

POLICYHOLDER NOTICE

Thank you for purchasing insurance from a member company of American International Group, Inc. (AIG). The AIG member companies generally pay compensation to brokers and independent agents, and may have paid compensation in connection with your policy. You can review and obtain information about the nature and range of compensation paid by AIG member companies to brokers and independent agents in the United States by visiting our website at www.aig.com/producer-compensation or by calling 1-800-706-3102.

POLICYHOLDER NOTICE

Taxes, Assessments and/or Surcharges

The taxes, assessments and/or surcharges shown on the declarations page or any premium schedule are collected on behalf of the applicable State(s) and in accordance with such State's laws and regulations. The payment of these taxes, assessments and/or surcharges is the responsibility of the Named Insured. In the event the applicable State implements a new tax, assessment and/or surcharge or increases such tax, assessment and/or surcharge during the term of this policy, the Named Insured shall remain responsible for the payment of all amounts due under the policy, including those newly implemented or increased taxes, assessments and/or surcharges.

Any newly implemented or increased taxes, assessments and/or surcharges shall apply on the effective date dictated by the applicable State regardless:

1. Of when the Insurance Company implements the new or increased tax, assessment or surcharge into its systems; or
2. If the Insurance Company recalculates the Named Insured's premium in accordance with the policy's terms and conditions as part of a premium audit after the end of the policy period.

NEW HAMPSHIRE INSURANCE COMPANY

A stock company
175 Water Street 18th Floor, New York, NY 10038
COMMON POLICY DECLARATIONS
QUOTATION

QUOTE NO: 01-LX-090021855-0 REV: 001

NAMED INSURED AND MAILING ADDRESS

TRUCKEE TAHOE AIRPORT DISTRICT
10356 TRUCKEE AIRPORT ROAD
TRUCKEE, CA 96161

PRODUCER MAILING ADDRESS

93575

PREFERRED AVIATION UNDERWRITER
3321 N BERKLEY LAKE RD STE 200
DULUTH, GA 30096-0000

POLICY PERIOD: FROM 07/01/2019 TO 07/01/2020 AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.

THE NAMED INSURED IS: Other

BUSINESS DESCRIPTION:

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

THIS POLICY CONSISTS OF THE COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED.

		PREMIUM
COMMERCIAL PROPERTY	\$	61,003
COMMERCIAL GENERAL LIABILITY	\$	
CRIME AND FIDELITY	\$	660
COMMERCIAL INLAND MARINE	\$	16,603
PROFESSIONAL LIABILITY	\$	
ESTIMATED PREMIUM		\$ 78,266
POLICY PREMIUM		\$ 78,266.00

FORMS AND ENDORSEMENTS APPLICABLE TO ALL COVERAGE PARTS

See Forms Schedule

NOTE: IF NO ENTRY APPEARS ON THE ABOVE ENDORSEMENTS, INFORMATION REQUIRED TO COMPLETE THE FORM WILL BE SHOWN ON THE SUPPLEMENTAL FORM DECLARATION IMMEDIATELY FOLLOWING THE APPLICABLE ENDORSEMENT.

THESE DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND ENDORSEMENTS, AND SUPPLEMENTAL FORM DECLARATION(S), IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

NEW HAMPSHIRE INSURANCE COMPANY

A stock company
175 Water Street 18th Floor, New York, NY 10038
COMMERCIAL PROPERTY
QUOTATION

QUOTE NO: 01-LX-090021855-0 REV: 001

NAMED INSURED AND MAILING ADDRESS

TRUCKEE TAHOE AIRPORT DISTRICT
10356 TRUCKEE AIRPORT ROAD
TRUCKEE, CA 96161

PRODUCER MAILING ADDRESS

93575

PREFERRED AVIATION UNDERWRITER
3321 N BERKLEY LAKE RD STE 200
DULUTH, GA 30096-0000

POLICY PERIOD: FROM 07/01/2019 TO 07/01/2020 AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.

THE NAMED INSURED IS :Other

BUSINESS DESCRIPTION :

LOCATION: 1 BUILDING: 1

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161

BUILDING DESCRIPTION: GENERATOR BUILDING

PROTECTION CLASS: 4 CONSTRUCTION: MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
Building	Special Including Theft	\$5,000	100%	See Blanket Summary

Agreed Value:

Exp Date: 07/01/2020

Replacement Cost

LOCATION: 1 BUILDING: 2

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161

BUILDING DESCRIPTION: ELECTRICAL BUILDING

PROTECTION CLASS: 4 CONSTRUCTION: MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
Building	Special Including Theft	\$5,000	100%	See Blanket Summary

Agreed Value:

Exp Date: 07/01/2020

Replacement Cost

06-19-19

Page 1 of 15

NEW HAMPSHIRE INSURANCE COMPANY

COMMERCIAL PROPERTY

QUOTATION

QUOTE NO: 01-LX-090021855-0 **REV:** 001
INSURED: TRUCKEE TAHOE AIRPORT DISTRICT

EFFECTIVE DATE: 07/01/2019
AGENT: PREFERRED AVIATION UNDERWRITER

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
----------	---------------	-----	-------------	---------------------

LOCATION: 1 **BUILDING:** 3

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161

BUILDING DESCRIPTION: HANGAR #1

PROTECTION CLASS: 4 **CONSTRUCTION:** MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
----------	---------------	-----	-------------	---------------------

Building	Special Including Theft	\$5,000	100%	See Blanket Summary
-----------------	-------------------------	---------	------	---------------------

Agreed Value:

Exp Date: 07/01/2020

Replacement Cost

LOCATION: 1 **BUILDING:** 4

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161

BUILDING DESCRIPTION: PHOENIX HANGAR

PROTECTION CLASS: 4 **CONSTRUCTION:** MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
----------	---------------	-----	-------------	---------------------

Building	Special Including Theft	\$5,000	100%	See Blanket Summary
-----------------	-------------------------	---------	------	---------------------

Agreed Value:

Exp Date: 07/01/2020

Replacement Cost

LOCATION: 1 **BUILDING:** 5

06-19-19

Page 2 of 15

NEW HAMPSHIRE INSURANCE COMPANY

COMMERCIAL PROPERTY

QUOTATION

QUOTE NO: 01-LX-090021855-0 REV: 001
INSURED: TRUCKEE TAHOE AIRPORT DISTRICT

EFFECTIVE DATE: 07/01/2019
AGENT: PREFERRED AVIATION UNDERWRITER

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161
BUILDING DESCRIPTION: EAA BUILDING
PROTECTION CLASS: 4 **CONSTRUCTION:** MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
Building	Special Including Theft	\$5,000	100%	See Blanket Summary

Agreed Value:
Exp Date: 07/01/2020
Replacement Cost

LOCATION: 1 **BUILDING:** 6

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161
BUILDING DESCRIPTION: NEW MAINTENANCE
PROTECTION CLASS: 4 **CONSTRUCTION:** MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
Building	Special Including Theft	\$5,000	100%	See Blanket Summary

Agreed Value:
Exp Date: 07/01/2020
Replacement Cost

PERSONAL PROPERTY COVERAGE(S)

Business Personal Property	Special Including Theft	\$5,000	100%	See Blanket Summary
-----------------------------------	-------------------------	---------	------	---------------------

Agreed Value:
Exp Date: 07/01/2020
Replacement Cost

LOCATION: 1 **BUILDING:** 7

PROPERTY AT YOUR PREMISES

NEW HAMPSHIRE INSURANCE COMPANY

COMMERCIAL PROPERTY

QUOTATION

QUOTE NO: 01-LX-090021855-0 **REV:** 001
INSURED: TRUCKEE TAHOE AIRPORT DISTRICT

EFFECTIVE DATE: 07/01/2019
AGENT: PREFERRED AVIATION UNDERWRITER

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161
BUILDING DESCRIPTION: WAREHOUSE
PROTECTION CLASS: 4 **CONSTRUCTION:** MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
Building	Special Including Theft	\$5,000	100%	See Blanket Summary

Agreed Value:
Exp Date: 07/01/2020
Replacement Cost

LOCATION: 1 **BUILDING:** 8

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161
BUILDING DESCRIPTION: MODULAR OFFICE
PROTECTION CLASS: 4 **CONSTRUCTION:** NON-COMBUSTIBLE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
Building	Special Including Theft	\$5,000	100%	See Blanket Summary

Agreed Value:
Exp Date: 07/01/2020
Replacement Cost

PERSONAL PROPERTY COVERAGE(S)

Business Personal Property	Special Including Theft	\$5,000	100%	See Blanket Summary
-----------------------------------	-------------------------	---------	------	---------------------

Agreed Value:
Exp Date: 07/01/2020
Replacement Cost

LOCATION: 1 **BUILDING:** 9

PROPERTY AT YOUR PREMISES

NEW HAMPSHIRE INSURANCE COMPANY

COMMERCIAL PROPERTY

QUOTATION

QUOTE NO: 01-LX-090021855-0 **REV:** 001
INSURED: TRUCKEE TAHOE AIRPORT DISTRICT

EFFECTIVE DATE: 07/01/2019
AGENT: PREFERRED AVIATION UNDERWRITER

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161
BUILDING DESCRIPTION: 2 BAY SHOP
PROTECTION CLASS: 4 **CONSTRUCTION:** MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
Building	Special Including Theft	\$5,000	100%	See Blanket Summary

Agreed Value:
Exp Date: 07/01/2020
Replacement Cost

LOCATION: 1 **BUILDING:** 10

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161
BUILDING DESCRIPTION: HANGAR K 1-14
PROTECTION CLASS: 4 **CONSTRUCTION:** MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
Building	Special Including Theft	\$5,000	100%	See Blanket Summary

Agreed Value:
Exp Date: 07/01/2020
Replacement Cost

LOCATION: 1 **BUILDING:** 11

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161
BUILDING DESCRIPTION: HANGAR J 1-8
PROTECTION CLASS: 4 **CONSTRUCTION:** MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
Building	Special Including Theft	\$5,000	100%	See Blanket Summary

NEW HAMPSHIRE INSURANCE COMPANY

COMMERCIAL PROPERTY

QUOTATION

QUOTE NO: 01-LX-090021855-0 REV: 001
INSURED: TRUCKEE TAHOE AIRPORT DISTRICT

EFFECTIVE DATE: 07/01/2019
AGENT: PREFERRED AVIATION UNDERWRITER

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
----------	---------------	-----	-------------	---------------------

Agreed Value:

Exp Date: 07/01/2020

Replacement Cost

LOCATION: 1 **BUILDING:** 12

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161

BUILDING DESCRIPTION: HANGAR A 9-29

PROTECTION CLASS: 4 **CONSTRUCTION:** MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
----------	---------------	-----	-------------	---------------------

Building	Special Including Theft	\$5,000	100%	See Blanket Summary
-----------------	-------------------------	---------	------	---------------------

Agreed Value:

Exp Date: 07/01/2020

Replacement Cost

LOCATION: 1 **BUILDING:** 13

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161

BUILDING DESCRIPTION: HANGAR B 1-25

PROTECTION CLASS: 4 **CONSTRUCTION:** MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
----------	---------------	-----	-------------	---------------------

Building	Special Including Theft	\$5,000	100%	See Blanket Summary
-----------------	-------------------------	---------	------	---------------------

Agreed Value:

Exp Date: 07/01/2020

Replacement Cost

NEW HAMPSHIRE INSURANCE COMPANY

COMMERCIAL PROPERTY

QUOTATION

QUOTE NO: 01-LX-090021855-0 REV: 001
INSURED: TRUCKEE TAHOE AIRPORT DISTRICT

EFFECTIVE DATE: 07/01/2019
AGENT: PREFERRED AVIATION UNDERWRITER

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
----------	---------------	-----	-------------	---------------------

LOCATION: 1 **BUILDING:** 14

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161

BUILDING DESCRIPTION: HANGAR C 1-25

PROTECTION CLASS: 4 **CONSTRUCTION:** MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
----------	---------------	-----	-------------	---------------------

Building	Special Including Theft	\$5,000	100%	See Blanket Summary
-----------------	-------------------------	---------	------	---------------------

Agreed Value:

Exp Date: 07/01/2020

Replacement Cost

LOCATION: 1 **BUILDING:** 15

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161

BUILDING DESCRIPTION: HANGAR D 1-25

PROTECTION CLASS: 4 **CONSTRUCTION:** MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
----------	---------------	-----	-------------	---------------------

Building	Special Including Theft	\$5,000	100%	See Blanket Summary
-----------------	-------------------------	---------	------	---------------------

Agreed Value:

Exp Date: 07/01/2020

Replacement Cost

LOCATION: 1 **BUILDING:** 16

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161

BUILDING DESCRIPTION: HANGAR E 1-25

PROTECTION CLASS: 4 **CONSTRUCTION:** MASONRY NON-COMBUSTIBLE

NEW HAMPSHIRE INSURANCE COMPANY

COMMERCIAL PROPERTY

QUOTATION

QUOTE NO: 01-LX-090021855-0 **REV:** 001
INSURED: TRUCKEE TAHOE AIRPORT DISTRICT

EFFECTIVE DATE: 07/01/2019
AGENT: PREFERRED AVIATION UNDERWRITER

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
Building	Special Including Theft	\$5,000	100%	See Blanket Summary

Agreed Value:
Exp Date: 07/01/2020
Replacement Cost

LOCATION: 1 **BUILDING:** 17

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161
BUILDING DESCRIPTION: HANGAR F 1-21
PROTECTION CLASS: 4 **CONSTRUCTION:** MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
Building	Special Including Theft	\$5,000	100%	See Blanket Summary

Agreed Value:
Exp Date: 07/01/2020
Replacement Cost

LOCATION: 1 **BUILDING:** 18

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161
BUILDING DESCRIPTION: HANGAR G 1-25
PROTECTION CLASS: 4 **CONSTRUCTION:** MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
Building	Special Including Theft	\$5,000	100%	See Blanket Summary

Agreed Value:
Exp Date: 07/01/2020
Replacement Cost

NEW HAMPSHIRE INSURANCE COMPANY

COMMERCIAL PROPERTY

QUOTATION

QUOTE NO: 01-LX-090021855-0 **REV:** 001
INSURED: TRUCKEE TAHOE AIRPORT DISTRICT

EFFECTIVE DATE: 07/01/2019
AGENT: PREFERRED AVIATION UNDERWRITER

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
----------	---------------	-----	-------------	---------------------

LOCATION: 1 **BUILDING:** 19

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161

BUILDING DESCRIPTION: HANGAR H 1-10

PROTECTION CLASS: 4 **CONSTRUCTION:** MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
----------	---------------	-----	-------------	---------------------

Building	Special Including Theft	\$5,000	100%	See Blanket Summary
-----------------	-------------------------	---------	------	---------------------

Agreed Value:

Exp Date: 07/01/2020

Replacement Cost

LOCATION: 1 **BUILDING:** 20

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161

BUILDING DESCRIPTION: GENERATOR BUILDING #2

PROTECTION CLASS: 4 **CONSTRUCTION:** MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
----------	---------------	-----	-------------	---------------------

Building	Special Including Theft	\$5,000	100%	See Blanket Summary
-----------------	-------------------------	---------	------	---------------------

Agreed Value:

Exp Date: 07/01/2020

Replacement Cost

LOCATION: 1 **BUILDING:** 21

PROPERTY AT YOUR PREMISES

06-19-19

Page 9 of 15

NEW HAMPSHIRE INSURANCE COMPANY

COMMERCIAL PROPERTY

QUOTATION

QUOTE NO: 01-LX-090021855-0 REV: 001
INSURED: TRUCKEE TAHOE AIRPORT DISTRICT

EFFECTIVE DATE: 07/01/2019
AGENT: PREFERRED AVIATION UNDERWRITER

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161
BUILDING DESCRIPTION: HANGAR L 1-16
PROTECTION CLASS: 4 **CONSTRUCTION:** MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
Building	Special Including Theft	\$5,000	100%	See Blanket Summary

Agreed Value:
Exp Date: 07/01/2020
Replacement Cost

LOCATION: 1 **BUILDING:** 22

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161
BUILDING DESCRIPTION: HANGAR M 1-18
PROTECTION CLASS: 4 **CONSTRUCTION:** MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
Building	Special Including Theft	\$5,000	100%	See Blanket Summary

Agreed Value:
Exp Date: 07/01/2020
Replacement Cost

LOCATION: 1 **BUILDING:** 23

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161
BUILDING DESCRIPTION: AIRPORT TERMINAL & OFFICE
PROTECTION CLASS: 4 **CONSTRUCTION:** MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
Building	Special Including Theft	\$5,000	100%	See Blanket Summary

NEW HAMPSHIRE INSURANCE COMPANY

COMMERCIAL PROPERTY

QUOTATION

QUOTE NO: 01-LX-090021855-0 REV: 001
INSURED: TRUCKEE TAHOE AIRPORT DISTRICT

EFFECTIVE DATE: 07/01/2019
AGENT: PREFERRED AVIATION UNDERWRITER

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
----------	---------------	-----	-------------	---------------------

Agreed Value:
Exp Date: 07/01/2020
Replacement Cost

PERSONAL PROPERTY COVERAGE(S)

Business Personal Property	Special Including Theft	\$5,000	100%	See Blanket Summary
-----------------------------------	-------------------------	---------	------	---------------------

Agreed Value:
Exp Date: 07/01/2020
Replacement Cost

LOCATION: 1 **BUILDING:** 24

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161
BUILDING DESCRIPTION: NEW BUILDING
PROTECTION CLASS: 4 **CONSTRUCTION:** MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
----------	---------------	-----	-------------	---------------------

Building	Special Including Theft	\$5,000	100%	See Blanket Summary
-----------------	-------------------------	---------	------	---------------------

Agreed Value:
Exp Date: 07/01/2020
Replacement Cost

Business Income With Extra Expense	Special Including Theft		100%	\$2,994,932
---	-------------------------	--	------	-------------

Agreed Value: \$2,994,932
Exp Date: 07/01/2020

LOCATION: 1 **BUILDING:** 25

PROPERTY AT YOUR PREMISES

ADDRESS: 10356 TRUCKEE AIRPORT ROAD, TRUCKEE, CA 96161
BUILDING DESCRIPTION: NEW OFFICE BUILDING
PROTECTION CLASS: 4 **CONSTRUCTION:** FRAME

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

06-19-19

Page 11 of 15

NEW HAMPSHIRE INSURANCE COMPANY

COMMERCIAL PROPERTY

QUOTATION

QUOTE NO: 01-LX-090021855-0 REV: 001
INSURED: TRUCKEE TAHOE AIRPORT DISTRICT

EFFECTIVE DATE: 07/01/2019
AGENT: PREFERRED AVIATION UNDERWRITER

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
Building	Special Including Theft	\$5,000	100%	See Blanket Summary
Agreed Value: Exp Date: 07/01/2020 Replacement Cost				

LOCATION: 2 BUILDING: 1

PROPERTY AT YOUR PREMISES
ADDRESS: 10400 REYNOLD WAY, TRUCKEE, CA 96161
BUILDING DESCRIPTION: GOLF COURSE BUILDING
PROTECTION CLASS: 4 CONSTRUCTION: MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED				
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN				
COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
Building	Special Including Theft	\$5,000	100%	See Blanket Summary
Agreed Value: Exp Date: 07/01/2020 Replacement Cost				

LOCATION: 2 BUILDING: 2

PROPERTY AT YOUR PREMISES
ADDRESS: 10400 REYNOLD WAY, TRUCKEE, CA 96161
BUILDING DESCRIPTION: GOLF COURSE BUILDING
PROTECTION CLASS: 4 CONSTRUCTION: MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED				
INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN				
COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
Building	Special Including Theft	\$5,000	100%	See Blanket Summary
Agreed Value: Exp Date: 07/01/2020 Replacement Cost				

NEW HAMPSHIRE INSURANCE COMPANY

COMMERCIAL PROPERTY

QUOTATION

QUOTE NO: 01-LX-090021855-0 REV: 001
INSURED: TRUCKEE TAHOE AIRPORT DISTRICT

EFFECTIVE DATE: 07/01/2019
AGENT: PREFERRED AVIATION UNDERWRITER

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
----------	---------------	-----	-------------	---------------------

LOCATION: 2 **BUILDING:** 3

PROPERTY AT YOUR PREMISES

ADDRESS: 10400 REYNOLD WAY, TRUCKEE, CA 96161

BUILDING DESCRIPTION: GOLF COURSE BUILDING

PROTECTION CLASS: 4 **CONSTRUCTION:** MASONRY NON-COMBUSTIBLE

COVERAGES PROVIDED

INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH AN AMOUNT OF INSURANCE IS SHOWN

COVERAGE	CAUSE OF LOSS	DED	COINSURANCE	AMOUNT OF INSURANCE
----------	---------------	-----	-------------	---------------------

Building	Special Including Theft	\$5,000	100%	\$39,303
----------	-------------------------	---------	------	----------

Agreed Value: \$39,303

Exp Date: 07/01/2020

Replacement Cost

BLANKET SUMMARY - Average Rates

BLANKET ID:	1	LIMIT:	\$71,550,622	CAUSE OF LOSS:	Special Including Theft
-------------	---	--------	--------------	----------------	-------------------------

LOCATION#	BUILDING#	COVERAGE	COINSURANCE:	100%
-----------	-----------	----------	--------------	------

1	1	Building		
---	---	----------	--	--

1	2	Building		
---	---	----------	--	--

1	3	Building		
---	---	----------	--	--

1	4	Building		
---	---	----------	--	--

1	5	Building		
---	---	----------	--	--

1	6	Building		
---	---	----------	--	--

1	7	Building		
---	---	----------	--	--

1	8	Building		
---	---	----------	--	--

1	9	Building		
---	---	----------	--	--

1	10	Building		
---	----	----------	--	--

NEW HAMPSHIRE INSURANCE COMPANY

COMMERCIAL PROPERTY

QUOTATION

QUOTE NO: 01-LX-090021855-0 **REV:** 001
INSURED: TRUCKEE TAHOE AIRPORT DISTRICT

EFFECTIVE DATE: 07/01/2019
AGENT: PREFERRED AVIATION UNDERWRITER

BLANKET SUMMARY - Average Rates		
1	11	Building
1	12	Building
1	13	Building
1	14	Building
1	15	Building
1	16	Building
1	17	Building
1	18	Building
1	19	Building
1	20	Building
1	21	Building
1	22	Building
1	23	Building
1	24	Building
1	25	Building
2	1	Building
2	2	Building

BLANKET SUMMARY - Average Rates				
BLANKET ID:	2	LIMIT:	\$746,085	CAUSE OF LOSS: Special Including Theft
LOCATION#	BUILDING#	COVERAGE	COINSURANCE:	100%
1	6	Personal Property		
1	8	Personal Property		
1	23	Personal Property		

NEW HAMPSHIRE INSURANCE COMPANY
COMMERCIAL PROPERTY
QUOTATION

QUOTE NO: 01-LX-090021855-0 REV: 001
INSURED: TRUCKEE TAHOE AIRPORT DISTRICT

EFFECTIVE DATE: 07/01/2019
AGENT: PREFERRED AVIATION UNDERWRITER

TERRORISM RISK INSURANCE ACT IS INCLUDED

\$600

ESTIMATED COMMERCIAL PROPERTY PREMIUM

\$61,003

FORMS AND ENDORSEMENTS

APPLYING TO COMMERCIAL PROPERTY AND MADE PART OF THIS POLICY AT TIME OF ISSUE:

See Forms Schedule

NOTE: IF NO ENTRY APPEARS ON THE ABOVE ENDORSEMENTS, INFORMATION REQUIRED TO COMPLETE THE FORM WILL BE SHOWN ON THE SUPPLEMENTAL FORM DECLARATION IMMEDIATELY FOLLOWING THE APPLICABLE ENDORSEMENT.

THESE DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND ENDORSEMENTS, AND SUPPLEMENTAL FORM DECLARATION(S), IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY

NEW HAMPSHIRE INSURANCE COMPANY

A stock company
175 Water Street 18th Floor, New York, NY 10038
COMMERCIAL CRIME AND FIDELITY
QUOTATION

QUOTE NO: 01-LX-090021855-0 REV: 001

NAMED INSURED AND MAILING ADDRESS

TRUCKEE TAHOE AIRPORT DISTRICT
10356 TRUCKEE AIRPORT ROAD
TRUCKEE, CA 96161

PRODUCER MAILING ADDRESS

93575

PREFERRED AVIATION UNDERWRITER
3321 N BERKLEY LAKE RD STE 200
DULUTH, GA 30096-0000

POLICY PERIOD: FROM 07/01/2019 TO 07/01/2020 AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.

INSURING AGREEMENTS

INSURING AGREEMENT	LIMIT	DEDUCTIBLE
Employee Theft (Blanket)	\$250,000	\$2,500

ESTIMATED CRIME AND FIDELITY PREMIUM

\$

660

FORMS AND ENDORSEMENTS

APPLYING TO THIS COVERAGE PART AND MADE PART OF THIS POLICY AT TIME OF ISSUE:

See Forms Schedule

See Forms Schedule

NOTE: IF NO ENTRY APPEARS ON THE ABOVE ENDORSEMENTS, INFORMATION REQUIRED TO COMPLETE THE FORM WILL BE SHOWN ON THE SUPPLEMENTAL FORM DECLARATION IMMEDIATELY FOLLOWING THE APPLICABLE ENDORSEMENT.

CANCELLATION OF PRIOR INSURANCE

By acceptance of this policy you give us notice cancelling prior policy or bond No(s).

The cancellation to be effective at the time this policy becomes effective.

THESE DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND ENDORSEMENTS, AND SUPPLEMENTAL FORM DECLARATION(S), IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY

NEW HAMPSHIRE INSURANCE COMPANY
A stock company
175 Water Street 18th Floor, New York, NY 10038
COMMERCIAL INLAND MARINE
QUOTATION

QUOTE NO: 01-LX-090021855-0 REV: 001

NAMED INSURED AND MAILING ADDRESS

TRUCKEE TAHOE AIRPORT DISTRICT
10356 TRUCKEE AIRPORT ROAD
TRUCKEE, CA 96161

PRODUCER MAILING ADDRESS

93575

PREFERRED AVIATION UNDERWRITER
3321 N BERKLEY LAKE RD STE 200
DULUTH, GA 30096-0000

POLICY PERIOD: FROM 07/01/2019 TO 07/01/2020 AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.

QUOTATION ONLY – NOT A POLICY

**THE NAMED
INSURED IS :**

Other

**BUSINESS
DESCRIPTION :**

CONTRACTORS EQUIPMENT - EQUIPMENT LEASED OR RENTED FROM OTHERS

AAIS – IM COVERAGE	LIMIT
Contractors Equipment - Equipment Leased or Rented from Others	\$100,000
TOTAL PREMIUM	\$500

CONTRACTORS EQUIPMENT - SCHEDULED EQUIPMENT FORM

AAIS – IM COVERAGE	LIMIT
Contractors Equipment - Scheduled Equipment Form	\$4,979,917
Contractors Equipment - FUEL FARM & SUPER SAFE	\$1,302,322
Contractors Equipment - ALDER HILL BEACON TOWER	\$34,852
Contractors Equipment - DRY LAKE BEACON	\$85,194
Contractors Equipment - BALD MOUNTAIN BEACON	\$75,000
Contractors Equipment - MOBILE EQUIPMENT ON FILE	\$3,482,549
TOTAL PREMIUM	\$14,939

NON-ISO -MISCELLANEOUS ENDORSEMENTS

AAIS – IM COVERAGE	LIMIT
Non-ISO -Miscellaneous Endorsements	
TOTAL PREMIUM	\$1,000

NEW HAMPSHIRE INSURANCE COMPANY
COMMERCIAL INLAND MARINE
QUOTATION

QUOTE NO: 01-LX-090021855-0 **REV:** 001
INSURED: TRUCKEE TAHOE AIRPORT DISTRICT

EFFECTIVE DATE: 07/01/2019
AGENT: PREFERRED AVIATION UNDERWRITER

TERRORISM RISK INSURANCE ACT IS INCLUDED

\$164

ESTIMATED COMMERCIAL INLAND MARINE PREMIUM

\$16,603

FORMS AND ENDORSEMENTS

APPLYING TO COMMERCIAL INLAND MARINE COVERAGE PART AND MADE PART OF THIS POLICY AT TIME OF ISSUE:

See Forms Schedule

See Forms Schedule

NOTE: IF NO ENTRY APPEARS ON THE ABOVE ENDORSEMENTS, INFORMATION REQUIRED TO COMPLETE THE FORM WILL BE SHOWN ON THE SUPPLEMENTAL FORM DECLARATION IMMEDIATELY FOLLOWING THE APPLICABLE ENDORSEMENT.

THESE DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND ENDORSEMENTS, AND SUPPLEMENTAL FORM DECLARATION(S), IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY

NEW HAMPSHIRE INSURANCE COMPANY

175 Water Street 18th Floor, New York, NY 10038

FORMS SCHEDULE

QUOTE NO: 01-LX-090021855-0 REV: 001

ACCOUNT NUMBER:

NAMED INSURED AND MAILING ADDRESS

TRUCKEE TAHOE AIRPORT DISTRICT
10356 TRUCKEE AIRPORT ROAD
TRUCKEE, CA 96161

AGENCY AND MAILING ADDRESS

93575

PREFERRED AVIATION UNDERWRITER
3321 N BERKLEY LAKE RD STE 200
DULUTH, GA 30096-0000

POLICY PERIOD: FROM 07/01/2019 TO 07/01/2020 AT 12:01 AM STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.

NOTE: IF NO ENTRY APPEARS ON THE FOLLOWING ENDORSEMENTS, INFORMATION REQUIRED TO COMPLETE THE FORM WILL BE SHOWN ON THE SUPPLEMENTAL FORM DECLARATION IMMEDIATELY FOLLOWING THE APPLICABLE ENDORSEMENT.

COMMON POLICY PACKAGE		APPLICABLE COVERAGE PARTS
123112 09-16	AIG Combined Privacy Notice	Crime And Fidelity, Commercial Inland Marine, Commercial Property
89644 06-13	Economic Sanctions Endorsement	Crime And Fidelity, Commercial Inland Marine, Commercial Property
IL0003 09-08	Calculation of Premium	Commercial Inland Marine
IL0017 11-98	Common Policy Conditions	Commercial Inland Marine
IL0935 07-02	Exclusion Of Certain Computer- Related Losses	Crime And Fidelity, Commercial Inland Marine, Commercial Property
IL0102 05-05	California Changes - Actual Cash Value	Commercial Inland Marine, Commercial Property
IL0103 09-07	California Changes - Actual Cash Value	Crime And Fidelity
IL0104 09-07	California Changes	Commercial Inland Marine, Commercial Property
IL0270 08-11	California Changes - Cancellation And Nonrenewal	Commercial Inland Marine
IL0270 09-12	California Changes - Cancellation And Nonrenewal	Crime And Fidelity
125595 03-17	Federal Share of Compensation Under TRIA and Cap on Losses Endorsement	Commercial Inland Marine, Commercial Property

COMMERCIAL PROPERTY FORMS

New Hampshire Insurance Company

FORMS SCHEDULE

QUOTE NO: 01-LX-090021855-0 REV: 001
INSURED: TRUCKEE TAHOE AIRPORT DISTRICT

EFFECTIVE DATE: 07/01/2019
AGENT: PREFERRED AVIATION UNDERWRITER

COMMERCIAL PROPERTY FORMS

63940 12-04	Commercial Property Coverage Form Extension Of Supplemental Declarations
63948 12-11	Commercial Property Coverage Part Supplemental Declarations
97080 02-12	Amendatory Endorsement
64543 12-04	Property One Coverage Form
64872 12-04	Property One Business Income And Extra Expense Coverage Part
63958 06-04	Commercial Property Coverage Form Schedule Of Premises

CRIME AND FIDELITY FORMS

CR0021 08-13	Commercial Crime Coverage Form (Loss Sustained Form)
--------------	--

COMMERCIAL INLAND MARINE FORMS

106372 03-17	Amendatory Endorsement - Weight of Load
CL0700 10-06	Virus or Bacteria Exclusion
IM 7001 04-04	Contractors' Equipment Coverage - Scheduled Equipment Form
IM 7006 01-12	Schedule of Coverages - Contractors' Equipment - Scheduled Equipment Form
IM 7012 07-11	Equipment Leased or Rented From Others Endorsement
IM 7031 01-12	Equipment Schedule - Contractors' Equipment - Valuation Basis
IM7857 07-08	Earthquake and Flood Coverage Endorsement
IM2009 01-12	Amendatory Endorsement - California
IM2201 11-06	Amendatory Endorsement - Fungus Exclusion and Limited Coverage Deleted - Contractors' Combination
IM2202 06-07	Amendatory Endorsement - Fungus Exclusion and Limited Coverage Deleted - Difference in Conditions
IM2203 04-07	Amendatory Endorsement - Fungus Exclusion Deleted - Difference in Conditions
IM7807 01-12	Earthquake and Flood Schedule
IM 7036 07-11	Equipment Leased or Rented From Others Schedule

Named Insured: **TRUCKEE TAHOE AIRPORT DISTRICT**
Policy No: **01-LX-090021855-0**
Effective 12:01 a.m. 07/01/2019

POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM INSURANCE COVERAGE
(COVERAGE INCLUDED)

Coverage for acts of terrorism is included in your policy. You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2015, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term “act of terrorism” means any act that is certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019 and 80% beginning on January 1, 2020 of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers’ liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

The portion of your annual premium that is attributable to coverage for acts of terrorism is \$764, and does not include any charges for the portion of losses covered by the United States government under the Act.

FACTS

Why?

What?

How?

WHAT DOES AMERICAN INTERNATIONAL GROUP, INC. (AIG) DO WITH YOUR PERSONAL INFORMATION?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and Medical Information
- Income and Credit History
- Payment History and Employment Information

When you are *no longer* our customer, we continue to share your information as described in this notice.

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons AIG chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does AIG share?	Can you limit this sharing?
For our everyday business purposes — such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, conduct research including data analytics, or report to credit bureaus	Yes	No
For our marketing purposes — to offer our products and services to you	Yes	No
For joint marketing with other financial companies	Yes	No
For our affiliates' everyday business purposes — information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes — information about your creditworthiness	No	We don't share
For nonaffiliates to market to you	No	We don't share

Questions?

For AIG Insurance Companies: Call 866-244-4786; Fax: 212-458-7081 or E-Mail: CIPrivacy@aig.com

For Pet insurance sold by AIG Insurance Companies: Call 866-937-7387 or E-Mail: CIPrivacy@aig.com

For Morefar Marketing, Inc. (Non-Warranty):

For policies/services sold prior to 2015, Call 866-244-4786 or E-Mail: CIPrivacy@aig.com

For policies/services sold in 2015 or later, Call 800-982-5701 or E-Mail: CIPrivacy@aig.com

For Morefar Marketing, Inc. (Warranty): Call 800-982-5701 or E-Mail: CIPrivacy@aig.com

For LiveTravel, Inc., Travel Guard Group, Inc. or AIG Travel Assist, Inc.: Call 866-244-4786 or E-Mail: CIPrivacy@aig.com

Who we are

Who is providing this notice? The insurance company subsidiaries of American International Group, Inc. (AIG) underwriting property-casualty, accident & health, life insurance and related services and certain marketing subsidiaries of AIG listed below.

What we do

How does AIG protect my personal information? To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. We restrict access to employees, representatives, agents, or selected third parties who have been trained to handle nonpublic personal information.

How does AIG collect my personal information? We collect your personal information, for example, when you

- apply for insurance or pay insurance premiums
- file an insurance claim or give us your income information
- provide employment information

We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.

Why can't I limit all sharing? Federal law gives you the right to limit only

- sharing for affiliates' everyday business purposes— information about your creditworthiness
- affiliates from using your information to market to you
- sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.

Definitions

Affiliates Companies related by common ownership or control. They can be financial and nonfinancial companies.

- *Our affiliates include the member companies of American International Group, Inc.*

Nonaffiliates Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- *AIG does not share with nonaffiliates so they can market to you.*

Joint marketing A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- *Our joint marketing partners include companies with which we jointly offer insurance products, such as a bank.*

Other important information

This notice is provided by American Home Assurance Company; AIG Assurance Company; AIG Property Casualty Company; AIG Specialty Insurance Company; Commerce and Industry Insurance Company; Granite State Insurance Company; Illinois National Insurance Co.; Lexington Insurance Company; AIU Insurance Company; National Union Fire Insurance Company of Pittsburgh, Pa.; National Union Fire Insurance Company of Vermont; New Hampshire Insurance Company; The Insurance Company of the State of Pennsylvania; (collectively the "AIG Insurance Companies"). This notice is also provided by certain marketing subsidiaries of AIG, including Morefar Marketing, Inc., LLC, Travel Guard Group, Inc., AIG Travel Assist, Inc. and LiveTravel, Inc. who market insurance or non-insurance products and services to consumers.

For Vermont Residents only. We will not disclose information about your creditworthiness to our affiliates and will not disclose your personal information, financial information, credit report, or health information to nonaffiliated third parties to market to you, other than as permitted by Vermont law, unless you authorize us to make those disclosures. Additional information concerning our privacy policies can be found using the contact information above for Questions.

For California Residents only. We will not share information we collect about you with nonaffiliated third parties, except as permitted by California law, such as to process your transactions or to maintain your account.

For Nevada Residents Only. We are providing this notice pursuant to Nevada state law. You may elect to be placed on our internal Do Not Call list by contacting us as listed above. Nevada law requires that we also provide you with the following contact information: Bureau of Consumer Protection, Office of the Nevada Attorney General, 555 E. Washington Street, Suite 3900, Las Vegas, NV 89101; Phone number: 702-486-3132; email: aginfo@ag.nv.gov. You may contact the applicable customer service department using the contact information above or by writing to us at Privacy Officer, 175 Water Street, 18th Floor, New York, NY 10038.

You have the right to see and, if necessary, correct personal data. This requires a written request, both to see your personal data and to request correction. We do not have to change our records if we do not agree with your correction, but we will place your statement in our file. If you would like a more detailed description of our information practices and your rights, please write to us at: Privacy Officer, 175 Water Street, 18th Floor, New York, NY 10038.

ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Policy No: 01-LX-090021855-0 REV: 001

Effective 12:01 a.m. 07/01/2019

ECONOMIC SANCTIONS ENDORSEMENT

This endorsement modifies insurance provided under the following:

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALCULATION OF PREMIUM

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN 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

The following is added:

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

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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
STANDARD PROPERTY POLICY

- A.** We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
- 1.** The failure, malfunction or inadequacy of:
 - a.** Any of the following, whether belonging to any insured or to others:
 - (1)** Computer hardware, including microprocessors;
 - (2)** Computer application software;
 - (3)** Computer operating systems and related software;
 - (4)** Computer networks;
 - (5)** Microprocessors (computer chips) not part of any computer system; or
 - (6)** Any other computerized or electronic equipment or components; or
 - b.** Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
 - 2.** Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.
- B.** If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:
- 1.** In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
 - 2.** Under the Commercial Property Coverage Part:
 - a.** In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss – Special Form; or
 - b.** In a Covered Cause of Loss under the Causes Of Loss – Basic Form or the Causes Of Loss – Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.
- C.** We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES – ACTUAL CASH VALUE

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 FARM COVERAGE PART
 STANDARD PROPERTY POLICY

With respect to an "open policy", the following are added to any provision which uses the term actual cash value:

- A.** In the event of a total loss to a building or structure, actual cash value is calculated as the lesser of the following:
 - 1. The Limit of Insurance applicable to that building or structure; or
 - 2. The fair market value of the building or structure.
- B.** In the event of a partial loss to a building or structure, actual cash value is calculated as the lesser of the following:
 - 1. The amount it would cost to repair, rebuild or replace the property less a fair and reasonable deduction for physical depreciation of the components of the building or structure that are normally subject to repair or replacement during its useful life. Physical depreciation is based upon the condition of the property at the time of the loss; or
 - 2. The Limit of Insurance applicable to the property.
- C.** In the event of a partial or total loss to Covered Property other than a building or structure, actual cash value is calculated as the lesser of the following:
 - 1. The amount it would cost to repair or replace the property less a fair and reasonable deduction for physical depreciation, based on the condition of the property at the time of loss; or
 - 2. The Limit of Insurance applicable to the property.
- D.** An "open policy" is a policy under which the value of Covered Property is not fixed at policy inception, but is determined at the time of loss in accordance with policy provisions on valuation. The term "open policy" does not apply to Covered Property that is subject to an Agreed Value clause or similar clause that establishes an agreed value prior to loss, unless such clause has expired.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES – ACTUAL CASH VALUE

This endorsement modifies insurance provided under the following:

CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART

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

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

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

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL COVERAGES, CONDITIONS, DEFINITIONS
 FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
 FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM
 STANDARD PROPERTY POLICY

- A.** When this endorsement is attached to the Standard Property Policy **CP 00 99** the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following with respect to loss ("loss") or damage caused by fire:

We do not provide coverage to the insured ("insured") who, whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:

 - 1. This Coverage Part;
 - 2. The Covered Property;
 - 3. That insured's ("insured's") interest in the Covered Property; or
 - 4. A claim under this Coverage Part or Coverage Form.
- C.** The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following with respect to loss ("loss") or damage caused by a Covered Cause of Loss other than fire:

This Coverage Part is void if any insured ("insured"), whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:

 - 1. This Coverage Part;
 - 2. The Covered Property;
 - 3. An insured's ("insured's") interest in the Covered Property; or
- 4. A claim under this Coverage Part or Coverage Form.
- D.** Except as provided in **E.**, the **Appraisal** Condition is replaced by the following:

If we and you disagree on the value of the property or the amount of loss ("loss"), either may make written request for an appraisal of the loss ("loss"). If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss ("loss"). If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

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

If there is an appraisal, we will still retain our right to deny the claim.
- E.** The Appraisal Condition in:
 - 1. Business Income (And Extra Expense) Coverage Form **CP 00 30**; and
 - 2. Business Income (Without Extra Expense) Coverage Form **CP 00 32**;

is replaced by the following:

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written request for an appraisal of the loss. If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. 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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraphs 2., 3. and 5. of the Cancellation Common Policy Condition are replaced by the following:

2. All Policies In Effect For 60 Days Or Less

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

a. 10 days before the effective date of cancellation if we cancel for:

(1) Nonpayment of premium; or

(2) Discovery of fraud by:

(a) Any insured or his or her representative in obtaining this insurance; or

(b) You or your representative in pursuing a claim under this policy.

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

3. All Policies In Effect For More Than 60 Days

a. If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:

(1) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.

(2) Discovery of fraud or material misrepresentation by:

(a) Any insured or his or her representative in obtaining this insurance; or

(b) You or your representative in pursuing a claim under this policy.

(3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.

- (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.
- (5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.
- (6) A determination by the Commissioner of Insurance that the:
 - (a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
 - (b) Continuation of the policy coverage would:
 - (i) Place us in violation of California law or the laws of the state where we are domiciled; or
 - (ii) Threaten our solvency.
 - (7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.
- b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:
 - (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium or discovery of fraud; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph 3.a.
- 5. If this policy is cancelled, we will send the first Named Insured any premium refund due. The refund, if any, will be computed on a pro rata basis. However, the refund may be less than pro rata if we made a loan to you for the purpose of payment of premiums for this policy.

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

B. The following provision is added to the **Cancellation** Common Policy Condition:

7. Residential Property

This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part

Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

a. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in b. and c. below.

b. We may not cancel this policy solely because the first Named Insured has:

(1) Accepted an offer of earthquake coverage; or

(2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.

c. We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This restriction (c.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:

(1) Commercial Property Coverage Part – Causes Of Loss – Special Form; or

(2) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph D. Covered Causes Of Loss – Special.

- C. The following is added and supersedes any provisions to the contrary:

Nonrenewal

1. Subject to the provisions of Paragraphs **C.2.** and **C.3.** below, if we elect not to renew this policy, we will mail or deliver written notice, stating the reason for nonrenewal, to the first Named Insured shown in the Declarations, and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

2. Residential Property

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part

Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

- a. We may elect not to renew such coverage for any reason, except as provided in **b.**, **c.** and **d.** below.
- b. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage.

However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

- (1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;

- (2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or

- (3) We have:

- (a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or
- (b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and

the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.

- c. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority, that included an earthquake policy premium surcharge.

- d. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This restriction (**d.**) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:

- (1) Commercial Property Coverage Part – Causes Of Loss – Special Form; or

- (2) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph **D.** Covered Causes Of Loss – Special.

3. We are not required to send notice of nonrenewal in the following situations:

- a. If the transfer or renewal of a policy, without any changes in terms, conditions or rates, is between us and a member of our insurance group.

- b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph **C.1**.
- c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
- d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
- e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
- f. If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in Paragraph **C.1**., to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraphs 2. and 3. of the Cancellation Common Policy Condition are replaced by the following:

2. All Policies In Effect For 60 Days Or Less

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

a. 10 days before the effective date of cancellation if we cancel for:

(1) Nonpayment of premium; or

(2) Discovery of fraud by:

(a) Any insured or his or her representative in obtaining this insurance; or

(b) You or your representative in pursuing a claim under this policy.

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

3. All Policies In Effect For More Than 60 Days

a. If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:

(1) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.

(2) Discovery of fraud or material misrepresentation by:

(a) Any insured or his or her representative in obtaining this insurance; or

(b) You or your representative in pursuing a claim under this policy.

(3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.

- (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.
 - (5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.
 - (6) A determination by the Commissioner of Insurance that the:
 - (a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
 - (b) Continuation of the policy coverage would:
 - (i) Place us in violation of California law or the laws of the state where we are domiciled; or
 - (ii) Threaten our solvency.
 - (7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.
- b.** We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:
- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium or discovery of fraud; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph 3.a.
- B.** The following provision is added to the **Cancellation** Common Policy Condition:
- 7. Residential Property**
- This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written under one of the following:
- Commercial Property Coverage Part
Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form
- a.** If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in **b.** and **c.** below.
 - b.** We may not cancel this policy solely because the first Named Insured has:
 - (1) Accepted an offer of earthquake coverage; or
 - (2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.
 - c.** We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This restriction (**c.**) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
 - (1) Commercial Property Coverage Part – Causes Of Loss – Special Form; or
 - (2) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph **D.** Covered Causes Of Loss – Special.

- C. The following is added and supersedes any provisions to the contrary:

Nonrenewal

1. Subject to the provisions of Paragraphs **C.2.** and **C.3.** below, if we elect not to renew this policy, we will mail or deliver written notice, stating the reason for nonrenewal, to the first Named Insured shown in the Declarations, and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

2. Residential Property

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part

Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

- a. We may elect not to renew such coverage for any reason, except as provided in **b.**, **c.** and **d.** below.
- b. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage.

However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

- (1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;

- (2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or

- (3) We have:

- (a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or
- (b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and

the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.

- c. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority, that included an earthquake policy premium surcharge.

- d. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This restriction (**d.**) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:

- (1) Commercial Property Coverage Part – Causes Of Loss – Special Form; or

- (2) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph **D.** Covered Causes Of Loss – Special.

3. We are not required to send notice of nonrenewal in the following situations:

- a. If the transfer or renewal of a policy, without any changes in terms, conditions or rates, is between us and a member of our insurance group.

- b.** If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph **C.1.**
- c.** If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
- d.** If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
- e.** If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
- f.** If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in Paragraph **C.1.**, to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

COMMERCIAL CRIME COVERAGE FORM (LOSS SUSTAINED FORM)

Various provisions in this Policy restrict coverage. Read the entire Policy carefully to determine rights, duties and what is or 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 F. Definitions.

A. Insuring Agreements

Coverage is provided under the following Insuring Agreements for which a Limit Of Insurance is shown in the Declarations and applies to loss that you sustain resulting directly from an "occurrence" taking place during the Policy Period shown in the Declarations, except as provided in Condition E.1.k. or E.1.l., which is "discovered" by you during the Policy Period shown in the Declarations or during the period of time provided in the Extended Period To Discover Loss Condition E.1.g.:

1. Employee Theft

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Insuring Agreement, "theft" shall also include forgery.

2. Forgery Or Alteration

a. We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

(1) Made or drawn by or drawn upon you; or

(2) Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn.

For the purposes of this Insuring Agreement, a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.

b. If you are sued for refusing to pay any instrument covered in Paragraph 2.a., on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount that we will pay for such legal expenses is in addition to the Limit of Insurance applicable to this Insuring Agreement.

3. Inside The Premises – Theft Of Money And Securities

We will pay for:

a. Loss of "money" and "securities" inside the "premises" or "financial institution premises":

(1) Resulting directly from "theft" committed by a person present inside such "premises" or "financial institution premises"; or

(2) Resulting directly from disappearance or destruction.

b. Loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of "money" and "securities", if you are the owner of the "premises" or are liable for damage to it.

c. Loss of or damage to a locked safe, vault, cash register, cash box or cash drawer located inside the "premises" resulting directly from an actual or attempted "theft" of, or unlawful entry into, those containers.

4. Inside The Premises – Robbery Or Safe Burglary Of Other Property

We will pay for:

a. Loss of or damage to "other property":

(1) Inside the "premises" resulting directly from an actual or attempted "robbery" of a "custodian"; or

(2) Inside the "premises" in a safe or vault resulting directly from an actual or attempted "safe burglary".

- b. Loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "robbery" or "safe burglary" of "other property", if you are the owner of the "premises" or are liable for damage to it.
- c. Loss of or damage to a locked safe or vault located inside the "premises" resulting directly from an actual or attempted "robbery" or "safe burglary".

5. Outside The Premises

We will pay for:

- a. Loss of "money" and "securities" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from "theft", disappearance or destruction.
- b. Loss of or damage to "other property" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from an actual or attempted "robbery".

6. Computer And Funds Transfer Fraud

a. We will pay for:

- (1) Loss resulting directly from a fraudulent:
 - (a) Entry of "electronic data" or "computer program" into; or
 - (b) Change of "electronic data" or "computer program" within;
 any "computer system" owned, leased or operated by you, provided the fraudulent entry or fraudulent change causes, with regard to Paragraphs 6.a.(1)(a) and 6.a.(1)(b):
 - (i) "Money", "securities" or "other property" to be transferred, paid or delivered; or
 - (ii) Your account at a "financial institution" to be debited or deleted.
- (2) Loss resulting directly from a "fraudulent instruction" directing a "financial institution" to debit your "transfer account" and transfer, pay or deliver "money" or "securities" from that account.

- b. As used in Paragraph 6.a.(1), fraudulent entry or fraudulent change of "electronic data" or "computer program" shall include such entry or change made by an "employee" acting, in good faith, upon a "fraudulent instruction" received from a computer software contractor who has a written agreement with you to design, implement or service "computer programs" for a "computer system" covered under this Insuring Agreement.

7. Money Orders And Counterfeit Money

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

- a. Money orders issued by any post office, express company or "financial institution" that are not paid upon presentation; or
- b. "Counterfeit money" that is acquired during the regular course of business.

B. Limit Of Insurance

The most we will pay for all loss resulting directly from an "occurrence" is the applicable Limit Of Insurance shown in the Declarations.

If any loss is covered under more than one Insuring Agreement or coverage, the most we will pay for such loss shall not exceed the largest Limit of Insurance available under any one of those Insuring Agreements or coverages.

C. Deductible

We will not pay for loss resulting directly from an "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance.

D. Exclusions

1. This insurance does not cover:

a. Acts Committed By You, Your Partners Or Your Members

Loss resulting from "theft" or any other dishonest act committed by:

- (1) You; or
- (2) Any of your partners or "members"; whether acting alone or in collusion with other persons.

b. Acts Committed By Your Employees Learned Of By You Prior To The Policy Period

Loss caused by an "employee" if the "employee" had also committed "theft" or any other dishonest act prior to the effective date of this insurance and you or any of your partners, "members", "managers", officers, directors or trustees, not in collusion with the "employee", learned of such "theft" or dishonest act prior to the Policy Period shown in the Declarations.

c. Acts Committed By Your Employees, Managers, Directors, Trustees Or Representatives

Loss resulting from "theft" or any other dishonest act committed by any of your "employees", "managers", directors, trustees or authorized representatives:

- (1) Whether acting alone or in collusion with other persons; or
- (2) While performing services for you or otherwise;

except when covered under Insuring Agreement A.1.

d. Confidential Or Personal Information

Loss resulting from:

- (1) The disclosure of your or another person's or organization's confidential or personal information including, but not limited to, patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or
- (2) The use of another person's or organization's confidential or personal information including, but not limited to, patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

e. Data Security Breach

Fees, costs, fines, penalties and other expenses incurred by you which are related to the access to or disclosure of another person's or organization's confidential or personal information including, but not limited to, patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

f. Governmental Action

Loss resulting from seizure or destruction of property by order of governmental authority.

g. Indirect Loss

Loss that is an indirect result of an "occurrence" covered by this insurance including, but not limited to, loss resulting from:

- (1) Your inability to realize income that you would have realized had there been no loss of or damage to "money", "securities" or "other property";
- (2) Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this insurance; or
- (3) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.

h. Legal Fees, Costs And Expenses

Fees, costs and expenses incurred by you which are related to any legal action, except when covered under Insuring Agreement A.2.

i. Nuclear Hazard

Loss or damage resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

j. Pollution

Loss or damage caused by or resulting from pollution. Pollution means the discharge, dispersal, seepage, migration, release or escape of any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

k. War And Military Action

Loss or damage resulting from:

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

2. Insuring Agreement A.1. does not cover:

a. Inventory Shortages

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

- (1) An inventory computation; or
- (2) A profit and loss computation.

However, where you establish wholly apart from such computations that you have sustained a loss, then you may offer your inventory records and actual physical count of inventory in support of the amount of loss claimed.

b. Trading

Loss resulting from trading, whether in your name or in a genuine or fictitious account.

c. Warehouse Receipts

Loss resulting from the fraudulent or dishonest signing, issuing, cancelling or failing to cancel, a warehouse receipt or any papers connected with it.

3. Insuring Agreements A.3., A.4. and A.5. do not cover:

a. Accounting Or Arithmetical Errors Or Omissions

Loss resulting from accounting or arithmetical errors or omissions.

b. Exchanges Or Purchases

Loss resulting from the giving or surrendering of property in any exchange or purchase.

c. Fire

Loss or damage resulting from fire, however caused, except:

- (1) Loss of or damage to "money" and "securities"; and
- (2) Loss from damage to a safe or vault.

d. Money Operated Devices

Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

e. Motor Vehicles Or Equipment And Accessories

Loss of or damage to motor vehicles, trailers or semitrailers or equipment and accessories attached to them.

f. Transfer Or Surrender Of Property

- (1) Loss of or damage to property after it has been transferred or surrendered to a person or place outside the "premises" or "financial institution premises":

- (a) On the basis of unauthorized instructions; or

- (b) As a result of a threat including, but not limited to:

- (i) A threat to do bodily harm to any person;

- (ii) A threat to do damage to any property;

- (iii) A threat to introduce a denial of service attack into any "computer system";

- (iv) A threat to introduce a virus or other malicious instruction into any "computer system" which is designed to damage, destroy or corrupt "electronic data" or "computer programs" stored within the "computer system";

- (v) A threat to contaminate, pollute or render substandard your products or goods; or

- (vi) A threat to disseminate, divulge or utilize:

- i. Your confidential information;

- ii. Confidential or personal information of another person or organization; or

- iii. Weaknesses in the source code within any "computer system".

- (2) But, this exclusion does not apply under Insuring Agreement A.5. to loss of "money", "securities" or "other property" while outside the "premises" in the care and custody of a "messenger" if you:

- (a) Had no knowledge of any threat at the time the conveyance began; or

- (b) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

g. Vandalism

Loss from damage to the "premises" or its exterior, or to any safe, vault, cash register, cash box, cash drawer or "other property" by vandalism or malicious mischief.

h. Voluntary Parting Of Title To Or Possession Of Property

Loss resulting from your, or anyone else acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

4. Insuring Agreement A.6. does not cover:

a. Authorized Access

Loss resulting from a fraudulent:

- (1)** Entry of "electronic data" or "computer program" into; or
- (2)** Change of "electronic data" or "computer program" within;

any "computer system" owned, leased or operated by you by a person or organization with authorized access to that "computer system", except when covered under Insuring Agreement **A.6.b.**

b. Credit Card Transactions

Loss resulting from the use or purported use of credit, debit, charge, access, convenience, identification, stored-value or other cards or the information contained on such cards.

c. Exchanges Or Purchases

Loss resulting from the giving or surrendering of property in any exchange or purchase.

d. Fraudulent Instructions

Loss resulting from an "employee" or "financial institution" acting upon any instruction to:

- (1)** Transfer, pay or deliver "money", "securities" or "other property"; or
- (2)** Debit or delete your account;

which instruction proves to be fraudulent, except when covered under Insuring Agreement **A.6.a.(2)** or **A.6.b.**

e. Inventory Shortages

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

- (1)** An inventory computation; or
- (2)** A profit and loss computation.

E. Conditions

The following conditions apply in addition to the Common Policy Conditions:

1. Conditions Applicable To All Insuring Agreements

a. Additional Premises Or Employees

If, while this insurance is in force, you establish any additional "premises" or hire additional "employees", other than through consolidation or merger with, or purchase or acquisition of assets or liabilities of, another entity, such "premises" and "employees" shall automatically be covered under this insurance. Notice to us of an increase in the number of "premises" or "employees" is not required, and no additional premium will be charged for the remainder of the Policy Period shown in the Declarations.

b. Concealment, Misrepresentation Or Fraud

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

- (1)** This insurance;
- (2)** The property covered under this insurance;
- (3)** Your interest in the property covered under this insurance; or
- (4)** A claim under this insurance.

c. Consolidation – Merger Or Acquisition

If you consolidate or merge with, or purchase or acquire the assets or liabilities of, another entity:

- (1)** You must give us written notice as soon as possible and obtain our written consent to extend the coverage provided by this insurance to such consolidated or merged entity or such purchased or acquired assets or liabilities. We may condition our consent by requiring payment of an additional premium; but

- (2) For the first 90 days after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities, the coverage provided by this insurance shall apply to such consolidated or merged entity or such purchased or acquired assets or liabilities, provided that all "occurrences" causing or contributing to a loss involving such consolidation, merger or purchase or acquisition of assets or liabilities, must take place after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities.

d. Cooperation

You must cooperate with us in all matters pertaining to this insurance as stated in its terms and conditions.

e. Duties In The Event Of Loss

After you "discover" a loss or a situation that may result in loss of or damage to "money", "securities" or "other property", you must:

- (1) Notify us as soon as possible. If you have reason to believe that any loss (except for loss covered under Insuring Agreement **A.1.** or **A.2.**) involves a violation of law, you must also notify the local law enforcement authorities;
- (2) Give us a detailed, sworn proof of loss within 120 days;
- (3) Cooperate with us in the investigation and settlement of any claim;
- (4) Produce for our examination all pertinent records;
- (5) Submit to examination under oath at our request and give us a signed statement of your answers; and
- (6) Secure all of your rights of recovery against any person or organization responsible for the loss and do nothing to impair those rights.

f. Employee Benefit Plans

The "employee benefit plans" shown in the Declarations (hereinafter referred to as Plan) are included as Insureds under Insuring Agreement **A.1.**, subject to the following:

- (1) If any Plan is insured jointly with any other entity under this insurance, you or the Plan Administrator is responsible for selecting a Limit of Insurance for Insuring Agreement **A.1.** that is sufficient to provide a Limit of Insurance for each Plan that is at least equal to that required under ERISA as if each Plan were separately insured.

- (2) With respect to loss sustained or "discovered" by any such Plan, Insuring Agreement **A.1.** is replaced by the following:

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from fraudulent or dishonest acts committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

- (3) If the first Named Insured is an entity other than a Plan, any payment we make for loss sustained by any Plan will be made to the Plan sustaining the loss.

- (4) If two or more Plans are insured under this insurance, any payment we make for loss:

- (a) Sustained by two or more Plans; or
- (b) Of commingled "money", "securities" or "other property" of two or more Plans;

resulting directly from an "occurrence", will be made to each Plan sustaining loss in the proportion that the Limit of Insurance required under ERISA for each Plan bears to the total of those limits.

- (5) The Deductible Amount applicable to Insuring Agreement **A.1.** does not apply to loss sustained by any Plan.

g. Extended Period To Discover Loss

We will pay for loss that you sustained prior to the effective date of cancellation of this insurance, which is "discovered" by you:

- (1) No later than one year from the date of that cancellation. However, this extended period to "discover" loss terminates immediately upon the effective date of any other insurance obtained by you, whether from us or another insurer, replacing in whole or in part the coverage afforded under this insurance, whether or not such other insurance provides coverage for loss sustained prior to its effective date.
- (2) No later than one year from the date of that cancellation with regard to any "employee benefit plan".

h. Joint Insured

- (1) If more than one Insured is named in the Declarations, the first Named Insured will act for itself and for every other Insured for all purposes of this insurance. If the first Named Insured ceases to be covered, then the next Named Insured will become the first Named Insured.
- (2) If any Insured, or partner, "member" or officer of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.
- (3) An "employee" of any Insured is considered to be an "employee" of every Insured.
- (4) If this insurance or any of its coverages are cancelled as to any Insured, loss sustained by that Insured is covered only if it is "discovered" by you:
 - (a) No later than one year from the date of that cancellation. However, this extended period to "discover" loss terminates immediately upon the effective date of any other insurance obtained by that Insured, whether from us or another insurer, replacing in whole or in part the coverage afforded under this insurance, whether or not such other insurance provides coverage for loss sustained prior to its effective date.
 - (b) No later than one year from the date of that cancellation with regard to any "employee benefit plan".

- (5) We will not pay more for loss sustained by more than one Insured than the amount we would pay if all such loss had been sustained by one Insured.

- (6) Payment by us to the first Named Insured for loss sustained by any Insured, or payment by us to any "employee benefit plan" for loss sustained by that Plan, shall fully release us on account of such loss.

i. Legal Action Against Us

You may not bring any legal action against us involving loss:

- (1) Unless you have complied with all the terms of this insurance;
- (2) Until 90 days after you have filed proof of loss with us; and
- (3) Unless brought within two years from the date you "discovered" the loss.

If any limitation in this condition is prohibited by law, such limitation is amended so as to equal the minimum period of limitation provided by such law.

j. Liberalization

If we adopt any revision that would broaden the coverage under this insurance without additional premium within 45 days prior to or during the Policy Period shown in the Declarations, the broadened coverage will immediately apply to this insurance.

k. Loss Sustained During Prior Insurance Issued By Us Or Any Affiliate

(1) Loss Sustained Partly During This Insurance And Partly During Prior Insurance

If you "discover" loss during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place:

- (a) Partly during the Policy Period shown in the Declarations; and
- (b) Partly during the policy period(s) of any prior cancelled insurance that we or any affiliate issued to you or any predecessor in interest;

and this insurance became effective at the time of cancellation of the prior insurance, we will first settle the amount of loss that you sustained during this policy period. We will then settle the remaining amount of loss that you sustained during the policy period(s) of the prior insurance.

(2) Loss Sustained Entirely During Prior Insurance

If you "discover" loss during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place entirely during the policy period(s) of any prior cancelled insurance that we or any affiliate issued to you or any predecessor in interest, we will pay for the loss, provided:

- (a) This insurance became effective at the time of cancellation of the prior insurance; and
- (b) The loss would have been covered under this insurance had it been in effect at the time of the "occurrence".

We will first settle the amount of loss that you sustained during the most recent prior insurance. We will then settle any remaining amount of loss that you sustained during the policy period(s) of any other prior insurance.

(3) In settling loss under Paragraphs k.(1) and k.(2):

- (a) The most we will pay for the entire loss is the highest single Limit of Insurance applicable during the period of loss, whether such limit was written under this insurance or was written under the prior insurance issued by us.
- (b) We will apply the applicable Deductible Amount shown in the Declarations to the amount of loss sustained under this insurance. If no loss was sustained under this insurance, we will apply the Deductible Amount shown in the Declarations to the amount of loss sustained under the most recent prior insurance.

If the Deductible Amount is larger than the amount of loss sustained under this insurance, or the most recent prior insurance, we will apply the remaining Deductible Amount to the remaining amount of loss sustained during the prior insurance.

We will not apply any other Deductible Amount that may have been applicable to the loss.

(4) The following examples demonstrate how we will settle losses subject to this condition:

Example Number 1

The Insured sustained a covered loss of \$10,000 resulting directly from an "occurrence" taking place during the terms of Policy **A** and Policy **B**.

Policy A

The current policy. Written at a Limit of Insurance of \$50,000 and a Deductible Amount of \$5,000.

Policy B

Issued prior to Policy **A**. Written at a Limit of Insurance of \$50,000 and a Deductible Amount of \$5,000.

The amount of loss sustained under Policy **A** is \$2,500 and under Policy **B**, \$7,500.

The highest single Limit of Insurance applicable to this entire loss is \$50,000 written under Policy **A**. The Policy **A** Deductible Amount of \$5,000 applies. The loss is settled as follows:

- (a) The amount of loss sustained under Policy **A** (\$2,500) is settled first. The amount we will pay is nil (\$0.00) because the amount of loss is less than the Deductible Amount (i.e., \$2,500 loss - \$5,000 deductible = \$0.00).
- (b) The remaining amount of loss sustained under Policy **B** (\$7,500) is settled next. The amount recoverable is \$5,000 after the remaining Deductible Amount from Policy **A** of \$2,500 is applied to the loss (i.e., \$7,500 loss - \$2,500 deductible = \$5,000).

The most we will pay for this loss is \$5,000.

Example Number 2

The Insured sustained a covered loss of \$250,000 resulting directly from an "occurrence" taking place during the terms of Policy **A** and Policy **B**.

Policy A

The current policy. Written at a Limit of Insurance of \$125,000 and a Deductible Amount of \$10,000.

Policy B

Issued prior to Policy **A**. Written at a Limit of Insurance of \$150,000 and a Deductible Amount of \$25,000.

The amount of loss sustained under Policy **A** is \$175,000 and under Policy **B**, \$75,000.

The highest single Limit of Insurance applicable to this entire loss is \$150,000 written under Policy **B**. The Policy **A** Deductible Amount of \$10,000 applies. The loss is settled as follows:

- (a) The amount of loss sustained under Policy **A** (\$175,000) is settled first. The amount we will pay is the Policy **A** Limit of \$125,000 because \$175,000 loss - \$10,000 deductible = \$165,000, which is greater than the \$125,000 policy limit.
- (b) The remaining amount of loss sustained under Policy **B** (\$75,000) is settled next. The amount we will pay is \$25,000 (i.e., \$150,000 Policy **B** limit - \$125,000 paid under Policy **A** = \$25,000).

The most we will pay for this loss is \$150,000.

Example Number 3

The Insured sustained a covered loss of \$2,000,000 resulting directly from an "occurrence" taking place during the terms of Policies **A**, **B**, **C** and **D**.

Policy A

The current policy. Written at a Limit of Insurance of \$1,000,000 and a Deductible Amount of \$100,000.

Policy B

Issued prior to Policy **A**. Written at a Limit of Insurance of \$750,000 and a Deductible Amount of \$75,000.

Policy C

Issued prior to Policy **B**. Written at a Limit of Insurance of \$500,000 and a Deductible Amount of \$50,000.

Policy D

Issued prior to Policy **C**. Written at a Limit of Insurance of \$500,000 and a Deductible Amount of \$50,000.

The amount of loss sustained under Policy **A** is \$350,000; under Policy **B**, \$250,000; under Policy **C**, \$600,000; and under Policy **D**, \$800,000.

The highest single Limit of Insurance applicable to this entire loss is \$1,000,000 written under Policy **A**. The Policy **A** Deductible Amount of \$100,000 applies. The loss is settled as follows:

- (a) The amount of loss sustained under Policy **A** (\$350,000) is settled first. The amount we will pay is \$250,000 (i.e., \$350,000 loss - \$100,000 deductible = \$250,000).
- (b) The amount of loss sustained under Policy **B** (\$250,000) is settled next. The amount we will pay is \$250,000 (no deductible is applied).
- (c) The amount of loss sustained under Policy **C** (\$600,000) is settled next. The amount we will pay is \$500,000, the policy limit (no deductible is applied).
- (d) We will not make any further payment under Policy **D**, as the maximum amount payable under the highest single Limit of Insurance applying to the loss of \$1,000,000 under Policy **A** has been satisfied.

The most we will pay for this loss is \$1,000,000.

I. Loss Sustained During Prior Insurance Not Issued By Us Or Any Affiliate

- (1) If you "discover" loss during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place during the policy period of any prior cancelled insurance that was issued to you or a predecessor in interest by another company, and the period of time to discover loss under that insurance had expired, we will pay for the loss under this insurance, provided:
 - (a) This insurance became effective at the time of cancellation of the prior insurance; and
 - (b) The loss would have been covered under this insurance had it been in effect at the time of the "occurrence".
- (2) In settling loss subject to this condition:
 - (a) The most we will pay for the entire loss is the lesser of the Limits of Insurance applicable during the period of loss, whether such limit was written under this insurance or was written under the prior cancelled insurance.

(b) We will apply the applicable Deductible Amount shown in the Declarations to the amount of loss sustained under the prior cancelled insurance.

(3) The insurance provided under this condition is subject to the following:

(a) If loss covered under this condition is also partially covered under Condition **E.1.k.**, the amount recoverable under this condition is part of, not in addition to, the amount recoverable under Condition **E.1.k.**

(b) For loss covered under this condition that is not subject to Paragraph **I.(3)(a)**, the amount recoverable under this condition is part of, not in addition to, the Limit of Insurance applicable to the loss covered under this insurance and is limited to the lesser of the amount recoverable under:

(i) This insurance as of its effective date; or

(ii) The prior cancelled insurance had it remained in effect.

m. Other Insurance

If other valid and collectible insurance is available to you for loss covered under this insurance, our obligations are limited as follows:

(1) Primary Insurance

When this insurance is written as primary insurance, and:

(a) You have other insurance subject to the same terms and conditions as this insurance, we will pay our share of the covered loss. Our share is the proportion that the applicable Limit Of Insurance shown in the Declarations bears to the total limit of all insurance covering the same loss.

(b) You have other insurance covering the same loss other than that described in Paragraph **m.(1)(a)**, we will only pay for the amount of loss that exceeds:

(i) The Limit of Insurance and Deductible Amount of that other insurance, whether you can collect on it or not; or

(ii) The Deductible Amount shown in the Declarations;

whichever is greater. Our payment for loss is subject to the terms and conditions of this insurance.

(2) Excess Insurance

(a) When this insurance is written excess over other insurance, we will only pay for the amount of loss that exceeds the Limit of Insurance and Deductible Amount of that other insurance, whether you can collect on it or not. Our payment for loss is subject to the terms and conditions of this insurance.

(b) However, if loss covered under this insurance is subject to a deductible, we will reduce the Deductible Amount shown in the Declarations by the sum total of all such other insurance plus any Deductible Amount applicable to that other insurance.

n. Ownership Of Property; Interests Covered

The property covered under this insurance is limited to property:

(1) That you own or lease;

(2) That is held by you in any capacity; or

(3) For which you are legally liable, provided you were liable for the property prior to the time the loss was sustained.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this insurance must be presented by you.

o. Records

You must keep records of all property covered under this insurance so we can verify the amount of any loss.

p. Recoveries

(1) Any recoveries, whether effected before or after any payment under this insurance, whether made by us or by you, shall be applied net of the expense of such recovery:

(a) First, to you in satisfaction of your covered loss in excess of the amount paid under this insurance;

(b) Second, to us in satisfaction of amounts paid in settlement of your claim;

(c) Third, to you in satisfaction of any Deductible Amount; and

- (d) Fourth, to you in satisfaction of any loss not covered under this insurance.

(2) Recoveries do not include any recovery:

- (a) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
- (b) Of original "securities" after duplicates of them have been issued.

q. Territory

This insurance covers loss that you sustain resulting directly from an "occurrence" taking place within the United States of America (including its territories and possessions), Puerto Rico and Canada.

r. Transfer Of Your Rights Of Recovery Against Others To Us

You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

s. Valuation – Settlement

The value of any loss for purposes of coverage under this insurance shall be determined as follows:

(1) Money

Loss of "money" but only up to and including its face value. We will, at your option, pay for loss of "money" issued by any country other than the United States of America:

- (a) At face value in the "money" issued by that country; or
- (b) In the United States of America dollar equivalent, determined by the rate of exchange published in The Wall Street Journal on the day the loss was "discovered".

(2) Securities

Loss of "securities" but only up to and including their value at the close of business on the day the loss was "discovered". We may, at our option:

- (a) Pay the market value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or

- (b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

- (i) Market value of the "securities" at the close of business on the day the loss was "discovered"; or
- (ii) Limit of Insurance applicable to the "securities".

(3) Property Other Than Money And Securities

- (a) Loss of or damage to "other property" or loss from damage to the "premises" or its exterior for the replacement cost of the property without deduction for depreciation. However, we will not pay more than the least of the following:

- (i) The Limit of Insurance applicable to the lost or damaged property;
- (ii) The cost to replace the lost or damaged property with property of comparable material and quality and used for the same purpose; or
- (iii) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

- (b) We will not pay on a replacement cost basis for any loss or damage to property covered under Paragraph **s.(3)(a)**:

- (i) Until the lost or damaged property is actually repaired or replaced; and
- (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

If the lost or damaged property is not repaired or replaced, we will pay on an actual cash value basis.

- (c) We will, at your option, pay for loss or damage to such property:
 - (i) In the "money" of the country in which the loss or damage was sustained; or

- (ii) In the United States of America dollar equivalent of the "money" of the country in which the loss or damage was sustained, determined by the rate of exchange published in The Wall Street Journal on the day the loss was "discovered".

- (d) Any property that we pay for or replace becomes our property.

2. Conditions Applicable To Insuring Agreement A.1.

a. Termination As To Any Employee

This Insuring Agreement terminates as to any "employee":

- (1) As soon as:

- (a) You; or

- (b) Any of your partners, "members", "managers", officers, directors or trustees not in collusion with the "employee";

learn of "theft" or any other dishonest act committed by the "employee" whether before or after becoming employed by you; or

- (2) On the date specified in a notice mailed to the first Named Insured. That date will be at least 30 days after the date of mailing.

We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

b. Territory

We will pay for loss caused by any "employee" while temporarily outside the territory specified in Territory Condition E.1.q. for a period of not more than 90 consecutive days.

3. Conditions Applicable To Insuring Agreement A.2.

a. Deductible Amount

The Deductible Amount does not apply to legal expenses paid under Insuring Agreement A.2.

b. Electronic And Mechanical Signatures

We will treat signatures that are produced or reproduced electronically, mechanically or by other means the same as handwritten signatures.

c. Proof Of Loss

You must include with your proof of loss any instrument involved in that loss or, if that is not possible, an affidavit setting forth the amount and cause of loss.

d. Territory

We will cover loss that you sustain resulting directly from an "occurrence" taking place anywhere in the world. Territory Condition E.1.q. does not apply to Insuring Agreement A.2.

4. Conditions Applicable To Insuring Agreements A.4. And A.5.

a. Armored Motor Vehicle Companies

Under Insuring Agreement A.5., we will only pay for the amount of loss you cannot recover:

- (1) Under your contract with the armored motor vehicle company; and
- (2) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

b. Special Limit Of Insurance For Specified Property

We will only pay up to \$5,000 for any one "occurrence" of loss of or damage to:

- (1) Precious metals, precious or semiprecious stones, pearls, furs, or completed or partially completed articles made of or containing such materials that constitute the principal value of such articles; or
- (2) Manuscripts, drawings, or records of any kind, or the cost of reconstructing them or reproducing any information contained in them.

5. Conditions Applicable To Insuring Agreement A.6.

a. Special Limit Of Insurance For Specified Property

We will only pay up to \$5,000 for any one "occurrence" of loss of or damage to manuscripts, drawings, or records of any kind, or the cost of reconstructing them or reproducing any information contained in them.

b. Territory

We will cover loss that you sustain resulting directly from an "occurrence" taking place anywhere in the world. Territory Condition E.1.q. does not apply to Insuring Agreement A.6.

F. Definitions

1. "Computer program" means a set of related electronic instructions, which direct the operation and function of a computer or devices connected to it, which enable the computer or devices to receive, process, store or send "electronic data".
2. "Computer system" means:
 - a. Computers, including Personal Digital Assistants (PDAs) and other transportable or handheld devices, electronic storage devices and related peripheral components;
 - b. Systems and applications software; and
 - c. Related communications networks;by which "electronic data" is collected, transmitted, processed, stored or retrieved.
3. "Counterfeit money" means an imitation of "money" which is intended to deceive and to be taken as genuine.
4. "Custodian" means you, or any of your partners or "members", or any "employee" while having care and custody of property inside the "premises", excluding any person while acting as a "watchperson" or janitor.
5. "Discover" or "discovered" means the time when you first become aware of facts which would cause a reasonable person to assume that a loss of a type covered by this insurance has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not then be known.

"Discover" or "discovered" also means the time when you first receive notice of an actual or potential claim in which it is alleged that you are liable to a third party under circumstances which, if true, would constitute a loss under this insurance.
6. "Electronic data" means information, facts, images or sounds stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software) on data storage devices, including hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

7. "Employee":

a. Means:

- (1) Any natural person:
 - (a) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to "theft" or any dishonest act committed by the "employee";
 - (b) Whom you compensate directly by salary, wages or commissions; and
 - (c) Whom you have the right to direct and control while performing services for you;
- (2) Any natural person who is furnished temporarily to you:
 - (a) To substitute for a permanent "employee", as defined in Paragraph 7.a.(1), who is on leave; or
 - (b) To meet seasonal or short-term work load conditions;while that person is subject to your direction and control and performing services for you;
- (3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary "employee" as defined in Paragraph 7.a.(2);
- (4) Any natural person who is:
 - (a) A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any "employee benefit plan"; or
 - (b) Your director or trustee while that person is engaged in handling "money", "securities" or "other property" of any "employee benefit plan";
- (5) Any natural person who is a former "employee", partner, "member", "manager", director or trustee retained by you as a consultant while performing services for you;
- (6) Any natural person who is a guest student or intern pursuing studies or duties;

- (7) Any natural person employed by an entity merged or consolidated with you prior to the effective date of this Policy; and
- (8) Any natural person who is your "manager", director or trustee while:
- (a) Performing acts within the scope of the usual duties of an "employee"; or
 - (b) Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.
- b. Does not mean:
- Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraph 7.a.
8. "Employee benefit plan" means any welfare or pension benefit plan shown in the Declarations that you sponsor and that is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.
9. "Financial institution" means:
- a. With regard to Insuring Agreement A.3.:
 - (1) A bank, savings bank, savings and loan association, trust company, credit union or similar depository institution; or
 - (2) An insurance company.
 - b. With regard to Insuring Agreement A.6.:
 - (1) A bank, savings bank, savings and loan association, trust company, credit union or similar depository institution;
 - (2) An insurance company; or
 - (3) A stock brokerage firm or investment company.
10. "Financial institution premises" means the interior of that portion of any building occupied by a "financial institution".
11. "Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.
12. "Fraudulent instruction" means:
- a. With regard to Insuring Agreement A.6.a.(2):
 - (1) A computer, telegraphic, cable, teletype, telefacsimile, telephone or other electronic instruction directing a "financial institution" to debit your "transfer account" and to transfer, pay or deliver "money" or "securities" from that "transfer account", which instruction purports to have been issued by you, but which in fact was fraudulently issued by someone else without your knowledge or consent.
 - (2) A written instruction (other than those covered under Insuring Agreement A.2.) issued to a "financial institution" directing the "financial institution" to debit your "transfer account" and to transfer, pay or deliver "money" or "securities" from that "transfer account", through an electronic funds transfer system at specified times or under specified conditions, which instruction purports to have been issued by you, but which in fact was issued, forged or altered by someone else without your knowledge or consent.
 - (3) A computer, telegraphic, cable, teletype, telefacsimile, telephone or other electronic or written instruction initially received by you, which instruction purports to have been issued by an "employee", but which in fact was fraudulently issued by someone else without your or the "employee's" knowledge or consent.
 - b. With regard to Insuring Agreement A.6.b.:

A computer, telegraphic, cable, teletype, telefacsimile, telephone or other electronic, written or voice instruction directing an "employee" to enter or change "electronic data" or "computer programs" within a "computer system" covered under the Insuring Agreement, which instruction in fact was fraudulently issued by your computer software contractor.
13. "Manager" means a natural person serving in a directorial capacity for a limited liability company.
14. "Member" means an owner of a limited liability company represented by its membership interest who, if a natural person, may also serve as a "manager".

15. "Messenger" means you, or your relative, or any of your partners or "members", or any "employee" while having care and custody of property outside the "premises".
16. "Money" means:
 - a. Currency, coins and bank notes in current use and having a face value;
 - b. Traveler's checks and money orders held for sale to the public; and
 - c. In addition, includes:
 - (1) Under Insuring Agreements **A.1.** and **A.2.**, deposits in your account at any financial institution; and
 - (2) Under Insuring Agreement **A.6.**, deposits in your account at a "financial institution" as defined in Paragraph **F.9.b.**
17. "Occurrence" means:
 - a. Under Insuring Agreement **A.1.:**
 - (1) An individual act;
 - (2) The combined total of all separate acts whether or not related; or
 - (3) A series of acts whether or not related; committed by an "employee" acting alone or in collusion with other persons, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.k.** or **E.1.l.**
 - b. Under Insuring Agreement **A.2.:**
 - (1) An individual act;
 - (2) The combined total of all separate acts whether or not related; or
 - (3) A series of acts whether or not related; committed by a person acting alone or in collusion with other persons, involving one or more instruments, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.k.** or **E.1.l.**
 - c. Under all other Insuring Agreements:
 - (1) An individual act or event;
 - (2) The combined total of all separate acts or events whether or not related; or
 - (3) A series of acts or events whether or not related; committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.k.** or **E.1.l.**
18. "Other property" means any tangible property other than "money" and "securities" that has intrinsic value. "Other property" does not include "computer programs", "electronic data" or any property specifically excluded under this insurance.
19. "Premises" means the interior of that portion of any building you occupy in conducting your business.
20. "Robbery" means the unlawful taking of property from the care and custody of a person by one who has:
 - a. Caused or threatened to cause that person bodily harm; or
 - b. Committed an obviously unlawful act witnessed by that person.
21. "Safe burglary" means the unlawful taking of:
 - a. Property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or
 - b. A safe or vault from inside the "premises".
22. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or property and includes:
 - a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money".
23. "Theft" means the unlawful taking of property to the deprivation of the Insured.
24. "Transfer account" means an account maintained by you at a "financial institution" from which you can initiate the transfer, payment or delivery of "money" or "securities":
 - a. By means of computer, telegraphic, cable, teletype, telefacsimile, telephone or other electronic instructions; or
 - b. By means of written instructions (other than those covered under Insuring Agreement **A.2.**) establishing the conditions under which such transfers are to be initiated by such "financial institution" through an electronic funds transfer system.
25. "Watchperson" means any person you retain specifically to have care and custody of property inside the "premises" and who has no other duties.

**EQUIPMENT SCHEDULE
CONTRACTORS' EQUIPMENT
VALUATION BASIS**

(The entries required to complete this schedule
will be shown below or on the "schedule of coverages".)

SCHEDULED EQUIPMENT

AA = Agreed Amount **ACV** = Actual Cash Value **RP** = Replacement Cost

Item No.	Valuation	Description of Equipment	"Limit"
1	ACV	FUEL FARM & SUPER SAFE	\$1,302,322
2	ACV	ALDER HILL BEACON TOWER	\$34,852
3	ACV	DRY LAKE BEACON	\$85,194
4	ACV	BALD MOUNTAIN BEACON	\$75,000
5	ACV	MOBILE EQUIPMENT ON FILE	\$3,482,549

EQUIPMENT LEASED OR RENTED FROM OTHERS SCHEDULE

(The entries required to complete this schedule
will be shown below or on the "schedule of coverages".)

Equipment Limit -- The most "we" pay for
any one piece of equipment that is leased or
rented from others is: \$

Catastrophe Limit -- The most "we" pay in
any one occurrence for loss to equipment
leased or rented from others is: \$100,000

VALUATION (check one)

☒ Actual Cash Value

☐ Replacement Cost

DEDUCTIBLE

Deductible Amount \$5,000

REPORTING CONDITIONS

Rate \$

Deposit Premium \$

Minimum Premium \$

Additional Premium Due After Expiration -- When the premium for the
coverage provided by this policy is based upon reports of value, any additional
premium owed to "us" is due on the due date that appears on the billing notice.

☐ Reporting Conditions Do Not Apply

AMENDATORY ENDORSEMENT CALIFORNIA

1. Under Perils Excluded, Criminal, Fraudulent, Dishonest, Or Illegal Acts is amended to include the following:

However, with respect to a covered loss caused by fire, this exclusion does not apply to an insured who did not cooperate with or contribute to the act that caused such loss.

Subject to all other "terms" of this policy, "our" payment to an insured who did not cooperate in or contribute to the act that caused the loss may be limited to that person's insurable interest in the property, less any payment made to a mortgagee or other party with a legal secured interest in the property. "We" retain all rights set forth in the Subrogation condition of this policy with regard to action against the perpetrator of the act that caused the loss.

2. In all coverage forms except the Builders' Risk - Rehabilitation And Renovation Form, under Valuation, Actual Cash Value, if applicable, is amended to include the following:
 - a. The actual cash value of covered property will be determined as:
 - 1) the amount it would cost to repair, rebuild, or replace the lost, damaged, or destroyed property less a fair and reasonable deduction for physical depreciation; or
 - 2) the "limit" applicable to that property at the time of the loss;

whichever is less.

- b. The condition of the property at the time of the loss is the basis for determining the amount of physical depreciation. The expense of labor necessary to repair, rebuild, or replace covered property is not a component of physical depreciation.

- c. a. and b. above do not apply to property subject to Agreed Amount valuation "terms" or an item of property specifically scheduled with a value applicable to such item.

3. In the Builders' Risk - Rehabilitation And Renovation Form, under Valuation, Existing Building, Actual Cash Value, if applicable, is amended to include the following:

- a. The actual cash value of covered property will be determined as:
 - 1) the amount it would cost to repair, rebuild, or replace the lost, damaged, or destroyed property less a fair and reasonable deduction for physical depreciation; or
 - 2) the "limit" applicable to that property at the time of the loss;

whichever is less.

- b. The condition of the property at the time of the loss is the basis for determining the amount of physical depreciation. The expense of labor necessary to repair, rebuild, or replace covered property is not a component of physical depreciation.
 - c. a. and b. above do not apply to property subject to Stated Value valuation "terms" or an item of property specifically scheduled with a value applicable to such item.

4. In the Builders' Risk - Rehabilitation And Renovation Form, under Valuation, Building Materials is deleted and replaced by the following:

Building Materials --

- a. **Actual Cash Value** -- The value of "building materials" will be based on the actual cash value at the time of loss (less a fair and reasonable deduction for physical depreciation).

b. **Actual Cash Value Means** -- The actual cash value of "building materials" means:

- 1) the actual cash value of "building materials" means:
 - a) the necessary and reasonable cost of materials (less a fair and reasonable deduction for physical depreciation) and labor incurred to repair or replace the part of the covered "building materials" that sustains direct physical loss or damage;
 - b) the reasonable overhead and profit related to the covered "building materials" that sustains direct physical loss or damage but not to exceed the overhead and profit being charged for the "rehabilitation or renovation project" in accordance with the construction contracts; and
- 2) other related construction costs and expenses that are re-incurred to repair or replace the part of "building materials" that sustain direct physical loss or damage, but only if such costs have been included as part of the "limit" for a covered "rehabilitation or renovation project".

5. Under How Much We Pay, Insurance Under More Than One Policy is deleted and replaced by the following:

Insurance Under More Than One Policy --

"You" may have another policy covering identical risks, whether or not both policies are subject to the same "terms", such insurers are liable to make loss payment as described below. In the event "you" have double insurance, and incur:

- a. a total or constructive total loss, "we" will pay "our" share of the covered loss if that policy has the same effective date as this policy. "Our" share is the proportion that the applicable "limit" under this policy bears to the "limit" of all policies covering on the same basis.

However, if there is a total or constructive loss and that policy has an effective date other than the effective date on this policy, "we" will pay according to the effective dates on the policies. This policy will be primary to any policy with an effective date after the effective date of this policy. This policy will be excess over any policy with an effective date before the effective date of this policy.

- b. a partial loss, "we" will pay "our" share of the covered loss. "Our" share is the proportion that the applicable "limit" under this policy bears to the "limit" of all policies covering on the same basis.

EARTHQUAKE AND FLOOD COVERAGE ENDORSEMENT

SUPPLEMENTAL COVERAGES

1. Earthquake --

- a. **Coverage** -- "We" cover direct physical loss or damage to covered property caused by or resulting from earthquake and volcanic eruption.
- b. **Coverage Limitations** -- "We" only cover loss caused by earthquake and volcanic eruption when Earthquake "limits" are indicated on the Earthquake And Flood Schedule.
- c. **Limit** -- The following "limits" apply to loss or damage caused by or resulting from earthquake and volcanic eruption:
 - 1) **Location Limit** -- The most "we" pay in any one occurrence for loss to covered property at any one location is the Earthquake Location Limit indicated on the Earthquake And Flood Schedule.
 - 2) **Occurrence Limit** -- The most "we" pay in any one occurrence for loss to covered property at all locations is the Earthquake Occurrence Limit indicated on the Earthquake And Flood Schedule.
 - 3) **Catastrophe Limit** -- The most "we" pay for all losses to covered property at all locations during each separate 12-month period of this policy is the Earthquake Catastrophe Limit indicated on the Earthquake And Flood Schedule.

2. Flood --

- a. **Coverage** -- "We" cover direct physical loss or damage to covered property caused by or resulting from "flood".
- b. **Coverage Limitations** -- "We" only cover loss caused by "flood" when Flood "limits" are indicated on the Earthquake And Flood Schedule.
- c. **Limit** -- The following "limits" apply to loss or damage caused by or resulting from "flood":
 - 1) **Location Limit** -- The most "we" pay in any one occurrence for loss to covered property at any one location is the Flood Location Limit indicated on the Earthquake And Flood Schedule.
 - 2) **Occurrence Limit** -- The most "we" pay in any one occurrence for loss to covered property at all locations is the Flood Occurrence Limit indicated on the Earthquake And Flood Schedule.
 - 3) **Catastrophe Limit** -- The most "we" pay for all losses to covered property at all locations during each separate 12-month period of this policy is the Flood Catastrophe Limit indicated on the Earthquake And Flood Schedule.

PERILS EXCLUDED

The exclusions for Earth Movement Or Volcanic Eruption and Flood still apply except to the extent that coverage is provided under this endorsement.

HOW MUCH WE PAY

The following are added to How Much We Pay:

1. **Deductible** -- "We" pay only that part of "your" loss over the deductible amount indicated on the Earthquake And Flood Schedule in any one occurrence.
2. **Earthquake Period** -- All earthquakes or volcanic eruptions that occur within a 168-hour period will be considered a single loss. This 168-hour period is not limited by the policy expiration.
3. **Excess Insurance** -- "You" may purchase insurance in excess of the applicable "limit". Such excess insurance will not be considered in applying Insurance Under More Than One Policy nor will it be considered in the application of any pro rata or apportionment provision.

IM 7857 07 08

EARTHQUAKE AND FLOOD SCHEDULE

(The entries required to complete this schedule
will be shown below or on the "schedule of coverages".)

EARTHQUAKE COVERAGE

☐ Coverage Not Provided

☒ Coverage Provided, as described below:

Earthquake Location "Limit"	\$
Earthquake Occurrence "Limit"	<u>\$1,000,000</u>
Earthquake Catastrophe "Limit"	<u>\$1,000,000</u>

FLOOD COVERAGE

☐ Coverage Not Provided

☒ Coverage Provided, as described below:

Flood Location "Limit"	\$
Flood Occurrence "Limit"	<u>\$1,000,000</u>
Flood Catastrophe "Limit"	<u>\$1,000,000</u>

DEDUCTIBLE

	Deductible Amount
Earthquake Coverage	<u>\$100,000</u>
Flood Coverage	<u>\$100,000</u>

VIRUS OR BACTERIA EXCLUSION

DEFINITIONS

Definitions Amended --

When "fungus" is a defined "term", the definition of "fungus" is amended to delete reference to a bacterium.

When "fungus or related perils" is a defined "term", the definition of "fungus or related perils" is amended to delete reference to a bacterium.

PERILS EXCLUDED

The additional exclusion set forth below applies to all coverages, coverage extensions, supplemental coverages, optional coverages, and endorsements that are provided by the policy to which this endorsement is attached, including, but not limited to, those that provide coverage for property, earnings, extra expense, or interruption by civil authority.

1. The following exclusion is added under Perils Excluded, item 1.:

Virus or Bacteria --

"We" do not pay for loss, cost, or expense caused by, resulting from, or relating to any virus, bacterium, or other microorganism that causes disease, illness, or physical distress or that is capable of causing disease, illness, or physical distress.

This exclusion applies to, but is not limited to, any loss, cost, or expense as a result of:

- a. any contamination by any virus, bacterium, or other microorganism; or
 - b. any denial of access to property because of any virus, bacterium, or other microorganism.
2. **Superseded Exclusions** -- The Virus or Bacteria exclusion set forth by this endorsement supersedes the "terms" of any other exclusions referring to "pollutants" or to contamination with respect to any loss, cost, or expense caused by, resulting from, or relating to any virus, bacterium, or other microorganism that causes disease, illness, or physical distress or that is capable of causing disease, illness, or physical distress.

OTHER CONDITIONS

Other Terms Remain in Effect --

The "terms" of this endorsement, whether or not applicable to any loss, cost, or expense, cannot be construed to provide coverage for a loss, cost, or expense that would otherwise be excluded under the policy to which this endorsement is attached.

CL 0700 10 06

AMENDATORY ENDORSEMENT - FUNGUS EXCLUSION AND LIMITED COVERAGE DELETED CONTRACTORS' COMBINATION

1. Under Definitions, the definition of "fungus" is deleted.
2. Under Coverage Extensions, the Limited Fungus Coverage Extension is deleted.
3. Under Supplemental Coverages, Ordinance Or Law (Undamaged Parts Of A Building) is deleted and replaced as follows:
4. Under Supplemental Coverages, Ordinance or Law (Increased Cost To Repair And Cost To Demolish/Clear Site) is deleted and replaced as follows:

Ordinance Or Law (Undamaged Parts Of A Building) --

- a. **Coverage** -- When a covered peril occurs to a covered "builders' risk project", "we" pay for the value of undamaged parts of a covered "builders' risk project" that is required to be demolished as a result of the enforcement of any ordinance, law, or decree that:

- 1) requires the demolition of undamaged parts of a covered "builders' risk project" that is damaged or destroyed by a covered peril;
- 2) regulates the construction or repair of a "builders' risk project", or establishes building, zoning, or land use requirements at a covered "jobsite"; and
- 3) is in force at the time of loss.

- b. **We Do Not Cover** -- "We" do not cover the costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants";

- c. **Coverage Limitation** -- This coverage is part of and not in addition to the applicable "limit" for coverage described under Property Covered.

Ordinance Or Law (Increased Cost To Repair And Cost To Demolish/Clear Site) --

a. Increased Cost To Repair --

- 1) **Coverage** -- When a covered peril occurs to a covered "builders' risk project", "we" cover the increased cost to repair, rebuild, or reconstruct:
 - a) damaged portions of a covered "builders' risk project"; and
 - b) undamaged portions of a covered "builders' risk project" whether or not those undamaged portions need to be demolished;

as a result of the enforcement of building, zoning, or land use ordinance, law, or decree and is in force at the time when a covered peril occurs to a covered "builders' risk project".

- 2) **If The Building Is Repaired Or Rebuilt** -- If a covered "builders' risk project" is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by building, zoning, or land use ordinance, law, or decree.

- 3) **Coverage Limitation** -- "We" do not cover the increased cost of construction until the covered "builders' risk project" is actually repaired or replaced, whether at the same or another "jobsite", and unless the repairs or replacement are made as soon as reasonably possible after the loss, not to exceed two years. The period for repair or replacement may be extended by "us" in writing during the two year period.
- b. **Cost To Demolish And Clear Site** -- "We" cover the cost to demolish and clear the site of undamaged parts of the covered "builders' risk project" that is damaged or destroyed by a covered peril. The demolition must be a result of the enforcement of a building, zoning, or land use ordinance, law, or decree that is in force at the time when a covered peril occurs to a covered "builders' risk project".
- c. **We Do Not Cover** -- "We" do not cover the costs associated with the enforcement of any ordinance, law, or decree:
 - 1) that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants"; or
 - 2) "you" were required to comply with before the covered peril occurred to a covered "builders' risk project", even if the "builders' risk project" was undamaged and "you" failed to comply with the ordinance, law, or decree.
- d. **What We Pay** --
 - 1) **If The Building Is Repaired Or Replaced At Same Site Or Opt To Build At Another Jobsite** -- If the covered "builders' risk project" is repaired or replaced at the same "jobsite" or "you" opt to build at another "jobsite", "we" pay the lesser of:
 - a) the amount "you" actually spend to demolish and clear the site of undamaged parts of the covered "builders' risk project", plus the actual increased cost to repair, rebuild, or construct the property but not for more than a "builders' risk project" of the same height, floor area, and style at the same "jobsite"; or
 - b) subject to a \$25,000 minimum amount of coverage, 10% of the applicable covered property "limit".
 - 2) **If The Building Is Repaired Or Replaced And Required To Relocate** -- If the covered "builders' risk project" is rebuilt at a new "jobsite" due to an ordinance or law requirement, "we" pay the lesser of:
 - a) the amount "you" actually spend to demolish and clear the site of undamaged parts of the covered "builders' risk project", plus the actual increased cost to construct a "builders' risk project" of the same height, floor area, and style at a new "jobsite"; or
 - b) subject to a \$25,000 minimum amount of coverage, 10% of the applicable covered property "limit".

- 3) **If The Building Is Not Repaired Or Replaced** -- If the covered "builders' risk project" is not repaired or replaced, "we" pay the lesser of:
- a) the amount "you" actually spend to demolish and clear the site of undamaged parts of the covered "builders' risk project"; or
 - b) subject to a \$25,000 minimum amount of coverage, 10% of the applicable covered property "limit".
5. Under Perils Excluded, the Fungus Exclusion is deleted.
6. Under Perils Excluded, the exclusion for Contamination Or Deterioration is deleted and replaced by the following:
- Contamination Or Deterioration** -- "We" do not pay for loss caused by contamination or deterioration including corrosion, decay, fungus, mildew, mold, rot, rust, or any quality, fault, or weakness in the covered property that causes it to damage or destroy itself.
- But if contamination or deterioration results in a covered peril, "we" do cover the loss or damage caused by that covered peril.
7. Under Other Conditions, Restoration Of Limits is deleted and replaced as follows:
- Restoration Of Limits** -- A loss "we" pay under this coverage does not reduce the applicable "limits".

AMENDATORY ENDORSEMENT FUNGUS EXCLUSION AND LIMITED COVERAGE DELETED DIFFERENCE IN CONDITIONS

The following apply to IM 7800:

1. Under Definitions, the definition of "fungus" is deleted.
2. Under Coverage Extensions, the Limited Fungus Coverage Extension is deleted.
3. Under Supplemental Coverages, Ordinance Or Law (Undamaged Parts Of A Building) is deleted and replaced as follows:

Ordinance Or Law (Undamaged Parts Of A Building) --

- a. **Coverage** -- When a covered peril occurs to a covered building or structure, "we" pay for the value of undamaged parts of a covered building or structure that is required to be demolished as a result of the enforcement of any ordinance, law, or decree that:
 - 1) requires the demolition of undamaged parts of a covered building or structure that is damaged or destroyed by a covered peril;
 - 2) regulates the construction or repair of a building or structure, or establishes building, zoning, or land use requirements at a "covered location"; and
 - 3) is in force at the time of loss.
- b. **We Do Not Cover** -- "We" do not cover the costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants".

- c. **Coverage Limitation** -- This coverage is part of and not in addition to the applicable "limit" for coverage described under Property Covered.

4. Under Supplemental Coverages, Ordinance Or Law (Increased Cost To Repair And Cost To Demolish/Clear Site) is deleted and replaced as follows:

Ordinance Or Law (Increased Cost To Repair And Cost To Demolish/Clear Site) --

- a. **Increased Cost To Repair** --

- 1) **Coverage** -- When a covered peril occurs to a covered building or structure, "we" cover the increased cost to repair, rebuild, or reconstruct:
 - a) damaged portions of a covered building or structure; and
 - b) undamaged portions of a covered building or structure whether or not those undamaged portions need to be demolished

as a result of the enforcement of building, zoning, or land use ordinance, law, or decree and is in force at the time when a covered peril occurs to a covered building or structure.

- 2) **If The Building Is Repaired Or Rebuilt** -- If a covered building or structure is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by building, zoning, or land use ordinance, law, or decree.

- 3) **Coverage Limitation** -- "We" do not cover the increased cost of construction until the covered building or structure is actually repaired or replaced, whether at the same or another "covered location", and unless the repairs or replacement are made as soon as reasonably possible after the loss, not to exceed two years. The period for repair or replacement may be extended by "us" in writing during the two-year period.
- b. **Cost To Demolish And Clear Site** -- "We" cover the cost to demolish and clear the site of undamaged parts of the covered building or structure that is damaged or destroyed by a covered peril. The demolition must be a result of the enforcement of a building, zoning, or land use ordinance, law, or decree that is in force at the time when a covered peril occurs to a covered building or structure.
- c. **We Do Not Cover** -- "We" do not cover the costs associated with the enforcement of any ordinance, law, or decree:
 - 1) that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants"; or
 - 2) "you" were required to comply with before the covered peril occurred to a covered "builders' risk project", even if the "builders' risk project" was undamaged and "you" failed to comply with the ordinance, law, or decree.
- d. **What We Pay** --
 - 1) **If The Building Is Repaired Or Replaced At Same Site Or Opt To Build At Another Site** -- If the covered building or structure is repaired or replaced at the same "covered location", or "you" opt to build at another location, "we" pay the lesser of:
 - a) the amount "you" actually spend to demolish and clear the site of undamaged parts of the covered building or structure, plus the actual increased cost to repair, rebuild, or construct the property, but not for more than a building or structure of the same height, floor area, and style at the same "covered location"; or
 - b) subject to a \$25,000 minimum amount of coverage, 10% of the applicable covered property "limit" (if a damaged building or structure is covered under a blanket Limit of Insurance, 10% of the value of the damaged building or structure as of the time of loss applies).
 - 2) **If The Building Is Repaired Or Replaced And Required To Relocate** -- If the covered building or structure is rebuilt at a new "covered location" due to an ordinance or law requirement, "we" pay the lesser of:
 - a) the amount "you" actually spend to demolish and clear the site of undamaged parts of the covered building or structure, plus the actual increased cost to construct a building or structure of the same height, floor area, and style at a new "covered location"; or

- b) subject to a \$25,000 minimum amount of coverage, 10% of the applicable covered property "limit" (if a damaged building or structure is covered under a blanket Limit of Insurance, 10% of the value of the damaged building or structure as of the time of loss applies).
- 3) **If The Building Is Not Repaired Or Replaced** -- If the covered building or structure is not repaired or replaced, "we" pay the lesser of:
 - a) the amount "you" actually spend to demolish and clear the site of undamaged parts of the covered building or structure; or
 - b) subject to a \$25,000 minimum amount of coverage, 10% of the applicable covered property "limit" (if a damaged building or structure is covered under a blanket Limit of Insurance, 10% of the value of the damaged building or structure as of the time of loss applies).
- 5. Under Perils Covered, DIC Coverage is deleted and replaced as follows:

DIC Coverage -- If DIC Coverage is indicated on the "schedule of coverages":

 - a. **Coverage** -- Unless a loss is limited or caused by a peril that is excluded, "we" cover risks of direct physical loss subject to the provisions and limitations described below.
- b. **We Do Not Cover Named Perils** -- "We" do not cover loss caused by or resulting from a "named peril".
- 6. Under Perils Excluded, the Fungus Exclusion is deleted.
- 7. Under Perils Excluded, the exclusion for Contamination Or Deterioration is deleted and replaced by the following:

Contamination Or Deterioration -- "We" do not pay for loss caused by contamination or deterioration including corrosion, decay, fungus, mildew, mold, rot, rust, or any quality, fault, or weakness in the covered property that causes it to damage or destroy itself.

But if contamination or deterioration results in a covered peril, "we" do cover the loss or damage caused by that covered peril.
- 8. Under Perils Excluded, the exclusion for Named Perils is deleted and replaced by the following:

Named Perils -- "We" do not pay for loss caused by a "named peril".
- 9. Under Other Conditions, Restoration Of Limits is deleted and replaced as follows:

Restoration Of Limits -- Subject to the "aggregate limit" and "catastrophe limit", a loss "we" pay under this coverage does not reduce the applicable "limits".

SCHEDULE OF COVERAGES CONTRACTORS' EQUIPMENT SCHEDULED EQUIPMENT FORM

(The entries required to complete this schedule
will be shown below or on the "schedule of coverages".)

PROPERTY COVERED

Scheduled Equipment (Refer to Equipment Schedule)

	"Limit"
Catastrophe Limit -- The most "we" pay for loss in any one occurrence is:	\$4,979,917

COVERAGE EXTENSIONS

Additional Debris Removal Expenses	\$25,000
------------------------------------	----------

SUPPLEMENTAL COVERAGES

Newly Purchased Property (check one)

<input checked="" type="checkbox"/> Percentage of Catastrophe Limit	<u>5%</u>
<input type="checkbox"/> Dollar Limit	\$
Pollutant Cleanup And Removal	\$10,000

COINSURANCE (check one)

<input type="checkbox"/> 80%	<input type="checkbox"/> 90%	<input type="checkbox"/> 100%	<input checked="" type="checkbox"/> Other 0%
------------------------------	------------------------------	-------------------------------	--

VALUATION -- Actual Cash Value

DEDUCTIBLE AMOUNT	\$5,000
--------------------------	----------------

ADDITIONAL INFORMATION

Replacement cost coverage applies to all items five years
old and newer

EQUIPMENT LEASED OR RENTED FROM OTHERS ENDORSEMENT

SUPPLEMENTAL COVERAGES

Equipment Leased Or Rented From Others --
"We" cover direct physical loss caused by a covered peril to "contractors' equipment" that "you" have leased or rented from others.

VALUATION

1. **Actual Cash Value --** The value of equipment that "you" have leased or rented from others will be based on the actual cash value at the time of the loss (with a deduction for depreciation) unless replacement cost is indicated on the Equipment Leased or Rented From Others Schedule.
2. **Replacement Cost --** The value of equipment that "you" have leased or rented from others will be based on the replacement cost without any deduction for depreciation unless Actual Cash Value is indicated on the Equipment Leased or Rented From Others Schedule.
 - a. **Replacement Cost Limitation --** The replacement cost is limited to the cost of repair or replacement with similar materials and used for the same purpose. The payment will not exceed the amount spent to repair or replace the damaged or destroyed property.
 - b. **Replacement Cost Does Not Apply Until Repair Or Replacement --**
Replacement cost valuation does not apply until the damaged or destroyed property is repaired or replaced.

HOW MUCH WE PAY

Deductible -- "We" pay only that part of "your" loss over the deductible amount indicated on the schedule in any one occurrence.

REPORTING CONDITIONS

Reporting Conditions --

1. **Reports --**
 - a. **You Will Report To Us --** Within 30 days after the end of the policy period, "you" will report to "us" the total amount of "your" expenditures for "contractors' equipment" that "you" lease or rent from others.
 - b. **Cancellation --** If this policy is canceled, "you" will report the total amount of expenditures up to and including the date of cancellation.
2. **Premium Computation And Adjustment --**
 - a. The premium will be adjusted at the end of the policy period. The total computed premium will be determined by multiplying "your" total equipment expenditures by the rate indicated on the Equipment Leased or Rented From Others Schedule.
 - b. "We" will compare the total computed premium to the deposit premium. If it is more than the deposit premium, "you" will pay "us" the difference. If it is less than the deposit premium, "we" will pay "you" the difference subject to the minimum premium indicated on the Equipment Leased or Rented From Others Schedule.

3. **Provisions That Affect How Much We Pay** -- The following provisions apply to reports that are submitted and may affect How Much We Pay:

- a. **Failure To Submit Reports** -- If "you" have failed to submit the required reports or no report has been submitted, the most "we" will pay is 90% of the "limit".
- b. **Reported Values Are Less Than The Full Value** -- If "your" last report before a loss shows less than the actual value of "your" expenditures for "contractors' equipment" that "you" lease or rent from others, "we" will only pay a part of the loss. "We" will not pay a greater portion of the loss, prior to the application of the deductible, than the total expenditures "you" reported divided by "your" actual expenditures for "contractors' equipment" that "you" lease or rent from others during the reporting period.

- c. **We Will Not Pay More Than The Limit** -- "We" will not pay more than the applicable "limit" regardless of any reported value used in computing the premium.

IM 7012 07 11

CONTRACTORS' EQUIPMENT COVERAGE SCHEDULED EQUIPMENT FORM

AGREEMENT

In return for "your" payment of the required premium, "we" provide the coverage described herein subject to all the "terms" of the Contractors' Equipment Coverage. This coverage is also subject to the "schedule of coverages" and additional policy conditions relating to assignment or transfer of rights or duties, cancellation, changes or modifications, inspections, and examination of books and records.

Endorsements and schedules may also apply. They are identified on the "schedule of coverages".

Refer to Definitions for words and phrases that have special meaning. These words and phrases are shown in quotation marks or bold type.

DEFINITIONS

1. The words "you" and "your" mean the persons or organizations named as the insured on the declarations.
2. The words "we", "us", and "our" mean the company providing this coverage.
3. "Contractors' equipment" means machinery, equipment, and tools of a mobile nature that "you" use in "your" contracting, installation, erection, repair, or moving operations or projects.

"Contractors' equipment" does not mean:

- a. self-propelled vehicles designed and used primarily to carry mounted equipment; or

- b. vehicles designed for highway use that are unlicensed and not operated on public roads.

4. "Equipment schedule" means a schedule of "contractors' equipment" that is attached to this policy and that describes each piece of covered equipment.

5. "Jobsite" means any location, project, or work site where "you" are in the process of construction, installation, erection, repair, or moving.

6. "Limit" means the amount of coverage that applies.

7. "Pollutant" means:

- a. any solid, liquid, gaseous, thermal, or radioactive irritant or contaminant, including acids, alkalis, chemicals, fumes, smoke, soot, vapor, and waste. Waste includes materials to be recycled, reclaimed, or reconditioned, as well as disposed of; and

- b. electrical or magnetic emissions, whether visible or invisible, and sound emissions.

8. "Schedule of coverages" means:

- a. all pages labeled schedule of coverages or schedules which pertain to this coverage; and

- b. declarations or supplemental declarations which pertain to this coverage.

9. "Sinkhole collapse" means the sudden settlement or collapse of earth supporting the covered property into subterranean voids created by the action of water on a limestone or similar rock formation. It does not include the value of the land or the cost of filling sinkholes.

10. "Specified perils" means aircraft; civil commotion; explosion; falling objects; fire; hail; leakage from fire extinguishing equipment; lightning; riot; "sinkhole collapse"; smoke; sonic boom; vandalism; vehicles; "volcanic action"; water damage; weight of ice, snow, or sleet; and windstorm.

Falling objects does not include loss to:

- a. personal property in the open; or
- b. the interior of buildings or structures or to personal property inside buildings or structures unless the exterior of the roofs or walls are first damaged by a falling object.

Water damage means the sudden or accidental discharge or leakage of water or steam as a direct result of breaking or cracking of a part of the system or appliance containing the water or steam.

11. "Terms" means all provisions, limitations, exclusions, conditions, and definitions that apply.
12. "Volcanic action" means airborne volcanic blast or airborne shock waves; ash, dust, or particulate matter; or lava flow.

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

PROPERTY COVERED

"We" cover the following property unless the property is excluded or subject to limitations.

Scheduled Equipment --

1. **Coverage** -- "We" cover direct physical loss caused by a covered peril to:
 - a. "your" "contractors' equipment"; and
 - b. "contractors' equipment" of others in "your" care, custody, or control.
2. **Coverage Limitation** -- "We" only cover "your" "contractors' equipment" and "contractors' equipment" of others that are described on the "equipment schedule".

PROPERTY NOT COVERED

1. **Aircraft Or Watercraft** -- "We" do not cover aircraft or watercraft.
2. **Contraband** -- "We" do not cover contraband or property in the course of illegal transportation or trade.
3. **Leased Or Rented Property** -- "We" do not cover property that "you" lease or rent to others.
4. **Loaned Property** -- "We" do not cover property that "you" loan to others.
5. **Underground Mining Operations** -- "We" do not cover property while stored or operated underground in connection with any mining operations.
6. **Vehicles** -- "We" do not cover automobiles, motor trucks, tractors, trailers, and similar conveyances designed for highway use.
7. **Waterborne Property** -- "We" do not cover property while waterborne except while in transit in the custody of a carrier for hire.

COVERAGE EXTENSIONS

Provisions That Apply To Coverage

Extensions -- The following Coverage Extensions indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages".

If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Coverage Extension, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, the coverages provided below are part of and not in addition to the applicable "limit" for coverage described under Property Covered.

The "limit" provided under a Coverage Extension cannot be combined or added to the "limit" for any other Coverage Extension or Supplemental Coverage including a Coverage Extension or Supplemental Coverage that is added to this policy by endorsement.

If coinsurance provisions are part of this policy, the following coverage extensions are not subject to and not considered in applying coinsurance conditions.

Debris Removal --

1. **Coverage** -- "We" pay the cost to remove the debris of covered property that is caused by a covered peril.
2. **We Do Not Cover** -- This coverage does not include costs to:
 - 1) extract "pollutants" from land or water; or
 - 2) remove, restore, or replace polluted land or water.

3. **Limit** -- "We" do not pay any more under this coverage than 25% of the amount "we" pay for the direct physical loss. "We" will not pay more for loss to property and debris removal combined than the "limit" for the damaged property.
4. **Additional Limit** -- "We" pay up to an additional \$5,000 for debris removal expense when the debris removal expense exceeds 25% of the amount "we" pay for direct physical loss or when the loss to property and debris removal combined exceeds the "limit" for the damaged property.
5. **You Must Report Your Expenses** -- "We" do not pay any expenses unless they are reported to "us" in writing within 180 days from the date of direct physical loss to covered property.

SUPPLEMENTAL COVERAGES

Provisions That Apply To Supplemental

Coverages -- The following Supplemental Coverages indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages".

If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Supplemental Coverage, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, a "limit" for a Supplemental Coverage provided below is separate from, and not part of, the applicable "limit" for coverage described under Property Covered.

The "limit" available for coverage described under a Supplemental Coverage:

- a. is the only "limit" available for the described coverage; and
- b. is not the sum of the "limit" indicated for a Supplemental Coverage and the "limit" for coverage described under Property Covered.

The "limit" provided under a Supplemental Coverage cannot be combined or added to the "limit" for any other Supplemental Coverage or Coverage Extension including a Supplemental Coverage or Coverage Extension that is added to this policy by endorsement.

If coinsurance provisions are part of this policy, the following supplemental coverages are not subject to and not considered in applying coinsurance conditions.

1. Newly Purchased Property --

- a. **Coverage** -- "We" cover direct physical loss caused by a covered peril to additional "contractors' equipment" that "you" purchase during the policy period.
- b. **Limit** -- The most that "we" pay for any loss under this supplemental coverage is the least of the:
 - 1) actual cash value of the covered property; or
 - 2) "limit" for newly purchased property indicated on the "schedule of coverages". If no "limit" is indicated, then 30% of the Catastrophe Limit indicated on the "schedule of coverages" applies to this coverage.
- c. **Time Limitation** -- "We" extend coverage to the additional "contractors' equipment" that "you" purchase for up to 30 days.

This supplemental coverage will end when any of the following first occur:

- 1) this policy expires;
- 2) 30 days after "you" obtain the additional "contractors' equipment"; or
- 3) "you" report the additional "contractors' equipment" to "us".

- d. **Additional Premium** -- "You" must pay any additional premium due from the date "you" purchase the additional "contractors' equipment".

2. Pollutant Cleanup And Removal --

- a. **Coverage** -- "We" pay "your" expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release, or escape of the "pollutants" is caused by a covered peril that occurs during the policy period.
- b. **Time Limitation** -- The expenses to extract "pollutants" are paid only if they are reported to "us" in writing within 180 days from the date the covered peril occurs.
- c. **We Do Not Cover** -- "We" do not pay the cost of testing, evaluating, observing, or recording the existence, level, or effects of "pollutants".

However, "we" pay the cost of testing which is necessary for the extraction of "pollutants" from land or water.

- d. **Limit** -- The most "we" pay for each location is \$10,000 for the sum of all such expenses arising out of a covered peril occurring during each separate 12-month period of this policy.

PERILS COVERED

"We" cover risks of direct physical loss unless the loss is limited or caused by a peril that is excluded.

PERILS EXCLUDED

1. "We" do not pay for loss or damage caused directly or indirectly by one or more of the following excluded causes or events. Such loss or damage is excluded regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.

- a. **Civil Authority** -- "We" do not pay for loss caused by order of any civil authority, including seizure, confiscation, destruction, or quarantine of property.

"We" do cover loss resulting from acts of destruction by the civil authority to prevent the spread of fire, unless the fire is caused by a peril excluded under this coverage.

- b. **Nuclear Hazard** -- "We" do not pay for loss caused by or resulting from a nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by natural, accidental, or artificial means). Loss caused by nuclear hazard is not considered loss caused by fire, explosion, or smoke. Direct loss by fire resulting from the nuclear hazard is covered.
 - c. **War And Military Action** -- "We" do not pay for loss caused by:

- 1) war, including undeclared war or civil war; or

- 2) a warlike action by a military force, including action taken to prevent or defend against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
 - 3) insurrection, rebellion, revolution, or unlawful seizure of power including action taken by governmental authority to prevent or defend against any of these.

With regard to any action that comes within the "terms" of this exclusion and involves nuclear reaction, nuclear radiation, or radioactive contamination, this War and Military Action Exclusion will apply in place of the Nuclear Hazard Exclusion.

2. "We" do not pay for loss or damage that is caused by or results from one or more of the following:

- a. **Contamination Or Deterioration** -- "We" do not pay for loss caused by contamination or deterioration including corrosion, decay, fungus, mildew, mold, rot, rust, or any quality, fault, or weakness in the covered property that causes it to damage or destroy itself.

- b. **Criminal, Fraudulent, Dishonest, Or Illegal Acts** -- "We" do not pay for loss caused by or resulting from criminal, fraudulent, dishonest, or illegal acts committed alone or in collusion with another by:

- 1) "you";
 - 2) others who have an interest in the property;
 - 3) others to whom "you" entrust the property;
 - 4) "your" partners, officers, directors, trustees, joint venturers, or "your" members or managers if "you" are a limited liability company; or
 - 5) the employees or agents of 1), 2), 3), or 4) above, whether or not they are at work.

This exclusion does not apply to acts of destruction by "your" employees, but "we" do not pay for theft by employees.

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

- c. **Loss Of Use** -- "We" do not pay for loss caused by or resulting from loss of use, delay, or loss of market.
- d. **Mechanical Breakdown** -- "We" do not pay for loss caused by any mechanical, structural, or electrical breakdown or malfunction including a breakdown or malfunction resulting from a structural, mechanical, or reconditioning process.
- But if a mechanical, structural, or electrical breakdown or malfunction results in a "specified peril", "we" do cover the loss or damage caused by that "specified peril".
- e. **Missing Property** -- "We" do not pay for missing property where the only proof of loss is unexplained or mysterious disappearance of covered property, or shortage of property discovered on taking inventory, or any other instance where there is no physical evidence to show what happened to the covered property.
- This exclusion does not apply to covered property in the custody of a carrier for hire.
- f. **Pollutants** -- "We" do not pay for loss caused by or resulting from release, discharge, seepage, migration, dispersal, or escape of "pollutants":
- 1) unless the release, discharge, seepage, migration, dispersal, or escape is caused by a "specified peril"; or
 - 2) except as specifically provided under the Supplemental Coverages - Pollutant Cleanup and Removal.

"We" do cover any resulting loss caused by a "specified peril".

- g. **Puncture, Blowout, And Road Damage** -- "We" do not pay for loss caused by puncture, blowout, and road damage to tires and tubes mounted on vehicles.

However, "we" do cover puncture, blowout, or road damage caused by a "specified peril".

- h. **Temperature/Humidity** -- "We" do not pay for loss caused by dryness, dampness, humidity, or changes in or extremes of temperature.
- i. **Voluntary Parting** -- "We" do not pay for loss caused by or resulting from voluntary parting with title to or possession of any property because of any fraudulent scheme, trick, or false pretense.
- j. **Wear and Tear** -- "We" do not pay for loss caused by wear and tear, marring, or scratching.
- But if wear and tear, marring, or scratching results in a "specified peril", "we" do cover the loss or damage caused by that "specified peril".
- k. **Weight of Load** -- "We" do not pay for loss caused by the weight of a load which, under the operating conditions at the time of a loss, exceeds the registered lifting capacity of any equipment or machine.

WHAT MUST BE DONE IN CASE OF LOSS

1. **Notice** -- In case of a loss, "you" must:
- a. give "us" or "our" agent prompt notice including a description of the property involved ("we" may request written notice); and

- b. give notice to the police when the act that causes the loss is a crime.
2. **You Must Protect Property** -- "You" must take all reasonable steps to protect covered property at and after an insured loss to avoid further loss.
 - a. **Payment of Reasonable Costs** -- "We" do pay the reasonable costs incurred by "you" for necessary repairs or emergency measures performed solely to protect covered property from further damage by a peril insured against if a peril insured against has already caused a loss to covered property. "You" must keep an accurate record of such costs. "Our" payment of reasonable costs does not increase the "limit".
 - b. **We Do Not Pay** -- "We" do not pay for such repairs or emergency measures performed on property which has not been damaged by a peril insured against.
3. **Proof Of Loss** -- "You" must send "us", within 60 days after "our" request, a signed, sworn proof of loss. This must include the following information:
 - a. the time, place, and circumstances of the loss;
 - b. other policies of insurance that may cover the loss;
 - c. "your" interest and the interests of all others in the property involved, including all mortgages and liens;
 - d. changes in title of the covered property during the policy period; and
 - e. estimates, specifications, inventories, and other reasonable information that "we" may require to settle the loss.
4. **Examination** -- "You" must submit to examination under oath in matters connected with the loss as often as "we" reasonably request and give "us" sworn statements of the answers. If more than one person is examined, "we" have the right to examine and receive statements separately and not in the presence of others.
5. **Records** -- "You" must produce records, including tax returns and bank microfilms of all canceled checks relating to value, loss, and expense and permit copies and extracts to be made of them as often as "we" reasonably request.
6. **Damaged Property** -- "You" must exhibit the damaged and undamaged property as often as "we" reasonably request and allow "us" to inspect or take samples of the property.
7. **Volunteer Payments** -- "You" must not, except at "your" own expense, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses except as respects protecting property from further damage.
8. **Abandonment** -- "You" may not abandon the property to "us" without "our" written consent.
9. **Cooperation** -- "You" must cooperate with "us" in performing all acts required by this policy.

VALUATION

1. **Actual Cash Value** -- The value of covered property will be based on the actual cash value at the time of the loss (with a deduction for depreciation).
2. **Pair Or Set** -- The value of a lost or damaged article which is part of a pair or set is based on a reasonable proportion of the value of the entire pair or set. The loss is not considered a total loss of the pair or set.

3. **Loss To Parts** -- The value of a lost or damaged part of an item that consists of several parts when it is complete is based on the value of only the lost or damaged part or the cost to repair or replace it.

HOW MUCH WE PAY

1. **Insurable Interest** -- "We" do not cover more than "your" insurable interest in any property.
2. **Deductible** -- "We" pay only that part of "your" loss over the deductible amount indicated on the "schedule of coverages" in any one occurrence.
3. **Loss Settlement Terms** -- Subject to paragraphs 1., 2., 4., 5., and 6. under How Much We Pay, "we" pay the lesser of:
 - a. the amount determined under Valuation;
 - b. the cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practicable; or
 - c. the "limit" that applies to the covered property. However, the most "we" pay for loss in any one occurrence is the Catastrophe Limit indicated on the "schedule of coverages".
4. **Coinsurance** --
 - a. **When Coinsurance Applies** -- "We" only pay a part of the loss if the "limit" is less than the percentage of the value of the covered property that is indicated on the "schedule of coverages".
 - b. **How We Determine Our Part of The Loss** -- "Our" part of the loss is determined using the following steps:
 - 1) multiply the percent indicated on the "schedule of coverages" by the value of the covered property at the time of loss;

- 2) divide the "limit" for covered property by the result determined in b.1) above;
- 3) multiply the total amount of loss, after the application of any deductible, by the result determined in b.2) above.

The most "we" pay is the amount determined in b.3) above or the "limit", whichever is less. "We" do not pay any remaining part of the loss.

- c. **If There Is More Than One Limit** -- If there is more than one "limit" indicated on the "schedule of coverages" for this coverage part, this procedure applies separately to each "limit".
 - d. **If There Is Only One Limit** -- If there is only one "limit" indicated on the "schedule of coverages" for this coverage, this procedure applies to the total of all covered property to which the "limit" applies.
 - e. **When Coinsurance Does Not Apply** -- Conditions for coinsurance do not apply unless a coinsurance percentage is indicated on the "schedule of coverages".
5. **Insurance Under More Than One Coverage** -- If more than one coverage of this policy insures the same loss, "we" pay no more than the actual claim, loss, or damage sustained.
 6. **Insurance Under More Than One Policy** --
 - a. **Proportional Share** -- "You" may have another policy subject to the same "terms" as this policy. If "you" do, "we" will pay "our" share of the covered loss. "Our" share is the proportion that the applicable "limit" under this policy bears to the "limit" of all policies covering on the same basis.

- b. **Excess Amount** -- If there is another policy covering the same loss, other than that described above, "we" pay only for the amount of covered loss in excess of the amount due from that other policy, whether "you" can collect on it or not. But "we" do not pay more than the applicable "limit".

LOSS PAYMENT

1. Loss Payment Options --

- a. **Our Options** -- In the event of loss covered by this coverage form, "we" have the following options:
 - 1) pay the value of the lost or damaged property;
 - 2) pay the cost of repairing or replacing the lost or damaged property;
 - 3) rebuild, repair, or replace the property with other property of equivalent kind and quality, to the extent practicable, within a reasonable time; or
 - 4) take all or any part of the property at the agreed or appraised value.
- b. **Notice of Our Intent To Rebuild, Repair, or Replace** -- "We" must give "you" notice of "our" intent to rebuild, repair, or replace within 30 days after receipt of a duly executed proof of loss.

2. Your Losses --

- a. **Adjustment and Payment of Loss** -- "We" adjust all losses with "you". Payment will be made to "you" unless another loss payee is named in the policy.
- b. **Conditions For Payment of Loss** -- An insured loss will be payable 30 days after:
 - 1) a satisfactory proof of loss is received, and

- 2) the amount of the loss has been established either by written agreement with "you" or the filing of an appraisal award with "us".

3. Property Of Others --

- a. **Adjustment And Payment of Loss To Property of Others** -- Losses to property of others may be adjusted with and paid to:
 - 1) "you" on behalf of the owner; or
 - 2) the owner.
- b. **We Do Not Have To Pay You If We Pay The Owner** -- If "we" pay the owner, "we" do not have to pay "you". "We" may also choose to defend any suits brought by the owners at "our" expense.

OTHER CONDITIONS

- 1. **Appraisal** -- If "you" and "we" do not agree on the amount of the loss or the value of covered property, either party may demand that these amounts be determined by appraisal.

If either makes a written demand for appraisal, each will select a competent, independent appraiser and notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers will then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, "you" or "we" can ask a judge of a court of record in the state where the property is located to select an umpire.

The appraisers will then determine and state separately the amount of each loss.

The appraisers will also determine the value of covered property items at the time of the loss, if requested.

If the appraisers submit a written report of any agreement to "us", the amount agreed upon will be the amount of the loss. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three, sets the amount of the loss.

Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire will be paid equally by "you" and "us".

2. **Benefit To Others** -- Insurance under this coverage will not directly or indirectly benefit anyone having custody of "your" property.
3. **Conformity With Statute** -- When a condition of this coverage is in conflict with an applicable law, that condition is amended to conform to that law.
4. **Estates** -- This provision applies only if the insured is an individual.
 - a. **Your Death** -- On "your" death, "we" cover the following as an insured:
 - 1) the person who has custody of "your" property until a legal representative is qualified and appointed; or
 - 2) "your" legal representative.

This person or organization is an insured only with respect to property covered by this coverage.
 - b. **Policy Period Is Not Extended** -- This coverage does not extend past the policy period indicated on the declarations.
5. **Misrepresentation, Concealment, Or Fraud** -- This coverage is void as to "you" and any other insured if, before or after a loss:
 - a. "you" or any other insured have willfully concealed or misrepresented:
 - 1) a material fact or circumstance that relates to this insurance or the subject thereof; or

2) "your" interest herein.

- b. there has been fraud or false swearing by "you" or any other insured with regard to a matter that relates to this insurance or the subject thereof.
6. **Policy Period** -- "We" pay for a covered loss that occurs during the policy period.
 7. **Recoveries** -- If "we" pay "you" for the loss and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:
 - a. "you" must notify "us" promptly if "you" recover property or receive payment;
 - b. "we" must notify "you" promptly if "we" recover property or receive payment;
 - c. any recovery expenses incurred by either are reimbursed first;
 - d. "you" may keep the recovered property but "you" must refund to "us" the amount of the claim paid or any lesser amount to which "we" agree; and
 - e. if the claim paid is less than the agreed loss due to a deductible or other limiting "terms" of this policy, any recovery will be pro rated between "you" and "us" based on "our" respective interest in the loss.
 8. **Restoration Of Limits** -- A loss "we" pay under this coverage does not reduce the total applicable "limit" unless it is a total loss to a scheduled item. In the event of a total loss to a scheduled item, "we" refund the unearned premium on that item.
 9. **Subrogation** -- If "we" pay for a loss, "we" may require "you" to assign to "us" "your" right of recovery against others. "You" must do all that is necessary to secure "our" rights. "We" do not pay for a loss if "you" impair this right to recover.

"You" may waive "your" right to recover from others in writing before a loss occurs.

10. **Suit Against Us** -- No one may bring a legal action against "us" under this coverage unless:

- a. all of the "terms" of this coverage have been complied with; and
- b. the suit has been brought within two years after "you" first have knowledge of the loss.

If any applicable law makes this limitation invalid, then suit must begin within the shortest period permitted by law.

11. **Territorial Limits** -- "We" cover property while it is in the United States of America, its territories and possessions, Canada, and Puerto Rico.

IM 7001 04 04

AMENDATORY ENDORSEMENT FUNGUS EXCLUSION DELETED DIFFERENCE IN CONDITIONS

The following apply to IM 7801:

1. Under Definitions, the definition of "fungus" is deleted.
2. Under Perils Excluded, the Fungus Exclusion is deleted.
3. Under Perils Excluded, the exclusion for Contamination Or Deterioration is deleted and replaced by the following:

Contamination Or Deterioration -- "We" do not pay for loss caused by contamination or deterioration including corrosion, decay, fungus, mildew, mold, rot, rust, or any quality, fault, or weakness in the covered property that causes it to damage or destroy itself.

But if contamination or deterioration results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

Policy No: 01-LX-090021855-0

**COMMERCIAL PROPERTY COVERAGE PART
SUPPLEMENTAL DECLARATIONS**

NEW HAMPSHIRE INSURANCE COMPANY

Named Insured: TRUCKEE TAHOE AIRPORT D Effective 12:01 a.m. 07/01/2019

Agent Name: Preferred Aviation Underwriter Agent No.: 0000093575

Item 1. Business Description:

Item 2. Premises Described: **See Schedule of Premises - 63958**

Item 3. The deductible shown on the COMMERCIAL PROPERTY COVERAGE FORM - EXTENSION OF SUPPLEMENTAL DECLARATIONS applies to all items of Covered Property and all Supplemental Coverages, listed in Item 4. below, unless more specifically described on the Declarations, or by an endorsement attached hereto.

Item 4. Limits of Insurance for Covered Property and Supplemental Coverage unless otherwise indicated on the COMMERCIAL PROPERTY COVERAGE FORM EXTENSION OF SUPPLEMENTAL DECLARATIONS.

COVERED PROPERTY

LIMITS OF INSURANCE

Newly Acquired Or Constructed Buildings	\$1,000,000
Newly Acquired Business Personal Property	1,000,000
Personal Effects Of Employees	25,000
Valuable Papers And Records	100,000
Property In Transit	50,000
Accounts Receivable Records	100,000
Fine Arts	25,000
Computer Equipment, Media, Data and Programs:	
Equipment	250,000
Media, Data and Programs	100,000
Your Outdoor Property	100,000
Sod, Trees, Shrubs And Plants	10,000
Covered Property Not On Premises	50,000
Money And Securities - On Your Premises	20,000
Money And Securities - Away From Your Premises	10,000
Salesperson's Samples	10,000

SUPPLEMENTAL COVERAGES

LIMITS OF INSURANCE

Debris Removal	\$ 25,000
Fire Department Service Charge	25,000
Pollutant Clean Up And Removal	25,000
Recharge of Fire Protection Equipment	10,000
Extra Expense	50,000
Deferred Payments	15,000
Inventory And Appraisal	20,000
Theft of Furs, Jewelry, Stamps And Other Specified Items	10,000
Reward Payment	10,000
Data and Programs – extended covered cause of loss	
Property Coverage Form	5,000 *
Business Income and Extra Expense Coverage Part	5,000 *
Limited Coverage for Fungus, Wet Rot, Dry Rot and Bacteria	15,000 *
Newly Acquired Premises – Business Income	500,000
Dependent Property – Business Income	100,000

Off Premises Utility Failure:	
Property Coverage Form	100,000
Business Income and Extra Expense Coverage Part	25,000
Equipment Breakdown	Included
Expediting Expenses	25,000
Hazardous Substances	25,000
Spoilage	25,000
Computer Equipment	25,000
Data Restoration	25,000
Service Interruption	25,000
Business Income	Included
Extra Expense	Included
Dependent Property	Included
Ordinance or Law	Included

Where a Limit of Insurance is indicated as Included, such coverage shall follow the Limit(s) of Insurance provided by the Policy and indicated in the Declarations, unless otherwise indicated in the Equipment Breakdown – Other Conditions Endorsement.

* Denotes an annual aggregate limit

Item 6. Lienholders:

Item 5. Forms and Endorsements

Form(s) and Endorsement(s) made a part of this policy at time of Issue: **See Schedule of Forms and Endorsements**

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement, effective 12:01 A.M., 07/01/2019
Forms a part of Policy No.: 01-~~LX~~-090021855-0

**CONTRACTORS' EQUIPMENT COVERAGE
WEIGHT OF LOAD AMENDATORY ENDORSEMENT**

This endorsement modifies insurance provided under the following:

CONTRACTORS' EQUIPMENT COVERAGE SCHEDULED EQUIPMENT FORM

Paragraph **2.k.** of the **PERILS EXCLUDED** section is deleted in its entirety.

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

Authorized Representative

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

Policy No: 01-LX-090021855-0
Effective 12:01 a.m. 07/01/2019

AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

PROPERTY COVERAGE FORM
BUSINESS INCOME AND EXTRA EXPENSE COVERAGE PART

The PROPERTY COVERAGE FORM is amended as follows:

- I. Subparagraph **A. 5.** of Section **IV. SUPPLEMENTAL COVERAGES** is deleted in its entirety and replaced with the following:

5. **We** shall pay for **extra expense you** incur as a result of direct physical loss or damage to Covered Property by a **covered cause of loss**.

- II. Paragraph **D.** of Section **VI. EXCLUSIONS** is deleted in its entirety and replaced with the following:

- D.** Wear and tear;

But if this excluded cause of loss results in a **covered cause of loss** or an **accident, we** shall pay for the resulting loss or damage caused by such **covered cause of loss** or **accident**.

This exclusion, however, does not apply to any resulting loss or damage caused by elevator collision.

- III. Paragraph **K.** of Section **VI. EXCLUSIONS** is deleted in its entirety and replaced with the following:

1. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body; or
2. Faulty, inadequate, or defective:
 - a. Planning, zoning, development, surveying, or siting;
 - b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - c. Material used in repair, construction, renovation, or remodeling; or
 - d. Maintenance;

of part or all of any Covered Property on or off the premises described in the Declarations;

But if an excluded cause of loss that is listed in Subparagraphs K.1 or K.2. above results in a **covered cause of loss, we** shall pay for the resulting loss or damage caused by such **covered cause of loss**;

IV. Paragraph **Q.** of Section **VI. EXCLUSIONS** is deleted in its entirety and replaced with the following:

Q. 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;

V. Subparagraph 9. is added to Paragraph **C.** of Section **IX. LOSS CONDITIONS**:

9. At the actual cash value as of the time of loss or damage, if actual cash value is shown in the Declarations.

VI. Subparagraph **N.2.** of Section **IX. LOSS CONDITIONS** is deleted in its entirety and replaced with the following:

2. Lender's Loss Payable

a. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:

- i. Warehouse receipts;
- ii. A contract for deed;
- iii. Bills of lading;
- iv. Financing statements; or
- v. Mortgages, deeds of trust, or security agreements.

b. For Covered Property in which both **you** and Loss Payee have an insurable interest:

- i. **We** shall pay for covered loss or damage or each Loss Payee in their order of precedence, as interest may appear.
- ii. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
- iii. If **we** deny your claim because of **your** acts or because **you** have failed to comply with the terms of the Policy, the Loss Payee shall still have the right to receive loss payment if the Loss Payee:
 - (a) Pays any premium due under this Policy at **our** request if **you** have failed to do so;
 - (b) Submits a signed, sworn proof of loss within sixty (60) days after receiving notice from **us** of **your** failure to do so; and
 - (c) Has notified **us** of any change in ownership, occupancy, or substantial change in risk known to the Loss Payee.
- iv. If **we** pay the Loss Payee for any loss or damage and deny payment because of **your** acts or because **you** have failed to comply with the terms of this Policy:
 - (a) The Loss Payee's rights shall be transferred to **us** to the extent of the amount **we** pay; and

- (b) The Loss Payee's rights to recover the full amount of the Loss Payee's claim shall not be impaired.

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

- v. If **we** cancel this policy, **we** will give written notice to the Loss Payee at least:
 - (a) 10 days before the effective date of cancellation if **we** cancel for **your** nonpayment of premium; or
 - (b) 30 days before the effective date of cancellation if **we** cancel for any other reason.
- vi. 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 policy.

VII. Paragraph J. of Section XI. **DEFINITIONS** is deleted in its entirety and replaced with the following:

J. Extra Expense means necessary expenses **you** incur during the **period of restoration** that **you** would not have incurred if there had been no direct physical loss or damage to property. Coverage pertains to expenses (other than the expense to repair or replace property) which are incurred to:

1. Avoid or minimize the suspension of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.
2. 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.

The BUSINESS INCOME AND EXTRA EXPENSE COVERAGE PART is amended as follows:

Paragraph H. of Section VIII. **DEFINITIONS** is deleted in its entirety and replaced with the following:

H. Extra Expense means necessary expenses **you** incur during the **period of restoration** that **you** would not have incurred if there had been no direct physical loss or damage to property. Coverage pertains to expenses (other than the expense to repair or replace property) which are incurred to:

1. Avoid or minimize the suspension of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.
2. 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 Part.

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

Authorized Representative

**COMMERCIAL PROPERTY COVERAGE FORM
EXTENSION OF SUPPLEMENTAL DECLARATIONS**

Policy No: 01-LX-090021855-0

Effective 12:01 a.m. 07/01/2019

Named Insured: TRUCKEE TAHOE AIRPORT DISTRICT

COVERAGES PROVIDED

Prem No.	Bldg. No.	Coverage	Limit of Insurance	Coinsurance*	Deductible
---------------------	----------------------	-----------------	---------------------------	---------------------	-------------------

SEE COMMERCIAL PROPERTY DECLARATION OR COMMERCIAL PROPERTY RENEWAL DECLARATIONS.

* Coinsurance percentage, or
Monthly Limit of Indemnity percentage, if shown below; or
Agreed Value where indicated, subject to the Agreed Value Expiration Date as shown below.

- ☐ Maximum Limit of Indemnity
- ☐ Agreed Value Expiration Date

BUSINESS INCOME AND EXTRA EXPENSE COVERAGE PART

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 the Coverage Part, the words **you** and **your** refer to the Named Insured(s) shown in the Declarations and any other person(s) or organization(s) qualifying as a Named Insured under this Coverage Part. The words **we**, **us**, and **our** refer to the company providing this insurance.

Other words and phrases that appear in boldface type have special meaning. Refer to SECTION VIII - DEFINITIONS.

I. COVERAGE

We shall pay for the actual loss of **your business income** and **extra expense** due to the necessary suspension of **your operations** during the **period of restoration**, at premises described in the Declarations for which a limit is shown for **business income** and **extra expense** coverage. The suspension shall be caused by or resulting from direct physical loss of or damage to property at such premises, including personal property in the open, or in a vehicle, within 1000 feet thereof, by a **covered cause of loss**.

II. SUPPLEMENTAL COVERAGES

UNLESS OTHERWISE STATED, THE PROVISIONS FOR EACH SUPPLEMENTAL COVERAGE SHALL PERTAIN ONLY TO THAT SUPPLEMENTAL COVERAGE.

A. The Limits of Insurance for the following Supplemental Coverages are WITHIN the Limits of Insurance for this Coverage Part indicated in the Declarations:

1. Civil Authority

We shall pay for the actual loss of **your business income** and **extra expense** caused by or resulting from action by a civil authority that prohibits access to the premises described in the Declarations due to direct physical loss of or damage to property, other than at the premises described in the Declarations, caused by or resulting from a **covered cause of loss**. This coverage will apply for a period of up to thirty (30) consecutive days from the date of that action.

2. Alterations and New Buildings

We shall pay for the actual loss of **your business income you** incur due to direct physical loss or damage at the premises described in the Declarations caused by or resulting from a **covered cause of loss** to:

- a. New buildings or structures, whether complete or under construction;
- b. Alterations or additions to existing buildings or structures; and
- c. Machinery, equipment, supplies or building materials located on or within 1000 feet of the premises described in the Declarations and:
 - i. Used in the construction of, or alteration, or addition to such premises; or
 - ii. Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of **operations**, the **period of restoration** will begin on the date **operations** would have begun if the direct physical loss or damage had not occurred.

3. Extended Business Income

We shall pay for the actual loss of **your business income you** incur due to direct physical loss or damage at the premises described in the Declarations caused by or resulting from a **covered cause of loss** during the period that:

- a. Begins on the date property, except **finished stock**, is actually repaired, rebuilt, or replaced and **operations** are resumed; and
- b. Ends on the earlier of:
 - i. The date **you** could restore **your operations**, with reasonable speed, to the condition that would have existed if no direct physical loss or damage occurred; or
 - ii. One-hundred and eighty (180) consecutive days, unless otherwise specified in the Declarations, after the date determined in a. above.

4. Loss Discovered After The Period Of Restoration

We shall pay for the actual loss of **your business income you** incur and discover after the **period of restoration**. This loss shall result from a covered **business income** and **extra expense** loss. We shall pay:

- a. For the same length of time it took to restore **your** property to the condition that existed prior to the loss; and

- b. Only if the discovery is made, and reported to **us**, within twenty-four (24) months after the date of the loss.

5. Off Premises Utility Failure

We shall pay for the actual loss of **your business income** and **extra expense** caused by or resulting from the necessary suspension of **your operations** during the **period of restoration** caused by or resulting from direct physical loss or damage by a **covered cause of loss** to property not on **your** premises but used to supply **you** with services by the following utilities:

- a. **Water Supply Services**, meaning the following types of property supplying water to the premises described in the Declarations:
 - i. Pumping stations; and
 - ii. Water mains.
- b. **Communication Supply Services**, meaning property supplying communications services, including, but not limited to, telephone, radio, microwave, or television services to the premises described in the Declarations, such as:
 - i. Communication transmission lines;
 - ii. Coaxial cables; and
 - iii. Microwave radio relays, except satellites.

This shall not include above-ground communication lines.
- c. **Power Supply Services**, meaning the following types of property supplying electricity, steam, or gas to the premises described in the Declarations:
 - i. Utility generating plants;
 - ii. Switching stations;
 - iii. Substations;
 - iv. Transformers; and
 - v. Transmission lines.

This shall not include above-ground transmission or distribution lines.

The most **we** shall pay is the limit shown in the Declarations for loss **you** incur after the first twenty-four (24) hours following direct physical loss or damage by a **covered cause of loss** that disrupted the services provided by the utility companies described above.

6. Data and Programs

We shall pay for the actual loss of **your business income** and **extra expense** caused by or resulting from loss or damage to **data** and **programs** by the following extended **covered cause of loss**: a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic **data**) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic **data**) by any employee, including a temporary or leased employee, or by an entity retained by **you** or for **you** to inspect, design, install, modify, maintain, repair or replace that system.

The most **we** will pay under this **Supplemental Coverage** for all loss of **your business income** and **extra expense** sustained in any one policy year, regardless of the number of **occurrences** of loss or damage or the number of premises, locations or computer systems involved is the limit shown in the Declarations. If loss payment on the first **occurrence** does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an **occurrence** which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the **occurrence** began.

B. The Limits of Insurance for the following Supplemental Coverages are in ADDITION to the Limit of Insurance for this Coverage Part indicated in the Declarations

1. Coverage Extension - Newly Acquired Premises

- a. **We** shall pay for the actual loss of **business income you** incur due to the necessary suspension of **your operations** during the **period of restoration** as respects newly acquired premises, other than fairs or exhibitions. The suspension shall be caused by direct physical loss of or damage to property at such premises caused by or resulting from a **covered cause of loss**.
- b. The most **we** shall pay for loss under this Extension is the limit shown in the Declarations.
- c. Insurance under this Extension for each newly acquired premises will end when any of the following first occurs:

- i. This Coverage Part expires;
- ii. One-hundred and eighty (180) days expire after **you** acquire or begin to construct the property; or
- iii. **You** report to **us** the amount of **business income** coverage **you** wish to purchase.

You shall report the total amount of **business income** coverage for newly acquired premises on or before 180 days from the date **you** acquire each premise, and **you** shall pay additional premium for such reported values from the date **you** acquire the premise.

2. **Dependent Property**

We shall pay for the actual loss of **business income** **you** incur due to the necessary suspension of **your operations** during the **period of restoration**. The suspension shall be caused by direct physical loss of or damage to **your dependent property** caused by or resulting from a **covered cause of loss**.

The most **we** shall pay for such loss is the limit shown in the Declarations.

III. **OPTIONAL COVERAGES**

If shown in the Declarations, the following Optional Coverages apply:

A. **Monthly Limit Of Indemnity**

The most **we** shall pay for loss of **business income** in each period of thirty (30) consecutive days after the direct physical loss or damage is:

1. The Limit of Insurance, multiplied by
2. The percentage shown in the Declarations for this Optional Coverage.

If **you** do not use the entire amount payable in a thirty (30) day period, the unused amount may be carried over to subsequent thirty (30) day periods.

The Loss Condition, Coinsurance, does not apply at the describes premises to which this Optional Coverage applies.

B. **Agreed Value**

- 1 **You** shall provide **us** with a Worksheet showing the financial data for **your operations**, including **your business income**:

- a. During the twelve (12) months prior to the date of the Worksheet;
and
 - b. Estimated for the twelve (12) months immediately following the
inception date of this Optional Coverage.
- 2. An Agreed Value shall be shown in the Declarations. The Agreed Value
shall be at least equal to:
 - a. The Coinsurance percentage shown in the Declarations multiplied
by
 - b. The amount of Net Income and operating expenses for the
following twelve (12) months **you** report on the Worksheet.
- 3. The Loss Condition, Coinsurance, is suspended until the earlier of:
 - a. Twelve (12) months after the effective date of this Optional
Coverage; or
 - b. The agreed value expiration date shown in the Declarations; or
 - c. The expiration date of this policy.
- 4. The amount of loss that **we** shall pay will be determined by the Loss
Condition, Coinsurance, automatically if **you** do not submit a new
Worksheet and a new Agreed Value:
 - a. Within twelve (12) months after the effective date of this Optional
Coverage; or
 - b. When **you** request a change in **your business income** Limit of
Insurance.
- 5. If the **business income** Limit of Insurance is less than the Agreed Value,
we shall not pay more for any loss than the amount of loss multiplied by:
 - a. the **business income** Limit of Insurance:
 - b. divided by the Agreed Value.

IV. EXCLUSIONS

**IN ADDITION TO THE FOLLOWING EXCLUSIONS, THIS COVERAGE PART IS
SUBJECT TO SECTION V., EXCLUSIONS, IN THE PROPERTY COVERAGE FORM:**

We shall not pay for:

1. Any loss caused by or resulting from:

- a. Damage or destruction of **finished stock**; or
- b. The time required to reproduce **finished stock**.

However, this exclusion shall not apply to **extra expense** that is incurred due to the foregoing losses;

2. Any increase of loss caused by or resulting from:

- a. Delay in rebuilding, repairing or replacing the property or resuming **operations** due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
- b. Suspension, lapse, or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of **operations**, we shall cover such loss that affects **your business income** during the **period of restoration**.

3. Any **extra expense** caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the **period of restoration**.

V. LIMITS OF INSURANCE

The Limits of Insurance shown in the Declarations are the most we shall pay, in any one **occurrence**, regardless of the number of:

- 1. Insureds;
- 2. Claims made or suits brought; or
- 3. Persons or organizations making claims or bringing suits.

VI. DEDUCTIBLE

- A. We shall not pay for loss or damage in any one **occurrence**, or any one **accident**, until the amount of loss or damage exceeds the applicable Deductible shown in the Declarations. We shall then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.
- B. If more than one deductible applies to **business income** and **extra expense** coverages, as a result of one **occurrence**, or any one **accident**, you shall pay the highest applicable deductible.

C. As respects Equipment Breakdown:

1. Time Deductible

If a time deductible is shown in the Declarations, **we** will not be liable for any loss occurring during the specified number of hours or days immediately following the **accident**. If a time deductible is expressed in days, each day shall mean twenty-four (24) consecutive hours.

2. Multiple of Average Daily Value (ADV)

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the **Business Income** (as defined in any **Business Income** coverage that is part of the policy) that would have been earned during the period of interruption of business had no **accident** occurred, divided by the number of working days in that period. No reduction shall be made for the **Business Income** not being earned, or in the number of working days, because of the **accident** or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to the **Business Income** value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the **period of restoration**.

The number indicated in the Declarations will be multiplied by the ADV as determined above. The result shall be used as the applicable deductible.

VII. LOSS CONDITIONS

IN ADDITION TO THE FOLLOWING ADDITIONAL CONDITIONS, THIS COVERAGE PART IS SUBJECT TO SECTION VIII., LOSS CONDITIONS, AND SECTION IX., GENERAL CONDITIONS, OF THE PROPERTY COVERAGE FORM:

A. Appraisal

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

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

If there is an appraisal, **we** shall retain **our** right to deny the claim.

B. Duties In The Event Of Loss Or Damage

In the event of loss, **you** shall:

1. Notify the police if a law may have been broken;
2. In the event of theft, provide **us** with a police report or a report which was submitted to the appropriate civil authorities;
3. Give **us** prompt notice of the loss or damage and include a description of the Covered Property involved;
4. As soon as possible, give **us** a description of how, when, and where the loss or damage occurred;
5. Take all reasonable steps to protect the Covered Property from further damage. If feasible, set the damaged Covered Property aside and in the best possible order for examination. **You** shall also keep a record of **your** expenses for emergency and temporary repairs for consideration in the settlement of the claim;
6. At **our** request, give **us** complete inventories of the damaged and undamaged Covered Property. Include quantities, costs, values, and amount of loss claimed;
7. Permit **us** to inspect the Covered Property and records proving the loss or damage and take samples of Covered Property for inspections, testing, and analysis;
8. If requested, permit **us** to question **you** under oath at such times as may be reasonably required about any matter relating to this insurance or **your** claim, including **your** books and records. In such event, **your** answers shall be signed;
9. Send **us** a signed, sworn proof of loss containing the information **we** request to investigate the claim. **You** shall do this within sixty (60) days after **our** request. **We** shall supply **you** with the necessary forms;
10. Cooperate with **us** in the investigation or settlement of the claim; and
11. If **you** intend to continue **your** business, **you** shall resume all or part of **your operations** as quickly as possible.

C. Loss Determination

1. The amount of **business income** loss shall be determined based on:
 - a. The Net Income of the business before the loss or damage occurred;

- b. The likely Net Income of the business if no loss or damage occurred, but not including any Net Income that would likely have been earned as a result of an increase in 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, necessary to resume **operations** with the same quality of service that existed immediately prior to the loss or damage; and
 - d. Other relevant sources of information, including:
 - i. **Your** financial records and accounting procedures;
 - ii. Bills, invoices, and other vouchers; and
 - iii. Deeds, liens, or contracts.
2. The amount of **extra expense** shall be determined based on:
- a. All expenses that exceed the normal operating expenses that would have been incurred by **operations** during the **period of restoration** if no direct physical loss or damage had occurred. **We** shall deduct from the total of such expenses:
 - i. The salvage value that remains of any property bought for temporary use during the **period of restoration**, once **operations** are resumed; and
 - ii. Any **extra expense** that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions, and provisions as this insurance; and
 - iii. All necessary expenses that reduce the **business income** loss that otherwise would have been incurred.
3. **We** shall reduce the amount of **your**:
- a. **Business income** loss, other than **extra expense**, to the extent **you** can resume **your operations**, in whole or in part, by using damaged or undamaged property, including merchandise or **stock**, at premises described in the Declarations or elsewhere.
 - b. **Extra expense** loss to the extent **you** can return **operations** to normal and discontinue such **extra expense**.

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

D. Loss Payment

We shall pay for covered loss or damage within thirty (30) days after **we** receive the sworn statement of loss, if:

1. **You** have complied with all of the terms of this Coverage Part; and
2. **We** have reached agreement with **you** on the amount of loss or an appraisal award has been made.

E. Coinsurance

If a coinsurance percentage is shown in the Declarations, the following condition applies:

We shall not pay the full amount of any loss if the Limit of Insurance for **business income** is less than:

1. The Coinsurance percentage shown for **business income** in the Declarations; times
2. The sum of:
 - a. The Net Income (net profit or loss before income taxes); and
 - b. All operating expenses, including payroll expenses, that would have been earned, had no loss occurred, by **your operations** at the premises described in the Declarations for the twelve (12) months following the inception, or last previous anniversary date, of the Coverage Part, whichever is later.

Instead, **we** shall determine the most **we** shall pay using the following formula:

1. Multiply the Net Income and operating expense for the twelve (12) months following inception, or last previous anniversary date, of this Coverage Part by the Coinsurance percentage indicated in the Declarations;
2. Divide the Limit of Insurance for the premises described in the Declarations by the figure determined in paragraph 1 above; and
3. Multiply the total amount of loss by the figure determined in paragraph 2 above.

We shall pay the amount determined in paragraph 3 above, or the Limit of Insurance, whichever is less.

VIII. DEFINITIONS

A. **Accident** means a fortuitous event that causes direct physical damage to **covered equipment**. The event must be one of the following:

1. mechanical breakdown, including rupture or bursting caused by centrifugal force;
2. artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
3. explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by **you**, or operated under **your** control;
4. loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
5. loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.

If an initial **accident** causes other **accidents**, all will be considered one **accident**. All **accidents** that are the result of the same event will be considered one **accident**.

B. **Business Income** means the:

1. Net Income (Net Profit or loss before income taxes) that would have been earned or incurred;
2. Continuing normal operating expenses incurred, including payroll; and
3. **Rental value**.

C. **Computer Equipment** means electronic **data** processing systems including keyboards, display screens, terminals, printers, and related peripheral equipment used solely for **data** processing operations. **Computer equipment** shall not include such equipment held for sale, distribution, or which is manufactured in the course of **your** business.

D. **Covered Cause of Loss** means any cause of loss which may result in direct physical loss, unless otherwise excluded or limited by this Coverage Part or the Property Coverage Form.

E. Covered Equipment

1. **Covered Equipment** means Covered Property, unless otherwise indicated in the Equipment Breakdown – Other Conditions Endorsement:
 - a. that generates, transmits or utilizes energy, including electronic communications and **data** processing equipment; or
 - b. which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.
2. None of the following is **covered equipment**:
 - a. structure, foundation, cabinet, compartment or air supported structure or building;
 - b. insulating or refractory material;
 - c. sewer piping, underground vessels or piping, or piping forming a part of a sprinkler system;
 - d. water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
 - e. vehicle or any equipment mounted on a vehicle. For the purpose of this limitation, vehicle means, any machine or apparatus that is used for transportation or moves under its own power including, but not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester. However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a vehicle;
 - f. satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
 - g. dragline, excavation or construction equipment; or
 - h. equipment manufactured by **you** for sale.

F. Data means information, instruction, or **programs** that are recorded on **your media**, including original source material used to enter **data**.

G. Dependent Property means property operated by others which **you** depend on to:

1. Deliver materials or services to **you**, or to others for **your** account (Contributing Locations). These services shall not include water, communication, or power supply services;

2. Accept **your** products or services (Recipient Locations);
3. Manufacture products for delivery to **your** customers under contract of sale (Manufacturing Locations); or
4. Attract customers to **your** business (Leader Locations).

H. Extra Expense means necessary expenses **you** incur during the **period of restoration** that **you** would not have incurred if there had been no direct physical loss of or damage to Covered Property caused by or resulting from a **covered cause of loss**.

To the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Part, **extra expense** includes expenses **you** incur to:

1. Avoid or minimize the suspension of business and to continue **operations**:
 - a. At the premises described in the Declarations;
 - b. At replacement premises or at temporary locations, including:
 - i. Relocation expenses;
 - ii. Costs to equip and operate the replacement or temporary locations;
 - iii. Minimize the suspension of business if **you** cannot continue **operations**; or
2. Research, replace, or restore the lost information on damaged valuable papers and records;

I. Finished Stock means **stock you** have manufactured, including whiskey and alcoholic products being aged. **Finished stock** shall not include **stock you** have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

J. Media means magnetic tapes, compact discs, diskettes, disk packs, cards, or other standardized **data** recording materials which can be read by **your** electronic **data** processing equipment.

K. Occurrence means any one loss, disaster, casualty or series of losses, disasters, or casualties, arising out of one event. When the term applies to loss or losses from the perils of tornado, cyclone, hurricane, windstorm, hail, riot, riot attending a strike, civil commotion, and vandalism and malicious mischief one event shall be construed to be all losses arising during a continuous period of 72 hours. When filing proof of loss, **you** may elect the moment at which the 72 hour period shall be deemed to have commenced, which shall not be earlier than the first loss to covered property occurs.

L. Operations means:

1. **Your** business activities occurring at the premises described in the Declarations; and
2. The tenantability of the premises described in the Declarations.

M. Period Of Restoration means the period of time that:

1. Begins with the date of direct physical loss or damage caused by or resulting from any **covered cause of loss** at the premises described in the Declarations; and
2. Ends on the date when the Covered Property at the premises described in the Declarations should be repaired, rebuilt, or replaced with reasonable speed and similar quality.

Period of restoration does not include any increased period required due to the enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **pollutants**.

The expiration date of this Coverage Part shall not cut short the **period of restoration**.

N. Pollutants means any solid, liquid, gaseous, or thermal irritant or contaminant including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned, or reclaimed.

O. Programs means software that are purchased or written specifically to be used with **computer equipment**.

P. Rental Value means the:

1. Total anticipated rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by **you**, and
2. Amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be **your** obligations, and
3. Fair **rental value** of any portion of the premises described in the Declarations which is occupied by **you**.

All other terms, conditions and exclusions remain unchanged.

PROPERTY COVERAGE FORM

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

Throughout the Policy, the words **you** and **your** refer to the Named Insured(s) shown in the Declarations and any other person(s) or organization(s) qualifying as a Named Insured under this Policy. The words **we**, **us**, and **our** refer to the company providing this insurance.

Other words and phrases that appear in boldface type have special meaning. Refer to SECTION XI - DEFINITIONS.

I. COVERAGE

We shall pay for direct physical loss of or damage to Covered Property during the Policy Period, at the premises described in the Declarations or otherwise described in this Policy, for which a Limit of Insurance is shown in the Declarations, caused by or resulting from a **covered cause of loss**.

II. COVERED PROPERTY

Covered Property shall be limited to:

A. Building

Building means the building or structure described in the Declarations, including:

1. Completed additions;
2. Permanently installed:
 - a. Fixtures;
 - b. Machinery;
 - c. Equipment; and
 - d. Signs Attached to Buildings;
3. Outdoor fixtures;
4. Personal property owned by **you** that is used to maintain or service the building or structure or its premises, including:

- a. Fire extinguishing equipment;
 - b. Outdoor furniture;
 - c. Floor coverings; and
 - d. Appliances used for refrigeration, ventilation, cooking, dishwashing or laundering;
5. Glass;
6. If not covered by other insurance:
- a. Additions under construction, alterations, and repairs to the building or structure; and
 - b. Materials, equipment, supplies, and temporary structures, on or within 1000 feet of the premises described in the Declarations, used for making additions, alterations, or repairs to the building or structure;

B. Newly Acquired Or Constructed Buildings

Newly acquired or constructed buildings including:

- 1. **Your** new building while being built on the premises described in the Declarations; and
- 2. Buildings **you** acquire at locations, other than the premises described in the Declarations, intended for:
 - a. Similar use as the buildings described in the Declarations; or
 - b. Use as a warehouse.

Coverage for each newly acquired or constructed building shall terminate when any of the following first occurs:

- 1. This Policy expires;
- 2. 180 days expire after **you** acquire or begin to construct the building; or
- 3. **You** report values to **us**.

You shall report total values of newly acquired or constructed buildings on or before 180 days from the date **you** either acquire or begin to construct each building, and **you** shall pay additional premium for such reported values from the date either construction begins or **you** acquire the building;

C. **Business Personal Property**

Your business personal property located in or on the building described in the Declarations or in the open or in a vehicle within 1000 feet of the premises described in the Declarations, consisting of the following unless otherwise specified in the Declarations:

1. Furniture and fixtures;
2. Machinery and equipment;
3. **Stock**;
4. All other personal property owned by **you** and used in **your** business;
5. Labor, materials, or services furnished or arranged by **you** on personal property of others;
6. **Your** use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations, or additions:
 - a. Made a part of the building or structure **you** occupy but do not own; and
 - b. **You** acquired or made at **your** expense but cannot legally remove;
7. Leased personal property which **you** have a contractual responsibility to insure;
8. Patterns, molds, and dies;
9. Glass;
10. Personal property of others that is in **your** care, custody, or control, but this shall not include any property which **you** have accepted under a **shipping document** or **storage document**, unless such property is reported to **us** and coverage specifically shown on the Declarations. **Our** payment, however, for loss of or damage to personal property of others shall only be for the account of the owner of the property;

D. **Newly Acquired Business Personal Property**

Newly acquired business personal property **you** acquire at locations other than a fair or exhibition. Coverage shall terminate when any of the following first occurs:

1. This Policy expires,
2. 180 days after **you** acquire the business personal property, or
3. **You** report values to **us**.

Includes copyrighted material of Insurance Services Office, Inc., with its permission.
Copyright, Insurance Services Office, Inc., 2004

You shall report total values of newly acquired business personal property on or before 180 days from the date **you** acquire such property, and **you** shall pay additional premium for such reported values from the date of acquisition;

E. Personal Effects Of Employees

Personal effects owned by **your** employees;

F. Valuable Papers And Records

Your valuable papers and records including costs to research, replace, or restore lost information on lost or damaged valuable papers and records, including those which exist on **media, data, or programs** for which duplicates do not exist;

G. Property In Transit

Your business personal property, valuable papers, accounts receivable records, **fine arts, computer equipment, media, data, and programs** while in transit, except while waterborne, within or between the Continental United States, Alaska, Hawaii, Puerto Rico, or Canada. This coverage shall not apply to the property of others for which **you** are responsible as a carrier for hire, as a shipper, or hauler. **We** shall pay for those shipments in the custody of a carrier under a **shipping document**.

We shall also pay for **your** interest in shipments sold "Free on Board". When the title of a shipment passes to the consignee and if the consignee refuses to pay because the shipment is lost or damaged, **you** may elect to claim that loss under this Insurance. **We** shall not attempt to collect from the consignee unless **you**:

1. Provide **us** with **your** written consent to do so; and
2. Assign **us your** right of action;

H. Accounts Receivable Records

Accounts receivable records shall be limited to:

1. All amounts due from **your** customers that **you** are unable to collect;
2. Interest charges on any loans required to offset amounts **you** are unable to collect pending **our** payment of these amounts;
3. Reasonable collection expenses in excess of **your** normal collection expenses that are made necessary by the loss; and
4. Other reasonable expenses that **you** incur to re-establish **your** records of accounts receivable;

I. Fine Arts

Your fine arts at a premises described in the Declarations;

J. Computer Equipment, Media, Data, And Programs

Computer equipment, media, data, and programs which **you** own, lease, or rent from others, or for which **you** are legally responsible including the replacement cost to reproduce **data** or **programs** that are lost or accidentally erased, including documentation and source materials, if **you** actually replace or reproduce them;

Computer Data and **programs** are covered solely as respects direct physical loss or damage by a **specified cause of loss**.

K. Your Outdoor Property

Your outdoor property, within 1000 feet of the premises described in the Declarations, including outdoor fences, radio and television antennas, satellite dishes, signs (other than signs attached to buildings), if direct physical loss or damage is caused by a **specified cause of loss**:

Outdoor property shall not include sod, trees, shrubs, or plants;

L. Sod, Trees, Shrubs, And Plants

Your sod, trees, shrubs, and plants within 1000 feet of the premises described in the Declarations, if direct physical loss or damage is caused by or results from any of the following causes of loss:

1. Fire;
2. Lightning;
3. Explosion;
4. Riot or civil commotion; or
5. Aircraft;

M. Covered Property Not On Premises

Your Covered Property that is at a premises not described in the Declarations. This, however, shall not apply to Covered Property in or on a vehicle;

N. Money And Securities

Money and **securities** used in **your** business that are lost, damaged, or destroyed as a result of a **covered cause of loss** if:

Includes copyrighted material of Insurance Services Office, Inc., with its permission.
Copyright, Insurance Services Office, Inc., 2004

1. On **your** premises described in the Declarations or in a federally or state regulated savings or banking institution; or
2. Away from **your** premises described in the Declarations while in transit by a person authorized by **you**, or within the living quarters of someone to whom **you** have entrusted the Covered Property; and

If the loss of **money** occurs, regardless of the country of origin, **we** shall pay the cost to replace the **money** in United States currency based on the value as of the end of the last business day before the loss was discovered. **We** shall not pay the loss of income or interest that occurs as a result of a loss; and

If the loss of **securities** occurs, **we** shall pay the actual cash value of the **securities** at the end of the last business day before the loss was discovered or the cost to replace the **securities**, whichever is less. **We** shall not pay the loss of income, interest, or dividends that occurs as a result of a loss;

O. Salesperson's Samples

Property used only for sample purposes that is in the custody of any salesperson.

III. PROPERTY NOT COVERED

Covered Property shall not include:

- A.** Deeds or evidences of debt;
- B.** Animals, unless owned by others and boarded by **you**, or if owned by **you**, only as **stock** while inside of buildings and then only:
 1. for loss by **Specified Causes of Loss**; and
 2. if they are killed or their destruction is made necessary;
- C.** Automobiles held for sale;
- D.** Bridges, roadways, walks, patios, or other paved surfaces;
- E.** Contraband or property in the course of illegal transportation or trade;
- F.** The cost of excavations, grading, backfilling, or filling;
- G.** Foundations of buildings, structures, machinery or boilers if their foundations are below:
 1. The lowest basement floor; or
 2. The surface of the ground, if there is no basement;

Includes copyrighted material of Insurance Services Office, Inc., with its permission.
Copyright, Insurance Services Office, Inc., 2004

- H.** Land, including land on which the property is located, water, or growing crops;
- I.** Covered Property while waterborne;
- J.** Pilings, piers, wharves, bulkheads, or docks;
- K.** Retaining walls that are not part of the building described in the Declarations;
- L.** Underground pipes, flues, or drains;
- M.** Vehicles or self-propelled machines, including aircraft or watercraft, that:
 - 1. Are licensed for use on public roads; or
 - 2. Are operated principally away from the premises described in the Declarations;

This shall not apply to:

- 1. Vehicles or self-propelled machines or autos **you** manufacture, process, or warehouse;
 - 2. Vehicles or self-propelled machines, other than autos, **you** hold for sale; or
 - 3. Rowboats or canoes out of water at the premises described in the Declarations;
- N.** Grain, hay, straw, or other crops while outside buildings;
- O.** Furs, fur garments, and garments trimmed with fur; jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum, and other precious alloys or metals; stamps, tickets, and letters of credit if such items are for sale, trade, or show, as part of **your** business, if loss results from theft, except as provided in any applicable Supplemental Coverages.

This exclusion shall not apply to jewelry and watches worth \$100 or less per item;

IV. SUPPLEMENTAL COVERAGES

UNLESS OTHERWISE STATED, THE PROVISIONS FOR EACH SUPPLEMENTAL COVERAGE SHALL PERTAIN ONLY TO THAT SUPPLEMENTAL COVERAGE.

- A. The Limits of Insurance for the following Supplemental Coverages are in ADDITION to the Limits of Insurance for Covered Property indicated in the Declarations.**
- 1. Debris Removal**

We shall pay an additional Limit of Insurance for debris removal as shown on the Declarations:

- a. If the cost for debris removal exceeds the amount stipulated in Section IX Loss Conditions, paragraph G. Debris Removal; or
- b. If the cost for debris removal and direct physical loss of or damage to Covered Property exceeds the applicable Limit of Insurance for the Covered Property;

This Coverage shall not apply to costs to:

- a. Extract **pollutants** from land or water; or
- b. Remove, restore, or replace land or water as a result of **pollutants**.

2. Fire Department Service Charge

If the fire department is called to save or protect Covered Property from a **covered cause of loss**, we shall pay for **your** liability for fire department service charges:

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

3. Pollutant Clean Up And Removal

We shall pay **your** expense to extract **pollutants** from Covered Property, land, or water at the premises described in the Declarations if the discharge, dispersal, seepage, migration, release, or escape of the **pollutants** commences during the Policy Period and is caused by or results from a **covered cause of loss**. The expenses shall be paid only if they are reported to **us** in writing within 180 days of the date of direct physical loss or damage.

4. Recharge Of Fire Protection Equipment

We shall pay expenses **you** incur to recharge **your** fire protection equipment, if **you** use **your** equipment, or the equipment automatically discharges, to protect **your** Covered Property as a result of a **covered cause of loss**.

5. Extra Expense

We shall pay for **extra expense** to:

- a. Avoid or minimize the suspension of business and to continue operations:
 - i. At the premises described in the Declarations;

Includes copyrighted material of Insurance Services Office, Inc., with its permission.
Copyright, Insurance Services Office, Inc., 2004

- ii. At replacement premises or at temporary locations, including:
 - (a) Relocation expenses;
 - (b) Costs to equip and operate the replacement or temporary locations;
 - (c) Minimize the suspension of business if **you** cannot continue operations; or
- b. Research, replace, or restore the lost information on damaged valuable papers and records;

To the extent it reduces the amount of loss that otherwise would have been payable under this Policy.

6. Deferred Payments

We shall pay for **your deferred payments** for direct physical loss of or damage to Covered Property by a **covered cause of loss**.

7. Inventory And Appraisal

We shall pay up to the amount indicated in the Declarations for **your** costs related to inventory and appraisal which **we** require when loss or damage occurs to Covered Property.

B. The Limits of Insurance for the following Supplemental Coverages are WITHIN the Limits of Insurance for Covered Property indicated in the Declarations:

1. Theft Of Furs, Jewelry, Stamps, And Other Specified Items

- a. **We** shall pay for loss or damage by theft for:
 - i. Furs, fur garments, and garments trimmed with fur;
 - ii. Jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum, and other precious alloys or metals; and
 - iii. Stamps, tickets, and letters of credit if such items are for sale, trade, or show, as part of **your** business.

2. Off Premises Utility Failure

We shall pay for loss of or damage to **your** Covered Property caused by the interruption of service to the premises described in the Declarations which results

from direct physical loss of or damage by a **covered cause of loss** to the following services not on the premises described in the Declarations:

- a. **Water Supply Services**, meaning the following types of property supplying water to the premises described in the Declarations:
 - i. Pumping stations; and
 - ii. Water mains.
- b. **Communication Supply Services**, meaning property supplying communications services, including, but not limited to, telephone, radio, microwave, or television services to the premises described in the Declarations, such as:
 - i. Communication transmission lines;
 - ii. Coaxial cables; and
 - iii. Microwave radio relays except satellites.

This shall not include above ground communication lines.

- c. **Power Supply Services**, meaning the following types of property supplying electricity, steam, or gas to the premises described in the Declarations:
 - i. Utility generating plants;
 - ii. Switching stations;
 - iii. Substations;
 - iv. Transformers; and
 - v. Transmission lines.

This shall not include above ground transmission or distribution lines.

3. **Equipment Breakdown**

- a. **We** will pay for direct physical damage to Covered Property that is the direct result of an **accident**.
- b. The following coverages also apply to the direct result of an **accident**.
 - i. Expediting Expenses

Includes copyrighted material of Insurance Services Office, Inc., with its permission.
Copyright, Insurance Services Office, Inc., 2004

With respect to **your** damaged Covered Property, **we** will pay up to the limit indicated in the Declarations for the reasonable extra cost to:

- (1) make temporary repairs; and
- (2) expedite permanent repairs or permanent replacement.

ii. Hazardous Substances

We will pay for the additional cost to repair or replace Covered Property because of contamination by a **hazardous substance**. This includes the additional expenses to clean up or dispose of such property.

This does not include contamination of **perishable goods** by refrigerant, including but not limited to ammonia, which is addressed in 3.b.iii.(1)(b) below. As used in this coverage, additional costs mean those beyond what would have been payable under this coverage had no **hazardous substance** been involved.

The most **we** will pay for loss, damage or expense under this coverage, including actual loss of Business Income **you** sustain and necessary **Extra Expense you** incur, if shown as covered, is the limit indicated in the Declarations.

iii. Spoilage

(1) **We** will pay:

- (a) for physical damage to **perishable goods** due to spoilage;
- (b) for physical damage to **perishable goods** due to contamination from the release of refrigerant, including but not limited to ammonia;
- (c) any necessary expenses **you** incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

(2) If **you** are unable to replace the **perishable goods** before its anticipated sale, the amount of **our** payment will be determined on the basis of the sales price of the **perishable goods** at the time of the **accident**, less discounts and expenses **you** otherwise would have had. Otherwise **our** payment will be determined in accordance with the Valuation condition.

The most **we** will pay for loss, damage or expense under this coverage is the limit indicated in the Declarations.

iv. Computer Equipment

We will pay for loss, damage or expense caused by or resulting from an **accident to computer equipment**.

The most **we** will pay for loss, damage or expense under this coverage, including actual loss of Business Income **you** sustain and necessary **Extra Expense you** incur, if shown as covered, is the limit indicated

in the Declarations. Computers used primarily to control or operate **covered equipment** are not subject to this limit.

v. Data Restoration

We will pay for **your** reasonable and necessary cost to research, replace and restore lost **data**.

The most **we** will pay for loss, damage or expense under this coverage, including actual loss of Business Income **you** sustain and necessary **Extra Expense you** incur, if shown as covered, is the limit indicated in the Declarations.

vi. Service Interruption

(1) Any insurance provided for Business Income, **Extra Expense** or Spoilage is extended to apply to **your** loss, damage or expense caused by an **accident** to equipment that is owned by a utility, landlord or other supplier with whom **you** have a contract to supply **you** with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission. The equipment must meet the definition of **covered equipment** except that it is not Covered Property.

(2) Unless otherwise shown in the Declarations, Service Interruption coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the **accident**.

(3) The most **we** will pay for loss, damage or expense under this coverage is the limit that applies to Business Income, **Extra Expense** or Spoilage, except that if a limit is shown in the Declarations for Service Interruption, that limit will apply to Business Income and **Extra Expense** loss under this coverage.

vii. Business Income and **Extra Expense**

Any insurance provided under this coverage part for Business Income or **Extra Expense** is extended to Equipment Breakdown coverage.

The most **we** will pay for loss of Business Income **you** sustain or necessary **Extra Expense you** incur is the limit shown in the Declarations for that coverage.

c. **We** will not pay under this coverage for loss, damage or expense caused by or resulting from:

- i. **your** failure to use all reasonable means to protect Covered Property from damage following an **accident**;
- ii. any defect, programming error, programming limitation, computer virus, malicious code, loss of **data**, loss of access, loss of use, loss of functionality or other condition within or

- involving **data** or **media** of any kind. But if an **accident** results, **we** will pay for the resulting loss, damage or expense; or
- iii. any of the following tests:
 - a hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment.
 - d. With respect to Service Interruption coverage, **we** will also not pay for an **accident** caused by or resulting from: fire; lightning; windstorm or hail; explosion (except for explosion of steam boilers, steam pipes, steam engines or steam turbines); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing; collapse; **flood** or **earth movement**.
 - e. With respect to Business Income, **Extra Expense** and Service Interruption coverages, **we** will also not pay for:
 - i. loss caused by **your** failure to use due diligence and dispatch and all reasonable means to resume business; or
 - ii. any increase in loss resulting from an agreement between **you** and **your** customer or supplier.
 - f. **We** will not pay under this coverage for any loss or damage to animals.
 - g. The following conditions are added:
 - i. Suspension

Whenever **covered equipment** is found to be in, or exposed to a dangerous condition, any of **our** representatives may immediately suspend the insurance against loss from an **accident** to that **covered equipment**. This can be done by mailing or delivering a written notice of suspension to:

 - (1) **your** last known address; or
 - (2) the address where the **covered equipment** is located.

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

If any property that is **covered equipment** under this coverage requires inspection to comply with state or municipal boiler and pressure vessel regulations, **we** agree to perform such inspection on **your** behalf. **We** do not warrant that conditions are safe or healthful.

iii. Environmental, Safety and Efficiency Improvements

If **covered equipment** requires replacement due to an **accident**, **we** will pay **your** additional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced. However, **we** will not pay more than 125% of what the cost would have been to repair or replace with like kind and quality. This condition does not increase any of the applicable limits. This condition does not apply to any property to which actual cash value applies.

4. Reward Payments

In the event of covered loss or damage as a result of arson, theft or vandalism, **we** will pay for amounts **you** offer, and subsequently pay, as a reward to anyone other than **you**, **your** officers, partners, directors, employees, or any family member(s) of such individuals, or any employee of a law enforcement agency or any employee of a business engaged in property protection, or any person(s) involved in the crime, as a reward for information leading to:

- a. the arrest and conviction of any person(s) responsible for the arson, theft or vandalism loss; or
- b. the recovery of the stolen property.

SECTION VII. DEDUCTIBLE shall not apply to this Supplementary Coverage.

5. Data and Programs – extended covered cause of loss

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

The most **we** will pay under this extended **covered cause of loss** for all loss or damage to **Data** and **Programs** sustained in any one policy year, regardless of the number of **occurrences** of loss or damage or the number of premises, locations or computer systems involved is the limit indicated in the Declarations. If loss payment on the first **occurrence** does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an **occurrence** which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the **occurrence** began.

6. Limited Coverage For Fungus, Wet Rot, Dry Rot And Bacteria

- a. This Supplemental Coverage only applies when the **fungus**, wet or dry rot or bacteria is the result of a **specified cause of loss** other than fire or lightning that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that **occurrence**.
- b. **We** shall pay for loss or damage by **fungus**, wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
 - i. direct physical loss or damage to Covered Property caused by **fungus**, wet or dry rot or bacteria, including the cost of removal of the **fungus**, wet or dry rot or bacteria;
 - ii. the cost to tear out and replace any part of the building or other property as needed to gain access to the **fungus**, wet or dry rot or bacteria; and
 - iii. 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 or dry rot or bacteria are present.
- c. the most **we** will pay under this Limited Coverage in any one policy year, regardless of the number of claims, is the limit indicated in the Declarations.

With respect to a particular **occurrence** of loss which results in **fungus**, wet or dry rot or bacteria, **we** will not pay more than the limit indicated in the Declarations even if the **fungus**, wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

V. OPTIONAL COVERAGE

If shown in the Declarations, the following Optional Coverage shall apply.

A. Agreed Value

- 1. The Loss Condition, Coinsurance does not apply to Covered Property to which this Optional Coverage applies. **We** will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under the Coverage Form for the property bears to the Agreed Value shown for it in the Declarations.
- 2. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Loss Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- 3. The terms of the Optional Coverage apply only to loss or damage that occurs:
 - a. On or after the effective date of this Optional Coverage; and

Includes copyrighted material of Insurance Services Office, Inc., with its permission.
Copyright, Insurance Services Office, Inc., 2004

- b. Before the Agreed Value expiration date shown in the Declarations, or the policy expiration date, whichever occurs first.

VI. EXCLUSIONS

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

- A. Any loss or damage condition, including but not limited to, **pollutants, earth movement, or flood**, which existed prior to the Effective Date;
- B. Delay, loss of use, or loss of market;
- C. Smog, smoke, vapor, or gas from agricultural smudging or industrial operations;
- D. Wear and tear;

But if loss or damage by a **specified cause of loss** or an **accident** results, we shall pay for the resulting damage caused by such **specified cause of loss** or **accident**;

This exclusion, however, does not apply to any resulting loss or damage caused by elevator collision.

- E. Rust, corrosion, decay, deterioration, hidden, or latent defect or any quality in Covered Property that causes it to damage or destroy itself.

But if an **accident** results, we shall pay for the resulting loss, damage or expense caused by such **accident**;

- F. Settling, cracking, shrinking, expansion, or decomposition of building material which is integral to the structure;

But if loss or damage by a **specified cause of loss** or an **accident** results, we shall pay for the resulting loss or damage caused by such **specified cause of loss** or **accident**;

- G. Insects, birds, rodents, or other animals;

But if loss or damage by a **specified cause of loss** or an **accident** results, we shall pay for the resulting damage caused by such **specified cause of loss** or **accident**;

- H. Rain, snow, ice, or sleet to business personal property in the open;

- I. Any dishonest or criminal act by **you**, any of **your** partners, employees, directors, trustees, authorized representatives or anyone to whom **you** entrust the Covered Property for any purposes;

1. Acting alone or in collusion with others; or
2. Whether or not occurring during the hours of employment.

This exclusion shall not apply to acts of destruction by **your** employees;

- J.** Covered Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the Covered Property;
- K.**
1. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body; or
 2. Faulty, inadequate, or defective:
 - a. Planning, zoning, development, surveying, or siting;
 - b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - c. Material used in repair, construction, renovation, or remodeling; or
 - d. Maintenance;of part or all of any Covered Property on or off the premises described in the Declarations;

But if loss or damage by a **specified cause of loss** results, **we** shall pay for the resulting damage caused by such **specified cause of loss**;

- L.** Seizure or destruction of Covered Property by order of governmental authority;

But **we** shall pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Policy;

- M.** Damage or loss to the interior of any building or structure caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
1. The building or structure first sustains damage by a **covered cause of loss** to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 2. The loss or damage is caused by or results from thawing of snow, sleet, or ice on the building or structure;
- N.**
1. War, including undeclared or civil war;

2. Warlike action by a military force. Including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 3. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these;
- O.** Nuclear reaction or radiation or radioactive contamination, however caused. But if loss or damage by fire results, **we** shall pay for that resulting loss or damage;
- P.** Discharge, dispersal, seepage, migration release or escape of **pollutants** unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any **specified cause of loss**.

But if loss or damage by a **specified cause of loss** results, **we** shall pay for the resulting damage caused by such **specified cause of loss**;

- Q.** Damage or loss to Covered Property that has been transferred to a person or to a place outside the premises described in the Declarations on the basis of unauthorized instructions;

R. Flood;

But if loss or damage by a **specified cause of loss** results, **we** shall pay for the resulting damage caused by such **specified cause of loss**, or if electrical **covered equipment** requires drying out because of **Flood**, **we** will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible indicated in the Declarations;

S. Earth Movement;

But if loss or damage by a **specified cause of loss** results, **we** shall pay for the resulting damage caused by such **specified cause of loss**;

- T.** The presence, growth, proliferation, spread or any activity of "**fungus**", wet or dry rot or bacteria. But if "**fungus**", wet or dry rot or bacteria results in a "**specified cause of loss**", **we** will pay for the loss or damage caused by that "**specified cause of loss**".

This exclusion does not apply:

1. when "**fungus**", wet or dry rot or bacteria results from fire or lightning; or
2. to the extent that coverage is provided in the Supplemental Coverages B. 5. Limited Coverage For "**Fungus**", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a **specified cause of loss** other than fire or lightning.

VII. LIMITS OF INSURANCE

The Limits of Insurance shown in the Declarations are the most **we** shall pay, in any one **occurrence**, regardless of the number of:

1. Insureds;
2. Claims made or suits brought; or
3. Persons or organizations making claims or bringing suits.

VIII. DEDUCTIBLE

Unless otherwise specified, the following shall apply to all coverages:

- A. **We** shall not pay for loss or damage in any one **occurrence**, or any one **accident**, until the amount of loss or damage exceeds the applicable Deductible shown in the Declarations. **We** shall then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.
- B. If more than one deductible applies to Covered Property, as a result of one **occurrence**, **you** shall pay the highest applicable deductible; except
- C. As respects Equipment Breakdown:
 1. The deductible for Buildings and Business Personal Property apply unless a separate Equipment Breakdown deductible is indicated in the Declarations. However, if deductibles vary by type of **covered equipment** and more than one type of **covered equipment** is involved in any one **accident**, only the highest deductible for each coverage will apply.
 2. If a deductible is expressed as a percentage of loss, **we** will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated minimum deductible, such minimum deductible will be the applicable deductible.

IX. LOSS CONDITIONS

A. Duties In The Event Of Loss Or Damage

In the event of loss or damage to Covered Property, **you** shall:

Includes copyrighted material of Insurance Services Office, Inc., with its permission.
Copyright, Insurance Services Office, Inc., 2004

1. Notify the police if a law may have been broken;
2. In the event of theft, provide **us** with a police report or a report which was submitted to the appropriate civil authorities;
3. Give **us** prompt notice of the loss or damage and include a description of the Covered Property involved;
4. As soon as possible, give **us** a description of how, when, and where the loss or damage occurred;
5. Take all reasonable steps to protect the Covered Property from further damage. If feasible, set the damaged Covered Property aside and in the best possible order for examination. **You** shall also keep a record of **your** expenses for emergency and temporary repairs, for consideration in the settlement of the claim;
6. At **our** request, give **us** complete inventories of the damaged and undamaged Covered Property. Include quantities, costs, values, and amount of loss claimed;
7. Permit **us** to inspect the Covered Property and records proving the loss or damage and take samples of Covered Property for inspections, testing, and analysis;
8. If requested, permit **us** to question **you** under oath at such times as may be reasonably required about any matter relating to this insurance or **your** claim, including **your** books and records. In such event, **your** answers shall be signed;
9. Send **us** a signed, sworn proof of loss containing the information **we** request to investigate the claim. **You** shall do this within sixty (60) days after **our** request. **We** shall supply **you** with the necessary forms; and
10. Cooperate with **us** in the investigation or settlement of the claim.

B. Loss Payment

1. In the event of loss or damage covered by this Policy, at **our** option, **we** shall do one of the following:
 - a. Pay the value of lost or damaged Covered Property as determined in accordance with Part C. Valuation of this Section; or
 - b. Take all or any part of the Covered Property at an agreed or appraised value;
2. **We** shall give notice of **our** intentions within thirty (30) days after **we** receive the sworn statement of loss.
3. **We** shall not pay **you** more than **your** financial interest in the Covered Property.

Includes copyrighted material of Insurance Services Office, Inc., with its permission.
Copyright, Insurance Services Office, Inc., 2004

4. **We** may adjust losses with the owners of lost or damaged Covered Property if other than **you**. If **we** pay the owners, such payments shall satisfy **your** claims against **us** for the owners' Covered Property. **We** shall not pay the owners more than their financial interest in the Covered Property.
5. **We** may elect to defend **you** against suits arising from claims of owners of Covered Property. **We** shall do this at **our** expense.
6. **We** shall pay for covered loss or damage within thirty (30) days after:
 - a. **You** have complied with all of the terms of this Policy; and
 - b.
 - i. **We** have reached agreement with **you** on the amount of loss; or
 - ii. An appraisal award has been made.
7. In any event of loss or damage to Covered Property, the most **we** shall pay is the applicable Limit of Insurance.

C. Valuation

We shall determine the value of Covered Property in the event of loss or damage, at the time of loss, as follows:

1. Replacement cost, except as otherwise provided in this Section. Replacement cost shall not exceed the smallest of the following amounts:
 - a. The limit of this policy applicable to the lost or damaged Covered Property;
 - b. The cost to repair or replace the Covered Property, or any part thereof, with property of comparable material and quality, on the same premises and used for the same purpose;
 - c. The amount actually and necessarily expended in repairing or replacing the lost or damaged Covered Property;

We shall not pay on a replacement cost basis for any loss or damage:

- a. Until the lost or damaged Covered Property is actually repaired or replaced; and
- b. Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

If **you** do not repair or replace the Covered Property, it shall be valued at its actual cash value on the date of loss.

2. Valuable papers and records, negatives, transparencies, tapes and prints, accounts receivable, and **media, data**, other than prepackaged **programs**, are valued at the cost of blank materials for reproducing the records and labor to transcribe or copy the records when there is a duplicate.
3. **Stock** and other business personal property sold but not delivered at **your** selling price less discounts and expenses **you** otherwise would have had.
4. Labor, materials, and services that **you** furnish or arrange on property of others are valued based on the actual cost of the labor, materials, and services.
5. **Fine arts** are valued at the appraised value at the time of loss, or if there is no appraisal at the greater of:
 - a. the original acquisition cost, or
 - b. the market value at the time of loss.
6. Accounts receivable loss payment shall be determined as follows:
 - a. When there is proof that a loss has occurred but **you** cannot accurately establish the amount of accounts receivable outstanding at the time of the loss, the amount of the loss shall be based on **your** latest monthly statements and shall be computed as follows:
 - i. Determine the amount of all outstanding accounts receivable at the end of the same fiscal month in the year immediately preceding the year in which the loss occurs;
 - ii. Calculate the percentage of increase or decrease in **your** gross sales of goods and services for the twelve (12) fiscal months immediately preceding the month in which the loss occurred against the twelve (12) months prior to the period determined in step i.;
 - iii. The total amount of accounts receivable as of the last day of the fiscal month in which the loss occurs shall be the amount determined in step i. increased or decreased by the percentage determined in step ii; and
 - iv. The established monthly amount of accounts receivable shall be adjusted for the normal fluctuation in the amount of accounts receivable in the fiscal month in which the loss occurs;

- b. **We** shall deduct from the established total amount of accounts receivable:
 - i. The amount of any accounts evidenced by records not lost or damaged;
 - ii. Any other amounts **you** are able to establish or collect; and
 - iii. An amount to allow for probable bad debts which **you** normally would have been unable to collect;
 - c. If **you** recover the amount of any accounts receivable that were included in the amount of the paid loss, **you** shall return the recovered amount to **us**, up to the total amount of the paid loss. **You** shall keep the amount of any accounts receivable **you** recover in excess of the amount of the paid loss.
7. **Computer Equipment, Media, Data, And Programs** loss payments shall be determined as follows:
- a) **Computer Equipment** **We** shall pay the total cost to repair or replace the damaged property without deduction for depreciation. However, **we** will not pay more than the smallest of the following:
 - i) The actual cost to repair or replace the lost or damaged property with new property of the same kind, quality and capability, on the same site and used for the same purpose;
 - ii) The Limit of Insurance shown in the Declarations for the damaged property.
 - b) **Data and Programs** are valued at the actual cost to reproduce the **data and programs**, if **you** actually reproduce the **data and programs**. **We** will also pay any reasonable additional expense that **you** may incur in reproducing the **data and programs** to continue **your** normal computer operations. The most **we** will pay for this coverage is the Limit of Insurance shown in the Declarations.

We will not pay for **data and programs** that cannot be reproduced due to lack of backup, support documentation or records unless specified articles are described and agreed values are shown in the Declarations. If shown, **we** will pay for each article lost at the agreed values.
 - c) **Media** items are valued at actual cost to repair or replace with similar like, kind and quality, up to the limit shown in the Declarations.

8. **You** may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event **you** elect to have loss or damage settled on an actual cash value basis, **you** may still make a claim for replacement cost valuation, as provided herein, if **you** notify **us** of **your** intent to do so within 365 days after the loss or damage.

D. Ordinance Or Law

If a **covered cause of loss** occurs to a building, **we** shall pay:

1. For loss or damage caused by enforcement of any law that:
 - a. Requires the demolition of parts of the same building not damaged by a **covered cause of loss**;
 - b. Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the premises described in the Declarations; and
 - c. Is in force at the time of loss.
2. The increased cost to repair, rebuild, or construct the building caused by enforcement of building, zoning, or land use law. If the building is repaired or rebuilt, the building shall be intended for similar occupancy as the current building, unless otherwise required by zoning or land use law.
3. The cost to demolish and clear the site of undamaged parts of the building caused by enforcement of the building, zoning, or land use law.

We shall not pay for increased construction costs:

1. Until the building is actually repaired or replaced, at the same premises or elsewhere; and
2. Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two (2) years. **We** may extend this period in writing during such two (2) year period.

We shall not, however, pay for the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **pollutants**.

We shall not pay more:

1. If the building is repaired or replaced on the same premises, than the amount **you** actually spend to:

- a. Demolish and clear the site; and
 - b. Repair, rebuild, or construct the building but not for more than a building of the same height, floor area, and style on the same premises.
- 2. If the building is not repaired or replaced on the same premises, than:
 - a. The amount **you** actually spend to demolish and clear the site of the damaged or destroyed property; and
 - b. The cost to replace, on the same premises, the damaged or destroyed building with another building:
 - i. Of comparable material and quality; and
 - ii. Used for the same purpose.

E. Branded Or Labeled Merchandise

If Branded or Labeled merchandise is damaged, **you** may at **your** own expense:

- 1. Stamp “salvage” on the merchandise or its containers, if the stamp shall not physically damage the merchandise, or
- 2. Remove the brands or labels; if doing so shall not physically damage the merchandise. **You** shall re-label the merchandise or its containers to comply with the law.

If **you** elect one of these options, **we** shall pay the difference between the salvage value of damaged merchandise with the brand or label attached and the salvage value of damaged merchandise with the brand or label removed.

F. Consequential Damages

We shall pay for **consequential damages** to:

- 1. Covered Property as a result of a **covered cause of loss**; or
- 2. **Your** undamaged business personal property.

G. Debris Removal

We shall pay **your** expense to remove debris of Covered Property caused by or resulting from a **covered cause of loss** that occurs during the Policy Period. The expenses shall be paid only if they are reported to **us** in writing within 180 days of the earlier of:

- a. The date of direct physical loss or damage; or

- b. The end of the Policy Period.

The most **we** shall pay for Debris Removal is twenty-five (25%) percent of the amount **we** pay for direct physical loss of or damage to the Covered Property. However, the most **we** shall pay for the direct physical loss of or damage to the Covered Property and the cost of the Debris Removal is the applicable Limit of Insurance for the Covered Property.

This Coverage shall not apply to costs to:

- a. Extract **pollutants** from land or water; or
- b. Remove, restore, or replace land or water as a result of **pollutants**.

H. Pair, Sets, Or Parts

- 1. Pair or Set. In case of loss to any part of a pair or set **we** may:
 - a. Repair or replace any part to restore the pair or set to its value before the loss; or
 - b. Pay the difference between the value of the pair or set before and after the loss.
- 2. Parts. In case of loss to any part of Covered Property consisting of several parts when complete, **we** shall only pay for the value of the lost or damaged part.

I. Preservation Of Covered Property

If it is necessary to move Covered Property from the premises described in the Declarations to preserve it from loss or damage by a **covered cause of loss**, **we** shall pay for direct physical loss of or damage to that Covered Property:

- 1. While the Covered Property is being moved or while temporarily stored at another location; and
- 2. Only if the loss or damage occurs within forty-five (45) days after the Covered Property is first moved.

J. Vacancy

If the building where loss or damage occurs has been vacant for more than sixty (60) consecutive days before the loss or damage, **we** shall:

- 1. 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. Reduce the amount **we** would otherwise pay for the loss or damage by fifteen (15%) percent.

A building is vacant when it shall not contain enough business personal property to conduct customary operations.

Buildings under construction are not considered vacant.

K. Appraisal

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

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

If there is an appraisal, **we** shall retain **our** right to deny the claim.

L. Privilege To Adjust With Owner

In the event of loss involving property of others in **your** care, custody, or control, **we** have the right to:

- 1. Settle the loss with the owners of the property. A receipt for payment from the owners of that property shall satisfy any claim of **yours**.
- 2. Provide a defense for legal proceedings brought against **you**. If provided, the expense of this defense shall be at **our** cost and shall not reduce the applicable Limit of Insurance under this insurance.

M. Recoveries

Includes copyrighted material of Insurance Services Office, Inc., with its permission.
Copyright, Insurance Services Office, Inc., 2004

1. Any recovery or salvage on a loss shall accrue entirely to **our** benefit until the sum paid by **us** has been fully recovered.
2. If either **you** or **we** recover any property after loss settlement, that party shall give the other prompt notice. At **your** option, the property shall be returned to **you**. **You** shall then return to **us** the amount **we** paid to **you** for the property. **We** shall pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

N. Lienholders

1. Loss Payable

For Covered Property in which both **you** and a Loss Payee shown in the Declarations or Schedule have an insurable interest, **we** shall:

- 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. Lender's Loss Payable

- a. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:
 - i. Warehouse receipts;
 - ii. A contract for deed;
 - iii. Bills of lading;
 - iv. Financing statements; or
 - v. Mortgages, deeds of trust, or security agreements.
- b. For Covered Property in which both **you** and Loss Payee have an insurable interest:
 - i. **We** shall pay for covered loss or damage or each Loss Payee in their order of precedence, as interest may appear.
 - ii. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - iii. If **we** deny **your** claim because of **your** acts or because **you** have failed to comply with the terms of the Policy, the Loss Payee shall still have the right to receive loss payment if the Loss Payee:

Includes copyrighted material of Insurance Services Office, Inc., with its permission.
Copyright, Insurance Services Office, Inc., 2004

- (a) Pays any premium due under this Policy at our request if **you** have failed to do so;
 - (b) Submits a signed, sworn proof of loss within sixty (60) days after receiving notice from **us** of **your** failure to do so; and
 - (c) Has notified **us** of any change in ownership, occupancy, or substantial change in risk known to the Loss Payee.
- iv. If **we** pay the Loss Payee for any loss or damage and deny payment because of **your** acts or because **you** have failed to comply with the terms of this Policy:
- (a) The Loss Payee's rights shall be transferred to **us** to the extent of the amount **we** pay; and
 - (b) The Loss Payee's rights to recover the full amount of the Loss Payee's claim shall not be impaired.

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

3. Contract Of Sale

- a. The Loss Payee shown in the Schedule or in the Declarations is a person or organization with whom **you** have entered into a contract for the sale of Covered Property.
- b. For Covered Property in which both **you** and the Loss Payee have an insurable interest **we** will:
 - i. Adjust losses with **you**; and
 - ii. Pay any claim for loss or damage jointly to **you** and the Loss Payee, as interests may appear.

O. Coinsurance

We shall not pay the full amount of any loss if the value of Covered Property at the time of loss, multiplied by the Coinsurance percentage shown in the Declarations, is greater than the Limit of Insurance for the Covered Property.

Instead, **we** shall determine the most **we** will pay using the following steps:

Includes copyrighted material of Insurance Services Office, Inc., with its permission.
Copyright, Insurance Services Office, Inc., 2004

- a. Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- b. Divide the Limit of Insurance of the Covered Property by the figure determined in step a;
- c. Multiply the total amount of loss, before the application of any Deductible, by the figure determined in step b; and
- d. Subtract the Deductible from the figure determined in step c.

We shall pay the amount determined in step (d) or the Limit of Insurance, whichever is less. For the remainder, **you** shall either have to rely on other insurance or absorb the loss.

X. GENERAL CONDITIONS

A. Policy Period, Coverage Territory

Under this Policy:

1. **We** cover loss or damage commencing:
 - a. During the Policy Period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America, including its territories and possessions;
 - b. Puerto Rico; and
 - c. Canada.

B. Abandonment

There shall be no abandonment of any property to **us**.

C. Transfers Of Rights Of Recovery Against Others To Us

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

Includes copyrighted material of Insurance Services Office, Inc., with its permission.
Copyright, Insurance Services Office, Inc., 2004

1. Prior to a loss to **your** Covered Property.
2. After a loss to **your** Covered Property only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance:
 - b. A business firm:
 - i. Owned or controlled by **you**; or
 - ii. That owns or controls **you**; or
 - c. **Your** tenant.

This shall not restrict **your** insurance.

D. Legal Action Against Us

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

1. There has been full compliance with all of the terms of this Policy; and
2. The action is brought within two (2) years after the date on which the direct physical loss or damage occurred.

E. Concealment, Misrepresentation, Or Fraud

This Policy shall be void in any case of fraud by **you** as it relates to this Policy at any time. This Policy shall also be void if **you** or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

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

If, however, **you**, in good faith unintentionally fail to disclose a material fact **you** shall report that material fact to **us** as soon as practicable.

F. Control Of Covered Property

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

G. No Benefit To Bailee

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

H. Other Insurance

1. **You** may have other insurance subject to the same plans, terms, conditions, and provisions as the insurance under this Policy. If **you** do, **we** shall pay **our** share of the covered loss or damage. **Our** share is the proportion that the applicable Limit of Insurance under this Policy bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, **we** shall 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** shall not pay more than the applicable Limit of Insurance.

For Covered Property which is the subject of a contract of sale **you** for this condition, shall include Loss Payee.

I. Liberalization

If **we** adopt any revision that would broaden the coverage under this Policy without additional premium within forty-five (45) days prior to or during the Policy Period, the broadened coverage shall immediately apply to this Policy.

J. Conformance To Statute

Any terms of this Policy which are in conflict with the applicable statutes of the state in which this Policy is issued are amended to conform to the minimum standards of that statute.

K. Premium Audit

1. **We** shall compute all premiums for this Policy in accordance with **our** rules and rates.
2. If applicable, at the close of each audit period **we** shall compute the earned premium for that period. Additional audit premiums are due and payable on notice to **you**. If the total paid premium for the policy term is greater than the earned premium, **we** shall return the excess to **you**.
3. **You** must keep records of the information **we** need for premium computation, and send **us** copies at such times as **we** may request.

L. Separation Of Insureds

Except with respect to the Limits of Insurance, this Policy applies:

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

Nothing in this condition shall affect any rights or duties specifically assigned to the first Named Insured.

M. Bankruptcy

The bankruptcy or insolvency of **you** or **your** estate shall not relieve **us** of any obligation under this Policy.

N. Titles Of Paragraphs

Titles of paragraphs are inserted solely for convenience of reference and shall not be deemed to limit, expand or otherwise affect the provisions to which they relate.

XI. DEFINITIONS

A. Accident means a fortuitous event that causes direct physical damage to **covered equipment**. The event must be one of the following:

1. mechanical breakdown, including rupture or bursting caused by centrifugal force;
2. artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
3. explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by **you**, or operated under **your** control;
4. loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
5. loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.

If an initial **accident** causes other **accidents**, all will be considered one **accident**. All **accidents** that are the result of the same event will be considered one **accident**.

B. Boilers and Vessels means:

1. Any boiler, including attached steam, condensate and feedwater piping; and
2. Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.

This term does not appear in this policy, but may appear in the Equipment Breakdown – Other Conditions Endorsement.

C. Computer Equipment means electronic data processing systems including keyboards, display screens, terminals, printers, and related peripheral equipment used solely for **data** processing operations. **Computer equipment** shall not include such equipment held for sale, distribution, or which is manufactured in the course of **your** business.

D. Consequential Damages means the loss of value of a part or parts of **your** product that are not physically damaged and are unmarketable as a complete product that were part or parts of **your** product that were physically lost or damaged as a result of a **covered cause of loss**.

E. Covered Cause of Loss means any cause of loss which may result in direct physical loss unless otherwise excluded or limited.

F. Covered Equipment

1. **Covered Equipment** means Covered Property, unless otherwise indicated in the Equipment Breakdown – Other Conditions Endorsement:
 - a) that generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
 - b) which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.
2. None of the following is **covered equipment**:
 - a) structure, foundation, cabinet, compartment or air supported structure or building;
 - b) insulating or refractory material;
 - c) sewer piping, underground vessels or piping, or piping forming a part of a sprinkler system;
 - d) water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;

Includes copyrighted material of Insurance Services Office, Inc., with its permission.
Copyright, Insurance Services Office, Inc., 2004

- e) vehicle or any equipment mounted on a vehicle. For the purpose of this limitation, **vehicle** means, any machine or apparatus that is used for transportation or moves under its own power including, but not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester. However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a vehicle;
- f) satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
- g) dragline, excavation or construction equipment; or
- h) equipment manufactured by **you** for sale.

G. Data means information, instruction, or **programs** that are recorded on **your media**, including original source material used to enter **data**.

H. Deferred Payments means **your** interest in Covered Property sold by **you** under a conditional sale or trust agreement or any installment or deferred payment plan after delivery to buyers.

I. Earth Movement means:

1. Any earth movement such as earthquake, landslide, mine subsidence or earth sinking, rising, or shifting;
2. Volcanic eruption, explosion or effusion;
3. Volcanic action, being 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 one hundred sixty eight (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 the described property.

J. Extra Expense means necessary expenses **you** incur during the **period of restoration** that **you** would not have incurred if there had been no direct physical loss of or damage to Covered Property caused by or resulting from a **covered cause of loss**.

K. Fine Arts means:

1. Paintings, rare books, manuscripts, pictures, prints, etchings, drawings, tapestries, bronzes, statuary, potteries, porcelains, marbles, and other bona fide works of art; or
2. Items of rarity or historical value

Which **you** own or are in **your** care, custody or control.

L. Flood means flood, mudslide, mudflow, waves, tide, or tidal waves and the rising, including the overflowing or breaking of boundaries, of lakes, ponds, reservoirs, rivers, streams, harbors, oceans, bays, or similar bodies of water, whether driven by wind or not. **Flood** shall include **surface water** if the **surface water** is directly or indirectly the result of **Flood**.

M. 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.

N. Hazardous Substance means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.

O. Informant means a person, other than **you**, providing information not otherwise obtainable, solely for a reward offered by **you**.

P. Media means magnetic tapes, compact discs, diskettes, disk packs, cards, or other standardized data recording materials which can be read by **your** electronic data processing equipment.

Q. Money means currency, coins, bank notes, bullion, traveler checks, and registered checks.

R. Occurrence means any one loss, disaster, casualty or series of losses, disasters, or casualties, arising out of one event. When the term applies to loss or losses from the perils of tornado, cyclone, hurricane, windstorm, hail, riot, riot attending a strike, civil commotion, and vandalism and malicious mischief one event shall be construed to be all losses arising during a continuous period of 72 hours. When filing proof of loss, **you** may elect the moment at which the 72 hour period shall be deemed to have commenced, which shall not be earlier than the first loss to covered property occurs.

S. Period Of Restoration means the period of time that:

1. Begins with the date of direct physical loss or damage caused by or resulting from any **covered cause of loss** at the premises described in the Declarations; and

2. Ends on the date when the Covered Property at the premises described in the Declarations should be repaired, rebuilt, or replaced with reasonable speed and similar quality.

Period of restoration does not include any increased period required due to the enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **pollutants**.

The expiration date of this Policy shall not cut short the **period of restoration**.

- T. Perishable Goods** means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
- U. Pollutants** means any solid, liquid, gaseous, or thermal irritant or contaminant including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned, or reclaimed.
- V. Product tampering** means any actual or threatened, intentional, malicious, and wrongful alteration or contamination of any goods or products manufactured, handled, or distributed by **you**.
- W. Production Machinery** means any machine or apparatus that processes or produces a product intended for eventual sale. However, **production machinery** does not mean any fired or unfired pressure vessel other than a cylinder containing a movable plunger or piston.
- This term does not appear in this policy, but may appear in the Equipment Breakdown – Other Conditions Endorsement.
- X. Programs** means software that are purchased or written specifically to be used with **computer equipment**.
- Y. Property damage extortion** means any threat or connected series of threats for the purpose of demanding **ransom monies** communicated to **you** to:

1. Damage physically or pollute any Covered Property;
2. Commit a **product tampering**; or
3. Reveal a **trade secret** or other **proprietary information** of **yours**.

- Z. Proprietary Information** means confidential, private, or secret information unique to **you**.

- AA. Ransom monies** means cash, monetary instruments, bullion, or the fair market value of any **securities**, property or services which **you** have paid as a direct result of **property damage extortion**.
- BB. Robbery** means the act of stealing from one's person or in one's presence under the threat or use of physical harm.
- CC. Securities** means documents or instruments of trade that represents **money** or Covered Property, such as revenue stamps, tokens, tickets, and unused postage on meters. **Securities** shall not include manuscripts, records, or accounting books.
- DD. Shipping document** means a tariff document, bill of lading, shipping receipt, freight bill or contract for services.
- EE. Specified Causes of Loss** means fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; falling objects; weight of snow, ice or sleet;
Falling objects shall not include loss or damage to:
1. Outdoor property in the open; or
 2. The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- FF. Stock** means inventoried merchandise held in storage or for sale, raw materials, and in-process or finished goods, including supplies used in their packing or shipping.
- GG. Storage document** means a warehouse receipt, storage receipt, inventory control document or master storage agreement.
- HH. Surface Water** means seepage, leakage or influx of water, immediately derived from natural sources, through sidewalks, driveways, foundations, walls, basement or other floors, or through doors, windows or any other openings in such sidewalks, driveways, foundations, walls or floors; and shall also include all water which backs up through sewer or drains.
- II. Trade secret** means a secret process, formula, tool, mechanism, or compound known to **you** but not patented, which is used directly to produce some article of trade having a commercial value.
- JJ. Water Damage** means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

IN WITNESS WHEREOF, **we** have caused this Policy to be signed by **our** President and Secretary and countersigned where required by law on the Declarations page by **our** duly authorized representative.

Secretary

President

ENDORSEMENT

This endorsement, effective 12:01 A.M., 07/01/2019
Forms a part of Policy No.: 01-LX-090021855-0 REV: 001

FEDERAL SHARE OF COMPENSATION UNDER TRIA AND CAP ON LOSSES ENDORSEMENT

This endorsement modifies insurance provided by this Policy.

DISCLOSURE

You should know that where coverage is provided by this Policy for losses resulting from "Certified Acts of Terrorism" (as defined by Section 102 (1) of United States Terrorism Risk Insurance Act), such losses may be partially reimbursed by the United States Government under a formula established by federal law. However, your Policy may contain other exclusions which might affect your coverage such as, an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning January 1, 2018; 81% beginning January 1, 2019 and 80% beginning on January 1, 2020, of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

You should also know that the Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits United States Government reimbursement as well as insurers' liability for losses resulting from "Certified Acts of Terrorism" when the amount of such losses in any one calendar year exceeds \$100 billion. If the aggregate insured losses for all insurers exceed \$100 billion in a calendar year and if we have met our insurer deductible, we are not liable for the payment of any portion of the amount of such losses that exceeds \$100 billion; and for aggregate insured losses up to \$100 billion, we will only pay a pro rata share of such insured losses as determined by the Secretary of the Treasury.

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

**COMMERCIAL PROPERTY COVERAGE FORM
SCHEDULE OF PREMISES**

Policy No: 01-LX-090021855-0

Effective 12:01 a.m. 07/01/2019

Named Insured: TRUCKEE TAHOE AIRPORT DISTRICT

Schedule of Premises

Premise No.	Bldg. No.	Description of location, construction, occupancy		

SUPPLEMENTAL FORM DECLARATION FOR 63958 06 04**COMMERCIAL PROPERTY COVERAGE FORM
SCHEDULE OF PREMISES****Schedule of Premises**

Premise No.	Bldg. No.	Description of location, construction, occupancy
1	1	10356 TRUCKEE AIRPORT ROAD, Truckee, California, 96161
1	2	10356 TRUCKEE AIRPORT ROAD, Truckee, California, 96161
1	3	10356 TRUCKEE AIRPORT ROAD, Truckee, California, 96161
1	4	10356 TRUCKEE AIRPORT ROAD, Truckee, California, 96161
1	5	10356 TRUCKEE AIRPORT ROAD, Truckee, California, 96161
1	6	10356 TRUCKEE AIRPORT ROAD, Truckee, California, 96161
1	7	10356 TRUCKEE AIRPORT ROAD, Truckee, California, 96161
1	8	10356 TRUCKEE AIRPORT ROAD, Truckee, California, 96161
1	9	10356 TRUCKEE AIRPORT ROAD, Truckee, California, 96161
1	10	10356 TRUCKEE AIRPORT ROAD, Truckee, California, 96161
1	11	10356 TRUCKEE AIRPORT ROAD, Truckee, California, 96161
1	12	10356 TRUCKEE AIRPORT ROAD, Truckee, California, 96161
1	13	10356 TRUCKEE AIRPORT ROAD, Truckee, California, 96161
1	14	10356 TRUCKEE AIRPORT ROAD, Truckee, California, 96161
1	15	10356 TRUCKEE AIRPORT ROAD, Truckee, California, 96161

		6161		
1	16	10356 TRUCKEE AIRPORT ROAD,Truckee,California,9 6161	4	Services
1	17	10356 TRUCKEE AIRPORT ROAD,Truckee,California,9 6161	4	Services
1	18	10356 TRUCKEE AIRPORT ROAD,Truckee,California,9 6161	4	Services
1	19	10356 TRUCKEE AIRPORT ROAD,Truckee,California,9 6161	4	Services
1	20	10356 TRUCKEE AIRPORT ROAD,Truckee,California,9 6161	4	Mercantile
1	21	10356 TRUCKEE AIRPORT ROAD,Truckee,California,9 6161	4	Services
1	22	10356 TRUCKEE AIRPORT ROAD,Truckee,California,9 6161	4	Services
1	23	10356 TRUCKEE AIRPORT ROAD,Truckee,California,9 6161	4	Services
2	1	10400 REYNOLD WAY,Truckee,California,96 161	4	Services
2	2	10400 REYNOLD WAY,Truckee,California,96 161	4	Services
1	24	10356 TRUCKEE AIRPORT ROAD,Truckee,California,9 6161	4	Services
2	3	10400 REYNOLD WAY,Truckee,California,96 161	4	Services
1	25	10356 TRUCKEE AIRPORT ROAD,Truckee,California,9 6161	1	Services