

# THE TRAVELERS INSURANCE COMPANIES

One Tower Square  
Hartford, CT 06183

## DECLARATIONS

**Policy Number:** KTJ-CMB-122D773-3-00

**Issue Date:** 10/02/00

**NAMED INSURED AND MAILING ADDRESS:**

ABAG, Plan Corporation  
P.O. Box 2050 101 Eight Street  
Oakland CA 94604 2050

**POLICY PERIOD:** **FROM:** 07/01/2000 **TO:** 07/01/2001

Effective 12:01 a.m. at description and location of property covered.

**COVERAGE FORMS AND ENDORSEMENTS FORMING A PART OF THIS POLICY.**

The complete policy consists of this Declarations and the Supplemental Coverage Declarations and the forms listed on MS C0 02 07 99.

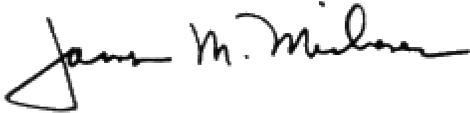
**PREMIUM:** \$238,483

**INSURING COMPANIES:**

In return for payment of the premium, the Company agrees with the Named Insured to provide the insurance afforded by this policy. That insurance will be provided by the Company designated by an "X" below.

The Travelers Indemnity Company (a stock company)

The Travelers Indemnity Company of Illinois (a stock company)



Secretary

President

The company listed above has executed this policy, but it is valid only if countersigned by our authorized representative.

**PRODUCER NAME AND ADDRESS**  
International Special Risk Service  
Two Pierce Place, 20<sup>th</sup> Floor  
Itasca IL 60143 3812

**Countersigned by:** \_\_\_\_\_  
(Authorized Representative)  
**Date:** \_\_\_\_\_

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## Supplemental Coverage Declarations

READ THE ENTIRE POLICY CAREFULLY 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 \$765,009,762, nor shall liability for each Building or Structure and separately for the total of Business Personal Property (including but not limited to furniture and fixtures, machinery and equipment, "stock", all other Business Personal Property owned by the Insured and used in the Insured's business and the Insured's use interest in Improvements and Betterments) at each location exceed 130% of the value shown in the latest Statement of Values or other documentation on file with the Company, nor shall liability exceed any specific Limit of Insurance applying to any insured loss, coverage or location(s).

If, at the time of loss, the values shown on the latest Statement of Values or other documentation on file with the Company are not individually stated for each Building, each Structure and Business Personal Property at each location:

1. The value for each Building and Structure will be developed by multiplying the total reported Building and Structure value by the proportion that the square footage of the individual Building or Structure bears to the total square footage of all Buildings and Structures contemplated in the total reported Building and Structure value.
2. The value of Business Personal Property at each location will be developed by multiplying the total reported Business Personal Property value by the proportion that the square footage of all Buildings and Structures at the individual location bears to the total square footage of all Buildings and Structures at all locations contemplated in the total reported Business Personal Property value.

- B. LIMITS OF INSURANCE** - For application of Limits of Insurance refer to Section O. Limits of Insurance in the General Conditions:

1.	Buildings, in any one occurrence:	\$	Included
2.	Business Personal Property, in any one occurrence:	\$	Included
3.	Personal Property of Others, in any one occurrence:	\$	5,000
4.	Electronic Data Processing Equipment and Electronic Data Processing Data and Media, in any one occurrence:	\$	2,250,000
5.	Accounts Receivable, in any one occurrence:	\$	250,000
6.	Valuable Papers, in any one occurrence:	\$	1,500,000
7.	Fine Arts, in any one occurrence:	\$	500,000
8.	Newly Constructed or Acquired Property, at any one building, In any one occurrence: Number of days 120.	\$	5,000,000
9.	Outdoor Property including Debris Removal, in any one occurrence: Trees, shrubs and plants are subject to a maximum per item of:	\$	25,000  1,000

<b>10.</b>	Covered Property in Transit, in any one occurrence:	\$	250,000
<b>11.</b>	Pollutant Cleanup and Removal, aggregate in any one policy year:	\$	100,000
<b>12.</b>	Claim Data Expense, in any one occurrence:	\$	25,000
<b>13.</b>	Ordinance or Law Loss to the Undamaged Portion, in any one occurrence:	\$	1,000,000
	Demolition, in any one occurrence	\$	Included
	Increased Cost of Construction, in any one occurrence:	\$	Included
	Included means, included in the Limit shown for Loss to the Undamaged Portion.		
<b>14.</b>	Business Income, in any one occurrence	\$	5,000,000
<b>15.</b>	Rental Value, in any one occurrence:	\$	500,000
	Ordinary Payroll: excluded Extended Business Income or Rental Value at 60 days.  Civil Authority 30 days.		
<b>16.</b>	Extra Expense, in any one occurrence-.	\$	5,000,000
	Civil Authority 30 days.		
<b>17.</b>	Earthquake Sprinkler Leakage – aggregate in any one policy year, for all losses covered under this policy, commencing with the inception date of this policy-.	\$	5,000,000
	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 annual period is the largest of the Annual Aggregate Limits shown.		
<b>18.</b>	Flood - aggregate in any one policy year, for all losses covered under this policy, commencing with the inception date of this policy:		
	Occurring at all Insured Premises, except this policy does not cover Flood loss occurring in Zones prefixed A or V as classified under the National Flood Insurance Program.	\$	50,000,000
	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 annual period is the largest of the Annual Aggregate Limits shown.		
<b>19.</b>	Builders Risk, in any one occurrence, at the following Construction Sites only:		
	a) 455 Calaveras Milpitas, CA	\$	20,000,000
<b>20.</b>	Builder's Risk, in any one occurrence:		

	Maximum at any one Construction Site:	\$	1,000,000
	Builder's Risk Property At Temporary Storage Location:	\$	100,000
	Builder's Risk Property in transit:	\$	100,000
<b>21.</b>	Renovation Projects, in any one occurrence:		
	Maximum at any one Renovation Site:	\$	1,000,000
	Renovation Property At Temporary Storage Location.	\$	100,000
	Renovation Property in transit:	\$	100,000
<b>22.</b>	Contractors Equipment in any one occurrence:	\$	1,00,000
<b>23.</b>	Vehicle Damage, in any one occurrence:		
	a. Scheduled Vehicles	\$	See Specific Limits Schedule
	b. Newly Acquired Vehicles	\$	1,000,000
	Including Over the Road Exposures.		
<b>24.</b>	Errors and Omissions in any one occurrence:	\$	10,000,000
<b>C.</b>	<b>DEDUCTIBLES:</b> For application of Deductibles refer to Section B. Application of Deductibles in the General Conditions		
<b>1.</b>	By Earthquake Sprinkler Leakage, at each affected location, in any one occurrence:	5 % \$	100,000
	Percentage applies per Unit		
	Percentage applies per Total Values		
	As respects Business Income, the deductible is included in the occurrence deductible.		
	As respects Rental Value, the deductible is included in the occurrence deductible.		
	As respects Extra Expense, the deductible is included in the occurrence deductible.		
<b>2.</b>	By Flood, in any one occurrence".	\$	100,000
	As respects Business Income, the deductible is included in the occurrence deductible.		
	As respects Rental Value, the deductible is included in the occurrence deductible.		
	As respects Extra Expense, the deductible is included in the occurrence deductible.		
<b>3.</b>	At the following location ABAG Plan Corporation 101 Eighth Street, Oakland, CA 94694	\$	10,000

4.	Police Trailer	\$	10,000
5.	Vehicle Damage, per vehicles	\$	100,000
6.	To any other covered loss, in any one occurrence:	\$	100,000

**D. COINSURANCE: Direct Damage:**

No coinsurance applies.

**Time Element:**

No coinsurance applies.

**D. VALUATION PROVISION:**

Replacement Cost applies as per MS C5 05.

**E. SOLE AGENT PROVISION:** For any insurance afforded by this policy, ABAG Plan Corporation shall act on behalf of all insureds with respect to the giving and receiving of notice of cancellation or nonrenewal, the payment of premiums and the receiving of return premiums, and accepting of any endorsement issued to form a part of this policy.

**F. CANCELLATION PROVISION:** Cancellation, other than for nonpayment of premium, is amended to read 90 days.

**H. NON-RENEWAL PROVISION:** Non-renewal is amended to read 90 days

**1. PREMIUM ADJUSTMENT:** This policy will be adjusted as quarterly for any changes in values and premiums.

## PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered. 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 premises as described in the most recent Statement of Values or other documentation on file with the Company, caused by or resulting from a Covered Cause of Loss. Covered Cause of Loss means risks of direct physical loss unless the loss is excluded in Section D., Exclusions; limited in Section E., Limitations; or excluded or limited in the Supplemental Coverage Declarations or by endorsements.

### 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 Insured has an insurable interest, unless excluded in Section C., Property and Costs Not Covered. Coverage applies only when a Limit of Insurance is shown in the Supplemental Coverage Declarations for the specific type of Covered Property or Covered Costs and Expenses, except for items B.2. a., d., e., g., h. and i. which do not require a specific Limit of Insurance to be shown.

#### 1. COVERED PROPERTY

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

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Machinery and equipment permanently attached to the building;
- (4) Personal property owned by the 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's premises, 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's premises or in the open (or in a vehicle) within 1,000 feet of the Insured's premises, consisting of the following unless otherwise specified in the Supplemental Coverage Declarations:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by the Insured and used in the Insured's business;
- (5) Labor, materials or services furnished or arranged by the Insured on personal property of others;
- (6) The 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 Insured; and
  - (b) Acquired or made at the Insured's expense but which the Insured is not permitted to remove; and
- (7) Personal Property of Others (including the Insured's employees) used in the Insured's business that is in the care, custody, or control of the Insured or for which the Insured has agreed in writing to insure prior to any loss or damage.

However, payment by the Company for loss or damage to Personal Property of Others will only be for the account of the owner of the property.

Business Personal Property does not include:

- (1) "Electronic Data Processing Equipment" or "Electronic Data Processing Data and Media" except 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's premises.

**d. Accounts Receivable**

This insurance applies to loss or damage to the accounts receivable records of the Insured while at or within 1,000 feet of the Insured's premises, 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 Insured from customers that the Insured is unable to collect because of loss or damage to the Insured's accounts receivable records,
  - (b) Interest charges on any loan required to offset amounts the Insured is unable to collect because of loss or damage to the Insured's accounts receivable records, pending the Company's payment of these amounts;
  - (c) Collection expenses in excess of the Insured's normal collection expenses that are made necessary by the loss; and
  - (d) Other reasonable expenses that the Insured incurs to re-establish the 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 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 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 Insured is able to re-establish or collect;
      - (iii) An amount to allow for probable bad debts that the 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 Records while at or within 1,000 feet of the Insured's premises. 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's premises.

**g. Newly Constructed or Acquired Property**

This insurance applies to:

- (1) New buildings while being built on the Insured's premises 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 Insured at locations other than the Insured's premises;
- (3) Buildings the 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 or expires;
- (2) 120 days expire after the Insured acquires or begins to construct the building(s);
- (3) The Insured reports the new values to the Company; or
- (4) The property is more specifically insured elsewhere.

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

**h. "Outdoor Property"**

This insurance applies to "Outdoor Property" at the Insured's premises 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 Insured to remove debris of "Outdoor Property" at the Insured's premises 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 Limit of Insurance that applies to "Outdoor Property".

**i. Personal Effects of Officers and Employees of the Insured**

This insurance applies to the Personal Effects and "Fine Arts" owned by officers, partners or employees of the Insured. Such property must be located at or within 1000 feet of the Insured's premises. 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 Insured, or on the Insured's behalf, while such property is at the installation premises or at other premises where the property is temporarily stored. Coverage for this installation property applies only within the Policy Territory and will apply only until the Insured's interest in the property ceases, the installation is accepted, the installation is abandoned, or this policy is cancelled or expires, whichever occurs first.
- (3) Covered Property at any other premises within the Policy Territory which are not otherwise insured under this policy, and which the Insured does not own, lease or regularly operate.

This Coverage does not apply to Personal Effects of Officers and Employees of the Insured.

#### **k. Covered Property in Transit**

This insurance applies to Covered Property in due course of transit at the risk of the Insured 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 Insured and while temporarily being held by the receiver or carrier awaiting its return to the Insured.

The Company will also pay for:

- (1) Any general average or salvage charges incurred by the Insured as respects losses to waterborne shipments.
- (2) The 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 Insured or any agent, customer or consignee of the 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 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 Insured or to Covered Property in due course of transit to or from an "exhibition".

#### **l. Covered Property Overseas**

The Company will pay for loss or damage to Covered Property while in the custody of any officer or employee **of the Insured while temporarily traveling outside of the Policy Territory**. But this Coverage does not apply to Covered Property at, or in due course of transit to or from, an "exhibition".

Coverages j. Covered Property At Undescribed Premises, k. Covered Property in Transit and l. Covered Property Overseas are each subject to the applicable Limit of Insurance specified in the Supplemental Coverage Declarations for the coverage, but in no event will the Company pay more for loss or damage to any type of Covered Property than the amount that would have been paid if the loss or damage had occurred at or within 1000 feet of the Insured's premises.

## 2. COVERED COSTS AND EXPENSES

### a. Debris Removal

- (1) The Company will pay the necessary and reasonable expense incurred by the 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 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. But if:

- (a) (i) The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
  - (ii) The debris removal expense exceeds the above 25% limitation; and
- (b) A Limit of Insurance is specified in the Supplemental Coverage Declarations for Debris Removal (additional);

the Company will also pay an additional amount, up to the Limit of Insurance specified in the Supplemental Coverage Declarations for Debris Removal (additional).

- (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

The Company will pay the necessary and reasonable expense incurred by the Insured to extract 11 pollutants" from land or water at the Insured's premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a "specified cause of loss" which occurs during the policy period.

Such expenses will be paid only if reported to the Company in writing within 180 days of the date on which the "specified cause of loss" occurs.

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

The most the Company will pay under this Coverage for the sum of all covered expenses arising out of all "specified cause of loss" occurrences that occur during each separate 12 month period of this policy is the Limit of Insurance specified for Pollutant Cleanup and Removal shown in the Supplemental Coverage Declarations.

### c. Claim Data Expense

The Company will pay the reasonable expenses incurred by the 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. The Company will not pay for any expenses incurred, directed, or billed by or payable to insurance adjusters or their associates or subsidiaries, or any costs as provided in the General Conditions - Section C. Appraisal.

### 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 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 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 occurs to Covered Property, the Company will pay for:

- (1) The loss to the undamaged portion of a covered building caused by the enforcement of any ordinance or law that:
- (a) Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;
  - (b) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the Insured's premises; and
  - (c) Is in force at the time of loss.

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

- (2) **The cost to demolish and clear the site of undamaged parts of the covered building** caused by the enforcement of building, zoning or land use ordinance or law.

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

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

- (3) The increased **cost to repair, rebuild or construct the Covered Property** caused by enforcement of building, zoning, land use or any other ordinance or law when the Covered Property is insured for replacement cost. If the covered building is repaired or rebuilt, 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 replaced, at the same location or elsewhere; and unless the repairs or replacement are made as soon as reasonably possible after the loss or damage but not to exceed 2 years. The Company may extend this period in writing during the 2 years.

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

- (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.

not to exceed the Limit of Insurance specified for Ordinance or Law - Increased Cost of Construction shown in the Supplemental Coverage Declarations.

- (4) Ordinance or Law Coverages do not apply to:
- (a) "Vacant" properties;
  - (b) Any loss due to the Insured's failure to comply with any ordinance or law that the Insured was required to comply with before the loss, even if the Covered Property was undamaged; and
  - (c) Costs associated with the enforcement of any ordinance or law that requires the 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".

**g. Preservation of Property**

If it becomes necessary to move Covered Property from an insured premises 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 Insured to remove the Covered Property from an insured premises and to move the Covered Property back to an insured premises; and
- (2) Any direct physical loss or damage to Covered Property while it is being moved from an insured premises, while temporarily stored at another location or while it is being moved back to an insured premises.

However, this Coverage will apply only if the loss or damage occurs within 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 location, or this policy is cancelled or expires, whichever occurs first.

**h. Protection of Property**

The Company will pay the necessary and reasonable expenses actually incurred by the Insured to temporarily safeguard Covered Property against the threat of imminent direct physical loss or damage by a "specified 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 Limit of Insurance is specified in the Supplemental Coverage Declarations for Water, Other Liquids, Powder or Molten Material Damage, that Limit of Insurance is the most the Company will pay under this Coverage. Otherwise, this coverage is provided subject to the Limit of Insurance that applies to the covered water or other liquid, powder or molten material damage loss.

**C. PROPERTY AND COSTS NOT COVERED**

Unless the following property or costs are added by endorsement to this Coverage Form, 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 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 premises;

8. Aircraft or watercraft;
9. Live animals or birds;
10. Bulkheads, pilings, piers, wharves, docks, dikes, dams, canals, seawalls 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 Insured;
13. 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 Insured can collect on it or not) from that other insurance;
14. Any of the specific types of Covered Property described in Sections B.1.a. through B.1.1. of this Coverage Form for which a Limit of Insurance is not shown in the Supplemental Coverage Declarations; or
15. Any of the following Covered Costs and Expenses for which a Limit of Insurance is not shown in the Supplemental Coverage Declarations:
  - a. Pollutant Clean Up and Removal, as described in Section B.2.b.;
  - b. Claim Data Expense, as described in Section B.2.c.; or
  - c. Ordinance or Law, as described in Section B.2.f.

#### **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 man made or other artificial causes.

But 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. But 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 hours period will constitute a single occurrence.

##### **b. FLOOD**

Flood meaning:

- (1) Surface water, underground water, waves, tides, tidal waves, 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; and
- (4) Water or sewage which backs up through sewers, drains or sumps.

This exclusion will not apply to direct loss or damage from resulting fire, explosion or leakage from 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 the Covered Costs and Expenses, Section B.2.f. Ordinance or Law.

But 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**

Nuclear reaction or radiation, or radioactive contamination however caused.

This exclusion will not apply to direct loss or damage by:

- (1) Fire resulting from nuclear reaction or radiation, or radioactive contamination; or
- (2) Sudden and accidental radioactive contamination, including resultant radiation damage to

Covered Property provided:

- (a) Such radioactive contamination arises out of material at the Insured's premises;
- (b) Such radioactive material is kept at an Insured's premises for the purpose of the Insured's operations; and
- (c) At the time of such loss at the Insured's premises there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction, nor any new or used nuclear fuel which is intended for or which has been used in a nuclear reaction.

But the most the Company will pay for Sudden and Accidental Radioactive Contamination as provided in d. (2)(a), (b) and (c) above is the specified Limit of Insurance shown in the Supplemental Coverage Declarations. This is not additional insurance.

**e. WAR AND MILITARY ACTION**

- (1) Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack:
  - (a) By any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces;
  - (b) By military, naval or air forces; or
  - (c) By an agent of any such government, power, authority or forces.
- (2) Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence.
- (3) Any discharge, explosion or use of any weapon of war employing nuclear fission or fusion will be conclusively presumed to be such a hostile or warlike action by such a government, power, authority or forces.

**f. COMPUTER VIRUS**

Computer Virus means intrusive codes or programming that are entered into a computer system causing direct physical loss or damage to, or destruction of, "Electronic Data Processing Equipment" or "Electronic Data Processing Data and Media".

This exclusion will not apply in the event the Computer Virus results in a "specified cause of loss"; however, the Company will be liable only for such resulting loss or damage.

**g. PROGRAMMING ERRORS OR OMISSIONS**

Programming errors, omissions or incorrect instructions to a machine.

This exclusion will not apply in the event Programming errors, omissions or incorrect instructions to a machine results in a "specified cause of loss", however, the Company will be liable only for such resulting loss or damage.

**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 the Covered Costs and Expenses, item 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 construction, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

**i. OFF PREMISES UTILITY SERVICES**

The interruption, failure or fluctuation of power or other utility service(s) provided to an insured premises if the cause of the interruption, failure or fluctuation occurs off an insured premises.

This exclusion will not apply in the event the interruption, failure or fluctuation of power or other utility service(s) results in a Covered Cause of Loss; however, the Company will be liable only for such resulting loss or damage.

**j. 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 caused only 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 Insured prior to collapse;
  - (c) Weight of people or personal property;
  - (d) Weight of rain that collects on a roof;
  - (e) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of construction, remodeling or renovation; or
  - (f) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs after construction, remodeling, or renovation is complete and is caused in part by a cause of loss listed in j. (1) (a) through (d) above.

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

- (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 or hail; aircraft or vehicles; riot or civil commotion; "sinkhole collapse"; weight of snow, ice or sleet;
  - (b) Weight of people or personal property;
  - (c) Weight of rain that collects on a roof; or
  - (d) Use of defective material or methods in construction, remodeling or renovation if the state of imminent collapse occurs during the course of construction, remodeling or renovation.

As respects "Electronic Data Processing Equipment" and "Electronic Data Processing Data and Media", only exclusions D.1.a. through g. and D.1.i. 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.<sup>7</sup>

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.

But 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, fungus, decay, deterioration, wet or dry rot, mold, 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, 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 a "specified cause of loss", the Company will pay for the loss or damage caused by that "specified cause of loss".
  - d. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by the Insured, or operated under the Insured's control. But 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 Insured, any of the Insured's partners, employees (including leased employees), directors, trustees, authorized representatives or anyone (other than a carrier for hire or bailee) to whom the 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.

This exclusion does not apply to acts of destruction by the Insured's employees, (including leased employees) but theft by the 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. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by a "specified cause of loss". But in the event the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", the Company will be liable only for such resulting loss or damage caused by that "specified cause of loss".
  - i. Voluntary parting with any property by the Insured or anyone else to whom the Insured has entrusted the property.

- j. Accumulated effects of smog, smoke, vapor, liquid or dust.
- k. If the building or leased premises where loss or damage has occurred has been "vacant" for more than 60 consecutive days before that 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.

Buildings under construction or renovation are not considered "vacant".

- l. Continuous or repeated seepage, leakage or flow of water that occurs over a period of 14 days or more.
- m. 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.

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., i. and m.
3. The Company will not pay for loss or damage caused by or resulting from any of the following:
- a. Weather conditions. But 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.
  - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
  - c. Faulty, inadequate or defective-.
    - (1) Planning, zoning, development, surveying, siting-,
    - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
    - (3) Materials used in repair, construction, renovation or remodeling; or
    - (4) Maintenance;
- of part or all of any property on or off an insured premises.

However, in the event an excluded cause of loss that is listed in 3.a. through 3.c. above results in a Covered Cause of Loss, the Company will be liable only for such resulting loss or damage.

## 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. But 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.

2. As respects furs, fur garments and garments trimmed with fur, jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals, the most the Company will pay for loss or damage by theft, regardless of the types or number of articles that are lost or damaged is \$50,000.
3. 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. But the Company will pay the cost to repair or replace damaged parts of the 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 Supplemental Coverage Declarations, refer to Section B. Application of Deductibles in the General Conditions.

#### G. DEFINITIONS

1. **"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.
2. **"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.
3. **"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 Insured.
4. **"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.
5. **"Finished Stock"** means goods manufactured by the Insured that in the ordinary course of the Insured's business are in their completed state and ready for sale.  
  
"Finished Stock" does not include goods manufactured by the Insured that are held for sale on the premises of any retail outlet insured under this Coverage Form.
6. **"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.
7. **"Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste and any unhealthy or hazardous building materials (including but not limited to asbestos and lead products or materials containing lead). Waste includes materials to be recycled, reconditioned or reclaimed.
8. **"Raw Stock"** means material in the state in which the Insured receives it for conversion by the Insured into "Stock in Process" or "Finished Stock".
9. **"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 man made underground cavities.

10. **"Specified Cause of Loss"** means any of the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; "volcanic action"; falling objects; weight of snow, ice or sleet; or water damage.
- a. Falling objects does not include loss or damage to:
    - (1) Personal property in the open; or
    - (2) 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.
  - b. 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.
11. **"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.
12. **"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".
13. **"Vacant"** means:
- a. When 90% or more of the square footage of the entire building is not rented or is not used to conduct customary operations; or
  - b. When a unit or suite rented or leased to a tenant does not contain enough Business Personal Property to conduct customary operations.
14. **"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.

## **BUSINESS INCOME COVERAGE FORM EXCLUDING EXTRA EXPENSE**

Various provisions in this policy restrict coverage. Read the entire policy 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 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 Insured due to the necessary "suspension" of the Insured's "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss or damage to property, including personal property in the open (or in a vehicle) within 1,000 feet, at the Insured's premises:

- Which are 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. Covered Cause of Loss means risks of direct physical loss unless the loss is excluded in Section C., Exclusions; limited in Section D., Limitations; or excluded or limited in the Supplemental Coverage Declarations or by endorsement.

Coverage is provided as described below only when a Limit of Insurance is shown for the specified coverage in the Supplemental 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 Insured; and continuing normal operating expenses incurred by the Insured. But Business Income does not include Rental Value.

Continuing normal operating expenses incurred by the 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 Supplemental 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 Insured; and
- c. Fair rental value of any portion of the Insured's premises that is occupied by the Insured;

less any operating expenses that do not continue from tenant occupancy of the premises as furnished and equipped by the Insured.

**B. ADDITIONAL COVERAGE EXTENSIONS** - Each of the following Additional Coverage Extensions applies only when a Limit of Insurance is shown in the Supplemental Coverage Declarations except for items 1., 2. and 7. which do not require a specific Limit of Insurance to be shown:

#### **1. Civil Authority**

The insurance provided by this coverage form is extended to apply to such loss of Business Income or Rental Value incurred by the Insured caused by the action of civil authority that prohibits access to the

Insured's premises due to direct physical loss or damage to property, other than at the Insured's premises, caused by or resulting from a Covered Cause of Loss.

Coverage for Business Income and/or Rental Value will begin 72 hours after the time of the civil authority action and will then apply for a period of up to 30 consecutive days. No other hour deductible applicable to Business Income and/or Rental Value applies to this coverage.

## 2. **Extended Business Income or Rental Value**

If the necessary "suspension" of the 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 Insured during the period that:

- a. Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and 11 operations" are resumed or tenantabil4 is restored; and
- b. Ends on the earlier of:
  - (1) The date the 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) 60 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 in the area where the Insured's premises are located.

Loss of Business Income or Rental Value must be caused by direct physical loss or damage to property at the Insured's premises, 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 of Business Income or Rental Value incurred by the 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 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 occurs to property at the Insured's premises, the "period of restoration" is increased to include the additional period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:
  - (1) Regulates the construction, repair or replacement of any property;
  - (2) Requires the tearing down or replacement of any parts of property not damaged by a Covered Cause of Loss; and
  - (3) Is in force at the time of loss.
- 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 Insured was required to comply with before the loss, even if the property was undamaged; and
    - (b) The Insured failed to comply with.

- (2) Costs associated with the enforcement of any ordinance or law which requires any Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

#### **5. Newly Acquired Premises**

- a. The insurance provided by this coverage form is extended to apply to such loss of Business Income or Rental Value incurred by the 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 Insured; and
  - (2) Premises the Insured becomes newly required to insure under a written contract.
- b. Insurance under this Additional Coverage Extension for each premises will end when any of the following first occurs:
  - (1) This policy is cancelled or expires;
  - (2) 120 days expire after the Insured acquires or begins to construct the property or is required to insure the property;
  - (3) The Insured reports the new premises to the Company; or
  - (4) The Business Income or Rental Value is more specifically insured elsewhere.
- c. The Company will charge the Insured additional premium for values reported from the date the 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 of Business Income or Rental Value incurred by the Insured during the "period of restoration" due to direct physical loss or damage by a Covered Cause of Loss to the 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 Insured. Covered Property at an Undescribed Premises does not include:

- a. Property at the premises of "dependent property";
- b. Property in due course of transit; or
- c. Property at any premises outside of the Policy Territory. But 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.

#### **7. Expenses to Reduce Loss**

The Company will pay reasonable and necessary expenses incurred by the Insured, except the cost of extinguishing a fire, to reduce the amount of loss under this coverage form. The total of the Company's payment for Business Income or Rental Value loss and Expenses to Reduce Loss will not be more than the Business Income or Rental Value loss that would have been payable under this coverage form (after application of any Coinsurance penalty) if the Expenses to Reduce Loss had not been incurred. This coverage does not increase the Limit of Insurance for either Business Income or Rental Value. If a Coinsurance Endorsement is attached to this policy, it does not apply specifically to such Expenses to Reduce Loss, but it is used as described above to determine the aggregate amount payable.

#### **8. Claim Data Expense**

This insurance applies to the reasonable expenses incurred by the Insured in preparing claim data when required by the Company. This includes the cost of preparing income statements and other documentation to show the extent of loss. The Company will not pay for any expenses incurred, directed, or billed by or payable to insurance adjusters or their associates or subsidiaries, or any costs as provided in General Conditions - Section C. Appraisal.

### **C. EXCLUSIONS**

1. All of the exclusions contained in Section D. of the Property Coverage Form apply to this coverage form except:

- a. 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.
  - b. Exclusion 1.i., Off Premises Utility Services, is replaced by the following:  
The interruption, failure or fluctuation of power or other utility service(s) provided to the insured premises if the cause of the interruption, failure or fluctuation occurs outside a building at the Insured's premises.  
  
This exclusion will not apply in the event the interruption, failure or fluctuation of power or other utility service(s) results in a Covered Cause of Loss; however, the Company will be liable only for such resulting loss.
  - c. 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.
2. In addition, the Company will not pay for:
- a. Any loss caused by or resulting from:
    - (1) Damage or destruction of "finished stock"; or
    - (2) The time required to reproduce "finished stock".
  - b. 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; or radio or television antennas (including microwave satellite dishes), and their lead -in wiring, masts or towers.
  - c. Any loss or damage to property while in due course of transit.
  - d. Any increase of loss caused by or resulting from:
    - (1) 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
    - (2) Any license, lease or contract which is suspended, lapses or is cancelled. But 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 Insured's Business Income or Rental Value during the "period of restoration" and the period of Extended Business Income or Rental Value.
  - e. Any extra expense, except as provided in the Expenses to Reduce Loss Additional Coverage Extension.
  - f. Any other consequential loss.

#### **D. LIMITATIONS**

Under Section E. of the Property Coverage Form, Limitation 2., which limits the amount the Company will pay for theft loss to specified types of personal property, does not apply to this coverage form. All other 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. 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 premises which suffered loss or damage in the same occurrence.

#### **E. DEDUCTIBLES**

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

#### **F. 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 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 Insured;
    - (2) Bills, invoices and other vouchers; and
    - (3) Deeds, liens, contracts or leases.
2. The Company will reduce the amount of the Insured's Business Income or Rental Value loss, to the extent the Insured can resume "operations" in whole or in part, by using:
  - a. Damaged or undamaged property (including merchandise or stock) at the Insured's premises or elsewhere; or
  - b. Any other available sources of materials or outlets for the Insured's products.
3. If the Insured intends to continue the Insured's business, the Insured must resume "operations", in whole or in part, as quickly as possible. If the 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.

#### **G. 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 Insured depends on to:
  - a. Supply materials or services to the Insured, or to others for the account of the 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 Insured's products or services (Recipient Locations);
  - c. Manufacture products for delivery to the Insured's customers under contract of sale (Manufacturing Locations); or
  - d. Attract customers to the 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 insured.
3. **"Operations"** means:
  - a. The Insured's business activities occurring at the Insured's premises; and
  - b. The tenantability of the Insured's premises when coverage for Rental Value applies.

4. **"Ordinary Payroll Expenses"** means payroll expenses for all employees of the 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 premises 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 1000 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.

- c. When a number of hours is shown in the deductible item in the Supplemental 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.
- 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, use, repair or replacement, or requires the tearing down of any property, except as provided under the Ordinance or Law - Increased "Period of Restoration" Additional Coverage Extension; or
  - (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess, the effects of "pollutants".
- 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 Insured's business "operations"; or
- b. That a part or all of the insured premises is rendered untenable, if coverage for Rental Value is provided.

## EXTRA EXPENSE COVERAGE FORM

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

### A. COVERAGE

The Company will pay the actual reasonable and necessary Extra Expense sustained by the Insured during the 11 period of restoration" due to direct physical loss or damage to property, including personal property in the open (or in a vehicle) within 1,000 feet, at the Insured's premises:

- Which are described in the most recent Statement of Values 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. Covered Cause of Loss means risks of direct physical loss unless the loss is excluded in Section C., Exclusions; limited in Section D., Limitations; or excluded or limited in the Supplemental Coverage Declarations or by endorsement.

Coverage is provided as described below only when a Limit of Insurance is shown for Extra Expense in the Supplemental Coverage Declarations.

#### Extra Expense

Extra Expense means the following expenses the Insured incurs that the 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:

1. Reasonable and necessary expenses to avoid or minimize the "suspension" of business and to continue 11 operations":
  - a. At the Insured's premises; or
  - b. At replacement premises or at temporary locations, including relocation expenses and costs to equip and operate the replacement premises or temporary locations;
2. Reasonable and necessary expenses to minimize the "suspension" of business if the Insured can not continue "operations"; and
3. Reasonable and necessary expenses to:
  - a. Repair or replace any property; or
  - b. 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.

- B. ADDITIONAL COVERAGE EXTENSIONS** - Each of the following Additional Coverage Extensions applies only when a Limit of Insurance is shown in the Supplemental Coverage Declarations except for item 1. which does not require a specific Limit of Insurance to be shown:

#### 1. Civil Authority

The insurance provided by this coverage form is extended to apply to the Extra Expense incurred by the Insured caused by the action of civil authority that prohibits access to the Insured's premises due to direct physical loss or damage to property, other than at the Insured's premises, caused by or resulting from a Covered Cause of Loss.

Coverage for Extra Expense will begin immediately after the action of the civil authority and will end 30 days after the date of the civil authority action.

## 2. "Dependent Property"

The insurance provided by this coverage form is extended to apply to the Extra Expense incurred by the 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 Insured has more specific insurance either under this policy or another.

## 3. Ordinance or Law - "Increased Period of Restoration"

- a. If a Covered Cause of Loss occurs to property at the Insured's premises, the "period of restoration" is increased to include the additional period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:
  - (1) Regulates the construction, repair or replacement of any property;
  - (2) Requires the tearing down or replacement of any parts of property not damaged by a Covered Cause of Loss; and
  - (3) Is in force at the time of loss
- 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 Insured was required to comply with before the loss, even if the property was undamaged; and
    - (b) The Insured failed to comply with.
  - (2) Costs associated with the enforcement of any ordinance or law which requires any Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

## 4. Newly Acquired Premises

- a. The insurance provided by this coverage form is extended to apply to the Extra Expense incurred by the 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 Insured; and (2) Premises the Insured becomes newly required to insure under a written contract.
- b. Insurance under this Additional Coverage Extension for each premises will end when any of the following first occurs:
  - (1) This policy is cancelled or expires;
  - (2) 120 days expire after the Insured acquires or begins to construct the property or is required to insure the property;
  - (3) The Insured reports the new premises to the Company; or
  - (4) The Extra Expense is more specifically insured elsewhere.
- c. The Company will charge the Insured additional premium for values reported from the date the Insured acquires the property or is required to insure the property.

## 5. Undescribed Premises

The insurance provided by this coverage form is extended to apply to the Extra Expense incurred by the Insured during the "period of restoration" due to direct physical loss or damage by a Covered Cause of Loss to the 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 Insured. Covered Property at an Undescribed Premises does not include:

- a. Property at the premises of "dependent property";
- b. Property in due course of transit; or
- c. Property at any premises outside of the Policy Territory. But 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.

#### **6. Claim Data Expense**

This insurance applies to the reasonable expenses incurred by the Insured in preparing claim data when required by the Company. This includes the cost of preparing statements and other documentation to show the extent of the loss. The Company will not pay for any expenses incurred, directed or billed by or payable to insurance adjusters or their associates or subsidiaries, or any costs as provided in General Conditions - Section C. Appraisal.

#### **C. EXCLUSIONS**

1. All of the exclusions contained in Section D. of the Property Coverage Form apply to this coverage form except:
  - a. 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.
  - b. Exclusion 1.i., Off Premises Utility Services, is replaced by the following:  
The interruption, failure or fluctuation of power or other utility service(s) provided to the insured premises if the cause of the interruption, failure or fluctuation occurs outside a building at the Insured's premises.  
  
This exclusion will not apply in the event the interruption, failure or fluctuation of power or other utility service(s) results in a Covered Cause of Loss; however, the Company will be liable only for such resulting loss.
  - c. 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.
2. In addition, the Company will not pay for:
  - a. 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; or radio or television antennas (including microwave satellite dishes), and their lead -in wiring, masts or towers.
  - b. Any loss or damage to property while in due course of transit.
  - c. 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.
  - d. Any Extra Expense caused by or resulting from any suspended, lapsed or cancelled license, lease or contract beyond the "period of restoration".
  - e. Any other consequential loss.

#### **D. LIMITATIONS**

Under Section E. of the Property Coverage Form, Limitation 2., which limits the amount the Company will pay for theft loss to specified types of personal property, does not apply to this coverage form. All other limitations contained in Section E. of the Property Coverage Form apply to this coverage form.

**E. ADDITIONAL CONDITION**

The following condition applies in addition to the conditions contained in the General Conditions.

**Loss Determination**

1. 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 necessary expenses that reduce the Extra Expense otherwise incurred.
2. The Company will reduce the amount of the Insured's Extra Expense loss to the extent the Insured can return "operations" to normal and discontinue such Extra Expense.
3. If the insured intends to continue the Insured's business, the Insured must resume all or part of the Insured's "operations" as quickly as possible. If the 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.

**F. 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 Insured depends on to:
  - a. Supply materials or services to the Insured, or to others for the account of the 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 Insured's products or services (Recipient Locations);
  - c. Manufacture products for delivery to the Insured's customers under contract of sale (Manufacturing Locations); or
  - d. Attract customers to the 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 insured.
3. **"Operations"** means the Insured's business activities occurring at the Insured's premises.
4. **"Period of Restoration"** means the period of time that:
  - a. Begins with the date and time of direct physical loss or damage to property at the insured premises caused by or resulting from a Covered Cause of Loss; and
  - b. Ends on the earlier of the following:
    - (1) The date when the property should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
    - (2) The date when business is resumed at a new permanent location.
  - c. "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, repair or replacement, or requires the tearing down of any property, except as provided under the Ordinance or Law - Increased "Period of Restoration" Additional Coverage Extension; or
    - (2) Requires any Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess, the effects of "pollutants".
  - d. The expiration date of this policy will not cut short the "period of restoration".
5. **"Suspension"** means the partial or complete cessation of the Insured's business "operations".

## EARTHQUAKE SPRINKLER LEAKAGE

This endorsement modifies the insurance provided under this policy.

A. The following is added to the Covered Causes of Loss and the "specified causes of loss":

Earthquake Sprinkler Leakage, meaning sprinkler leakage resulting from:

1. Earthquake, meaning a shaking or trembling of the earth's crust, caused by underground volcanic or tectonic forces or by breaking or shifting of rock beneath the surface of the ground from natural causes.
2. Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.

All Earthquake shocks or Volcanic Eruptions that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this policy will not reduce the 168-hour period.

- B. Under the Exclusions contained in Section D. of the Property Coverage Form, the Earth Movement exclusion does not apply to the insurance specifically provided under this endorsement. All other exclusions and limitations continue to apply. In addition, the Company will not pay for loss or damage caused by or resulting from any Earthquake or Volcanic Eruption that begins before the inception of this insurance.
- C. The most the Company will pay for the total of all loss or damage caused by Earthquake Sprinkler Leakage in any one policy year is the single highest Annual Aggregate Limit of Insurance specified for Earthquake Sprinkler Leakage shown in the Supplemental Coverage Declarations. This limit is part of, and does not increase, the Limits of Insurance that apply under this policy.

Subject to the single highest Annual Aggregate Limit of Insurance:

1. Any individual Annual Aggregate Limit of Insurance shown in the Supplemental Coverage Declarations for Earthquake Sprinkler Leakage is the most the Company will pay in any one policy year for all loss or damage to which that Limit of Insurance applies.
2. If more than one Annual Aggregate Limit of Insurance applies to loss or damage under this endorsement in any one occurrence, each limit will be applied separately, but the most the Company will pay under this endorsement for all loss or damage in that occurrence is the single highest Annual Aggregate Limit of Insurance applicable to that occurrence.

## FLOOD

This endorsement modifies insurance provided under this policy.

**A.** The following is added to the Covered Causes of Loss and the "specified causes of loss":

Flood, meaning:

1. Surface water, underground water, waves, tides, tidal waves, 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; or
4. Water which backs up through sewers, drains or sumps.

**B.** All Flood loss that occurs:

1. During a period of continued rising or overflow of any river(s), stream(s) or any body of water and the subsidence of same within the banks of such river(s), stream(s) or bodies of water; or
2. Due to any tidal waves that occur within any 168 hour period;

will constitute a single Flood occurrence.

If Flood loss commences prior to the expiration date of this policy and the Flood occurrence, as defined above, extends beyond the expiration date of this policy, the expiration of the policy will not reduce the Flood occurrence period.

**C.** Under the Exclusions contained in Section D. of the Property Coverage Form:

1. The Flood exclusion does not apply to the insurance specifically provided under this endorsement.
2. The Collapse of Buildings exclusion is amended to include Flood in the list of named causes of loss for which coverage for buildings in a state of imminent collapse applies.

All other exclusions and limitations in this policy continue to apply.

**D.** The following additional exclusions apply to this insurance:

1. The Company will not pay for loss or damage caused directly or indirectly by Earth Movement, as defined in the Earth Movement exclusion contained in Section D. of the Property Coverage Form, even if attributable to a Flood. But this exclusion does not apply to mudslide or mudflow that is caused or precipitated by the accumulation of water on or below the ground.
2. This insurance for Flood does not apply to, or modify any limits or deductibles that apply to-
  - a. The insurance otherwise provided for loss or damage by fire, explosion or leakage from fire protective equipment that results from Flood; or
  - b. Any other insurance provided for loss or damage to which the Flood exclusion does not apply.
3. The Company will not pay for loss or damage caused by or resulting from any Flood occurrence that begins before the inception of this insurance.
4. This insurance does not apply to the cost of restoring, recovering or de-watering land or to loss resulting from the time required to restore, recover or de-water land.
5. Unless otherwise specified in the Supplemental Coverage Declarations, this insurance for Flood does not apply to loss or damage to property at any location which is, in whole or part, within Zones prefixed A or V as classified by the National Flood Insurance Program.

**E.** The most the Company will pay for the total of all loss or damage caused by Flood in any one policy year is the single highest Annual Aggregate Limit of Insurance specified for Flood shown in the Supplemental

Coverage Declarations. This limit is part of, and does not increase, the Limits of Insurance that apply under this policy.

Subject to the single highest Annual Aggregate Limit of Insurance. -

1. Any individual Annual Aggregate Limit of Insurance shown in the Supplemental Coverage Declarations for Flood is the most the Company will pay in any one policy year for all loss or damage to which that Limit of Insurance applies.
  2. If more than one Annual Aggregate Limit of Insurance applies to loss or damage under this endorsement in any one occurrence, each limit will be applied separately, but the most the Company will pay under this endorsement for all loss or damage in that occurrence is the single highest Annual Aggregate Limit of Insurance applicable to that occurrence.
- F. Under the Property Coverage Form, when a Building at the Insured's premises is Covered Property insured under this policy, the insurance provided under this endorsement is extended to apply to loss or damage to underground pipes, flues and drains at those premises caused by Flood. But this will not increase the limit that applies to this insurance.

## BUILDERS RISK

This endorsement modifies insurance provided under the Property Coverage Form.

**A. The following is added to Section B. 1. Covered Property:**

**Builders Risk Property**

1. This insurance applies to direct physical loss or damage by a Covered Cause of Loss to Builders Risk Property, as described in 2. below, while at any of the following locations for which a Builders Risk Limit of Insurance is shown in the Supplemental Coverage Declarations:

- a. At a Construction Site described in the Supplemental Coverage Declarations, the most recent Statement of Values or other documentation on file with the Company;
- b. At any temporary storage location; or
- c. In transit.

This insurance also applies to the necessary and reasonable expenses incurred by the Insured to reprepare, reexcavate or regrade land or reperform similar land work at a covered Construction Site due to direct physical loss or damage at the Construction Site caused by or resulting from a Covered Cause of Loss. This coverage is subject to, and will not increase the Limit of Insurance that applies to the Construction Site.

2. Builders Risk Property means the following types of property that are owned by the Insured or for which the Insured is liable:
  - a. Buildings or structures in the course of construction;
  - b. Building materials and supplies, equipment, machinery and fixtures intended to become a permanent part of the buildings or structures in the course of construction; and
  - c. Construction forms, cribbing, scaffolding and temporary structures used in the construction of the buildings or structures.

Under the list of Property and Costs Not Covered in Section C. of the Property Coverage Form, the exclusion of underground tanks, pipes, flues and drains does not apply to Builders Risk Property.

3. With respect to each covered building or structure in the course of construction, this coverage for Builders Risk Property will end when any of the following first occurs:
  - a. 30 days expire after the building or structure is occupied or put to its intended use;
  - b. 30 days expire after construction is complete;
  - c. Any other insurance covers the property as a completed building or structure;
  - d. The Construction Site is abandoned with no intent to complete it;
  - e. The Insured's interest in the property ceases; or f. This policy expires or is cancelled.
4. This coverage for Builders Risk Property does not apply to any loss or damage that is covered under any guarantee of any contractor, manufacturer or supplier, whether or not such contractor, manufacturer or supplier is a Named Insured under this policy.

**B. The following additional changes apply to Section B. 1. Covered Property:**

1. Items B.1.a., Building(s), and B.1.b., Business Personal Property, do not include Builders Risk Property.
2. Item B.1.g., Newly Constructed or Acquired Property, is amended as follows:

When the Construction Sites and the Limit of Insurance applicable to each Construction Site are specifically identified on the Supplemental Coverage Declarations for Builders Risk coverage, the Newly Constructed or Acquired Property coverage applies to new Construction Sites, except that the most the Company will pay for loss or damage at any one new Construction Site is the highest Builders Risk Limit of Insurance indicated in the Supplemental Coverage Declarations for a specifically identified Construction Site.

When the Construction Sites are not specifically identified, and a maximum Limit of Insurance at any one Construction Site, subject to a maximum Limit of Insurance at all Construction Sites, is indicated in the Supplemental Coverage Declarations for Builders Risk coverage, the Newly Constructed or Acquired Property coverage applies at new Construction Sites, except that the most the Company will pay for loss or damage at any one new Construction Site is the Maximum Limit of Insurance at any one Construction Site indicated in the Supplemental Coverage Declarations.

3. Item B.1.j., Covered Property at Undescribed Premises, does not apply to any Builders Risk Property.
4. When a Builders Risk Limit of Insurance is shown in the Supplemental Coverage Declarations for Property in Transit, the provisions of item B.1.k., Covered Property in Transit, apply to Builders Risk Property. But the most the Company will pay for loss or damage to Builders Risk Property in the due course of transit is the Builders Risk Limit of Insurance shown in the Supplemental Coverage Declarations for Property in Transit.

## RENOVATION PROJECTS

This endorsement modifies insurance provided under the Property Coverage Form.

**A. The following is added to Section B. 1. Covered Property:**

**Renovation Project Property**

1. This insurance applies to direct physical loss or damage by a Covered Cause of Loss to Renovation Project Property, as described in 2. below, while at any of the following locations for which a Renovation Projects Limit of Insurance is shown in the Supplemental Coverage Declarations:

- a. At a Renovation Site described in the Supplemental Coverage Declarations, the most recent Statement of Values or other documentation on file with the Company;
- b. At any temporary storage location; or
- c. In transit.

This insurance also applies to the necessary and reasonable expenses incurred by the Insured to reprepare, reexcavate or regrade land or reperform similar land work at a covered Renovation Site due to direct physical loss or damage at the Renovation Site caused by or resulting from a Covered Cause of Loss. This coverage is subject to, and will not increase the Limit of Insurance that applies to the Renovation Site.

2. Renovation Project Property means the following types of property that are owned by the Insured or for which the Insured is liable:

- a. Buildings or structures in the course of renovation;
- b. Building materials and supplies, equipment, machinery and fixtures intended to become a permanent part of the buildings or structures in the course of renovation; and
- c. Construction forms, cribbing, scaffolding and temporary structures used in the renovation of the buildings or structures.

Under the list of Property and Costs Not Covered in Section C. of the Property Coverage Form, the exclusion of underground tanks, pipes, flues and drains does not apply to Renovation Project Property.

3. With respect to each covered building or structure in the course of renovation, this coverage for Renovation Project Property will end when any of the following first occurs:

- a. 30 days expire after the building or structure is occupied or put to its intended use;
- b. 30 days expire after renovation is complete;
- c. Any other insurance covers the property as a completed building or structure;
- d. The Renovation Site is abandoned with no intent to complete it;
- e. The Insured's interest in the property ceases; or
- f. This policy expires or is cancelled.

4. This coverage for Renovation Project Property does not apply to:

- a. Any existing property that is to be demolished or removed from the buildings or structures in the course of the renovation; or
- b. Any loss or damage that is covered under any guarantee of any contractor, manufacturer or supplier, whether or not such contractor, manufacturer or supplier is a Named Insured under this policy.

**B. The following additional changes apply to Section B. 1. Covered Property:**

1. Items B.1.a., Building(s), and B.1.b., Business Personal Property, do not include Renovation Project Property.
2. Item B.1.g, Newly Constructed or Acquired Property, is amended as follows:

When the Renovation Sites and the Limit of Insurance applicable to each Renovation Site are specifically identified on the Supplemental Coverage Declarations for Renovation Projects coverage, the Newly Constructed or Acquired Property coverage applies to new Renovation Sites, except that the most the Company will pay for loss or damage at any one new Renovation Site is the highest Renovation Projects Limit of Insurance indicated in the Supplemental Coverage Declarations for a specifically identified Renovation Site.

When the Renovation Sites are not specifically identified, and a Maximum Limit of Insurance at any one Renovation Site, subject to a Maximum Limit of Insurance at all Renovation Sites, is indicated in the Supplemental Coverage Declarations for Renovation Projects coverage, the Newly Constructed or Acquired Property coverage applies at new Renovation Sites, except that the most the Company will pay for loss or damage at any one new Renovation Site is the Maximum Limit of Insurance at any one Renovation Site indicated in the Supplemental Coverage Declarations.

3. Item B.1..j., Covered Property at Undescribed Premises, does not apply to any Renovation Project Property.
4. When a Renovation Projects Limit of Insurance is shown in the Supplemental Coverage Declarations for Property in Transit, the provisions of item B.1.k., Covered Property in Transit, apply to Renovation Project Property. But the most the Company will pay for loss or damage to Renovation Project Property in the due course of transit is the Renovation Projects Limit of Insurance shown in the Supplemental Coverage Declarations for Property in Transit.

**C.** Under Section D. Exclusions, the following exclusion is added:

The Company will not pay for loss or damage to Renovation Project Property caused by or resulting from water, other liquids or ice due to the freezing of pipes, fixtures, appliances or other building equipment or systems. But this exclusion does not apply if, at the time of loss, the building or structure in the course of renovation is fully enclosed and:

1. Reasonable precautions have been taken to maintain heat in the building or structure; or
2. The pipes, fixtures, appliances or other building equipment or systems have been drained and the water or other liquid supply has been shut off if heat has not been maintained.

**D.** The valuation provisions of this policy apply to all Renovation Project Property except the existing buildings or structures to which the renovations are being made. In the event of loss or damage to Renovation Project Property, the value of the existing buildings or structures to which the renovations are being made will be determined as follows, but in no event will the Company pay more for loss or damage to all Renovation Project Property than the Limit of Insurance that applies to the Renovation Project Property:

1. If the Insured repairs, rebuilds or replaces the lost or damaged property within a reasonable time after the loss or damage, the value of the property will be the smaller of the following amounts:
  - a. The "Actual Cash Value" of the existing buildings or structures; or
  - b. The actual amount incurred by the Insured that is necessary to repair, rebuild or replace the lost or damaged property.
2. If the Insured does not repair, rebuild or replace the lost or damaged property within a reasonable time after the loss or damage, the value of the property will be the smaller of the following amounts:
  - a. The price, at the time of loss, that the property, exclusive of land value, would have been expected to realize if offered for sale in a fair market;
  - b. The amount it would cost to repair, rebuild or replace the damaged property, on the same site, with less costly materials in the architectural style that existed before the damage occurred, less allowance for physical deterioration and depreciation.

## **CONTRACTORS EQUIPMENT**

This endorsement modifies insurance provided under the Property Coverage Form.

The following coverage is added:

### **Contractors Equipment**

- A. The Company will pay for direct physical loss or damage by a Covered Cause of Loss to Contractors Equipment, as described in B. below, that is:
1. The Insured's property or property of others in the care, custody or control of the Insured; and
  2. Described in the most recent Schedule of Contractors Equipment or other documentation on file with the Company;
- while the property is at the insured premises or away from the insured premises, or in the due course of transit, within the Policy Territory.
- B. As used in this endorsement, Contractors Equipment means mobile machinery and equipment that is:
1. Used by the Insured for the purpose for which it was designed and manufactured; and
  2. Used in the Insured's business.
- C. The Company will also provide each of the following Additional Coverage Extensions for which a Limit of Insurance is shown in the Supplemental Coverage Declarations:

#### **1. Newly Acquired Contractors Equipment**

The insurance provided for Contractors Equipment is extended to apply to direct physical loss or damage by a Covered Cause of Loss to newly acquired Contractors Equipment. This coverage will end when one of the following first occurs:

- a. This policy is canceled or expires;
- b. 60 days expire from the date of such acquisition;
- c. The property is reported to the Company; or
- d. The property is more specifically insured elsewhere.

The Company will charge the Insured an additional premium for Contractors Equipment values reported from the date that the Insured acquires the property.

The most the Company will pay for loss or damage in any one occurrence under this coverage is the Limit of Insurance specified for Newly Acquired Contractors Equipment shown in the Supplemental Coverage Declarations.

#### **2. Equipment Rental Expense**

- a. In the event of covered loss or damage to Contractors Equipment by a Covered Cause of Loss, the Company will pay any necessary and reasonable expenses incurred by the Insured for the rental of temporary substitute Contractors Equipment to continue, as nearly as practicable, the Insured's operations on work in progress or under contract.
- b. Payment under this coverage is limited to such expenses incurred during the period of time that:
  - (1) Begins one working day after the date the direct physical loss or damage is reported to the Company, meaning a period of twenty four consecutive hours of a normally scheduled workday beginning at midnight on the date the loss is reported to the Company; and
  - (2) Ends on the earlier of the following dates:

- (a) The date the damaged Contractors Equipment should be repaired or replaced with reasonable speed and similar quality; or
- (b) The date the need for the substitute equipment ceases to exist.

The expiration date of this policy will not cut short the Rental Expense.

- c. This coverage does not apply to:
  - (1) Any expense if the Insured has suitable substitute equipment available to continue operations;
  - (2) Any expense for the rental of equipment not of the same type or not to be used for the same purpose as the equipment for which it is substituted; or
  - (3) Any loss of market, loss of income or any other consequential loss.
- d. The most the Company will pay for loss or damage in any one occurrence under this coverage is the Limit of Insurance specified for Equipment Rental Expense shown in the Supplemental Coverage Declarations.

D. The following changes apply to Section B. 1. of the Property Coverage Form:

- 1. Items B.1.b., Business Personal Property, and B. 1. j., Covered Property at Undescribed Premises, do not include Contractors Equipment.
- 2. Item B.1.g., Newly Constructed or Acquired Property, does not apply to newly acquired Contractors Equipment.
- 3. The provisions of item B.1.k., Covered Property in Transit, apply to the insurance provided under this endorsement for Contractors Equipment in the due course of transit. But the most the Company will pay for loss or damage to such property is subject to the Limits of Insurance described in Section G. of this endorsement.

E. All of the Property and Costs Not Covered in Section C. of the Property Coverage Form apply to the insurance provided under this endorsement, except:

- 1. Item C. 7. is replaced by the following:

Vehicles or self-propelled machines that are licensed for road use.
- 2. The following items are added as property not covered:
  - a. Any Contractors Equipment while leased, rented or loaned to others;
  - b. Any Contractors Equipment while underground or underwater;
  - c. Any Contractors Equipment while waterborne, except while in the due course of transit;
  - d. Tires unless the loss or damage to the tires is coincident with other covered loss or damage to the Contractors Equipment; or
  - e. "Electronic data processing equipment" unless the "electronic data processing equipment" is an integral part of the Contractors Equipment.

F. With respect only to the insurance provided under this endorsement, the following exclusion is added to the exclusions in Section D. of the Property Coverage Form:

The Company will not pay for loss or damage caused by or resulting from:

- 1. The weight of a load exceeding, at the time of loss, the maximum lifting or operating capacity established by the manufacturer for the property; or
- 2. Work upon or service of the Contractors Equipment, but if loss or damage by fire or explosion results, the Company will pay for loss or damage to the Contractors Equipment caused by the resulting fire or explosion.

- G. The most the Company will pay in any one occurrence under this endorsement for loss or damage to Contractors Equipment, other than newly acquired Contractors Equipment, is the applicable Limit of Insurance specified for Contractors Equipment shown in the Supplemental Coverage Declarations. The Limits of Insurance that apply to the Newly Acquired Contractors Equipment and Equipment Rental Expense Additional Coverage Extensions apply in addition to the Contractors Equipment Limit(s) of Insurance.
- H. The valuation provisions of this policy are amended by the following:
- In the event of a covered loss or damage, the Company will determine the value of Contractors Equipment at Actual Cash Value, meaning 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.

## VEHICLE DAMAGE

This endorsement modifies insurance provided under the Property Coverage Form.

The following is coverage is added:

### Vehicle Damage

1. The Company will pay for direct physical loss or damage to Covered Vehicles at the Insured's premises caused by or resulting from a Covered Cause of Loss. When "over the road exposures" are indicated as included in the Supplemental Coverage Declarations, this coverage also applies to Covered Vehicles while anywhere within the Policy Territory, including while being operated over the road.

The exclusion of vehicles licensed for use on public roads under Section C. of the Property Coverage Form, PROPERTY AND COSTS NOT COVERED, does not apply to loss or damage to Covered Vehicles to which this coverage applies.

2. All of the exclusions that apply to the Property Coverage Form apply to loss or damage under this coverage, except as follows:
  - a. When "over the road exposures" are indicated as included in the Supplemental Coverage Declarations, exclusions D. 1. a. EARTH MOVEMENT and D. 1. b. FLOOD do not apply to loss or damage to Covered Vehicles while at any location other than the Insured's premises.
  - b. The following exclusions are added:
    - (1) The Company will not pay for loss or damage under this coverage that is caused by or results from any of the following, unless such loss or damage is itself caused by or results from other loss or damage not otherwise excluded under this coverage:
      - (a) Wear and tear;
      - (b) Freezing;
      - (c) Mechanical or electrical breakdown;
      - (d) Blowouts, punctures or other road damage to tires.
    - (2) The Company will not pay under this coverage for loss or damage to any of the following:
      - (a) Tapes, records, discs or other similar audio, visual or data electronic devices designed for use with any audio, visual or sound reproducing equipment;
      - (b) Equipment designed or used for the detection or location of radar;
      - (c) Any electronic equipment, without regard to whether this equipment is permanently installed, that receives or transmits audio, visual or data signals, and any accessories used with such equipment. But this exclusion does not apply to:
        - (i) Equipment designed solely for the reproduction of sound and accessories used with such equipment, provided such equipment is permanently installed in the Covered Vehicle or is removable from a housing unit which is permanently installed in the Covered Vehicle, and such equipment is designed to be solely operated by use of the power from the Covered Vehicle's electrical system; or
        - (ii) Any other electronic equipment that is:
          - Necessary for the normal operation of the Covered Vehicle or the monitoring of the Covered Vehicle's operating system; or
          - An integral part of the same unit housing any sound reproducing equipment described in (i) above and permanently installed in the opening of the dash or console of the covered vehicle normally used by the manufacturer for installation of a radio. With respect only to the insurance provided under this endorsement;

- (d) Any Covered Vehicle while being used in or practicing for any professional or organized racing or demolition contest or stunting activity, or while being prepared for such contest or activity.
- (3) The Company will not pay under this coverage for loss of use, loss of income or any other consequential loss.
3. The most the Company will pay for loss or damage in any one occurrence under this coverage is the applicable Limit of Insurance shown in the Supplemental Coverage Declarations for Vehicle Damage. This is additional insurance.
4. With respect only to the insurance provided under this coverage:
- a. The following is added to the Notice of Loss and Duties in the Event of Loss or Damage condition in the General Conditions:
- The Insured must also permit the Company to inspect the Covered Vehicles and records proving the loss before the repair or disposition of the Covered Vehicles.
- b. The valuation provisions of this policy are replaced by the following:
- In the event of covered loss or damage to Covered Vehicles, the value of the Covered Vehicles will be determined at actual cash value, meaning the cost to repair or replace the lost or damaged property, at the time and place of loss, with other property of comparable size, material and quality, less allowance for physical deterioration, depreciation, obsolescence and depletion.
5. As used in this coverage:
- a. **Covered Vehicles** means motor vehicles that are:
- (1) Licensed for use on public roads; and
- (2) (a) Owned by the Insured; or
- (b) Owned by others and in the Insured's care, custody or control, but only to the extent of the Insured's legal liability for such vehicles;
- and
- (3) (a) Described in the most recent Statement of Values or other documentation on file with the Company; or
- (b) Newly Acquired Vehicles.
- b. **Newly Acquired Vehicles** means motor vehicles that are acquired by the Insured after the inception date of this insurance. But each such vehicle will be considered a Newly Acquired Vehicle only until any of the following first occurs:
- (1) This policy expires or is cancelled;
- (2) 30 days expire after the Insured acquires the vehicle;
- (3) The vehicle is reported to the Company; or
- (4) The vehicle is more specifically insured elsewhere.
- With respect to newly acquired vehicles reported to and accepted by the Company for coverage under this policy, additional premium, if any, will be charged from the date the vehicles are acquired.

## REPLACEMENT COST

This endorsement 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 endorsement or as stipulated by any other endorsement(s) attached 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 incurred by the Insured that is necessary to repair, rebuild or replace the lost, damaged or destroyed property; or
  - c. The Limit 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, and then only if such repair, rebuilding or replacement is made as soon as reasonably possible after the loss or damage. If the property is not repaired, rebuilt or replaced as soon as reasonably possible after the loss or damage, the value of the property will be determined at "Actual Cash Value". This restriction does not apply to losses less than \$25,000.
3. For property to which this replacement cost valuation applies, the 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 Insured elects to have loss or damage settled on an "Actual Cash Value" basis, the Insured may still make a claim on a replacement cost basis if the Insured notifies the Company within 180 days after the loss or damage.
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 Limit of Insurance is specified for Ordinance or Law in the Supplemental Coverage Declarations, and then only to the extent provided under that coverage.
5. In the event the 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 related to the construction, repair or replacement of the damaged or destroyed property. This will not increase the applicable Limits 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 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;
  - d. At the specified amount per article for those articles which are specifically declared, described and valued in a schedule 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 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 Insured must relabel 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.

But 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 endorsement. 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 schedule forming a part of this policy, the amount per article specified in the Schedule.
5. "Finished Stock" will be valued at the selling price less discounts and expenses the 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 value 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 24 months from the date of the loss the Insured needs to repair or replace one or more of the items, the Company will pay the Insured, subject to the conditions of this insurance, 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 Insured but not delivered will be valued at the selling price less discounts and expenses the Insured otherwise would have had.
9. Business Personal Property of Others will be valued at the amount for which the 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 insured tenant makes the repairs or replaces promptly.
  - b. A proportion of the insured tenant's original cost if the insured tenant does not make 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 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" property will be valued at "Actual Cash Value".

### **C. ADDITIONAL DEFINITION**

The following definition is in addition to those contained in the Property Coverage Form.

**"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.

## **ERRORS AND OMISSIONS**

This endorsement modifies the General Conditions.

General Condition Z., Unintentional Errors in Description, is deleted and replaced with the following:

### **Z. ERRORS AND OMISSIONS**

The insurance provided by this policy is extended to apply with respect to loss or damage to property at locations within the Policy Territory that are owned, leased or operated by the Insured, if such loss or damage is not payable under this policy solely due to:

1. Any error or unintentional omission in the description of the address of the property, whether made at the inception of the policy period or at the time of any subsequent endorsement(s) to the policy; or
2. Failure through any error or unintentional omission to:
  - a. Include any location of the Insured at the inception of the policy; or
  - b. Report any newly acquired location before the period of automatic coverage provided under this policy for the newly acquired location expires.

The most the Company will pay for loss or damage under this condition is the Limit of Insurance specified for Errors and Omissions shown in the Supplemental Coverage Declarations. But in no event will the Company pay more for loss or damage than the amount the Company would have paid had no error or unintentional omission occurred or had the period of automatic coverage for the newly acquired location not expired.

Upon discovery of the error or unintentional omission, the Insured will report the correct information to the Company. An additional premium may be charged based upon the corrected information.

PROPERTY  
SPECIFIC LIMITS SCHEDULE

MS C6 01 07 99

**Milpitas**

YEAR	BODY TYPE	MAKE	VIN#	COST NEW EST.	SUBTOTAL
1999	K MOUNTED STRIPER MSO 1	-	-	\$204,528	
1999	SVI RESCUE	-	-	\$380,000	
1998	#F-800 TRASH TRUCK W/300	FORD	-	\$116,148	
1986	MODEL # QSMFHD12	PUMPER	-	\$117,792	
1998	ADVENTURER	WINNEBAGO	-	\$133,166	
1990	UTILITY VEHICLE	FORD FIRE	-	\$134,107	
1988	SUTPHEN 1250 GPM	PUMPER	-	\$158,267	
1997	FL80 SEWER CLEANER	FREIGHTLINER	-	\$188,354	
1978	SUTPHEN PLATFORM FIRE 81	PUMPER	-	\$195,300	
1994	CE ARROW CHASSIS & PUMP	PUMPER	-	\$249,357	
1993	CE ARROW CHASSIS & PUMP	PUMPER	-	\$250,795	\$2,127,814

**Pacifica**

YEAR	BODY TYPE	MAKE	VIN#	COST NEW EST.	SUBTOTAL
??	FIRE TRUCK	-	-	\$250,803.34	
1986	FIRE TRUCK	SPART	-	\$254,597.84	
1988	FIRE TRUCK	BECK	-	\$155,172.09	
1994	PUMPER (ON LEASE)	-	-	\$278,175.20	
1989	L-800 RODDER	FORD	-	\$146,639.52	\$1,085,388

**Foster City**

YEAR	BODY TYPE	MAKE	VIN#	COST NEW EST.	SUBTOTAL
1997	FIRE RESCUE TRUCK	DMFG (SPARTAN)	E-28	\$325,000	
1994	FIRE RESCUE TRUCK	DMFG (SPARTAN)	E-29	\$275,000	
1980	FIRE RESCUE TRUCK	DUPLEX	E-128	\$200,000	
1988	FIRE RESCUE TRUCK	SPARTAN	T-128	\$301,285	
1998	FIRE RESCUE TRUCK	SPARTAN	T-28	\$600,000	
1992	SEWER JET	FORD	32	\$110,000	
1999	HOIST LIFT TRUCK	INTERNATIONAL	33	\$112,643	
1999	CAMERA VAN	FORD	38	\$112,000	
1991	VAC/JET COMBO	FORD	39	\$175,000	\$2,210,928

**Dublin**

YEAR	BODY TYPE	MAKE	VIN#	COST NEW EST.	SUBTOTAL
1991	TYPE 1 ENGINE	-	4p1ca02gxma000146	\$311,572	
1998	TYPE 1 ENGINE	-	4p1ct02s3wa000331	\$317,500	
1999	FIRE TRUCK	-	TBA	\$689,735	
1991	PATROL (1)	-	2facp72f7mx180643	\$187,514	
1995	TYPE 3 ENGINE	-	4s7at9d06sc015273	\$235,200	\$1,741,521

**Morgan Hill**

YEAR	BODY TYPE	MAKE	VIN#	COST NEW EST.	SUBTOTAL
1987	VACTOR FLUSHER	FORD	-	231,493	
1995	VACTOR FLUSHER	FORD	-	332,918	
1984	VACTOR FLUSHER	MOBILE	-	250,828	\$815,239

PROPERTY  
SPECIFIC LIMITS SCHEDULE

MS C6 01 07 99

**Newark**

YEAR	BODY TYPE	MAKE	VIN#	COST NEW EST.	SUBTOTAL
1985	FIRE TRUCK	SPARTAN	423878	\$300,000	
1988	FIRE TRUCK	PIERCE	A04520	\$300,000	
1980	FIRE TRUCK	PIERCE	A040097	\$300,000	
1994	FIRE TRUCK	PIERCE	A000735	\$315,000	
1996	FIRE TRUCK	PIERCE	A000149	\$480,000	
1980	-	IH	J051590	\$100,000	
1980	-	GALION	8404	\$110,000	
1986	SWEeper	MOBILE	R059086	\$170,000	\$2,075,000

**Suisun City**

YEAR	BODY TYPE	MAKE	VIN#	COST NEW EST.	SUBTOTAL
1998	ENGINE 1	PIERCE	-	\$197,640	
1999	ENGINE 2	PIERCE	-	\$202,350	
1986	ENGINE 3	FORD	-	\$137,500	
1989	LADDER TRUCK 1	PIERCE	-	\$354,000	\$891,490

**Benicia**

YEAR	BODY TYPE	MAKE	VIN#	COST NEW EST.	SUBTOTAL
1992	FIRE ENGINE		#01999	\$109,639	
1984	EMERGENCY LADDER		6105-2031	\$353,000	
1992	FIRE ENGINE		#01933	\$135,325	
2000	BUS	GILLIG PHANTOM	TBD	\$264,718	
2000	BUS	GILLIG PHANTOM	TBD	\$264,718	
1999	SEWER CLEANER	VACCON	V350SHA	\$177,327	\$1,304,727

\$23,615,771

## **EXCLUSION - CERTAIN COMPUTER RELATED LOSSES DUE TO DATES OR TIMES (Property Coverages)**

This endorsement modifies insurance provided under the following:

### Property Coverages

- A. This policy does not insure against loss or damage 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 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 endorsement;
 

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 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 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 Type or Cause of Loss as described in A. 1., 2. and 3. of this endorsement results in direct physical loss or damage from the following covered causes of loss under the Property Coverages:
1. Fire;
  2. Lightning;
  3. Wind or hail;
  4. Leakage from fire protective equipment;
  5. Explosion;
  6. Smoke;
  7. Aircraft or vehicles;
  8. Riot or civil commotion;
  9. Vandalism;
  10. Water Damage; or
  11. Theft.
- this policy shall pay only for such resulting direct physical loss or damage.
- C. This policy does not insure against any preventive or remedial costs to repair or modify any items in 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 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.

## PROPERTY COVERAGE FORM - CHANGES

This endorsement modifies the insurance provided under the Vehicle Damage endorsement.

The Vehicle Damage Endorsement is amended as follows:

1. With respect to vehicles described in the Specific Limits Schedule or other documentation on file with the Company only, Item b. under Section 4, relating to valuation, is deleted and replaced by the following:
  - b. The valuation provisions of this policy are replaced by the following:

In the event of covered loss or damage to vehicles described in the Specific Limits Schedule or other documentation on file with the Company, the Company will not pay more on a replacement cost basis, at the time of loss, than the least of:

    - a. The cost to repair or replace the lost, damaged or destroyed property, with other property of comparable size, material and quality; or
    - b. The actual amount incurred by the Insured that is necessary to repair or replace the lost, damaged or destroyed property; or
    - c. The Specific Limit of Insurance, as per MS C6 01 or other documentation on file with the Company, applicable to the lost, damaged or destroyed scheduled vehicle.
2. With respect to Newly Acquired Vehicles only, the valuation provisions contained in Section 4., Item b. will apply. However, the most the Company will pay for loss or damage to Newly Acquired Vehicles in any one occurrence is the Limit of Insurance specified for Newly Acquired Vehicles shown in the Supplemental Coverage Declarations.

**THE TRAVELERS:** 08/31/2000

**ISSUED DATE:** 10/02/2000

**ISSUED TO:** ABAG FLOOR PLAN

**PRODUCER:** INTERNATIONAL SPECIAL RISK SERVICE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

As respects MANUSCRIPT POLICY PROPERTY SPECIFIC LIMITS SCHEDULE MS C06 01 07 99, the following vehicles are hereby added:

<b>Insured Premises Address</b>	<b>Description of Coverage or Property</b>	<b>Limit of Insurance</b>
Crystal Springs Avenue San Bruno, CA	Vactor	\$225,000
	Sewer Flusher	\$135,000
	Street Sweeper	\$125,000
	Street Sweeper	\$125,000
	Aerial Truck	\$135,000
	Aerial Truck	\$135,000

Additional Premium of \$1,466 is due Agency Bill Statement CMB-122D773-3-00

ALL OTHER TERMS AND CONDITIONS REMAIN THE SAME.