2395
Complaints can be filed electronically at www.in.gov/idoi

Have a complaint or need help?

If you have a problem with a claim or your premium, call your insurance company first. If you can't work out the issue, the Texas Department of Insurance may be able to help.

Even if you file a complaint with the Texas Department of Insurance, you should also file a complaint or appeal through your insurance company. If you don't, you may lose your right to appeal.

Travelers

To get information or file a complaint with your insurance company:

Call: Consumer Affairs at 1-860-954-2382

Toll-free: 1-866-894-0687

Online: www.Travelers.com

Email: COMPLAINTS@travelers.com

Mail: Attn: Consumer Affairs, One Tower Square, Hartford, CT 06183

The Texas Department of Insurance

To get help with an insurance question or file a complaint with the state:

Call with a question: 1-800-252-3439

File a complaint: www.tdi.texas.gov

Email: ConsumerProtection@tdi.texas.gov

Mail: Consumer Protection, MC: CO-CP, Texas Department of Insurance, P.O. Box 12030, Austin, TX 78711-2030

IMPORTANT NOTICE – CONTACT INFORMATION – MISSOURI

NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR BROKER IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.

Questions regarding your policy or coverage should be directed to your agent or us at:

Travelers
One Tower Square
Hartford, CT 06183
(800) 328-2189
Travelers.com

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions:

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy or any Coverage Part by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 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. If the policy is cancelled, that date will become the end of the policy period. If a Coverage Part is cancelled, that date will become the end of the policy period as respects that Coverage Part only.
5. If this policy or any Coverage Part 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 as part of this policy.

C. 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.

D. 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 or 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.

E. 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. We compute all premiums for this policy in accordance with our rules, rates, rating plans, premiums and minimum premiums. The premium shown in the Declarations was computed based on rates and rules 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.

F. 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.

G. Equipment Breakdown Equivalent to Boiler and Machinery

On the Common Policy Declarations, the term Equipment Breakdown is understood to mean and include Boiler and Machinery and the term Boiler and Machinery is understood to mean and include Equipment Breakdown.

This policy consists of the Common Policy Declarations and the Coverage Parts and endorsements listed in that declarations form.

In return for payment of the premium, we agree with the Named Insured to provide the insurance afforded by a Coverage Part forming part of this policy. That insurance will be provided by the company indicated as insuring company in the Common Policy Declarations by the abbreviation of its name opposite that Coverage Part.

One of the companies listed below (each a stock company) has executed this policy, and this policy is countersigned by the officers listed below:

The Travelers Indemnity Company (IND)

The Phoenix Insurance Company (PHX)

The Charter Oak Fire Insurance Company (COF)

Travelers Property Casualty Company of America (TIL)

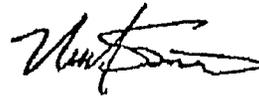
The Travelers Indemnity Company of Connecticut (TCT)

The Travelers Indemnity Company of America (TIA)

Travelers Casualty Insurance Company of America (ACJ)



Secretary



President