



## PROVIDENCE MUTUAL

The Providence Mutual Fire Insurance Company  
 P.O. Box 6066  
 Providence, RI 02940-6066

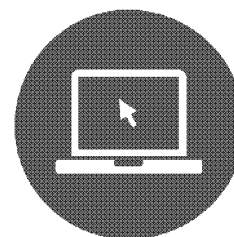
BOP 0139070 00

MAPLEWOOD CONDOMINIUM ASSN  
 C/O INFANTE PROPERTY  
 32 UNION AVE  
 FRAMINGHAM MA 01702-8216

# Introducing the Providence Mutual Policyholder Portal

### WHAT CAN I DO

View your policy documents | Report a claim | Pay your bill  
 Complete your personal profile | Manage your policies



### HOW DO I REGISTER

Go to [www.mypmfic.com/policyholder](http://www.mypmfic.com/policyholder)

Use your email address and personal activation code to create your account:

## 10142474

SERVICE | SECURITY | STABILITY

SINCE 1800

### We now offer paperless delivery

To opt in, please contact your agent or change your document delivery in the Policyholder Portal



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THE PROVIDENCE MUTUAL FIRE INSURANCE COMPANY

P.O. Box 6066

Providence, RI 02940

(877) 763-1800 | providencemutual.com



December 16, 2021

**LINE OF BUSINESS**  
BUSINESSOWNERS

**POLICY NUMBER**  
BOP 0139070 00

**AGENCY**

KOVALEV INSURANCE AGENCY, INC.  
188 NEEDHAM ST., SUITE 220  
NEWTON, MA 02464

617-562-6060

**INSURED**

MAPLEWOOD CONDOMINIUM ASSN  
C/O INFANTE PROPERTY  
32 UNION AVE  
FRAMINGHAM MA 01702-8216

Thank you for choosing Providence Mutual to protect your valuable assets. As a mutual insurance company our focus is solely on our policyholders. We are proud to have honored our commitments and fulfilled our promises to you since 1800. Service, Security and Stability is our pledge to you today, tomorrow and the day after.

You will find your insurance policy enclosed in this packet. If you have any questions after reviewing these materials, please contact your agent.

If you experience a claim, we will provide you with the security of a prompt response from our claims department. Please contact your agent, report the claim on our Policyholder Portal or call us at 1-877-763-1800.

To learn more about Providence Mutual, visit our website at [providencemutual.com](http://providencemutual.com). Also, our Policyholder Portal allows you to pay your bill, report a claim and obtain information about your policy online. To register, visit [mypmfic.com/policyholder](http://mypmfic.com/policyholder) and use your email address and personal activation code **10142474** to register your account.

Thank you for choosing Providence Mutual.

Sincerely,

Michele Stretton  
President and CEO



# PROVIDENCE MUTUAL

The Providence Mutual Fire Insurance Company  
P.O. Box 6066  
Providence, Rhode Island 02940-6066

## BUSINESSOWNERS DECLARATION

Policy Number	Policy Period	
	From	To
BOP 0139070 00	12/10/2021	12/10/2022
12:01 A.M. Standard Time at the described location		

Transaction	
NEW BUSINESS	
Named Insured and Address	Agent
MAPLEWOOD CONDOMINIUM ASSN C/O INFANTE PROPERTY 32 UNION AVE FRAMINGHAM MA 01702-8216	KOVALEV INSURANCE AGENCY, INC. 188 NEEDHAM ST., SUITE 220 NEWTON, MA 02464  Telephone: 617-562-6060
	0001466

In return for payment of the premium, and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

Described Premises: See attached schedule  
 Business Description: See attached schedule

### PROPERTY COVERAGE LIMITS OF INSURANCE:

Buildings See attached schedule  
 Business Personal Property See attached schedule  
 Deductible See attached schedule  
 Optional Coverages See attached schedule

### LIABILITY AND MEDICAL EXPENSES:

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

	Limits of Insurance
Liability And Medical Expenses	2,000,000 Per Occurrence
Medical Expenses	5,000 Per Person
Damage To Premises Rented To You	50,000 Any One Premises
Other Than Products/Completed Operations	4,000,000 Aggregate
Products/Completed Operations	4,000,000 Aggregate

**TOTAL POLICY PREMIUM \$ 18,738.00**

Forms and endorsements applicable to all locations			
BP0501	(07/02)	Calculation of Premium	BP0003 (07/13) Businessowners Coverage
BP0108	(03/11)	MA Changes	BP0417 (01/10) Employment-Related Pract Excl
BP0698	(07/13)	Fungi Rot or Bacteria	BP0577 (01/06) Fungi/Bacteria Exclusion
BP0517	(01/06)	Excl.-Silica or Silica Dust	NPBPMAFU (10/10) MA Fuel Tank NTP
PMBP13	(08/15)	MA Fuel Tank Exclusion	BP0439 (02/07) Abuse/Molestation Excl
PMBP16	(06/11)	Asbestos Exclusion	BP0419 (07/13) Amendment - Liq Liab Excl
PMBP15	(06/11)	Lead Exclusion	BP1504 (05/14) Excl-Access or Disclosure of C
BP0144	(01/21)	MA - Intentional Loss Exclus.	BP1486 (07/13) Communicable Disease Exclusion

This declaration, together with the coverage form(s), common policy conditions and forms, and endorsements, if any, issued to form a part thereof, complete the above number policy.

Countersigned this \_\_\_\_\_ Day of \_\_\_\_\_,

Authorized Representative


MUTUALS - MEMBERSHIP AND VOTING NOTICE: The insured is notified that by virtue of this policy, he is a member of The Providence Mutual Fire Insurance Company, and is entitled to vote either in person or by proxy at any and all meetings of said Company. The Annual Meetings are held on the fourth Tuesday of February, in each year, at 11:30 o'clock A.M.

MUTUALS - PARTICIPATION CLAUSE WITHOUT CONTINGENT LIABILITY: No Contingent Liability: This policy is nonassessable. The policyholder is a member of the company and shall participate, to the extent and upon the conditions fixed and determined by the Board of Directors in accordance with the provisions of law, in the distribution of dividends so fixed and determined.

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



Thomas F. Burkart, Secretary



Michele Streton, President



# PROVIDENCE MUTUAL

The Providence Mutual Fire Insurance Company  
P.O. Box 6066  
Providence, Rhode Island 02940-6066

## BUSINESSOWNERS DECLARATION

Policy Number: BOP 0139070 00
Named Insured: MAPLEWOOD CONDOMINIUM ASSN
Agent: KOVALEV INSURANCE AGENCY, INC. 0001466

### SCHEDULE OF POLICY OPTIONAL COVERAGES

Additional Coverage Description	Limits	Premiums
Cyber Insurance	100,000	119.00
Employee Dishonesty	50,000	119.00
Forgery and Alterations	50,000	Included
Hired Auto	2,000,000	74.00
Non-Owned Auto	2,000,000	131.00
Coverage Enhancement - Prestige		231.00

Policy Optional Coverages Total Premium \$ 674.00

Premium Discounts  
Elec Doc Delivery Discount

Premiums  
Included

#### Forms and Endorsements applicable to this policy

DNBPMU07 (02/21) Important Notice Chgs in Polic	BP1560 (02/21) Cyber Incident Exclusion
ADIL01 (01/21) Electronic Delivery	PMFICLD1 (07/09) Lead Poisoning Question & Answ
BP0404 (01/10) Hired/Non-Owned Auto Liab.	BP0547 (07/13) Computer Fraud & Funds Trans
BP0446 (07/13) Ordinance/Law	BP0457 (07/13) Utility Serv-Time
BP0456 (07/13) Utility Serv-Direct	BP0441 (07/13) Business Income-Time Period
BP0453 (07/13) Water Backup and Sump Overflow	PMBP48 (11/19) 25% Extended Replacement Cost
PMBP04 (02/21) Equip. Breakdown Enhancement	PMDS04 (02/21) Supplemental Dec - Cyber Ins
PMBP27 (02/21) Cyber Insurance	ADBP01 (02/21) AD Cyber Insurance
BP0143 (01/06) MA Changes-Lead Poisoning Endt	BP0442 (01/06) MA Chgs-Suppl Cov Lead Poison
BP0538 (01/15) Terrorism Ltd. Excl. - Cap	BP0523 (01/15) Cap Losses From Cert Acts Terr
TD03 (12/20) Terrorism Disclosure	BP0515 (12/20) Terrorism Disclosure



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### SCHEDULE OF POLICY OPTIONAL COVERAGES

Additional Coverage Description	Limits	Premiums
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Policy Optional Coverages Total Premium \$

Premium Discounts Elec Doc Delivery Discount
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Premiums Included
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#### Forms and Endorsements applicable to this policy

BP0542 (01/15) Terrorism - Punitive Dam.	PMBP33 (10/19) Prestige Coverage Enhancements
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## BUSINESSOWNERS DECLARATION

Policy Number: BOP 0139070 00
Named Insured: MAPLEWOOD CONDOMINIUM ASSN
Agent: KOVALEV INSURANCE AGENCY, INC. 0001466

Construction Type 2	Sprinkler N	Territory 016	Prot. Class 03	Rate No. 6	Rate Group 20	Type of Business 56 UNIT CONDO ASSOC-LRO
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### DESCRIBED PREMISES:

Prem Bldg  
1 1

### Policy Interests

#### Location Description

27 GORDON ST  
FRAMINGHAM MA 01702-7308

See attached for additional Policy Interests

Business Description: 56 UNIT CONDO ASSOC-LRO

### PROPERTY COVERAGE LIMITS OF INSURANCE:

	Limits	Premiums
<b>BUILDINGS</b>	3,750,000	5,647.00
Actual Cash Value - Buildings Option (Y/N)	N	
Automatic Increase - Building Limit (%)	4%	
Deductible	25,000	

### BUSINESS PERSONAL PROPERTY

Deductible

### ADDITIONAL COVERAGES

	Limits	Premiums
Terror or Fire Following Only		69.00
Water Backup and Sump Overflow	100,000	279.00
Increased Bus Inc Depend Prop.	50,000	Included
Business Inc Extended Period		Included
Business Inc Ordinary Payroll	90 Days	Included
Business Income-Time Period		Included
Computer and Funds Trans Fraud	25,000	Included
Increased Interrupt Comp Oper	25,000	Included
Equipment Breakdown Protection		275.00
Increased Electronic Data	25,000	Included
25% Extend Bldg Repl Cost		282.00
Lead Hazard Coverage		Included
Liability and Medical Exp		2,430.00
Medical Expenses		Included
Money Ord & Counterfeit	5,000	Included
Money & Securities On Premise	25,000	Included
Money & Securities Off Premise	10,000	Included

Total Premium for this location \$ 9,322.00

### Forms and Endorsements applicable to this location

BP0412A (04/17) Limit. of Covg to Design Prem	PMBP1707 (01/20) MA Changes-Condo Assoc Cov.
BP0186 (07/02) MA Tenant Relocation Expense	





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## BUSINESSOWNERS DECLARATION

Policy Number: BOP 0139070 00

Named Insured: MAPLEWOOD CONDOMINIUM ASSN

Agent: KOVALEV INSURANCE AGENCY, INC. 0001466

Construction Type 2	Sprinkler N	Territory 016	Prot. Class 03	Rate No. 6	Rate Group 20	Type of Business 56 UNIT CONDO ASSOC-LRO
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### ADDITIONAL COVERAGES (continued):

	Limits	Premiums
Ordinance or Law		332.00
Outdoor Property	15,000	Included
Signs	15,000	Included
Tenant Relocation Expense		8.00
Utility Service - Time Element	10,000	Included
Utility Service - Direct	10,000	Included
Increased Valuable Papers	50,000	Included
Valuable Papers Off Premise	25,000	Included

### Continuation of Forms and Endorsements

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### Continuation of Policy Interests

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Construction Type 2	Sprinkler N	Territory 016	Prot. Class 03	Rate No. 6	Rate Group 20	Type of Business 56 UNIT CONDO ASSOC-LRO
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### DESCRIBED PREMISES:

Prem Bldg  
2 1

### Policy Interests

#### Location Description

29 GORDON ST  
FRAMINGHAM MA 01702-7309

See attached for additional Policy Interests

Business Description: 56 UNIT CONDO ASSOC-LRO

### PROPERTY COVERAGE LIMITS OF INSURANCE:

	Limits	Premiums
<b>BUILDINGS</b>	3,500,000	5,271.00
Actual Cash Value - Buildings Option (Y/N)	N	
Automatic Increase - Building Limit (%)	4%	
Deductible	25,000	

### BUSINESS PERSONAL PROPERTY

Deductible

### ADDITIONAL COVERAGES

	Limits	Premiums
Terror or Fire Following Only		64.00
Water Backup and Sump Overflow	100,000	279.00
Increased Bus Inc Depend Prop.	50,000	Included
Business Inc Extended Period		Included
Business Inc Ordinary Payroll	90 Days	Included
Business Income-Time Period		Included
Computer and Funds Trans Fraud	25,000	Included
Increased Interrupt Comp Oper	25,000	Included
Equipment Breakdown Protection		256.00
Increased Electronic Data	25,000	Included
25% Extend Bldg Repl Cost		264.00
Lead Hazard Coverage		Included
Liability and Medical Exp		2,268.00
Medical Expenses		Included
Money Ord & Counterfeit	5,000	Included
Money & Securities On Premise	25,000	Included
Money & Securities Off Premise	10,000	Included

Total Premium for this location \$ 8,742.00

### Forms and Endorsements applicable to this location

BP0412A (04/17) Limit. of Covg to Design Prem	PMBP1707 (01/20) MA Changes-Condo Assoc Cov.
BP0186 (07/02) MA Tenant Relocation Expense	



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	Limits	Premiums
Ordinance or Law		332.00
Outdoor Property	15,000	Included
Signs	15,000	Included
Tenant Relocation Expense		8.00
Utility Service - Time Element	10,000	Included
Utility Service - Direct	10,000	Included
Increased Valuable Papers	50,000	Included
Valuable Papers Off Premise	25,000	Included

### Continuation of Forms and Endorsements

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### Continuation of Policy Interests

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# Go Green. Go Paperless.



## Go Green and Receive a Discount. Choose Electronic Document Delivery.

When you choose to receive your policy documents electronically, you'll receive our **Electronic Document Delivery Discount\*** on your next renewal. Sign up and manage your preferences through our Policyholder Portal or contact your independent insurance agent.

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### OUR POLICYHOLDER PORTAL

Go to [mypmfic.com/policyholder](https://mypmfic.com/policyholder) to manage your document delivery preferences, report a claim, pay your bill, and more.

Use your email address and personal activation code below to create your account.

**10142474**

To manage your document delivery preferences, select the "Profile" tab on the dashboard and update your preferences by policy under "Document Delivery."

\*Electronic Document Delivery Discount applies when "Email" is selected exclusively. Personal and Commercial Umbrella policies are not eligible for this discount.



**PROVIDENCE MUTUAL**

SERVICE SECURITY STABILITY since 1800

340 East Avenue | Warwick, RI 02886  
providencemutual.com | 877-763-1800



# Introducing CyberNET®

## The Most Advanced Cyber Risk Management Solution

Because being insured isn't the same as being prepared.

Welcome to **CyberNET®** — the most advanced cyber risk management solution, now part of your policy.

With access to expert cyber risk advisors and online training courses, **CyberNET®** helps you and your organization mitigate the risk and impact of a cyber security breach.

### Cyber Security Training

Get 'cyber smart' with online courses, including:

- Safeguarding Information
- Password Best Practices
- Privacy Basics for Healthcare
- Ransomware

### Risk Management

Guidance to implement preventative measures:

- Best Practices Guidelines
- Risk Assessment & Fitness Checklist
- Incident Response Planning
- Sample Policies and Vendor Agreements

### Compliance Material

Keeping your organization up to date:

- State and Federal Regulations
- Industry Specific Data Protection

### Getting There is Easy:

1. Go to: <https://clcyber.providencemutual.com/>
2. To create a username and password, click Register in the top left corner.
3. Enter in your details and create your own password.
4. Enter your policy details and your zip code. Your policy symbol consists of the first three letters of your policy number, (i.e. BOP) and your policy number consists of seven integers.

### Cyber Expertise. Anytime, Anywhere.

Information and support brought to you when and where you need it most, including:

- Free unlimited cybersecurity advice from **CyberNet®** by phone, **877-574-6404**, or email [support@eplaceinc.com](mailto:support@eplaceinc.com)
- Downloadable templates, guides, and training posters
- Live and archived webinars

For more information about **CyberNET®**, contact a **CyberNET®** representative:

**Email:** [support@eplaceinc.com](mailto:support@eplaceinc.com) | **Phone:** 877-574-6404



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SERVICE SECURITY STABILITY since 1800

340 East Avenue | Warwick, RI 02886  
[providencemutual.com](http://providencemutual.com) | (877) 763-1800

**PROVIDENCE MUTUAL FIRE INSURANCE COMPANY  
IMPORTANT ADVISORY NOTICE TO POLICYHOLDERS**

**COVERAGE AVAILABILITY FOR  
REMEDiation  
OF  
ESCAPED LIQUID FUEL**

**Chapter 453 of the Acts of 2008 requires insurance companies insuring owner occupied one to four family residential property to offer coverage for costs associated with the remediation or clean up of oil or liquid fuel spills.**

**MA law provides that** insurers are to provide one to four family residential property owners the option to purchase additional insurance coverage for liquid fuel escapes from a fuel system. A liquid fuel spill can be from a liquid fuel tank, pipes, fuel supply lines, or from a system attached to a fuel tank. A fuel spill may damage your home, your personal property, the soil around your home, your neighbor's land, and groundwater. Such spill may require remediation.

Your renewal policy has been issued with **PM BP 13, Massachusetts Residential Fuel Tank Exclusion.**

This form excludes coverage for:

1. Injury or damage caused by a "residential fuel tank incident"; or
2. "Response action costs" resulting from a "residential fuel tank incident."

Please refer to **PM BP 13** for further clarification.

**Availability of Coverage**

**Chapter 453 of the Acts of 2008** requires that insurers must make available minimum coverage of \$50,000 per occurrence for first party property and \$200,000 per occurrence for third-party liability and for legal defense costs. A \$1,000 Deductible applies.

If you purchase this optional coverage and your home was built before 1990, you will be required to confirm that any fuel or supply lines that touch concrete, dirt or any other type of flooring are enclosed in a non-metallic covering. You must also show that any oil safety shut off valves or other approved release prevention methods are in place and have been installed per the manufacturer's instructions. An oil burner permit dated January 1, 1990 and after, or a Certification of Compliance with **527 CMR 4:03** and **527 CMR 4.04** from a licensed Oil Burner Technician will also be required. Your oil burner service company will be able to assist you with these requirements.

Please contact your agent for pricing.

**PROVIDENCE MUTUAL FIRE INSURANCE COMPANY  
IMPORTANT ADVISORY NOTICE TO POLICYHOLDERS**

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REMEDiation  
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Please contact your agent for pricing.

# Important Notice

## Changes In Policy Forms

**This notice is not a part of your policy.** This notice provides a brief synopsis of new or revised policy forms included with renewal policies. Some policy provisions have been restated or repunctuated for clarity and readability but with no change in coverage intent. This notice does not reference every editorial change made in the policy. Words or phrases enclosed in quotation marks are more fully defined in the policy. The notice also includes a list of discontinued forms

**This notice does not provide insurance protection nor does it replace or add to any provision of the insurance contract. You should read the policy and review the declarations pages for complete information on the insurance protection that has been provided. If there is any conflict between the policy (including its endorsements) and this notice, the provisions of the policy prevail over any statement made in this notice.**

If your policy does not contain a form or coverage specified in this notice, then that change does not apply to you.

Some of the changes described for a form may be further modified by other forms, including state amendments. If you have any questions regarding this notice or the scope of your insurance protection, please contact your agent.

### **PM BP 18 02 21 – Employment Practices Liability Insurance**

This endorsement includes the following revisions.

- The "whistleblower" exception has been removed from the definition of "retaliation". "Whistleblower" "retaliation" claims are no longer excluded.
- An extension has been added in the time allotted to report claims after renewal date that were made during the policy period for renewal business. If a policy renews, the insured now has 60 days to report any claims made during the previous policy period. This is an enhancement from the former "30 day grace period".
- The definition of "Applicant" has been added.
- The definition of "Whistleblower" has been removed.
- Americans with Disability Act Coverage language has been added under both "Wrongful Employment Act" and "Third Party Violation" definitions to better clarify intent.

### **BP 14 86 07 13 – Communicable Disease Exclusion**

This endorsement amends the Business Liability Coverage to exclude coverage for bodily injury, property damage and personal and advertising injury arising out of actual or alleged transmission of a communicable disease.

\*This exclusion is mandatory in all states except New Jersey. New Jersey policyholders should contact their agent if they would like to remove this exclusion.

### **BP 15 60 02 21 – Cyber Incident Exclusion**

#### **BP 15 64 02 21 – Cyber Incident Exclusion – Connecticut**

This endorsement adds an exclusion for loss or damage caused directly or indirectly by a cyber incident. However, if a cyber incident as described in the form results in fire or explosion, we will pay for the loss or damage to Covered Property caused by that fire or explosion.

This exclusion does not apply to the extent that coverage is provided in the:

- Additional Coverage – Electronic Data; or
- Additional Coverage – Interruption Of Computer Operations.

This exclusion also does not apply to coverage provided under the Computer Fraud And Funds Transfer Fraud and the Electronic Commerce (E-Commerce) endorsements if such are attached to your policy.

Includes a provision which states the vandalism does not include a cyber incident.



**BP 04 15 02 21 – Spoilage Coverage****BP 05 84 02 21 – Connecticut Spoilage Coverage**

If any of the above referenced endorsements is attached to your policy, paragraph E. of these endorsements expressly states that the Cyber Incident Exclusion applies to such coverage.

**PM BP 27 02 21 – Cyber Insurance**

This endorsement includes the following revisions.

**Coverage Agreements**

- The Coverage Agreements section has been reorganized as either Third Party Coverage Agreements or First Party Coverage Agreements to clarify the claims-made and reported coverage vs. event discovered and reported coverage.
- Breach Event Costs: The Title of the Coverage Agreement has been amended from "Privacy Breach Response Costs, Notification Expenses and Customer Support and Credit Monitoring Expenses" to "Breach Event Costs".
- System Failure: The Title of the Coverage Agreement has been amended from "Network Asset Protection" to "System Failure".
- The Cyber Terrorism Coverage Agreement has been deleted in its entirety; however, this is not a restriction of coverage; it is a consolidation of coverage, as the same coverage is now provided under the System Failure Coverage Agreement. Also, "acts of cyber terrorism" is now included as an additional event covered under "hacking attack".
- New Coverage Agreements were added for:
  - TCPA Defense – covers legal expenses to defend against TCPA claims (defense only coverage).
  - Post Breach Remediation Costs – covers post breach remediation costs incurred to mitigate the potential of a future breach.
  - Businessowner ID Theft Recovery – covers losses of "key employees" and their spouses arising from identity theft.
  - Reward Expenses – covers amounts paid to informants for information leading to the arrest and conviction of persons responsible for a "first party insured event".
  - Court Attendance Costs – covers costs to attend court or other legal proceedings in a Third Party claim covered under the Endorsement.
- Cyber Crime – optional coverage which covers losses arising from financial fraud, telecommunications fraud, and phishing fraud.

**Deleted Retroactive Date from First Party Coverage Agreements**

- All First Party Coverage Agreements have been amended to delete the applicability of the retroactive date. All First Party Coverage Agreements now require that the event be discovered during the Endorsement Period and reported pursuant to the terms of the Endorsement.

**Revised Notice Provisions**

- All Coverage Agreements, except BrandGuard, now require that claims be reported to the Company as soon as practicable during the Endorsement Period but no later than 60 days post-expiration (or during the Cyber Extended Reporting Period, if applicable); the prior Endorsement required notice within 60 days of the claim being made (third party) or the event being discovered (first party).
- Claims under BrandGuard are now required to be reported during the "period of indemnity"; the prior Endorsement required notice within 60 days of the brand loss being discovered.

**Addition of a Consent to Settlement Clause**

- Previously, the Company had the sole discretion to settle claims. The revised PM BP 27 now provides that the Company will not settle claims without the Insured's consent. However, if an Insured refuses to settle, the Company will continue to defend, but the Company's liability for any losses incurred after the Insured refused to settle shall not exceed 70% (including defense costs). The remaining 30% must be borne by the Insured.

## Revised Definitions

In addition to the changes described below, all definitions have been generally revised for clarification and/or to incorporate new defined terms or to expand meaning.

- Brand Loss: Revised to replace "your revenue" with "your net profit".  
Income Loss: Replaced "financial loss you sustain" with "net profit loss you sustain".
- Period of Indemnity: Clarified that the period of indemnity ends 180 days after the date of notification or publication of the first adverse media report (instead of 180 days after the loss notice is received by the company).
- Retroactive Date: Revised to limit applicability to Third Party Coverage Agreements only.
- Security and Privacy Wrongful Act: Rewritten in its entirety to add additional covered items, including the allegations of failure to prevent a privacy breach, inability of an authorized third party to gain access to the insured's services and failure to prevent the theft or loss of the personally identifiable information of employees.
- Security Breach: Rewritten in its entirety to incorporate the new definition of "hacking attack" and the physical theft or loss of a data storage device or mobile device.

## New Definitions

- Breach Support and Credit Monitoring Expenses (replaces "Customer Support and Credit Monitoring Expenses"; and now covers 24 months of credit monitoring)
- Cloud Provider
- Court Attendance Costs
- Cyber Insurance Extended Reporting Period
- Employee
- Executive
- Financial Fraud
- Financial Fraud Loss
- First Party Insured Event
- Hacking Attack
- Identity Theft
- Identity Theft Expenses
- Informant
- Insured Telecommunications System
- Key Employees
- Managerial Control
- Media Material
- Merchant Services Agreement
- Money
- Multimedia Wrongful Act (replaces "Multimedia Peril")
- Other Property
- PCI DSS Demand
- PCI DSS fines and assessments (replaces "PCI DSS assessment")
- Personally Identifiable Information
- Phishing Attack
- Phishing Fraud Loss
- Post Breach Remediation Costs
- Privacy Regulations
- Privacy Regulatory Proceeding (replaces "Government Investigation")
- Private Information

- Reward Expenses
- Securities
- Subsidiary
- System Failure
- Takeover
- TCPA Claim
- TCPA Violation
- Telecommunications Fraud
- Telecommunications Fraud Loss
- Third Party
- Unauthorized Trading
- Vicariously Liable
- Wrongful Act
- You and Your
- Your Account
- Your Privacy Policy
- Your Reputation (replaces "Reputation")

#### Revised Exclusions

In addition to the changes described below, all exclusions have been revised for clarification and/or to incorporate new defined terms. Certain exclusions have been deleted due to clarifications made to other exclusions as well as other sections of this form, including the Insuring Agreements and definitions.

- Insured vs. Insured: Rewritten in its entirety to clarify the intent of the exclusion; maintained existing exception for breach of employee information.
- Intentional Acts: Clarified the final adjudication exception by adding admissions of guilt and stating that any judgment against an insured must be final and non-appealable. The exception was deleted for employee sabotage; the intent is to apply the innocent insured exception to insureds who had no knowledge of the employee sabotage.
- Bankruptcy/Insolvency: Added language to clarify that insolvency or bankruptcy of the Named Insured will not relieve the Company of its obligations where such insolvency or bankruptcy does not give rise to a claim or loss.
- Infrastructure Outages/Failures: Exclusion rewritten in its entirety to clarify the intent of the exclusion in the context of broader "system failure" coverage; exclusion is now limited to regional, countrywide or global outages to utilities or infrastructure, including satellites, cable, or internet.
- OFAC violations: Added an exception for security breaches originating from any country where the US has imposed sanctions.
- Breach of Contract: Deleted the exception for liability "assumed under contract"; this exception applies only to the exclusion for liability assumed under contract.
- Liability Assumed under Contract: Clarified the existing exception for liability "assumed under contract" and added exception for claims under PCI DSS Liability for liability for PCI fines and penalties assumed under a merchant services agreement.
- Employment practices: Expanded the existing exception for claims under Security and Privacy Liability arising from breaches of employee information, so that it also applies to claims under Privacy Regulatory and Breach Event Costs.
- ERISA violations: Added exception for claims under Security & Privacy Liability, Privacy Regulatory, and Breach Event Costs arising from the breach of employee information.
- War, Strikes, Labor Actions: Deleted reference to strikes or similar labor actions.
- Patent Infringement and Misappropriation of Trade Secrets: Patent infringement is now a stand-alone exclusion.

#### New Exclusions

- PCI DSS claims: Added a new exclusion for liability resulting from PCI DSS matters with an exception solely for claims under PCI DSS Liability.
- New exclusion as to all First Party Coverage Agreements: Consolidated existing exclusions for liability to third parties, sanctions, fines and penalties, and physical events into a new exclusion applicable only to the First Party Coverage Agreements.
- New exclusion applicable to Cyber Crime Coverage: Added a new exclusion applicable only to the Cyber Crime Coverage Agreement.

#### New Cyber Conditions

- Changes in Exposure: Describes how coverage will apply in the event of a "takeover" of the Named insured, acquisition or creation of a new Subsidiary, or a sale of a Subsidiary.
- Transfer of Duties when the Limit of Liability is Exhausted: Describes how transfer of control of a claim will be conducted when the Limit of Liability is exhausted.

#### Discontinued Forms

The following forms have been replaced or are no longer available.

BP 04 15 07 13	Spoilage Coverage
BP 05 84 07 13	Connecticut Spoilage Coverage
PM BP 18 01 13	Employment Practices Liability Insurance
PM BP 27 01 16	Cyber Insurance

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

## **EQUIPMENT BREAKDOWN ENHANCEMENTS**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS COVERAGE FORM**

Read the entire endorsement carefully to determine rights, duties and what is and is not covered

The coverage provided by this endorsement is subject to the provisions of **Section I – Property**, except as provided below.

#### **SECTION I – PROPERTY**

With respect to this endorsement only, paragraphs **a.(1)** and **a.(2)** of section **A.4. Limitations** are deleted.

#### **A. Additional Coverages – Equipment Breakdown**

With respect to this endorsement only, the following **Additional Coverages** are added as a part of and not in addition to the limit per loss:

##### **1. Pollutant Clean Up and Removal**

We will pay for the Pollutant Clean Up and Removal for loss resulting from an “equipment breakdown”. The most we will pay for the Pollutant Clean Up and Removal is \$250,000.

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

##### **2. Expediting Expenses**

We will pay for the expediting expense costs incurred resulting from an “equipment breakdown” with respect to your damaged Covered Property. We will pay the reasonable extra cost to:

- a.** Make temporary repairs;
- b.** Expedite permanent repairs; and
- c.** Expedite permanent replacement.

Reasonable extra cost means the extra cost of temporary repair and of expediting the repair of such damaged equipment of the insured, including overtime and the extra cost of express or other rapid means of transportation.

##### **3. Refrigerant Contamination**

We will pay the loss from contamination by refrigerant used in refrigerating, cooling, or humidity control equipment at the described premises as a result of an “equipment breakdown”.

The most we will pay for Refrigerant Contamination is \$250,000.

##### **4. Spoilage**

We will pay for loss of “perishable goods” due to spoilage resulting from lack of power, light, heat, steam or refrigeration caused by an “equipment breakdown” to Covered Property.

However, we will not pay for any loss, damage, cost or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:

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

The most we will pay for Spoilage is \$250,000.

##### **5. Temperature Fluctuation**

We will pay for loss of “perishable goods” only caused by or resulting from any condition or event to Covered Property that can be resolved by calibrating, re-setting, tightening, adjusting, or cleaning.

However, we will not pay for loss of “perishable goods” as a result of resetting the power supply to the Covered Property containing the “perishable goods”.

The most we will pay for this Temperature Fluctuation is \$5,000 including any insurance provided for Business Income or Extra Expense.

## 6. CFC Refrigerants

We will pay for the additional cost to repair or replace Covered Property because of the use or presence of a refrigerant containing CFC (chlorofluorocarbon) substances as the result of an "equipment breakdown".

Additional cost means those in excess of what would have been required to repair or replace Covered Property, had no CFC refrigerant been involved. We also pay for additional loss as described under the Spoilage Coverages provided by this endorsement or any insurance provided for Business Income, caused by the presence of a refrigerant containing CFC substances.

We will pay no more than the least of the following:

- a. The cost to repair the damaged property and replace any lost CFC refrigerant;
- b. The cost to repair the damaged property, retrofit the system to accept a non-CFC refrigerant, and charge the system with a non-CFC refrigerant; or
- c. The cost to replace the system with one using a non-CFC refrigerant.

## 7. Computer Equipment

We will pay for loss or damage to your "computer equipment" caused by an "equipment breakdown".

## 8. Data Restoration

We will pay for your reasonable and necessary cost to research, replace, and restore the lost information on electronic media and records as a result of an "equipment breakdown". The most we will pay for Data Restoration is \$100,000.

## 9. Unauthorized Instruction

We will pay for loss or damage to your "computer equipment" caused by an unauthorized instruction which results in an "equipment breakdown".

Unauthorized instruction means a virus, harmful code, or similar instruction introduced into or enacted on a computer system or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation.

## 10. Service Interruption

Any insurance provided for Business Income, Extra Expense, Spoilage, or Data Restoration is extended to apply to your loss, damage or

expense caused by an "equipment breakdown" to equipment that is owned by a utility, landlord or other supplier with whom you have a contract to supply you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission or "cloud computing". The equipment must meet the definition of "equipment breakdown" except that it is not Covered Property.

## 11. Risk Improvement

If Covered Property suffers direct physical loss or damage due to an "equipment breakdown", we will pay for the insured to improve the power quality of the electrical system or equipment at the loss location where the "equipment breakdown" occurred. Power quality means the conditions that allow electrical systems or equipment to operate as intended by limiting voltage fluctuations and other power influences that would adversely affect the operational performance and/or reduce the reliability, or the life-span of the electrical system.

We will pay the reasonable extra cost to improve power quality for the following electrical systems and/or equipment improvements:

- a. Installation of surge protection devices (SPD's) which are installed at the loss location's line disconnect, load disconnect, or on specific pieces of equipment and that are certified by Underwriter Laboratories (UL) or has an equivalent certification.  
  
However SPD's do not include any SPD's which are cord-connected surge strips, direct plug-in SPD's or receptacle SPD's;
- b. An upgrade and/or replacement of; electrical panels, switchgear and/or circuit breakers; or
- c. Electrical wire and wiring improvements which include installation of; flexible conduit, junction boxes and/or ground wiring.

We will not pay more than 10%, to a maximum limit of \$10,000, of the loss amount paid. An invoice for implementation of this Additional Coverage must be sent to us within 180 days after the payment of the loss is received.

## 12. Off- Premises Coverage

We will pay for loss or damage to Covered Property resulting from a covered "equipment breakdown" while temporarily at a premises or location that is not a described premises.

The most we will pay for Off-Premises Coverage is \$25,000.

### B. Exclusions

With respect to this endorsement only, paragraphs 2.a., 2.d., and 2.I.(6) of section B. Exclusions are deleted.

### C. Additional Conditions

The following conditions apply only with respect to this endorsement.

#### 1. Suspension

Whenever Covered Property is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss to that Covered Property for the perils covered by this endorsement. Coverage can be suspended and possibly reinstated by delivering or mailing a written notice regarding the suspension or reinstatement to:

- a. Your last known address; or
- b. The address where the property is located.

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

If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

#### 2. Jurisdictional Inspections

If any Covered Property under this endorsement 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.

#### 3. Environmental, Safety and Efficiency Improvements

If Covered Property requires replacement due to an "equipment breakdown", we will pay your additional cost to replace with equipment that is better for the environment, safer, or more energy efficient than the equipment being replaced.

However, we will not pay more than 150% of what the cost would have been to repair or

replace with like kind and quality. This Condition does not apply to any property to which Actual Cash Value applies.

## 4. Green Environmental and Efficiency Improvements

a. If Covered Property requires repair or replacement due to an "equipment breakdown", we will pay:

- (1) The lesser of the reasonable and necessary additional cost incurred by the insured to repair or replace physically damaged Covered Property with equipment of like kind and quality which qualifies as "green". Like kind and quality includes similar size and capacity.
- (2) The additional reasonable and necessary fees incurred by the insured for an accredited professional certified by a "green authority" to participate in the repair or replacement of physically damaged Covered Property as "green".
- (3) The additional reasonable and necessary cost incurred by the insured for certification or recertification of the repaired or replaced Covered Property as "green".
- (4) The additional reasonable and necessary cost incurred by the insured for "green" in the removal, disposal, or recycling of damaged Covered Property.
- (5) The business interruption (if covered within the policy to which this endorsement is attached) loss during the additional time required for repair or replacement of Covered Property, consistent with "green", in the coverages above.

We will not pay more than 150%, to a maximum limit of \$100,000, of what the cost would have been to repair or replace with equipment of like kind and quality inclusive of fees, costs, and any business interruption loss incurred as stated above.

b. This additional condition does not apply to:

- (1) Stock, raw materials, finished goods, "production machinery", merchandise, electronic data processing equipment not used in the functional support of the real property, process water, molds and dies, property in the open,

property of others for which the insured is legally liable, or personal property of others.

- (2) Any loss adjusted on any valuation basis other than a repair or replacement basis as per the Valuation section of this policy.
- (3) Any loss covered under any other section of this policy.
- (4) Any cost incurred due to any law or ordinance with which the insured was legally obligated to comply prior to the time of the "equipment breakdown".

#### D. Optional Coverages

With respect to this endorsement only,:

1. paragraph **G.1.c.(5)** of the **Outdoor Signs Optional Coverage** does not apply.
2. the provisions of this endorsement supersede the **Equipment Breakdown Protection Coverage**.

#### E. Property Definitions

With respect to this endorsement only, the "Specified Causes of Loss" definition under **H. Property Definitions** is replaced by the following:

12. "Specified Causes of Loss" means the following:

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

- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
  - (1) The cost of filling sinkholes; or
  - (2) Sinking or collapse of land into man-made underground cavities.
- b. Falling objects does not include loss of or damage to:
  - (1) Personal property in the open; or
  - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

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

With respect to this endorsement only, the following are added to **H. Property Definitions**:

15. "Cloud computing" means on-demand network access to a shared pool of computing resources via networks, servers, storage, applications and services provided by an organization with whom you have a contract with using the following service models: Software as a Service (SaaS), Platform as a Service (PaaS) and Infrastructure as a Service (IaaS) on the following deployment models: public cloud, community cloud, hybrid cloud and private cloud.

16. "Computer equipment" means Covered Property that is electronic computer or other data processing equipment, including peripherals used in conjunction with such equipment and electronic media and records.

17. "Electronic equipment" means devices which operate using many small electrical parts such as, but not limited to, microchips, transistors or circuits.

18. "Electronic equipment deficiency" means the quality or condition inside of "electronic equipment" which renders this equipment unexpectedly inoperable and which is operable again once a piece of "electronic equipment" has been replaced.

However, "electronic equipment deficiency" will not include replacement of "electronic equipment" for any condition that could have been resolved without replacement of the "electronic equipment" including but not limited to "computer equipment" maintenance or the reinstallation or incompatibility of software.

19. "Equipment breakdown":

a. means:

- (1) Physical loss or damage both originating within:
  - (a) Boilers, fired or unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:



- 1) Waste disposal piping;
  - 2) Any piping forming part of a fire protective system;
  - 3) Furnaces; and
  - 4) Any water piping other than:
    - i. Boiler feed water piping between the feed pump and the boiler;
    - ii. Boiler condensate return piping; or
    - iii. Water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes.
- (b) All mechanical, electrical, or fiber optic equipment or "electronic equipment";
- and
- (2) Caused by, resulting from, or consisting of:
- (a) Mechanical breakdown;
  - (b) Electrical or electronic breakdown and "electronic equipment deficiency"; or
  - (c) Rupture, bursting, bulging, implosion, or steam explosion.
- b. does not mean:
- (1) Physical loss or damage caused by or resulting from any of the following; however if loss or damage not otherwise excluded results, then we will pay for such resulting damage:
    - (a) Wear and tear;
    - (b) Rust or other corrosion, decay, deterioration, hidden or latent defect, mold or any other quality in property that causes it to damage or destroy itself;
    - (c) Smog;
    - (d) Settling, cracking, shrinking or expansion;
    - (e) Nesting or infestation, or discharge or release of waste products or secretions, by birds, rodents or other animals;
  - (f) Any accident, loss, damage, cost, claim, or expense, whether preventative, remedial, or otherwise, directly or indirectly arising out of or relating to the recognition, interpretation, calculation, comparison, differentiation, sequencing, or processing of data by any computer system including any hardware, programs or software; or
  - (g) Scratching and marring.
- (2) Loss, damage, cost, or expense directly caused by, contributed to by, resulting from or arising out of the following causes of loss:
- Fire, lightning, combustion explosion, windstorm or hail, weight of snow, ice or sleet, freezing, falling objects, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sinkhole collapse, volcanic action, leakage from fire extinguishing equipment, water, water damage, earth movement or flood.
20. "Green" means products, materials, methods and processes certified by a "green authority" that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize environmental impact.
  21. "Green authority" means an authority on "green" buildings, products, materials, methods or processes certified and accepted by Leadership in Energy and Environmental Design (LEED®), Green Building Initiative Green Globes®, Energy Star Rating System or any other recognized "green" rating system.
  22. "Perishable goods" means stock preserved and maintained under controlled conditions and susceptible to loss or damage if the controlled conditions change.
  23. "Production machinery" means any machine which processes, forms, shapes, or transports raw materials, materials in process, waste materials or finished products.

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

## **MASSACHUSETTS RESIDENTIAL FUEL TANK EXCLUSION**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS COVERAGE PART**

- A.** The following exclusion is added to **Section I – Property B. Exclusions** - paragraph 2, and **Section II – Liability - Paragraph B. Exclusions – Personal and Advertising Injury** and supersedes any provision to the contrary:

#### **Residential Fuel Tank Exclusion**

This insurance does not apply to:

1. Injury or damage caused by or resulting from a "residential fuel tank incident"; or
2. "Response action costs" resulting from a "residential fuel tank incident."

- B.** The following definitions are added:

1. "Residential fuel tank" means a liquid fuel tank at a "residential property" in which heating oil is stored and from which heating oil is delivered or pumped through a fuel supply line to a device for burning oil in heating appliances.

"Residential fuel tank" includes any piping, fuel supply lines, equipment, or systems connected thereto.

2. "Residential fuel tank incident" means a release or threat of release of heating oil into the environment from a "residential fuel tank." The entirety of continuous or repeated releases or threats of release from the same "residential fuel tank" shall be deemed to be one "residential fuel tank incident."
3. "Residential property" means a dwelling owned by you, used for living or sleeping, consisting of one, two, three or four units.
4. "Response action costs" means reasonable and necessary expenses incurred by you in response to a "residential fuel tank incident" for response action as specified in Chapters 21E or 21K of Massachusetts law or regulations promulgated thereto.

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

**LEAD EXCLUSION**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

- A.** The following exclusion is added to paragraph **B.1.** of **SECTION II –LIABILITY:**

**Lead Exclusion**

This insurance does not apply to:

1. "Bodily injury", "property damage" or "personal and advertising injury" related or attributed to, arising out of, resulting from, or in any way caused by "lead". This includes, but is not limited to,:
  - a. The actual, alleged, suspected, or threatened contact with, exposure to, or ingestion, inhalation, absorption, dispersal, existence, or presence of "lead";
  - b. Release, disturbance or dispersal of "lead" arising from "your work";
  - c. Actual or attempted removal, abatement, encapsulation, or containment of "lead" from any structure, material, good, product, or manufacturing process.
  - d. Determining or assessing the presence, existence, or effects of "lead"; or
  - e. The mining, manufacturing, processing, sale, distribution, transport, installation, storage, handling, disposal, or use of "lead" or property containing "lead";
  - f. Any process of decontamination, treatment, control, or removal of "lead" or property containing "lead";
  - g. Structures, manufacturing processes, products, or other property containing "asbestos".
  - h. Any supervision, instruction, recommendation, warning, or advice given or which should have been given in connection with "lead".

This exclusion applies even if claims or "suits"

allege negligence or other wrongdoing in the supervision, training, instructions, warnings or monitoring of others by an insured.

2. Any loss, cost or expense arising out of, resulting from, or in any way related to any:
  - a. Claim, "suit", request, demand, directive, or order by or on behalf of any person, entity, or governmental authority that any "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to or assess the effects of, "lead" in any form; or
  - b. Claim or "suit" by or on behalf of any person, entity, or governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, or neutralizing, or in any way responding to or assessing the effects of, "lead".

We shall not be obligated to investigate, defend or indemnify any "insured" or any person or any entity claiming any right under this policy for the matters excluded in this endorsement.

- B.** For the purposes of this endorsement, the following definition is added to paragraph **F. Liability And Medical Expenses Definitions** in **SECTION II – LIABILITY.**

"Lead" means lead in any form (e.g. fibers or dust) lead leachate, and lead in other property or materials.

## THIS FORM PROVIDES CLAIMS-MADE AND REPORTED COVERAGE.

# CYBER INSURANCE

Throughout this form, the words 'you' and 'your' refer to the "named insured(s)" shown in the Declarations. The phrase 'Supplemental Declarations' means the declarations pertaining to this form. This form and the Supplemental Declarations are hereinafter referred to as 'Endorsement'.

This Endorsement amends your policy to provide Cyber insurance on a Claims-Made and Reported basis. Various provisions in this Endorsement restrict coverage. Read the entire Endorsement carefully to determine your rights and duties and what is and is not covered. The terms, conditions, exclusions and limits of insurance set forth in this Endorsement apply only to the coverage provided by this Endorsement.

All words and phrases in this Endorsement that appear in quotation marks have the meanings set forth in **SECTION IV** of this Endorsement. To the extent any words or phrases used in this Endorsement are defined elsewhere in the Policy, such definitions provided elsewhere do not apply to give meaning to the words or phrases used in this Endorsement.

The limits of insurance applicable to the Cyber Insurance Coverage Agreements are specified in the Supplemental Declarations. Such limits of insurance are in addition to, and will not erode, the limits of insurance provided elsewhere under the Policy. "Defense costs" paid under this Endorsement will erode, and are included within, the each "claim" limit as well as the Aggregate Limit specified in the Supplemental Declarations.

The terms and conditions of the Cancellation Condition of the Businessowners Coverage Form and any amendment to such terms are hereby incorporated herein and shall apply to coverage as is afforded by this Endorsement, unless specifically stated otherwise in an endorsement(s) attached hereto.

### **SECTION I – CYBER INSURANCE COVERAGE AGREEMENTS**

In consideration of the premium paid and subject to all terms, conditions, definitions, exclusions and other provisions of this Endorsement, the Company agrees as follows:

#### **(A) Third Party Liability Coverage Agreements**

##### **(1) Multimedia Liability**

Subject to the limits shown in the Supplemental Declarations, the Company will pay on behalf of an "Insured" the sums within the applicable Limit of Liability that such "Insured" becomes legally obligated to pay as "damages", including liability "assumed under contract", and related "defense costs" resulting from a "claim" for an actual or alleged "multimedia wrongful act", but only if: i) the "claim" is first made against the "Insured" during the "endorsement period", ii) the "claim" is reported to the Company in writing pursuant to Section **V.** of this Endorsement, and iii) the "multimedia wrongful act" is committed on or after the "retroactive date".

##### **(2) Security and Privacy Liability**

The Company will pay on behalf of an "Insured" the sums within the applicable Limit of Liability that such "Insured" becomes legally obligated to pay as "damages", including liability "assumed under contract", and related "defense costs" resulting from a "claim" for an actual or alleged "security and privacy wrongful act", but only if: i) the "claim" is first made against the "Insured" during the "endorsement period", ii) the "claim" is reported to the Company in writing pursuant to Section **V.** of this Endorsement, and iii) the "security and privacy wrongful act" is committed on or after the "retroactive date".

##### **(3) Privacy Regulatory Defense and Penalties**

The Company will pay on behalf of an "Insured" the sums within the applicable Limit of Liability that such "Insured" becomes legally obligated to pay as a "regulatory compensatory award" or "regulatory fines and penalties" and related "defense costs" resulting from a "privacy regulatory proceeding" instituted against the "Insured" because of a "security breach" or "privacy breach", but only if: i) the "privacy regulatory proceeding" is instituted against the "Insured" during the "endorsement period", ii) the "privacy regulatory proceeding" is reported to the Company in writing pursuant to Section **V.** of this Endorsement, and iii) the "security breach" or "privacy breach" occurs on or after the "retroactive date".

##### **(4) PCI DSS Liability**

The Company will pay on behalf of an "Insured" the sums within the applicable Limit of Liability that such "Insured" becomes legally obligated to pay as "PCI DSS fines

and assessments" and related "defense costs" because of a "PCI DSS demand" resulting from a "security breach" or "privacy breach", but only if: i) the "PCI DSS demand" is first made against the "Insured" during the "endorsement period", ii) the "claim" is reported to the Company in writing pursuant to Section V. of this Endorsement, and iii) the "security breach" or "privacy breach" occurs on or after the "retroactive date".

**(5) TCPA Defense**

Subject to the applicable Limit of Liability, the Company will pay "defense costs" incurred by an "Insured" to defend against a "TCPA claim" for an actual or alleged "TCPA violation", but only if: i) the "TCPA claim" is first made against the "Insured" during the "endorsement period", ii) the "TCPA claim" is reported to the Company in writing pursuant to Section V. of this Endorsement, and iii) the "TCPA violation" is committed on or after the "retroactive date". The Company will have no obligation to pay any amounts other than "defense costs" under this Coverage Agreement.

**(B) First Party Coverage Agreements**

**(1) Breach Event Costs**

Subject to the applicable Limit of Liability, the Company will pay "privacy breach response costs", "notification expenses" and "breach support and credit monitoring expenses" that "you" incur because of an "adverse media report", "security breach" or "privacy breach", but only if: i) the "adverse media report", "security breach" or "privacy breach" is first discovered by an "executive" during the "endorsement period", and ii) the "adverse media report", "security breach" or "privacy breach" is reported to the Company in writing pursuant to Section V. of this Endorsement.

**(2) Post Breach Remediation Costs**

Subject to the applicable Limit of Liability, the Company will pay "post breach remediation costs" that "you" incur, with the Company's prior written consent, after a "security breach" or "privacy breach", but only if: i) Coverage Agreement I.(B)(1) of this Endorsement applies to the "security breach" or "privacy breach", and ii) an "executive" has made a written request to the Company for indemnification of "post breach remediation costs" pursuant to Section V. of this Endorsement.

**(3) BrandGuard®**

Subject to the "waiting period" and applicable Limit of Liability, the Company will pay provable and ascertainable "brand loss" that "you" sustain during the "period of indemnity" as a direct result of an "adverse media report" or "notification" of a "security breach" or "privacy breach", but only if: i) the "security breach" or "privacy breach" is first discovered by an "executive" during the "endorsement period", ii) the "security breach" or "privacy breach" is reported to the Company in writing pursuant to Section V. of this Endorsement, and iii) "you" provide clear evidence that the "brand loss" is directly attributable to the "adverse media report" or "notification".

**(4) System Failure**

**(a) Data Recovery**

Subject to the applicable Limit of Liability, the Company will pay "digital assets loss" and "special expenses" that "you" incur because of damage, alteration, corruption, distortion, theft, misuse or destruction of "digital assets" resulting from a "system failure", but only if: i) the "system failure" is first discovered by an "executive" during the "endorsement period", ii) the "system failure" is reported to the Company in writing pursuant to Section V. of this Endorsement, and iii) "you" provide clear evidence that the "digital assets loss" and "special expenses" directly resulted from the "system failure". The Company will pay "digital assets loss" and "special expenses" for up to 12 months following an "executive's" discovery of the "system failure".

**(b) Non-Physical Business Interruption**

Subject to the "waiting period" and applicable Limit of Liability, the Company will pay "income loss", "interruption expenses" and "special expenses" that "you" incur during the "period of restoration" because of a "system failure", but only if: i) the "system failure" is first discovered by an "executive" during the "endorsement period", ii) the "system failure" is reported to the Company in writing pursuant to Section V. of this Endorsement, and iii) "you" provide clear evidence that the "income loss", "interruption expenses" and "special expenses" directly resulted from the "system failure".

**(5) Cyber Extortion**

- (a) Subject to the applicable Limit of Liability, the Company will pay "cyber extortion expenses" and "cyber extortion monies" that "you" incur as a direct result of a "cyber extortion threat", but only if: i) the "cyber extortion threat" is first discovered by an "executive" during the "endorsement period", and ii) the "cyber extortion threat" is reported to the Company in writing pursuant to Section V. of this Endorsement.
- (b) The Company will not be obligated to pay "cyber extortion expenses" or "cyber extortion monies" for which the Company has not given prior written consent. "You" must make every reasonable effort to notify local law enforcement authorities and the Federal Bureau of Investigation or similar equivalent foreign agency before surrendering any "cyber extortion monies" in response to a "cyber extortion threat".

**(6) Cyber Crime**

**(a) Financial Fraud**

Subject to the applicable Limit of Liability, the Company will pay "financial fraud loss" that "you" sustain because of "financial fraud", but only if: i) the "financial fraud" is first discovered by an "executive" during the "endorsement period", ii) the "financial fraud" is reported to the Company in writing pursuant to Section V. of this Endorsement, and iii) "you" provide written confirmation to the Company that your bank or credit card company has refused to reverse or prevent a payment transaction, or to indemnify or reimburse "you" for the "financial fraud loss".

**(b) Telecommunications Fraud**

Subject to the applicable Limit of Liability, the Company will pay "telecommunications fraud loss" that "you" sustain because of "telecommunications fraud", but only if: i) the "telecommunications fraud" is first discovered by an "executive" during the "endorsement period", and ii) the telecommunications fraud is reported to the Company in writing pursuant to Section V. of this Endorsement.

**(c) Phishing Fraud**

Subject to the applicable Limit of Liability, the Company will pay "phishing fraud loss" that "you" sustain because of a "phishing attack", but only if: i) the "phishing attack" is first discovered by an "executive" during the "endorsement period", and ii) the "phishing attack" is reported to the Company in writing pursuant to Section V. of this Endorsement.

**(7) Businessowners ID Theft Recovery**

Subject to the applicable Limit of Liability, the Company will reimburse any "key employee" for reasonable and necessary "identity theft expenses" incurred by such "key employee" as a direct result of "identity theft", but only if: i) the "identity theft" is first discovered by the "key employee" during the "endorsement period", ii) the "identity theft" is reported to the Company in writing pursuant to Section V. of this Endorsement, and iii) the "key employee" reports the "identity theft" to law enforcement and obtains a police report.

## **(8) Reward Expenses**

Subject to the applicable Limit of Liability, the Company will pay "reward expenses" that "you" incur with the Company's prior written consent, but only if an "executive" submits a written request for indemnification of "reward expenses" to the Company pursuant to Section V. of this Endorsement.

## **(9) Court Attendance Costs**

- (a) Subject to the applicable Limit of Liability, the Company will reimburse an "Insured" for "court attendance costs" incurred by the "Insured" to attend mediation sessions, arbitration proceedings, hearings, depositions and trials, if required by the Company in connection with the defense of a "claim" under any Third Party Liability Coverage Agreement of this Endorsement, but only if a written request for indemnification of "court attendance costs" is made by or on behalf the "Insured" pursuant to Section V. of this Endorsement.
- (b) Notwithstanding the above, the Company's daily maximum Limit of Liability for "court attendance costs" is \$500.00, regardless of the number of "claims", "Insureds", or legal proceedings attended by an "Insured".

## **SECTION II – CYBER INSURANCE DEFENSE AND SETTLEMENT PROVISIONS**

- (A) We have the right and duty to defend an "Insured" against any "claim" under any Third Party Liability Coverage Agreement of this Endorsement, even if the allegations are groundless, or false, including the right to appoint an attorney to defend any such "claim".
- (B) The Limit of Liability available to pay "damages" will be reduced, and may be completely exhausted, by payment of "defense costs" or any other amounts to which this insurance applies.
- (C) No "Insured" shall pay any "damages", "defense costs", "regulatory compensatory award", "regulatory fines and penalties" or "PCI DSS fines and assessments", or settle or offer to settle any "claim", assume any contractual obligation, admit liability, voluntarily make any payment, or confess or otherwise consent to any judgment without the Company's prior written consent, which consent will not be unreasonably withheld. The Company will not be liable for any "damages", "defense costs", "regulatory compensatory award", "regulatory fines and penalties", "PCI DSS fines and assessments", settlement, judgment, assumed obligation, admitted liability or payment to which the Company has not consented.
- (D) The Company has the right to make any investigation it deems necessary, including, without limitation, any investigation with respect to coverage.
- (E) The Company will not settle any "claim" or pay any "damages", "regulatory compensatory award", "regulatory fines and penalties" or "PCI DSS fines and assessments" without an "Insured's" consent.
- (F) If an "Insured" refuses to consent to any settlement or compromise recommended by the Company or its representatives that is acceptable to the claimant, and such "Insured" elects to contest the "claim" or continue any legal proceedings in connection with the "claim", the Company's liability for such "claim" shall not exceed:
  - (1) the amount for which the "claim" could have been settled, plus "defense costs" incurred up to the date the "Insured" withheld consent to such settlement or compromise, plus
  - (2) 70% of any "defense costs" and "damages", "regulatory compensatory award", "regulatory fines and penalties" or "PCI DSS fines and assessments", whichever applies, incurred after the date the "Insured" withheld consent to such settlement or compromise, subject always to all other terms and conditions of this Endorsement, including, but not limited to, the applicable Limit of Liability; and

- (3) the remaining 30% of the "defense costs" and "damages", "regulatory compensatory award", "regulatory fines and penalties" or "PCI DSS fines and assessments" referenced in paragraph (2) above shall be the sole responsibility of such "Insured".
- (G) The Company's duty to defend any "claim" or pay any "damages", "defense costs" or other amounts, will cease upon exhaustion of the applicable Limit of Liability. Once the Limit of Liability is exhausted, the Company will have the right to withdraw from the defense or payment of any "claim" by tendering control to "you" pursuant to Section X. of this Endorsement.

### **SECTION III – LIMIT OF LIABILITY**

- (A) The Limits of Liability set forth in the Cyber Insurance Supplemental Declarations are the most the Company will pay under each Coverage Agreement of this Endorsement for each "claim", and in the aggregate for all "claims", first made during the "endorsement period" and the "cyber insurance extended reporting period" (if applicable), including "defense costs" (where applicable), regardless of the number of "claims", claimants or "Insureds". If the Limit of Liability for any Coverage Agreement is exhausted, the Company's obligations under that Coverage Agreement shall cease.
- (B) The Annual Aggregate Limit set forth in the Cyber Insurance Supplemental Declarations is the most the Company will pay under this Endorsement for all "claims" first made during the "endorsement period" and the "cyber insurance extended reporting period" (if applicable), including "defense costs" (where applicable), regardless of the number of "claims", claimants, "Insureds" or Coverage Agreements. All amounts the Company pays under this Endorsement will reduce, and may completely exhaust, the Annual Aggregate Limit.
- (C) All "claims" which arise out of the same, related or continuing incidents, acts, facts or circumstances will be considered a single "claim", regardless of the number of "claims" made, "Insureds" affected or claimants involved. All "claims" which arise out of the same, related or continuing incidents, acts, facts or circumstances will be deemed first made on the date the earliest of such "claims: is first made and will be deemed first reported to the Company on the date the earliest of such "claim" is reported to the Company.
- (D) If multiple Coverage Agreements of this Endorsement apply to any "claim", the Company's maximum Limit of Liability under this Endorsement for such "claim" shall be the Annual Aggregate Limit set forth in the Cyber Insurance Supplemental Declarations. However, the Company will never pay more under any one Coverage Agreement than the applicable Limit of Liability shown in the Cyber Insurance Supplemental Declarations for that Coverage Agreement. The Company shall allocate amounts paid, if any, against the appropriate Limit of Liability.
- (E) The existence of a "cyber insurance extended reporting period" will not increase or reinstate the Limits of Liability set forth in the Cyber Insurance Supplemental Declarations.

### **SECTION IV – DEFINITIONS**

Certain words or phrases used in this Endorsement, whether in singular or plural form, are shown in quotes and are defined as follows. If a term is defined below and in the Policy, the definition below applies only to the coverage provided by this Endorsement.

- (1) "Acquiring bank" means a bank or financial institution that accepts credit or debit card payments, including stored value cards and pre-paid cards, for goods or services on behalf of a merchant, including processing and crediting those payments to a merchant's account.
- (2) "Act of cyber terrorism" means the premeditated use of disruptive activities, or an explicit threat to use disruptive activities, against a computer, "computer system", or network by a person or group to further social, political, religious or ideological objectives.



- (3) "Adverse media report" means a report or communication of an actual or potential "security breach" or "privacy breach" which has been publicized through any media channel, including, but not limited to, television, "print media", radio or electronic networks, the internet, or electronic mail, and threatens material damage to "your reputation" or "your" brand.
- (4) "Assumed under contract" means liability for "damages" resulting from a "multimedia wrongful act", "security breach" or "privacy breach", where such liability has been assumed by an "Insured" in the form of a written hold harmless or indemnity agreement, but only if such agreement was executed before the "multimedia wrongful act", "security breach" or "privacy breach" occurred.
- (5) "Bodily injury" means physical injury, sickness, disease or death sustained by any person and, where resulting from such physical injury only, mental anguish, mental injury, shock, humiliation or emotional distress.
- (6) "BPO service provider" means any "third party" that provides business process outsourcing services for "your" benefit under a written contract with "you", including, but not limited to, call center services, fulfillment services, and logistical support.
- (7) "Brand loss" means "your" net profit, as could have reasonably been projected immediately prior to "notification", or in the event of an "adverse media report", immediately prior to the publication of an "adverse media report", but which has been lost during the "period of indemnity" as a direct result of such "adverse media report" or "notification". "Brand loss" will be determined in accordance with the provisions of Section **IX**. of this Endorsement.
- (8) "Breach support and credit monitoring expenses" means those reasonable and necessary expenses that "you" incur on "your" own behalf, or on behalf of a party for whom you are "vicariously liable", to provide support activity to parties affected by a "privacy breach". "Breach support and credit monitoring expenses" includes the cost to set up a call center and to provide a maximum of 24 months of credit monitoring services, identity theft assistance services, or credit or identity repair and restoration services. "breach support and credit monitoring expenses" must be incurred with the Company's prior written consent.
- (9) "Card association" means Visa International, MasterCard, Discover, JCB, American Express and any similar credit or debit "card association" that is a participating organization of the Payment Card Industry Security Standards Council.
- (10) "Claim" means:
- (a) with respect to Coverage Agreements **I.(A)(1)** and **I.(A)(2)** only:
    - i. a written demand made against an "Insured" for "damages" or non-monetary relief;
    - ii. a written request received by an "Insured" to toll or waive a statute of limitations relating to a potential "claim" against an "Insured"; or
    - iii. the service of a civil lawsuit or the institution of arbitration or other alternative dispute resolution proceedings against an "Insured" seeking "damages", a temporary restraining order, or a preliminary or permanent injunction.
  - (b) with respect to Coverage Agreement **I.(A)(3)** only, a "privacy regulatory proceeding".
  - (c) with respect to Coverage Agreement **I.(A)(4)**, a "PCI DSS demand".
  - (d) with respect to Coverage Agreement **I.(A)(5)** only, a "TCPA claim".
  - (e) with respect to Coverage Agreement **I.(B)(1)** only, written notice from an "executive" to the Company of an "adverse media report", "security breach" or "privacy breach".
  - (f) with respect to Coverage Agreement **I.(B)(2)** only, written request by an "executive" to the Company for indemnification of "post breach remediation costs".

- (g) with respect to Coverage Agreement **I.(B)(3)** only, written notice from an "executive" to the Company of a "security breach" or "privacy breach".
- (h) with respect to Coverage Agreement **I.(B)(4)** only, written notice from an "executive" to the Company of a "system failure".
- (i) with respect to Coverage Agreement **I.(B)(5)** only, written notice from an "executive" to the Company of a "cyber extortion threat".
- (j) with respect to Coverage Agreement **I.(B)(6)(a)** only, written notice from an "executive" to the Company of "financial fraud".
- (k) with respect to Coverage Agreement **I.(B)(6)(b)** only, written notice from an "executive" to the Company of "telecommunications fraud".
- (l) with respect to Coverage Agreement **I.(B)(6)(c)** only, written notice from an "executive" to the Company of a "phishing attack".
- (m) with respect to Coverage Agreement **I.(B)(7)** only, written notice from a "key employee" to the Company of "identity theft".
- (n) with respect to Coverage Agreement **I.(B)(8)** only, written request by an "executive" to the Company for indemnification of "reward expenses".
- (o) with respect to Coverage Agreement **I.(B)(9)** only, written request by an "executive" to the Company for indemnification of "court attendance costs".

A "claim" under Coverage Agreement **I.(A)(1)** or Coverage Agreement **I.(A)(2)** of this Endorsement shall not include a "privacy regulatory proceeding", "PCI DSS demand" or "TCPA claim".

A "claim" under any Third Party Liability Coverage Agreement of this Endorsement will be deemed to be first made when it is received by an "Insured".

A "claim" under any First Party Coverage Agreement of this Endorsement will be deemed to be first made when the Company first receives written notice of such "claim".

- (11)** "Cloud provider" means any "third party" that provides computing resources to "you" that are delivered as a service over a network or the internet (commonly known as "cloud computing"), including Software as a Service, Platform as a Service and Infrastructure as a Service.
- (12)** "Computer system" means an interconnected electronic, wireless, web, or similar system, including all computer hardware and software, used to process and store "data" or information in an analogue, digital, electronic or wireless format, including, but not limited to, computer programs, "data", operating systems, firmware, servers, media libraries, associated input and output devices, mobile devices, devices that are connected to and controlled by the internet (also known as smart devices), networking equipment, websites, extranets, off-line storage facilities (to the extent that they hold "data"), and electronic backup equipment.
- (13)** "Court attendance costs" means the actual loss of earnings and reasonable costs and expenses incurred by an "Insured" after a total of 3 days of required attendance at mediation sessions, arbitration proceedings, hearings, depositions and trials relating to the defense of a "claim" under any Third Party Liability Coverage Agreement of this Endorsement.
- (14)** "Cyber extortion expenses" means all reasonable and necessary costs and expenses, other than "cyber extortion monies", that "you" incur with the Company's prior written consent as a direct result of a "cyber extortion threat", including the cost to retain or hire a "third party" specializing in IT security to determine the validity and severity of a "cyber extortion threat".
- (15)** "Cyber extortion monies" means any "money", digital currency of any kind, including bitcoin, or "other property" paid by "you", with the Company's prior written consent, to any person or group reasonably believed to be responsible for a "cyber extortion threat" in order to prevent or terminate such "cyber extortion threat".

- (16)** "Cyber extortion threat" means a credible threat or series of related credible threats, including a demand for "cyber extortion monies", which is directed at "you" to:
- (a) steal, alter, release, divulge, disseminate, destroy, publicly disclose or misuse "private information" taken from an "Insured" as a result of unauthorized access to, or unauthorized use of, an "insured computer system";
  - (b) infect an "insured computer system" with malicious code or ransomware;
  - (c) corrupt, damage or destroy an "insured computer system";
  - (d) restrict or hinder access to an "insured computer system", including the threat of a "denial of service attack";
  - (e) perpetrate or carry out a "phishing attack";
  - (f) steal, alter, release, reveal, divulge, disseminate, destroy, publicly disclose or misuse "your" confidential or proprietary information, or the "personally identifiable information" of an "Insured"; or
  - (g) damage "your reputation" or "your" brand by posting false or misleading comments about "you" or "your" organization on social media websites or platforms.

A series of continuing "cyber extortion threats", related or repeated "cyber extortion threats", or multiple "cyber extortion threats" resulting from the same attack, event or incident will be considered a single "cyber extortion threat" and will be deemed to have occurred at the time the first "cyber extortion threat" in the series first occurred.

- (17)** "Cyber insurance extended reporting period" means the period after the end of the "endorsement period" for reporting "claims", as provided in Section VI. of this Endorsement and specifically excludes the "endorsement period".
- (18)** "Damages" means a monetary judgment, award or settlement, including awarded attorneys' fees and costs, and liquidated, punitive, exemplary or multiplied "damages" to the extent insurable under the law pursuant to which this Endorsement is construed.

"Damages" does not include:

- (a) any "Insured's" future profits or royalties, restitution, or disgorgement of any "Insured's" profits;
- (b) the costs to comply with orders granting injunctive or non-monetary relief, including specific performance, or any agreement to provide such relief;
- (c) loss of any "Insured's" fees or profits, the return or offset of any "Insured's" fees or charges, or any "Insured's" commissions or royalties provided or contracted to be provided;
- (d) taxes, fines or penalties, or sanctions;
- (e) contractual liquidated "damages", to the extent such "damages" exceed the amount for which the "Insured" would have been liable in the absence of the liquidated "damages" agreement;
- (f) any amount which an "Insured" is not financially or legally obligated to pay;
- (g) disgorgement of any remuneration or financial advantage to which an "Insured" was not legally entitled;
- (h) settlements negotiated without the Company's consent;
- (i) monetary judgments, awards, settlements or any other amounts which are uninsurable under the law pursuant to which this Endorsement is construed, or any legal fees and costs awarded pursuant to such judgments, awards or settlements; or
- (j) "PCI DSS fines and assessments".

- (19) "Data" means any machine-readable information, including, but not limited to, ready-for-use programs, applications, account information, customer information, health and medical information, or other electronic information, irrespective of the way it is used and rendered.
- (20) "Defense costs" means:
- (a) reasonable and necessary fees incurred with the Company's consent and charged by an attorney(s) designated by the Company to defend a "claim"; and
  - (b) all other reasonable and necessary fees, costs, and expenses resulting from the defense and appeal of a "claim", if incurred by the Company or by an "Insured" with the Company's prior written consent.
- "Defense costs" does not include any wages or salaries of an "Insured", or fees, overhead or other charges incurred by, or paid to, any "Insured" for any time spent in cooperating in the investigation or defense of a "claim" or a potential "claim".
- (21) "Denial of service attack" means an event caused by unauthorized or unexpected interference or a malicious attack, which is intended by the perpetrator to overwhelm the capacity of a "computer system" by sending an excessive volume of "data" to such "computer system" to prevent access to such "computer system".
- (22) "Digital assets" means "data" and computer programs that exist in an "Insured" "computer system". "Digital assets" do not include computer hardware.
- (23) "Digital assets loss" means reasonable and necessary expenses and costs that "you" incur to replace, recreate or restore "digital assets" to the same state and with the same contents immediately before the "digital assets" were damaged, destroyed, altered, misused or stolen, including expenses for materials and machine time. "Digital assets loss" also includes amounts representing "employee" work time to replace, recreate or restore "digital assets", which will be determined on a predefined billable hour or per-hour basis as based upon "your" schedule of "employee" billable hours.
- (24) "Employee" means any individual whose labor or service is engaged by and directed by "you", including volunteers, interns, and part-time, seasonal, temporary or leased workers. "Employee" does not include any "executive" or independent contractor.
- (25) "Endorsement period" means the period of coverage commencing on the Endorsement Period Effective Date specified on the Cyber Insurance Supplemental Declarations and ending on the earlier of the termination, expiration or cancellation date of the Policy to which this Endorsement attaches.
- (26) "Executive" means any of "your" directors or officers, including "your" chief "executive" officer, chief financial officer, chief operations officer, chief technology officer, chief information officer, chief privacy officer, general counsel or other in-house lawyer, and risk manager, or any person in a functionally equivalent position.
- (27) "Financial fraud" means any of the following:
- (a) an intentional, unauthorized and fraudulent written, electronic or telephonic instruction transmitted to a financial institution, directing such institution to debit, transfer, withdraw or disburse "money" or "securities" from "your" account, which instruction purports to have been transmitted by "you" or an "executive" or "employee", but was in fact fraudulently transmitted by a "third party" without "your" knowledge or consent; or
  - (b) the theft of money or securities from your account or your corporate credit cards as a result of a hacking attack.
- (28) "Financial fraud loss" means the loss of "money" or "securities" that you "sustain" as a direct result of "financial fraud". "Financial fraud loss" does not include any amounts reimbursed to "you" by any financial institution.

**(29)** "First party insured event" means:

- (a) with respect to Coverage Agreement **I.(B)(1)** only, an "adverse media report", "security breach" or "privacy breach";
- (b) with respect to Coverage Agreements **I.(B)(2)** and **I.(B)(3)** only, a "security breach" or "privacy breach";
- (c) with respect to Coverage Agreement **I.(B)(4)** only, a "system failure";
- (d) with respect to Coverage Agreement **I.(B)(5)** only, a "cyber extortion threat";
- (e) with respect to Coverage Agreement **I.(B)(6)(a)** only, "financial fraud";
- (f) with respect to Coverage Agreement **I.(B)(6)(b)** only, "telecommunications fraud";
- (g) with respect to Coverage Agreement **I.(B)(6)(c)** only, a "phishing attack";
- (h) with respect to Coverage Agreement **I.(B)(7)** only, "identity theft".
- (i) with respect to Coverage Agreement **I.(B)(8)** only, a "security breach", "privacy breach", "system failure", "cyber extortion threat", "financial fraud", "telecommunications fraud", "phishing attack" or "identity theft"; and
- (j) with respect to Coverage Agreement **I.(B)(9)** only, "court attendance costs" incurred by an "Insured".

"First party insured event" does not include any "claim" made against an "Insured".

**(30)** "Hacking attack" means any of the following directed at or enacted upon an "Insured" "computer system":

- (a) unauthorized access to, or unauthorized use of, an "insured computer system", including any such unauthorized access or unauthorized use resulting from the theft of a password from an "insured computer system" or from an "Insured";
- (b) a "denial of service attack" against an "insured computer system";
- (c) infection of an "insured computer system" by malicious code, or the transmission of malicious code from an "insured computer system"; or
- (d) an "act of cyber terrorism".

**(31)** "Identity theft" means the act of knowingly transferring or using, without lawful authority, a means of identification of any "key employee" or spouse of any "key employee", with the intent to commit, or aid or abet another to commit, any unlawful activity that constitutes a violation of federal, state or local law.

**(32)** "Identity theft expenses" means, and is limited to, any of the following incurred by "your" "key employee" or by a spouse of "your" "key employee" as a result of "identity theft":

- (a) the cost of notarizing affidavits or similar documents attesting to fraud required by financial institutions or similar credit grantors;
- (b) the cost of certified mail to law enforcement agencies, credit agencies, financial institutions or similar credit grantors;
- (c) loan application fees for reapplying for a loan or loans when the original application is rejected solely because the lender received incorrect credit information;
- (d) the cost of credit monitoring services and the cost of obtaining credit reports for up to twelve (12) months from the date of "identity theft"; and
- (e) the cost of case management services for up to twelve (12) months from the date of "identity theft".

- (33)** "Income loss" means the net profit loss you sustain during the "period of restoration" as a direct result of a "system failure". "income loss" will be determined in accordance with the provisions of Section **IX.** of this Endorsement.
- (34)** "Informant" means any person who provides information regarding an illegal act committed by another person which causes a "first party insured event", solely in return for "money" that "you" pay or promise to pay. "Informant" does not include:
- (a) any person who commits an illegal act which causes a "first party insured event", whether acting alone or in collusion with others;
  - (b) any "Insured";
  - (c) any "Insured's" auditors, whether internal or external;
  - (d) any person or firm hired or retained to investigate a "first party insured event"; or
  - (e) any person responsible for the supervision or management of a party described in paragraphs (a) through (d) above.
- (35)** "Insured" means:
- (a) the "Named Insured";
  - (b) any "Subsidiary" of the "Named Insured", but only with respect to "wrongful acts" or "first party insured events" that occur while a "Subsidiary" is under the "Named Insured's" "managerial control";
  - (c) any past, present, or future "executive", trustee, court-appointed receiver or "employee" of the "Named Insured" or "Subsidiary", but only while acting solely within the scope of his or her duties as such;
  - (d) if the "Named Insured" or "Subsidiary" is a partnership, limited liability partnership, or limited liability company, then any general or managing partner, principal, stockholder, or owner thereof, but only while acting solely within the scope of his or her duties as such;
  - (e) any agent or independent contractor of the "Named Insured" or "Subsidiary", but only while acting on behalf of, at the direction of, and under the supervision of the "Named Insured" or "Subsidiary"; and
  - (f) any person or legal entity the "Named Insured" is required by written contract to provide such coverage as is afforded by this Endorsement, but only for the acts of a party described in paragraphs (a) through (e) above, and only if the written contract is executed prior to the date any "wrongful act" or "first party insured event" occurs.
- (36)** "Insured computer system" means:
- (a) a "computer system" that is owned and operated by "you", or that is leased to "you" and operated by "you";
  - (b) any "insured telecommunications system"; and
  - (c) with respect to Coverage Agreements **I.(A)(2)**, **I.(A)(3)**, **I.(A)(4)**, **I.(B)(1)** and **I.(B)(5)** only, "insured computer system" also includes a "computer system" operated by a "BPO service provider" or an "outsourced IT service provider", which is used to provide services to "you", or for processing, maintaining, hosting or storing "data" for "you", pursuant to a written contract with "you" to provide such services.
- (37)** "Insured telecommunications system" means any telephone or fax network or system that is owned, rented, leased, licensed or borrowed by you and under your direct operational control.
- (38)** "Interruption expenses" means those reasonable and necessary expenses, excluding "special expenses", incurred by "you" to avoid or minimize the suspension of "your" business because of a total or partial interruption, degradation in service, or failure of an "insured computer system" caused by a "system failure", which you would not have incurred in the absence of the "system failure". "Interruption expenses" include, but are not limited to, the use of rented/leased external equipment, substitution of other work or production procedures, the use of "third party" services, or additional staff expenditures or labor costs. The amount of "interruption expenses" recoverable shall not exceed the amount by which the covered "income loss" is reduced by such incurred expenses.

- (39)** "Key employee" means any of "your" current directors or officers, or any natural person that possesses the exclusive right to hold, use, benefit from, enjoy, convey, transfer and otherwise dispose of "your" business assets or properties.
- (40)** "Managerial control" means:
- (a) owning interests representing more than 50% of the voting, appointment or designation power for the selection of:
    - i. a majority of the board of directors or trustees, if the entity is a corporation;
    - ii. the management committee members, if the entity is a joint venture; or
    - iii. the members of the management board, if the entity is a limited liability company.
  - (b) having the right, pursuant to a written contract, or the by-laws, charter, operating agreement or similar organizational documents, to elect, appoint or designate:
    - i. a majority of the board of directors or trustees, if the entity is a corporation;
    - ii. the management committee members, if the entity is a joint venture; or
    - iii. the members of the management board, if the entity is a limited liability company.
  - (c) possessing at least 50% ownership interest of a joint venture entity and solely controlling the management and operations of such joint venture entity, pursuant to a written joint venture agreement;
  - (d) being the exclusive sponsor, if the entity is a charitable trust or foundation; or
  - (e) being the only general partner of an entity.
- (41)** "Media material" means communicative material of any kind or nature for which "you" are responsible, including, but not limited to, words, pictures, sounds, images, graphics, code and "data", regardless of the method or medium of communication of such material or the purpose for which the communication is intended. "Media material" does not include any tangible goods or products that are manufactured, produced, processed, prepared, assembled, packaged, labeled, sold, handled or distributed by "you" or others trading under "your" name.
- (42)** "Merchant services agreement" means an agreement between "you" and an "acquiring bank", "card association", brand, network, credit or debit card processor, independent sales organization, gateway, or membership service, which enables "you" to accept payment by credit card, debit card or prepaid card.
- (43)** "Money" means a medium of exchange in current use and authorized or adopted by a domestic or foreign government, including, but not limited to, currency, coins, bank notes, bullion, travelers' checks, registered checks and "money" orders held for sale to the public.
- (44)** "Multimedia wrongful act" means any of the following, whether actual or alleged, but only if directly resulting from the dissemination of "media material" by an "Insured":
- (a) any form of defamation or other tort related to the disparagement or harm to the reputation or character of any person or organization, including libel, slander, product disparagement or trade libel, and infliction of emotional distress, mental anguish, outrage or outrageous conduct, if directly resulting from any of the foregoing;

- (b) invasion, infringement or interference with an individual's right of privacy or publicity, including the torts of false light, intrusion upon seclusion, commercial misappropriation of name, person, or likeness, and public disclosure of private facts;
  - (b) plagiarism, piracy or misappropriation of ideas under an implied contract;
  - (c) Infringement of copyright, trademark, trade name, trade dress, title, slogan, service mark or service name;
  - (d) domain name infringement or improper deep-linking or framing;
  - (e) negligence in "media material", including a "claim" alleging harm to any person or entity that acted or failed to act in reliance upon such "media material";
  - (f) false arrest, detention or imprisonment;
  - (g) trespass, wrongful entry or eviction, eavesdropping, or other invasion of the right of private occupancy; or
  - (h) unfair competition, but only when arising out of a peril described in (a) through (h) above.
- (45)** "Named Insured" means the person or organization listed as such on the Declarations Page of the Policy to which this Endorsement attaches.
- (46)** "Notification" means written notice to affected individuals in the event of a "security breach" or "privacy breach", whether such written notice is made by "you" voluntarily or to comply with "privacy regulations".
- (47)** "Notification expenses" means reasonable and necessary expenses that "you" incur on "your" own behalf, or on behalf of a party for whom "you" are "vicariously liable", to provide "notification" of a "security breach" or "privacy breach", including printing costs, mailing and postage expenses, and the costs to engage a "third party" to mail "notification" letters and prepare substitute or website notices. "Notification expenses" must be incurred with the Company's prior written consent.
- (48)** "Other property" means any tangible property, other than "money" or "securities", which has intrinsic value.
- (49)** "Outsourced IT service provider" means a "third party" that provides information technology services to "you", under a written contract with "you" to provide such services, including, but not limited to, hosting, security management, co-location, and "data" storage. "Outsourced IT service provider" includes any "cloud provider".
- (50)** "PCI Data Security Standard" (known as PCI DSS) means the Payment Card Industry Security Standards Council Data Security Standard in effect now, or as hereafter amended, which all merchants and processors must follow when storing, processing and transmitting cardholder "data".
- (51)** "PCI DSS demand" means a written demand for "PCI DSS fines and assessments" received by an "Insured" directly or indirectly from or through an "acquiring bank", "card association" or payment card processor due to an "Insured's" non-compliance with the "PCI Data Security Standard", or a request for information received by an "Insured" from an "acquiring bank", "card association" or payment card processor regarding a suspected "security breach" or "privacy breach".
- (52)** "PCI DSS fines and assessments" means monetary fines, penalties or assessments, including fraud recoveries, card reissuance costs, operational expenses or compliance case costs, which an "Insured" is legally obligated to pay under the terms of a "merchant services agreement", but only where such monetary fines, penalties or assessments result from a "security breach" or "privacy breach".
- (53)** "Period of indemnity" means the period beginning on the earlier of the date of "notification" or the first "adverse media report" (whichever applies), and ending on the earlier of:
- (a) the date when gross revenues are restored to the level they had been prior to "notification" or the first "adverse media report" (whichever applies); or



- (a) 180 consecutive days after the date of "notification" or the first "adverse media report" (whichever applies).
- (54)** "Period of restoration" means the period beginning on the date when the "system failure" began, and ending on the earlier of:
- (a) the date when the "insured computer system" is restored or could have been repaired or restored with reasonable speed to the same condition, functionality and level of service that existed prior to the "system failure", plus a maximum of 30 additional consecutive days after the restoration of the "insured computer system" to allow for restoration of "your" business; or
- (b) 120 consecutive days after the date the "system failure" began.
- (55)** "Personally identifiable information" means information that can be used to determine, distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual, including, but not limited to, financial account numbers, security codes, personal identification numbers (PINs), credit and debit card numbers, medical or healthcare information, social security numbers, driver's license numbers, addresses, passwords, and any other non-public information as defined in "privacy regulations".
- (56)** "Phishing attack" means the use by a "third party" of fraudulent telephone calls, emails, texts, instant messages or other electronic communications or malicious websites to impersonate you or your brand, products or services to solicit "private information".
- With respect to Coverage Agreement **I.(B)(6)(c)** only, "phishing attack" also includes the use by a "third party" of fraudulent telephone calls, emails, texts, instant messages or other electronic communications or malicious websites to impersonate "you", "your" client, "your" vendor, or an "executive" or "employee" to solicit "money", "securities" or "other property".
- (57)** "Phishing fraud loss" means:
- (a) direct financial loss "you" sustain due to a "phishing attack" which fraudulently induces an "executive" or "employee" to transfer, pay or deliver "money", "securities" or "other property" to an unintended "third party";
- (b) expenses that "you" incur, with the Company's prior written consent, to create and issue a specific press release or to establish a specific website to advise "your" customers and prospective customers of a "phishing attack"; and
- (c) the cost of reimbursing "your" existing customers or clients for their direct financial losses resulting from a "phishing attack", provided such reimbursement is made by "you" with the Company's prior written consent.
- (58)** "Post breach remediation costs" means reasonable and necessary costs that "you" incur after a "security breach" or "privacy breach" to which Coverage Agreement **I.(B)(1)** of this Endorsement applies, to mitigate the potential of a future "security breach" or "privacy breach", including, but not limited to, costs to complete an information security risk assessment, conduct an information security gap analysis, develop an information security document set, deliver an information security awareness training session to "employees" and "executives", and hire a company specializing in "data" or "computer system" security to determine how to protect "data" or an "insured computer system" from a future "security breach" or "privacy breach".
- (59)** "Print media" means newspapers, newsletters, magazines, books and literary works in any form, brochures or other types of publications, and advertising materials including packaging, photographs, and digital images.
- (60)** "Privacy breach" means any of the following:
- (a) the unauthorized collection, disclosure, use, access, destruction or modification of "private information";

- (b) the inability to access, or failure to provide, "private information";
- (c) theft or loss of "private information", including the theft or loss of "private information" stored on an unsecured "data" storage device or mobile or handheld device, including any smartphone, tablet, and laptop which is owned by "you" and operated by an "Insured", or owned and operated by an "employee" or "executive" who has agreed in writing to "your" corporate mobile device acceptable use and security policy (also known as a Bring Your Own Device policy);
- (d) the surrender of "private information" as a result of false communications or social engineering techniques, including but not limited to phishing, spear-phishing, and pharming;
- (e) the failure to implement, maintain, or comply with privacy policies and procedures stating "your" obligations regarding "private information", including but not limited to "your privacy policy";
- (f) the failure to develop or administer an identity theft prevention program;
- (g) the failure to implement specific security practices with respect to "private information" required by any "privacy regulations";
- (h) an infringement or violation of any rights to privacy;
- (i) breach of a person's right of publicity, false light, intrusion upon a person's seclusion;
- (j) the failure to comply with "privacy regulations" pertaining to the "Insured's" responsibilities with respect to "private information", but only relating to an act listed in paragraphs (a) through (h) above; or
- (k) the failure to comply with any federal, state, foreign or other law (including common law), statute or regulation prohibiting unfair or deceptive trade practices or consumer fraud pertaining to the "Insured's" responsibilities with respect to "private information", but only relating to an act listed in paragraphs (a) through (h) above.

A series of continuing "privacy breaches", related or repeated "privacy breaches", or multiple "privacy breaches" resulting from the same event or incident will be considered a single "privacy breach" and will be deemed to have occurred at the time the first "privacy breach" in the series first occurred.

**(61) "Privacy breach response costs" means:**

- (a) reasonable and necessary "public relations expenses" that "you" incur with the Company's prior written consent prior to or following the publication of an "adverse media report" to avert or mitigate any material damage to "your reputation" or brands, which results or reasonably could result from the "adverse media report"; and
- (b) reasonable and necessary legal fees that "you" incur on "your" own behalf or on behalf of a party for whom "you" are "vicariously liable" to:
  - i. determine the scope, cause, and extent of an actual or suspected "privacy breach" or "security breach";
  - ii. determine the applicability of, and "your" obligations to comply with, "privacy regulations" due to an actual or suspected "privacy breach"; and
  - iii. draft a "notification" letter to be sent to parties affected by a "privacy breach".
- (c) reasonable and necessary fees and costs that "you" incur on "your" own behalf, or on behalf of a party for whom "you" are "vicariously liable", to retain a qualified IT forensics firm or computer security expert to investigate and identify the source and scope of a "security breach" or "privacy breach"; and
- (d) overtime salaries of non-exempt "employees" assigned to handle inquiries from parties affected by a "privacy breach".

- (62)** "Privacy regulations" means foreign, federal, state or local statutes, rules, regulations and other laws, as they currently exist and as amended, associated with the confidentiality, access, control, and use of "private information", including, but not limited to:
- (a) the Health Insurance Portability and Accountability Act of 1996 (Public Law 104- 191), known as HIPAA, and related or similar state medical privacy laws;
  - (b) the Gramm-Leach-Bliley Act of 1999 (G-L-B), also known as the Financial Services Modernization Act of 1999, including sections concerning security protection and standards for customer records maintained by financial services companies, and the rules and regulations promulgated thereunder;
  - (c) state and federal statutes and regulations regarding the security and privacy of consumer information;
  - (d) governmental privacy protection regulations or laws associated with the control and use of personal information, including but not limited to requirements to post or publish "your privacy policy", adopt specific privacy controls, or inform customers of actual or suspected "privacy breaches";
  - (e) the privacy provisions of consumer protection laws, including the Federal Fair Credit Reporting Act (FCRA) and similar state laws;
  - (f) the Children's Online Privacy Protection Act or similar laws, as they exist now or in the future;
  - (g) the EU General Data Protection Act or other similar privacy and security statutes, rules, regulations or other laws worldwide, as they exist now or in the future; and
  - (h) the Health Information Technology for Economic and Clinical Health Act (HITECH ACT), enacted under Title XIII of the American Recovery and Reinvestment Act of 2009 (ARRA) (Pub. L. 111-5), and its implementing regulations, including related or similar state medical privacy laws.
- (63)** "Privacy regulatory proceeding" means a civil administrative proceeding, regulatory action, request for information, or investigation instituted against an "Insured" by a foreign, federal, state or local governmental body because of a "security breach" or "privacy breach".
- (64)** "Private information" means:
- (a) proprietary or confidential information owned by a "third party" that is in the care, custody or control of an "Insured" or is used by an "Insured" with the consent of such "third party";
  - (b) "personally identifiable information"; and
  - (c) any information that is linked or linkable to a specific individual and that is subject to any "privacy regulations".
- (65)** "Programming error" means an error which occurs during the development or encoding of a computer program, software or application and which would, when in operation, result in a malfunction or incorrect operation of a "computer system".
- (66)** "Property damage" means physical injury to, or impairment, destruction or corruption of, any tangible property, including the loss of use thereof. "Data" is not considered tangible property.
- (67)** "Public relations expenses" means expenses that "you" incur to retain or hire a "third party" public relations consultant or public relations firm to protect or restore "your reputation", which is damaged or reasonably could be damaged by an "adverse media report".
- (68)** "Regulatory compensatory award" means a sum of "money" which an "Insured" is legally obligated to pay as a regulatory agency's award or fund for parties affected by a "privacy breach", due to an adverse judgment or settlement arising out of a "privacy regulatory proceeding". "Regulatory compensatory award" includes consumer redress funds but does not include any criminal fines or penalties of any nature whatsoever.
- (69)** "Regulatory fines and penalties" means civil fines or penalties imposed by a foreign, federal, state or local governmental regulatory body against an "Insured" in a "privacy regulatory proceeding". "Regulatory fines and penalties" do not include: a) any amounts deemed uninsurable under the law pursuant to which this insurance is construed, b) any criminal fines or penalties of any nature whatsoever; or c) "PCI DSS fines and assessments".

- (70) "Retroactive date" means the date specified as such on the Cyber Insurance Supplemental Declarations, on or after which "wrongful acts" must have taken place to be considered for coverage under this Endorsement.
- (71) "Reward expenses" means the reasonable amount that "you" pay with the Company's prior written consent to an "informant" for information not otherwise available which leads to the arrest and conviction of any person who commits an illegal act that causes a "first party insured event".
- (72) "Securities" means negotiable or non-negotiable instruments or contracts representing "money" or "other property" but does not include "money".
- (73) "Security and privacy wrongful act" means any of the following, whether actual or alleged, but only if committed by an "Insured":
- (a) the failure to prevent or hinder a "security breach", which in turn results in:
    - i. the alteration, copying, corruption, destruction, deletion, or damage to "data" stored on an "insured computer system";
    - ii. theft, loss or unauthorized disclosure of electronic or non-electronic "private information" that is in "your" care, custody or control;
    - iii. theft, loss or unauthorized disclosure of electronic or non-electronic "private information" that is in the care, custody or control of a "BPO service provider" or an "outsourced IT service provider" that is holding, processing or transferring such "private information" on "your" behalf; provided, however, that the theft, loss or unauthorized disclosure occurs while "your" written contract with such "BPO service provider" or "outsourced IT service provider" is still in effect;
    - iv. unauthorized access to, or unauthorized use of, a "computer system" other than an "insured computer system";
    - v. the inability of an authorized "third party" to gain access to "your" services;
  - (b) the failure to timely disclose a "security breach" affecting "private information";
  - (c) the failure to dispose of "private information" within the required period, in violation of "privacy regulations";
  - (d) the failure to prevent the transmission of a malicious code or computer virus from an "insured computer system" to the "computer system" of a "third party";
  - (e) a "privacy breach";
  - (f) the failure to prevent a "privacy breach";
  - (g) the failure to prevent or hinder participation by an "insured computer system" in a "denial of service attack" directed against internet sites or the "computer system" of a "third party";
  - (h) the failure to prevent the theft or loss of "personally identifiable information" of "employees"; or
  - (i) infliction of emotional distress or mental anguish, but only if directly resulting from a peril described in (a) through (h) above.
- (74) "Security breach" means any of the following, whether a specifically targeted attack or a generally distributed attack:
- (a) a "hacking attack";

- (a) the physical theft or loss of an unsecured "data" storage device containing "private information"; or
- (b) the theft or loss of an unsecured mobile or handheld device containing "private information", including any smartphone, tablet, and laptop owned by "you" and operated by an "Insured", or owned and operated by an "employee" or "executive" who has agreed in writing to "your" corporate mobile device acceptable use and security policy (also known as a Bring Your Own Device policy).

A series of continuing "security breaches", related or repeated "security breaches", or multiple "security breaches" resulting from a continuing failure of computer security will be considered a single "security breach" and will be deemed to have occurred at the time the first "security breach" in the series first occurred.

- (75)** "Special expenses" means reasonable and necessary costs and expenses that "you" incur to:
- (a) prevent, preserve, minimize, or mitigate any further damage to "digital assets", including the reasonable and necessary fees and expenses of specialists, outside consultants or forensic experts;
  - (b) preserve critical evidence of any criminal or malicious wrongdoing;
  - (c) purchase replacement licenses for computer programs because the copy protection system or access control software was damaged or destroyed by a "system failure"; or
  - (d) notify affected individuals of a total or partial interruption, degradation in service, or failure of an "insured computer system" resulting from a "system failure".
- (76)** "Subsidiary" means any entity in which the "Named Insured", either directly or indirectly, through one or more of its "Subsidiaries":
- (a) had "managerial control" as of the effective date of the Policy; or
  - (b) acquires "managerial control" after the effective date of the Policy, subject to the limitations of Section **VIII.** of this Endorsement.
- (77)** "System failure" means an unplanned outage, interruption, failure, suspension, or degradation of service of an "insured computer system", including, but not limited to, any such outage, interruption, failure, suspension, or degradation of service caused directly by a "hacking attack".
- (78)** "Takeover" means:
- (a) any person, entity or affiliated group of persons or entities obtains more than 50% of the "Named Insured's" equity or assets;
  - (b) any person, entity or affiliated group of persons or entities obtains the right to elect or appoint more than 50% of the "Named Insured's" directors, officers, trustees or member managers, as applicable;
  - (c) the acquisition of the "Named Insured" by another entity, whereby the entity obtains "managerial control" of the "Named Insured";
  - (d) the "Named Insured" is dissolved, sold or acquired by, merged into, or consolidated with, another entity, such that the "Named Insured" is not the surviving entity; or
  - (e) the "Named Insured" ceases to do business for any reason.
- (79)** "TCPA claim" means:
- (a) a written demand made against an "Insured" for "money" or non-monetary relief alleging a "TCPA violation";
  - (b) the service of a civil lawsuit or the institution of arbitration or other alternative dispute resolution proceedings against an "Insured" alleging a "TCPA violation" and seeking "money", a temporary restraining order, or a preliminary or permanent injunction; or

- (c) a written request received by an "Insured" to toll or waive a statute of limitations relating to a potential "TCPA claim" against an "Insured".
- (80)** "TCPA violation" means any of the following, whether actual or alleged, but only if committed by an "Insured":
- (a) any unsolicited telephone calls, emails, faxes, or other communications to "your" actual or prospective customers or other third parties;
  - (b) a violation of the Telephone Consumer Protection Act (47 U.S.C. §227), as amended, or any regulations promulgated thereunder;
  - (c) a violation of the Telemarketing and Consumer Fraud and Abuse Prevention Act (15 U.S.C. §§ 6101-6108), as amended, or any regulations promulgated thereunder;
  - (d) a violation of the CAN-SPAM Act (15 U.S.C. §§ 7701-7713), as amended, or any regulations promulgated thereunder; or
  - (e) a violation of any similar federal, state, local or foreign law, whether statutory, regulatory or common law, including any anti-spam law or other law that addresses, prohibits or limits the use of telephonic or electronic communications for solicitation purposes.
- (81)** "Telecommunications fraud" means the intentional, unauthorized and fraudulent gaining of access to outgoing telephone service through infiltration and manipulation of an "insured telecommunications system".
- (82)** "Telecommunications fraud loss" means the charges that "you" incur for unauthorized calls directly resulting from "telecommunications fraud".
- (83)** "Third party" means any entity, company, organization or person who does not qualify as an "Insured".
- (84)** "Unauthorized trading" means trading, which at the time of the trade, exceeds permitted financial limits or is outside of permitted product lines.
- (85)** "Vicariously liable" means "your" legal responsibility for the liability of others, including legal responsibility "you" assume in a contract. The existence of vicarious liability will not create or confer any rights or duties under this Endorsement to any "third party", other than as provided in this definition.
- (86)** "Waiting period" means:
- (a) with respect to Coverage Agreement **I.(B)(3)** only, the 2-week period which must elapse after "notification", or in the event of an "adverse media report", after publication of the first "adverse media report", before "brand loss" may be payable. The "waiting period" applies to each "period of indemnity".
  - (b) with respect to Coverage Agreement **I.(B)(4)(b)** only, the 8-hour period which must elapse before "income loss", "interruption expenses" and "special expenses" may be payable. The "waiting period" applies to each "period of restoration".
- (87)** "Wrongful act" means:
- (a) with respect to Coverage Agreement **I.(A)(1)** only, a "multimedia wrongful act";
  - (b) With respect to Coverage Agreement **I.(A)(2)** only, a "security and privacy wrongful act";
  - (c) With respect to Coverage Agreements **I.(A)(3)** and **I.(A)(4)** only, a "security breach" or "privacy breach"; and
  - (d) With respect to Coverage Agreement **I.(A)(5)** only, a "TCPA violation".
- (88)** "You" and "your" means the "Named Insured" and any "Subsidiary".

- (88) "Your account" means a business account maintained by "you" at a financial institution from which "you", or any "Insured" authorized by "you", may request the transfer, payment or delivery of "money" or "securities".
- (89) "Your privacy policy" means "your" published policies provided to "employees" or "third parties" in written or electronic form that govern the collection, dissemination, confidentiality, integrity, accuracy or availability of information relating to "private information".
- (90) "Your reputation" means the estimation of trust that customers or clients have in doing business with "you" or in purchasing "your" products or services.

## **SECTION V – CYBER INSURANCE NOTICE PROVISIONS**

- (A) As a condition precedent to coverage for any "claim" under any Coverage Agreement of this Endorsement except Coverage Agreement I.(B)(3) (BrandGuard), an "executive" must provide written notice to the Company of such "claim" as soon as practicable during the "endorsement period", but no later than 60 days after expiration of the "endorsement period" (or during the "cyber insurance extended reporting period", if applicable).
- (B) As a condition precedent to coverage for any "claim" under Coverage Agreement **I.(B)(3)** (BrandGuard), an "executive" must provide written notice to the Company of such "claim" during the "period of indemnity".
- (C) If, during the "endorsement period", an "executive" becomes aware of any incidents, acts, facts or circumstances that could reasonably be a basis for a "claim", and if the "executive" gives written notice to the Company during the "endorsement period" that describes:
  - (1) specific details of the incidents, acts, facts or circumstances that could reasonably be the basis for a "claim";
  - (2) possible "damages", penalties, or other amounts potentially covered under this Endorsement that may result or has resulted from the facts or circumstances;
  - (3) details regarding how the "executive" first became aware of the incidents, acts, facts or circumstances; and
  - (4) the "computer system" security and event logs, if applicable,

then any "claim" arising out of such reported incidents, acts, facts or circumstances will be deemed a "claim" first made on the date that Company first received written notice complying with the above requirements.

## **SECTION VI – CYBER INSURANCE EXTENDED REPORTING PERIOD**

### **(A) Automatic Extended Reporting Period**

- (1) If the Policy is cancelled or non-renewed by the Company for any reason other than fraud, material misrepresentation, material omission or non-payment of premium, or if the "Named Insured" cancels or chooses not to renew the Policy, the Company will provide to the "Named Insured", at no additional charge, an automatic "cyber insurance extended reporting period" of sixty (60) days during which "claims" may be reported to the Company. Such automatic "cyber insurance extended reporting period" will commence immediately upon the effective date of cancellation or non-renewal of the Policy and will apply to:
  - (a) with respect to the Third Party Liability Coverage Agreements of this Endorsement, any "claim" first made against an "Insured" during the "endorsement period" and reported to the Company during the automatic "cyber insurance extended reporting period", provided always that the actual or alleged "wrongful acts" giving rise to such "claim" occur on or after the "retroactive date" and prior to the end of the "endorsement period"; and

(b) with respect to the First Party Coverage Agreements of this Endorsement, any "claim" reported to the Company during the automatic "cyber insurance extended reporting period", provided always that the "first party insured event" giving rise to such "claim" first occurs and is discovered during the "endorsement period", but before the effective date of cancellation or non-renewal of the Policy.

- (2) The automatic "cyber insurance extended reporting period" will not apply to any "claim" if such "claim" is covered under other insurance in force during the automatic "cyber insurance extended reporting period" or would have been covered under such other insurance if its limits of insurance had not been exhausted.
- (3) The automatic "cyber insurance extended reporting period" applies only to those Coverage Agreements purchased, as set forth in the Cyber Insurance Supplemental Declarations. The Limit of Liability for the automatic "cyber insurance extended reporting period" is part of, and not in addition to, the Limit of Liability set forth in the Cyber Insurance Supplemental Declarations, and such Limit of Liability is not renewed or increased for any "claim" reported during the automatic "cyber insurance extended reporting period".

**(A) Supplemental Extended Reporting Period**

- (1) If the Policy is cancelled or non-renewed by the Company for any reason other than fraud, material misrepresentation, material omission or non-payment of premium, or if the "Named Insured" cancels or chooses not to renew the Policy, the "Named Insured" will have the option to purchase a supplemental "cyber insurance extended reporting period". The additional premium for the supplemental "cyber insurance extended reporting period" will be a percentage of the full Cyber Insurance annual premium in effect on the date this Endorsement was issued or last renewed.
- (2) If purchased by the "Named Insured", the supplemental "cyber insurance extended reporting period" will only apply to:
- (a) with respect to the Third Party Liability Coverage Agreements of this Endorsement, any "claim" first made against an "Insured" and reported to the Company during the supplemental "cyber insurance extended reporting period", provided always that the actual or alleged "wrongful acts" giving rise to such "claim" occur on or after the "retroactive date" and prior to the end of the "endorsement period"; and
- (b) with respect to the First Party Coverage Agreements of this Endorsement, any "claim" reported to the Company during the supplemental "cyber insurance extended reporting period", provided always that the "first party insured event" giving rise to such "claim" first occurs during the "endorsement period", but before the effective date of cancellation or non-renewal of the Policy, and the "first party insured event" is first discovered by an "executive" during the supplemental "cyber insurance extended reporting period".
- (3) Any such supplemental "cyber insurance extended reporting period":
- (a) shall be evidenced by issuance of an Endorsement to this Policy;
- (b) is subject to all terms, conditions, limitations and exclusions of this Endorsement;
- (c) shall require payment within thirty (30) days from the "Named Insured's" written request to bind such supplemental "cyber insurance extended reporting period"; and
- (d) shall be effective on the effective date of cancellation of the Policy, if applicable, or the expiration date of the Policy.
- (4) The Limits of Liability for the supplemental "cyber insurance extended reporting period" shall be part of, and not in addition to, the Limits of Liability set forth in the Cyber Insurance Supplemental Declarations. The purchase of the supplemental "cyber insurance extended reporting period" shall not increase or reinstate the Limits of Liability.



- (5) The right to purchase the supplemental "cyber insurance extended reporting period" shall terminate unless the "Named Insured" provides written notice of the "Named Insured's" election to purchase the supplemental "cyber insurance extended reporting period" to the Company within sixty (60) days of the effective date of cancellation, if applicable, or the expiration date of the Policy.
- (6) At the commencement of a supplemental "cyber insurance extended reporting period", the entire premium will be deemed fully earned, and in the event the "Named Insured" terminates a supplemental "cyber insurance extended reporting period" extended for any reason prior to its natural expiration, the Company will not be liable to return any premium paid for the supplemental "cyber insurance extended reporting period".

## SECTION VII – CYBER INSURANCE EXCLUSIONS

The Company will not be liable under this Endorsement for:

- (A) any "claim" based upon, arising from, or in any way involving any actual or alleged "wrongful act" or "first party insured event" of which any "Insured" had knowledge prior to the earlier of:
  - (1) the "endorsement period"; or
  - (2) the original inception date of Cyber Insurance issued by the Company of which this Endorsement is a direct and continuous renewal;
- (B) any "claim" made by or on behalf of an "Insured" against another "Insured"; however, this exclusion does not apply to a "claim" under Coverage Agreement **I.(A)(2)** which is brought by any past, present or future "employee" against "you";
- (C) any "claim" based upon, arising from, or in any way involving any of the following committed by an "Insured", whether acting alone or in collusion with other persons:
  - (1) a willful, intentional, deliberate, malicious, fraudulent, or dishonest act or omission;
  - (2) a criminal act;
  - (3) an intentional violation of law; or
  - (4) the gaining of any profit or advantage to which an "Insured" is not legally entitled.

However, the Company may pay "defense costs" incurred in connection with the defense of any conduct described in this Exclusion until such time as there is a final, non-appealable adjudication in a judicial, administrative or alternative dispute proceeding, or by an "Insured's" own admission in a proceeding or otherwise. The Company will have the right to recover "defense costs" incurred in defending any such "claim" from any "Insured" found to have committed the conduct described in this Exclusion.

Notwithstanding the foregoing, this Exclusion does not apply to any "Insured" who did not commit, participate in or have prior knowledge of any conduct to which this Exclusion would otherwise apply.

- (D) any "claim" based upon, arising from, or in any way involving the insolvency or bankruptcy of any person or entity, or the failure, inability or unwillingness of any person or entity to make payments, perform obligations or conduct business because of insolvency, liquidation, or bankruptcy; however, "your" insolvency or bankruptcy will not relieve the Company of its obligations under this Endorsement where "your" insolvency or bankruptcy does not give rise to a "claim" or loss;
- (E) any "claim" for "bodily injury" or "property damage";
- (F) any "claim" based upon, arising from, or in any way involving any regional, countrywide, or global outage, failure, disruption, or reduction in supply of any utility service or infrastructure, including electricity, gas, water, telephone, cable, internet, satellite or telecommunications, or any failure, outage, disruption, degradation or termination of any critical part of such service or infrastructure;

- (G) any "claim" based upon, arising from, or in any way involving the actual or alleged inaccurate, inadequate, or incomplete description of the price of goods, products or services;
- (H) any "claim" based upon, arising from, or in any way involving the violation of any economic or trade sanctions by the United States government including, but not limited to, sanctions administered and enforced by the United States Treasury Department's Office of Foreign Assets Control (OFAC); however, this exclusion does not apply to a "security breach" originating from any country where the United States of America has imposed economic or trade sanctions;
- (I) any "claim" based upon, arising from, or in any way involving any breach of any express, implied, actual or constructive contract, warranty, guarantee or promise; however, this exclusion does not apply to:
  - (1) any liability or obligation an "Insured" would have had in the absence of such contract, warranty, guarantee or promise and which would have been "Insured" by this Endorsement;
  - (2) an actual or alleged breach of "your privacy policy";
  - (3) an actual or alleged breach of an express, implied, actual or constructive contract, warranty, guarantee or promise to protect "private information";
  - (4) any "claim" under Coverage Agreement I.(A)(2) for an unintentional breach by an "Insured" of the provisions of a confidentiality or non-disclosure agreement relating to the confidentiality of "private information"; or
  - (5) any "claim" under Coverage Agreement I.(A)(4) for an unintentional breach of the provisions of a "merchant services agreement" relating to compliance with the "PCI DSS Standard".
- (J) any "claim" based upon, arising from, or in any way involving any liability assumed by any "Insured" under a contract or agreement; however, this exclusion does not apply to:
  - (1) with respect to Coverage Agreement I.(A)(1) and Coverage Agreement I.(A)(2) only, liability "assumed under contract";
  - (2) any liability an "Insured" would have had in the absence of such contract or agreement and which would have been "Insured" by this Endorsement; or
  - (3) with respect to Coverage Agreement I.(A)(4) only, liability for "PCI DSS fines and assessments" assumed under a "merchant services agreement";
- (K) any "claim" based upon, arising from, or in any way involving:
  - (1) any actual, alleged or threatened presence of pollutants or contamination of any kind, including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste (waste includes materials to be recycled, reconditioned, or reclaimed), whether resulting from an "Insured's" activities or the activities of others, or such presence or contamination happened suddenly or gradually, accidentally or intentionally, or expectedly or unexpectedly; or
  - (2) Any directive or request to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize pollutants or contamination of any kind, or in any way respond to, or assess the effects of, pollutants or contamination;
- (L) any "claim" based upon, arising from, or in any way involving "income loss" caused by, or resulting from, "unauthorized trading";
- (M) any "claim" based upon, arising from, or in any way involving:
  - (1) the actual or alleged loss of value of any "securities";
  - (2) the actual or alleged purchase or sale of "securities";
  - (3) the offer of, or solicitation of an offer, to purchase or sell "securities"; or

(4) the violation of any securities law including, but not limited to, the provisions of the Securities Act of 1933, the Securities Exchange Act of 1934, or the Sarbanes-Oxley Act of 2002, or any regulation promulgated under the foregoing statutes, or any similar federal, state, local, or foreign law, including Blue Sky laws, whether such law is statutory, regulatory, or common law;

(N) any "claim" based upon, arising from, or in any way involving the actual or alleged government enforcement of any foreign, federal, state or local regulation including, but not limited to, regulations promulgated by the United States Federal Trade Commission, Federal Communications Commission, or the Securities and Exchange Commission; however, this exclusion does not apply to a "privacy regulatory proceeding";

(O) any "claim" based upon, arising from, or in any way involving:

(1) any employer-"employee" relations, policies, practices, acts, or omissions;

(2) any actual or alleged refusal to employ any person; or

(3) any misconduct by you with respect to "employees".

However, this exclusion does not apply to a "claim" under Coverage Agreement I.(A)(2), Coverage Agreement I.(A)(3) or Coverage Agreement I.(B)(1) which is based upon or arising from a breach of the "personally identifiable information" of any "employee".

(P) any "claim" based upon, arising from, or in any way involving any actual or alleged harassment or discrimination of any kind including, but not limited to, age, color, race, gender, creed, national origin, marital status, sexual preferences, disability, or pregnancy;

(Q) any "claim" based upon, arising from, or in any way involving:

(1) the violation of any pension, healthcare, welfare, profit sharing, mutual, or investment plans, funds, or trusts; or

(2) any violation of any provision of the Employee Retirement Income Security Act of 1974 and its amendments, or the Pension Protection Act of 2006 and its amendments, or any regulation, ruling, or order issued pursuant to the foregoing statutes.

However, Exclusion (Q)(2) does not apply to a "claim" under Coverage Agreement I.(A)(2), Coverage Agreement I.(A)(3) or Coverage Agreement I.(B)(1) which is based upon or arising from a breach of the "personally identifiable information" of any "employee".

(R) any "claim" for loss, damage, cost, or expense of whatsoever nature directly or indirectly caused by, resulting from, or in connection with war, invasion, acts of foreign enemies, hostilities or warlike operations (whether declared or not), civil war or mutiny, civil commotion assuming the proportions of, or amounting to, a riot, popular uprising, military uprising, insurrection, rebellion, revolution, or usurped power, or for loss, damage, cost, or expense of whatsoever nature directly or indirectly caused by, resulting from, or in connection with any action taken by a government authority to hinder, control, prevent, suppress, or defend against any of the aforementioned actions; or the confiscation, nationalization, requisition, or destruction of, or damage to, property by, or under the order of, any government authority; however, this exclusion does not apply to an "act of cyber terrorism";

(S) any "claim" based upon, arising from, or in any way involving:

(1) any "Insured's" failure to comply with or follow the "PCI Data Security Standard" or any payment card company rules; or

(2) any "Insured's" failure to implement or maintain, or comply with, any security measures or standards related to any payment card "data" including, but not limited to, any fine or penalty imposed by a payment card company on a merchant bank or payment processor that an "Insured" has paid or agreed to reimburse or indemnify.

However, this exclusion does not apply to a "PCI DSS demand".

- (T) any "claim" based upon, arising from, or in any way involving:
- (1) any actual or alleged unfair competition, price fixing, deceptive trade practices or restraint of trade; or
  - (2) the violation of any antitrust statute, legislation or regulation.
- However, Exclusion (T)(1) does not apply to:
- (1) allegations of unfair competition that form a part of "claim" under Coverage Agreement I.(A)(1), Coverage Agreement I.(A)(2) or Coverage Agreement I.(A)(3); or
  - (2) allegations of deceptive trade practices that form a part of a "claim" under Coverage Agreement I.(A)(2) or Coverage Agreement I.(A)(3).
- (U) any "claim" based upon, arising from, or in any way involving any actual or alleged infringement of any patent;
- (V) any "claim" based upon, arising from, or in any way involving the misappropriation, theft, copying, display or publication of any trade secret; however, this exclusion does not apply to a "claim" under Coverage Agreement I.(A)(2) alleging failure to prevent the misappropriation of a trade secret which results from a "security and privacy wrongful act";
- (W) any "claim" based upon, arising from, or in any way involving the confiscation, commandeering, requisition, destruction of, or damage to, computer hardware by order of a government de jure or de facto, or by any public authority for whatever reason; however, this exclusion does not apply to a "system failure";
- (X) any "claim" based upon, arising from, or in any way involving any actual or alleged violation of the Telephone Consumer Protection Act (47 U.S.C.§227), the Telemarketing and Consumer Fraud and Abuse Prevention Act (15 U.S.C. §§ 6101-6108), or the CAN-SPAM Act (15 U.S.C. §§ 7701-7713), each as amended, or any regulations promulgated under the foregoing statutes, or any similar federal, state, local or foreign laws, whether such laws are statutory, regulatory or common law, including any anti-spam law or other law concerning the use of telephonic or electronic communications for solicitation purposes, or any allegations of invasion or violation of any rights to privacy derived therefrom; however, this exclusion does not apply to a "TCPA claim";
- (Y) with respect to all First Party Coverage Agreements of this Endorsement:
- (1) any liability to any "third party" for whatever reason, including, contractual penalties, "damages", or legal costs and expenses of any type;
  - (2) sanctions, fines or penalties imposed by law; or
  - (3) any "claim" based upon, arising from, or in any way involving fire, smoke, explosion, lightning, wind, water, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, force majeure, or any other physical event, however caused.
- (Z) with respect to Coverage Agreement I.(B)(3) (BrandGuard®) of this Endorsement only:
- (1) any loss, cost, liability or expense that "you" incur to re-establish "your reputation", including "public relations expenses";
  - (2) any loss, cost, liability or expense incurred in any "claim" that is insured by any other insurance, except excess insurance; or
  - (3) any loss, cost, liability or expense incurred because of an "adverse media report" that also affects or refers in similar terms to a general security issue, an industry, or "your" specific competitors without any specific allegations regarding a "security breach" or a "privacy breach" committed by an "Insured", or by others acting on "your" behalf, for whom "you" are legally responsible, including "BPO service providers" or "outsourced IT service providers";
- (AA) With respect to Coverage Agreement I.(B)(4) (System Failure) of this Endorsement only:

- (1) the cost of restoring, updating or replacing "digital assets" to a level beyond that which existed prior to the "system failure";
- (2) physical damage to, or the costs to repair or replace, any computer hardware or "data" center;
- (3) the economic or market value of "digital assets";
- (4) the costs or expenses incurred to identify, patch, or remediate software "programming errors" or "computer system" vulnerabilities;
- (5) the cost to upgrade, improve, repair, redesign, reconfigure, or maintain an "insured computer system" to a level of functionality beyond that which existed prior to the "system failure";
- (6) the cost of restoring, replacing or repairing any electronic media; or
- (7) loss of goodwill or harm to "your reputation";

**(BB)** With respect to Coverage Agreement **I.(B)(6)** (Cyber Crime) of this Endorsement only:

- (1) any "claim" based upon, arising from, or in any way involving any actual or alleged unauthorized acquisition, access, use or disclosure of "private information" that is held or transmitted in any form; however, this Exclusion not does not apply to "financial fraud" which directly results from the use of "private information";
- (2) any "claim" based upon, arising from, or in any way involving the seizure, confiscation, nationalization, requisition, or destruction of an "insured telecommunications system" by, or under the order of, any government or public authority;
- (3) amounts that have been wholly or partially reversed by a credit card company or financial institution;
- (4) loss of "other property" arising out of, resulting from, or in any way involving the fraudulent or purportedly fraudulent use of a credit or debit card;
- (5) any "claim" based based upon, arising from, or in any way involving any fraudulent instruction, if the sender, or any person or organization acting in collusion with the sender, ever had authorized access to "your" password, PIN or other security code; however, this exclusion does not apply to "phishing fraud loss" incurred by "you" because of a fraudulent instruction transmitted by an "employee" or an "executive", if the fraudulent instruction was transmitted by such "employee" or "executive" as a direct result of a "phishing attack";
- (6) any "claim" based upon, arising from, or in any way involving the giving or surrendering of "money", "securities" or "other property" in any exchange for or purchase of goods, products or services:
  - (a) that are not yet delivered, whether or not fraudulent;
  - (b) that fail to conform to advertised quality or performance; or
  - (c) that fail to conform to the quality or performance expected from the standpoint of the "Insured";
- (7) any "claim based upon, arising from, or in any way involving potential income, including interest and dividends, not realized by you or your customers or clients;
- (8) for the theft of "money", "securities" or "other property" belonging to a "third party"; however, this exclusion does not apply to "phishing fraud loss" incurred by "you" to reimburse "your" customers or clients for their direct financial losses resulting from a "phishing attack".

#### **SECTION VIII – CHANGES IN EXPOSURE**

- (A) In the event of a "takeover" during the "endorsement period", coverage under this Endorsement will continue until its natural expiration date for any "claim" made during the "endorsement period", but only if the "wrongful acts" or "first party insured events" giving rise to such "claim" occur on or after the applicable "retroactive date" and prior to the effective date of the "takeover".

- (B) If, after the effective date of the "endorsement period", the "Named Insured" acquires or creates a "Subsidiary", and the Company has agreed, by endorsement to the Policy, to provide coverage for such "Subsidiary", then such "Subsidiary" will be included within the definition of "Insured" for the duration of the "endorsement period", but only with respect to "claims" for "wrongful acts" or "first party insured events" that occur after the creation or acquisition of such "Subsidiary".
- (C) If, after the effective date of the "endorsement period", the "Named Insured" sells a "Subsidiary", that "Subsidiary" will be an "Insured" for the duration of the "endorsement period", but only with respect to "claims" for "wrongful acts" or "first party insured events" that occur on or after the applicable "retroactive date" and prior to the effective date of the sale.

## SECTION IX – LOSS DETERMINATION

- (A) **Brand Loss.** The "brand loss" payable under Coverage Agreement I.(B)(3) will be calculated by considering:
  - (1) the prior experience of "your" business preceding the date of the "adverse media report" or notification, whichever applies, and "your" likely net profit, had no "adverse media report" been published or "notification" occurred;
  - (2) income derived from substitute methods, facilities, or personnel "you" use to maintain "your" revenue stream;
  - (3) "your" documentation of the trends in "your" business and variations in, or other circumstances affecting, "your" business before or after the "adverse media report" or notification, which would have affected "your" business had no "adverse media report" been published or "notification" occurred; and
  - (4) "your" fixed operating expenses (including ordinary payroll), but only to the extent that such fixed operating expenses must continue during the "period of indemnity".

For purposes of calculating "brand loss", "net profit" will include the amount paid or payable to "you" for goods, products, or services sold, delivered, or rendered in the normal course of "your" business.

- (B) **Digital Assets Loss.** The "digital assets loss" payable under Coverage Agreement I.(B)(4)(a) will be determined as follows:
  - (1) if the impacted "digital asset" was purchased from a "third party", we will pay only the lesser of the original purchase price of the "digital asset" or the reasonable and necessary "digital assets loss"; or
  - (2) if it is determined that the "digital assets" cannot be replaced, restored or recreated, we will only reimburse the actual and necessary "digital assets loss" incurred up to such determination.
- (C) **Income Loss.** The "income loss" payable under Coverage Agreement I.(B)(4)(b) will be calculated as follows:
  - (1) "your" net profit, as could have been reasonably projected, but which has been lost as a direct result of a "system failure"; plus
  - (2) "your" fixed operating expenses (including ordinary payroll) incurred, but only to the extent that such operating expenses must continue during the "period of restoration"."Income loss" will be calculated by considering:
  - (1) the prior experience of "your" business preceding the date of the "system failure", and "your" likely net profit, had no "system failure" occurred;

- (2) income derived from substitute methods, facilities, or personnel "you" use to maintain "your" revenue stream; and
- (3) "your" documentation of the trends in "your" business and variations in, or other circumstances affecting, "your" business before or after the "system failure", which would have affected "your" business had no "system failure" occurred.

For purposes of calculating "income loss", net profit will include the amount paid or payable to "you" for goods, products, or services sold, delivered, or rendered in the normal course of "your" business.

#### **SECTION X – TRANSFER OF DUTIES WHEN THE LIMIT OF LIABILITY IS EXHAUSTED**

- (A) If the Company concludes that, based on "claims" which have been reported, the applicable Limit of Liability set forth in the Cyber Insurance Supplemental Declarations is likely to be exhausted, the Company will notify "you" to that effect.
- (B) When the applicable Limit of Liability has been exhausted:
  - (1) The Company will notify "you" in writing as soon as practicable that: (a) such Limit of Liability has been exhausted; and (b) the Company's obligation to defend any "claim" or pay any amounts has ended.
  - (2) The Company will initiate and cooperate in the transfer of control to the appropriate "Insured" all "claims" which are subject to the Limit of Liability and were reported to the Company before the Limit of Liability was exhausted. "You", and any other "Insured", must cooperate in the transfer of control of said "claims". "You", and any other "Insured" involved in a "claim", must arrange for the defense and payment of such "claim" within the period agreed to by the appropriate "Insured" and the Company. Absent any such agreement, arrangements for defense and payment of the "claim" must be made as soon as practicable. The Company will take such steps as deemed appropriate to avoid default in, or continue the defense or handling of, such "claim" until transfer of control is completed, provided the "Insured" is cooperating in completing such transfer.
  - (3) The "Insured" shall reimburse the Company for the costs it incurs in transferring control of a "claim". The Company will take no action whatsoever with respect to any "claim" that would have been subject to the applicable Limit of Liability had it not been exhausted, if the "claim" is reported to the Company after the Limit of Liability is exhausted.
  - (4) The "Insured" will also be responsible for providing "notification" and customer support, including credit monitoring services and identity theft education or assistance, to affected individuals. The "Insured" may continue to utilize vendors recommended by the Company to provide such services.
  - (5) The exhaustion of the Limit of Liability and the resulting end of the Company's obligation to defend any "claim" or pay any amount will not be affected by the Company's failure to comply with any of the provisions of this clause.

#### **SECTION XI – OTHER INSURANCE**

The coverage provided by this Endorsement will be excess insurance over any other valid and collectible insurance available, including any self-"Insured" retention or deductible portion thereof, whether such insurance is stated to be primary, pro rata, contributory, excess, contingent or otherwise, unless such insurance specifically applies as excess insurance over the insurance provided under this Endorsement.

#### **SECTION XII – ARBITRATION**

Notwithstanding any other provision of this Endorsement or the Policy, any irreconcilable dispute between the Company and an "Insured" concerning this Endorsement or coverage for any "claim" is to be resolved by arbitration in accordance with the then current rules of the American Arbitration Association, except that the arbitration panel shall consist of one arbitrator selected by the "Insured", one arbitrator selected by the Company, and a third independent arbitrator selected by the first two arbitrators. Judgment upon the award may be entered in any court having jurisdiction. The arbitrator has the power to decide any dispute between the Company and the "Insured" concerning the application or interpretation of this Endorsement. However, the arbitrator shall have no power to change or add to the provisions of this Endorsement. The "Insured" and the Company will share equally in the cost of arbitration.

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

## **PRESTIGE COVERAGE ENHANCEMENTS**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS COVERAGE FORM**

Under **SECTION I - PROPERTY**:

#### **A. Distance Limitation Changes**

The phrase "within 100 feet" is replaced by the phrase "within 1,000 feet".

#### **B. Limitations**

Paragraph c. of section **A.4. Limitations** is replaced by the following:

c. For loss or damage by theft, the following types of property are covered only up to the limits shown unless a higher Limit of Insurance is shown in the Declarations.

(1) \$10,000 for furs, fur garments and garments trimmed with fur.

(2) \$10,000 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.

(3) \$10,000 for patterns, dies, molds and forms.

**C. Section A.5. Additional Coverages** is amended as follows:

1. Under paragraph (2) of **b. Preservation Of Property**, the words 30 days are replaced by the words 90 days.

2. Provision **c. Fire Department Service Charge** is replaced by the following.

#### **c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay your liability for fire department service charges:

(1) Assumed by contract or agreement prior to loss; or

(2) Required by local ordinance.

3. Provision **f. Business Income** is modified as follows:

Paragraph (a)(ii)ii. of (2) **Extended Business Income** is replaced by the following:

ii. 120 consecutive days after the date determined in paragraph (a)(i) above, unless a greater number of consecutive days are shown in the Declarations.

4. The last paragraph under **h. Pollutant Clean Up and Removal** is replaced by the following:

The most we will pay for each location under this Additional Coverage is \$20,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

5. The last paragraph under **j. Money Orders And "Counterfeit Money"** is replaced by the following:

The most we will pay for any loss under this Additional Coverage is \$5,000.

6. Paragraph (4) under **k. Forgery Or Alteration** is replaced by the following:

(4) The most we will pay for any loss, including legal expenses, under this Additional Coverage is \$25,000, unless a higher Limit of Insurance is shown in the Declarations.

7. Provision **I. Increased Cost Of Construction** is deleted.

8. Under **m. Business Income From Dependent Properties**, the last paragraph under provision (1) is replaced by the following:

The most we will pay under this Additional Coverage is \$50,000 unless a higher Limit of Insurance is indicated in the Declarations.

9. Paragraph (3) under **o. Fire Extinguisher Systems Recharge Expense** is replaced by the following:

(3) The most we will pay under this Additional Coverage is \$25,000 in any one occurrence.



10. Provision **p. Electronic Data** is modified as follows:

The first sentence of paragraph (3) is replaced by the following:

The most we will pay under this Additional Coverage - Electronic Data for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved, is \$25,000, unless a higher Limit Of Insurance is shown in the Declarations.

11. Provision **q. Interruption Of Computer Operations** is modified as follows:

The first sentence of paragraph (3) is replaced by the following:

The most we will pay under this Additional Coverage - Interruption Of Computer Operations for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved, is \$25,000 unless a higher Limit Of Insurance is shown in the Declarations.

12. The following coverages are added:

**a. Fine Arts**

(1) We will pay for direct loss of or damage to Fine Arts, whether owned by:

- (a) You, or
- (b) Others, and in your care, custody, or control.

(2) Fine arts includes, but is not limited to, antiques, paintings, etchings, drawings, tapestries, sculptures, and fragile property such as porcelains, china and marble.

(3) The most we will pay for loss in any one occurrence under this Coverage is \$25,000 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property. The amount payable under this Coverage is additional insurance over the insurance available for Business Personal Property.

(4) The value of fine arts will be the least of the following amounts:

- (a) The actual cash value of that property at the time of loss;
  - (b) The cost of reasonably restoring that property to its condition immediately before loss; or
  - (c) The cost of replacing that property with substantially identical property.
- (5) In the event of loss, the value of property will be determined as of the time of loss.
- (6) In case of loss to any part of a pair or set we will:
- (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.
- (7) You must arrange for fine arts to be packed and unpacked by competent packers.

**b. Lock Replacement**

We will pay the necessary costs you incur to repair, replace, or rekey locks at the described premises due to theft or other loss to keys.

The most we will pay under this Additional Coverage for all loss or damage in any one occurrence is \$2,500.

A per occurrence deductible of \$100 will apply.

**c. Reward Payment**

(1) We will reimburse you for rewards paid as follows:

- (a) Up to \$5,000 to an eligible person for information leading to the arrest and conviction of any person or persons committing a crime resulting in loss or damage to Covered Property from a Covered Cause of Loss. However, we will pay no more than the lesser of the following amounts:
  - (i) Actual cash value of the Covered Property at the time of loss or damage, but not

more than the amount required to repair or replace it; or

- (ii) The amount determined by the loss settlement procedure applicable to the Covered Property under the Loss Payment Condition.
- (b) Up to \$5,000 to an eligible person for the return of stolen Covered Property, when the loss is caused by theft. However, we will pay no more than the lesser of the following amounts:
  - (i) Actual cash value based on the condition of the Covered Property at the time it is returned, but not more than the amount required to repair or replace it; or
  - (ii) The amount determined by the loss settlement procedure applicable to the returned Covered Property under the Loss Payment Condition.
- (2) This Additional Coverage applies subject to the following conditions:
  - (a) An eligible person means that person designated by a law enforcement agency as being the first to voluntarily provide the information leading to the arrest and conviction or return of the stolen Covered Property, and who is not:
    - (i) You or any family member;
    - (ii) Your employee (including a temporary or leased employee) or any of his or her family members;
    - (iii) An employee of a law enforcement agency;
    - (iv) An employee of a business engaged in property protection;
    - (v) Any person who had custody of the Covered Property at the time the theft was committed; or
    - (vi) Any person involved in the crime.

(b) No reward will be reimbursed unless and until the person(s) committing the crime is (are) convicted or the Covered Property is returned.

(c) The lesser of the amount of the reward or \$5,000 is the most we will reimburse for loss under this Additional Coverage in any one occurrence.

#### d. Leasehold Interest

(1) If your lease is cancelled by the lessor due to direct physical damage to property at the described premises caused by or resulting from a Covered Cause of Loss, we will pay the net loss you sustain due to increased rent under a replacement lease.

(2) The most we will pay for loss because of the cancellation of any lease or leases due to the same covered cause of loss is the lesser of:

(a) If your lease is cancelled and either:

(i) Your lessor allows you to continue to use your premises under a new lease not to exceed the prevailing lease rate, or

(ii) You relocate to other permanent premises and enter into a new lease.

For the duration of the lease in effect at the time of the loss, we will pay the increase in rent you will be required to pay for equivalent premises under the replacement lease:

(b) \$25,000; or

(c) Nothing if there is not a written or legally binding lease.

(3) The following applies to (2)(a)(i) and (2)(a)(ii) above:

(a) If the lease in effect at the time of the loss contains a renewal option, the expiration date of the renewal option period will replace the expiration of the current lease.

(b) If the lease has no end date (open-ended), we will pay the difference in rent for a period of no more than 12 months after the date of the direct physical damage to the property at the described premises.

(4) The following applies to (2)(a) and (2)(b) above:

The maximum amount payable regardless of the number of leases affected by the same Covered Cause of Loss is \$25,000.

Existence of a renewal option will not increase, or have any other effect on this Limit of Insurance.

(5) Special Leasehold Interest Exclusion

We will not pay for any loss or damage:

(a) If the unit or suite rented or leased to you where direct damage occurs has been vacant more than 60 consecutive days before the loss or damage occurs and you have not entered into an agreement to sublease the unit or suite.

(b) Caused by your cancelling the lease,

(c) Caused by lessors' lease cancellation at the normal expiration date;

(d) Caused by the suspension, lapse or cancellation of any license; or

(e) Return of prepaid rent or security and other deposits.

**e. Business Income - Lease Cancellation**

(1) We will pay the actual loss of business income you sustain due to the cancellation of a lease by your tenants in a covered building due to untenability that is caused by direct physical loss or damage to that building from a Covered Cause of Loss. This Additional Coverage only applies if at the time of loss the building was occupied and business was being conducted by the tenant cancelling the lease or their sub-lessee.

(2) We will pay for loss of business income that you sustain after tenantability is restored and until the earlier of:

(a) The date you lease the premises to another tenant;

(b) 12 months immediately following the "period of restoration", or

(c) The normal expiration date of the cancelled lease.

(3) Regardless of the number of tenants cancelling a lease at the described premises, the most we will pay under this Additional Coverage is \$25,000 in any one occurrence.

(4) This Additional Coverage is not subject to **C. Limits of Insurance** under **Section I - Property**.

(5) Special Lease Cancellation Exclusions

We will not pay for:

(a) Lease cancelled after the "period of restoration";

(b) Lease cancelled, suspended or allowed to lapse by you;

(c) Return of prepaid rent or security and other deposits made by tenants;

(d) Insurance, taxes or other payments made on behalf of tenants; or

(e) Lease cancelled at the normal expiration date.

**D. Section A.6. Coverage Extensions** is amended as follows:

1. Under a. Newly Acquired Or Constructed Property:

a. The last paragraph under (1) **Buildings** is replaced by the following:

The most we will pay for loss or damage under this Extension is \$500,000 at each building.

b. The last paragraph under (2) **Business Personal Property** is replaced by the following:

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

c. Paragraph (b) of (3) **Period of Coverage** is replaced by the following:

(b) 60 days expire after you acquire the property or begin construction of that part of the building that would qualify as Covered Property; or

2. The last sentence under b. **Personal Property Off-premises** is replaced by the following:

The most we will pay for loss or damage under this Extension is \$25,000.

3. Under c. **Outdoor Property**, the first paragraph immediately following the enumerated list of causes of loss is replaced by the following:

The most we will pay for loss or damage under this Extension is \$15,000, unless a higher Limit of Insurance for Outdoor Property is shown in the Declarations, but not more than \$1,000 for any one tree, shrub or plant.

4. The last paragraph of under d. **Personal Effects** is replaced by the following:

The most we will pay for loss or damage under this Extension is \$15,000.

5. Paragraph (3) under e. **Valuable Papers And Records** is replaced by the following:

(3) The most we will pay under this Coverage Extension for loss or damage to "valuable papers and records" in any one occurrence at the described premises is \$50,000, unless a higher Limit of Insurance for "valuable papers and records" is shown in the Declarations.

For "valuable papers and records" not at the described premises, the most we will pay is \$25,000.

6. Paragraph (2) under f. **Accounts Receivable** is replaced by the following:

(2) The most we will pay under this Coverage Extension for loss or damage in any one occurrence at the described premises is \$25,000, unless a higher Limit of Insurance for accounts receivable is shown in the Declarations.

For accounts receivable not at the described premises, the most we will pay is \$25,000.

E. Section **C. Limits Of Insurance** is amended as follows:

Paragraph 3.c. is deleted.

**SECTION II - LIABILITY** is amended as follows:

A. The following is added to paragraph **C. Who is An Insured**:

a. Any person or organization with whom you have agreed in a written contract, written agreement or written permit that such person or organization be added as an additional insured on your policy is an additional insured on your policy. Such person(s) or organization(s) is an additional insured only with respect to liability for "bodily injury" or "property damage" not included in the "products-completed operations hazard" or "personal and advertising injury" caused by, in whole or in part, your acts or omissions or the acts or omissions of those acting on your behalf but only with respect to:

- (1) The ownership, maintenance or use of that part of the premises leased to you;
- (2) Your maintenance, operation or use by you of equipment leased to you by such person or organization.
- (3) Liability as mortgagee, assignee, or receiver and arising out of ownership, maintenance or use of the premises by you.

b. The insurance afforded to such additional insureds described in paragraph a. of this endorsement:

- (1) Only applies to the extent permitted by law;
- (2) Will not be broader than that which you are required by written contract or agreement to provide for such additional insured;
- (3) Will not be broader than coverage provided to any other insured; and
- (4) Does not apply if the "bodily injury", "property damage" or "personal and advertising injury" is otherwise excluded from coverage under this Coverage Part, including any endorsements thereto.

c. With respect to the insurance afforded to such additional insureds described in paragraph a. of this endorsement, this insurance does not apply:

- (1) To any manager or lessor of premises for:
  - (a) Any "occurrence" that takes place after you cease to be a tenant in the premises; or
  - (b) Structural alterations, new construction or demolition operations performed by or on behalf of such additional insured.
- (2) To any lessor of leased equipment for:
  - (a) Any "occurrence" which takes place after the equipment lease expires, or
  - (b) If the "bodily injury", "property damage", or "personal and advertising injury" arises out of sole negligence of the lessor.
- (3) To any mortgagee, assignee or receiver for structural alterations, new construction or demolition operations performed by or on behalf of such additional insured.
- (4) Unless the written contract or written agreement was executed or permit was issued prior to the "bodily injury", "property damage", or "personal injury and advertising injury".
- (5) To any person or organization included as an insured by another endorsement issued by us and made part of this Coverage Part.

(6) To "bodily injury", "property damage", or "personal and advertising injury" arising out of the rendering of or the failure to render any professional services.

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

d. With respect to the insurance afforded to these additional insureds, the following is added to paragraph **D. Liability And Medical Expenses Limits Of Insurance**:

If coverage provided to the additional insured is required by a written contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

- (1) Required by the contract or agreement; or
- (2) Available under the applicable Limits Of Insurance shown in the Declarations;

whichever is less.

This endorsement shall not increase the applicable Limits Of Insurance shown in the Declarations.

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

**25% Extended Replacement Cost Coverage for Buildings**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM- SECTION I - PROPERTY**

To the extent that coverage is provided, we agree to provide up to an additional amount of insurance in accordance with the following provisions:

**A. If you have:**

1. Allowed us to adjust the Building Limit of Insurance and the premium in accordance with:

- a. The property evaluations we make; and
- b. Any increases in inflation; and

2. Notified us, within 30 days of completion, of any improvements, alterations or additions to the building insured which increases the replacement cost of the building by 5% or more;

the provisions of this endorsement will apply after a loss, provided that replacement cost coverage applies and you elect to repair or replace the damaged building.

**B. If there is a loss to an insured building that exceeds the Limit of Insurance shown on the Declarations, for the purpose of settling that loss only, E. Property Loss Conditions, 5. Loss Payments, d.(1) is replaced by the following:**

1. At replacement cost without deduction for depreciation, subject to the following:

a. We will pay the cost to repair or replace, after application of the deductible and without deduction for depreciation, but not more than the least of the following amounts:

- (i) The Limit of Insurance under this policy that applies to the Building, plus up to an additional 25% as provided by this endorsement;
- (ii) The cost to replace, on the same premises, that part of the damaged building:
  - (a) with comparable material and quality; and
  - (b) used for the same purpose; or
- (iii) The amount that you actually spend that is necessary to repair or replace the damaged building.

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

b. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.

c. We will not pay on a replacement cost basis for any loss or damage:

- (i) until the damaged property is actually repaired or replaced; and
- (ii) unless the repairs or replacement is made as soon as possible after the loss or damage.

C. This Coverage Extension does not apply to, or change or increase our liability for:

Any limit, sublimit, additional coverage, coverage extension or endorsement other than:

- (a) The Building Limit or
- (b) Ordinance or Law Coverage 1 (if applicable)

D. Ordinance or Law Coverage 1 (if applicable) is included within, not in addition to the 25% of the building limit provided by this Coverage Extension.

E. The cap for Newly Acquired Buildings is not increased by this endorsement.

All other provisions of the policy apply.

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

## **MASSACHUSETTS CHANGES – CONDOMINIUM ASSOCIATION COVERAGE**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

**SCHEDULE**

Insurance Trustee	Condominium
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

**A. Section I - Property** is amended as follows:

1. Paragraph **A.1.a.** Building in the Business owners Property Coverage Form is replaced by the following:

- a. Building, meaning the building or structure described in the Declarations, including:
  - (1) Completed additions;
  - (2) Permanently installed:
    - (a) Fixtures;
    - (b) Machinery; and
    - (c) Equipment;
  - (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 refrigerating, ventilating, cooking, dishwashing or laundering that are not contained within individual units;

(5) If not covered by other insurance:

- (a) Additions under construction, alterations and repairs to the building or structure;
- (b) Materials, equipment, supplies, and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure; and
- (6) Any of the following types of property contained within a unit, regardless of ownership:
  - (a) Fixtures, improvements and alterations that are a part of the building or structure; and
  - (b) Appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping.

But Building does not include personal property owned by, used by or in the care, custody or control of a unit-owner except for personal property listed in Paragraph **A.1.a.(6)** above.



2. Paragraph **A.1.b. Business Personal Property** is replaced by the following:

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

(1) By you; or

(2) Indivisibly by all unit-owners.

This includes your interest in the labor, materials or services furnished or arranged by you on personal property of others.

Business Personal Property does not include personal property owned only by a unit-owner, unless it is in your care, custody or control as covered below.

This also includes property of others that is in your care, custody or control except as otherwise provided in Loss Payment Property Loss Condition **E.5.d.(3)(b)**.

3. The following is added to Paragraph **E.5. Loss Payment Property Loss Condition**:

a. If you name an insurance trustee, we will adjust losses with you, but we will pay the insurance trustee. If we pay the trustee, the payments will satisfy your claims against us.

b. The mortgageholder appoints an insurance trustee for the owners or co-owners of the condominium as shown in the Schedule or in the Declarations. This insurance trustee will:

(1) Serve as Agent with Power of Attorney as principal as respects Paragraph **A. Cancellation in Section III - Common Policy Conditions**; and

(2) Act on all matters dealing with loss or damage to buildings or structures covered under this policy.

c. This appointment, as described in Paragraph **b.**, includes the right to:

(1) Receive loss payment due to the mortgageholder; and

(2) Execute a full release on the mortgageholder's behalf.

4. The following is added to Paragraph **E. Property Loss Conditions**:

**9. Unit-owner's Insurance**

A unit-owner may have other insurance covering the same property as this insurance. This insurance is intended to be primary and not to contribute with such other insurance.

**B. Section II - Liability** is amended as follows:

The following is added to Paragraph **C. Who Is An Insured**:

3. Each individual unit-owner of the insured condominium, but only for liability arising out of the ownership, maintenance or repair of that portion of the premises which is not reserved for that unit-owner's exclusive use or occupancy.

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

The following is added to Paragraph **K. Transfer Of Rights Of Recovery Against Others To Us**:

**3. Waiver Of Rights Of Recovery**

We waive our rights to recover payment from any unit-owner of the condominium that is shown in the Declarations.

# SUPPLEMENTAL DECLARATIONS – CYBER INSURANCE

Policy Number: BOP 0139070 00

## NOTICE

**Cyber Insurance contains aggregate limits.** Refer to the Limits of Liability provisions of the Cyber Insurance form for details.

**Cyber Insurance provides claims-made and reported coverage.** The Third Party Liability Coverage Agreements of the Cyber Insurance form provide claims-made and reported coverage, meaning coverage is limited to liability for only those “claims” that are first made during the “endorsement period”, or any applicable extended reporting period, and reported in writing to the Company pursuant to the terms of the Cyber Insurance form. But no coverage is provided for any “wrongful act” committed or allegedly committed prior to the “retroactive date”, whether or not such is reported to the Company. The First Party Coverage Agreements of the Cyber Insurance form provide first party coverage on an event discovered and reported basis.

**Cyber Insurance is provided on a defense within limits basis.** “Defense costs” are included within the Cyber Insurance Limit of Liability, which means that the applicable limit will be reduced, and may be completely exhausted, by the Company’s payment of all amounts to which Cyber Insurance applies, including “defense costs”. The Company will not be liable to make any payment or defend any “claim” under Cyber Insurance after the Limit of Liability is exhausted

Please read the entire Cyber Insurance form carefully to determine rights, duties, and what is and is not covered.

<b>Endorsement Period Effective Date:</b>	12/10/2021	At 12:01 A.M. Standard Time at your mailing address shown on the Declarations
<b>Retroactive Date:</b>	12/10/2021	
<b>Annual Aggregate Limit:</b>	\$ 100,000	
<b>Cyber Insurance Premium:</b>	\$ 119.00	Premium for the "Endorsement Period"
<b>Cyber Crime Premium:</b>	\$	Premium for the "Endorsement Period"
Coverage for Cyber Crime applies only if an "X" is show in the following box. <input type="checkbox"/>		

<b>Coverage Agreement</b>	<b>Limit of Insurance (each “claim” / aggregate)</b>
Multimedia Liability	\$ 100,000
Security and Privacy Liability	\$ 100,000
Privacy Regulatory Defense and Penalties	\$ 100,000
PCI DSS Assessment	\$ 100,000
TCPA Defense	\$ 10,000
Breach Event Costs	\$ 100,000
Post Breach Remediation Costs	\$ 10,000
BrandGuard®	\$ 100,000
System Failure	\$ 100,000

Cyber Extortion	\$ 100,000
Cyber Crime	\$ 10,000
Businessowner ID Theft Recovery	\$ 100,000
Reward Expenses	\$ 10,000
Court Attendance Costs	\$ 10,000

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

**ASBESTOS EXCLUSION**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

- A.** The following exclusion is added to paragraph **B.1.** of **SECTION II – LIABILITY:**

**Asbestos Exclusion**

This insurance does not apply to:

1. "Bodily injury" "property damage", "personal and advertising injury" or "reduction in value" related to, attributed to, caused by, or arising out of "asbestos". This includes, but is not limited to,:
  - a. The actual, alleged, threatened or suspected contact with, exposure to, or inhalation, ingestion, absorption, dispersal, existence, or presence of "asbestos".
  - b. Release, disturbance or dispersal of "asbestos" arising from "your work".
  - c. Actual or attempted removal, abatement, encapsulation, or containment of "asbestos" from any structure, material, good, product, or manufacturing process.
  - d. Determining or assessing the presence, existence, or effects of "asbestos".
  - e. The mining, manufacturing, processing, sale, distribution, transport, installation, storage, handling, disposal, or use of "asbestos" or property containing "asbestos".
  - f. Any process of decontamination, treatment, control, or removal of "asbestos" or property containing "asbestos";
  - g. Structures, manufacturing processes, products, or other property containing "asbestos".
  - h. Any supervision, instruction, recommendation, warning, or advice given or which should have been given in connection with "asbestos".

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

supervision, training, instructions, warnings or monitoring of others by an insured.

2. Any loss, cost or expense arising, in whole or in part, out of encapsulating, abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "asbestos" by any insured or by any other person or entity.
3. Any obligation, request, demand, order, directive, or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, encapsulate, treat, neutralize, protect against, or in any other way respond to the actual, alleged or threatened presence of, "asbestos" or any material or product containing, or alleged to contain, "asbestos".

Notwithstanding any other provisions of this policy, we will have no duty to investigate, defend or pay defense costs in respect of any claim excluded in whole or in part under the above.

- B.** For the purposes of this endorsement, the following definitions are added to paragraph **F. Liability And Medical Expenses Definitions** in **Section II – Liability.**

"Asbestos" means the asbestos mineral in any form (e.g. fibers or dust) and asbestos in any property or material containing asbestos. "Asbestos" includes any by-products produced or released by asbestos or property containing asbestos.

"Reduction in value" means any claim, demand, or "suit" that alleges diminution, impairment or devaluation of property.

**THE PROVIDENCE MUTUAL FIRE INSURANCE COMPANY**

**NOTICE AND OFFER**

**CERTIFIED ACTS OF TERRORISM INSURANCE COVERAGE**

The Secretary of the Treasury of the United States, in consultation with the Secretary of Homeland Security and the Attorney General, may certify that an event is an act of terrorism pursuant to the federal Terrorism Risk Insurance Act (Act). Criteria in the Act for determining an act of terrorism includes:

- The event results in aggregate losses in excess of an amount stated in the Act.
- The act is a violent act or an act that is dangerous to human life, property, or infrastructure.
- The act was committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If an event is certified under the Act to be an act of terrorism (i.e. it is a certified act of terrorism), CERTAIN INSURED LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT. THE UNITED STATES GOVERNMENT REIMBURSEMENT RATE IS 80% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY IMPOSED DEDUCTIBLE FOR WHICH THE INSURER IS RESPONSIBLE.

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. YOUR COVERAGE MAY BE REDUCED IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION.

The Act, as amended, is scheduled to expire December 31, 2027. If the Act expires or is modified, the meaning and treatment of terrorism under the policy will change.

**Offer Of Certified Acts Of Terrorism Coverage**

In accordance with the Act, The Providence Mutual Fire Insurance Company (the company) is offering coverage for certified acts of terrorism coverage subject to the following. If aggregate insured losses attributable to terrorist acts certified under the Act exceed \$100 billion in a calendar year and the company has met its deductible obligation under the Act, the company shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

The prospective annual premium for certified acts of terrorism coverage is provided below. The premium charge does not include any charges for the portion of losses covered by the United States government under the Act. The total premium for terrorism coverage may be adjusted if the Act expires, is modified or the level of participation by the federal government changes.

Certified Acts Of Terrorism Coverage Premium: \$ \_\_\_\_\_ 133.00

If certified acts of terrorism coverage is not purchased, an exclusion will apply to certified acts of terrorism.

You have 30 days after receipt of this notice to consider the selection / rejection of terrorism coverage. After this 30 day period, the company is not obliged to honor any request for selection or rejection of certified acts of terrorism coverage.

## Selection Or Rejection Of Certified Acts Of Terrorism Coverage

If you are requesting insurance coverage from The Providence Mutual Fire Insurance Company (we or the company) for the first time, please indicate below whether you want coverage for certified acts of terrorism. **If the company or your agent does not hear from you on this matter, we will assume that you want the company to provide coverage for certified acts of terrorism.**

Please note that renewal policies will reflect prior instructions to the company except as provided below. If you want to change your selection upon renewal, please complete the following and return it to your agent within 30 days after receipt of this notice. **If we or your agent do not hear from you on this matter, we will assume that you do not want to change prior selection or rejection of certified acts of terrorism coverage instructions to the company.**

- Coverage for certified acts of terrorism is hereby requested. I understand that if:
- Aggregate insured losses attributable to terrorist acts certified under the Act exceed \$100 billion in a calendar year and the company has met the deductible requirement under the Act, then the insurer shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.
  - The Act expires or is modified, the meaning and treatment of terrorism under the policy will change.
- Coverage for certified acts of terrorism is hereby rejected. I understand that no coverage will be provided for losses arising from certified acts of terrorism, as defined in the Act.

The above election applies to (select one):

New Policy  Renewal of policy BOP 0139070 00

and to any renewal, reinstatement, reissuance, substitute, or replacement of that policy unless a new written request is made to change the selection.

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Signature of Authorized Representative

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Date

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Named Insured

## BUSINESSOWNERS COVERAGE FORM

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

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

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

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

### SECTION I – PROPERTY

#### A. Coverage

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

##### 1. Covered Property

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

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

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

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

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

(6) If not covered by other insurance:

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

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

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

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

## 2. Property Not Covered

Covered Property does not include:

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

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

## 3. Covered Causes Of Loss

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

## 4. Limitations

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



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

## 5. Additional Coverages

### a. Debris Removal

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

- (b) Subject to Paragraph (3)(a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.
- (4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
- (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

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

**(5) Examples**

**Example 1**

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

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

**Example 2**

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

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

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

**b. Preservation Of Property**

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

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

**c. Fire Department Service Charge**

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

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

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

**d. Collapse**

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

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

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

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

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

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

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

- (a) A building or any part of a building that is in danger of falling down or caving in;

- (b) A part of a building that is standing, even if it has separated from another part of the building; or

- (c) A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

- (4) With respect to the following property:

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

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

- (5)** If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

- (a)** The collapse of personal property was caused by a cause of loss listed in Paragraphs **(2)(a)** through **(2)(d)** of this Additional Coverage;
- (b)** The personal property which collapses is inside a building; and
- (c)** The property which collapses is not of a kind listed in Paragraph **(4)**, regardless of whether that kind of property is considered to be personal property or real property.

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

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

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

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material occurs, we will also pay the cost to tear

out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

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

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

**f. Business Income**

**(1) Business Income**

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

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

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

(b) We will only pay for loss of Business Income that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage. We will only pay for ordinary payroll expenses for 60 days following the date of direct physical loss or damage, unless a greater number of days is shown in the Declarations.

(c) Business Income means the:

- (i) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses; and
- (ii) Continuing normal operating expenses incurred, including payroll.

(d) Ordinary payroll expenses:

- (i) Means payroll expenses for all your employees except:
  - i. Officers;
  - ii. Executives;
  - iii. Department Managers;
  - iv. Employees under contract; and
  - v. Additional Exemptions shown in the Declarations as:
    - Job Classifications; or
    - Employees.
- (ii) Include:
  - i. Payroll;
  - ii. Employee benefits, if directly related to payroll;
  - iii. FICA payments you pay;
  - iv. Union dues you pay; and
  - v. Workers' compensation premiums.

## (2) Extended Business Income

(a) If the necessary suspension of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

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

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

(b) Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(3) With respect to the coverage provided in this Additional Coverage, suspension means:

- (a) The partial slowdown or complete cessation of your business activities; or
- (b) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.

(4) This Additional Coverage is not subject to the Limits of Insurance

of Section I – Property.

**g. Extra Expense**

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

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

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

(2) Extra Expense means expense incurred:

- (a) To avoid or minimize the suspension of business and to continue "operations":
  - (i) At the described premises; or
  - (ii) At replacement premises or at temporary locations, including relocation expenses, and costs to equip and operate the replacement or temporary locations.
- (b) To minimize the suspension of business if you cannot continue

"operations".

(c) To:

- (i) Repair or replace any property; or
- (ii) Research, replace or restore the lost information on damaged "valuable papers and records";

to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage or Additional Coverage f. Business Income.

(3) With respect to the coverage provided in this Additional Coverage, suspension means:

- (a) The partial slowdown or complete cessation of your business activities; or
- (b) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.

(4) We will only pay for Extra Expense that occurs within 12 consecutive months after the date of direct physical loss or damage. This Additional Coverage is not subject to the Limits of Insurance of Section I – Property.

**h. Pollutant Clean-up And Removal**

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

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

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

12-month period of this policy.

**i. Civil Authority**

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

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

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

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

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

whichever is later.

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

of Section I – Property.

**j. Money Orders And "Counterfeit Money"**

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

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

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

**k. Forgery Or Alteration**

(1) We will pay for loss resulting directly from forgery or alteration of any check, draft, promissory note, bill of exchange or similar written promise of payment in "money" that you or your agent has issued, or that was issued by someone who impersonates you or your agent.

(2) If you are sued for refusing to pay the check, draft, promissory note, bill of exchange or similar written promise of payment in "money", on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur in that defense.

(3) For the purpose of this coverage, check includes a substitute check as defined in the Check Clearing for the 21st Century Act and will be treated the same as the original it replaced.

(4) The most we will pay for any loss, including legal expenses, under this Additional Coverage is \$2,500, unless a higher Limit Of Insurance is shown in the Declarations.

**l. Increased Cost Of Construction**

(1) This Additional Coverage applies only to buildings insured on a replacement cost basis.

(2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum stand-

ards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in Paragraphs (3) through (9) of this Additional Coverage.

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

The amount payable under this

Additional Coverage is additional insurance.

- (7) With respect to this Additional Coverage:

- (a) We will not pay for the Increased Cost of Construction:

- (i) Until the property is actually repaired or replaced, at the same or another premises; and

- (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction is the increased cost of construction at the same premises.

- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction is the increased cost of construction at the new premises.

- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion, to the extent that such exclusion would conflict with the provisions of this Additional Coverage.

- (9) The costs addressed in the Loss Payment Property Loss Condition in Section I – Property do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in Paragraph (6) of this Additional Coverage, is not subject to such limitation.

**m. Business Income From Dependent Properties**

- (1) We will pay for the actual loss of Business Income you sustain due to physical loss or damage at the premises of a dependent property or secondary dependent property



caused by or resulting from any Covered Cause of Loss.

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

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

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

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

- (5)** Secondary dependent property

means an entity which is not owned or operated by a dependent property and which;

- (a)** Delivers materials or services to a dependent property, which in turn are used by the dependent property in providing materials or services to you; or
- (b)** Accepts materials or services from a dependent property, which in turn accepts your materials or services.

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

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

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

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

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

to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

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

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

**n. Glass Expenses**

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

**o. Fire Extinguisher Systems Recharge Expense**

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

**p. Electronic Data**

- (1) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore "electronic data" which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that "electronic data" is not

replaced or restored, the loss will be valued at the cost of replacement of the media on which the "electronic data" was stored, with blank media of substantially identical type.

- (2) The Covered Causes of Loss applicable to Business Personal Property include a computer virus, harmful code or similar instruction introduced into or enacted on a computer system (including "electronic data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including "electronic data") by any employee, including a temporary or leased employee, or by an entity retained by you, or for you, to inspect, design, install, modify, maintain, repair or replace that system.
- (3) The most we will pay under this Additional Coverage – Electronic Data for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved, is \$10,000, unless a higher Limit Of Insurance is shown in the Declarations. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in, but not after, that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.
- (4) This Additional Coverage does not apply to your "stock" of prepackaged software, or to "electronic data" which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

**q. Interruption Of Computer Operations**

- (1) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a suspension of "operations" caused by an interruption in computer operations due to destruction or corruption of "electronic data" due to a Covered Cause of Loss.
  - (2) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
    - (a) Coverage under this Additional Coverage – Interruption Of Computer Operations is limited to the "specified causes of loss" and Collapse.
    - (b) If the Businessowners Coverage Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage.
    - (c) The Covered Causes of Loss include a computer virus, harmful code or similar instruction introduced into or enacted on a computer system (including "electronic data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including "electronic data") by any employee, including a temporary or leased employee, or by an entity retained by you, or for you, to inspect, design, install, modify, maintain, repair or replace that system.
  - (3) The most we will pay under this Additional Coverage – Interruption Of Computer Operations for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved, is \$10,000 unless a higher Limit Of Insurance is shown in the Declarations. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
  - (4) This Additional Coverage – Interruption Of Computer Operations does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (3) above has not been exhausted.
  - (5) Coverage for Business Income does not apply when a suspension of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under Paragraphs (1) through (4) of this Additional Coverage.
  - (6) Coverage for Extra Expense does not apply when action is taken to avoid or minimize a suspension of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under Paragraphs (1) through (4) of this Additional Coverage.
  - (7) This Additional Coverage does not apply when loss or damage to "electronic data" involves only "electronic data" which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.
- r. **Limited Coverage For "Fungi", Wet Rot Or Dry Rot**
- (1) The coverage described in Paragraphs r.(2) and r.(6) only applies when the "fungi", wet rot or dry rot is the result of a "specified cause of loss" other than fire or lightning that occurs during the policy period and only if all reasonable means were used to save and preserve the property from

further damage at the time of and after that occurrence.

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

- (2) We will pay for loss or damage by "fungi", wet rot or dry rot. As used in this Limited Coverage, the term loss or damage means:
  - (a) Direct physical loss or damage to Covered Property caused by "fungi", wet rot or dry rot, including the cost of removal of the "fungi", wet rot or dry rot;
  - (b) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungi", wet rot or dry rot; and
  - (c) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungi", wet rot or dry rot is present.
- (3) The coverage described under this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungi", wet rot or dry rot, we will not pay more than the total of \$15,000 even if the "fungi", wet rot or dry rot continues to be present or active, or recurs, in a later policy period.
- (4) The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungi", wet rot or dry rot, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by

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

- (5) The terms of this Limited Coverage do not increase or reduce the coverage provided under the Water Damage, Other Liquids, Powder Or Molten Material Damage or Collapse Additional Coverages.
- (6) The following applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the suspension of "operations" satisfies all the terms and conditions of the applicable Business Income and/or Extra Expense Additional Coverage:
  - (a) If the loss which resulted in "fungi", wet rot or dry rot does not in itself necessitate a suspension of "operations", but such suspension is necessary due to loss or damage to property caused by "fungi", wet rot or dry rot, then our payment under the Business Income and/or Extra Expense Additional Coverages is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
  - (b) If a covered suspension of "operations" was caused by loss or damage other than "fungi", wet rot or dry rot, but remediation of "fungi", wet rot or dry rot prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

## 6. Coverage Extensions

In addition to the Limits of Insurance of Section I – Property, you may extend the

insurance provided by this policy as provided below.

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

**a. Newly Acquired Or Constructed Property**

**(1) Buildings**

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

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

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

**(2) Business Personal Property**

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

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

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

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

**(3) Period Of Coverage**

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed

Property, coverage will end when any of the following first occurs:

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

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

**b. Personal Property Off-premises**

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

**c. Outdoor Property**

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

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

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

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, ex-

cept in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

**d. Personal Effects**

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

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

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

**e. Valuable Papers And Records**

(1) You may extend the insurance that applies to Business Personal Property to apply to direct physical loss or damage to "valuable papers and records" that you own, or that are in your care, custody or control, caused by or resulting from a Covered Cause of Loss. This Coverage Extension includes the cost to research, replace or restore the lost information on "valuable papers and records" for which duplicates do not exist.

(2) This Coverage Extension does not apply to:

- (a) Property held as samples or for delivery after sale; and
- (b) Property in storage away from the premises shown in the Declarations.

(3) The most we will pay under this Coverage Extension for loss or damage to "valuable papers and records" in any one occurrence at the described premises is \$10,000, unless a higher Limit Of Insurance for "valuable papers and records" is shown in the Declarations.

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

(4) Loss or damage to "valuable papers and records" will be valued at the cost of restoration or replacement of the lost or damaged information. To the extent that the contents of the "valuable papers and records" are not restored, the "valuable

papers and records" will be valued at the cost of replacement with blank materials of substantially identical type.

(5) Paragraph B. Exclusions in Section I – Property does not apply to this Coverage Extension except for:

- (a) Paragraph B.1.c., Governmental Action;
- (b) Paragraph B.1.d., Nuclear Hazard;
- (c) Paragraph B.1.f., War And Military Action;
- (d) Paragraph B.2.f., Dishonesty;
- (e) Paragraph B.2.g., False Pretense;
- (f) Paragraph B.2.m.(2), Errors Or Omissions; and
- (g) Paragraph B.3.

**f. Accounts Receivable**

(1) You may extend the insurance that applies to Business Personal Property to apply to accounts receivable. We will pay:

- (a) All amounts due from your customers that you are unable to collect;
- (b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- (c) Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and
- (d) Other reasonable expenses that you incur to reestablish your records of accounts receivable;

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

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

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

(3) Paragraph B. Exclusions in Section I – Property does not apply to this Coverage Extension except for:

- (a) Paragraph **B.1.c.**, Governmental Action;
  - (b) Paragraph **B.1.d.**, Nuclear Hazard;
  - (c) Paragraph **B.1.f.**, War And Military Action;
  - (d) Paragraph **B.2.f.**, Dishonesty;
  - (e) Paragraph **B.2.g.**, False Pretense;
  - (f) Paragraph **B.3.**; and
  - (g) Paragraph **B.6.**, Accounts Receivable Exclusion.
- g. Business Personal Property Temporarily In Portable Storage Units**
- (1) You may extend the insurance that applies to Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the buildings or structures described in the Declarations or within 100 feet of the described premises, whichever distance is greater.
  - (2) The limitation under Paragraph **A.4.a.(5)** also applies to property in a portable storage unit.
  - (3) Coverage under this Extension:
    - (a) Will end 90 days after the Business Personal Property has been placed in the storage unit;
    - (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the Business Personal Property has been stored there for 90 or fewer days as of the time of loss or damage.
  - (4) Under this Extension, the most we will pay for the total of all loss or damage to Business Personal Property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units.
  - (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form, and does not apply to loss or damage to the storage unit itself.

**B. Exclusions**

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

**a. Ordinance Or Law**

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

**b. Earth Movement**

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

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

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

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

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

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

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

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

**c. Governmental Action**

Seizure or destruction of property by order of governmental authority.

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

**d. Nuclear Hazard**

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

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

**e. Utility Services**

The failure of power, communication,

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

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

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

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

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

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

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

**f. War And Military Action**

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

**g. Water**

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a



sewer, drain, sump, sump pump or related equipment;

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

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

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

#### **h. Certain Computer-related Losses**

- (1) The failure, malfunction or inadequacy of:
  - (a) Any of the following, whether belonging to any insured or to others:
    - (i) "Computer" hardware, including microprocessors or other electronic data processing equipment as may be described elsewhere in this policy;
    - (ii) "Computer" application software or other "electronic data" as may be described elsewhere in this policy;
    - (iii) "Computer" operating systems and related software;
    - (iv) "Computer" networks;
    - (v) Microprocessors ("computer" chips) not part

of any "computer" system; or

(vi) Any other computerized or electronic equipment or components; or

(b) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph (a) above;

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

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

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

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

#### **i. "Fungi", Wet Rot Or Dry Rot**

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

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

This exclusion does not apply:

(1) When "fungi", wet rot or dry rot results from fire or lightning; or

(2) To the extent that coverage is provided in the Limited Coverage For "Fungi", Wet Rot Or Dry Rot Additional Coverage, with respect to loss or damage by a cause of loss other than fire or lightning.

#### **j. Virus Or Bacteria**

(1) Any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.

- (2) However, the exclusion in Paragraph (1) does not apply to loss or damage caused by or resulting from "fungi", wet rot or dry rot. Such loss or damage is addressed in Exclusion i.
  - (3) With respect to any loss or damage subject to the exclusion in Paragraph (1), such exclusion supersedes any exclusion relating to "pollutants".
2. We will not pay for loss or damage caused by or resulting from any of the following:

**a. Electrical Apparatus**

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

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

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

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

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

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

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

**b. Consequential Losses**

Delay, loss of use or loss of market.

**c. Smoke, Vapor, Gas**

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

**d. Steam Apparatus**

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

**e. Frozen Plumbing**

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

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

**f. Dishonesty**

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

This exclusion:

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

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

hire.

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

**g. False Pretense**

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

**h. Exposed Property**

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

**i. Collapse**

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

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

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

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

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

**j. Pollution**

We will not pay for loss or damage caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified

causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

**k. Neglect**

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

**l. Other Types Of Loss**

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

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

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

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

**m. Errors Or Omissions**

Errors or omissions in:

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

papers and records".

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

**n. Installation, Testing, Repair**

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

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

**o. Electrical Disturbance**

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

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

**p. Continuous Or Repeated Seepage Or Leakage Of Water**

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

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

**a. Weather Conditions**

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

**b. Acts Or Decisions**

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

**c. Negligent Work**

Faulty, inadequate or defective:

- (1)** Planning, zoning, development, surveying, siting;
- (2)** Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compac-

tion;

- (3)** Materials used in repair, construction, renovation or remodeling; or

- (4)** Maintenance;

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

**4. Additional Exclusion**

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

**Loss Or Damage To Products**

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

**5. Business Income And Extra Expense Exclusions**

**a.** We will not pay for:

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

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

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

- (2)** Any other consequential loss.

**b.** With respect to this exclusion, suspension means:

- (1) The partial slowdown or complete cessation of your business activities; and
- (2) That a part or all of the described premises is rendered untenable, if coverage for Business Income applies.

**6. Accounts Receivable Exclusion**

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

We will not pay for:

- a. Loss or damage caused by or resulting from alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of "money", "securities" or other property.  
This exclusion applies only to the extent of the wrongful giving, taking or withholding.
- b. Loss or damage caused by or resulting from bookkeeping, accounting or billing errors or omissions.
- c. Any loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

**C. Limits Of Insurance**

- 1. The most we will pay for loss or damage in any one occurrence is the applicable Limits Of Insurance of Section I – Property shown in the Declarations.
- 2. The most we will pay for loss of or damage to outdoor signs attached to buildings is \$1,000 per sign in any one occurrence.
- 3. The amounts of insurance applicable to the Coverage Extensions and the following Additional Coverages apply in accordance with the terms of such coverages and are in addition to the Limits of Insurance of Section I – Property:
  - a. Fire Department Service Charge;
  - b. Pollutant Clean-up And Removal;
  - c. Increased Cost Of Construction;
  - d. Business Income From Dependent Properties;
  - e. Electronic Data; and
  - f. Interruption Of Computer Operations.
- 4. **Building Limit – Automatic Increase**
  - a. In accordance with Paragraph **C.4.b.**, the Limit of Insurance for Buildings will automatically increase by 8%, unless a

different percentage of annual increase is shown in the Declarations.

- b. The amount of increase is calculated as follows:

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

- (a) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 7% is .07); or
- (b) .08, if no percentage of annual increase is shown in the Declarations; and

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

**Example**

If:

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

The amount of increase is  
 $\$100,000 \times .08 \times 146 \div 365 = \$3,200.$

**5. Business Personal Property Limit – Seasonal Increase**

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

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

to provide for seasonal variances.

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

during the lesser of:

- (1) The 12 months immediately preceding the date the loss or damage occurs; or
- (2) The period of time you have been in business as of the date the loss or damage occurs.

#### **D. Deductibles**

1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance of Section I – Property.
2. Regardless of the amount of the Deductible, the most we will deduct from any loss or damage under all of the following Optional Coverages in any one occurrence is the Optional Coverage Deductible shown in the Declarations:
  - a. Money and Securities;
  - b. Employee Dishonesty;
  - c. Outdoor Signs; and
  - d. Forgery or Alteration.But this Optional Coverage Deductible will not increase the Deductible shown in the Declarations. This Deductible will be used to satisfy the requirements of the Deductible in the Declarations.
3. No deductible applies to the following Additional Coverages:
  - a. Fire Department Service Charge;
  - b. Business Income;
  - c. Extra Expense;
  - d. Civil Authority; and
  - e. Fire Extinguisher Systems Recharge Expense.

#### **E. Property Loss Conditions**

##### **1. Abandonment**

There can be no abandonment of any property to us.

##### **2. Appraisal**

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

agreed to by any two will be binding. Each party will:

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

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

#### **3. Duties In The Event Of Loss Or Damage**

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

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

investigation or settlement of the claim.

**(9)** Resume all or part of your "operations" as quickly as possible.

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

#### 4. Legal Action Against Us

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

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

#### 5. Loss Payment

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

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

more of the full replacement cost of the property immediately before the loss, we will pay the cost to repair or replace, after application of the deductible and without deduction for depreciation, but not more than the least of the following amounts:

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

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

- (b)** If, at the time of loss, the Limit of Insurance applicable to the lost or damaged property is less than 80% of the full replacement cost of the property immediately before the loss, we will pay the greater of the following amounts, but not more than the Limit of Insurance that applies to the property:
- (i)** The actual cash value of the lost or damaged property; or
- (ii)** A proportion of the cost to repair or replace the lost or damaged property, after application of the deductible and without deduction for depreciation. This proportion will equal the ratio of the applicable Limit of Insurance to 80% of the full replacement cost of the property.

**Example**

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

Amount of recovery

$$\$70,000 \div \$80,000 = .875$$

$$.875 \times \$25,000 = \$21,875$$

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

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

- (e) The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

- (2) If the Actual Cash Value – Buildings option applies, as shown in the Declarations, Paragraph (1) above does not apply to Buildings. Instead, we will determine the value of Buildings at actual cash value.
- (3) The following property at actual cash value:
  - (a) Used or secondhand merchandise held in storage or for sale;
  - (b) Property of others. However, if an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance;
  - (c) Household contents, except personal property in apartments or rooms furnished by you as landlord;
  - (d) Manuscripts; and
  - (e) Works of art, antiques or rare articles, including etchings, pictures, statuary, marble, bronzes, porcelain and bric-a-brac.
- (4) Glass at the cost of replacement with safety glazing material if required by law.
- (5) Tenants' improvements and betterments at:
  - (a) Replacement cost if you make repairs promptly.
  - (b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
    - (i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
    - (ii) Divide the amount determined in (i) above by the number of days from the installation of improvements to the expiration of the lease.



If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (c) Nothing if others pay for repairs or replacement.
- (6) Applicable only to the Optional Coverages:
  - (a) "Money" at its face value; and
  - (b) "Securities" at their value at the close of business on the day the loss is discovered.
- (7) Applicable only to accounts receivable:
  - (a) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage:
    - (i) We will determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
    - (ii) We will adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
  - (b) The following will be deducted from the total amount of accounts receivable, however that amount is established:
    - (i) The amount of the accounts for which there is no loss or damage;
    - (ii) The amount of the accounts that you are able to reestablish or collect;
    - (iii) An amount to allow for probable bad debts that you are normally unable to collect; and
    - (iv) All unearned interest and service charges.
- e. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy

your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, provided you have complied with all of the terms of this policy, and:
  - (1) We have reached agreement with you on the amount of loss; or
  - (2) An appraisal award has been made.
- h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

## 6. Recovered Property

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

## 7. Resumption Of Operations

We will reduce the amount of your:

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

- b. Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

## 8. Vacancy

### a. Description Of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in Paragraphs (a) and (b) below:

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

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

(i) Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or

(ii) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

### b. Vacancy Provisions

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

(1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

(a) Vandalism;

(b) Sprinkler leakage, unless you have protected the system against freezing;

(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

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

## F. Property General Conditions

### 1. Control Of Property

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

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

### 2. Mortgageholders

a. The term "mortgageholder" includes trustee.

b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

d. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

(1) Pays any premium due under this policy at our request if you have failed to do so;

(2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

(3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

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

e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:

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

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

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

**3. No Benefit To Bailee**

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

**4. Policy Period, Coverage Territory**

Under Section I – Property:

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

**G. Optional Coverages**

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

**1. Outdoor Signs**

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

**2. Money And Securities**

- a. We will pay for loss of "money" and "securities" used in your business while at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee (including a temporary or leased employee) having use and custody of the property, at the described premises, or in transit between any of these places, resulting directly from:
  - (1) Theft, meaning any act of stealing;
  - (2) Disappearance; or
  - (3) Destruction.
- b. In addition to the Limitations and Exclusions applicable to Section I – Property, we will not pay for loss:
  - (1) Resulting from accounting or arithmetical errors or omissions;
  - (2) Due to the giving or surrendering of property in any exchange or purchase; or

- (3) Of property contained in any "money"-operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.
  - c. The most we will pay for loss in any one occurrence is:
    - (1) The limit shown in the Declarations for Inside the Premises for "money" and "securities" while:
      - (a) In or on the described premises; or
      - (b) Within a bank or savings institution; and
    - (2) The limit shown in the Declarations for Outside the Premises for "money" and "securities" while anywhere else.
  - d. All loss:
    - (1) Caused by one or more persons; or
    - (2) Involving a single act or series of related acts;
 is considered one occurrence.
  - e. You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.
- 3. Employee Dishonesty**
- a. We will pay for direct loss of or damage to Business Personal Property and "money" and "securities" resulting from dishonest acts committed by any of your employees acting alone or in collusion with other persons (except you or your partner) with the manifest intent to:
    - (1) Cause you to sustain loss or damage; and also
    - (2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
      - (a) Any employee; or
      - (b) Any other person or organization.
  - b. We will not pay for loss or damage:
    - (1) Resulting from any dishonest or criminal act that you or any of your partners or "members" commit whether acting alone or in collusion with other persons.
    - (2) Resulting from any dishonest act committed by any of your employees (except as provided in Paragraph a.), "managers" or directors:
      - (a) Whether acting alone or in collusion with other persons; or
      - (b) While performing services for you or otherwise.
  - (3) The only proof of which as to its existence or amount is:
    - (a) An inventory computation; or
    - (b) A profit and loss computation.
  - (4) Caused by an employee if the employee had also committed theft or any other dishonest act prior to the effective date of this policy and you or any of your partners, "members", "managers", officers, directors or trustees, not in collusion with the employee, learned of that theft or dishonest act prior to the policy period shown in the Declarations.
  - c. The most we will pay for loss or damage in any one occurrence is the Limit Of Insurance for Employee Dishonesty shown in the Declarations.
  - d. All loss or damage:
    - (1) Caused by one or more persons; or
    - (2) Involving a single act or series of acts;
 is considered one occurrence.
  - e. If any loss is covered:
    - (1) Partly by this insurance; and
    - (2) Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;
 the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.
 We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.
  - f. This Optional Coverage is cancelled as to any employee immediately upon discovery by:
    - (1) You; or
    - (2) Any of your partners, "members", "managers", officers or directors not in collusion with the employee;

of any dishonest act committed by that employee before or after being hired by you.

- g.** We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.
- h.** If you (or any predecessor in interest) sustained loss or damage during the policy period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Optional Coverage, provided:

  - (1)** This Optional Coverage became effective at the time of cancellation or termination of the prior insurance; and
  - (2)** The loss or damage would have been covered by this Optional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.
- i.** The insurance under Paragraph **h.** above is part of, not in addition to, the Limit of Insurance applying to this Optional Coverage and is limited to the lesser of the amount recoverable under:

  - (1)** This Optional Coverage as of its effective date; or
  - (2)** The prior insurance had it remained in effect.
- j.** With respect to the Employee Dishonesty Optional Coverage in Paragraph **G.3.**, employee means:

  - (1)** Any natural person:

    - (a)** While in your service or for 30 days after termination of service;
    - (b)** Who you compensate directly by salary, wages or commissions; and
    - (c)** Who you have the right to direct and control while performing services for you;
  - (2)** Any natural person who is furnished temporarily to you:

    - (a)** To substitute for a permanent employee, as defined in Paragraph **(1)** above, who is on leave; or
    - (b)** To meet seasonal or short-term workload conditions;

**(3)** Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph **(2)** above;

**(4)** Any natural person who is a former employee, director, partner, member, manager, representative or trustee retained as a consultant while performing services for you; or

**(5)** Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside any building you occupy in conducting your business.

But employee does not mean:

**(1)** Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or

**(2)** Any "manager", director or trustee except while performing acts coming within the usual duties of an employee.

#### **4. Equipment Breakdown Protection Coverage**

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

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

**(1)** Malfunction including but not limited to adjustment, alignment, calibration, cleaning or modification;

**(2)** Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;

**(3)** Damage to any vacuum tube, gas tube, or brush; or

**(4)** The functioning of any safety or protective device.

**b.** Paragraphs **A.4.a.(1)** and **A.4.a.(2)**, Limitations, do not apply to this Optional Coverage.

- c. With respect to the coverage provided by this Optional Coverage, the following exclusions in Paragraph **B. Exclusions** do not apply:

- (1) Paragraph **B.2.a.**, Electrical Apparatus;
- (2) Paragraph **B.2.d.**, Steam Apparatus; and
- (3) Paragraph **B.2.i.(6)**, Mechanical Breakdown.

- d. With respect to the coverage provided by this Optional Coverage, Paragraph **G.1.c.(5)** of the **Outdoor Signs Optional Coverage** does not apply.

- e. If a dollar deductible is shown in the Declarations for this Optional Coverage, we will first subtract the applicable deductible amount from any loss we would otherwise pay. We will then pay the amount of loss in excess of the applicable deductible up to the applicable limit for this coverage.

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

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

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

- g. With respect to the coverage provided by this Optional Coverage, Paragraph **H. Property Definitions** is amended as follows:

- 1. "Computer" means:
  - a. Programmable electronic equipment that is used to store, retrieve and process data; and

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

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

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

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

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

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

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

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

#### H. Property Definitions

- 1. "Computer" means:

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

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

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

(2) Ends on the earlier of:

- (a) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
  - (b) The date when business is resumed at a new permanent location.
- b. Does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:
- (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
  - (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

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

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

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

  - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

- (1) The cost of filling sinkholes; or
  - (2) Sinking or collapse of land into man-made underground cavities.
- b. Falling objects does not include loss of or damage to:
- (1) Personal property in the open; or
  - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- c. Water damage means:
- (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam; and
  - (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

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

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

- 13. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.
- 14. "Valuable papers and records" means inscribed, printed or written:
  - a. Documents;
  - b. Manuscripts; and
  - c. Records;
 including abstracts, books, deeds, drawings, films, maps or mortgages.  
 But "valuable papers and records" does not mean "money" or "securities".

## SECTION II – LIABILITY

### A. Coverages

#### 1. Business Liability

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

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

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

- b. This insurance applies:
  - (1) To "bodily injury" and "property damage" only if:
    - (a) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";



- (b) The "bodily injury" or "property damage" occurs during the policy period; and
  - (c) Prior to the policy period, no insured listed under Paragraph **C.1. Who Is An Insured** and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known before the policy period.
- (2) To "personal and advertising injury" caused by an offense arising out of your business, but only if the offense was committed in the "coverage territory" during the policy period.
- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph **C.1. Who Is An Insured** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of "bodily injury" or "property damage" after the end of the policy period.
  - d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph **C.1. Who Is An Insured** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
    - (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
    - (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
    - (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.
- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".
  - f. **Coverage Extension – Supplementary Payments**
    - (1) We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:
      - (a) All expenses we incur.
      - (b) Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.
      - (c) The cost of bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.
      - (d) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
      - (e) All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
      - (f) Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.
      - (g) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.
- These payments will not reduce the limit of liability.

- (2) If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:
- (a) The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
  - (b) This insurance applies to such liability assumed by the insured;
  - (c) The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
  - (d) The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
  - (e) The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
  - (f) The indemnitee:
    - (i) Agrees in writing to:
      - i. Cooperate with us in the investigation, settlement or defense of the "suit";
      - ii. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
      - iii. Notify any other insurer whose coverage is available to the indemnitee; and
      - iv. Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
    - (ii) Provides us with written authorization to:
      - i. Obtain records and other information related to the "suit"; and
      - ii. Conduct and control the defense of the indemnitee in such "suit".
- (3) So long as the conditions in Paragraph (2) are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph **B.1.b.(2)** Exclusions in Section II – Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the Limits of Insurance.
- Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:
- (a) We have used up the applicable Limit of Insurance in the payment of judgments or settlements; or
  - (b) The conditions set forth above, or the terms of the agreement described in Paragraph (2)(f) above, are no longer met.
- 2. Medical Expenses**
- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
    - (1) On premises you own or rent;
    - (2) On ways next to premises you own or rent; or
    - (3) Because of your operations;
 provided that:
    - (a) The accident takes place in the "coverage territory" and during the policy period;
    - (b) The expenses are incurred and reported to us within one year of the date of the accident; and
    - (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

- b. We will make these payments regardless of fault. These payments will not exceed the Limits of Insurance of Section II – Liability. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;
- (2) Necessary medical, surgical, X-ray and dental services, including prosthetic devices; and
- (3) Necessary ambulance, hospital, professional nursing and funeral services.

## B. Exclusions

### 1. Applicable To Business Liability Coverage

This insurance does not apply to:

#### a. Expected Or Intended Injury

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

#### b. Contractual Liability

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

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

civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

#### c. Liquor Liability

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

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

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

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

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

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

#### d. Workers' Compensation And Similar Laws

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

#### e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:

- (a) Employment by the insured; or
  - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

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

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

**f. Pollution**

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

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

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

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

loaned to, any insured, other than that additional insured; or

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

(b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

(i) Any insured; or

(ii) Any person or organization for whom you may be legally responsible;

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are

brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

- (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
  - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire"; or
  - (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".
- (2) Any loss, cost or expense arising out of any:
- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
  - (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory

requirement or such claim or "suit" by or on behalf of a governmental authority.

**g. Aircraft, Auto Or Watercraft**

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

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

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
  - (a) Less than 51 feet long; and
  - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of:
  - (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged; or

(b) The operation of any of the following machinery or equipment:

- (i) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (ii) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

**h. Mobile Equipment**

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

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

**i. War**

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

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

**j. Professional Services**

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

- (1) Legal, accounting or advertising services;
- (2) Preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;

- (3) Supervisory, inspection or engineering services;
- (4) Medical, surgical, dental, X-ray or nursing services treatment, advice or instruction;
- (5) Any health or therapeutic service treatment, advice or instruction;
- (6) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;
- (7) Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;
- (8) Body piercing services; and
- (9) Services in the practice of pharmacy.

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

**k. Damage To Property**

"Property damage" to:

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

- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

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

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

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

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

**I. Damage To Your Product**

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

**m. Damage To Your Work**

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

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

**n. Damage To Impaired Property Or Property Not Physically Injured**

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

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

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

**o. Recall Of Products, Work Or Impaired Property**

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

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

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

**p. Personal And Advertising Injury**

"Personal and advertising injury":

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

- (b) Designing or determining content of web sites for others; or
- (c) An Internet search, access, content or service provider.

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

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

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

or metatags, or any other similar tactics to mislead another's potential customers.

**q. Electronic Data**

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

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

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

**r. Criminal Acts**

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

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

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

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or



- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

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

**2. Applicable To Medical Expenses Coverage**

We will not pay expenses for "bodily injury":

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

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

This insurance does not apply:

- a. Under Business Liability Coverage, to "bodily injury" or "property damage":
  - (1) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by the Nuclear Energy Liability Insurance Association,

Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

- (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which:
  - (a) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
  - (b) The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- b. Under Medical Expenses Coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
- c. Under Business Liability Coverage, to "bodily injury" or "property damage" resulting from the "hazardous properties" of the "nuclear material"; if:
  - (1) The "nuclear material":
    - (a) Is at any "nuclear facility" owned by, or operated by or on behalf of, an insured; or
    - (b) Has been discharged or dispersed therefrom;
  - (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
  - (3) The "bodily injury" or "property damage" arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility"; but if such facility is located within the United States of America, its territories or possessions or Canada, this Exclusion (3) applies

only to "property damage" to such "nuclear facility" and any property thereat.

d. As used in this exclusion:

- (1) "By-product material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- (2) "Hazardous properties" include radioactive, toxic or explosive properties;
- (3) "Nuclear facility" means:
  - (a) Any "nuclear reactor";
  - (b) Any equipment or device designed or used for:
    - (i) Separating the isotopes of uranium or plutonium;
    - (ii) Processing or utilizing "spent fuel"; or
    - (iii) Handling, processing or packaging "waste";
  - (c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
  - (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;
- (4) "Nuclear material" means "source material", "special nuclear material" or "by-product material";
- (5) "Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;
- (6) "Property damage" includes all forms of radioactive contamination of property;
- (7) "Source material" has the meaning given it in the Atomic Energy Act of

1954 or in any law amendatory thereof;

- (8) "Special nuclear material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
- (9) "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";
- (10) "Waste" means any waste material:
  - (a) Containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content; and
  - (b) Resulting from the operation by any person or organization of any "nuclear facility" included under Paragraphs (a) and (b) of the definition of "nuclear facility".

#### C. Who Is An Insured

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

2. Each of the following is also an insured:

- a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

(1) "Bodily injury" or "personal and advertising injury":

- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
- (b) To the spouse, child, parent, brother or sister of that co-"employee" as a consequence of Paragraph (a) above;
- (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph (a) or (b); or
- (d) Arising out of his or her providing or failing to provide professional health care services.

(2) "Property damage" to property:

- (a) Owned, occupied or used by;
- (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by;
- you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

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

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

**D. Liability And Medical Expenses Limits Of Insurance**

1. The Limits of Insurance of Section II – Liability shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
- a. Insureds;
- b. Claims made or "suits" brought; or
- c. Persons or organizations making claims or bringing "suits".
2. The most we will pay for the sum of all damages because of all:
- a. "Bodily injury", "property damage" and medical expenses arising out of any one "occurrence"; and
- b. "Personal and advertising injury" sustained by any one person or organization;
- is the Liability and Medical Expenses limit shown in the Declarations. But the most we will pay for all medical expenses because of "bodily injury" sustained by any one person is the Medical Expenses limit shown in the Declarations.
3. The most we will pay under Business Liability Coverage for damages because of "property damage" to a premises while rented to you or in the case of fire while rented to you or temporarily occupied by you with permission of the owner is the applicable Damage To Premises Rented To You limit shown for that premises in the Declarations. For a premises temporarily

occupied by you, the applicable limit will be the highest Damage To Premises Rented To You limit shown in the Declarations.

#### 4. Aggregate Limits

The most we will pay for:

a. All "bodily injury" and "property damage" that is included in the "products-completed operations hazard" is twice the Liability and Medical Expenses limit.

b. All:

(1) "Bodily injury" and "property damage" except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard";

(2) Plus medical expenses;

(3) Plus all "personal and advertising injury" caused by offenses committed;

is twice the Liability and Medical Expenses limit.

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

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

#### E. Liability And Medical Expenses General Conditions

##### 1. Bankruptcy

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

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

a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

(1) How, when and where the "occurrence" or offense took place;

(2) The names and addresses of any injured persons and witnesses; and

(3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

b. If a claim is made or "suit" is brought against any insured, you must:

(1) Immediately record the specifics of the claim or "suit" and the date received; and

(2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

(1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";

(2) Authorize us to obtain records and other information;

(3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and

(4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

#### 3. Legal Action Against Us

No person or organization has a right under this policy:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

b. To sue us on this policy unless all of its terms have been fully complied with.

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

#### 4. Separation Of Insureds

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

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

#### F. Liability And Medical Expenses Definitions

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

- a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
- b. Regarding web sites, only that part of a web site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

2. "Auto" means:

- a. A land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment; or
- b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged.

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

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

4. "Coverage territory" means:

- a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
- b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph a. above; or
- c. All other parts of the world if the injury or damage arises out of:

(1) Goods or products made or sold by you in the territory described in Paragraph a. above;

(2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business; or

(3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication;

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

5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.

7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.

8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:

a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or

b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by:

(1) The repair, replacement, adjustment or removal of "your product" or "your work"; or

(2) Your fulfilling the terms of the contract or agreement.

9. "Insured contract" means:

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

b. A sidetrack agreement;

c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;

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

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

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

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

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

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

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

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

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

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

- (1) Equipment designed primarily for:
  - (a) Snow removal;
  - (b) Road maintenance, but not construction or resurfacing; or

- (c) Street cleaning;
  - (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
  - (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
- However, "mobile equipment" does not include land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance or motor vehicle registration law where they are licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law or motor vehicle registration law are considered "autos".
13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
- a. False arrest, detention or imprisonment;
  - b. Malicious prosecution;
  - c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
  - d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
  - e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
  - f. The use of another's advertising idea in your "advertisement"; or
  - g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".
15. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
16. "Products-completed operations hazard":

- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

- (1) Products that are still in your physical possession; or
- (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
  - (a) When all of the work called for in your contract has been completed.
  - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
  - (c) When that part of the work done at the job site has been put to its intended use by any other person or organization other than another contractor or subcontractor working on the same project.

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

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

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

17. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

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

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

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

- b. Includes:
  - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
  - (2) The providing of or failure to provide warnings or instructions.
- c. Does not include vending machines or other property rented to or located for the use of others but not sold.

**22. "Your work":**

- a. Means:
  - (1) Work or operations performed by you or on your behalf; and
  - (2) Materials, parts or equipment furnished in connection with such work or operations.
- b. Includes:
  - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
  - (2) The providing of or failure to provide warnings or instructions.

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

**A. Cancellation**

- 1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
  - 2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
    - a. Five days before the effective date of cancellation if any one of the following conditions exists at any building that is Covered Property in this policy:
      - (1) The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:
        - (a) Seasonal unoccupancy; or
        - (b) Buildings in the course of construction, renovation or addition.
- Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.



- (2) After damage by a Covered Cause of Loss, permanent repairs to the building:
    - (a) Have not started; and
    - (b) Have not been contracted for; within 30 days of initial payment of loss.
  - (3) The building has:
    - (a) An outstanding order to vacate;
    - (b) An outstanding demolition order; or
    - (c) Been declared unsafe by governmental authority.
  - (4) Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.
  - (5) Failure to:
    - (a) Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
    - (b) Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.
  - b. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
  - c. 30 days before the effective date of cancellation if we cancel for any other reason.
  - 3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
  - 4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
  - 5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
  - 6. If notice is mailed, proof of mailing will be sufficient proof of notice.
- B. Changes**
- This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.
- C. Concealment, Misrepresentation Or Fraud**
- This policy is void in any case of fraud by you as it relates to this policy at any time. It is also void if you or any other insured, at any time, intentionally conceals or misrepresents a material fact concerning:
- 1. This policy;
  - 2. The Covered Property;
  - 3. Your interest in the Covered Property; or
  - 4. A claim under this policy.
- D. Examination Of Your Books And Records**
- We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.
- E. Inspections And Surveys**
- 1. We have the right to:
    - a. Make inspections and surveys at any time;
    - b. Give you reports on the conditions we find; and
    - c. Recommend changes.
  - 2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
    - a. Are safe and healthful; or
    - b. Comply with laws, regulations, codes or standards.
  - 3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

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

**F. Insurance Under Two Or More Coverages**

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

**G. Liberalization**

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

**H. Other Insurance**

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

**I. Premiums**

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

3. With our consent, you may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:
  - a. Paid to us prior to the anniversary date; and
  - b. Determined in accordance with Paragraph 2. above.

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

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

**J. Premium Audit**

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

**K. Transfer Of Rights Of Recovery Against Others To Us**

1. Applicable to Businessowners Property Coverage:

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

- a. Prior to a loss to your Covered Property.
- b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:
  - (1) Someone insured by this insurance;
  - (2) A business firm:
    - (a) Owned or controlled by you; or
    - (b) That owns or controls you; or
  - (3) Your tenant.

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

This will not restrict your insurance.

- 2. Applicable to Businessowners Liability Coverage:

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

#### **L. Transfer Of Your Rights And Duties Under This Policy**

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

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

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

## **MASSACHUSETTS CHANGES**

This endorsement modifies insurance provided under the following:

### BUSINESSOWNERS COVERAGE FORM

**A. Section I – Property** is amended as follows:

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

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

- (1)** Completed additions;
- (2)** Fixtures, including outdoor fixtures;
- (3)** Permanently installed:
  - (a)** Machinery; and
  - (b)** Equipment;
- (4)** Your personal property in apartments, rooms or common areas furnished by you as landlord;
- (5)** "Building personal property";
- (6)** If not covered by other insurance:
  - (a)** Additions under construction, alterations and repairs to the buildings or structures;
  - (b)** Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the buildings or structures.

**2.** Paragraph **E.5.d.(1)(d) Loss Payment** Property Loss Condition is replaced by the following:

- (d)** We will not pay on a replacement cost basis for any loss or damage:
  - (i)** Until the lost or damaged property is actually repaired or replaced:
    - i.** On the described premises; or
    - ii.** At some other location in the Commonwealth of Massachusetts; and
  - (ii)** Unless the repairs or replacement are made within a reasonable time, but no more than 2 years after the loss or damage.

**3.** The following provisions are added to Paragraph **E.5. Loss Payment** Property Loss Condition:

**a.** In spite of any provision of any general or special law:

- (1)** We will not pay for loss or damage to real property caused by any Covered Cause of Loss if the amount of loss is \$5,000 or more unless you first submit to us a certificate of municipal liens from the collector of taxes of the city or town where the property is located.
- (2)** We will pay to the city or town any amount outstanding on the certificate of municipal liens arising from the provisions of Massachusetts General Law Chapters 40, 59, 60, 80, 83 and 164, Sections 58B through 58F.

The payment will not exceed the amount of loss payable under this policy.

We will send you and the mortgageholder proof of our payment to the city or town.

- (3)** The claim of the city or town will have priority over the claim of any mortgageholder, assignee, you or any other interested party, except where otherwise provided by the laws of the United States.
  - (4)** We will not be liable to any city, town, mortgageholder, assignee, you or any other interested party for:
    - (a)** Amounts paid to a city or town; or
    - (b)** Amounts not paid to a city or town based upon a certificate showing that no municipal liens exist.
  - (5)** Paragraphs **(1)**, **(2)**, **(3)**, and **(4)** above will not apply to any owner-occupied one to four-family dwelling if the owner of the dwelling lived there when the claim for loss or damage arose.
- b.** We will not pay any claim for:
- (1)** Loss, damage or destruction of \$1,000 or more to a building or structure; or

- (2) Loss, damage or destruction, of any amount, that causes a building or structure to become:
- (a) Dangerous to life or limb; or
  - (b) Unused, uninhabited or abandoned and open to the weather;
- as provided under Massachusetts General Law, Section 6 of Chapter 143; without giving at least 10 days' written notice before such payment to:
- (a) The Building Commissioner or the appointed Inspector of Buildings; and
  - (b) The Board of Health or the Board of Selectmen of the city or town where the property is located.
- c. If at any time before our payment, the city or town notifies us by certified mail of its intent to begin proceedings designed to perfect a lien under Massachusetts General Law:
- (1) Chapter 143, Section 3A or 9; or
  - (2) Chapter 111, Section 127B;
- we will not pay while the proceedings are pending. The proceedings must be started within 30 days after we receive the notice.
- Any lien perfected under the Massachusetts General Laws referred to in **c.(1)** and **c.(2)** above will extend to the city or town and may be enforced by it against the proceeds of this policy.
- d. We will not be liable to any city, town, mortgageholder, assignee, you or any other interested party for:
- (1) Amounts paid to a city or town; or
  - (2) Amounts not paid to a city or town; under Provisions **2.b.** and **2.c.** above.
4. If loss or damage is caused by fire or lightning, Paragraph **E.8. Vacancy** Property Loss Condition is replaced by the following:
- 8. Vacancy Or Unoccupancy**
- If the building where loss or damage occurs, whether intended for occupancy by owner or tenant, has been vacant or unoccupied for more than:
- a. 60 consecutive days for residential premises of three units or less; or
  - b. 30 consecutive days for all other premises:
- immediately before that loss or damage, we will not pay for the loss or damage.
- A building is vacant when it does not contain enough business property to conduct customary "operations".
5. Paragraph **F.2. Mortgageholders** Property General Condition is replaced by the following:
- 2. Mortgageholders**
- We will pay for covered loss of or damage to real estate to each mortgageholder shown in the Declarations, or in an attached schedule, in the order of precedence, as interests may appear.
6. The following is added to **Paragraph H. Property Definitions**:
- "Building personal property" means personal property owned by you that is used to maintain or service the buildings, structures or premises, including:
- (1) Fire extinguishing equipment;
  - (2) Outdoor furniture;
  - (3) Floor coverings; and
  - (4) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering.
- B. Section II – Liability** is amended as follows:
1. Coverage under **Section II – Liability** is amended as follows:
- The following additional provisions apply to "bodily injury" and "property damage" arising out of the ownership, maintenance, entrustment to others, use, "loading or unloading" of any "mobile equipment" for which insurance is required of you under the Massachusetts Compulsory Liability Security Act:
- a. Except to the extent provided in Paragraph b. below, this policy does not apply either on a primary or excess basis to "bodily injury" or "property damage" for which insurance is afforded (regardless of amount) under any liability coverage (compulsory or optional) of a Massachusetts Motor Vehicle Policy issued to you.

b. If the only liability insurance applicable with respect to "bodily injury" or "property damage" under a Motor Vehicle Policy is under the compulsory coverage, the "bodily injury" or "property damage" liability coverage under this policy shall apply in excess of that insurance, but only with respect to "bodily injury" or "property damage" arising out of the operation or use of the "mobile equipment" other than solely for the purposes of transportation or locomotion.

2. The "leased worker" definition in Paragraph F. **Liability And Medical Expenses Definitions** does not apply.

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

1. The following paragraph is added and supersedes any provisions to the contrary:

a. If this policy provides liability coverage for "bodily injury" or "property damage" arising out of the selling, serving or furnishing of alcoholic beverages and has been in effect for 60 days or more, we may cancel this policy by giving the first Named Insured, and the licensing authority or alcoholic beverage control commission, written notice of cancellation at least 60 days before the effective date of cancellation. The notice requirement does not apply to cancellation due to:

(1) Nonpayment of premium; or

(2) The first Named Insured's loss of license.

b. If this policy has been issued pursuant to contract required by section 64A, 64B or 67 of Mass. Gen. Law Ann., Chapter 138, we may cancel this policy for nonpayment of premium by giving the first Named Insured and local licensing authorities written notice of at least 30 days before the effective date of cancellation.

2. The following paragraph is added and supersedes any provisions to the contrary:

**M. Nonrenewal**

This provision applies to coverage on real property which is used predominantly for residential purposes and consists of not more than four dwelling units, and to coverage on personal property of a person residing in such real property.

1. Ordinarily we will renew this policy automatically and send you the renewal notice. Our notice will explain what you should do if you do not want to continue this policy.

2. We may elect not to renew this policy. We may do so by delivering to you or mailing to you at your last mailing address shown in the Declarations, written notice of nonrenewal, accompanied by the specific reasons for nonrenewal, at least 45 days before the expiration date of this policy. However, if your policy was executed on behalf of us, in whole or in part, by or on behalf of your insurance agent or our insurance broker, we will send such written notice only to the agent or broker. Every insurance agent or broker receiving this notice is required to, within 15 days of its receipt, send a copy to you unless the agent or broker has replaced the insurance.

However, if this policy provides liability coverage for "bodily injury" or "property damage" arising out of the selling, serving or furnishing of alcoholic beverages and if we decided not to renew this policy, we may do so by giving the first Named Insured, and the licensing authority or alcoholic beverage control commission, written notice of our intent not to renew at least 60 days before the expiration of the policy. The notice requirement does not apply to nonrenewal due to:

1. Nonpayment of premium; or

2. The first Named Insured's loss of license.

D. The following is added to **Section I – Property:**

### **STANDARD FIRE POLICY PROVISIONS**

Your policy contains LEGAL ACTION AGAINST US, APPRAISAL and CANCELLATION provisions. Massachusetts law requires that the Suit, Appraisal and Cancellation provisions of the Massachusetts Standard Fire Policy supersede any similar provisions contained in your policy. Therefore, all LEGAL ACTION AGAINST US, APPRAISAL and CANCELLATION provisions, contained in your policy are void. The Suit, Appraisal and Cancellation provisions of the Massachusetts Standard Fire Policy shall apply instead.

In consideration of the Provisions and Stipulations Herein or Added Hereto and of the Premium Specified in the Declarations, this company, for the term of years specified in the Declarations from inception date (At 12:01 A.M. Standard Time) to expiration date (At 12:01 A.M. Standard Time) at location of property involved, to an amount not exceeding the amount(s) specified in the Declarations, does insure the Insured named in the Declarations and legal representatives, to the extent of the actual cash value of the property at the time of loss, but in no event for more than the interest of the insured, against all LOSS BY FIRE, LIGHTNING AND BY REMOVAL FROM PREMISES ENDANGERED BY THE PERILS INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER PROVIDED, to the property described in the Declarations while located or contained as described in this policy or pro rata for five days at each proper place to which any of the property shall necessarily be removed for preservation from the perils insured against in this policy, but not elsewhere.

Assignment of this policy shall not be valid except with the written consent of this Company.

This policy is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated, which are hereby made a part of this policy together with such other provisions, stipulations and agreements as may be added hereto, as provided in this policy.

**Concealment,  
fraud.**

This entire policy shall be void if, whether before or after a loss, the insured has willfully concealed or

misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the insured therein, or in case of any fraud or false swearing by the insured relating thereto.

**Uninsurable  
and excepted  
property.**

This policy shall not cover accounts, bills, currency, deeds, evidences of debt, money or securities; nor, unless specifically named hereon in

writing, bullion or manuscripts.

**Perils not  
included.**

This company shall not be liable for loss by fire or other perils insured against in this policy caused directly

or indirectly, by **(a)** enemy attack by armed forces, including action taken by military, naval or air forces in resisting an actual or an immediately impending enemy attack; **(b)** invasion; **(c)** insurrection; **(d)** rebellion; **(e)** revolution; **(f)** civil war; **(g)** usurped power; **(h)** order of any civil authority except acts of destruction at the time of and for the purpose of preventing the spread of fire, providing that such fire did not originate from any of the perils excluded by this policy; **(i)** neglect of the insured to use all reasonable means to save and preserve the property at and after a loss, or when the property is endangered by fire in neighboring premises; **(j)** nor shall this company be liable for loss by theft.

**Other Insurance.**

Other insurance may be prohibited or the amount of insurance may be limited by endorsement attached

hereto.

**Conditions suspending or restricting insurance.**

Unless otherwise provided in writing added hereto this company shall not be liable for loss occurring (a) while the hazard is increased by any means within the control or know-

ledge of the insured; or (b) while the described premises, whether intended for occupancy by owner or tenant, are vacant or unoccupied beyond a period of sixty consecutive days, for residential premises of three units or less and thirty (30) consecutive days for all other premises, or (c) as a result of explosion or riot, unless fire ensue, and in that event for loss by fire only.

**Other perils of subjects.**

Any other peril to be insured against or subject of insurance to be covered in this policy shall be by

endorsement in writing hereon or added hereto.

**Added provisions.**

The extent of the application of insurance under this policy and of the contribution to be made by this

company in case of loss, and any other provision or agreement not inconsistent with the provisions of this policy, may be provided for in writing added hereto, but no provision may be waived except such as by the terms of this policy is subject to change.

**Waiver provisions.**

No permission affecting this insurance shall exist, or waiver of any provision be valid, unless granted

herein or expressed in writing added hereto. No provision, stipulation or forfeiture shall be held to be waived by any requirement or proceeding on the part of this company relating to appraisal or to any examination provided for herein.

**Cancellation of policy.**

This policy shall be cancelled at any time at the request of the insured, in which case this company shall, upon

demand and surrender of this policy, refund the excess of paid premium above the customary short rates for the expired time. This policy may be cancelled at any time by this company by giving to the insured a five days written notice of cancellation, and to the mortgagee to whom this policy is payable twenty days written notice of cancellation except where the stated reason for cancellation is nonpayment of premium where, in such instance, this policy may be cancelled at any time by this company by giving to the insured a ten days written notice of cancellation, and the mortgagee a twenty days written notice of cancellation, with or without tender of the excess paid premium above the pro rata premium for the expired time, which excess, if not tendered, shall be refunded on demand. Notice of cancellation shall state that said excess premium (if



not tendered) will be refunded on demand and shall state or be accompanied by a statement of the specific reason or reasons for such cancellation. After this policy has been in effect for sixty days, or after sixty days from any anniversary date, no notice of cancellation shall be effective unless it is based on the occurrence, after the effective date of the policy, of one or more of the following: (1) nonpayment of premium; (2) conviction of a crime arising out of acts increasing the hazard insured against; (3) discovery of fraud or material misrepresentation by the insured in obtaining the policy; (4) discovery of willful or reckless acts or omissions by the insured increasing the hazard insured against; (5) physical changes in the property insured which result in the property becoming uninsurable; or (6) a determination by the commissioner that continuation of the policy would violate or place the insurer in violation of the law. Where the stated reason is nonpayment of premium, the insured may continue the coverage and avoid the effect of the cancellation by payment at any time prior to the effective date of cancellation.

**Mortgagee interests and obligations.**

Notwithstanding any other provisions of this policy, if this policy shall be made payable to a mortgagee of the covered real estate, no act or default of any person

other than such mortgagee or his agent or those claiming under him, whether the same occurs before or during the term of this policy, shall render this policy void as to such mortgagee nor affect such mortgagee's right to recover in case of loss on such real estate; provided, that the mortgagee shall on demand pay according to the established scale of rate for any increase of risk not paid for by the insured; and whenever this company shall be liable to a mortgagee for any sum for loss under this policy for which no liability exists as to the mortgagor, or owner, and this company shall elect by itself, or with others, to pay the mortgagee the full amount secured by such mortgage, then the mortgagee shall assign and transfer to the company interested, upon such payment, the said mortgage together with the note and debt thereby secured.

**Pro rata liability.**

This company shall not be liable for a greater proportion of any loss than the amount hereby insured shall

bear to the whole insurance covering the property against the peril involved.

**Requirements in case loss occurs.**

The insured shall give immediate written notice to this company of any loss, protect the property from further damage, forthwith separate the

damaged and undamaged personal property, put it in the best possible order, furnish a complete inventory of the destroyed and damaged property, showing in detail the quantity, description, actual cash value and amount of loss claimed; and the in-

sured shall forthwith render to this company a signed, sworn statement in proof of loss which sets forth to the best knowledge and belief of the insured the following: the time and cause of the loss, the interest of the insured and of all others in the property, the actual cash value of each item thereof and the amount of loss thereto, all encumbrances thereon, all other contracts of insurance, whether valid or not, covering any of said property, any changes in the title, use, occupancy, location, possession or exposures of said property, since the issuing of this policy, by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of loss and whether or not it then stood on leased ground, and shall furnish a copy of all the descriptions and schedules in all policies and detailed estimates for repair of the damage. The insured, as often as may be reasonably required, shall exhibit to any person designated by this company all that remains of any property herein described, and submit to examinations under oath by any person named by this company, and subscribe the same; and as often as may be reasonably required, shall produce for examination all books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by this company or its representative, and shall permit extracts and copies thereof to be made.

**When loss payable.**

In case of any loss or damage, the company, within thirty days after the insured shall have submitted a

statement, as provided in the preceding clause, shall either pay the amount for which it shall be liable, which amount if not agreed upon shall be ascertained by award of referees as hereinafter provided, or replace the property with other of the same kind and goodness, or it may, within fifteen days after such statement is submitted, notify the insured of its intention to rebuild or repair the premises, or any portion thereof separately covered by this policy, and shall thereupon enter upon said premises and proceed to rebuild or repair the same with reasonable expedition. It is moreover understood that there can be no abandonment of the property described to the company, and that the company shall not in any case be liable for more than the sum insured, with interest thereon from the time when the loss shall become payable, as above provided. The company shall be liable for the payment of interest to the insured at a rate of one percent over the prime interest rate on the agreed figure commencing thirty days after the date an executed proof of loss for such figure is received by the company, said interest to continue so long as the claim remains unpaid.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## MASSACHUSETTS CHANGES – LEAD POISONING ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

### SCHEDULE

Premises:

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The following provisions apply to the coverage provided under **Section II - Liability**:

**A.** With respect to the premises listed in the Schedule or Declarations of this policy, for each "unit" on such premises for which you have either a "Letter of Interim Control" or a "Letter of Compliance", we will provide coverage under Paragraph **A.1. Business Liability** for liability arising out of an "occurrence" of lead poisoning, as described below.

This insurance applies to "bodily injury" which occurs during the policy period and arises out of lead poisoning from lead in a covered "unit", for which one of the following applies:

1. A "Letter of Interim Control" or a "Letter of Compliance" is in effect at the time the "bodily injury" occurs;
2. The "bodily injury" occurs within 14 days after you, or your managing agent, have been notified by an authorized lead inspector that the "unit" on your premises is not in conformance with an already existing emergency lead management plan and the "Letter of Interim Control"; or
3. The "bodily injury" occurs during any extension of the 14 day period described in Paragraph **2.** above, as granted by a lead poisoning control director, local code enforcement agency or board of health, or by judicial order, except "bodily injury" for which you are strictly liable under the Massachusetts Lead Law.

This insurance does not apply to "bodily injury" which is the result of your gross or willful negligence.

Subject to the Liability and Medical Expenses Limit shown in the Declarations of this policy and Paragraph **D.** Liability and Medical Expenses Limits of Insurance, the most we will pay for all "bodily injury" arising out of any one "occurrence" of lead poisoning shall not exceed the Liability and Medical Expenses Limit shown in the Declarations.

For each "unit" for which you obtain a "Letter of Interim Control" or a "Letter of Compliance" during the policy period, you must, as soon as practicable, notify us and provide a copy of the letter. Coverage for that "unit" shall take effect on the date the letter becomes applicable to the newly complying "unit".

- B.** With respect to the premises listed in the Schedule or Declarations of this policy, for each "unit" for which you do not have a "Letter of Interim Control" or a "Letter of Compliance", the insurance under this policy does not apply to "bodily injury" arising out of lead poisoning from lead in such covered "unit" unless, for an additional premium, you purchased such coverage for which, if so purchased, an endorsement is attached to your policy.
- C.** If you are a new owner of a premises covered under this policy, and you bring such premises into conformance with the Massachusetts Lead Law within 90 days from taking title, the coverage described in Paragraph **A.** above applies.

Coverage for this period shall apply to all conforming "units" from the date you took title to the premises or from the inception date of this policy, whichever is later.

D. For the purposes of this endorsement, Paragraph **F. Liability And Medical Expenses Definitions** is amended by the addition of the following:

1. "Letter of Compliance" means a Letter of Lead Abatement Compliance or its equivalent issued by a licensed governmental or private lead inspector in accordance with applicable laws and Department of Public Health regulations on lead poisoning prevention and control. A "Letter of Interim Control" is not a "Letter of Compliance".
2. "Letter of Interim Control" means a letter, other than a "Letter of Compliance", which has been issued by a licensed lead inspector:
  - a. In accordance with the applicable laws and the Department of Public Health

regulations on lead prevention and control; and

b. In connection with an emergency lead management plan which has been established to address an urgent lead paint hazard until a "Letter of Compliance" is obtained.

3. "Unit" means:

a. A room or set of rooms, let to an individual or household for use as living and sleeping quarters, which:

(1) Is located in any building, premises, dwelling, or in the residential portion of such building or premises which includes both commercial and residential accommodations; and

(2) Was constructed prior to 1978; and

b. The common areas used in connection with such room or set of rooms.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.  
MASSACHUSETTS CHANGES – INTENTIONAL LOSS**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

The following exclusion and related provisions are added to Paragraph **B. Exclusions** with respect to loss or damage to Covered Property caused by fire:

**Intentional Loss**

1. We will not pay for loss or damage arising out of any act committed:
  - a. By or at the direction of the insured; and
  - b. With the intent to cause a loss.
2. However, this exclusion does not apply to an innocent coinsured who does not commit or conspire to commit any act that results in loss or damage by fire and the innocent coinsured making a claim:
  - a. Did not cooperate in or contribute to the creation of the loss; and
  - b. Cooperates in any investigation relating to the loss.
3. If we pay a claim pursuant to Paragraph 2. of this endorsement, our payment to the insured is limited to that insured's insurable interest in the property. In no event will we pay more than the Limit of Insurance.

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

## **MASSACHUSETTS TENANT RELOCATION EXPENSE**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS COVERAGE FORM**

This endorsement is required by Massachusetts law.

This policy provides relocation expense benefits as follows:

#### **A. Relocation Expense**

When a rented living quarters in a building covered by this policy is made uninhabitable as a result of a loss by fire, this policy covers **relocation expense** incurred by the tenant or lawful occupant to relocate to other living quarters in the shortest possible time.

#### **B. Definitions**

1. **"Relocation expense"** means documented, reasonable and necessary:

- a. Costs of packing, insuring, storing and carting household goods;
- b. Costs of securing new utility services less refunds from discontinued services at the damaged premises;
- c. Costs of searching for other quarters;
- d. Costs of disconnecting and reconnecting household appliances;
- e. Additional living expenses while searching for or awaiting possession of other quarters or the restoration of existing quarters;

commencing with the date of damage to the covered building and not limited by the expiration date of this policy.

2. **"Relocation expense"** does not mean:

- a. Loss caused by the termination of a lease or other agreement;
- b. Security deposits or other payments made to the landlord or lessor of other quarters;

c. Down payments, legal fees and closing costs incidental to the purchase of other quarters.

3. **"Rented Living Quarters"** means a room, suite of rooms or apartment rented as a single residential unit by one or more persons.

**"Rented Living Quarters"** does not mean one or more rooms occupied by one or more persons as roomers in a hotel, motel, public or private lodging or rooming house where the premises are occupied on a transient basis.

#### **C. Limit Of Liability**

The liability for relocation expense under this policy is limited to not more than \$750 for a rented living quarters.

#### **D. No Deductible**

The deductible provisions of this policy do not apply to the relocation expense benefits.

#### **E. Other Insurance**

1. If at the time of loss, the tenant or lawful occupant has other insurance that covers **relocation expense**, we shall not be liable for any loss under this coverage until the liability of such other insurance has been exhausted.
2. If you have other insurance that covers **relocation expense**, payment under this policy will be prorated with such insurance for the smaller of the incurred **relocation expense** or \$750 all after application of the other insurance of the tenant or lawful occupant.

#### **F. Loss Settlement**

The claims for all persons occupying the rented living quarters will be settled with and payment made to the tenant or lawful occupant renting the quarters from the building owners, or lessor.

All other provisions of this policy remain unchanged.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.  
HIRED AUTO AND NON-OWNED AUTO LIABILITY**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

**SCHEDULE**

Coverage	Additional Premium
<b>A. Hired Auto Liability</b>	\$
<b>B. Non-owned Auto Liability</b>	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

**1A.** Insurance is provided only for those coverages for which a specific premium charge is shown in the Declarations or in the Schedule.

**1. Hired Auto Liability**

The insurance provided under Paragraph **A.1. Business Liability** in **Section II – Liability** applies to "bodily injury" or "property damage" arising out of the maintenance or use of a "hired auto" by you or your "employees" in the course of your business.

**2. Non-owned Auto Liability**

The insurance provided under Paragraph **A.1. Business Liability** in **Section II – Liability** applies to "bodily injury" or "property damage" arising out of the use of any "non-owned auto" in your business by any person.

**B.** For insurance provided by this endorsement only:

**1.** The exclusions under Paragraph **B.1. Applicable To Business Liability Coverage** in **Section II – Liability**, other than Exclusions **a., b., d., f.** and **i.** and the **Nuclear Energy Liability Exclusion**, are deleted and replaced by the following:

**a.** "Bodily injury" to:

**(1)** An "employee" of the insured arising out of and in the course of:

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

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

This exclusion applies:

- (1)** Whether the insured may be liable as an employer or in any other capacity; and
- (2)** To any obligation to share damages with or repay someone else who must pay damages because of injury.

This exclusion does not apply to:

- (1)** Liability assumed by the insured under an "insured contract"; or
- (2)** "Bodily injury" arising out of and in the course of domestic employment by the insured unless benefits for such injury are in whole or in part either payable or required to be provided under any workers' compensation law.



- b. "Property damage" to:
  - (1) Property owned or being transported by, or rented or loaned to the insured; or
  - (2) Property in the care, custody or control of the insured.
- 2. Paragraph **C. Who Is An Insured** in **Section II – Liability** is replaced by the following:
  - 1. Each of the following is an insured under this endorsement to the extent set forth below:
    - a. You;
    - b. Any other person using a "hired auto" with your permission;
    - c. For a "non-owned auto":
      - (1) Any partner or "executive officer" of yours; or
      - (2) Any "employee" of yours; but only while such "non-owned auto" is being used in your business; and
    - d. Any other person or organization, but only for their liability because of acts or omissions of an insured under **a.**, **b.** or **c.** above.
  - 2. None of the following is an insured:
    - a. Any person engaged in the business of his or her employer for "bodily injury" to any co-"employee" of such person injured in the course of employment, or to the spouse, child, parent, brother or sister of that co-"employee" as a consequence of such "bodily injury", or for any obligation to share damages with or repay someone else who must pay damages because of the injury;
    - b. Any partner or "executive officer" for any "auto" owned by such partner or officer or a member of his or her household;
    - c. Any person while employed in or otherwise engaged in duties in connection with an "auto business", other than an "auto business" you operate;
    - d. The owner or lessee (of whom you are a sublessee) of a "hired auto" or the owner of a "non-owned auto" or any agent or "employee" of any such owner or lessee; or
    - e. Any person or organization for the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.
- C. For the purposes of this endorsement only, Paragraph **H. Other Insurance** in **Section III – Common Policy Conditions** is replaced by the following:
 

This insurance is excess over any primary insurance covering the "hired auto" or "non-owned auto".
- D. The following additional definitions apply:
  - 1. "Auto business" means the business or occupation of selling, repairing, servicing, storing or parking "autos".
  - 2. "Hired auto" means any "auto" you lease, hire, rent or borrow. This does not include any "auto" you lease, hire, rent or borrow from any of your "employees", your partners or your "executive officers" or members of their households.
  - 3. "Non-owned auto" means any "auto" you do not own, lease, hire, rent or borrow which is used in connection with your business. This includes "autos" owned by your "employees", your partners or your "executive officers", or members of their households, but only while used in your business or your personal affairs.

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

**LIMITATION OF COVERAGE TO DESIGNATED  
PREMISES, PROJECT OR OPERATION**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

**SCHEDULE**

<b>A. Premises:</b>	
00001/00001	27 GORDON ST FRAMINGHAM MA 01702-7308
00002/00001	29 GORDON ST FRAMINGHAM MA 01702-7309
<b>B. Project Or Operation:</b>	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

**Section II – Liability** is amended as follows:

A. Paragraph **A.1.b.(1)** is replaced by the following:

(1) To "bodily injury" and "property

damage" caused by an "occurrence" that takes place in the "coverage territory" only if:

(a) The "bodily injury" or "property damage":

- (i) Occurs on the premises shown in the Schedule or the grounds and structures appurtenant to those premises; or
- (ii) Arises out of the project or operation shown in the Schedule;
- (b) The "bodily injury" or "property damage" occurs during the policy period; and
- (c) Prior to the policy period, no insured listed under Paragraph **C.1. Who Is An Insured** and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known before the policy period.

B. Paragraph **A.1.b.(2)** is replaced by the following:

- (2) To "personal and advertising injury" caused by an offense committed in the "coverage territory" but only if:
  - (a) The offense arises out of your business:
    - (i) Performed on the premises shown in the Schedule; or
    - (ii) Occurs on the premises shown in the Schedule or the grounds and structures appurtenant to those premises; or
  - (b) The "bodily injury" or "property damage" occurs during the policy period; and
  - (c) Prior to the policy period, no insured listed under Paragraph **C.1. Who Is An Insured** and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property

damage" during or after the policy period will be deemed to have been known before the policy period.

B. Paragraph **A.1.b.(2)** is replaced by the following:

- (2) To "personal and advertising injury" caused by an offense committed in the "coverage territory" but only if:
  - (a) The offense arises out of your business:
    - (i) Performed on the premises shown in the Schedule; or
    - (ii) In connection with the project or operation shown in the Schedule; and
  - (b) The offense was committed during the policy period.

However, with respect to Paragraph **A.1.b.(2)(a)(i)**, if the "personal and advertising injury" is caused by:

- (a) False arrest, detention or imprisonment; or
- (b) The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;

then such offense must arise out of your business performed on the premises shown in the Schedule and the offense must have been committed on the premises shown in the Schedule or the grounds and structures appurtenant to those premises.

C. Paragraph **A.2.a. Medical Expenses** is replaced by the following:

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident that takes place in the "coverage territory" if the "bodily injury":
  - (1) Occurs on the premises shown in the Schedule or the grounds and structures appurtenant to those premises; or
  - (2) Arises out of the project or operation shown in the Schedule;
 provided that:
  - (a) The accident takes place during the policy period;
  - (b) The expenses are incurred and reported to us within one year of the date of the accident; and
  - (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**  
**EMPLOYMENT-RELATED PRACTICES EXCLUSION**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following exclusion is added to Paragraph **B.1. Exclusions – Applicable To Business Liability Coverage** in **Section II – Liability**:

This insurance does not apply to "bodily injury" or "personal and advertising injury" to:

- (1) A person arising out of any:
  - (a) Refusal to employ that person;
  - (b) Termination of that person's employment; or
  - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or

- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" or "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraph **(a)**, **(b)** or **(c)** above is directed.

This exclusion applies:

- (1) Whether the injury-causing event described in Paragraph **(a)**, **(b)** or **(c)** above occurs before employment, during employment or after employment of that person;
- (2) Whether the insured may be liable as an employer or in any other capacity; and
- (3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

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

## **AMENDMENT – LIQUOR LIABILITY EXCLUSION – EXCEPTION FOR SCHEDULED PREMISES OR ACTIVITIES**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

### **SCHEDULE**

<b>Description Of Premises Or Activities:</b>
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

Paragraph **1.c.** under **B. Exclusions** in **Section II – Liability** is replaced by the following:

**c. Liquor Liability**

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

- (1)** Causing or contributing to the intoxication of any person, including causing or contributing to the intoxication of any person because alcoholic beverages were permitted to be brought on your premises, for consumption on your premises;
- (2)** The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3)** Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

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

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

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

This exclusion applies only if you:

- (a)** Manufacture, sell or distribute alcoholic beverages;
- (b)** Serve or furnish alcoholic beverages for a charge whether or not such activity:
  - (i)** Requires a license;
  - (ii)** Is for the purpose of financial gain or livelihood;
- (c)** Serve or furnish alcoholic beverages without a charge, if a license is required for such activity; or
- (d)** Permit any person to bring any alcoholic beverages on your premises, for consumption on your premises.

However, this exclusion does not apply to "bodily injury" or "property damage" arising out of:

- (a)** The selling, serving or furnishing of alcoholic beverages at the specific activity described in the Schedule; or
- (b)** Permitting any person to bring any alcoholic beverages on the premises described in the Schedule, for consumption on the premises described in the Schedule.

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

## **BUSINESS INCOME CHANGES – TIME PERIOD**

This endorsement modifies insurance provided under the following:

### BUSINESSOWNERS COVERAGE FORM

**Section I – Property** is amended as follows:

- A. Paragraph A.5.i. Civil Authority** Additional Coverage is amended by deleting the second and third paragraphs and replacing them with the following:

This coverage will apply for a period of up to four consecutive weeks from the date of that action.

- B. Paragraph (a) under Paragraph A.5.m.(6) Business Income From Dependent Properties** Additional Coverage is replaced by the following:

- (a) Begins immediately after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises of the dependent property or secondary dependent property; and

- C. Paragraph H.9.a.(1)(a)** of the "period of restoration" definition is replaced by the following:

- (a) Immediately after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; or

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**  
**MASSACHUSETTS CHANGES – SUPPLEMENTAL  
COVERAGE FOR LEAD POISONING ENDORSEMENT**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

**SCHEDULE**

<b>Premises:</b>	
<b>Limit Of Liability</b>	<b>\$300,000</b>
<b>Each Occurrence</b>	<b>\$300,000</b>
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

The following provisions apply to the coverage provided under **Section II - Liability**:

**A.** With respect to the premises listed in the Schedule or Declarations of this policy, for each "unit" on such premises for which you do not have either a "Letter of Interim Control" or a "Letter of Compliance", we will provide coverage under Paragraph **A.1. Business Liability** for liability arising out of an "occurrence" of lead poisoning, as described below.

This insurance applies to "bodily injury" which occurs during the policy period and arises out of lead poisoning from lead in a covered "unit" for which one of the following applies:

1. A "Letter of Interim Control" or a "Letter of Compliance" is not in effect at the time the "bodily injury" occurs; or
2. The "bodily injury" occurs more than 14 days after you, or your managing agent, are notified by an authorized lead inspector that a "unit" on your premises is not in conformance with an already existing emergency lead management plan and the "Letter of Interim Control". Such coverage applies only when no extension to that 14 day period is in effect.

This insurance does not apply to "bodily injury" which is the result of your gross or willful negligence.

Subject to the Liability and Medical Expenses Limit shown in the Declarations of this policy and Paragraph **D. Liability And Medical Expenses Limits Of Insurance**, the most we will pay for all "bodily injury" arising out of any one "occurrence" of lead poisoning is the Each Occurrence limit shown in the Schedule above.

**B.** For the purposes of this endorsement, Paragraph **F. Liability And Medical Expenses Definitions** is amended by the addition of the following:

1. "Letter of Compliance" means a Letter of Lead Abatement Compliance or its equivalent issued by a licensed governmental or private lead inspector in accordance with applicable laws and Department of Public Health regulations on lead poisoning prevention and control. A "Letter of Interim Control" is not a "letter of compliance".
2. "Letter of Interim Control" means a letter, other than a "letter of compliance", which has been issued by a licensed lead inspector:
  - a. In accordance with the applicable laws and the Department of Public Health regulations on lead prevention and control; and
  - b. In connection with an emergency lead management plan which has been established to address an urgent lead paint hazard until a "Letter of Compliance" is obtained.
3. "Unit" means:
  - a. A room or set of rooms, let to an individual or household for use as living and sleeping quarters, which:
    - (1) Is located in any building, premises, dwelling, or in the residential portion of such building or premises which includes both commercial and residential accommodations; and
    - (2) Was constructed prior to 1978; and
  - b. The common areas used in connection with such room or set of rooms.

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

## ORDINANCE OR LAW COVERAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

### SCHEDULE

Premises Number	Building Number	Coverage 1 (Check if applies)	Coverage 2 Limit Of Insurance	Coverage 3 Limit Of Insurance	Coverages 2 And 3 Combined Limit Of Insurance*
00001	00001	<input checked="" type="checkbox"/>	\$	\$	\$ 250,000
00002	00001	<input checked="" type="checkbox"/>	\$	\$	\$ 250,000
		<input type="checkbox"/>	\$	\$	\$
<b>Business Income And Extra Expense Optional Coverage</b> (Enter Yes or No): YES					
<b>Number Of Hours' Waiting Period For Period Of Restoration Applicable To Business Income And Extra Expense Optional Coverage:</b> 0					
*Do not enter a Combined Limit of Insurance if individual Limits of Insurance are selected for Coverages 2 and 3, or if one of these Coverages is not applicable.					
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.					

**Section I – Property** is amended as follows:

**A.** Each Coverage – Coverage 1, Coverage 2 and Coverage 3 – is provided under this endorsement only if that Coverage(s) is chosen by entry in the above Schedule and then only with respect to the building identified for the Coverage(s) in the Schedule.

**B. Application Of Coverage(s)**

The Coverage(s) provided by this endorsement applies only if both **B.1.** and **B.2.** are satisfied and are then subject to the qualifications set forth in **B.3.**

**1.** The ordinance or law:

- a. Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
- b. Is in force at the time of loss.

But coverage under this endorsement applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this endorsement.

**2.** The building sustains direct physical damage:

- a. That is covered under this policy and as a result of such damage, you are required to comply with the ordinance or law; or
- b. That is covered under this policy and direct physical damage that is not covered under this policy, and as a result of the building damage in its entirety, you are required to comply with the ordinance or law.
- c. But if the damage is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this endorsement even if the building has also sustained covered direct physical damage.



3. In the situation described in **B.2.b.** above, we will not pay the full amount of loss otherwise payable under the terms of Coverages **1, 2** and/or **3** of this endorsement. Instead, we will pay a proportion of such loss, meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

(Section **H.** of this endorsement provides an example of this procedure.)

However, if the covered direct physical damage alone would have resulted in a requirement to comply with the ordinance or law, then we will pay the full amount of loss otherwise payable under terms of Coverages **1, 2** and/or **3** of this endorsement.

- C. We will not pay under Coverage **1, 2** or **3** of this endorsement for:

1. Enforcement of or compliance with any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot; or
2. The costs associated with the enforcement of or compliance with any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungi", wet rot or dry rot.

**D. Coverage**

1. **Coverage 1 – Coverage For Loss To The Undamaged Portion Of The Building**

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage **1** for the loss in value of the undamaged portion of the building as a consequence of a requirement to comply with an ordinance or law that requires demolition of undamaged parts of the same building. Coverage **1** is included within the Limit Of Insurance shown in the Declarations as applicable to the covered building. Coverage **1** does not increase the Limit of Insurance.

2. **Coverage 2 – Demolition Cost Coverage**

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of a requirement to comply with an ordinance or law that requires demolition of such undamaged property.

Paragraph **E.5.d. Loss Payment Property Loss Condition** does not apply to **Demolition Cost Coverage**.

3. **Coverage 3 – Increased Cost Of Construction Coverage**

With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

- a. Repair or reconstruct damaged portions of that building; and/or
- b. Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of a requirement to comply with the minimum standards of the ordinance or law.

However:

- a. This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
- b. We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

Paragraph **E.5.d. Loss Payment Property Loss Condition** does not apply to the **Increased Cost Of Construction Coverage**.

## E. Loss Payment

1. All following loss payment Provisions **E.2.** through **E.5.** are subject to the apportionment procedure set forth in Section **B.3.** of this endorsement:

2. When there is a loss in value of an undamaged portion of a building to which Coverage **1** applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

a. If the property is repaired or replaced on the same or another premises, we will not pay more than the lesser of:

(1) The amount you actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or

(2) The Limit Of Insurance shown in the Declarations as applicable to the covered building.

b. If the property is **not** repaired or replaced, we will not pay more than the lesser of:

(1) The actual cash value of the building at the time of loss; or

(2) The Limit Of Insurance shown in the Declarations as applicable to the covered building.

3. Unless Paragraph **E.5.** applies, loss payment under Coverage **2** – Demolition Cost Coverage will be determined as follows:

We will not pay more than the lesser of the following:

a. The amount you actually spend to demolish and clear the site of the described premises; or

b. The applicable Limit Of Insurance shown for Coverage **2** in the Schedule above.

4. Unless Paragraph **E.5.** applies, loss payment under Coverage **3** – Increased Cost Of Construction Coverage will be determined as follows:

a. We will not pay under Coverage **3**:

(1) Until the property is actually repaired or replaced, at the same or another premises; and

(2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage **3** is the lesser of:

(1) The increased cost of construction at the same premises; or

(2) The applicable Limit Of Insurance shown for Coverage **3** in the Schedule above.

c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage **3** is the lesser of:

(1) The increased cost of construction at the new premises; or

(2) The applicable Limit Of Insurance shown for Coverage **3** in the Schedule above.

5. If a Combined Limit Of Insurance is shown for Coverages **2** and **3** in the Schedule above, Paragraphs **E.2.** and **E.3.** of this endorsement do not apply with respect to the building property that is subject to the Combined Limit, and the following loss payment provisions apply instead:

The most we will pay, for the total of all covered losses for Demolition Cost and Increased Cost Of Construction, is the Combined Limit Of Insurance shown for Coverages **2** and **3** in the Schedule above. Subject to this Combined Limit of Insurance, the following loss payment provisions apply:

a. For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.

b. With respect to the Increased Cost Of Construction:

(1) We will not pay for the increased cost of construction:

(a) Until the property is actually repaired or replaced, at the same or another premises; and

(b) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(2) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.

(3) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

F. The terms of this endorsement apply separately to each building to which this endorsement applies.

G. Under this endorsement, we will not pay for loss due to any ordinance or law that:

1. You were required to comply with before the loss, even if the building was undamaged; and

2. You failed to comply with.

H. Example of Proportionate Loss Payment for Ordinance or Law Coverage Losses (procedure as set forth in Section B.3. of this endorsement).

Assume:

Wind is a Covered Cause of Loss. Flood is an excluded Cause of Loss;

The building has a value of \$200,000;

Total direct physical damage to building: \$100,000;

The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value;

Portion of direct physical damage that is covered (caused by wind): \$30,000;

Portion of direct physical damage that is not covered (caused by flood): \$70,000; and

Loss under Ordinance or Law Coverage 3 of this endorsement: \$60,000.

Step 1: Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

\$30,000 divided by \$100,000 = .30

Step 2: Apply that proportion to the Ordinance or Law loss.

$\$60,000 \times .30 = \$18,000$

In this example, the most we will pay under this endorsement for the Coverage 3 loss is \$18,000, subject to the applicable Limit of Insurance and any other applicable provisions.

**NOTE:** The same procedure applies to losses under Coverages 1 and 2 of this endorsement.

I. If shown as applicable in the Schedule of this endorsement, the following applies:

**Business Income And Extra Expense Optional Coverage**

1. If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of suspension of your "operations" caused by or resulting from a requirement to comply with any ordinance or law that:

a. Regulates the construction or repair of any property;

b. Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

c. Is in force at the time of loss.

However, coverage is not extended under this endorsement to include loss caused by or resulting from the enforcement of or compliance with any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

2. Paragraph H.9. Period Of Restoration Definition is replaced by the following:

9. "Period of restoration" means the period of time that:

a. Begins:

(1) 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises, unless a lesser number of hours is shown in the Schedule of this endorsement; or

- (2)** Immediately after the time of the direct physical loss or damage for Extra Expense Coverage caused by or resulting from any Covered Cause of Loss at the described premises; and
- b.** Ends on the earlier of:
  - (1)** The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
  - (2)** The date when business is resumed at a new permanent location.

"Period of restoration" includes any increased period required to repair or reconstruct the property to comply with the minimum standards of any ordinance or law, in force at the time of loss, that regulates the construction or repair, or requires the tearing down of any property.

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

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

## **WATER BACK-UP AND SUMP OVERFLOW**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

### **SCHEDULE**

Premises Number	Covered Property Annual Aggregate Limit Of Insurance	Business Income And Extra Expense Annual Aggregate Limit Of Insurance
Loc. 00001/Bldg. 00001	\$ 100,000	\$ 25,000
Loc. 00002/Bldg. 00001	\$ 100,000	\$ 25,000
	\$	\$

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**A.** We will pay for direct physical loss or damage to Covered Property, covered under Section I – Property, caused by or resulting from:

1. Water or waterborne material which backs up through or overflows or is otherwise discharged from a sewer or drain; or
2. Water or waterborne material which overflows or is otherwise discharged from a sump, sump pump or related equipment, even if the overflow or discharge results from mechanical breakdown of a sump pump or its related equipment.

However, with respect to Paragraph **A.2.**, we will not pay the cost of repairing or replacing a sump pump or its related equipment in the event of mechanical breakdown.

**B.** The coverage described in Paragraph **A.** of this endorsement does not apply to loss or damage resulting from:

1. An insured's failure to keep a sump pump or its related equipment in proper working condition;
2. An insured's failure to perform the routine maintenance or repair necessary to keep a sewer or drain free from obstructions; or
3. Sump pump failure which is caused by or results from failure of power, unless this policy is endorsed to cover power failure affecting the described premises.

**C.** The most we will pay for the coverage provided under this endorsement for all direct physical loss or damage to Covered Property is the Covered Property Annual Aggregate Limit of Insurance. That limit is \$5,000 per location, unless a different Covered Property Annual Aggregate Limit Of Insurance is indicated in the Schedule of this endorsement.

The applicable Covered Property Annual Aggregate Limit Of Insurance is the most we will pay under this endorsement for the total of all direct physical loss or damage sustained in any one policy year, regardless of the number of occurrences that cause or result in loss or damage to Covered Property. If loss payment for the first such occurrence does not exhaust the applicable Limit of Insurance, then the balance of that limit 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.

D. The following provisions apply to **Section I – Property** and supersede any provisions to the contrary:

The most we will pay under:

1. Paragraph **A.5.f.** Business Income Additional Coverage for all loss of Business Income you sustain due to the necessary suspension of your "operations" caused by direct physical loss or damage to Covered Property as described in Paragraph **A.** of this endorsement; and
2. Paragraph **A.5.g.** Extra Expense Additional Coverage for all necessary Extra Expense you incur and that you would not have incurred if there had been no direct physical loss or damage to Covered Property as described in Paragraph **A.** of this endorsement;

is the Business Income And Extra Expense Annual Aggregate Limit of Insurance. That limit is \$5,000 per location, unless a different Business Income And Extra Expense Annual Aggregate Limit Of Insurance is shown in the Schedule.

The applicable Business Income And Extra Expense Annual Aggregate Limit of Insurance is the most we will pay under this endorsement for the total of all loss of Business Income you sustain and Extra Expense you incur in any one policy year, regardless of the number of occurrences that cause or result in loss or damage to Covered Property as described in Paragraph **A.** of this endorsement. If loss payment during an earlier "period of restoration" in the policy year does not exhaust the applicable Limit of Insurance, then the balance of that limit is available for loss of Business Income you sustain or Extra Expense you incur during a subsequent "period of restoration" beginning in, but not after, that policy year. With respect to a "period of restoration" which begins in one policy year and continues in a subsequent policy year(s), all loss of Business Income you sustain or Extra Expense you incur is deemed to be sustained or incurred in the policy year in which the "period of restoration" began.

E. With respect to the coverage provided under this endorsement, the **Water** Exclusion in **Section I – Property** is replaced by the following:

**Water**

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

This exclusion applies regardless of whether any of the above, in Paragraphs **1.** through **4.**, is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs **1.** through **4.**, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

F. For the purposes of this endorsement, the term drain includes a roof drain and related fixtures.

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

## UTILITY SERVICES – DIRECT DAMAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

### SCHEDULE

Premises Number	Building Number	Utility Services Limit Of Insurance	Water Supply Property ("X" If Applies)	Communication Supply Property	Power Supply Property
				Overhead Transmission Lines Enter Either "Included" Or "Not Included" (If Applicable)	
00001	00001	\$ 10,000	X	Included	Included
<b>Covered Property:</b> Building					
		\$			
<b>Covered Property:</b>					
		\$			
<b>Covered Property:</b>					
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.					

The coverage provided by this endorsement is subject to the provisions of Section I – Property, including Paragraph D. Deductibles, except as provided below.

**A. The following is added to Paragraph A. Coverage:**

We will pay for loss of or damage to Covered Property described in the Schedule, caused by the interruption of service to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph C. of this endorsement if such property is indicated by an "X" in the Schedule.

**B. Exception**

Coverage under this endorsement for loss or damage to Covered Property does not apply to loss or damage to "electronic data", including destruction or corruption of "electronic data".

**C. Utility Services**

1. Water Supply Property, meaning the following types of property supplying water to the described premises:
  - a. Pumping stations; and
  - b. Water mains.

2. Communication Supply Property, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:
  - a. Communication transmission lines, including optic fiber transmission lines;
  - b. Coaxial cables; and
  - c. Microwave radio relays except satellites.

It does not include overhead transmission lines unless indicated in the Schedule.

3. Power Supply Property, meaning the following types of property supplying electricity, steam or gas to the described premises:
  - a. Utility generating plants;
  - b. Switching stations;
  - c. Substations;
  - d. Transformers; and
  - e. Transmission lines.

It does not include overhead transmission lines unless indicated in the Schedule.

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

- E. Paragraph **C. Limits Of Insurance** is replaced by the following:

**C. Limits Of Insurance**

If a Utility Services Limit Of Insurance is shown in the Schedule, such limit is part of, not in addition to, the Limit Of Insurance stated in the Declarations as applicable to the Covered Property.

If no Limit of Insurance is shown for Utility Services, coverage under this endorsement is subject to the applicable Limit Of Insurance on the Covered Property as shown in the Declarations. But this Utility Services endorsement does not increase the applicable Limit of Insurance.



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

## UTILITY SERVICES – TIME ELEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

### SCHEDULE

Premises Number	Building Number	Utility Services Limit Of Insurance	Water Supply Property ("X" If Applies)	Waste-water Removal Property	Communication Supply Property	Power Supply Property
					Overhead Transmission Lines Enter Either "Included" Or "Not Included" (If Applicable)	
00001	00001	\$ 10,000	X		Included	Included
00002	00001	\$ 10,000	X		Included	Included
		\$				

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

The coverage provided by this endorsement is subject to the provisions of Section I – Property, except as provided below.

**A. The following is added to Paragraph A. Coverage:**

We will pay for loss of Business Income or Extra Expense at the described premises caused by the interruption of service to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph C. of this endorsement if such property is indicated by an "X" in the Schedule.

**B. Exception**

Coverage under this endorsement does not apply to Business Income loss or Extra Expense related to interruption in utility service which causes loss or damage to "electronic data", including destruction or corruption of "electronic data".

**C. Utility Services**

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

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

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

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

It does not include overhead transmission lines unless indicated in the Schedule.

4. Power Supply Property, meaning the following types of property supplying electricity, steam or gas to the described premises:

- a. Utility generating plants;
- b. Switching stations;

- c. Substations;
- d. Transformers; and
- e. Transmission lines.

It does not include overhead transmission lines unless indicated in the Schedule.

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

E. Paragraph C. **Limits Of Insurance** is replaced by the following:

**C. Limits Of Insurance**

The most we will pay for loss or damage in any one occurrence is the Limit Of Insurance shown in the Schedule as applicable to the Covered Property.

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

## **CALCULATION OF PREMIUM**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following is added:

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

**THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.**

## **DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT**

### **SCHEDULE**

<b>SCHEDULE - PART I</b>
<p><b>Terrorism Premium (Certified Acts)    \$</b></p> <p><b>Additional information, if any, concerning the terrorism premium:</b></p>
<b>SCHEDULE – PART II</b>
<p><b>Federal share of terrorism losses    80 %</b> (Refer to Paragraph <b>B.</b> in this endorsement.)</p>
<p>Information required to complete this Schedule, if not shown above, will be shown in the Declarations.</p>

**A. Disclosure Of Premium**

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

**B. Disclosure Of Federal Participation In Payment Of Terrorism Losses**

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals a percentage (as shown in Part II of the Schedule of this endorsement or in the policy Declarations) of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

**C. Cap On Insurer Participation In Payment Of  
Terrorism Losses**

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**  
**EXCLUSION – SILICA OR SILICA-RELATED DUST**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

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

**B. Exclusions**

This insurance does not apply to:

**SILICA OR SILICA-RELATED DUST**

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

presence of, "silica" or "silica-related dust".

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

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

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

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

## **CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

### BUSINESSOWNERS COVERAGE FORM

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

#### **A. CAP ON CERTIFIED TERRORISM LOSSES**

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

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

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

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

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

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

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS COVERAGE FORM**

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

**A.** The following exclusion is added:

This insurance does not apply to:

**TERRORISM**

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

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

b. Protracted and obvious physical disfigurement; or

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

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

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

**B.** The following definitions are added:

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



2. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:
  - a. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act;
  - b. The act resulted in damage:
    - (1) Within the United States (including its territories and possessions and Puerto Rico); or
    - (2) Outside of the United States in the case of:
      - (a) An air carrier (as defined in Section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs; or
      - (b) The premises of any United States mission; and
  - c. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
3. "Other act of terrorism" means a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not a "certified act of terrorism".
 

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

  - C. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Policy.
  - D. If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

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

## **EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT OF TERRORISM**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS COVERAGE FORM**

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

**A.** The following exclusion is added:

This insurance does not apply to:

**TERRORISM PUNITIVE DAMAGES**

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

**B.** The following definition is added:

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

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

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

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

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

## **COMPUTER FRAUD AND FUNDS TRANSFER FRAUD**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

### **SCHEDULE**

<b>Coverage</b>	<b>Limit Of Insurance</b>
<b>Computer Fraud And Funds Transfer Fraud Coverage</b>	<b>\$ 25,000</b>
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

**Section I – Property** is amended as follows:

**A.** With respect to the coverage provided by this endorsement, Paragraph **A.4. Limitations** is amended as follows:

Subparagraph **a.(4)** does not apply.

**B.** The following is added to Paragraph **A.5. Additional Coverages**:

**Computer Fraud And Funds Transfer Fraud**

**(1)** The Computer Fraud And Funds Transfer Fraud Coverage limit shown in the Schedule of this endorsement is the most we will pay for loss of and damage to "money", "securities" and "other property" following and directly related to the use of any computer to fraudulently cause a transfer of that property from inside the described premises, bank or savings institution:

**(a)** To a person (other than a messenger) outside those premises; or

**(b)** To a place outside those premises.

**(2)** The Computer Fraud And Funds Transfer Fraud Coverage limit shown in the Schedule of this endorsement is the most we will pay for loss of "money" and "securities" resulting directly from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "money" and "securities" from your "transfer account".

**C.** With respect to the coverage provided by this endorsement, Paragraph **B. Exclusions** is amended as follows:

**1.** Paragraph **2.g. False Pretense** does not apply.

**2.** The following exclusion is added:

We will not pay for loss or damages caused by or 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.

**D.** The following exclusion is added to Paragraph **b.** under **G.2. Money And Securities** Optional Coverages:

**(4)** Or damage to "money" and "securities" following and directly related to the use of any computer to fraudulently cause a transfer of that property from inside the described premises, bank or savings institution:

**(a)** To a person (other than a messenger) outside those premises; or

**(b)** To a place outside those premises.

**E.** The following are added to Paragraph **H. Property Definitions**:

**15.** "Employee"

**a.** "Employee" means:

**(1)** Any natural person:

**(a)** While in your service or for 30 days after termination of service;

- (b) Who you compensate directly by salary, wages or commissions; and
  - (c) Who you have the right to direct and control while performing services for you;
- (2) Any natural person who is furnished temporarily to you:
- (a) To substitute for a permanent "employee", as defined in Paragraph (1), 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, excluding, however, any such person while having care and custody of property outside the premises;
- (3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph (2) above;
- (4) Any natural person who is:
- (a) A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any "employee benefit plan(s)" insured under this policy; and
  - (b) Your director or trustee while that person is handling "funds" or "other property" of any "employee benefit plan(s)" insured under this policy;
- (5) Any natural person who is a former "employee", director, partner, "member", "manager", representative or trustee retained as a consultant while performing services for you; or
- (6) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the premises.
- b. "Employee" does not mean:
- (1) Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
  - (2) Any "manager", director or trustee except while performing acts coming within the scope of the usual duties of an "employee".
16. "Fraudulent instruction" means:
- a. An electronic, telegraphic, cable, teletype, telefacsimile or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;
  - b. A written instruction (other than those described in Paragraph A.5.k.) issued by you, which was forged or altered by someone other than you without your knowledge or consent or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent; or
  - c. An electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction initially received by you which purports to have been transmitted by an "employee" but which was in fact fraudulently transmitted by someone else without your or the "employee's" knowledge or consent.
17. "Other property" means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property excluded under this policy.
18. "Transfer account" means an account maintained by you at a financial institution from which you can initiate the transfer, payment or delivery of "money" and "securities":
- a. By means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated directly through an electronic funds transfer system; or
  - b. By means of written instructions (other than those described in Paragraph A.5.k.) establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**  
**FUNGI OR BACTERIA EXCLUSION (LIABILITY)**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

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

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

**t. Fungi Or Bacteria**

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

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

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

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

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

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

## **MASSACHUSETTS – FUNGI, WET ROT OR DRY ROT EXCLUSION AND LIMITATIONS**

This endorsement modifies insurance provided under the following:

### BUSINESSOWNERS COVERAGE FORM

**A. Additional Coverages A.5.r.** is replaced by the following:

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

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

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

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

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

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

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

- (5) The terms of this Limited Coverage do not increase or reduce the coverage provided under the Water Damage, Other Liquids, Powder Or Molten Material Damage or Collapse Additional Coverage.
- (6) The following applies only if Business Income and/or Extra Expense coverage applies to the described premises and only if the suspension of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Additional Coverage:
- (a) If the loss which resulted in "fungi", wet rot or dry rot does not in itself necessitate a suspension of "operations", but such suspension is necessary due to loss or damage to property caused by "fungi", wet rot or dry rot, then our payment under the Business Income and/or Extra Expense Additional Coverages is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- (b) If a covered suspension of "operations" was caused by loss or damage other than "fungi", wet rot or dry rot, but remediation of "fungi", wet rot or dry rot prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.
- B. Exclusion B.1.i. is replaced by the following exclusion:
- i. **"Fungi", Wet Rot Or Dry Rot**  
Presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot. But if "fungi", wet rot or dry rot results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.  
This exclusion does not apply:
- (1) When "fungi", wet rot or dry rot results from fire or lightning; or
- (2) To the extent that coverage is provided in the Limited Coverage For "Fungi", Wet Rot Or Dry Rot Additional Coverage with respect to loss or damage by a cause of loss other than fire or lightning.

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

## **COMMUNICABLE DISEASE EXCLUSION**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

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

### **Communicable Disease**

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the actual or alleged transmission of a communicable disease.

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

- a. Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;
- b. Testing for a communicable disease;
- c. Failure to prevent the spread of the disease; or
- d. Failure to report the disease to authorities.



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

**EXCLUSION – ACCESS OR DISCLOSURE OF  
CONFIDENTIAL OR PERSONAL INFORMATION AND  
DATA-RELATED LIABILITY – WITH LIMITED  
BODILY INJURY EXCEPTION**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

- A.** Exclusion **B.1.q.** of **Section II – Liability** is replaced by the following:

This insurance does not apply to:

- q. Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability**

- (1)** Damages, other than damages because of "personal and advertising injury", arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or
- (2)** Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph **(1)** or **(2)** above.

However, unless Paragraph **(1)** above applies, this exclusion does not apply to damages because of "bodily injury".

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

**B. The following is added to Paragraph B.1.p. Personal And Advertising Injury Exclusion of Section II – Liability:**

This insurance does not apply to:

**p. Personal And Advertising Injury**

"Personal and advertising injury":

Arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal information.

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

## **CYBER INCIDENT EXCLUSION**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

### **Section I – Property is amended as follows:**

#### **A. The following exclusion is added to Paragraph B. Exclusions:**

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

#### **Cyber Incident**

1. Unauthorized access to or use of any computer system (including "electronic data").
2. Malicious code, virus or any other harmful code that is directed at, enacted upon or introduced into any computer system (including "electronic data") and is designed to access, alter, corrupt, damage, delete, destroy, disrupt, encrypt, exploit, use or prevent or restrict access to or the use of any part of any computer system (including "electronic data") or otherwise disrupt its normal functioning or operation.
3. Denial of service attack which disrupts, prevents or restricts access to or use of any computer system, or otherwise disrupts its normal functioning or operation.

#### **B. Exceptions And Limitations**

##### **1. Fire Or Explosion**

If a cyber incident as described in Paragraphs **A.1.** through **A.3.** of this exclusion results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

##### **2. Additional Coverage**

The exclusion in Paragraph **A.** does not apply to the extent that coverage is provided in the:

- a. Additional Coverage – Electronic Data; or
- b. Additional Coverage – Interruption Of Computer Operations.

##### **3. Computer Fraud And Funds Transfer Fraud Endorsement**

The exclusion in Paragraph **A.** does not apply to the Computer Fraud And Funds Transfer Fraud endorsement when attached to your policy.

##### **4. Electronic Commerce Endorsement**

The exclusion in Paragraph **A.** does not apply to the Electronic Commerce (E-Commerce) endorsement when attached to your policy.

##### **5. Information Security Protection Endorsement**

The exclusion in Paragraph **A.** does not apply to the Information Security Protection Endorsement when attached to your policy.

#### **C. Vandalism**

The following is added to Vandalism:

Vandalism does not include a cyber incident as described in Paragraph **A.**

# PROVIDENCE MUTUAL FIRE INSURANCE COMPANY

## Lead Poisoning & Residential Rental Property Disclosure Statement Questions & Answers

### **1. Are Insurers required to cover lead poisoning liability claims resulting from lead in dwelling units, or can they exclude coverage of such claims?**

There is no single answer to this question. An insurer may decline to insure any premises for liability insurance of any kind. But, once such an insurer in the regular (“admitted”) market elects to write liability coverage on any given residential rental premises constructed before 1978, it must cover liability from injury from lead in dwelling units, if that injury arises from any part of the premises that complies with the Lead Law. However, under such insurance, injuries from lead in dwelling units are not covered if they result from an insured owner’s gross or willful negligence.

An insurer in the regular market may exclude coverage of liability for injury from lead in a residential rental dwelling unit if the unit (and associated common area) is not in compliance with the Lead Law. However, if such an insurer intends to apply an exclusion of this kind, it must, at the same time, offer the insured the option of “buying back” the lead coverage it intends to exclude (Lead “buyback” coverage costs extra, subject to review but the Division of Insurance). Also, if a new owner of residential rental property constructed before 1978 – is insured for liability by a regular market carrier, he or she generally will be insured for liability for injury from lead in dwelling units occurring within the 90-day period that he or she comes into compliance with the Lead Law.

The above-noted lead liability insurance rules apply to all policies containing liability insurance that are written on residential rental properties by regular market insurers. The rules also apply to homeowners insurance from the FAIR Plan. The FAIR Plan offers homeowners insurance to property owners unable to find coverage in the regular market. It does not provide commercial liability coverage.

The above-noted rules also apply to rental properties, including those that are owner-occupied. The rules do not permit regular market and FAIR Plan homeowner’s insurance policies on single-family owner-occupied homes to contain lead liability exclusions. A regular market or FAIR Plan homeowners insurance on a single family owner occupied home will cover lead liability claims. However, that policy will not cover claims by persons, including children, who are insured under the same policy for liability claims made against them. Note: Surplus lines carriers (less regulated insurers that are not part of the regular market, and that provide insurance to those who cannot find it elsewhere, generally at higher than regular market prices) are not subject to any of the above requirements regarding lead liability insurance.

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## **2. What is lead poisoning?**

Lead poisoning is an environmental health hazard especially dangerous for children under six years old. It is caused by ingestion or inhalation of lead. In young children, too much lead in the body can cause serious damage to the brain, kidneys, nervous system, and red blood cells. High levels of lead can cause retardation, convulsions, coma and cause learning and behavioral problems.

## **3. How do children become lead poisoned?**

Children most often are exposed to lead through ingestion of lead paint dust and lead paint debris. Such dust and debris may accumulate in window wells, window sills, floors and other surfaces through normal use and wear of lead-painted building components. Chipping or peeling leaded paint, plaster or putty also creates lead dust and debris. Children do not have to chew on lead paint surfaces to become poisoned; In fact, research has shown that the normal hand-to mouth activity of young children, bringing a small amount of fine lead dust into a child's system is responsible for most lead poisoning. Children can also be exposed to lead from other sources, such as leaded soil or water, but these rarely cause lead poisoning by themselves.

## **4. Do I face serious liability if a child becomes poisoned on my property?**

Yes. With respect to damages resulting to a lead poisoned child, a property owner is strictly liability under the Lead Law for his or her failure to comply with the Lead Law.

This means that the property owner does not even have to be aware of the presence of lead paint in his or her property. The potential damages that may be awarded in such cases may depend on the degree of lead poisoning. Court awards can be considerable for severely poisoned children, as they often include costs of lost potential earnings, long-term remedial education and medical care for what can be permanent injuries. A property owner who meets the requirements of the Lead Law is free of strict liability as long as he or she maintains a valid Letter of Compliance or Letter of Interim Control. However, such a property owner must exercise reasonable care to maintain the condition of compliance. He or she can become liability to a lead-poisoned child if he or she breaches that duty of reasonable care - that is, is negligent.

## **5. What does the Lead Law require property owners to do?**

Owners of residential property built before 1978 in which children under six years of age live must have the property inspected for lead paint by a licensed inspector or risk assessor. If there are Lead Law violations, the property owner must have the unit de-leaded for full compliance, or brought under interim control.

# PROVIDENCE MUTUAL FIRE INSURANCE COMPANY

## **6. Can I refuse to rent to a family with a child under six as a way of avoiding my obligation to de-lead?**

No. The Lead Law (**M.G.L. c.111, s. 199A**) prohibits rental discrimination, including refusing to rent to families with children under six, evicting or refusing to renew the lease of families with children under six, because of lead paint. Discrimination is also a violation of the U.S. Fair Housing Act, 42 U.S.C. 3604, and the Massachusetts anti-discrimination statute, **M.G.L. c. 151 B, s.4**. Parents cannot waive the rights of their children to live in lead-safe housing or agree to assume the risks of lead exposure.

## **7. How do I obtain evidence that the property is in compliance with the Lead Law?**

You need either a Letter of Full Compliance or a Letter of Interim Control. A Letter of Full Compliance is a legal letter, signed, and dated by a licensed lead inspector that says either that there are no lead paint hazards in the property, or that the property has been de-leaded. A letter of Interim Control is a legal letter; signed, and dated by a licensed risk assessor that says work necessary to make a home temporarily safe from lead hazards has been done. A letter of Interim Control is good for one year, but can be renewed for one more year.

## **8. How do I get a lead inspection or risk assessment?**

Call the state Department of Public Health Childhood Lead Poisoning Prevention Program (CLPPP) at 1-800-532-9571 for a list of licensed private lead Inspectors and risk assessors. These lists may also be found at **www.mass.gov/dph/clppp** Many of these contractors advertise in the telephone yellow pages as well.

## **9. How can I get my property de-leaded or brought under interim control?**

Based on the findings of a lead inspection or risk assessment, a de-leader licensed but the state Department of Labor's Division of Occupations Safety must do any high-risk removal of lead paint. Moderate - risk lead abatement such as removal and replacement of leaded components and surfaces) such as windows and woodwork), and making small amounts of leaded surfaces intact may be performed by owners who are authorized by CLPPP. The property owner who is not a licensed de-leader can do certain low-risk de-leading and interim control tasks. For a list of licensed de-leaders, call CLPPP at 1-800-532-9571. For information on moderate or low-risk owner/agent de-leading and interim control work, call CLPPP or visit **www.mass.gov/dph/clppp**.

## **10. Is there financial assistance to help owners pay for de-leading?**

Yes. First, there is a state income tax credit of up to \$1,500 per unit for de-leading full compliance. A state income tax credit of up to \$500 per unit is applicable for half the cost of interim control work that also contributes to full compliance. Second, there are grants and no interest or low-interest loans available to eligible property owners through U.S. Department Housing and Urban Development, the Massachusetts Department of Housing and Community Development, MassHousing, local city and town community development,

# PROVIDENCE MUTUAL FIRE INSURANCE COMPANY

rehabilitation and planning departments, as well as private banks. Call CLPPP for more detailed information on finding financial assistance.

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## WHERE TO GET INFORMATION

Massachusetts Department of Public Health  
Childhood Lead Poisoning Prevention Program  
250 Washington Street, 7th Floor  
Boston MA 02108-4619  
1-800-532-9571

Massachusetts Division of Insurance  
One South Station  
Boston, MA 02110-2208  
617-521-7794