

This SPECIAL MULTI-FLEX POLICY is provided by the stock insurance company(s) of The Hartford Insurance Group, shown below.

## COMMON POLICY DECLARATIONS

**POLICY NUMBER:** 21 UFB ZX0002  
**RENEWAL OF:** 21 UFB ZX0002



**Named Insured and Mailing Address:** MONTANA ASSOCIATION OF COUNTIES  
**(No., Street, Town, State, Zip Code)** 2715 SKYWAY DRIVE  
HELENA, MT 59602

**Policy Period:** **From** 07/01/2017 **To** 07/01/2018  
12:01 a.m. Standard Time at your mailing address shown above.

In return for the payment of the premium, and subject to all of the terms of this policy, we agree with you to provide insurance as stated in this policy. The Coverage Parts that are of this policy are listed below. The Advance Premium shown may be subject to adjustment.

**Total Advance Premium:** \$1,546,838

### Coverage Part and Insurance Company Summary

### Advance Premium

PROPERTY CHOICE ELITE	HARTFORD FIRE INSURANCE COMPANY HARTFORD, CT 06155	\$1,546,838
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### Form Numbers of Coverage Parts, Forms and Endorsements that are a part of this policy and that are not listed in the Coverage Parts.

PCE00010716

### Agent/Broker Name:

### Agency Code:

ARTHUR J. GALLAGHER & CO.  
7380 SAND LAKE ROAD  
SUITE 390  
ORLANDO, FL 32819

225021

Countersigned by \_\_\_\_\_  
(Where required by law)

*Suean B. Castaneda*

Authorized Representative

07/01/2017  
Date

07/06/2017

**Form HM 00 10 01 07**

## **PROPERTY CHOICE ELITE COVERAGE PART - DECLARATIONS**



**POLICY NUMBER:** 21 UFB ZX0002

**This PROPERTY CHOICE ELITE COVERAGE PART consists of:**

- A. This Declarations;**
- B. Property Choice Elite - Supplemental Declarations;**
- C. Property Choice Elite Conditions and Definitions;**
- D. Property Choice Elite Coverage Form;**
- E. Property Choice Elite Covered Causes of Loss and Exclusions Form; and**
- F. Any other Coverage Forms, Conditions Forms, Endorsements and Schedules issued at policy inception or during the policy period.**

Various provisions in this Coverage Part restrict coverage. Read the entire Coverage Part carefully to determine rights, duties and what is and is not covered. Throughout this Coverage Part the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to Definitions found in the Property Choice Elite Conditions and Definitions (Form Number PCE 00 90).

Except in this Declarations, when we use the word "Declarations" in this Coverage Part, we mean this "Property Choice Elite Declarations" or the "Common Policy Declarations".

See Form Number IH 12 00 for a listing of the Coverage Forms, Endorsements, and Schedules that form this Coverage Part.

Policy Number: 21 UFB ZX0002



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

## **LISTING OF POLICY PROVISIONS AND ENDORSEMENTS FORMING A PART OF THE POLICY AT ISSUE**

The following is a listing of policy provisions and endorsements by Form Number and Title that form a part of the policy at issue:

	<b>FORM NUMBER</b>		<b>TITLE</b>
1	IH1200	11-85	NAMED INSURED ENDORSEMENT
2	PCE0002	07-17	PROPERTY CHOICE ELITE - SUPPLEMENTAL DECLARATIONS
3	PCE0090	07-16	PROPERTY CHOICE ELITE CONDITIONS & DEFINITIONS
4	PCE0010	07-16	PROPERTY CHOICE ELITE COVERAGE FORM
5	PCE1010	07-16	PROPERTY CHOICE ELITE COVERED CAUSES OF LOSS & EXCLUSIONS FORM
6	PCE0041	07-16	PROPERTY CHOICE ELITE PREMIUM ADJUSTMENT
7	PCE0021	07-16	PROPERTY CHOICE ELITE BUSINESS INCOME COVERAGE FORM
8	PCE0024	07-16	PROPERTY CHOICE ELITE EXTRA EXPENSE COVERAGE FORM
9	PCE1020	07-16	PROPERTY CHOICE ELITE CAUSE OF LOSS - EARTHQUAKE
10	PCE1085	07-16	PROPERTY CHOICE ELITE EARTHQUAKE HAZARD CLASSIFICATIONS
11	PCE1040	07-16	PROPERTY CHOICE ELITE CAUSE OF LOSS - FLOOD
12	PCE2042	07-16	PROPERTY CHOICE ELITE BUILDER'S RISK COVERAGE FORM

**Form IH 12 00**

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	<b>FORM NUMBER</b>		<b>TITLE</b>
13	PCE2043	07-16	PROPERTY CHOICE ELITE SOFT COSTS COVERAGE EXTENSION
14	PCE2045	07-16	PROPERTY CHOICE ELITE - CONTRACTOR'S EQUIPMENT
15	PCE2055	07-16	PROPERTY CHOICE ELITE ERRORS & OMISSIONS COVERAGE EXTENSION
16	PCE2070	07-16	PROPERTY CHOICE ELITE COVERED VEHICLES - INCLUDING WHILE OVER THE ROAD
17	PCE2075	07-16	PROPERTY CHOICE ELITE DEBRIS REMOVAL ADDITIONAL AMOUNT COVERAGE EXTENSION
18	PME0019	07-17	WATERCRAFT COVERAGE EXTENSIONS FOR:
19	PME0025	07-17	COVERED CAUSES OF LOSS & EXCLUSIONS FORM CHANGES - THEFT LIMITATION FOR:
20	PCE0093	12-16	PROPERTY CHOICE ELITE JOINT LOSS AGREEMENT
21	IH0985	01-15	DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT
22	IH0940	01-15	CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM
23	IL0017	11-98	COMMON POLICY CONDITIONS
24	IL0021	09-08	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

Policy Number: 21 UFB ZX0002



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## **LISTING OF POLICY PROVISIONS AND ENDORSEMENTS FORMING A PART OF THE POLICY AT ISSUE**

The following is a listing of policy provisions and endorsements by Form Number and Title that form a part of the policy at issue:

	<b>FORM NUMBER</b>		<b>TITLE</b>
25	IH9940	04-09	U.S. DEPT OF THE TREASURY, OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS
26	IH9941	04-09	TRADE OR ECONOMIC SANCTIONS ENDORSEMENT
27	PCE0003	07-16	TO REPORT A PROPERTY CLAIM
28	G-3418-0		PRODUCER COMPENSATION NOTICE



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

NAMED INSURED ENDORSEMENT

It is agreed that the Named Insured as it appears on the Common Policy Declarations, Form HM00100107, is amended to read as follows:

Montana Association of Counties and its Subsidiaries, Associated or Allied Companies, Corporations, Firms, Organizations, and its Interest in any Partnerships or Joint Ventures in which it has at least Fifty-One Percent (51%) Management Control or Ownership as now constituted or hereafter is acquired as their Respective Interest of Each may appear, all hereafter referred to as the Insured, including Legal Representatives



## PROPERTY CHOICE ELITE – SUPPLEMENTAL DECLARATIONS

**LIMITS OF INSURANCE**

- Insurance applies only to a Coverage, Property or Cause of Loss for which a Limit of Insurance is shown below.
- The LOSS LIMIT OF INSURANCE stated below is the most we will pay in total in any one occurrence for covered loss or damage under this Property Choice Elite Coverage Part for Building, Business Personal Property, Time Element Coverages, Coverages, Coverage Extensions, or any applicable Covered Cause of Loss.
- If specific Limits of Insurance apply to specified type(s) of Covered Property, specified Coverages, specified Coverage Extensions, or specified Covered Cause(s) of Loss, such Limits of Insurance will not increase the Loss Limit of Insurance. The most we will pay for loss or damage in any one occurrence is the smallest applicable Limit of Insurance shown in the Property Choice Elite – Supplemental Declarations, Coverage Form(s) or Endorsement(s).

	<b>LIMITS OF INSURANCE IN ANY ONE OCCURRENCE</b>
<b>LOSS LIMIT OF INSURANCE:</b>	<b>\$100,000,000</b>
<b>BUILDINGS:</b>	<b>INCLUDED IN LOSS LIMIT OF INSURANCE</b>
<b>BUSINESS PERSONAL PROPERTY:</b>	<b>INCLUDED IN LOSS LIMIT OF INSURANCE</b>

**CAUSES OF LOSS:** The following CAUSES OF LOSS are added to this policy. The Limits of Insurance applicable to the following CAUSES OF LOSS are included in the Loss Limit of Insurance and not in addition to the Loss Limit of Insurance. All CAUSES OF LOSS Limits of Insurance apply in any one "Policy Year", unless otherwise stated.

	<b>"POLICY YEAR" LIMIT OF INSURANCE</b>
<b>EARTHQUAKE - CAUSE OF LOSS:</b>	
Coverage as provided and limited under this Policy applies to all "Insured Premises" situated in Earthquake Hazard County Classifications as shown on the Earthquake Hazard Classifications form attached to this policy.	
<b>ALASKA AND HAWAII:</b>	<b>NOT COVERED</b>

<b>CALIFORNIA:</b>	<b>NOT COVERED</b>
<b>HIGH HAZARD AND MODERATE HAZARD EARTHQUAKE COUNTY CLASSIFICATIONS:</b>	<b>NOT COVERED</b>
<b>ALL OTHER EARTHQUAKE COUNTY CLASSIFICATIONS NOT SHOWN ON THE EARTHQUAKE HAZARD CLASSIFICATIONS FORM ATTACHED TO THIS POLICY:</b>	<b>\$50,000,000</b>

<b>"POLICY YEAR" LIMIT OF INSURANCE</b>
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<b>FLOOD - CAUSE OF LOSS:</b>	
<b>All coverages as provided and limited under this policy at all "Insured Premises" situated in Flood Zone V or Zones prefixed V as designated by the National Flood Insurance Act of 1968 (or any subsequent amendment):</b>	<b>NOT COVERED</b>
<b>All coverages as provided and limited under this policy at all "Insured Premises" situated in Flood Zone A or Zones prefixed A as designated by the National Flood Insurance Act of 1968 (or any subsequent amendment):</b>	<b>\$1,000,000</b>
<b>All coverages as provided and limited under this policy at all "Insured Premises" situated in Flood Zones B, X (shaded) and X-500 as designated by the National Flood Insurance Act of 1968 (or any subsequent amendment):</b>	<b>\$10,000,000</b>
<b>All coverages as provided and limited under this policy at all "Insured Premises" situated in all other flood zones as designated by the National Flood Insurance Act of 1968 (or any subsequent amendment):</b>	<b>\$20,000,000</b>

**COVERAGE EXTENSIONS:**

**SUBLIMITS:** The Limits of Insurance applicable to the following Coverage Extensions are included in the Loss Limit of Insurance and not in addition to the Loss Limit of Insurance, unless otherwise stated. All Limits of Insurance apply in any one occurrence, unless otherwise stated.

The Limits of Insurance applicable to the Time Element Coverages Extensions are included in, and not in addition to, the applicable Time Element Limit of Insurance, including where a combined Physical Damage and Time Element Limit is shown. Time Element means Business Income, Business Income and Extra Expense, Extra Expense or Rental Income Coverage.



	<b>LIMITS OF INSURANCE IN ANY ONE OCCURRENCE</b>
<b>ACCOUNTS RECEIVABLE:</b>	<b>\$1,000,000</b>
<b>BRANDS AND LABELS:</b>	<b>Included in the Business Personal Property Limit of Insurance</b>
<b>BUILDING GLASS REPAIRS:</b>	<b>Included in the Building Limit of Insurance</b>
<b>BUSINESS TRAVEL INCLUDING SALES REPRESENTATIVE SAMPLES:</b>	<b>\$100,000</b>
<b>CLAIM EXPENSES:</b>	<b>\$100,000</b>
<b>CONTRACT PENALTIES:</b>	<b>\$100,000</b>
<b>DEBRIS REMOVAL:</b>	<b>25% of the amount we pay for loss or damage to Covered Property, plus applicable deductible</b>
<b>EXPEDITING EXPENSES:</b>	<b>\$1,000,000</b>
<b>FINE ARTS:</b>	<b>\$1,000,000</b>
<b>FIRE DEPARTMENT SERVICE CHARGE:</b>	<b>\$100,000</b>
<b>FIRE DEVICE RECHARGE:</b>	<b>\$100,000</b>
<b>"FUNGUS", WET ROT, DRY ROT, BACTERIA AND VIRUS – LIMITED COVERAGE: Physical Damage:</b>	<b>\$50,000 In any one occurrence \$250,000 In any one "Policy Year"</b>
<b>"FUNGUS", WET ROT, DRY ROT, BACTERIA AND VIRUS – LIMITED COVERAGE: Business Income:</b>	<b>Actual Loss Sustained for 30 Days</b>
<b>"FUNGUS", WET ROT, DRY ROT, BACTERIA AND VIRUS – LIMITED COVERAGE: Extra Expense:</b>	<b>Extra Expenses Incurred for 30 Days</b>
<b>INSTALLMENT OR DEFERRED SALES:</b>	<b>\$100,000</b>
<b>LOSS OF MASTER KEY:</b>	<b>\$100,000</b>
<b>NEW CONSTRUCTION OR RENOVATION:</b>	<b>\$1,000,000</b>

<b>Number of Days: 90</b>	
<b>NEWLY ACQUIRED PROPERTY:</b>	<b>\$5,000,000</b> <b>Physical Damage and Time</b> <b>Element Coverages Combined</b>
<b>Number of Days: 180</b>	
<b>NON-OWNED DETACHED TRAILERS:</b>	<b>\$100,000</b>
<b>ORDINANCE OR LAW COVERAGE</b> <b>(VALUE OF THE UNDAMAGED BUILDING):</b>	<b>Included in Building</b> <b>Limit of Insurance</b>
<b>ORDINANCE OR LAW COVERAGE</b> <b>(DEMOLITION &amp; INCREASED COST OF</b> <b>CONSTRUCTION):</b>	<b>\$20,000,000</b>
<b>OUTDOOR TREES, SHRUBS, SOD, PLANTS AND LAWNS:</b>	<b>\$500,000</b>
<b>For any one tree, shrub or plant:</b>	<b>\$1,000</b>
<b>For lawns or sod:</b>	<b>\$1,000</b>
<b>PAIRS AND SETS:</b>	<b>Included in the Limit of</b> <b>Insurance applicable to</b> <b>Business Personal Property.</b>
<b>PERSONAL EFFECTS OF OTHERS:</b>	<b>\$100,000</b>
<b>Per Person:</b>	<b>\$5,000</b>
<b>POLLUTANTS AND CONTAMINANTS CLEANUP:</b>	<b>\$250,000</b> <b>In any one "Policy Year"</b>
<b>PRESERVATION OF PROPERTY:</b>	<b>180 Days</b>
<b>PROTECTION OF PROPERTY:</b>	<b>\$250,000</b> <b>In any one "Policy Year"</b>
<b>REWARD COVERAGE:</b>	<b>\$100,000</b>
<b>TRANSIT:</b>	<b>\$1,000,000</b>
<b>UNNAMED PREMISES:</b> <b>BUSINESS PERSONAL PROPERTY:</b>	
<b>Physical Damage:</b>	<b>\$2,500,000</b>
<b>Business Income:</b>	<b>\$100,000</b>
<b>Extra Expense:</b>	<b>\$100,000</b>
<b>48 Hour Waiting Period Applies</b>	

<b>UTILITY SERVICE INTERRUPTION:</b>	<b>\$1,000,000</b> <b>Physical Damage and Time Element Coverages Combined</b>
<b>48 Hour Waiting Period Applies</b>	
<b>VALUABLE PAPERS:</b>	<b>\$1,000,000</b>
<b>WATER DAMAGE BUILDING TEAR OUT AND REPAIR:</b>	<b>Included in Building Limit of Insurance</b>
<b>WATER SEEPAGE:</b>	<b>\$100,000</b>

**TIME ELEMENT COVERAGE(S) INCLUDING TIME ELEMENT COVERAGE EXTENSIONS:**

The Limits of Insurance applicable to the following Time Element Coverage(s) are included in the Loss Limit of Insurance and not in addition to the Loss Limit of Insurance, unless otherwise stated. All Limits of Insurance apply in any one occurrence, unless otherwise stated.

	<b>LIMITS OF INSURANCE IN ANY ONE OCCURRENCE</b>
<b>BUSINESS INCOME:</b>	<b>\$15,000,000</b>
<b>Excluding PAYROLL</b>	
<b>72 Hour Waiting Period Applies</b>	
<b>BUSINESS INCOME COVERAGE EXTENSIONS:</b>	
<b>SUBLIMITS: The Limits of Insurance applicable to the following Coverage Extensions are included in the Business Income Limit of Insurance and are not in addition to the Business Income Limit of Insurance. All Limits of Insurance apply in any one occurrence.</b>	
<b>CIVIL AUTHORITY:</b>	<b>30 days</b>
<b>72 Hour Waiting Period Applies</b>	
<b>DEPENDENT PROPERTIES INCLUDING WORLDWIDE COVERAGE TERRITORY:</b>	<b>\$100,000</b> <b>From All Dependent Properties.</b>
<b>72 Hour Waiting Period Applies</b>	
<b>EXTENDED INCOME:</b>	<b>180 days</b>
<b>INGRESS OR EGRESS:</b>	<b>30 days</b>
<b>24 Hour Waiting Period Applies</b>	

<b>ORDINANCE OR LAW (INCREASED PERIOD OF RESTORATION):</b>	<b>\$250,000</b>
<b>WEB SITE AND INTERNET SERVICES:</b>	<b>\$100,000</b>
<b>12 Hour Waiting Period Applies</b>	

<b>LIMITS OF INSURANCE IN ANY ONE OCCURRENCE</b>	
<b>EXTRA EXPENSE:</b>	<b>\$5,000,000</b>
<b>EXTRA EXPENSE COVERAGE EXTENSIONS:</b>	
<b>SUBLIMITS: The Limits of Insurance applicable to the following Coverage Extensions are included in the Extra Expense Limit of Insurance and are not in addition to the Extra Expense Limit of Insurance. All Limits of Insurance apply in any one occurrence.</b>	
<b>CIVIL AUTHORITY:</b>	<b>30 days</b>
<b>DEPENDENT PROPERTIES INCLUDING WORLDWIDE COVERAGE TERRITORY:</b>	<b>\$100,000 From All Dependent Properties.</b>
<b>INGRESS OR EGRESS:</b>	<b>30 days</b>
<b>ORDINANCE OR LAW (INCREASED PERIOD OF RESTORATION):</b>	<b>\$250,000</b>
<b>WEB SITE AND INTERNET SERVICES:</b>	<b>\$100,000</b>

<b>ADDITIONAL COVERAGE EXTENSIONS, ENDORSEMENTS AND ADDITIONAL SUBLIMITS:</b>
<b>SUBLIMITS: The Limits of Insurance applicable to the following Additional Coverage Extensions, Endorsements and Additional Sublimits are included in the Loss Limit of Insurance and not in addition to the Loss Limit of Insurance, unless otherwise stated. All Limits of Insurance apply in any one occurrence, unless otherwise stated.</b>
<b>The Limits of Insurance applicable to Time Element Coverages Extensions are included in, and not in addition to, the applicable Time Element Limit of Insurance, including where a combined Physical Damage and Time Element Limit is shown. Time Element means Business Income, Business Income and Extra Expense, Extra Expense or Rental Income</b>

**LIMITS OF INSURANCE  
IN ANY ONE OCCURRENCE**

**BUILDER’S RISK:**

This Coverage Extension does not apply to any Frame construction or renovation.

<b>At all Locations:</b>	<b>\$5,000,000</b>
<b>At a Temporary Storage Location Site:</b>	<b>\$250,000</b>
<b>Builder’s Risk Property While in Transit:</b>	<b>\$10,000</b>
<b>Soft Costs:</b>	<b>\$1,000,000</b>
<b>Waiting Period:</b>	<b>3 Days</b>

**CONTRACTOR’S EQUIPMENT:**

**\$15,000,000**

The most we will pay for any one item of Contractor’s Equipment in any one occurrence is the value for that piece of equipment as stated on file with us in the most recent Statement of Values or other documentation provided by you to us.

**CONTRACTOR’S EQUIPMENT COVERAGE EXTENSIONS:**

**SUBLIMITS:** The Limits of Insurance applicable to the following Coverage Extensions are included in the Contractor’s Equipment Limit of Insurance. All Limits of Insurance apply in any one occurrence, unless otherwise stated.

<b>Newly Acquired Contractor’s Equipment:</b>	<b>\$100,000</b>
<b>Number of Days: 365</b>	
<b>Contractor’s Equipment Rental Expense:</b>	<b>\$100,000</b>

Equipment will be valued on an Actual Cash Value Basis.

**COVERED VEHICLES:**

**\$15,000,000**

The most we will pay for any one Covered Vehicle in any one occurrence is the value for that vehicle as stated on file with us in the most recent Statement of Values or other documentation provided by you to us.

**COVERED VEHICLES COVERAGE EXTENSIONS:**

**SUBLIMITS:** The Limit(s) of Insurance applicable to the following are included in the Covered Vehicles Limit of Insurance. All Limits of Insurance apply in any one occurrence, unless otherwise stated.

<b>Covered Vehicles – While Over the Road:</b>	<b>\$500,000</b>
<b>Newly Acquired – Covered Vehicles:</b>	<b>\$1,000,000</b>
<b>Number of Days: 365</b>	
<b>Covered Vehicles will be valued on an Actual Cash Value basis.</b>	
<b>DEBRIS REMOVAL – ADDITIONAL AMOUNT:</b>	<b>\$20,000,000</b>
<b>ERRORS AND OMISSIONS:</b>	<b>\$10,000,000</b>
<b>RADIO, CELL PHONE OR TELEVISION TOWERS, ANTENNAS, OR SATELLITE DISHES (INCLUDING ATTACHMENTS):</b>	<b>\$2,000,000</b>
<b>WATERCRAFT WHILE OUT OF WATER:</b>	<b>\$500,000</b>
<b>WATERCRAFT WHILE IN THE WATER:</b>	<b>\$75,000</b>
<b>WATERCRAFT: 2012 28' MUNSON LANDING CRAFT MONO W/2 250 HP OB:</b>	<b>\$181,000</b>
<b>ATHLETIC UNIFORMS, BAND UNIFORMS, AND THEATRE COSTUMES:</b>	<b>\$100,000</b>
<b>MUSICAL INSTRUMENTS:</b>	<b>\$100,000</b>
<b>JEWELRY &amp; FURS:</b>	<b>\$50,000</b>

**DEDUCTIBLES**

The following deductible amounts shall apply to loss or damage:

**BY EARTHQUAKE:**

<b>In any one occurrence:</b>	<b>\$100,000</b>
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**BY FLOOD:**

<b>All premises in any one occurrence situated in Flood Zone A or Zones prefixed A as designated by the National Flood Insurance Act of 1968 (or any subsequent amendment):</b>	<b>For each covered building and its contents separately, we will deduct the maximum amount available under the National Flood Insurance Program whether or not the coverage is purchased or maintained.</b>  <b>In addition, a \$500,000 deductible will apply to property not eligible and coverages not available under the National Flood Insurance Program that are covered under this policy and any difference in the valuation between the policies.</b>
<b>All other premises in any one occurrence situated in remaining flood zones designated by the National Flood Insurance Act of 1968 (or any subsequent amendment):</b>	<b>\$100,000</b>

**BY ANY OTHER COVERED CAUSE OF LOSS:**

<b>IN ANY ONE OCCURRENCE:</b>	<b>\$100,000</b>
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# PROPERTY CHOICE ELITE CONDITIONS AND DEFINITIONS

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered. Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to section **C. DEFINITIONS**.

The following conditions apply to all coverages that are a part of the Property Choice Elite Coverage Part or Property Choice Elite Policy and are in addition to the Common Policy Conditions unless stated otherwise in coverage forms and endorsements.

## A. GENERAL CONDITIONS

### 1. Abandonment

There can be no abandonment of any property to us.

### 2. Appraisal

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

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

If there is an appraisal, we will still retain our right to deny the claim on the grounds that it is not covered under this policy.

### 3. Claim Settlement

- a. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

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

- (1) We have reached agreement with you on the amount of loss; or
- (2) An appraisal award has been made.

### 4. Concealment, Misrepresentation or Fraud

This Coverage Part is void in any case of fraud by you as it relates to this coverage at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

- a. This Coverage Part;
- b. The property covered under this insurance;
- c. Your interest in the property covered under this insurance; or
- d. A claim under this Coverage Part.

### 5. Control of Property

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

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



## 6. Coverage Territory

The coverage territory is the United States of America (including its territories and possessions); Puerto Rico; and Canada.

### Exceptions for the following Additional Coverages:

#### a. Business Travel

For the Business Travel Coverage Extension, the Coverage Territory is anywhere in the world.

#### b. Transit

For the Transit Coverage Extension, the Coverage Territory is within or between the United States of America, (including its territories and possessions), Puerto Rico and Canada; however, waterborne shipments are covered only if on inland waterways or in territorial waters, within 12 miles of land.

## 7. Errors in Description

Any unintentional error in the description of the location address of Covered Property will not impair the insurance, provided you report the error to us as soon as the error becomes known to you.

## 8. If Two or More Coverages Apply

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

## 9. Legal Action Against Us

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

- a. There has been full compliance with all of the terms of this Coverage Part; and
- b. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

For coverage under the Property Choice Elite Crime Coverage Forms, if attached to this policy, the words **the direct physical loss or damage occurred** are replaced by the words **you discover the loss**.

## 10. Liberalization

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

## 11. Loss Payee

- a. For Covered Property in which both you and the Loss Payee as stated on file with us or by endorsement have an insurable interest, we will:

- (1) Adjust losses with you; and
- (2) Pay any claim for loss or damage jointly to you and the loss payee, as interests may appear.

- b. If we cancel this policy, we will give written notice to the loss payee at least:

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

## 12. Mortgageholders and Lender Loss Payees

- a. We will pay each of the following for their interest in covered loss or damage, as stated on file with us or by endorsement in the order of their precedence, as their interest may appear:

- (1) **Mortgageholder** for their interest in buildings or structures. The term mortgageholder includes trustees.
- (2) **Lender** for their interest as a creditor, established by such written instruments as warehouse receipts, a contract for deed, bills of lading, financing statements; or mortgages, deeds of trust, or security agreements.

- b. The applicable mortgageholder or lender has the right to receive loss payment even if they have started foreclosure or similar action on the property.

- c. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the applicable mortgageholder or lender will still have the right to receive loss payment if such mortgageholder or lender:

- (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder or lender.

All of the terms of this Coverage Part will then apply directly to the mortgageholder or lender.

- d. If we pay the mortgageholder or lender for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2) The mortgageholder's or lender's right to recover the full amount of their applicable claims will not be impaired.

At our option, we may pay to the mortgageholder or lender the whole principal on the mortgage or debt plus any accrued interest. In this event:

- (1) For mortgageholder relationships, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us;
- (2) For lender relationships, you will pay your debt to us.

- e. If we cancel this policy, we will give written notice to the mortgageholder or lender at least:

- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- f. If we elect not to renew this policy, we will give written notice to the mortgageholder or lender at least 10 days before the expiration date of this Coverage Part.

### 13. Contract of Sale and Building Owner Loss Payable Clauses

We will pay each of the following for their interest in covered loss or damage, as stated on file with us or by endorsement in the order of their precedence, as their interest may appear:

**a. Contract Of Sale Loss Payable Clause**

If the Loss Payee shown on file with us or by endorsement is a person or organization you have entered a contract with for the sale of Covered Property:

- (1) For Covered Property in which both you and the Loss Payee have an insurable interest we will:
  - (a) Adjust losses with you; and
  - (b) Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

- (2) The following is added to the **Other Insurance** Loss Condition:

For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

**b. Building Owner Loss Payable Clause -**

If the Loss Payee shown on file with us is the owner of the described building, in which you are a tenant:

- (1) We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
- (2) We will adjust losses to tenants' improvements and betterments with you, unless the lease provides otherwise.

### 14. No Benefit to Bailee

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

### 15. Other Insurance

- a. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
- b. If there is other insurance covering the same loss or damage, other than that described in **15. a.** above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

### 16. Policy Period

In this Coverage Part, we only cover direct physical loss or direct physical damage which occurs during the policy period stated in the Declarations.

### 17. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the applicable Limit of Insurance.

You will pay us the amount of all recoveries of Accounts Receivable you receive for a loss paid by us. But any recoveries in excess of the amount we have paid belong to you.

### 18. Standard Fire Policy

If the Standard Fire Policy (165 Lines) is required by state statute to be attached to this policy, only the provisions of the Standard Fire Policy that are broader than the provisions contained in this policy shall apply.

#### **19. Transfer of Rights of Recovery Against Others To Us (Subrogation)**

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

- a. Prior to a covered loss or damage, or
- b. After a covered loss only if, at time of loss, that party is one of the following:
  - (1) Someone insured by this insurance;
  - (2) A business firm that you own or control;
  - (3) A business firm or individuals, that owns or controls you; or
  - (4) Your tenant.

This written waiver will not restrict your insurance.

#### **Exceptions:**

- (i) For their interest in building repair or construction, you may not waive your rights to recover damages from architects or engineers except as agreed to in writing by us.
- (ii) For property in the due course of transportation, we will not pay for loss or damage if you impair our rights to recover damages from any carrier for hire, bailee or third party.

However, you may accept bills of lading, receipts or contracts of transportation from carriers for hire, which contain a limitation of value.

#### **20. Vacancy**

##### **a. Description of Terms**

As used in this General Condition, the term building and the term vacant have the meanings set forth in (1) and (2) below:

- (1) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

- (2) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

- (a) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or
- (b) Used by the building owner to conduct customary operations.

##### **b. Vacancy Loss Provisions**

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

- (1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
  - (a) Vandalism;
  - (b) "Sprinkler Leakage", unless you have protected the system against freezing;
  - (c) "Building Glass" breakage;
  - (d) Water damage;
  - (e) Theft; or
  - (f) Attempted theft.
- (2) With respect to Covered Causes of Loss other than those listed in b.(1)(a) through b.(1)(f) above, we will pay you on an Actual Cash Value basis.

#### **21. Forms and Endorsements that Reference Property Choice**

Forms or endorsements that reference Property Choice or the Property Choice Coverage Part may be attached to this Coverage Part and apply as if they referenced the applicable Property Choice Elite Coverage Form, Property Choice Elite Coverage Part or any Property Choice Elite endorsement(s).

#### **22. Reporting**

You are required to report to us any change to the Statement of Values, occupancy, or in material risk insured under this policy. We reserve the right to accept or reject any such change. We may charge additional premium or return premium, unless otherwise stated in the policy.

## B. YOUR GENERAL DUTIES IN EVENT OF LOSS

1. In event of loss or damage, you must see that the following are done:

- a. **Notify Police**

Notify the police if a law may have been broken.

- b. **Notify Us**

Give us prompt notice of the loss or damage. Include a description of the property involved.

As soon as possible, give us a description of how, when and where the loss or damage occurred.

We will not deny coverage due to your unintentional failure to notify us about the occurrence of loss or damage provided notice is give as soon as practicable after you become aware of such loss or damage.

- c. **Protect Property**

Take all reasonable steps to protect the property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the applicable Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss.

Also, if feasible, set the damaged property aside and in the best possible order for examination.

- d. **Take Inventory**

At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

- e. **Inspect Property, Books and Records**

As often as may be reasonably required, permit us to:

- (1) Inspect the damaged and undamaged property and take samples for testing and analysis.

- (2) Examine and make copies of your books and records including electronic records and data.

- f. **Proof of Loss**

Send us a signed, sworn proof of loss containing the information we request during our investigation of your claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

- g. **Cooperate**

Cooperate with us in the investigation or settlement of the claim.

- h. **Resumption of Business**

If you intend to continue in business, you must resume all or part of your business operations as quickly as possible.

2. **Examination Under Oath**

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

## C. DEFINITIONS

1. **"Building Glass"** means glass that is part of the building or structure, including glass building blocks, skylights, glass doors and windows and their encasement frames, alarm tape, lettering and ornamentation.

This does not include art glass, half tone screens, lenses, memorial windows, mosaic art, rotogravure screens or any stained glass.

2. **"Computer Equipment"** includes the following equipment:

- a. Computer hardware, laptops, Personal Digital Assistants, including micro-processors and related component parts;
- b. Peripheral equipment, such as printers and modems;
- c. Computer network equipment; and
- d. Electronic communications equipment.

3. **"Electronic data"** means:

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

4. **"Insured Premises"** means a location listed by street address or other description of property as stated on file with us in the most recent Statement of Values or other documentation provided by you to us.

5. **"Fungus"** means any type or form of fungus, including mold or mildew, and any mycotoxins,

spores, scents or by-products produced or released by fungi.

6. **"Money"** means:
  - a. Currency, coins and bank notes; and
  - b. Travelers checks, register checks and money orders held for sale to the public.
7. **"Policy Year"** means the period of time that:
  - a. Begins with the inception or anniversary date of this policy; and
  - b. Ends at the expiration or at the next anniversary date of this policy.
8. **"Pollutants and Contaminants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemical and waste, or any other material which causes or threatens to cause physical loss, damage, impurity to property, unwholesomeness, undesirability, loss of marketability, loss of use of property or which threatens human health or welfare. Waste includes materials to be recycled, reconditioned or reclaimed.
9. **"Securities"** means negotiable and non-negotiable instruments or contracts representing either "Money" or other property and includes:
  - a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter); and
  - b. Evidences of debt issued in connection with credit or charge cards, which cards are not of your own issue;but does not include "Money".

Lottery tickets held for sale and Postage stamps in current usage are not "Securities".
10. **"Sinkhole Collapse"** means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or similar rock formations.

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.
11. **"Specified Causes of Loss"** means fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; "Sinkhole Collapse"; "Volcanic Action"; falling objects; weight of snow, ice or sleet; water damage, "Sprinkler Leakage"; "Theft"; or "Building Glass" breakage.
12. **"Sprinkler Leakage"** means a leakage or discharge of a substance (except halon) from an Automatic Fire Extinguishing System,

including collapse of a tank that is part of the system.

13. **"Stock"** means merchandise held in storage or for sale, raw materials, and goods in-process or finished.
14. **"Tenant Improvements and Betterments"** means fixtures, alterations, installations or additions made a part of the Building you occupy but do not own; and:
  - a. Made at your expense;
  - b. You acquired from the prior tenant at your expense; or
  - c. You are legally required by written contract to insure;and you cannot legally remove.
15. **"Theft"** means any act of stealing except as defined in the Property Choice Elite Common Crime Coverages Form, if attached to this policy.
16. **"Valuable Papers"** means: inscribed, printed or written documents, manuscripts, patterns or records including abstracts, books, deeds, drawings, films, maps or mortgages.

**"Valuable Papers"** does not mean:

  - (1) "Money" or "securities", whether or not in current circulation.
  - (2) Property that cannot be replaced with other property of like kind and quality.
  - (3) Fine Arts or Accounts Receivable.
  - (4) "Electronic data".
17. **"Virtual Currency"** means a virtual or digital representation of value that is not issued by a central bank or a public authority, but may be accepted as a means of payment and can be transferred, stored or traded electronically, whether or not it is recognized as, or exchangeable for, legal tender.
18. **"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.All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

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



# PROPERTY CHOICE ELITE COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered. Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Property Choice Elite – Supplemental Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Form PCE 00 90 **PROPERTY CHOICE ELITE CONDITIONS AND DEFINITIONS** for definitions.

## A. COVERAGE

We will pay for direct physical loss of or direct physical damage to the following types of Covered Property at an "Insured Premises" caused by or resulting from a Covered Cause of Loss. "Insured Premises" means a location listed by street address or other description of property as stated on file with us in the most recent Statement of Values or other documentation provided by you to us.

Covered Property, as used in this Coverage Part, means the type of property described in this Section, **A.1.** Covered Property for which a Limit of Insurance is shown in the Property Choice Elite - Supplemental Declarations.

### 1. Covered Property

- a. Building** means buildings or structures that:
  - (1) You own; or
  - (2) Are responsible for insuring.
- b. Business Personal Property**
  - (1) Business Personal Property means:
    - (a) All of your Business Personal Property owned by your business; and
    - (b) Business Personal Property owned by others, that is in your care, custody or control (including leased property as provided in a written lease agreement); and
    - (c) "Tenants Improvements and Betterments".
  - (2) Coverage applies to Business Personal Property up to 1,000 feet outside the "Insured Premises" boundary.

### 2. Property Not Covered

Covered Property does not include the following items unless a specific description of the Property and a Limit of Insurance are shown in the Property Choice Elite - Supplemental Declarations for an item of Property Not Covered or an endorsement is added to this Coverage Part:

- a.** Accounts, bills, currency, food stamps or other evidences of debt, "money", "virtual currency", notes or "securities".
- b.** Animals.
- c.** Property owned by and for exclusive personal use by you or your officers, members, partners, employees or faculty and property owned by your residents, patients, students or tenants.
- d.** Contraband or property in the course of illegal transportation or trade.
- e.** Growing crops or standing timber and grain, hay, straw or other crops which have been harvested, whether they are inside buildings or structures or outside buildings or structures.
- f.** Outdoor trees, shrubs, plants, sod, or lawns.
- g.** Artificial or synthetic turf field or track.
- h.** Land (including land on which the property is located), land values, or water (except water contained within any storage tank, for use in your manufacturing or processing operations).
- i.** Vehicles, self-propelled machines or trailers.

- j. Contractor's equipment (except tools used in your business) or mobile equipment.
- k. Aircraft or watercraft.
- l. Business Personal Property that you have sold under:
  - (1) Conditional sale;
  - (2) Trust agreement;
  - (3) Installment payment;
  - (4) Other deferred payment plan; or
  - (5) Other agreement under which you have retained a security interest;
- m. Property that is more specifically covered, insured or described under another coverage form of this policy or any other policy, except for the excess of the amount due (whether or not you can collect on it) from that other insurance.
- n. Live eggs, human tissue, bodily fluids or embryos.
- o. Buildings or structures in the course of construction.
- p. Retaining walls whether or not attached to the building.
- q. Underground tanks, pipes, flues, drains, or tunnels whether or not connected to a building.
- r. Bulkheads, pilings, piers, wharves, docks, dikes, canals, sea walls or vehicular bridges.
- s. Dams, underground mines or caverns.
- t. Traffic and street lights, traffic and street signs, parking meters, utility poles, transmission and distribution lines, or fiber optic cables.
- u. Walks, roadways, patios or other paved surfaces.
- v. Outdoor property including fences, signs and outdoor fixtures.
- w. Radio, cell phone or television towers, antennas, or satellite dishes (including attachments).
- x. Solar panels.
- y. Fine Arts and "Valuable Papers".

### 3. Covered Causes of Loss

See Property Choice Elite Covered Causes of Loss and Exclusions Form.

## B. EXCLUSIONS

See the Property Choice Elite Covered Causes of Loss and Exclusions Form.

## C. COVERAGE EXTENSIONS

Coverage applies only when a Limit of Insurance, a number of days or the term "Included" is shown in the Property Choice Elite - Supplemental Declarations for any of the following Coverage Extensions. The Limits of Insurance applicable to these Coverage Extensions, unless otherwise stated, are included in the Loss Limit of Insurance as stated in the Property Choice Elite - Supplemental Declarations and are not in addition to the Loss Limit of Insurance.

### 1. ACCOUNTS RECEIVABLE

**Coverage:** We will pay for direct physical loss or direct physical damage caused by or resulting from a Covered Cause of Loss to your records of Accounts Receivable. Accounts Receivable means all amounts due from your customers that you are unable to collect due to a covered direct physical loss or covered direct physical damage to inscribed, printed, written or electronic records of accounts receivable. We will also pay for:

- a. Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- b. Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and
- c. Other reasonable expenses that you incur to re-establish your records of Accounts Receivable.

**Limit of Insurance:** The most we will pay for all direct physical loss or direct physical damage to records of Accounts Receivable in any one occurrence is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Accounts Receivable at all "Insured Premises"; while in the due course of transit; or while at Unnamed Premises.

### 2. BRANDS AND LABELS

**Coverage:** In the event of covered direct physical loss or covered direct physical damage to "Stock", and "Stock" is Covered Property that is branded or labeled, we will take all or part of the damaged "Stock" at an agreed or appraised value. This will include:

- a. Expenses incurred to:
  - (1) Stamp salvage on the "Stock" 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 "Stock".

You must relabel the "Stock" and its containers to comply with the law.

- b. Any reduction in the salvage value of the damaged "Stock" as the result of the removal of the brand or label.

**Limit of Insurance:** The most we will pay under this Coverage Extension in any one occurrence is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Brands and Labels. If the Property Choice Elite - Supplemental Declarations states "Included", then the Limit of Insurance for Brands and Labels is the Limit of Insurance applicable to Business Personal Property where the direct physical loss or direct physical damage occurred.

### 3. "BUILDING GLASS" REPAIRS

**Coverage:** In the event of covered direct physical loss or covered direct physical damage to "Building Glass", we will pay in any one occurrence your expenses to:

- a. Install temporary plates or board up openings if repair or replacement of damaged "Building Glass" is delayed.
- b. Make necessary repairs or replace the frames immediately encasing the damaged "Building Glass".

**Limit of Insurance:** The most we will pay under this Coverage Extension in any one occurrence is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for "Building Glass" Repairs. If the Property Choice Elite - Supplemental Declarations states "Included", then the Limit of Insurance for "Building Glass" Repairs is included within the Building Limit of Insurance.

### 4. BUSINESS TRAVEL INCLUDING SALES REPRESENTATIVE SAMPLES

**Coverage:** If a Limit of Insurance is shown in the Property Choice Elite - Supplemental Declarations for Business Personal Property, then we will pay for direct physical loss or direct physical damage by a Covered Cause of Loss to Business Personal Property including Sales Representative Samples while in the custody of:

- a. Your sales representatives; or
- b. Any officer, employee or yourself; while traveling anywhere in the world on authorized company business.

Business Travel Coverage does not include property owned by and for exclusive personal use by you or your officers, partners, employees, residents or students.

Property eligible for Business Travel Coverage is not eligible under any other Coverage in this Coverage Form.

**Limit of Insurance:** The most we will pay under this Coverage Extension in any one occurrence is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Business Travel and Sales Representative Samples.

### 5. CLAIM EXPENSES

**Coverage:** You may extend the insurance provided by this Coverage Form to apply to the actual, necessary and reasonable expenses you incur in preparing claim data when we require it. Claim Expenses, as used in this Coverage Extension, means the cost of taking inventories, making appraisals and preparing other documents that we request in writing to you.

**Limit of Insurance:** The most we will pay in any one occurrence for the preparation of claim data under this Coverage Extension is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Claim Expenses. We will not pay for any expenses incurred, directed or billed by and payable to insurance agents, brokers, adjusters or their affiliates or subsidiaries or any costs as provided in or incurred due to the GENERAL CONDITION – Appraisal.

### 6. CONTRACT PENALTIES

**Coverage:** We will pay for written contract penalties you are required to pay due to your failure to provide your product or service which is the direct result of a Covered Cause of Loss during the policy period to "Stock" and "Stock" is Covered Property under this Coverage Part.

**Limit of Insurance:** The most we will pay for all penalties in any one occurrence resulting from a Covered Cause of Loss is the Limit of Insurance shown in Property Choice Elite - Supplemental Declarations for Contract Penalties.



## 7. DEBRIS REMOVAL

a. **Coverage:** We will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or direct physical damage. This Coverage Extension does not apply to:

- (1) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
- (2) Remove property of others of a type that would not be Covered Property under this Coverage Form;
- (3) Remove deposits of mud or earth from the grounds of the described premises;
- (4) Costs to extract "Pollutants and Contaminants" from land or water; or
- (5) Costs to remove restore or replace polluted land or water.

b. **Limit of Insurance:**

- (1) Payment for Debris Removal is included within the applicable Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for the damaged Covered Property.
- (2) The most we will pay under this Coverage Extension for debris removal expense in any one occurrence is the lesser of:
  - (a) 25% of the amount that we pay for the direct physical loss of or direct physical damage to Covered Property, plus the deductible in this policy applicable to that loss or damage; or
  - (b) The Debris Removal – Maximum Limit, if shown on the Property Choice Elite - Supplemental Declarations.

## 8. EXPEDITING EXPENSES (OTHER THAN EQUIPMENT BREAKDOWN EXPEDITING EXPENSES)

**Coverage:** In the event of a Covered Cause of Loss to Covered Property at an "Insured Premises", you may extend the insurance provided by this Coverage Form to apply to the actual, necessary and reasonable additional expenses you incur to:

- a. Make temporary repairs of damaged Covered Property;
- b. Expedite permanent repair or replacement of damaged Covered Property; or
- c. Provide training on replacement machines or equipment that are Covered Property.

This includes overtime wages, the extra cost of express or other rapid means of transportation, and expenses to bring computer systems back to operational status.

**Limit of Insurance:** The most we will pay in total for all expenses incurred under this Coverage Extension in any one occurrence is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Expediting Expenses.

## 9. FINE ARTS

**Coverage:** We will pay for direct physical loss or direct physical damage caused by or resulting from a Covered Cause of Loss to Fine Arts at an "Insured Premises". Fine Arts mean paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, porcelains, rare glass, bric-a-brac, and similar property, of rarity, historical value or artistic merit, owned by you or others in your care, custody or control. Fine Arts do not include artwork that is computerized or classified as data.

**Limit of Insurance:** The most we will pay for direct physical loss or direct physical damage in any one occurrence is the Limit of Insurance shown in Property Choice Elite - Supplemental Declarations for Fine Arts, regardless of the number or types of Fine Arts damaged. If a Per Item Limit of Insurance is shown in the Property Choice Elite – Supplemental Declarations, we will not pay more than that limit for any one item of Fine Arts in any one occurrence. A pair or set will be deemed to be one item.

#### 10. FIRE DEPARTMENT SERVICE CHARGE

**Coverage:** In the event that the fire department responds to save or protect Covered Property from a Covered Cause of Loss, we will pay for your liability for fire department service charges:

- a. Assumed by contract or agreement prior to the covered loss event; or
- b. Required by local ordinance.

No deductible applies to this Coverage Extension.

**Limit of Insurance:** The most we will pay under this Coverage Extension in any one occurrence is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Fire Department Service Charge. Such Limit is the most we will pay regardless of the number of responding fire departments or fire units and regardless of the number or type of services performed.

#### 11. FIRE DEVICE RECHARGE

a. **Coverage:** In the event that a manual or automatic fire extinguishing device is discharged:

- (1) To fight a fire;
- (2) As the result of Covered Cause of Loss; or
- (3) Due to accidental discharge;

we will pay expenses you incur to recharge such equipment.

b. We will not pay for:

- (1) Any costs resulting from the enforcement of any ordinance or law that regulates the recharging, repair or replacement of such fire extinguishing device or firefighting, suppressing or controlling substance;
- (2) Halon;
- (3) The recharge of any device used for demonstration or testing purposes; or
- (4) Recharge due to maintenance of any device or system.

c. **Limit of Insurance:** The most we will pay for Fire Device Recharge in any one occurrence is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Fire Device Recharge.

#### 12. "FUNGUS", WET ROT, DRY ROT, BACTERIA AND VIRUS - LIMITED COVERAGE

a. The coverage described below only applies when the "fungus", wet or dry rot, bacteria or virus is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.

- (1) A "specified cause of loss" other than fire or lightning;
- (2) Equipment Breakdown Accident occurs to Equipment Breakdown Property, if the Cause of Loss - Equipment Breakdown endorsement is attached to this policy and applies to the affected premises; or
- (3) Flood, if the Cause of Loss - Flood endorsement is attached to this policy and applies to the affected premises.

b. We will pay for loss or damage by "fungus", wet rot, dry rot, bacteria and virus. As used in this Limited Coverage, the term loss or damage means:

- (1) Direct physical loss or direct physical damage to Covered Property caused by "fungus", wet rot, dry rot, bacteria or virus, including the cost of removal of the "fungus", wet rot, dry rot, bacteria or virus;
- (2) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet rot, dry rot, bacteria or virus; and
- (3) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet rot, dry rot, bacteria or virus are present.

c. The coverage described under this Limited Coverage is limited to the Limit of Insurance shown in Property Choice Elite - Supplemental Declarations for Fungus, Wet Rot, Dry Rot, Bacteria and Virus Limited Coverage and at each "Insured Premises". Regardless of the number of claims, this Limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning),

Equipment Breakdown Accident that occurs to Equipment Breakdown Property and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet rot, dry rot, bacteria or virus, we will not pay more than the Limit of Insurance shown in Property Choice Elite - Supplemental Declarations for each "Insured Premises" in any one "Policy Year" applicable to "Fungus", Wet Rot, Dry Rot, Bacteria and Virus - Limited Coverage even if the "fungus", wet rot, dry rot, bacteria or virus continues to be present or active, or recurs, in a later policy period.

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

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

The terms of this Limited Coverage do not increase or reduce the coverage provided under the Coverage Extension - Water Damage Building Tear Out and Repair.

### 13. INSTALLMENT OR DEFERRED SALES

**Coverage:** If a Limit of Insurance is shown in the Property Choice Elite - Supplemental Declarations for Business Personal Property, coverage is extended to apply to direct physical loss or direct physical damage by a Covered Cause of Loss to your financial interest in Business Personal Property that you have sold under a deferred or installment payment plan during the policy period and after you have made delivery to your customer during the policy period.

Direct physical loss or direct physical damage to such Business Personal Property must be by a Covered Cause of Loss during the policy period. Theft, conversion by your customer or failure of your customer to make payments under the payment plan are not covered causes of loss.

**Limit of Insurance:** The most we will pay under this Coverage Extension in any one occurrence is the lesser of your remaining financial interest in the Business Personal Property sold under a deferred or installment plan or the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Installment or Deferred Sales.

### 14. LOSS OF MASTER KEY

**Coverage:** We will pay for the reasonable and necessary costs you incur to replace keys, adjust locks to accept new keys or if required, install new locks, due to direct physical loss or direct physical damage to a master key or grand master key caused by or resulting from a Covered Cause of Loss.

**Limit of Insurance:** The most we will pay under this Coverage Extension in any one occurrence is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Loss of Master Key.

### 15. NEW CONSTRUCTION OR RENOVATION

a. **Coverage:** We will pay for direct physical loss or direct physical damage, including the cost of labor, caused by or resulting from a Covered Cause of Loss to buildings or structures in the course of construction or renovation only when the construction or renovation begins after policy inception at:

- (1) an "Insured Premises"; or
- (2) a premises acquired by you after policy inception.

b. Coverage will end when any of the following first occurs:

- (1) This policy expires;
- (2) The applicable number of days shown in the Property Choice Elite - Supplemental Declarations expire after you begin to construct or renovate the building or structure;
- (3) You report the values to us; or
- (4) The building or structure is specifically insured on this Coverage Part or elsewhere.

- c. This Coverage Extension for New Construction or Renovation does not apply to any Frame construction.
- d. We will charge you additional premium from the date you begin to construct or renovate the building or structure.
- e. **Limit of Insurance:** The most we will pay under this Coverage Extension in any one occurrence is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for New Construction or Renovation. This Limit of Insurance is included in the Limit of Insurance applicable to Building.

#### 16. NEWLY ACQUIRED COVERED PROPERTY

- a. We will pay for direct physical loss or direct physical damage caused by or resulting from a Covered Cause of Loss to Newly Acquired Property. Newly Acquired Property means Buildings or Business Personal Property you acquire, purchase or lease after the inception of this policy, but does not include:
  - (1) Any property acquired through any foreclosure process;
  - (2) Any premises of others where you are temporarily working, such as installing property or performing maintenance or service work;
  - (3) Any property covered by any other part of this Coverage Form; or
  - (4) Any property that is not covered under this policy.
- b. Coverage for Newly Acquired Covered Property will end when any of the following first occurs:
  - (1) This policy expires;
  - (2) The applicable number of days shown in the Property Choice Elite - Supplemental Declarations or by endorsement expires;
  - (3) You report values to us; or
  - (4) The property is specifically insured on this Coverage Form or elsewhere.
- c. We will charge you additional premium from the date you acquire the property.
- d. The most we will pay under this Coverage Extension in any one occurrence is the applicable Limit of Insurance shown in the Property Choice Elite - Supplemental

Declarations for Newly Acquired Property. Any Limit of Insurance shown for Newly Acquired Buildings or Newly Acquired Business Personal Property is included in the respective Limit of Insurance applicable to Building or Business Personal Property.

#### 17. NON-OWNED DETACHED TRAILERS

**Coverage:** Business Personal Property coverage at "Insured Premises", Unnamed Premises and Newly Acquired Premises is extended to apply to detached trailers owned by others, that are in your care, custody or control, while being loaded, unloaded, awaiting transport or used for temporary storage or similar usage, including while the trailer is moved at your premises. This Coverage Extension does not apply to trailers leased by you on a temporary or long-term basis.

**Limit of Insurance:** The most we will pay under this Coverage Extension in any one occurrence is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Non-Owned Detached Trailers. This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

#### 18. ORDINANCE OR LAW

Value of the Undamaged Buildings, Demolition Costs and Increased Cost of Construction Coverages described in **a.** and **b.** below, apply in the event there is a Covered Cause of Loss to covered Buildings at "Insured Premises" that results in the enforcement of an ordinance or law that:

- i. Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the "Insured Premises";
- ii. Requires the demolition of parts of the same building that are not damaged by a Covered Cause of Loss; and
- iii. Is in force at the time of that Covered Cause of Loss.

**a. Value of the Undamaged Buildings**

We will pay for the value of the undamaged portion of the building that was required to be demolished by a requirement to comply with a building, zoning or land use ordinance or law. We will do this on the same valuation basis that applies to the entire building. This does not include any increased costs to repair, replace or rebuild the property due to a requirement to comply with any ordinance or law.

**b. Demolition Costs and Increased Cost of Construction**

(1) We will pay the actual cost to demolish the undamaged portion of the covered building and to clear the site of the undamaged portion of the building when required to do so by a requirement to comply with a building, zoning or land use ordinance or law; and

(2) (a) If the covered building is subject to the Replacement Cost Valuation provision as shown in the Property Choice Elite – Supplemental Declarations, and you rebuild the building, we will pay for the actual increased costs to repair, replace or rebuild the building at the same premises or at another premises, if it is a requirement to comply with an ordinance or law, for the same general size and same general use, to the minimum standards to comply with such ordinance or law.

(b) We will not pay for these increased costs until the building is actually repaired or replaced.

(c) You may choose to replace the building at another premises, however, we will not pay more for increased cost of construction at the new premises than the amount of such costs we would have paid to replace the building at the original premises.

**c. Ordinance or Law Exclusions:**

The following exclusions apply to both Value of Undamaged Buildings and Demolition Costs and Increased Cost of Construction Coverages:

(1) We will not pay for the enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "Pollutants and Contaminants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet rot, dry rot, bacteria or virus.

(2) We will not pay for any costs associated with the enforcement of or compliance with any ordinance or law which requires you 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 and Contaminants" or "fungus", wet rot, dry rot, bacteria or virus.

(3) We will not pay for loss due to any ordinance or law that you were required to comply with before the loss or damage, but you did not comply with, even though the building was undamaged at that time.

(4) We will not pay for the compliance of any ordinance or law unless the repairs or replacement are made as soon as reasonably possible after the loss or damage not to exceed two years. We may extend this period in writing during the two years.

**d. Ordinance or Law Limits of Insurance**

(1) As respects Value of the Undamaged Buildings, this is included within the Limit of Insurance applicable to the damaged Building and applies in any one occurrence.

(2) As respects Demolition Costs and Increased Cost of Construction, the most we will pay in total in any one occurrence, regardless of the number of buildings or structures involved in that occurrence, is the applicable Limit(s) of Insurance shown in the Property Choice Elite - Supplemental Declarations for Ordinance or Law Demolition Cost and Increased Cost of Construction.

## 19. OUTDOOR TREES, SHRUBS, SOD, PLANTS AND LAWNS

- a. Outdoor trees, shrubs, sod, plants and lawns, when used for landscaping are covered only for direct physical loss or direct physical damage caused by or resulting from the following causes of loss:
- (1) Fire;
  - (2) Lightning;
  - (3) Explosion;
  - (4) Riot or civil commotion;
  - (5) Aircraft; or
  - (6) Vehicles operated by persons other than you or your employees.
- b. The most we will pay for direct physical loss or direct physical damage in any one occurrence under this Coverage Extension is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Outdoor Trees, Shrubs, Sod, Plants and Lawns, but not more than:
- (1) The Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for any one tree, shrub or plant;
  - (2) The Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for lawns or sod in total at any one "Insured Premises".
- c. The Limits of Insurance applicable to these types of property include their debris removal expense. Such debris removal expenses are not included in the Debris Removal Coverage Extension.
- d. These Limits apply in any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

## 20. PAIRS OR SETS

**Coverage:** If parts of pairs or sets of covered Business Personal Property are damaged by a Covered Cause of Loss, we will pay the reduction in value of the undamaged parts of such damaged pairs or sets in any one occurrence.

**Limit of Insurance:** This Coverage Extension is included within the Limit of Insurance applicable to the damaged Business Personal Property.

## 21. PERSONAL EFFECTS OF OTHERS

**Coverage:** We will pay for direct physical loss or direct physical damage caused by or resulting from a Covered Cause of Loss to your Personal Effects of Others at an "Insured Premises". Personal Effects of Others means personal effects owned by you or your officers, partners, employees, members, managers, faculty or students and used exclusively by the individual owner for their own personal use such as personally owned laptops, Personal Digital Assistants and cell phones.

**Limit of Insurance:** The most we will pay under this Coverage Extension in total in any one occurrence for all direct physical loss or direct physical damage is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Personal Effects of Others. We will not pay more than the Per Person Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for the total of all direct physical loss or direct physical damage to personal effects belonging to any one person in any one occurrence regardless of the number or types of personal effects lost or damaged.

Coverage for Personal Effects of Others is extended to apply up to 1000 feet outside the "Insured Premises" boundary.

## 22. "POLLUTANTS AND CONTAMINANTS" CLEAN UP

- a. **Coverage:** We will pay for your expense to extract "Pollutants and Contaminants" from land or water at an "Insured Premises", if the discharge, dispersal, seepage, migration, release or escape of the "Pollutants and Contaminants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.
- b. This Coverage Extension does not apply to costs to test for, monitor or assess the existence, concentration or effects of "Pollutants and Contaminants". But we will pay for testing which is performed in the course of extracting the "Pollutants and Contaminants" from land or water.

- c. **Limit of Insurance:** The most we will pay under this Coverage Extension at each "Insured Premises" is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Pollutants and Contaminants Clean Up for all covered expenses arising out of Covered Causes of Loss occurring during each "Policy Year".

### 23. PRESERVATION OF PROPERTY

- a. **Coverage:** If it is necessary to move Covered Property to preserve it from imminent loss or damage by Flood or a Covered Cause of Loss, we will pay in any one occurrence for any direct physical loss or direct physical damage to that property while being moved to or while at the temporary storage location.
- b. This Coverage Extension will end 180 days after the property is first moved.
- c. **Limit of Insurance:** This Coverage is included within the Limit of Insurance applicable to the Covered Property that is moved.

### 24. PROTECTION OF PROPERTY

- a. **Coverage:** If it is necessary to move Covered Property to preserve it from imminent loss or damage by a Covered Cause of Loss, we will pay in any one occurrence for necessary and reasonable expenses actually incurred by you to remove the Covered Property from the "Insured Premises" and move the Covered Property back to the "Insured Premises" within a reasonable amount of time after the threat of imminent loss or damage to the Covered Property by the Covered Cause of Loss passes.
- b. We will also pay for other reasonable and necessary expenses actually incurred by you to temporarily safeguard the Covered Property against the threat of imminent loss or damage by:
  - (1) Fire;
  - (2) Windstorm or hail;
  - (3) Smoke;
  - (4) Riot or civil commotion;
  - (5) Vandalism;
  - (6) "Volcanic Action";
  - (7) Water damage; or

- (8) Flood; Earthquake; Earthquake, Volcanic Eruption, Landslide and Mine Subsidence; Earthquake Sprinkler Leakage; or Earth Movement, if covered under this policy.

- c. **Limit of Insurance:** The most we will pay for under this Coverage Extension is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Protection of Property.
- d. This Coverage Extension is subject to the applicable deductible provisions that apply had the physical loss or damage occurred.

### 25. REWARD COVERAGE

- a. **Coverage:** We will reimburse you for rewards you have paid leading to:
  - (1) The successful return of substantially undamaged stolen articles to a law enforcement agency; or
  - (2) The arrest and conviction of any persons for having damaged or stolen any of your Covered Property.
- b. **Limit of Insurance:** We will pay 25% of the covered loss (prior to the application of any applicable deductible and recovery of any stolen articles) up to the Limit of Insurance shown in Property Choice Elite - Supplemental Declarations in any one occurrence for the payments of rewards you make. These reward payments must be documented. No deductible applies to this Coverage Extension.

### 26. TRANSIT

- a. **Coverage:** This insurance is extended to apply to direct physical loss or direct physical damage caused by or resulting from a Covered Cause of Loss to the following Covered Property while in the due course of transit:
  - (1) Your Business Personal Property; and
  - (2) Business Personal Property owned by others.
- b. Exclusions **B.1.d. Earth Movement** and **B.1.e. Water** as found in the Property Choice Elite Covered Causes of Loss and Exclusions Form do not apply to this Coverage Extension for Transit.
- c. This Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination.

- d. We will not pay for loss or damage to Covered Property:
  - (1) Where you are responsible for loss or damage to property as a carrier for hire; or
  - (2) Where you are in the business of arranging transportation or consolidations for others.
- e. You must retain accurate records of all shipments of Covered Property for one year.

**f. Transit Coverage Extensions**

**(1) F.O.B. Shipments**

We will pay for covered direct physical loss or covered direct physical damage to outgoing shipments, which you have sold under conditions where the risk of loss or damage is transferred to the buyer when such property leaves your premises.

You must use all reasonable means to collect the amount due you from the buyer before making a claim under this Coverage Extension.

We will not make payment under this Coverage Extension until you grant us the right of recovery against the buyer.

**(2) Repack and Reship**

We will pay the necessary additional expenses you incur to inspect, repackage and reship Covered Property damaged by a Covered Cause of Loss while in the due course of transit.

**(3) General Average and Salvage Charges**

In accordance with applicable law and usage, we will pay General Average and Salvage Charges that may be assessed against your covered shipments that are waterborne.

**(4) Loading and Unloading**

We will also pay for covered direct physical loss or covered direct physical damage to Covered Property during loading and unloading of the transporting conveyance.

**(5) Return Shipments**

We will also pay for covered direct physical loss or covered direct physical damage to outgoing shipments that have been rejected by the consignee or are not deliverable, while being returned to you.

- g. **Limit of Insurance:** The most we will pay for direct physical loss or direct physical damage to Business Personal Property in the due course of transit is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Transit.

**27. UNNAMED PREMISES: BUSINESS PERSONAL PROPERTY**

- a. **Coverage:** You may extend the insurance that applies to Business Personal Property (if Business Personal Property is Covered Property) to pay for direct physical loss or direct physical damage by a Covered Cause of Loss to Business Personal Property while at:
  - (1) Premises that you own, lease, or occupy other than at an "Insured Premises"; or
  - (2) Premises that you do not own, lease or occupy including while at an exhibition.

- b. Unnamed Premises does not include any:
  - (1) Premises or property insured under any other Coverage or Coverage Extension of this Coverage Form;
  - (2) Property while in the due course of transit;
  - (3) Intermediate site while in the due course of transit;
  - (4) Premises of a Web Site or Communication Services provider; or
  - (5) Premises or property that is not covered or excluded from coverage under this Coverage Part.

- b. **Limits of Insurance:**

The most we will pay under this Coverage Extension in any one occurrence in total at all Unnamed Premises is the applicable Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Unnamed Premises: Business Personal Property.

**28. UTILITY SERVICE INTERRUPTION**

- a. **Coverage:** We will pay for direct physical loss or direct physical damage to Covered Property at "Insured Premises", caused by or resulting from the interruption of the following utility services:



(1) Water Supply Services, meaning the following types of property supplying water to the "Insured Premises":

- (a) Pumping stations; and
- (b) Water mains.

(2) Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services to the "Insured Premises", such as:

- (a) Communication transmission lines, including optic fiber transmission lines;
- (b) Coaxial cables; and
- (c) Microwave radio relays except satellites.

(3) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to the "Insured Premises":

- (a) Utility generating plants;
- (b) Switching stations;
- (c) Substations;
- (d) Transformers; and
- (e) Transmission lines.

b. As used in this Coverage Extension, the term transmission lines includes all lines which serve to transmit communication service or power, including lines which may be identified as distribution lines.

c. The interruption must be caused by or result from direct physical loss or direct physical damage by a Covered Cause of Loss to utility services property outside the "Insured Premises" boundaries. We will not pay for any resulting loss or damage due to temperature change or spoilage to Business Personal Property.

d. **Limit of Insurance:** The most we will pay under this Coverage Extension in total in any one occurrence is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Utility Service Interruption.

## 29. "VALUABLE PAPERS"

**Coverage:** We will pay for direct physical loss or direct physical damage caused by or resulting from a Covered Cause of Loss to "Valuable Papers" at an "Insured Premises".

**Limit of Insurance:** The most we will pay under this Coverage Extension for direct physical loss or direct physical damage in any one occurrence is the Limit of Insurance shown in Property Choice Elite - Supplemental Declarations for "Valuable Papers".

## 30. WATER DAMAGE BUILDING TEAR OUT AND REPAIR

a. **Coverage:** When we pay for direct physical loss or direct physical damage caused by the escape of water or other liquid, powder, or molten material, we will also pay the cost to tear out and replace the parts of the building or structure (whether or not such property is damaged) to repair the broken or cracked system or appliance from which such substances escaped.

b. We will not pay the cost to repair any defect to the system or appliance from which such substances escaped. But we will pay the cost to repair or replace damaged parts of Automatic Fire Extinguishing Systems if the damage:

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

c. **Limit of Insurance:** This Coverage is included within the Building Limit of Insurance.

d. Automatic Fire Extinguishing System means:

- (1) Any automatic fire protective or extinguishing system, including connected:
  - (a) Sprinklers and discharge nozzles;
  - (b) Ducts, pipes, valves and fittings;
  - (c) Tanks, their component parts and supports; and
  - (d) Pumps and private fire protective mains.
- (2) Non-automatic fire protective systems, hydrants, standpipes and outlets, all when supplied from an automatic fire protective system.

## 31. WATER SEEPAGE

a. **Coverage:** This insurance is extended to apply to direct physical loss or direct physical damage to Covered Property at "Insured Premises", Newly Acquired Premises and Unnamed Premises caused by or resulting from water under the ground surface pressing on, or flowing or backing up or seeping through:

- (1) Foundations, walls, floors or paved surfaces;
  - (2) Basements, whether paved or not;
  - (3) Doors, windows or other openings; or
  - (4) Septic or sump systems.
- b. This Coverage Extension does not apply to loss or damage resulting from sewer or drain back up.

**c. THIS IS NOT FLOOD INSURANCE.**

This Coverage Extension does not apply to loss or damage caused by or resulting from Flood regardless of the proximity of the ground surface pressing on, or flowing or seeping through to such conditions.

- d. Flood as used in this Coverage Extension means:

- (1) Surface water, waves, tidal water, tidal waves, tsunamis, or overflow of any natural or manmade body of water from its boundaries, all whether driven by wind or not;
- (2) Mudslide or mudflow, meaning a river or flow of liquid mud directly or indirectly caused by flooding or the accumulation of water under the ground; or
- (3) Water under the ground surface pressing on, or flowing or seeping through:
  - (a) Foundations, walls, floors or paved surfaces;
  - (b) Basements, whether paved or not; or
  - (c) Doors, windows or other openings. If such water under the ground surface pressing on, or flowing or seeping through is caused by any of the conditions in **d. (1)** or **d. (2)** above regardless of the proximity of the foundations, walls, floors or paved surfaces; basements, whether paved or not; or doors, windows or other openings to such conditions.
  - (d) Flood includes water or other material that backs up or overflows from any sewer or septic tank or drain, if such back-up is caused by any of the conditions in **d. (1)** or **d. (2)** above regardless of the proximity of the back-up to such conditions.

- (e) All flooding in a continuous or protracted event will constitute a single flood.

- e. **Limit of Insurance:** The most we will pay under this Coverage Extension in any one occurrence is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Water Seepage.

**D. LIMITS OF INSURANCE**

The Loss Limit of Insurance stated in the Property Choice Elite – Supplemental Declarations is the most we will pay in total in any occurrence for covered loss or damage under this Property Choice Elite Coverage Part for Building, Business Personal Property, Time Element Coverages, Coverage Extensions, or any applicable Covered Cause of Loss.

If specific Limits of Insurance apply to specified type(s) of Covered Property, specified Coverages, specified Coverage Extensions, or specified Covered Cause(s) of Loss, such Limits of Insurance will not increase the Loss Limit of Insurance. The most we will pay for loss or damage in any one occurrence is the smallest applicable Limit of Insurance shown in the Property Choice Elite – Supplemental Declarations, Coverage Form(s) or Endorsement(s).

**E. DEDUCTIBLE**

**1. Dollar and Percentage Deductibles**

The following types of Deductibles may be shown in the Property Choice Elite – Supplemental Declarations.

**a. Dollar Deductible**

When the Deductible that applies is shown as a dollar amount, we will not pay for the loss or damage to which the Deductible applies until the amount of the loss or damage exceeds the applicable Deductible amount. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

**b. Percentage Deductible**

Percentage Deductibles may be written as a Specific Insurance Percentage Deductible or as a Total Values Percentage Deductible. If both a minimum dollar deductible and a Percentage Deductible are shown for a specific Covered Cause of Loss, then we will apply the largest applicable deductible.

**(1) Specific Insurance Percentage Deductible**

Specific Insurance covers each item of insurance (for example, each Building or Business Personal Property in a building) under a separate Limit of Insurance.

When the Deductible that applies is a Specific Insurance Percentage Deductible, the Deductible will be equal to the percentage of values calculated for, and applied separately to, each of the following:

- (a)** Each building or structure that sustains loss or damage;
- (b)** The Business Personal Property at each building or structure if that personal property sustains loss or damage; and
- (c)** Business Personal Property in the open if that personal property sustains loss or damage.

The values used to calculate the deductible shall be the ones shown in the most recent Statement of Values on file with us. If the values for any Building, structure, or Business Personal Property are not specified, the values will be determined at the time of loss or damage and the applicable percentage will be applied.

**(2) Total Values Percentage Deductible**

Total Values means the total amount specified in the most recent Statement of Values on file with us for the combined values of the Buildings, structures, and Business Personal Property.

When the Deductible that applies is specified as a Total Values Percentage, the deductible will be equal to the percentage of the total values specified in the most recent Statement of Values on file with us for the property that has sustained loss or damage. If the values for any Building, structure, or Business Personal Property are not specified in the Statement of Values, the values will be determined at the time of loss or damage and the applicable percentage will be applied.

- (3)** We will not pay for the loss or damage to which the Deductible applies until the amount of the loss or damage exceeds the applicable Deductible amount. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

**2. Deductible - Waiting Period**

We will not pay for the actual loss of Business Income or Rental Income you sustain in any one occurrence until the necessary interruption of your business or rental operations exceeds the applicable Deductible - Waiting Period specified in hours in the Property Choice Elite - Supplemental Declarations or by Endorsement(s). We will then pay the amount of actual loss sustained in excess of the Deductible, up to the applicable Limit of Insurance.

No other Dollar or Percentage Deductible applies to Business Income or Rental Income coverage unless the Property Choice Elite - Supplemental Declarations states that the Deductible applies to all covered loss or damage including Time Element coverage. No Deductible or Waiting Period applies to Extra Expense.

**3. Application of Deductibles**

- a.** We will not pay for direct physical loss or direct physical damage in any one occurrence until the amount of loss or damage exceeds the applicable Deductible stated in the Property Choice Elite - Supplemental Declarations or Endorsement(s). We will then pay the amount of loss in excess of the Deductible, up to the applicable Limit of Insurance.

**b. Two or More Deductibles in Any One Occurrence**

When a claim is made for loss or damage to more than one type of property, coverage, premises, or Cause of Loss and different Deductible amounts apply in the same occurrence, we will only apply the largest applicable Deductible for each type of property, coverage, premises or cause of loss.

This provision does not apply to any Deductible – Waiting Period for a Time Element Coverage. If a Time Element Deductible - Waiting Period and another Deductible apply in the same occurrence, we will apply both Deductibles in any one occurrence.

In the event that more than one Deductible - Waiting Period is applicable, we will apply only the longest waiting period.

- c. For the following Covered Causes of Loss, the applicable Endorsement, if attached to this policy, may contain additional provisions:

- (1) Flood; or
- (2) Equipment Breakdown.

- d. When stated in the Property Choice Elite – Supplemental Declarations, we will apply the applicable Deductible to each separate "Location" where the direct physical loss or direct physical damage occurred regardless of the number of "Locations" involved in any one occurrence.

As used above, the term Location means a building or structure that is listed, or could be listed, by street address or other description of property:

- (1) As stated on file with us in the most recent Statement of Values or other documentation provided by you to us;
- (2) Newly Acquired Property;
- (3) Unnamed Premises; and
- (4) Unreported locations that you own, lease or operate at the inception of the policy.

- e. Any Deductible specified in the Property Choice Elite – Supplemental Declarations for the following Covered Causes of Loss applies only with respect to the loss or damage to which the corresponding Cause of Loss endorsement applies:

- (1) Earthquake;
- (2) Earth Movement;
- (3) Earthquake, Volcanic Eruption, Landslide and Mine Subsidence;
- (4) Earthquake Sprinkler Leakage;
- (5) Flood;
- (6) Named Storm;
- (7) Equipment Breakdown; or
- (8) Electronic Vandalism.

**f. By Any Other Covered Cause of Loss**

The Deductible specified in the Property Choice Elite – Supplemental Declarations for Any Other Covered Cause of Loss applies to all Causes of Loss, coverages and types of property insured against under this policy for which no Deductible is specifically shown in the Property Choice Elite – Supplemental Declarations except Extra Expense.

**F. LOSS PAYMENT AND VALUATION CONDITIONS**

Covered Property will be valued at either Replacement Cost or Actual Cash Value, as stated in the Property Choice Elite - Supplemental Declarations and as described below except for the items listed below in item **3. Specific Property Valuations**. We will not pay more than your financial interest in the lost or damaged property.

**1. Replacement Cost**

In the event of covered loss or damage, we will determine the value of Covered Property at the actual amount spent to repair, replace or rebuild the damaged property as of the time of the loss or damage, at the same site or another site, subject to the following:

- a. We will not pay more for lost or damaged property than the least of

- (1) The Limit of Insurance applicable to the lost or damaged property;
- (2) The amount it costs to replace, on the same premises, the lost or damaged property with other property:
  - (a) Of comparable material and quality; and
  - (b) Used for the same purpose; or
- (3) The amount you actually spend that is necessary and reasonable to repair or replace the lost or damaged property with other property:
  - (a) Of comparable material and quality; and
  - (b) Used for the same purpose.

- (4) In the event of a total loss to Building property, you may choose to replace your Building property at another premise. However, we will not pay more than the cost to replace the Building property at the original premises.

- (5) In the event of a total loss to Business Personal Property, we retain our right to salvage such Business Personal Property.

(6) Replacement Cost does not include any increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

- b. We will pay you on an Actual Cash Value basis until the lost or damaged property is actually repaired, rebuilt or replaced.
- c. If you do not repair, replace or rebuild on the same site or another site within 2 years of the date of loss, we will pay you on an Actual Cash Value basis.
- d. Patterns, dies, molds and forms not in current usage at actual cash value. If loss or damage is paid on an Actual Cash Value basis and within 60 months from the date of the covered loss or damage and you need to repair or replace them, we will pay you, subject to the Conditions of this insurance, the difference between Actual Cash Value and Replacement Cost when the patterns, dies, molds and forms are actually repaired or replaced.

## 2. Actual Cash Value

- a. We will pay you on an Actual Cash Value basis if:
  - (1) The valuation of the lost or damaged property is designated in the Property Choice Elite - Supplemental Declarations as Actual Cash Value.
  - (2) You elect Actual Cash Value as the basis for loss payment at the time of loss or damage.
- b. In the event of covered loss or damage, at our option, we will do one of the following, but not pay more than the Limit of Insurance applicable to the lost or damaged property:
  - (1) Pay the value of the lost or damaged property at the time of loss;
  - (2) Take all or any part of the property at an agreed or appraised value; or
  - (3) Repair, rebuild or replace the property with other property of comparable material and quality and used for the same purpose.
- c. In the event of a total loss to Business Personal Property, we retain our right to salvage such Business Personal Property.
- d. Actual Cash Value does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

## 3. Specific Property Valuations

### a. Accounts Receivable

We will determine the amount of Accounts Receivable loss as follows:

- (1) If you cannot accurately establish the amount of Accounts Receivable outstanding as of the time of loss, the following method will be used:
  - (a) Determine the total of the average monthly amounts of Accounts Receivable for the 12 months immediately preceding the month in which the loss occurs; and
  - (b) Adjust that total for any normal fluctuations in the amount of Accounts Receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.
- (2) The following will be deducted from the total amount of Accounts Receivable, however that amount of Accounts Receivable is established:
  - (a) The amount of the accounts for which there is no loss;
  - (b) The amount of the accounts that you are able to re-establish or collect;
  - (c) An amount to allow for probable bad debts that you are normally unable to collect; and
  - (d) All unearned interest and service charges.

### b. "Building Glass"

We will determine the value of "Building Glass" at the cost of replacement with safety glazing material if required by law.

### c. "Electronic Data" and "Valuable Papers"

We will determine the value of "Electronic Data" and "Valuable Papers" at your incurred cost of:

- (1) Blank materials for reproducing the records (including blank prepackaged programs when replaced); and
- (2) Labor to transcribe or copy the records and to research, replace or restore the lost information, copy the records, including research and development documentation.

**d. Fine Arts**

We will determine the value of Fine Arts, at the lesser of:

- (1) The market value at the time of loss or damage;
- (2) The reasonable cost of repair or restoration to the condition immediately before the covered loss or damage; or
- (3) The cost of replacement with substantially identical property.

For pairs or sets, we will either:

- (1) Repair or replace any part to restore the value and condition of the pair or set to that immediately before the covered loss or damage; or
- (2) Pay the difference between the value of the pair or set before and after the covered loss or damage.

**e. Party Wall**

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

**f. Property of Others**

- (1) If an item(s) of Personal Property of Others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the lesser of:
  - (a) The amount for which you are liable under such contract;
  - (b) The replacement cost of the property; or
  - (c) The applicable Limit of Insurance.

- (2) If no such contract exists we will not pay more than your financial interest in Personal Property of Others not to exceed:

- (a) The Actual Cash Value of such property; or
- (b) The applicable Limit of Insurance.

- (3) At our option, we may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners:

- (a) Such payments will only be for the account of the owner of the property and will satisfy your claims against us for the owners' property;
- (b) We will not pay more than their financial interest in the property.

- (4) We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

**g. "Stock"**

- (1) **Manufactured Stock (including Selling Price)**

We will determine the value of "Stock" you have manufactured at the selling price less discounts and expenses you otherwise would have incurred. This also applies to component parts manufactured by others that will become a part of your finished product.

- (2) **Mercantile Stock**

We will determine the value of "Stock", which you have purchased for resale and have sold but not delivered, at the selling price less discounts and expense you otherwise would have had. This does not apply to "Stock" you have manufactured.

- (3) **Stock in Process**

We will determine the value of "Stock" in process of manufacture at the replacement cost of the raw materials, plus labor expended and the proper proportion of overhead charges.

- (4) **Commodity Stock**

For "Stock" that is bought and sold at an established market exchange, we will determine the value at:

- (a) The posted market price as of the time and place of loss;
- (b) Less discounts and expenses you otherwise would have had.

**h. "Tenant Improvements and Betterments"**

- (1) If you do not repair or replace lost or damaged "Tenant Improvements and Betterments" within 2 years of the date of loss, we will pay the pro rata of the Actual Cash Value based on the duration of the lease and the installation date of the property.
- (2) If others pay for repairs or replacement, we will not make loss payment to you.

**i. Transit**

We will determine the value of Covered Property in due course of transit at:

- (1) The amount of invoice plus accrued costs, prepaid charges and charges since shipment; or
- (2) In the absence of an invoice, the valuation provision otherwise applicable to that type of Covered

Property as of the time of loss or damage.

**4. Value Enhancements**

**a. Architect and Engineering Fees**

The value of Covered Property will include reasonable architect and engineering fees you incur in the course of repairing or reconstructing damaged property.

**b. Customs Duty, Sales Tax**

The value of Covered Property will include the cost of customs duties and sales taxes to repair or replace the property.

**c. Extended Warranties**

The value of Covered Property, that is a total loss during the policy period, will include the unused pro rata portion of non-refundable optional extended warranties or service contracts which you purchased for the damaged property prior to the covered loss or damage.



# PROPERTY CHOICE ELITE COVERED CAUSES OF LOSS AND EXCLUSIONS FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered. Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Form PCE 00 90 **PROPERTY CHOICE ELITE CONDITIONS AND DEFINITIONS** for definitions.

**A. COVERED CAUSES OF LOSS**

Covered Causes of Loss means direct physical loss or direct physical damage that occurs during the Policy Period and in the Coverage Territory unless the loss or damage is excluded or limited in this policy.

**(b)** Furnishing of work, materials, parts or equipment in connection with the design, specifications, workmanship, repair, construction, renovation, remodeling, grading or compaction.

**B. EXCLUSIONS**

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

The Acts, Errors or Omissions Exclusion applies whether or not the property or facilities described above are Covered Property under this policy or on or away from an "Insured Premises".

**a. Acts, Errors or Omissions**

Acts, errors or omissions by you or others, whether before or after the acquisition of any Covered Property, in any of the following activities:

But if direct physical loss or direct physical damage to Covered Property by fire, explosion or "Sprinkler Leakage" results, we will pay for the resulting loss or damage caused by that fire, explosion or "Sprinkler Leakage".

- (1)** Planning, zoning, developing, surveying, testing or siting property;
- (2)** Establishing or enforcing any building code, or any standard, ordinance or law about the construction, use or repair of any property or materials, or requiring the tearing down of any property, including the removal of its debris; or
- (3)** Any of the following as to any part of land, buildings, roads, water or gas mains, sewers, drainage ditches, levees, dams, other structures or facilities, or to or for any Covered Property:
  - (a)** Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction; or

**b. Collapse**

**(Related to Earth Movement or Flood)**

Collapse, cracking, separating, shrinking, bulging, expansion, shifting, rising, settling, sinking, lateral movement or other movement, or other loss or damage to buildings or structures, including concrete or paved surfaces, which would not have occurred but for Earth Movement or Flood.



**c. Earth Movement**

- (1) Earthquake, meaning a shaking or trembling of the earth's crust, including tremors and aftershocks, resulting in breaking, shifting, rising, settling, sinking or lateral movement or other movement, including any related earth sinking, rising or shifting;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine Subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than "Sinkhole Collapse"), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other part of buildings or structures. Soil conditions include contraction, expansion, freezing, thawing, erosion, improper compaction of soil and the action of water under the ground surface.

This Exclusion applies regardless of whether any of the above is caused by weather, an act of nature or by an artificial, man-made or other cause.

But if direct physical loss or direct physical damage to Covered Property by fire or explosion results, we will pay for the resulting loss or damage caused by that fire or explosion.

**d. Water**

- (1) Flood, which means surface water, waves, tidal water, tidal waves, tsunamis, or overflow of any natural or man-made body of water from its boundaries, all whether driven by wind or not (including storm surge).
- (2) Mudslide or mudflow, directly or indirectly caused by flooding or the accumulation of water under the ground.
- (3) Water or other material that backs up or overflows from any sewer, septic tank, sump or drain when the loss or damage is caused by or results from Flood or Paragraphs **d.(1)**, **d.(2)**, **d.(4)**, **d.(5)** or **d.(6)**, regardless of the proximity of the back-up to such conditions.
- (4) Release of water held by a dam, levee or dike, or by a water or flood control device.

- (5) Water under the ground surface pressing on, or flowing or seeping through:
  - (a) Foundations, walls, floors or paved surfaces;
  - (b) Basements, whether paved or not; or
  - (c) Doors, windows or other openings.
- (6) Waterborne material or other property carried or otherwise moved by any of the water referred to in Paragraphs **(1)**, **(3)** or **(4)**, or by mudslide or mudflow.

But if direct physical loss or direct physical damage to Covered Property by fire, explosion or "Sprinkler Leakage" results, we will pay for the resulting loss or damage caused by that fire, explosion or "Sprinkler Leakage".

This Exclusion applies regardless of whether any of the above, in Paragraphs **(1)** through **(6)**, is caused by weather, an act of nature or by an artificial, man-made, or other cause.

**e. "Fungus", Wet Rot, Dry Rot, Bacteria or Virus**

Presence, growth, proliferation, spread or any activity of "fungus," wet rot, dry rot, bacteria or virus.

But if direct physical loss or direct physical damage to Covered Property by a "Specified Cause of Loss" results, we will pay for the resulting loss or damage caused by that "Specified Cause of Loss".

This Exclusion does not apply:

- (1) When "fungus," wet rot, dry rot, bacteria or virus results from fire or lightning; or
- (2) To the extent that coverage is provided in the Coverage Extension(s) - "Fungus," Wet Rot, Dry Rot, Bacteria or Virus - Limited Coverage with respect to loss or damage by a cause of loss other than fire or lightning.

**f. Governmental Action**

- (1) Seizure or destruction of property by order of governmental authority.
- (2) But we will pay for direct physical loss or direct physical 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 Part.

- (3) This Exclusion does not apply to coverage as provided under the Ordinance or Law Coverage Extension(s).

**g. Electronic Vandalism or Corruption of "Electronic Data" or Corruption of "Computer Equipment"**

Electronic Vandalism or Corruption of "Electronic Data" or Corruption of "Computer Equipment" which means:

- (1) A virus, malicious code or similar instruction introduced into or enacted on a computer system (including "electronic data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation.
- (2) Unauthorized viewing, copying or use of electronic data (or any proprietary or confidential information or intellectual property in any form) by any person, even if such activity is characterized as "theft";
- (3) Errors or omissions in programming or processing "electronic data";
- (4) Errors or deficiency in design, installation, maintenance, repair or modification of your computer system or any computer system or network to which your system is connected or on which your system depends (including "electronic data");
- (5) Manipulation of your computer system, including "electronic data", by an employee, volunteer worker or contractor, for the purpose of diverting or destroying "electronic data" or causing fraudulent or illegal transfer of any property;
- (6) Interruption in normal computer function or network service or function due to insufficient capacity to process transactions or to an overload of activity on the system or network;
- (7) Unexplained or indeterminable failure, malfunction or slowdown of a computer system, including "electronic data" and the inability to access or properly manipulate the "electronic data";
- (8) Complete or substantial failure, disablement or shutdown of the Internet, regardless of the cause;

- (9) The inability of a computer system to correctly recognize, process, distinguish, interpret or accept one or more dates or times.

**h. Nesting or Infestation**

- (1) We will not pay for loss or damage caused by, resulting from, or arising out of nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
- (2) If direct physical loss or direct physical damage by a Covered Cause of Loss ensues to Covered Property, we will pay only for such ensuing loss or damage.
- (3) This Exclusion does not apply to:
  - (a) "Computer Equipment", and "Electronic Data"; and
  - (b) Accounts Receivable, Fine Arts and "Valuable Papers" Coverage Extensions.

**i. Nuclear Hazard**

- (1) Nuclear reaction, nuclear radiation or radioactive contamination, however caused, whether intentional or unintentional. This includes, but is not limited to, the release, dispersal or application of radioactive material, or the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination or radioactive force.
- (2) When state standard fire policy law requires that we cover any resulting fire damage, we will pay only for the resulting damage caused by that resulting fire. We will pay only the Actual Cash Value for the damaged property. Therefore, we will not pay for any indirect or related loss(es), such as business income, extra expenses, legal liability, or leasehold interest loss(es).

**j. Ordinance or Law**

- (1) The enforcement of, or compliance with, any ordinance or law:
  - (a) Regulating the construction, use or repair of any property; or
  - (b) Requiring the tearing down of any property, including the cost of removing its debris.

(2) This Exclusion applies whether the loss results from:

(a) An ordinance or law that is enforced even if the property has not been damaged; or

(b) The increased costs incurred to comply with an ordinance or law while in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

**k. Pathogenic or Poisonous Biological or Chemical Materials**

(1) The deliberate or intentional dispersal or application of any pathogenic or poisonous biological or chemical materials.

(2) But if direct physical loss or direct physical damage to Covered Property by fire results, we will pay for the resulting loss or damage caused by that fire.

**l. "Pollutants and Contaminants"**

(1) Discharge, dispersal, seepage, migration, release or escape of "Pollutants and Contaminants".

(2) But if direct physical loss or direct physical damage to Covered Property by a "Specified Cause of Loss" results, we will pay for the resulting loss or damage caused by that "Specified Cause of Loss".

(3) This Exclusion does not apply if the discharge, dispersal, seepage, migration, release or escape is itself caused by a "Specified Cause of Loss".

(4) This Exclusion does not apply to:

(a) "Computer Equipment";

(b) Accounts Receivable, Business Travel, Fine Arts, Transit, and "Valuable Papers" Coverage Extensions; or

(c) The accidental or malicious application of chemicals to glass that is a part of a building, structure or showcase.

**m. Utility Services Interruption**

The failure of power, communication, water or other utility service supplied to an "Insured Premises" if the failure:

(1) Originates away from an "Insured Premises"; or

(2) Originates at an "Insured Premises", but only if such failure involves equipment used to supply the utility service to the "Insured Premises" from a source away from the "Insured Premises".

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

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

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

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

(3) This Exclusion does not apply to:

(a) Accounts Receivable, Fine Arts and "Valuable Papers" Coverage Extensions; and

(b) Coverage provided under the Utility Service Coverage Extension(s).

**n. War and Military Action**

(1) War, including undeclared war;

(2) Hostile or warlike action, in time of peace or war, including action in hindering, combating or defending against an actual or expected attack; by any of the following:

(a) Government or sovereign power (including quasi and de facto forms), or by any authority maintaining or using military, naval or air forces;

(b) Military, naval or air forces; or

(c) An agent of any such government, power, authority or forces.

(3) Invasion, insurrection, rebellion, revolution, civil war, usurped power, including action in hindering,

combating or defending against any such actual or expected event by any government, power, authority, forces or agents described in Paragraph **(2)(a)-(c)**.above.

Exclusions **B.1.a.** through **B.1.n.** apply whether or not the loss event results in widespread damage or affects a substantial area.

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

**a. Artificially Generated Electrical, Magnetic or Electromagnetic Energy**

Artificially generated electrical, magnetic or electromagnetic energy, including electric arcing, that damages, disturbs, disrupts or otherwise interferes with any electrical or electronic wire, device, appliance, system or network.

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

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

But if direct physical loss or direct physical damage to Covered Property by fire results, we will pay for the resulting loss or damage caused by that fire.

**b. Accounting Errors**

Errors or omissions in accounting, arithmetic, bookkeeping, or billing.

**c. Change of Temperature, Dampness or Dryness**

- (1) Dampness or dryness of atmosphere; or
- (2) Changes in or extremes of temperature.

But if direct physical loss or direct physical damage to Covered Property by a Covered Cause of Loss results, we will pay for the resulting loss or damage caused by that Covered Cause of Loss.

- (3) This Exclusion does not apply to:
  - (a) "Computer Equipment";
  - (b) Accounts Receivable, Fine Arts and "Valuable Papers" Coverage Extensions; and

- (c) Coverage provided for Spoilage under the Cause of Loss - Equipment Breakdown, if attached to this policy.

**d. Delay, Loss of Use or Loss of Market**

We will not pay for loss or damage caused by, resulting from, or arising out of delay, loss of use, or loss of market.

**e. Dishonest Acts**

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

This Exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
- (2) Does not apply to:
  - (a) Acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered; or
  - (b) Property entrusted to carriers for hire.

**f. Docks, Piers, Wharves**

- (1) Action of water or ice to bulkheads, docks, piers, seawalls, wharves, or property on such structures.
- (2) But if direct physical loss or direct physical damage to Covered Property by a "Specified Cause of Loss" results, we will pay for the resulting loss or damage caused by that Covered Cause of Loss.

**g. Loss Due To By-Products of Production or Processing Operations**

- (1) We will not pay for loss or damage to "Insured Premises", caused by or resulting from smoke, vapor, gas or any substance released in the course of production operations or processing operations performed at the "Insured Premises". This

Exclusion applies regardless of whether such operations are:

- (a) Legally permitted or prohibited;
- (b) Permitted or prohibited under the terms of the lease; or
- (c) Usual to the intended occupancy of the premises.

This Exclusion does not apply to loss or damage by fire or explosion that results from the release of a by-product of the production or processing operation.

- (2) If the loss or damage described in Paragraph (1) results in Business Income loss, Rental Income loss or Extra Expense, there is no coverage for such loss or expense under the Business Income, Rental Income and/or Extra Expense forms listed in this policy, or under any other business interruption insurance if provided under this policy.
- (3) The conduct of an insured or tenant production or processing operations will not be considered to be vandalism of the premises regardless of whether such operations are:
  - (a) Legally permitted or prohibited;
  - (b) Permitted or prohibited under the terms of a lease; or
  - (c) Usual to the intended occupancy of the premises.

**h. Mechanical Breakdown**

Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the direct physical loss or direct physical damage caused by that elevator collision.

**i. Missing Property**

Disappearance of property when there is no clear evidence to show what happened to it. This would include a shortage disclosed on taking inventory or auditing records. This Exclusion does not apply to property in the custody of a carrier for hire.

**j. Neglect to Protect Property**

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

**k. Rain, Snow, Ice, Sleet to Property in the Open**

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

does not apply to property in the custody of a carrier for hire.

**l. Settling, Cracking to Buildings or Structures**

(1) Settling, cracking, shrinking or expansion of buildings or structures, bridges, roadways, walks, patios or concrete or paved surfaces.

(2) But if direct physical loss or damage to Covered Property by a Covered Cause of Loss results, we will pay for the resulting loss or damage caused by that Covered Cause of Loss.

**m. Smoke (Agricultural or Industrial)**

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

**n. Steam Explosions**

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

**o. Testing**

(1) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or

(2) An insulation breakdown test of any type of electrical equipment.

(3) But if direct physical loss or damage to Covered Property by a "Specified Cause of Loss" results, we will pay for the resulting loss or damage caused by that "Specified Cause of Loss."

**p. Unauthorized Transfer of Property**

Unauthorized transfer of property that has been transferred to any person or to any place outside your premises on the basis of unauthorized instructions.

**q. Voluntary Parting**

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

- 3.** We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.f.** But if direct physical loss or direct physical damage to Covered Property by a Covered Cause of Loss results, we will pay for the resulting loss or damage caused by that Covered Cause of Loss.
- a.** Wear and tear, or change in color, texture, or finish;
  - b.** Rust, corrosion, decay, or deterioration;
  - c.** Hidden or latent defect or any quality in property that causes it to damage or destroy itself;
  - d.** Maintenance;
  - e.** Smog; or
  - f.** Shrinkage, evaporation, or loss of weight of "Stock".

**C. Limitations**

The following limitations apply to all policy forms and endorsements:

We will not pay for loss of or damage to property, as described and limited below. In addition, we

will not pay for any loss that is a consequence of loss or damage as described and limited below.

- 1.** Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- 2.** Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
- 3.** The interior of any building or structure, or personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
  - a.** The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
  - b.** The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.



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

## **PROPERTY CHOICE ELITE PREMIUM ADJUSTMENT**

This endorsement modifies insurance provided under the following:

### **PROPERTY CHOICE ELITE CONDITIONS AND DEFINITIONS**

**A.** The following is added to **A. GENERAL CONDITIONS** of the Property Choice Elite Conditions and Definitions Form:

#### **Premium Adjustment**

- a.** The premium for reported changes will be calculated at the end of each quarter based on the difference in the total values reported at the inception of the policy period, and the total values at the end of each quarter. The total values reported at the inception of the policy period are \$ 2,029,970,898.
- b.** In the event the total value change for the reporting period is an increase or decrease of 2 % or less from the total values reported at the inception of the policy period, any additional premium or premium refund due for such value change will be waived. There will be an additional premium charge or premium refund for that portion of the total values reported which exceed the minimum 2 % difference from the total values reported at the inception of the policy period.

**c.** The additional or return premiums for the quarterly adjustments will be calculated based on the overall account rate of .0762/\$100 of values. Pro rata factors will be calculated using the midpoint for each quarter as follows:

End of Quarter 1 Report: Pro Rata Factor = .877 (8-15-17/7-1-18 ~~11/18~~)

End of Quarter 2 Report: Pro Rata Factor = .625 (11-15-17/7-1-18 ~~11/18~~)

End of Quarter 3 Report: Pro Rata Factor = .373 (2-15-18/7-1-18 ~~11/18~~)

End of Quarter 4 Report: Pro Rata Factor = .129 (5-15-18/7-1-18 ~~11/18~~)



# PROPERTY CHOICE ELITE

## BUSINESS INCOME COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered. Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Form PCE 00 90 **PROPERTY CHOICE ELITE CONDITIONS AND DEFINITIONS** for definitions.

### A. COVERAGE

We will pay up to the Business Income Limit of Insurance stated in the Property Choice Elite – Supplemental Declarations for the actual loss of Business Income you sustain due to the necessary interruption of your business operations during the Period of Restoration due to direct physical loss of or direct physical damage to property caused by or resulting from a Covered Cause of Loss at "Insured Premises". If you are a tenant, this Coverage applies to that portion of the building which you rent, lease or occupy, and extends to common service areas and access routes to your area.

#### Definitions

##### 1. Business Income means:

- a. Net Income (Net Profit or Net Loss before income taxes), including Rental Income and Royalties, that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including Payroll Expenses, unless otherwise excluded on the Property Choice Elite – Supplemental Declarations.
- c. For educational operations, Business Income also includes income from:
  - (1) Tuition and related student fees including room, board, laboratories and other similar fees;
  - (2) Bookstores;
  - (3) Athletic events; or
  - (4) Activity related to research grants.
- d. For manufacturing businesses, Net Income also includes the net sales value of production.

- e. For research and development operations, Business Income also includes awarded contract revenues, licensing fees, consulting fees, funding grants and progress (milestone) payments.
  - f. As respects all insureds if you are operating at a Net Loss, continuing normal operating expenses will be offset by the Net Loss.
2. Interruption means the slowdown or cessation of any part of your business activities or the partial or total untenability of the premises.
  3. Payroll Expenses include:
    - a. Payroll;
    - b. Special compensation such as bonuses and other incentive compensation;
    - c. Employee benefits, if directly related to payroll;
    - d. FICA payments you pay;
    - e. Union dues you pay; and
    - f. Workers' compensation premiums.
  4. a. Period of Restoration means the period of time that:
    - (1) Begins at the time the Covered Cause of Loss occurred; and
    - (2) Ends on the earlier of:



- (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.

The expiration date of this policy will not cut short the Period of Restoration.

- b. For buildings under construction or undergoing additions or alterations, if the direct physical loss or direct physical damage delays the start of business operations, the Period of Restoration will begin the date business operations would have begun had the direct physical loss or direct physical damage not occurred.
  - c. For educational institutions, the Period of Restoration ends on the earlier of:
    - (1) The day before the opening of the next school term following the date the property should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
    - (2) The date when the school term is resumed at a new permanent location.
  - d. Period of Restoration does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:
    - (1) 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 and Contaminants"; or
    - (2) Regulates the construction, use or repair, or requires the tearing down of any property, except as covered in the Ordinance or Law Coverage Extension.
5. Rental Income/Rental Value means Business Income that consists of:
- a. Net Income (Net Profit or Net Loss before income taxes) that would have been earned or incurred as income from tenant occupancy of the "Insured Premises" as furnished and equipped by you including fair rental value of any portion of the "Insured Premises" which is occupied by your tenants or you as a tenant; and

- b. Continuing normal operating expenses incurred in connection with that premises including:
  - (1) Payroll Expenses; and
  - (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.
- c. If you are operating at a Net Loss, continuing normal operating expenses will be offset by the Net Loss.

## B. COVERED CAUSES OF LOSS, EXCLUSIONS AND LIMITATION

1. See Property Choice Elite Covered Causes of Loss and Exclusions Form.
2. The following **Exclusions** apply in addition to the **Exclusions** found in the Property Choice Elite Covered Causes of Loss and Exclusions Form attached to this Coverage Part:

### a. Contract, Lease or License Cancellation

We will not pay for any increase of loss caused by or resulting from suspension, lapse or cancellation of any contract, lease or license (including consultation and funding grants). But if such suspension, lapse or cancellation is directly caused by a covered interruption of business operations, we will pay for such loss that affects your Business Income during the Period of Restoration and any extension of the Period of Restoration in accordance with the terms of the Extended Income Coverage Extension.

### b. Manufactured "Stock"

We will not pay for any loss caused by or resulting from damage or destruction of or the time required to reproduce "Stock" you have finished manufacturing.

### c. Satellite Communications

We will not pay for any loss caused by or resulting from the disruption of communications or service to or from any satellite however caused. But this exclusion does not apply to land based satellite dishes.

**d. Strike Interference**

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

**e. Power Generating Equipment**

We will not pay for any loss caused by or resulting from a Covered Cause of Loss to power generating equipment located at any "Insured Premises" and used to supply energy to any "Insured Premises" or to any utility provider.

**3. Limitation – Interruption Of Computer Operations**

- a. Coverage for Business Income does not apply when a suspension of operations is caused by destruction or corruption of "Electronic Data", or any loss or damage to "Electronic Data".
- b. This Additional Limitation does not apply when loss or damage to "Electronic Data" involves only "Electronic Data" which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

**C. COVERAGE EXTENSIONS**

Coverage applies only when a Limit of Insurance, a number of days or the term "Included" is shown in the Property Choice Elite - Supplemental Declarations for any of the following Coverage Extensions. The Limits of Insurance applicable to these Coverage Extensions, unless otherwise stated, are included in the Business Income Limit of Insurance as stated in the Property Choice Elite – Supplemental Declarations and are not in addition to the Business Income Limit of Insurance.

**1. Civil Authority**

- a. This insurance is extended to apply to the actual loss of Business Income you sustain when access to your "Insured Premises" is specifically prohibited by order of a civil authority as the direct result of a Covered Cause of Loss to property in the immediate area of your "Insured Premises".

- b. The coverage for Business Income will begin after a Waiting Period of 72 hours (unless a different Waiting Period is either shown in the Property Choice Elite - Supplemental Declarations or is shown by endorsement) after the order of a civil authority and coverage will end at the earlier of:

- (1) When access is permitted to your "Insured Premises"; or
- (2) 30 consecutive days after the order of the civil authority (unless a different number of days is either shown in the Property Choice Elite - Supplemental Declarations or is shown by endorsement).

**2. Dependent Properties**

- a. We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your operations during the Period of Restoration. The suspension must be caused by direct physical loss of or direct physical damage to a Dependent Property caused by or resulting from a Covered Cause of Loss. However, coverage under this Coverage Extension does not apply when the only loss to a Dependent Property is loss or damage to "Electronic Data", including destruction or corruption of "Electronic Data". If the Dependent Property sustains loss or damage to "Electronic Data" and other property, coverage under this Coverage Extension will not continue once the other property is repaired, rebuilt or replaced.
- b. Period of Restoration, with respect to dependent property means the period of time that:
  - (1) Begins 72 hours (unless a different Waiting Period is either shown in the Property Choice Elite - Supplemental Declarations or is shown by endorsement) after the time of the Covered Cause of Loss occurred for Business Income Coverage;

- (2)** Ends on the earlier of:
  - (a)** the date when the property at the premises of the Dependent Property should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
  - (b)** when the applicable Limit of Insurance is exhausted.

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

- (1)** Regulates the construction, use or repair, or requires the tearing down, of any property; or
- (2)** Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "Pollutants and Contaminants".

The expiration date of this policy will not cut short the Period of Restoration.

**c.** Dependent Properties means property at premises owned and operated by others that you depend on to:

- (1)** Deliver materials or services to you, or to others for your account (Contributing Location);

But any property which delivers any of the following services is not a Contributing Location with respect to such services:

- (a)** Water supply services;
- (b)** Power supply services;
- (c)** Wastewater removal services; or
- (d)** Communication supply services, including services relating to internet access or access to any electronic network;
- (2)** Accept your products or services (Recipient Location);
- (3)** Manufacture products for delivery to your customers under contract of sale (Manufacturing Location); or
- (4)** Attract customers to your business premises (Leader Locations).

**d.** With respect to the coverage provided under this provision (Dependent Properties), the Coverage Territory General Condition found in the Property Choice Elite Conditions and Definitions form does not apply.

**e.** The most we will pay for the sum of all actual loss of Business Income you incur in any one occurrence regardless of the types or number of Dependent Properties involved in any one occurrence under this Coverage Extension is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Dependent Properties.

### **3. Extended Income**

**a.** If the necessary suspension of your operations (applies to all operations except educational institutional operations) produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (1)** Begins on the date property (except "Stock" you have finished manufacturing) is actually repaired, rebuilt or replaced and business operations are resumed; and

**(2)** Ends on the earlier of:

**(a)** The date you could restore your business operations, with reasonable speed, to the level which would generate the Business Income amount that would have existed if no direct physical loss or direct physical damage had occurred; or

**(b)** 180 days that immediately follows after the date determined in **a. (1)** above (unless a different number of days is either shown in the Property Choice Elite - Supplemental Declarations or is shown by endorsement).

- b. As respects educational operations, the following applies:

In the event of a covered Business Income loss, we will pay for the actual loss of Business Income you sustain during the school term following the date the property is actually repaired, rebuilt or replaced, if that date is 60 days or less before the Insured opening of the next school term.

- c. However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the "Insured Premises" are located.
- d. Loss of Business Income must be caused by direct physical loss or direct physical damage at the "Insured Premises" caused by or resulting from a Covered Cause of Loss.

#### 4. "Fungus", Wet Rot, Dry Rot, Bacteria and Virus – Limited Coverage

- a. The coverage described below only applies when the "fungus", wet rot, dry rot, bacteria or virus is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

- (1) A "Specified Cause of Loss" other than fire or lightning;
- (2) Equipment Breakdown Accident occurs to Equipment Breakdown Property, if the Cause of Loss - Equipment Breakdown endorsement is attached to this policy and applies to the effected premises; or
- (3) Flood, if the Cause of Loss - Flood endorsement is attached to this policy and applies to the effected premises.

- b. The following applies only if Business Income coverage applies to the "Insured Premises" and only if the necessary interruption of your business operations satisfies all terms and conditions of this Coverage Part.

- (1) If the loss which results in "fungus", wet rot, dry rot, bacteria or virus does not in itself necessitate a necessary interruption of your business operations, but such interruption is necessary due to loss or damage to property caused by "fungus", wet rot, dry rot, bacteria or virus, then our payment under Business Income is limited to the amount of loss and sustained in a period of not more than 30 days. The days need not be consecutive.

- (2) If a covered necessary interruption of your business operations was caused by loss or damage other than "fungus", wet rot, dry rot, bacteria or virus prolongs the Period of Restoration, we will pay for loss and/or expense sustained during the delay (regardless of when such delay occurs during the Period of Restoration), but such coverage is limited to 30 days in total. The days need not be consecutive.

#### 5. Ingress or Egress

- a. This insurance is extended to apply to the actual loss of Business Income you sustain when ingress or egress to your "Insured Premises" is specifically prohibited as the direct result of a Covered Cause of Loss to property at premises that is contiguous to your "Insured Premises"
- b. Coverage for Business Income will begin after a Waiting Period of 24 hours (unless a different Waiting Period applicable to this Coverage Extension is shown in the Property Choice Elite – Supplemental Declarations or by endorsement) after the time of the loss or damage by a Covered Cause of Loss and will end at the earlier of:

(1) When ingress or egress is permitted to or from your "Insured Premises"; or

(2) 30 consecutive days (unless a different number of days is either shown in the Property Choice Elite - Supplemental Declarations or is shown by endorsement).

c. This Coverage Extension does not apply if:

(1) The direct physical loss or direct physical damage is caused by or results from Flood or Earthquake even if Flood or Earthquake are Covered Causes of Loss; or

(2) The ingress to or egress from your "Insured Premises" is prohibited by civil authority.

d. The most we will pay for loss in any one occurrence under this Coverage Extension is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Ingress or Egress.

#### 6. Newly Acquired Premises

a. We will pay for the actual loss of Business Income you sustain due to direct physical loss or direct physical damage caused by or resulting from a Covered Cause of Loss to Newly Acquired Premises. Newly Acquired Premises means premises you acquire, purchase or lease after the inception of this policy, but does not include:

(1) Any premises acquired through any foreclosure process;

(2) Any premises of others where you are temporarily working, such as installing property or performing maintenance or service work; or

(3) Any premises covered by any other part of this Coverage Form.

b. Insurance for each Newly Acquired Premises will end when any of the following first occurs, but will not cut short the Period of Restoration:

(1) This policy expires;

(2) 180 days expire after you acquire the property (unless a different number of days is either shown in the Property Choice Elite - Supplemental Declarations or is shown by endorsement);

(3) You report values to us: or

(4) The property is more specifically insured.

We will charge you additional premium from the date you acquire the premises.

#### 7. Ordinance or Law - Increased Period of Restoration

a. If a Covered Cause of Loss occurs to property at "Insured Premises", coverage is extended to include the amount of the actual loss of Business Income you sustain during the increased period of suspension of operations caused by or resulting from a requirement to comply with any ordinance or law that:

(1) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the "Insured Premises";

(2) Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss; and

(3) Is in force at the time of loss.

b. Coverage is not extended under this Coverage Extension to include loss caused by or resulting from the enforcement of or compliance with any ordinance or law:

(1) Which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot, bacteria or virus; or

(2) 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 and Contaminants", "fungus", wet or dry rot, bacteria or virus.

c. Period of Restoration is revised to include any increased period required to repair or reconstruct the property to comply with the minimum standards of any ordinance or law, in force at the time of loss that regulates the construction or repair, or requires the tearing down of any property.

- d. The most we will pay for the sum of all Business Income in any one occurrence under this Coverage Extension is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Ordinance or Law (Increased Period of Restoration). If the Property Choice Elite - Supplemental Declarations states "Included", then the Limit of Insurance for Ordinance or Law (Increased Period of Restoration) is the Limit of Insurance applicable to the Business Income Limit of Insurance.

#### 8. Unnamed Premises: Business Personal Property

- a. This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or direct physical damage by a Covered Cause of Loss to Business Personal Property while at:
  - (1) Premises that you own, lease, or occupy other than at an "Insured Premises"; or
  - (2) Premises that you do not own, lease or occupy including while at an exhibition.
- b. Unnamed Premises does not include any:
  - (1) Premises or property covered under any other coverage of this Coverage Form;
  - (2) Intermediate site while in the due course of transit; or
  - (3) Premises of a Web Site or Internet Services provider.
- c. The most we will pay for the actual loss of Business Income you sustain in any one occurrence under this Coverage Extension at all unnamed premises is the applicable Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Unnamed Premises: Business Personal Property.

#### 9. Utility Service Interruption

- a. This insurance is extended to apply to the actual loss of Business Income you sustain at "Insured Premises", Newly Acquired Premises and Unnamed Premises caused by the interruption of specific services.

The interruption must result from direct physical loss or direct physical damage by a Covered Cause of Loss to property outside the "Insured Premises" boundary and which provides the following services:

- (1) Water Supply Property, meaning the following types of property supplying water to the described premises:
  - (a) Pumping stations; and
  - (b) Water mains.
- (2) Wastewater Removal Property, meaning a utility system for removing wastewater and sewage from the described premises, other than a system designed primarily for draining storm water. The utility property includes sewer mains, pumping stations and similar equipment for moving the effluent to a holding, treatment or disposal facility, and includes such facilities.

This Coverage Extension does not apply to interruption in service caused by or resulting from a discharge of water or sewage due to heavy rainfall or flooding.
- (3) Communication Supply Property, meaning property supplying communication services, including telephone, radio, microwave or television services, to the described premises, such as:
  - (a) Communication transmission lines, including optic fiber transmission lines;
  - (b) Coaxial cables; and
  - (c) Microwave radio relays except satellites.
- (4) Power Supply Property, meaning the following types of property supplying electricity, steam or gas to the described premises:
  - (a) Utility generating plants;
  - (b) Switching stations;
  - (c) Substations;
  - (d) Transformers; and
  - (e) Transmission lines.

- b. As used in this Coverage Extension, the term transmission lines includes all lines which serve to transmit communication service or power, including lines which may be identified as distribution lines.
  - c. This Coverage Extension does not include any loss or damage due to temperature change or spoilage.
  - d. This Coverage Extension does not apply to the Dependent Properties Coverage Extension.
  - e. We will not pay for Business Income loss you sustain during the number of hours shown in the Property Choice Elite - Supplemental Declarations (or by endorsement) that immediately follow after the Covered Cause of Loss.
  - f. The most we will pay for the sum of all actual loss of Business Income you sustain in any one occurrence under this Coverage Extension is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Utility Services.
- c. The most we will pay for the actual loss of Business Income you sustain in any one occurrence under this Coverage Extension is the lesser of:
    - (1) The amount of the actual loss of Business Income you sustain during the 30 day period immediately following the Waiting Period when you first discovered the Covered Cause of Loss and for a 30 day period immediately following the Waiting Period; or
    - (2) The Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Website and Internet Services.
  - d. With respect to Web Sites, this coverage applies only if you have a back-up copy of your Web Page stored at a location other than the site of the Web Site vendor.

**10. Web Site and Internet Services**

- a. This insurance is extended to apply to the actual loss of Business Income you sustain caused by direct physical loss or direct physical damage by a Covered Cause of Loss to property that you depend on for Website and Internet Services.

Website and Internet Services means:

- (1) Internet access, e-mail, web hosting and application software services at the premises of others, or
  - (2) Router infrastructure services, including cable and wireless, located outside your premises boundary.
- b. We will not pay for any Business Income loss under this Coverage that you sustain during the 12 hours (unless a different Waiting Period for this Coverage is indicated in the Property Choice Elite - Supplemental Declarations or by endorsement) that immediately follow the time when you first discovered the Covered Cause of Loss.

**D. LIMITS OF INSURANCE**

The most we will pay for loss in any one occurrence is the smallest applicable Limit of Insurance shown in the Property Choice Elite – Supplemental Declarations, Schedules, Coverage Form(s) or Endorsement(s).

**E. DEDUCTIBLE - WAITING PERIOD**

We will not pay for the actual loss of Business Income you sustain in any one occurrence until the necessary interruption of your business operations exceeds the applicable Deductible - Waiting Period specified in hours in the Property Choice Elite – Supplemental Declarations or by Endorsement(s). We will then pay the amount of actual loss sustained in excess of the Deductible, up to the applicable Limit of Insurance.

No other Dollar or Percentage Deductible applies to Business Income coverage unless the Property Choice Elite - Supplemental Declarations states that the Deductible applies to all covered loss or damage including Time Element coverage.

If a Deductible - Waiting Period and another Deductible apply in the same occurrence, we will apply both Deductibles in any one occurrence.

## F. LOSS CONDITIONS

The following Conditions apply in addition to the Common Policy Conditions and all of the Conditions as found in the Property Choice Elite Conditions and Definitions Form:

### 1. Resumption of Business

If you intend to continue in business, you must resume all or part of your business operations as quickly as possible.

### 2. Loss Determination

#### Business Income

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

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

## 3. Reductions in Amount We Pay

- a. We will reduce the amount of the Business Income loss payment to the extent you can resume your business operations, in whole or in part, by using:
  - (1) Damaged or undamaged property (including merchandise or "Stock") at the "Insured Premises" or elsewhere;
  - (2) Any other available source of materials or other outlet for your products.
- b. If you do not resume business operations, or do not resume business operations as quickly as possible, we will pay based on the length of time it would have taken to resume business operations as quickly as possible.
- c. We will reduce the amount of the Business Income loss payment to the extent that the reduction in volume of business income from the affected income channel is offset by an increase in the volume of business from other income channels.





# PROPERTY CHOICE ELITE EXTRA EXPENSE COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered. Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Form PCE 00 90 **PROPERTY CHOICE ELITE CONDITIONS AND DEFINITIONS** for definitions.

## A. COVERAGE

We will pay up to the Extra Expense Limit of Insurance stated in the Property Choice Elite – Supplemental Declarations for the actual, necessary and reasonable Extra Expense you incur due to the necessary interruption of your business operations during the Period of Restoration due to direct physical loss of or direct physical damage to property caused by or resulting from a Covered Cause of Loss at "Insured Premises". If you are a tenant, this Coverage applies to that portion of the building which you rent, lease or occupy, and extends to common service areas and access routes to your area.

### Definitions

1. Extra Expense means the actual, necessary and reasonable expenses you incur during the Period of Restoration that you would not have incurred if there had been no direct physical loss or no direct physical damage to property caused by or resulting from a Covered Cause of Loss at "Insured Premises". We will pay Extra Expense (other than the expense to repair or replace property) to:
  - a. Avoid or minimize the suspension of business and to continue operations at a "Insured Premises" or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.
  - b. Minimize the suspension of business if you cannot continue operations. We will also pay Extra Expense to repair or

replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

- c. Extra Expense Coverage does not apply to any expense related to any recall of products you manufacture, handle or distribute.
  - d. We will also pay Extra Expenses to repair or replace property, but only to the extent Extra Expenses incurred reduces the amount of loss that otherwise would have been payable under this Coverage Form.
2. Interruption means the slowdown or cessation of any part of your business activities or the partial or total untenability of the premises.
  3. a. Period of Restoration means the period of time that:
    - (1) Begins at the time the Covered Cause of Loss occurred; and
    - (2) Ends on the earlier of:
      - (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.

The expiration date of this policy will not cut short the Period of Restoration.
  - b. For buildings under construction or undergoing additions or alterations, if the

direct physical loss or damage delays the start of business operations, the Period of Restoration will begin on the date business operations would have begun had the direct physical loss or damage not occurred.

c. For educational institutions, the Period of Restoration ends on the earlier of:

(1) The day before the opening of the next school term following the date the property should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when the school term is resumed at a new permanent location.

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

(1) 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 and Contaminants";

(2) Regulates the construction, use or repair, or requires the tearing down of any property, except as covered in the Ordinance or Law Coverage Extension.

## **B. COVERED CAUSES OF LOSS, EXCLUSIONS AND LIMITATION**

1. See the Property Choice Elite Covered Causes of Loss and Exclusions Form.

2. The following **Exclusions** apply in addition to the **Exclusions** found in the Property Choice Elite Covered Causes of Loss and Exclusions Form:

### **a. Contract, Lease or License Cancellation**

We will not pay for any increase of loss caused by or resulting from suspension, lapse or cancellation of any contract, lease or license (including consultation and funding grants). But if such suspension, lapse or cancellation is directly caused by a covered interruption of business operations, we will pay for such loss only as described in Period of Restoration Definition, **A. 3.**

### **b. Satellite Communications**

We will not pay for any loss caused by or resulting from the disruption of communications to or from any satellite however caused. But this exclusion does not apply to land based satellite dishes.

### **c. Strike Interference**

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

### **d. Power Generating Equipment**

We will not pay for any loss caused by or resulting from a Covered Cause of Loss to power generating equipment located at any "Insured Premises" and used to supply energy to any "Insured Premises" or to any utility provider.

## **3. Limitation – Interruption of Computer Operations**

a. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a suspension of operations caused by destruction or corruption of "Electronic Data", or any loss or damage to "Electronic Data".

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

## **C. COVERAGE EXTENSIONS**

Coverage applies only when a Limit of Insurance, a number of days or the term "Included" is shown in the Property Choice Elite - Supplemental Declarations for any of the following Coverage Extensions. The Limits of Insurance applicable to these Coverage Extensions, unless otherwise stated, are included in the Extra Expense Limit of Insurance as stated in the Property Choice Elite – Supplemental Declarations and not in addition to the Extra Expense Limit of Insurance.

### **1. Civil Authority**

- a. This insurance is extended to apply to the actual, necessary and reasonable Extra Expense you incur when access to your "Insured Premises" is specifically prohibited by order of a civil authority as the direct result of a Covered Cause of Loss to property in the immediate area of your "Insured Premises".
- b. The coverage for Extra Expense will begin immediately after the order of a civil authority and coverage will end at the earlier of:
  - (1) When access is permitted to your "Insured Premises"; or
  - (2) 30 consecutive days after the order of the civil authority (unless a different number of days is either shown in the Property Choice Elite - Supplemental Declarations or is shown by endorsement).

**2. Dependent Properties**

- a. We will pay for the actual, necessary and reasonable Extra Expense you incur due to the necessary suspension of your operations during the Period of Restoration. The suspension must be caused by direct physical loss or direct physical damage to a Dependent Property caused by or resulting from a Covered Cause of Loss. However, coverage under this Coverage Extension does not apply when the only loss to a Dependent Property is loss or damage to "Electronic Data", including destruction or corruption of "Electronic Data". If the Dependent Property sustains loss or damage to "Electronic Data" and other property, coverage under this Coverage Extension will not continue once the other property is repaired, rebuilt or replaced.
- b. Period of Restoration, with respect to dependent property means the period of time that:
  - (1) Begins immediately after the time of the Covered Cause of Loss for Extra Expense Coverage;
  - (2) Ends on the earlier of:
    - (a) The date when the property at the premises of the Dependent Property should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

- (b) When the applicable limit of insurance is exhausted.

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

- (1) Regulates the construction, use or repair, or requires the tearing down, of any property; or
- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "Pollutants and Contaminants".

The expiration date of this policy will not cut short the Period of Restoration.

- c. Dependent Properties means property at premises owned and operated by others that you depend on to:
  - (1) Deliver materials or services to you, or to others for your account (Contributing Location);  
But any property which delivers any of the following services is not a Contributing Location with respect to such services:
    - (a) Water supply services;
    - (b) Power supply services;
    - (c) Wastewater removal services; or
    - (d) Communication supply services, including services relating to internet access or access to any electronic network;
  - (2) Accept your products or services (Recipient Location);
  - (3) Manufacture products for delivery to your customers under contract of sale (Manufacturing Location); or
  - (4) Attract customers to your business premises (Leader Locations).
- d. With respect to the coverage provided under this provision (Dependent Properties), the Coverage Territory General Condition found in the Property Choice Elite Conditions and Definitions form does not apply.

- e. The most we will pay for the actual, necessary and reasonable Extra Expense you incur in any one occurrence regardless of the types or number of Dependent Properties involved in any one occurrence under this Coverage Extension is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Dependent Properties.

### 3. "Fungus", Wet Rot, Dry Rot, Bacteria and Virus – Limited Coverage

- a. The coverage described below only applies when the "fungus", wet rot, dry rot, bacteria or virus is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

- (1) A "Specified Cause of Loss" other than fire or lightning;
- (2) Equipment Breakdown Accident occurs to Equipment Breakdown Property, if the Cause of Loss - Equipment Breakdown endorsement is attached to this policy and applies to the effected premises; or
- (3) Flood, if the Cause of Loss - Flood endorsement is attached to this policy and applies to the effected premises.

- b. The following applies only if Extra Expense coverage applies to the "Insured Premises" and only if the necessary interruption of your business operations satisfies all terms and conditions of this Coverage Part.

- (1) If the loss which results in "fungus", wet rot, dry rot, bacteria or virus does not in itself necessitate a necessary interruption of your business operations, but such interruption is necessary due to loss or damage to property caused by "fungus", wet rot, dry rot, bacteria or virus, then our payment under Extra Expense is limited to the amount of expense sustained in a period of not more than 30 days. The days need not be consecutive.

- (2) If a covered necessary interruption of your business operations was caused by loss or damage other than "fungus", wet rot, dry rot, bacteria or virus prolongs the Period of Restoration, we will pay for loss and/or expense sustained during the delay (regardless of when such delay occurs during the Period of Restoration), but such coverage is limited to 30 days in total. The days need not be consecutive.

### 4. Ingress or Egress

- a. This insurance is extended to apply to the actual, necessary and reasonable Extra Expense you incur at "Insured Premises" when ingress or egress to your "Insured Premises" is specifically prohibited as the direct result of a Covered Cause of Loss to property at a premise that is contiguous to your "Insured Premises".

- b. Coverage will end at the earlier of:

- (1) When ingress or egress is permitted to or from your "Insured Premises"; or
- (2) 30 consecutive days.

- c. This Coverage Extension does not apply if:

- (1) The direct physical loss or direct physical damage is caused by or results from Flood or Earthquake even if Flood or Earthquake are Covered Causes of Loss; or
- (2) The ingress to or egress from your "Insured Premises" is prohibited by civil authority.

- d. The most we will pay for loss in any one occurrence under this Coverage Extension is the applicable Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Ingress or Egress.

### 5. Newly Acquired Premises

- a. We will pay for the actual, necessary and reasonable Extra Expense you incur due to direct physical loss or direct physical damage caused by or resulting from a Covered Cause of loss to Newly Acquired Premises. Newly Acquired Premises means premises you acquire, purchase or lease after the inception of this policy, but does not include:

- (1) Any premises acquired through any foreclosure process;
  - (2) Any premises of others where you are temporarily working, such as installing property or performing maintenance or service work; or
  - (3) Any premises covered by any other part of this Coverage Form.
- b. Insurance for each Newly Acquired Premises will end when any of the following first occurs, but will not cut short the Period of Restoration:
- (1) This policy expires;
  - (2) 180 days expire after you acquire the property (unless a different number of days is either shown in the Property Choice Elite - Supplemental Declarations or is shown by endorsement);
  - (3) You report values to us; or
  - (4) The property is more specifically insured.

We will charge you additional premium from the date you acquire the premises.

**6. Ordinance or Law - Increased Period of Restoration**

- a. If a Covered Cause of Loss occurs to property at "Insured Premises", coverage is extended to include the amount of the actual, necessary and reasonable Extra Expense you incur during the increased period of suspension of operations caused by or resulting from a requirement to comply with any ordinance or law that:
- (1) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the "Insured Premises";
  - (2) Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss; and
  - (3) Is in force at the time of loss.
- b. Coverage is not extended under this Coverage Extension to include loss caused by or resulting from the enforcement of or compliance with any ordinance or law:
- (1) Which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot, bacteria or virus; or

- (2) 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 and Contaminants", "fungus", wet or dry rot, bacteria or virus.

- c. Period of Restoration is revised to include any increased period required to repair or reconstruct the property to comply with the minimum standards of any ordinance or law, in force at the time of loss that regulates the construction or repair, or requires the tearing down of any property.
- d. The most we will pay for the sum of all Extra Expense in any one occurrence under this Coverage Extension is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Ordinance or Law (Increased Period of Restoration). If the Property Choice Elite - Supplemental Declarations states "Included", then the Limit of Insurance for Ordinance or Law (Increased Period of Restoration) is the Limit of Insurance applicable to the Extra Expense Limit of Insurance.

**7. Unnamed Premises: Business Personal Property**

- a. This insurance is extended to apply to the actual, necessary and reasonable Extra Expense you incur caused by direct physical loss of or direct physical damage by a Covered Cause of Loss to Business Personal Property while at:
- (1) Premises that you own, lease, or occupy other than at an "Insured Premises"; or
  - (2) Premises that you do not own, lease or occupy including while at an exhibition.
- b. Unnamed Premises does not include any:
- (1) Premises or property covered under any other coverage of this Coverage Form;
  - (2) Intermediate site while in the due course of transit; or
  - (3) Premises of a Web Site or Internet Services provider.

- c. The most we will pay for the actual, necessary and reasonable Extra Expense you incur in any one occurrence under this Coverage Extension at all unnamed premises is the applicable Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Unnamed Premises: Business Personal Property.

**8. Utility Service Interruption**

- a. This insurance is extended to apply to the actual, necessary and reasonable Extra Expense you incur at "Insured Premises", Newly Acquired Premises and Unnamed Premises caused by the interruption of specific services.

The interruption must result from direct physical loss or direct physical damage by a Covered Cause of Loss to property outside the "Insured Premises" boundary and which provides the following services:

- (1) Water Supply Property, meaning the following types of property supplying water to the described premises:

- (a) Pumping stations; and
- (b) Water mains.

- (2) Wastewater Removal Property, meaning a utility system for removing wastewater and sewage from the described premises, other than a system designed primarily for draining storm water. The utility property includes sewer mains, pumping stations and similar equipment for moving the effluent to a holding, treatment or disposal facility, and includes such facilities.

This Coverage Extension does not apply to interruption in service caused by or resulting from a discharge of water or sewage due to heavy rainfall or flooding.

- (3) Communication Supply Property, meaning property supplying communication services, including telephone, radio, microwave or television services, to the described premises, such as:

- (a) Communication transmission lines, including optic fiber transmission lines;
- (b) Coaxial cables; and
- (c) Microwave radio relays except satellites.

- (4) Power Supply Property, meaning the following types of property supplying

electricity, steam or gas to the described premises:

- (a) Utility generating plants;
- (b) Switching stations;
- (c) Substations;
- (d) Transformers; and
- (e) Transmission lines.

- b. As used in this Coverage Extension, the term transmission lines includes all lines which serve to transmit communication service or power, including lines which may be identified as distribution lines.

- c. This Coverage Extension does not include any loss or damage due to temperature change or spoilage.

- d. This Coverage Extension does not apply to the Dependent Properties Coverage Extension.

- e. The most we will pay for the actual, necessary and reasonable Extra Expense you incur in any one occurrence under this Coverage Extension is the Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Utility Services.

**9. Web Site and Internet Services**

- a. This insurance is extended to apply to the actual necessary and reasonable Extra Expense you incur caused by direct physical loss or direct physical damage by a Covered Cause of Loss to property that you depend on for Website and Internet Services.

Website and Internet Services means:

- (1) Internet access, e-mail, web hosting and application software services at the premises of others, or
- (2) Router infrastructure services, including cable and wireless, located outside your premises boundary.

- b. The most we will pay for the necessary and reasonable Extra Expense in any one occurrence under this Coverage Extension is the lesser of:

(1) The amount of the necessary and reasonable Extra Expense you incur when you first discovered the Covered Cause of Loss; or

(2) The Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for Website and Internet Services.

c. With respect to Web Sites, this coverage applies only if you have a back-up copy of your Web Page stored at a location other than the site of the Web Site vendor.

#### **D. LIMITS OF INSURANCE**

The most we will pay for loss in any one occurrence is the smallest applicable Limit of Insurance shown in the Property Choice Elite – Supplemental Declarations, Schedules, Coverage Form(s) or Endorsement(s).

#### **E. DEDUCTIBLE**

No deductible or waiting period applies to this Coverage Form.

#### **F. LOSS CONDITIONS**

The following Conditions apply in addition to the Common Policy Conditions and all of the Conditions as found in the Property Choice Elite Conditions and Definitions Form:

##### **1. Resumption of Business**

If you intend to continue in business, you must resume all or part of your business operations as quickly as possible.

##### **2. Loss Determination**

The amount of Extra Expense will be determined based on:

a. All expenses that exceed the normal operating expenses that would have been incurred by business operations during the Period of Restoration if no direct physical loss or damage had occurred.

b. We 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 business operations are resumed; and

(2) Any Extra Expense that is paid for by other insurance.

#### **3. Reductions in Amount We Pay**

a. We will reduce the amount of Extra Expense loss payment to the extent you can return operations to normal and discontinue Extra Expenses.

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



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

## **PROPERTY CHOICE ELITE CAUSE OF LOSS - EARTHQUAKE**

This endorsement modifies insurance provided under the following:

### PROPERTY CHOICE ELITE COVERAGE PART

#### **A. COVERED CAUSE OF LOSS**

Earthquake is added as a Covered Cause of Loss applicable to the coverages provided under the Property Choice Elite Coverage Part as stated in the Property Choice Elite – Supplemental Declarations or by endorsement.

Earthquake, meaning a shaking or trembling of the earth's crust, caused by underground tectonic forces resulting in breaking, shifting, rising, settling, sinking or lateral movement or other movement.

All earthquake shocks that occur within any 168-hour period will be deemed to be a single Earthquake occurrence. The expiration of this policy will not reduce the 168-hour period.

#### **B. EXCLUSIONS**

1. The Earth Movement Exclusion does not apply to the insurance specifically provided under this Endorsement for loss or damage caused by Earthquake.

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

2. Earthquake does not apply as a Covered Cause of Loss to the following Coverage Extensions found in the Property Choice Elite Coverage Form, any Time Element Coverage Forms or endorsements:

- a. Dependent Properties;
- b. Newly Acquired Premises or Covered Property;
- c. Unnamed Premises; or
- d. Utility Service Interruption.

Time Element, as used in this Endorsement, means Business Income and Extra Expense, Business Income, Extra Expense and Rental Income.

3. We will not pay for loss or damage which is excluded by the Water Exclusion found in the Property Choice Elite Covered Causes of Loss and Exclusions Form, even if attributable to an Earthquake.

4. This Endorsement does not apply to any Earthquake occurrence that began prior to the inception of this insurance.

5. Under this Coverage Part, as set forth under Property Not Covered in the Property Choice Elite Coverage Form to which this Endorsement is attached, land is not Covered Property. Therefore, coverage under this Endorsement does not include the cost of restoring or remediating land.

#### **C. LIMITS OF INSURANCE**

1. The most we will pay for all loss or damage caused by Earthquake is the single highest Earthquake "Policy Year" Limit of Insurance stated in the Property Choice Elite - Supplemental Declarations for all Earthquake loss or damage that occurs during any one "Policy Year", regardless of the number of premises covered under this policy, or the number of occurrences during the "Policy Year". Any amounts payable under any Coverage or Coverage Extension contained in this Coverage Part do not increase that Limit of Insurance.

2. Any individual Earthquake "Policy Year" Limit of Insurance stated in the Property Choice Elite - Supplemental Declarations is the most we will pay in any one "Policy Year" for all loss or damage to which that Limit of Insurance applies.



3. If two or more Earthquake "Policy Year" Limits of Insurance are shown in the Property Choice Elite – Supplemental Declarations and apply to Earthquake loss or damage under this Endorsement in any one occurrence, each limit will be applied separately, but the most we will pay under this policy in total in any one "Policy Year", regardless of the number of occurrences, is the single highest Earthquake "Policy Year" Limit of Insurance.
4. The Earthquake "Policy Year" Limit of Insurance as stated in the Property Choice Elite – Supplemental Declarations is a part of and is included in the Loss Limit of Insurance as stated in the Property Choice Elite – Supplemental Declarations. The Earthquake

"Policy Year" Limit of Insurance is not in addition to the Loss Limit of Insurance.

5. In the event of loss or damage caused by fire or explosion resulting from Earthquake, the most we will pay for the total of all loss or damage caused by fire and explosion is the Loss Limit of Insurance. We will **not** pay the sum of the Loss Limit and Earthquake Limit.

**D. DEDUCTIBLE**

See the Property Choice Elite Coverage Form and the Property Choice Elite – Supplemental Declarations.



# PROPERTY CHOICE ELITE EARTHQUAKE HAZARD CLASSIFICATIONS

SEE PROPERTY CHOICE ELITE - SUPPLEMENTAL DECLARATIONS FOR APPLICABLE LIMITS AND DEDUCTIBLES.

STATE	HIGH HAZARD EARTHQUAKE COUNTY	MODERATE HAZARD EARTHQUAKE COUNTY		
<b>Arizona</b>		Yuma		
<b>Arkansas</b>	Clay Craighead Crittenden Cross Greene Jackson Mississippi Poinsett	Arkansas Cleburne Fulton Independence Izard Lawrence	Lee Lonoke Monroe Phillips Prairie Randolph Sharp	St. Francis Stone White Woodruff
<b>Idaho</b>		Bear Lake	Fremont	Teton
<b>Illinois</b>	Alexander Pulaski Union Massac	Bond Clay Clinton Crawford Cumberland Edwards Effingham Fayette Franklin Gallatin Hamilton Hardin	Jackson Jasper Jefferson Johnson Lawrence Macoupin Madison Marion Monroe Montgomery Perry Pope	Randolph Richland St. Clair Saline Shelby Wabash Washington Wayne White Williamson
<b>Indiana</b>		Adams Gibson Jay Knox	Pike Posey Randolph Spencer	Sullivan Vanderburgh Warrick
<b>Kentucky</b>	Ballard Carlisle Fulton Graves Hickman McCracken	Caldwell Calloway Christian Crittenden Daviess Hancock	Henderson Hopkins Livingston Lyon Marshall McLean	Muhlenburg Ohio Todd Trigg Union Webster
<b>Mississippi</b>	DeSoto	Alcorn Bolivar Coahoma Lafayette Marshall	Panola Pontotoc Quitman Tallahatchie	Tate Tippah Tunica Union

# EARTHQUAKE HAZARD CLASSIFICATIONS (CONTINUED)

SEE PROPERTY CHOICE ELITE - SUPPLEMENTAL DECLARATIONS FOR APPLICABLE LIMITS AND DEDUCTIBLES.

STATE	HIGH HAZARD EARTHQUAKE COUNTY	MODERATE HAZARD EARTHQUAKE COUNTY		
<b>Missouri</b>	Bollinger Butler Dunklin Mississippi New Madrid Pemiscot Stoddard Scott Cape Girardeau	Carter Crawford Dent Franklin Howell Iron	Jefferson Perry Madison Oregon Reynolds Ripley Shannon St. Charles	St. Francis St. Genevieve St. Louis St. Louis City* Texas Washington Wayne
<b>Montana</b>		Flathead Gallatin	Lake Madison	
<b>Nevada</b>		Carson City* Douglas Esmeralda	Lyon Mineral Nye	Storey Washoe
<b>Ohio</b>		Allen Auglaize Champaign Clark Darke Greene Hancock	Hardin Henry Logan Madison Mercer Miami Montgomery	Paulding Preble Putman Shelby Union Van Wert Wyandot
<b>Oregon</b>		Coos	Curry	Klamath
<b>South Carolina</b>		Beaufort Berkeley Bamberg	Charleston Clarendon Colleton	Dorchester Georgetown Orangeburg Williamsburg
<b>Tennessee</b>	Dyer Lake Lauderdale Obion Tipton	Carroll Chester Crockett Fayette Gibson	Houston Hardeman Hardin Haywood Henderson	Henry Madison Montgomery Shelby Weakley
<b>Utah</b>		Box Elder Cache Juab Tooele	Davis Salt Lake Millard Morgan	Weber Sanpete Sevier Utah
<b>Washington</b>		Clallam Clark Cowlitz Grays Harbor Island Jefferson	Pierce King Kitsap Kittitas Lewis Mason	Pacific San Juan Skagit Snohomish Thurston Whatcom
<b>Wyoming</b>		Lincoln	Teton	



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

## **PROPERTY CHOICE ELITE CAUSE OF LOSS - FLOOD**

This endorsement modifies insurance provided under the following:

### PROPERTY CHOICE ELITE COVERAGE PART

#### **A. COVERED CAUSE OF LOSS**

Flood is added as a Covered Cause of Loss applicable to the coverages provided under the Property Choice Elite Coverage Part as stated in the Property Choice Elite – Supplemental Declarations or by endorsement.

Flood means:

1. Surface water, waves, tidal water, tidal waves, tsunamis, or overflow of any natural or man made body of water from its boundaries, all whether driven by wind or not; or
2. Mudslide or mudflow, meaning a river or flow of liquid mud directly or indirectly caused by flooding or the accumulation of water under the ground.
3. Water under the ground surface pressing on, or flowing or seeping through:
  - a. Foundations, walls, floors or paved surfaces;
  - b. Basements, whether paved or not; or
  - c. Doors, windows or other openings.
4. Flood includes water or other material that backs up or overflows from any sewer or septic tank or drain, if such back-up is caused by any of the conditions in **1.** or **3.** above regardless of the proximity of the back-up to such conditions.

All flooding in a continuous or protracted event will constitute a single flood.

#### **B. EXCLUSIONS**

1. Flood does not apply as a Covered Cause of Loss under the following Coverage Extensions found in the Property Choice Elite Coverage Form and/or any applicable Time Element Coverage Forms or endorsements:
  - a. Dependent Properties;
  - b. Newly Acquired Premises or Covered Property;
  - c. Unnamed Premises; or
  - d. Utility Service Interruption.

Time Element as used in this Endorsement means Business Income Including Extra Expense, Business Income, Extra Expense and Rental Income.
2. The following items of property are not Covered Property under this Endorsement, whether or not they are Covered Property:
  - a. Bulkheads, pilings, seawalls, docks, piers, wharves, retaining walls (whether or not attached to covered buildings).
  - b. Open structures located on or partially over water.
  - c. Personal property in the open or in open buildings or structures.
3. This Endorsement does not apply to any Flood that began before the inception of this insurance.
4. To the extent that a tsunami causes the overflow of tidal waters, the exclusion for earthquake, in the Earth Movement Exclusion, does not apply.

### C. LIMITS OF INSURANCE

1. The Flood "Policy Year" Limit of Insurance stated in the Property Choice Elite – Supplemental Declarations is the most we will pay for all Flood loss or damage that occurs during any one "Policy Year", regardless of the number of premises covered under this policy, or the number of occurrences during the "Policy Year". Any amounts payable under any Coverage or Coverage Extension contained in this Coverage Part do not increase that Limit of Insurance.
2. Any individual Flood "Policy Year" Limit of Insurance stated in the Property Choice Elite - Supplemental Declarations is the most we will pay in any one "Policy Year" for all loss or damage to which that Limit of Insurance applies.
3. If two or more Flood "Policy Year" Limits of Insurance are shown in the Property Choice Elite – Supplemental Declarations and apply to Flood loss or damage under this Endorsement in any one occurrence, the most we will pay under this policy in total in any one "Policy Year", regardless of the number of occurrences, is the single highest Flood "Policy Year" Limit of Insurance even if the loss or damage involves more than one Flood "Policy Year" Limit of Insurance.
4. The Flood "Policy Year" Limit of Insurance as stated in the Property Choice Elite – Supplemental Declarations is a part of and is included in the Loss Limit of Insurance stated in the Property Choice Elite – Supplemental Declarations. The Flood "Policy Year" Limit of Insurance is not in addition to the Loss Limit of Insurance.
5. If, at the time of loss, a building, a structure or property in the open is located within more than one Flood Zone, Flood Coverage for loss or damage to, or loss that is a consequence of loss or damage to, the building, structure or property in the open will be subject to the terms and conditions, "Policy Year" Limit of Insurance and Deductible, if any, that would apply under this policy if that building, structure or property in the open was wholly located within the most hazardous of the Flood Zones, as defined below, in which it is located. The most hazardous Flood Zone that is determined to apply to a building or structure will also apply with respect to loss or damage to, or loss or damage that is a consequence of loss or damage to, any property in or on such building or structure.

The following listing of Flood Zones, as classified under the National Flood Insurance Program, is in order of the most hazardous to least hazardous:

- a. Flood Zone V and Flood Zones prefixed V;
  - b. Flood Zone A and Flood Zones prefixed A;
  - c. Flood Zone D;
  - d. Flood Zone B, Flood Zone X (shaded) and Zone X-500; and
  - e. Flood Zone C and Flood Zone X.
6. In the event of loss or damage caused by fire or explosion resulting from the Flood, the most we will pay for the total of all loss or damage caused by fire and explosion is the Loss Limit of Insurance. We will **not** pay the sum of the Loss Limit and the Flood Limit.
7. **Excess of Loss Limitation**
- a. If the flood loss is also covered under a National Flood Insurance Program (NFIP) policy or if the property is eligible to be written under an NFIP policy but there is no such policy in effect, then we will pay only for the amount of loss in excess of the maximum limit that can be insured under that policy. This provision applies whether or not the maximum NFIP limit was obtained or maintained, and whether or not you can collect on the NFIP policy. We will not, under any circumstances, pay more than the applicable Limit of Insurance for Flood as stated in the Property Choice Elite – Supplemental Declarations.
  - b. If we pay for loss subject to this provision, the benefit of any recovery or salvage on such loss is ours to the extent of our payment.

### D. DEDUCTIBLE

1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage for all coverages exceeds the applicable Deductible shown in the Property Choice Elite – Supplemental Declarations. This Deductible applies to all coverages including, but not limited to, Time Element Coverages if such coverages are provided under this Coverage Part. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.
2. We will not pay that part of the loss that is attributable to any Deductible(s) in the National Flood Insurance Program policy.

For each covered building and its contents separately, we will deduct the maximum amount available under the National Flood Insurance Program whether or not the coverage is purchased or maintained.

The applicable National Flood Insurance Program Deductible will apply to property not eligible and coverages not available under the National Flood Insurance Program that are covered under this policy and any difference in the valuation between the policies.

3. If Flood results in another Covered Cause of Loss, and if both cause loss or damage, then we will separately apply each Deductible to the applicable Covered Cause of Loss (e.g., the Flood Deductible and the By Any Other Covered Cause of Loss Deductible).

#### **E. ADDITIONAL COVERAGE- DEBRIS REMOVAL**

With respect to Flood Coverage, the Debris Removal Coverage Extension is replaced by the following:

##### **Debris Removal**

1. We will pay your expense to remove debris of Covered Property and other debris that is on

the "Insured Premises", when such debris is caused by or results from Flood.

However, we will not pay to remove deposits of mud or earth from the grounds of the "Insured Premises".

2. We will also pay the expense to remove debris of Covered Property that has floated or been hurled off the "Insured Premises" by Flood.
3. This coverage for Debris Removal, as set forth in **E.1.** and **E.2.** above, does not increase the applicable Limit of Insurance for Flood. Therefore, the most we will pay for the total of debris removal and loss or damage to Covered Property (and if applicable Business Income or Extra Expense) is the Limit of Insurance for Flood that applies to the affected "Insured Premises" covered under this Endorsement.



# PROPERTY CHOICE ELITE BUILDER'S RISK COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered. Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Form PCE 00 90 **PROPERTY CHOICE ELITE CONDITIONS AND DEFINITIONS** for definitions.

## A. COVERAGE

1. We will pay for direct physical loss or direct physical damage by a Covered Cause of Loss to Builder's Risk Property as described below:
  - a. At a Construction Location as described in the Property Choice Elite – Supplemental Declarations, the most recent Statement of Values or other documentation on file with us;
  - b. At any Temporary Storage Location; or
  - c. While in Transit.
2. Builder's Risk Property means the following types of property that are owned by you or for which you are liable:
  - a. Buildings or structures, including existing buildings or structures, in the course of construction or renovation.
  - b. Building materials and supplies, equipment, machinery and fixtures intended to become a permanent part of the building or structures in the course of construction or renovation.
  - c. Construction forms, cribbing, scaffolding and temporary structures used in the construction or renovation of the buildings or structures.
3. This coverage also applies to the actual, required, necessary and reasonable expenses incurred by you to re-prepare, re-excavate or re-grade land or re-perform similar land work at a covered Construction Location due to direct physical loss or direct physical damage at the Construction Location caused by or resulting from a Covered Cause of Loss. This coverage is included within the Limit of Insurance and is not in addition to the Limit of Insurance that applies to the Construction Location.
4. With respect to each covered building or structure in the course of construction or renovation, this coverage for Builder's 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 or renovation is completed;
  - c. You report to us that the construction or renovation is completed;
  - d. Other insurance covers the property as a completed building or structure, whether under this policy or elsewhere;
  - e. You abandon the Construction Location with no intention to complete it;
  - f. Your interest in the Builder's Risk Property at the Construction Location ceases; or
  - g. The policy expires or is cancelled.

## **B. EXCLUSIONS**

1. The Property Not Covered items listed in the Property Choice Elite Coverage Form apply to this Endorsement, except for Builder's Risk Property described in this Endorsement.
2. All of the EXCLUSIONS that apply to the Property Choice Elite Coverage Part apply to this Endorsement.
3. The Vacancy Limitation does not apply to this Coverage.
4. Coverage provided by any Property Choice Elite Business Income or Rental Income Coverage Form(s) or Property Choice Elite Extra Expense Coverage Form does not apply to this Endorsement even if they are attached to this Coverage Part.
5. The only Coverage Extensions found in the Property Choice Elite Coverage Form that apply to this Endorsement are:
  - a. Claim Expenses;
  - b. Debris Removal;
  - c. Expediting Expenses (Other Than Equipment Breakdown Expediting Expenses);
  - d. Fire Department Service Charge;
  - e. Fire Device Recharge;
  - f. Pollutants and Contaminants Clean Up;
  - g. Outdoor, Trees, Shrubs and Plants; and
  - h. Preservation of Property.
6. In addition, Coverage for Builder's Risk Property does not apply to any loss or damage that is covered under any guarantee or warranty, express or implied, by any contractor, manufacturer or supplier, whether or not such contractor, manufacturer or supplier is a named insured under this policy.
7. This Coverage does not apply to any Frame construction or renovation.
8. This Coverage does not apply to any existing property that is to be demolished or removed from the existing buildings or structures in the course of construction or renovation.

## **C. LIMITS OF INSURANCE**

The most we will pay under this Endorsement in any one occurrence is the applicable Limit of Insurance specified in the Property Choice Elite - Supplemental Declarations.

These are the only Limits of Insurance that apply to Builder's Risk Property.

## **D. DEDUCTIBLE**

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Builder's Risk Deductible shown in the Property Choice Elite – Supplemental Declarations. We will then pay for the amount of loss or damage up to the applicable Limit of Insurance.

## **E. ADDITIONAL CONDITION - VALUATION**

### **1. Existing Buildings or Structures**

- a. 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 lesser of the following amounts:

- (1) The Actual Cash Value of the existing buildings or structures; or
- (2) The amount you actually spend that is necessary and reasonable to repair, rebuild or replace the lost or damaged property.

- b. 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 lesser of the following amounts:

- (1) 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; or
- (2) 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.

### **2. All Other Builder's Risk Property**

The valuation provisions provided in this policy apply to this property.





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

## **PROPERTY CHOICE ELITE SOFT COSTS COVERAGE EXTENSION**

This endorsement modifies insurance provided under the following:

PROPERTY CHOICE ELITE BUILDER'S RISK COVERAGE FORM

### **A. COVERAGE EXTENSION**

1. This policy is extended to apply to the actual and necessary Soft Costs as described below that you incur due to a delay in the completion of a construction or renovation project at any Construction Location to which the Builder's Risk coverage under this policy applies. The delay must be directly caused by or result from a Covered Cause of Loss to Builder's Risk Property as defined in the Builder's Risk Coverage Form.
2. This coverage applies to the Soft Costs the insured incurs during the period of time that begins on the date the construction or renovation project would have been completed had there been no direct physical loss or damage to the property and continues for the shorter of the following periods:
  - a. The period of time between:
    - (1) The date of direct physical loss or damage to the Builder's Risk Property; and
    - (2) The date the property should have been repaired, rebuilt or replaced with reasonable speed and similar quality; or
  - b. The period of time that the completion of the construction or renovation project is actually delayed due to a Covered Cause of Loss to Builder's Risk Property.

This period of time will not be limited by the expiration date of this policy.

3. Soft Costs, as used in this Endorsement, means the actual and necessary expenses you incur for any of the following that are over and above the expenses you would have incurred had there been no direct physical loss or damage:
  - a. Interest expense on money borrowed to finance construction, renovation or repair;
  - b. Real estate and property taxes;
  - c. Architect, engineering and consultant fees;
  - d. Advertising and promotional expenses;
  - e. Insurance premiums for additional insurance;
  - f. Commissions and fees resulting from the necessary renegotiation of a lease or leases;
  - g. Legal and accounting fees resulting from the necessary renegotiation of a lease or leases; and
  - h. Fees for licenses and permits.

### **4. Civil Authority**

We will also pay for the actual and necessary Soft Costs that you incur due to a delay in the completion of the construction or renovation project at a Construction Location due to an order of civil authority. The order must specifically prohibit access to the Construction Location as a direct result of a Covered Cause of Loss to property in the immediate area of the Construction Location.

This civil authority coverage applies to the Soft Costs you incur during the period of time that begins on the date the construction or renovation project would have been completed had there been no order of civil authority prohibiting access to the Construction Location and continues for the shorter of the following periods:

- a. The period of time access to the Construction Location is prohibited by the order of civil authority, subject to a maximum of 30 days; or
- b. The period of time that the completion of the construction or renovation project is actually delayed.

The period of time will not be limited by the expiration date of this policy.

## **B. EXCLUSIONS**

This coverage provided for Soft Costs does not apply to:

Any Soft Costs incurred due to:

1. The suspension, lapse, or cancellation of any lease, license or contract beyond the period of time this coverage applies;
2. Interference by strikers or other persons with the:

- a. Transportation of property to be used in the construction or renovation project;
- b. Rebuilding, repair, replacement or completion of the construction or renovation project;
- c. Occupancy or use of the premises; or

3. Any other consequential loss.

## **C. LIMITS OF INSURANCE**

The most we will pay under this Endorsement in any one occurrence is the applicable Limit of Insurance specified in the Property Choice Elite – Supplemental Declarations for Soft Costs. The Limit of Insurance for Soft Costs is included within and is not in addition to the applicable Builder's Risk Limit of Insurance stated in the Property Choice Elite – Supplemental Declarations.

This is the only Limit of Insurance that applies to Soft Costs.

## **D. ADDITIONAL CONDITION**

You must make every reasonable effort to avoid or minimize the delay in the completion of the construction or renovation project. We will pay reasonable expense you incur to reduce the amount of loss otherwise payable under this coverage, but only to the extent the amount of loss is actually reduced.



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

## **PROPERTY CHOICE ELITE CONTRACTOR'S EQUIPMENT**

This endorsement modifies insurance provided under the following:

### PROPERTY CHOICE ELITE COVERAGE PART

#### **A. COVERAGE**

##### **"Contractor's Equipment"**

We will pay for direct physical loss of or direct physical damage to "Contractor's Equipment" caused by or resulting from a Covered Cause of Loss while the "Contractor's Equipment" is at an "Insured Premises" or away from an "Insured Premises" or in the due course of transit within the policy territory.

##### **1. Coverage Extensions**

The following Coverage Extensions apply when a Limit of Insurance for any of the following Coverage Extensions is shown on the Property Choice Elite – Supplemental Declarations. Payments under the Coverage Extensions are included in and will not increase the applicable Limit of Insurance for "Contractor's Equipment".

##### **a. Newly Acquired "Contractor's Equipment"**

The insurance provided for "Contractor's Equipment" is extended to apply to direct physical loss of or direct physical damage to Newly Acquired "Contractor's Equipment" by a Covered Cause of Loss. Newly Acquired "Contractor's Equipment" means "Contractor's Equipment" acquired by you after the inception of this policy, and similar to any type of equipment described in the most recent Statement of Values for "Contractor's Equipment" or other similar documentation on file with us.

This coverage will end when one of the following first occurs:

- (1) This policy is cancelled or expires;
- (2) The number of days shown in the Property Choice Elite – Supplemental Declarations expires;

(3) The "Contractor's Equipment" is reported to us; or

(4) The "Contractor's Equipment" is more specifically insured elsewhere.

Additional premium may be charged for Newly Acquired "Contractor's Equipment" which is reported to us, and for which we accept coverage.

##### **b. "Contractor's Equipment" Rental Expense**

(1) In the event of covered direct physical loss or direct physical damage to "Contractor's Equipment" by a Covered Cause of Loss, we will pay any necessary and reasonable expenses incurred by you during the Period of Restoration for the rental of temporary substitute "Contractor's Equipment" to continue, as nearly as practicable, your operations or work in progress or under contract.

(2) Payment under this Coverage Extension is limited to such expenses incurred during the Period of Restoration, which is the period of time that:

- (i) Begins with the date of direct physical loss or direct physical damage caused by a Covered Cause of Loss to the "Contractor's Equipment"; and
- (ii) Ends on the date when the "Contractor's Equipment" should be repaired, rebuilt or replaced with reasonable speed and similar quality.

The expiration date of this policy will not cut short the Period of Restoration.

- (3) This coverage does not apply to:
- (i) Any expense if you have substitute equipment available to continue operations; or
  - (ii) 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.

**B. EXCLUSIONS**

1. All the Exclusions that apply to the Property Choice Elite Coverage Part apply to this Endorsement.
2. In addition, we will not pay for loss or damage caused by or resulting from any of the following:
  - a. Wear and tear, freezing, mechanical or electrical breakdown;
  - b. Delay, loss of use, loss of income or any other consequential loss;
  - c. Weight of a load exceeding at the time of loss the maximum lifting or operating capacity established by the manufacturer of the equipment; or
  - d. Service or maintenance on the "Contractor's Equipment", but if loss or damage by fire or explosion results, we will pay for loss or damage to the "Contractor's Equipment" caused by the resulting fire or explosion.
3. We will not pay for loss or damage to any of the following types of property:
  - a. Any "Contractor's Equipment" while leased, rented or loaned to others;
  - b. Any "Contractor's Equipment" while underground or underwater;
  - c. Any "Contractor's 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 "Contractor's Equipment"; or
  - e. Electronic data processing equipment unless the electronic data processing equipment is an integral part of the "Contractor's Equipment".
4. We will not pay for any damages for which you may be legally liable due to the operation of any "Contractor's Equipment".

5. The only Coverage Extensions found in the Property Choice Elite Coverage Form that apply to this endorsement are:
  - a. Claim Expenses;
  - b. Debris Removal;
  - c. Expediting Expenses (Other Than Equipment Breakdown Expediting Expenses);
  - d. Fire Department Service Charge;
  - e. Fire Device Recharge;
  - f. Pollutants and Contaminants Clean Up; and
  - g. Preservation of Property.

**C. LIMITS OF INSURANCE**

The most we will pay under this Endorsement in any one occurrence is the applicable Limit of Insurance specified in the Property Choice Elite – Supplemental Declarations for "Contractor's Equipment". Any coverage provided under this Endorsement for Newly Acquired "Contractor's Equipment" or "Contractor's Equipment" Rental Expense is included in the Limit of Insurance for "Contractor's Equipment". The Limit of Insurance for "Contractor's Equipment" is included in the Loss Limit of Insurance and is not in addition to the Loss Limit of Insurance.

**D. DEDUCTIBLE**

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

**E. LOSS PAYMENT, VALUATION AND OTHER CONDITIONS**

1. In the event of direct physical loss or direct physical damage to "Contractor's Equipment", the value will be the lesser of the following:
  - a. The Actual Cash Value of that property;
  - b. The amount it costs that is necessary and reasonable to repair the damaged "Contractor's Equipment";
  - c. The amount you actually spend that is necessary and reasonable to repair or replace the damaged "Contractor's Equipment" with other property of similar quality and capability and used for the same function; or
  - d. The value for that piece of equipment as stated on file with us in the most recent Statement of Values or other documentation provided by you to us or

the extent of your legal liability for the "Contractor's Equipment".

The value of the property will be determined as of the date of loss or damage.

2. In the event of a total loss to "Contractor's Equipment", we retain our right to salvage such "Contractor's Equipment".
3. As respects coverage under this Endorsement, the following is added to **B. YOUR GENERAL DUTIES IN THE EVENT OF LOSS** of Property Choice Elite Conditions and Definitions:

**Inspect Equipment**

With respect to "Contractor's Equipment" permit us to inspect the equipment and records proving the loss before the repair or disposition of the "Contractor's Equipment".

**F. DEFINITION**

"Contractor's Equipment" means machinery and equipment that is:

1. Owned by you, or owned by others and in your care, custody or control, but only to the extent of your legal liability for such equipment; and
2. Described in the most recent Statement of Values or other documentation provided by you to us; and
3. Used by you for the purpose for which it was designed and manufactured; and
4. Used in your business.



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

## **PROPERTY CHOICE ELITE ERRORS AND OMISSIONS COVERAGE EXTENSION**

This endorsement modifies insurance provided under the following:

PROPERTY CHOICE ELITE COVERAGE FORM

The following Coverage Extension is added:

### **A. ERRORS AND OMISSIONS**

1. You may extend the insurance provided by this policy to apply with respect to direct physical loss or direct physical damage by a Covered Cause of Loss to property at locations within the Coverage Territory that are owned, leased or operated by you, if such direct physical loss or direct physical damage is not payable under this policy solely due to:

Failure through any unintentional error or omission to:

- a. Report any location you own, lease or operate at the inception of the policy; or
  - b. Report any Newly Acquired Property before the period of automatic coverage provided under this policy for the Newly Acquired Property expires.
2. The most we will pay under this Coverage Extension in any one occurrence for all losses is the Limit of Insurance shown in the Property Choice Elite – Supplemental

Declarations for Errors and Omissions. But in no event will we pay more for direct physical loss or direct physical damage than the amount we would have paid had no unintentional error or omission occurred or had the period of automatic coverage for the Newly Acquired Property not expired.

3. Upon discovery of the unintentional error or omission, you will report the correct information to us. An additional premium may be charged based upon the corrected information.
4. This Coverage Extension does not apply to loss or damage which is covered under any other Coverage under this policy including, but not limited to, Newly Acquired Property Coverage Extension.
5. This Coverage Extension does not apply to loss or expense which is covered under any Time Element Coverage under this policy. Time Element means Business Income and Extra Expense, Business Income, Extra Expense and Rental Income.



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

## **PROPERTY CHOICE ELITE COVERED VEHICLES – INCLUDING WHILE OVER THE ROAD**

This endorsement modifies insurance provided under the following:

### PROPERTY CHOICE ELITE COVERAGE PART

#### **A. COVERAGE**

##### **1. "Covered Vehicles"**

We will pay for direct physical loss of or direct physical damage to "Covered Vehicles" while at "Insured Premises" caused by or resulting from a Covered Cause of Loss when a Limit of Insurance is shown for "Covered Vehicles" in the Property Choice Elite - Supplemental Declarations.

##### **2. "Covered Vehicles" – "While Over the Road"**

We will pay for direct physical loss of or direct physical damage to "Covered Vehicles" caused by or resulting from a Covered Cause of Loss while at or away from "Insured Premises", including while being operated anywhere in the Policy Territory, when a Limit of Insurance is shown for "Covered Vehicles" - "While Over the Road" in the Property Choice Elite – Supplemental Declarations.

##### **3. Newly Acquired "Covered Vehicles"**

We will pay for direct physical loss of or direct physical damage to Newly Acquired "Covered Vehicles" by or resulting from a Covered Cause of Loss when a Limit of Insurance is shown for Newly Acquired "Covered Vehicles" in the Property Choice Elite – Supplemental Declarations.

#### **B. EXCLUSIONS**

1. All the exclusions that apply under the Property Choice Elite Coverage Part apply under this Endorsement.
2. In addition, we will not pay for loss or damage to any "Covered Vehicles" caused by or resulting from any of the following:
  - a. Wear and tear, freezing, mechanical or electrical breakdown.
  - b. Blowouts, punctures or other road damage to tires.
3. We will not pay for loss or damage to any of the following types of property:
  - a. Tapes, records, discs or other similar audio visual or data electronic devices designed for use with audio, visual or data electronic equipment.
  - b. Any device designed or used to detect speed measuring equipment such as radar or laser detectors and any jamming apparatus intended to elude or disrupt speed measurement equipment.
  - c. Any electronic equipment, without regard to whether this equipment is permanently installed, that receives or transmits audio, visual or data signals.
  - d. Any accessories used with the electronic equipment described in Paragraph c. above.

4. Sections 2. and 3. above do not apply to:
  - a. Equipment designed solely for the reproduction of sound and accessories used with such equipment, provided such equipment is permanently installed in the "Covered Vehicles" at the time of the loss or such equipment is removable from a housing unit which is permanently installed in the "Covered Vehicles" at the time of the loss, and such equipment is designed to be solely operated by use of the power from the "Covered Vehicles" electrical system, in or upon the "Covered Vehicles"; or
  - b. Any other electronic equipment that is:
    - (1) Necessary for the normal operation of the "Covered Vehicles" or the monitoring of the "Covered Vehicles" operating system; or
    - (2) An integral part of the same unit housing any sound reproducing equipment described in 4.a. above and permanently installed in the opening of the dash or console of the "Covered Vehicles" normally used by the manufacturer for installation of a radio.

5. We will not pay for loss or damage caused by, or resulting from, or arising out of delay, loss of use, loss of income, or any other consequential loss.
6. We will not pay for property damage for which you may be legally liable due to the operation of any "Covered Vehicles".

**C. LIMITS OF INSURANCE**

The most we will pay under this Endorsement in any one occurrence is the applicable Limit of Insurance as specified in the Property Choice Elite - Supplemental Declarations. This Limit of Insurance is included within the Loss Limit of Insurance and is not in addition to the Loss Limit of Insurance. Any coverage provided under this Endorsement for Newly Acquired "Covered Vehicles" or "Covered Vehicles" – "While Over the Road" is included within, and not in addition to, the Limit of Insurance for "Covered Vehicles".

**D. LOSS PAYMENT, VALUATION AND OTHER CONDITIONS**

1. We will determine the value of "Covered Vehicles" as of the time of loss or damage, and will not pay more for the lost or damaged property than the least of the following:

- a. Actual Cash Value of that property (value of the "Covered Vehicles" at the time of loss according to the NADA Used Car and Truck Guide);
  - b. The amount it costs that is necessary and reasonable to repair or replace the damaged "Covered Vehicles"; or
  - c. The amount you actually spend that is necessary and reasonable to repair or replace the damaged "Covered Vehicles" with property of like kind and quality.
2. In the event of a total loss to "Covered Vehicles", we retain our right to salvage such "Covered Vehicles".

**3. Other Insurance**

If there is other motor vehicle physical damage insurance or other property insurance covering the same loss or damage as provided under this endorsement, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

**E. DEFINITIONS**

1. "Covered Vehicles" means motor vehicles and trailers that are:
  - a. Designed and licensed for use on public roads;
  - b. Owned by you, or owned by others and in your care, custody or control, but only to the extent of your legal liability for such vehicles; and
  - c. One of the following:
    - (1) Described in the most recent Statement of Values or other documentation provided by you to us; or
    - (2) Newly Acquired, meaning motor vehicles that are acquired by you after the inception of this policy. But each such vehicle will be considered a Newly Acquired "Covered Vehicle" only until any of the following first occurs:
      - (a) This policy expires or is cancelled;



- (b) The number of days shown in the Property Choice Elite – Supplemental Declarations expire after you acquire the vehicle;
- (c) The vehicle is reported to us; or
- (d) The vehicle is more specifically insured elsewhere.

With respect to Newly Acquired "Covered Vehicles" reported to us for coverage under this

Endorsement, the additional premium, if any, will be charged from the date the vehicles are acquired.

- 2. "While Over the Road" means exposure to loss or damage to "Covered Vehicles" while being operated at or away from "Insured Premises", including while in motion over public roadways.



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

**PROPERTY CHOICE ELITE  
DEBRIS REMOVAL ADDITIONAL AMOUNT  
COVERAGE EXTENSION**

This endorsement modifies insurance provided under the following:

PROPERTY CHOICE ELITE COVERAGE FORM

**A.** The following Coverage Extension is deleted:

**7. DEBRIS REMOVAL**

**a. Coverage:** We will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage. This Coverage Extension does not apply to:

- (1) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
- (2) Remove property of others of a type that would not be Covered Property under this Coverage Form;
- (3) Remove deposits of mud or earth from the grounds of the described premises;
- (4) Costs to extract "Pollutants and Contaminants" from land or water; or
- (5) Costs to remove restore or replace polluted land or water.

**b. Limit of Insurance:**

- (1) Payment for Debris Removal is included within the applicable Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for the damaged Covered Property.

(2) The most we will pay under this Coverage Extension for debris removal expense in any one occurrence is the lesser of:

- (a) 25% of the amount that we pay for the direct physical loss of or direct physical damage to Covered Property, plus the deductible in this policy applicable to that loss or damage; or
- (b) The Debris Removal - Maximum Limit, if shown on the Property Choice Elite - Supplemental Declarations.

**B.** The following Coverage Extension is added:

**7. DEBRIS REMOVAL**

**a. Coverage:** We will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage. This Coverage Extension does not apply to:

- (1) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;

- (2) Remove property of others of a type that would not be Covered Property under this Coverage Form;
- (3) Remove deposits of mud or earth from the grounds of the described premises;
- (4) Costs to extract "Pollutants and Contaminants" from land or water; or
- (5) Costs to remove restore or replace polluted land or water.

**b. Limit of Insurance:**

- (1) Payment for Debris Removal is included within the applicable Limit of Insurance shown in the Property Choice Elite - Supplemental Declarations for the damaged Covered Property.
  - (a) We will pay 25% of the amount that we pay for the direct physical loss of or direct physical damage to Covered Property, plus the deductible in this policy applicable to that loss or damage.

- (b) When the debris removal expense exceeds the above 25% limitation or the sum of loss or damage to Covered Property and the expense for removal of the Covered Property debris exceeds the applicable Limit of Insurance for the damaged Covered Property, we will pay an additional amount for debris removal expense of up to the Limit of Insurance for Debris Removal – Additional Amount, if shown, in the Property Choice Elite – Supplemental Declarations. This amount is the most we will pay in total at all "Insured Premises" in any one occurrence.

- (2) In no event will pay more than the Debris Removal – Maximum Limit, if shown on the Property Choice Elite - Supplemental Declarations, in any one occurrence regardless of the number of buildings or structures involved in that occurrence.



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

**WATERCRAFT COVERAGE EXTENSIONS  
FOR: MONTANA ASSOCIATION OF COUNTIES  
POLICY NUMBER: 21 UFB ZX0002**

This endorsement modifies insurance provided under the following:

**PROPERTY CHOICE ELITE COVERAGE PART**

**A.** The following Coverage Extensions are added:

**1. WATERCRAFT WHILE IN THE WATER**

- a.** You may extend the insurance that applies to Business Personal Property to pay for direct physical loss or direct physical damage caused by or resulting from a Covered Cause of Loss to watercraft while in the water. Except as provided in paragraph **b.** below, the most we will pay under this Coverage Extension in any one occurrence is the limit shown in the Property Choice Elite – Supplemental Declarations for Watercraft While in the Water. This Limit of Insurance is included in, and not in addition to, the Business Personal Property Limit of Insurance.
- b.** As respects the watercraft, 2012 28' Munson Landing Craft Mono w/2 250 HP OB, the most we will pay in any one occurrence for direct physical loss or direct physical damage caused by or resulting from a Covered Cause of Loss is the limit shown in the Property Choice Elite – Supplemental Declarations for this specific watercraft. This Limit of Insurance is included in, and not in addition to, the Business Personal Property Limit of Insurance.

**2. WATERCRAFT WHILE OUT OF THE WATER**

You may extend the insurance that applies to Business Personal Property to pay for direct physical loss or direct physical damage caused by or resulting from a Covered Cause of Loss to watercraft while out of the water., the most we will pay under this Coverage Extension in any one occurrence is the limit shown in the Property Choice Elite – Supplemental Declarations for Watercraft While Out of the Water. This Limit of Insurance is included in, and not in addition to, the Business Personal Property Limit of Insurance.



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

**COVERED CAUSES OF LOSS AND EXCLUSIONS FORM  
CHANGES - THEFT LIMITATION  
FOR: MONTANA ASSOCIATION OF COUNTIES  
POLICY NUMBER: 21 UFB ZX0002**

This endorsement modifies insurance provided under the following:

PROPERTY CHOICE ELITE COVERED CAUSES OF LOSS AND EXCLUSIONS FORM

A. The following Limitation is added:

**Theft Limitation to Specific Types of Covered Property**

For loss or damage by "theft", the following types of property are covered only up to the Limit of Insurance shown in the Property Choice Elite – Supplemental Declarations for Jewelry and Furs:

1. Furs, fur garments and garments trimmed with fur; and
2. Jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals.

This limitation does not apply to:

1. Jewelry and watches worth \$100 or less per item; or
2. Gold, gold salts, silver, platinum, precious and semi-precious alloys, metals or stones used in the manufacture of your products, other than jewelry manufacturing or repair.



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

## **PROPERTY CHOICE ELITE JOINT LOSS AGREEMENT**

This endorsement modifies insurance provided under the following:

### PROPERTY CHOICE ELITE COVERAGE PART

- A.** This Endorsement is intended to facilitate payment of insurance proceeds when:
1. Both a boiler and machinery policy and this property policy are in effect;
  2. Damage occurs to Covered Property that is insured by the boiler and machinery policy and this property policy; and
  3. There is disagreement between the insurers as to whether there is coverage or as to the amount of the loss to be paid, if any, by each insurer under its own policies.
- B.** This Endorsement does not apply if:
1. Both the boiler and machinery insurer(s) and we do not admit to any liability; and
  2. Neither the boiler and machinery insurer(s) nor we contend that coverage applies under the other insurer's policy.
- C.** The provisions of this Endorsement apply only if all of the following requirements are met:
1. The boiler and machinery policy carried by the named insured, insuring the Covered Property, contains a similar provision at the time of the loss or damage, with substantially the same requirements, procedures and conditions as contained in this Endorsement;
  2. The damage to the Covered Property was caused by a loss for which:
    - a. Both the boiler and machinery insurer(s) and we admit to some liability for payment under the respective policies; or
    - b. Either:
      - (1) The boiler and machinery insurer(s) does not admit to any liability for payment, while we contend that:
        - (a) All liability exists under the boiler and machinery policy; or
        - (b) Some liability exists under both the boiler and machinery policy and this property policy;
      - (2) We do not admit to any liability for payment, while the boiler and machinery insurer(s) contends that:
        - (a) All liability exists under this property policy; or
        - (b) Some liability exists under both the boiler and machinery policy and this property policy; or
      - (3) Both the boiler and machinery insurer(s) and we:
        - (a) Do not admit to any liability for payment; and
        - (b) Contend that some or all liability exists under the other insurer's policy; and
  3. The total amount of the loss is agreed to by you, the boiler and machinery insurer(s) and us.
- D.** If the requirements listed in Paragraph **C.** above are satisfied, we and the boiler and machinery insurer(s) will make payments to the extent and in the manner, described as follows:
1. We will pay, after your written request, the entire amount of loss that we have agreed as being covered, if any, by this property policy and one-half (1/2) the amount of the loss that is in disagreement.

2. The boiler and machinery insurer(s) will pay, after your written request, the entire amount of loss that they have agreed as being covered, if any, by the boiler and machinery policy and one-half (1/2) the amount of loss that is in disagreement.
3. Payments by the insurers of the amounts that are in disagreement, as described in Paragraphs 1. and 2., do not alter, waive or surrender any rights of any insurer against any other with regard to the portion of the loss for which each insurer is liable.
4. The amount in disagreement to be paid by us under this Endorsement shall not exceed the amount payable under the equivalent Loss Agreement(s) of the boiler and machinery policy.
5. The amount to be paid under this Endorsement shall not exceed the amount we would have paid had no boiler and machinery policy been in effect at the time of loss. In no event will we pay more than the applicable Limit of Insurance shown in the Declarations.
6. Acceptance by you of sums paid under this Endorsement does not alter, waive or surrender any other rights against us.

#### **E. Arbitration**

1. If the circumstances described in Paragraph **C.2.a.** exist and the boiler and machinery insurer(s) and we agree to submit our differences to arbitration, the boiler and machinery insurer(s) and we will determine the amount each will pay and will pay the insured within 90 days. Arbitration will then take place within 90 days after payment of the loss under the terms of this Endorsement.

2. If any of the circumstances described in Paragraph **C.2.b.** exist, then the boiler and machinery insurer(s) and we agree to submit our differences to arbitration within 90 days after payment of the loss under the terms of this Endorsement.
3. You agree to cooperate with any arbitration procedures. There will be three arbitrators: one will be appointed by us, and another will be appointed by the boiler and machinery insurer(s). The two arbitrators will select a third arbitrator. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. A decision agreed to by two of the three arbitrators will be binding on both parties. Judgment on any award can be entered in any court that has jurisdiction.

#### **F. Final Settlement Between Insurers**

The insurer(s) found responsible for the greater percentage of the ultimate loss must return the excess contribution to the other insurer(s). In addition, the insurer(s) found responsible for the greater portion of the loss must pay Liquidated Damages to the other insurer(s) on the amount of the excess contribution of the other insurer(s). Liquidated Damages are defined as interest from the date the insured invokes this Agreement to the date the insurer(s) that contributed the excess amount is reimbursed. The interest is calculated at 1.5 times the highest prime rate from the Money Rates column of the Wall Street Journal during the period of the Liquidated Damages. Arbitration expenses are not a part of the excess contribution for which liquidated damages are calculated. Arbitration expenses will be apportioned between insurers on the same basis that the ultimate loss is apportioned.



**THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT.**

**DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT**

TERRORISM PREMIUM	
Coverage:	Premium (if Covered):
Property	\$ 45,054
	\$
	\$
	\$

**A. Disclosure Of Premium**

In accordance with the federal Terrorism Risk Insurance Act, as amended (TRIA), we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for "certified acts of terrorism" under TRIA. The portion of your premium attributable to such coverage is shown above in this endorsement.

**B. The following definition is added with respect to the provisions of this endorsement:**

A "certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of TRIA, to be an act of terrorism under TRIA. The criteria contained in TRIA for a "certified act of terrorism" include the following:

1. The act results in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to TRIA; and
2. The act results in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of an United States mission; and
3. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to

coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

**C. Disclosure Of Federal Share Of Terrorism Losses Under TRIA**

The United States Department of the Treasury will reimburse insurers for a portion of such insured losses as indicated in the table below that exceeds the applicable insurer deductible:

Calendar Year	Federal Share of Terrorism Losses
2015	85%
2016	84%
2017	83%
2018	82%
2019	81%
2020 or later	80%

However, if aggregate insured losses attributable to "certified acts of terrorism" under TRIA exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion. The United States Government has not charged any premium for their participation in covering terrorism losses.



**D. Cap On Insurer Liability for Terrorism Losses Under TRIA**

If aggregate insured losses attributable to "certified acts of terrorism" under TRIA exceed \$100 billion in a calendar year and we have met, or will meet, our insurer deductible under TRIA we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion. In such case, your coverage for terrorism losses may be reduced on a pro-rata basis in accordance with procedures established by the Treasury, based on its estimates of aggregate industry losses and our estimate that we will exceed our insurer deductible. In accordance with Treasury procedures, amounts paid for losses may be subject to further adjustments based on differences between actual losses and estimates.

**E. Application of Other Exclusions**

The terms and limitations of any terrorism exclusion, the inapplicability or omission of a terrorism exclusion, or the inclusion of terrorism coverage, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Form, Coverage Part or Policy.

**F. All other terms and conditions remain the same.**

- \* Although terrorism is excluded, this policy includes a charge of \$\_\_\_\_\_ for Fire resulting from terrorism in states that have a Standard Fire Policy Statute requiring such coverage as stated in the terrorism exclusion on your policy.



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

## **CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

### **PROPERTY CHOICE COVERAGE PART**

#### **A. Disclosure Of Federal Share Of Terrorism Losses**

The United States Department of the Treasury will reimburse insurers for a portion of such insured losses as indicated in the table below that exceeds the applicable insurer deductible:

Calendar Year	Federal Share of Terrorism Losses
2015	85%
2016	84%
2017	83%
2018	82%
2019	81%
2020 or later	80%

However, if aggregate insured losses attributable to "certified acts of terrorism" under the federal Terrorism Risk Insurance Act, as amended (TRIA) exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion. The United States Government has not charged any premium for their participation in covering terrorism losses.

#### **B. Cap On Insurer Liability For Terrorism Losses**

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

1. The act results in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to TRIA; and

2. The act results in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and
3. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to "certified acts of terrorism" under TRIA exceed \$100 billion in a calendar year and we have met, or will meet, our insurer deductible under TRIA we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion. In such case, your coverage for terrorism losses may be reduced on a pro-rata basis in accordance with procedures established by the Treasury, based on its estimates of aggregate industry losses and our estimate that we will exceed our insurer deductible. In accordance with Treasury procedures, amounts paid for losses may be subject to further adjustments based on differences between actual losses and estimates.

#### **C. Application Of Other Exclusions**

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



# COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

## A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

## B. Changes

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

## C. Examination Of Your Books And Records

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

## D. Inspections And Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;
  - b. Give you reports on the conditions we find; and
  - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

**E. Premiums**

The first Named Insured shown in the Declarations:

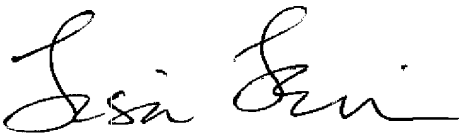
1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

**F. Transfer Of Your Rights And Duties Under This Policy**

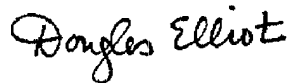
Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

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

Our President and Secretary have signed this policy. Where required by law, the Declarations page has also been countersigned by our duly authorized representative.



Lisa Levin, Secretary



Douglas Elliot, President

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

## **NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT**

**(Broad Form)**

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART  
 COMMERCIAL GENERAL LIABILITY COVERAGE PART  
 FARM COVERAGE PART  
 LIQUOR LIABILITY COVERAGE PART  
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART  
 OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
 POLLUTION LIABILITY COVERAGE PART  
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
 RAILROAD PROTECTIVE LIABILITY COVERAGE PART  
 UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:
  - A. Under any Liability Coverage, to "bodily injury" or "property damage":
    - (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
    - (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which **(a)** any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or **(b)** the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
  - B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
  - C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:
    - (1) The "nuclear material" **(a)** is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or **(b)** has been discharged or dispersed therefrom;
    - (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
    - (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion **(3)** applies only to "property damage" to such "nuclear facility" and any property thereat.
2. As used in this endorsement:
 

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material **(a)** containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and **(b)** resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a)** Any "nuclear reactor";
- (b)** Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";

**(c)** Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

**(d)** Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

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

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.



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

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

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

The Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States. OFAC acts under Presidential national emergency powers, as well as authority granted by specific legislation, to impose controls on transactions and freeze assets under U.S. jurisdiction. OFAC publishes a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country-specific. Collectively, such individuals and companies are called "Specially Designated Nationals and Blocked Persons" or "SDNs". Their assets are blocked and U.S. persons are generally prohibited from dealing with them. This list can be located on OFAC's web site at – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is an SDN, as identified by OFAC, the policy is a blocked contract and all dealings with it must involve OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC.



**Named Insured:** MONTANA ASSOCIATION OF COUNTIES

**Policy Number:** 21 UFB ZX0002

**Effective Date:** 07/01/2017

**Expiration Date:** 07/01/2018

**Company Name:** HARTFORD FIRE INSURANCE COMPANY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## **TRADE OR ECONOMIC SANCTIONS ENDORSEMENT**

This insurance does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit us from providing insurance, including, but not limited to, the payment of claims.

All other terms and conditions remain unchanged.





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

## **TO REPORT A PROPERTY CLAIM**

**Report Claims To:** Michael Law  
Telephone number: 630-692-8391 (office) or 630-487-8396 (cell)  
Email: [propertyLargeLossReferral.Claims@thehartford.com](mailto:propertyLargeLossReferral.Claims@thehartford.com).

Please have the pertinent information available, including the following: Insured Name, Policy Number, Specific Location of the Loss, Description of the Loss, and the Person's Name and Telephone Number that our claims adjuster can contact for additional information.

### **Hartford Underwriter**

Name: Susan Daigle

Email: susan.daigle@thehartford.com



## **PRODUCER COMPENSATION NOTICE**

You can review and obtain information on The Hartford's producer compensation practices at [www.TheHartford.com](http://www.TheHartford.com) or at 1-800-592-5717.