

Insurer Participation

Authority Number: B1180D210591

The subscribing insurer listed below provide coverage under this Policy:

Subscribing Insurer(s) Listed by Lloyd's Syndicate Number	Participation Percentage	NAIC Quarterly Listing Number
Syndicate 2987	27.9%	AA-1128987
Syndicate 2988	3.1%	AA-1120179
Syndicate 1225	14.5884%	AA-1127225
Syndicate 1886	14.5886%	AA-1120054
Syndicate 2010	3.9429%	AA-1128010
Syndicate 2015	9.0686%	AA-1120114
Syndicate 4020	9.4629%	AA-1120075
Syndicate 1084	9.4629%	AA-1127084
Syndicate 1414	7.8857%	AA-1127414



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

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

It is further agreed that service of process in such suit may be made upon the person(s) or Firm named in the Declarations for that purpose and that in any suit instituted against any one of them upon this contract Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The person(s) or Firm named in the Declarations are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to give a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

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



LLOYD'S PRIVACY POLICY STATEMENT: UNDERWRITERS AT LLOYD'S, LONDON

In this condition, "you" and "your" refer to the Insured shown on the Declarations, and "we" and "our" refer to the Underwriters providing this insurance policy.

The Certain Underwriters at Lloyd's, London want you to know how we protect the confidentiality of your non-public personal information. We want you to know how and why we use and disclose the information that we have about you. The following describes our policies and practices for securing the privacy of our current and former customers.

A. Information We Collect

1. The non-public personal information that we collect about you includes but is not limited to:
 - a. Information contained in applications or other forms that you submit to us, such as name, address, and social security numbers.
 - b. Information about your transactions with our affiliates or other third parties, such as balances and payment history.
 - c. Information we receive from a consumer reporting agency, such as credit worthiness or credit history.

B. Information We Disclose

1. We disclose the information that we have when it is necessary to provide our products and services. We may also disclose information when the law requires or permits us to do so.

C. Confidentiality and Security

1. Only our employees and others who need the information to service your account have access to your personal information. We have measures in place to secure our paper files and computer systems.

D. Right to Access or Correct Your Personal Information

1. You have the right to request access to or correction of your personal information that is in our possession.

E. Contacting Us

1. If you have any questions about this privacy notice or would like to learn more about how we protect your privacy, please contact the agent or broker who handled this insurance. We can provide a more detailed statement of our privacy practices upon request.

(06/03 LSW1135B)



U.S. TERRORISM RISK INSURANCE ACT OF 2002 AS AMENDED
NOT PURCHASED CLAUSE

This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.

It is hereby noted that the Underwriters have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA") and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in TRIA except to the extent, if any, otherwise provided by this policy.

All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

(LMA5390 January 09, 2020)

BROKER CONTACT AND COMPLAINT HANDLING

If you have questions, concerns, or complaints about this policy, the producer, or service provider, we encourage you to contact the Correspondent for this Policy at the information provided below.

Poulton Associates, LLC
Attn: Office of the President
3785 South 700 East,
Salt Lake City, UT 84106

Telephone (801) 316-4228

Email: Complaints@Poulton.com

Alternatively, if you wish to contact us directly you can either write or telephone:

The Complaints Department
Brit Syndicates Limited
The Leadenhall Building
122 Leadenhall Street
London, EC3V 4AB

Telephone: +44 020 3857 0000

Email: BGS.Complaints@britinsurance.com

In the unlikely event that you remain dissatisfied and wish to make a complaint, you can do so at any time by referring the matter to us at the above stated address or to the Complaints Team at Lloyd's at the following address:

Lloyd's Complaints Department
c/o Lloyd's America Inc.
280 Park Avenue
East Tower, 25th Floor
New York, NY 10017

Telephone: (844) 849-7828

Email: complaints@lloyds.com

Details of Lloyd's complaints procedure are available at <https://www.lloyds.com/resources-and-services/make-a-complaint/policyholder-complaint> and are also available at the above address.

Should you remain dissatisfied after Lloyd's has considered your complaint, you should, in the first instance, seek advice from your broker as to whom you should direct your complaint.

COMMUNICABLE DISEASE ENDORSEMENT

(For use on property policies)

- A. This policy, subject to all applicable terms, conditions and exclusions, covers losses attributable to direct physical loss or physical damage occurring during the period of insurance. Consequently and notwithstanding any other provision of this policy to the contrary, this policy does not insure any loss, damage, claim, cost, expense or other sum, directly or indirectly arising out of, attributable to, or occurring concurrently or in any sequence with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease.
- B. For the purposes of this endorsement, loss, damage, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:
1. for a Communicable Disease, or
 2. any property insured hereunder that is affected by such Communicable Disease.
- C. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and
 2. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
 3. the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property insured hereunder.
- D. This endorsement applies to all coverage extensions, additional coverages, exceptions to any exclusion and other coverage grant(s).

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

(LMA5393 25 March 2020)

PROPERTY CYBER AND DATA EXCLUSION

- A. Notwithstanding any provision to the contrary within this Policy or any endorsement thereto this Policy excludes any:
1. Cyber Loss;
 2. loss, damage, liability, claim, cost, expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any Data, including any amount pertaining to the value of such Data;
- regardless of any other cause or event contributing concurrently or in any other sequence thereto.
- B. In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.
- C. This endorsement supersedes and, if in conflict with any other wording in the Policy or any endorsement thereto having a bearing on Cyber Loss or Data, replaces that wording.

Definitions

- A. Cyber Loss means any loss, damage, liability, claim, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any Cyber Act or Cyber Incident including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act or Cyber Incident.
- B. Cyber Act means an unauthorized, malicious or criminal act or series of related unauthorized, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any Computer System.
- C. Cyber Incident means:
1. any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any Computer System; or
 2. any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any Computer System.
- D. Computer System means:
1. any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility, owned or operated by the Insured or any other party.
- E. Data means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a Computer System.

(LMA 5401 11 November 2019)



SANCTION LIMITATION AND EXCLUSION CLAUSE

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

(LMA3100 September 15, 2010)

MINIMUM EARNED PREMIUM CLAUSE

In the event of cancellation of this Policy by the insured, a minimum premium of 25% as of inception shall become earned; any conditions of the Policy to the contrary notwithstanding. Failure of the insured to make timely payment of premium shall be considered a request by the insured for the underwriters to cancel. In the event of such cancellation by the underwriters, for non-payment of premium the minimum premium shall be due and payable, provided, however, such non-payment cancellation shall be rescinded if the insured remits the full premium within 10 days of receiving it. In the event of any other cancellation of the underwriters, the earned premium shall be computed pro-rata and not subject to the minimum premium.

5. **Rental value** means Business Income that consists of:
 - a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by the Insured, including fair rental value of any portion of the described premises that is occupied by the Insured; and
 - b. Continuing normal operating expenses incurred in connection with that premises, including:
 - (1) Payroll; and
 - (2) The amount of charges that are the legal obligation of the tenant(s) and that would otherwise be the Insured's obligation.
6. **Suspension** means:
 - a. The slowdown or cessation of your business activities; or
 - b. That a part or all of the described premises is rendered untenable, if coverage for Business Income including Rental Value or Rental Value applies.



F. DEFINITIONS

1. **Finished stock** means **stock** the Insured has manufactured.

Finished stock also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income shown for Business Income in the Declarations.

Finished stock does not include stock the Insured has manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. **Operations** means

- a. The Insured's business activities occurring at the described premises; and
- b. The tenantability of the described premises, if coverage for Business Income including Rental Value or Rental Value applies.

3. **Period of restoration** means the period of time that

- a. Begins
 - (1) 14 days (336 hours) after the time of direct physical loss or damage for Business Income Coverage; or
 - (2) Immediately after the time of direct physical loss or damage for Extra Expense Coverage; and
 - (3) Caused by or resulting from a Covered Peril described in the Declarations at the described **building**; and
 - (4) 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.

Period of restoration 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 Assured 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**.

4. **Pollutants** means any solid, liquid gaseous, or thermal irritant or contaminant including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste, including but not limited to:

- a. Any material designated as a "hazardous substance" by the United States Environmental Protection Agency or as a "hazardous material" by the United States Department of Transportation, or defined as a "toxic substance" by the Canadian Environmental Protection Act for the purposes of part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous, or deleterious to persons or the environment under any other Federal, State, Provincial, Municipal, or other law, ordinance, or regulation and;
- b. The presence, existence, or release of anything that endangers or threatens to endanger health, safety, or welfare of persons or the environment.

Waste includes materials to be recycled, reconditioned, or reclaimed.

Example 2 (Adequate Insurance)

- When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this Policy at the described premises would have been \$400,000.
- The Coinsurance percentage is: 50%
- The Limit of Insurance is: \$200,000
- The amount of loss is: \$80,000

The minimum amount of insurance to meet the Insured's Coinsurance requirement is \$200,000 (\$400,000 x 50%). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. Underwriters will pay no more than \$80,000 (amount of loss).

This condition does not apply to Extra Expense coverage.

E. OPTIONAL COVERAGE: MONTHLY LIMIT OF INDEMNITY

If shown as applicable in the Declarations the following Optional Coverage will apply.

1. The Additional Conditional Coinsurance does not apply to this Coverage Form at the described premises to which this Optional coverage applies.
2. The most Underwriters will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the **period of restoration** is:
 - a. The Limit of Insurance, multiplied by
 - b. The fraction shown in the Declarations for this Optional Coverage.

The following example shows how the Monthly Limit of Indemnity is calculated.

- When: The Limit of Insurance is: \$120,000
- The fraction shown in the Coverage Declarations is:
 - The most Underwriters will pay for loss in each period of 30 consecutive days is:
($\$120,000 \times 1/4 = \$30,000$) $1/4$ \$30,000
- If, in this example, the actual amount of loss is:

Days 1-30:	\$40,000
Days 31-60:	\$20,000
Days 61-90:	<u>\$30,000</u>
	\$90,000

Underwriters will pay:	
Days 1-30:	\$30,000
Days 31-60:	\$20,000
Day 61-90	<u>\$30,000</u>
	\$80,000

The remaining \$10,000 is not covered.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

- (a) Prepaid freight—outgoing;
- (b) Returns and allowances;
- (c) Discounts;
- (d) Bad debts;
- (e) Collection expenses;
- (f) Cost of raw **stock** and factory supplies consumed (including transportation charges);
- (g) Cost of merchandise sold (including transportation charges);
- (h) Cost of other supplies consumed (including transportation charges);
- (i) Cost of services purchased from outsiders (not employees) to resell that did not continue under contract;
- (j) Power, heat, and refrigeration expenses that do not continue under contract;
- (k) All payroll expenses or the amount of payroll expense excluded; and
- (l) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion, not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

The following examples show how the adequacy of Coinsurance is calculated.

Example 1 (Underinsurance)

- When: The Net Income and operating expenses for the 12 months following the inception or last previous anniversary date of this Policy at the described premises would have been \$400,000.
- The Coinsurance percentage is: 50%
- The Limit of Insurance is: \$150,000
- The amount of loss is: \$80,000

Step (1): $\$400,000 \times 50\% = \$200,000$ (the minimum amount of insurance to meet Coinsurance requirements);

Step (2): $\$150,000 / \$200,000 = 0.75$

Step (3): $\$80,000 \times 0.75 = \$60,000$

Underwriters will pay no more than \$60,000. The remaining \$20,000 is not covered.

(3) The amount of Extra Expense will be determined based on:

(a) All expenses that exceed the normal operating expenses that would have been incurred by operations during the period of restoration if no direct physical loss had occurred. Underwriters will deduct from the total of such expenses:

1. The salvage value that remains of any property bought for temporary use during the **period of restoration** once **operations** are resumed; and

2. Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions, and provisions as this insurance; and

(b) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

(4) Resumption of Operations

(a) The amount of Business Income loss will be reduced to the extent that the Insured can resume their **operations** in whole or in part by using damaged or undamaged property (including merchandise or **stock**) at the described premises or elsewhere.

(b) The amount of Extra Expense loss will be reduced to the extent that the Insured can return their **operations** to normal and discontinue such Extra Expense.

(c) If the Insured does not resume **operations** or does not return to **operations** as quickly as possible, Underwriters will pay based on the length of time it would have taken to resume **operations** as quickly as possible.

3. COINSURANCE

a. If a Coinsurance percentage is shown in the Declarations, the following condition applies.

Underwriters will not pay the full amount of any Business Income loss if the Limit of Insurance for Business Income is less than:

(1) The Coinsurance percentage shown for Business Income in the Declarations; times

(2) The sum of:

(a) The Net Income (Net Profit or Loss before income taxes), and

(b) Operating expenses, including payroll expenses that would have been earned or incurred (had no loss occurred) by the Insured's **operations** at the described premises for the 12 months following the inception or last previous anniversary date of this Policy (whichever is later).

Instead Underwriters will determine the most they will pay using the following steps:

Step (1) Multiply the Net Income and operating expense for the 12 months following the inception or last previous anniversary date of this Policy by the Coinsurance percentage;

Step (2) Divide the Limit of Insurance for the described premises by the figure determined in; and

Step (3) Multiply the total amount of loss by the figure determined in Step (2).

Underwriters will pay the amount determined in Step (3) or the Limit of Insurance, whichever is less. For the remainder, the Insured will either have to rely on other insurance or bear the loss.

D. CONDITIONS

1. DUTIES IN THE EVENT OF LOSS OR DAMAGE

- a. In the event of loss or damage to property insured likely to give rise to a claim under the Policy the Insured must:
- (1) Notify the police if a law may have been broken.
 - (2) Give immediate written notice thereof to the person(s) or Firm named for that purpose in the Policy, including a description of how, when, and where the loss or damage occurred and a description of the property involved.
 - (3) Take all reasonable steps to protect the property insured from further damage, and keep a record of the expenses necessary to protect the property insured for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, Underwriters will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Peril described in the Declarations.
 - (4) At Underwriter's request, provide complete inventories of the damaged and undamaged property, including quantities, costs, values, and the amount of loss claimed.
 - (5) As often as may be reasonably required, permit Underwriters to inspect the property proving the loss or damage and to examine the Insured's books and records. The Insured shall also permit Underwriters to take samples of damaged and undamaged insured property for inspection, testing, and analysis and permit Underwriters to make copies from their books and records.
 - (6) The Insured shall tender a signed and sworn proof of loss within 60 days after the occurrence of a loss (unless such period be extended by the written agreement of Underwriters) stating the time, place, and cause of loss; the interest of the Insured and all others in the property; and the sound value thereof and the amount of loss or damage thereto.
 - (7) Cooperate with Underwriters in the investigation or settlement of the claim.
- b. Underwriters may examine the Insured under oath at such times as may be reasonably required about any matter relating to this insurance or the claim, including the Insured's books and records. In the event of an examination, the Insured's answers must be signed by the Insured.

2. LOSS DETERMINATION

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

(b) Ends on the earlier of:

1. The date the Insured could restore their **operations**, with reasonable speed, to the condition that would have existed if no direct physical loss or damage occurred; or
2. 60 consecutive days after the date determined in (1)(a) above.

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 Peril in the area where the premises described in the Declarations are located.

Loss of Business Income must be caused by or resulting from direct physical loss of or damage to property insured at the premises described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result directly from a Covered Peril described in the Declarations.

(2) Rental Value

If the necessary **suspension** of the Insured's **operations** produces a **rental value** loss payable under this policy, Underwriters will pay for the actual loss of **rental value** the Insured incurs during the period that:

(a) Begins on the date property insured is actually repaired, rebuilt, or replaced and tenability is restored; and

(b) Ends on the earlier of:

1. the date the Insured could restore tenant occupancy, with reasonable speed, to the level that would generate the **rental value** that would have existed if no direct physical loss or damage occurred; or
2. 60 consecutive days after the date determined in (2)(a) above.

Extended Business Income does not apply to loss of **rental value** incurred as a result of unfavorable business conditions caused by the impact of the Covered Peril described in the Declarations in the area where the premises described in the Declarations are located.

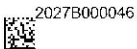
Loss of **rental value** must be caused by or resulting from direct physical loss of or damage to property insured at the premises described in the Declarations and for which a Business Income Including Rental Value Limit of Insurance or Rental Value Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result directly from a Covered Peril described in the Declarations.

B. INSURING AGREEMENT, EXCLUSIONS, CONDITIONS, AND LIMITATIONS

1. See the Commercial Property Coverage Form to which this extension is attached for the Insuring Agreement, Exclusions, Conditions, and Limitations that apply to this Coverage Form.

C. LIMITS OF INSURANCE

1. The most Underwriters will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.
2. Payments under the following coverages will not increase the applicable Limit of Insurance:
 - a. Extra Expense;
 - b. Civil Authority; or
 - c. Extended Business Income.



- b. Extra Expense means necessary expenses the Insured incurs during the **period of restoration** that the Insured would not have incurred if there had been no direct physical loss or damage caused by or resulting directly from an insured peril described in the Declarations.

Underwriters will pay Extra Expense (other than the expense to repair or replace property) to:

- (1) Avoid or minimize the **suspension** of business and to continue **operations** at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.
- (2) Minimize the **suspension** of business if the Insured cannot continue **operations**. Underwriters will also pay Extra Expense to repair or replace insured property but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Additional Coverages

a. Civil Authority

In this Additional Coverage for Civil Authority the described premises are premises to which this Coverage Form applies and are described in the Declarations.

If a Covered Peril described in the Declarations causes damage to property other than property at the described premises, Underwriters will pay for the actual loss of Business Income the Insured sustains caused by the action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (a) 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
- (b) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the insured peril described in the Declarations 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 14 days (336 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 4 consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for 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:

- (a) Four (4) consecutive weeks after the date of that action; or
- (b) When the Insured's Coverage for Business Income ends;

Whichever is later.

b. Extended Business Income

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE

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

The term "Policy" and "Certificate" used within this insurance agreement are interchangeable and have the same meaning and effect.

Words appearing in bold within the text have special meaning and are defined in the Policy.

A. COVERAGE

1. Business Income

Business Income means the:

- a. Net income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continued normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described below for one or more of the following options as stated in the Declarations;

- (1) Business Income including Rental Value
- (2) Business Income other than Rental Value
- (3) Rental Value

If option (1) above is selected, the term Business Income will include **rental value**. If option (3) above is selected, the term Business Income will mean **rental value** only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

Underwriters will pay for the actual loss of Business Income the Insured sustains due to the necessary **suspension** of the Insured's **operations** during the **period of restoration**. The **suspension** must be caused by direct physical loss of or damage to property insured at the premises described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result directly from an insured peril described in the Declarations.

With respect to the requirements set forth in the preceding paragraph, if the Insured occupies only part of the site at which the described premises are located, your premises means:

- (1) The portion of the **building** that you rent or occupy; and
- (2) Any area within the **building** or on the site at which the described premises are located, if that area services or is used to gain access to the described premises.

2. Extra Expense

- a. Extra Expense Coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income Coverage applies at that premises.



(b) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. Underwriters may extend this period in writing during the two years

(2) If the **building** is repaired or replaced at the same premises, or if the Insured elects to rebuild at another premise, the most Underwriters 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 premise, the most Underwriters 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. The Insured was required to comply with before the loss, even if the **building** was undamaged; and
2. The Insured 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
- Loss under Ordinance or Law Coverage C of this endorsement: \$60,000

(Step 1): Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$$\$30,000 / \$100,000 = .30$$

(Step 2): Apply that proportion to the Ordinance or Law loss.

$$\$60,000 \times .30 = \$18,000$$

In this example, the most Underwriters will pay under this endorsement for the Coverage C loss is \$18, 000, subject to the applicable Limit of Insurance and any other applicable provisions.

Note: The same procedure applies to losses under Coverage B of this endorsement.

All other Terms and Conditions of this Policy remain unchanged.

E. Loss Payment

1. All following loss payment Provisions, **E.2.** through **E.4.**, are subject to the apportionment procedures set forth in Section **B.3.** of this endorsement.
2. Unless Paragraph **E.4.** applies, loss payment under Coverage B: Demolition Cost Coverage will be determined as follows, and Underwriters 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 B in the Declarations page of the insurance certificate and, if coverage applies to more than one **building**, in the Schedule of Covered Locations also.
3. Unless Paragraph **E.4.** applies, loss payment under Coverage C: Increased Cost of Construction Coverage will be determined as follows:
 - a. Underwriters will not pay under Coverage C:
 - (1) Until the property is actually repaired or replaced, at the same or another premise; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. Underwriters may extend this period in writing during the two years.
 - b. If the **building** is repaired or replaced at the same premises, or if the Insured elects to rebuild at another premise, the most Underwriters will pay under Coverage C is the lesser of:
 - (1) The increased cost of construction at the same premises; or
 - (2) The applicable Limit of Insurance shown for Coverage C in the Declarations and, if coverage applies to more than one **building**, in the Schedule of Covered Locations also.
 - c. If the ordinance or law requires relocation to another premise, the most Underwriters will pay under Coverage C is the lesser of:
 - (1) The increased cost of construction at the new premises; or
 - (2) The applicable Limit of Insurance shown for Coverage C in the Declarations and, if coverage applies to more than one **building**, in the Schedule of Covered Locations also.
4. If a Combined Limit of Insurance is shown for Coverages B and C in the Declarations and, if coverage applies to more than one **building** in the Schedule of Covered Locations also, Paragraphs **E.2.** and **E.3.** of this endorsement do not apply with respect to the **building** that is subject to the Combined Limit, and the following loss payment provisions apply instead:

The most Underwriters 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 Band C in the Declarations and, if coverage applies to more than one **building**, in the Schedule of Covered Locations also. Subject to this Combined Limit of Insurance, the following loss payment provisions apply:

- a. For Demolition Cost, Underwriters will not pay more than the amount the Insured actually spends to demolish and clear the site of the described premises.
- b. With respect to the Increased Cost of Construction:
 - (1) Underwriters will not pay for the increased cost of construction:
 - (a) Until the property is actually repaired or replaced, at the same or another premise; and

type, nature, or description including but not limited to any substance whose presence poses an actual or potential threat to human health; or

2. The costs associated with the enforcement of or compliance with any ordinance or law that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to or assess the effects of "any kind of seepage or any kind of pollution and/or contamination," mold, mildew, fungus, spores, or other microorganism of any type, nature, or description, including but not limited to any substance's presence that poses an actual or potential threat to human health.

D. Coverage

1. Coverage B: Demolition Cost Coverage

- a. 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.
- b. The Coinsurance Condition does not apply to Demolition Cost Coverage.

2. Coverage C: Increased Cost of Construction Coverage

- a. With respect to the **building** that has sustained covered direct physical damage, Underwriters will pay the increased cost to:
 - (1) Repair or reconstruct damaged portions of that **building**; and/or
 - (2) 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 requirements of the ordinance or law.

However;

- (1) 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.
- (2) We will not pay for the increased cost of construction if the **building** is not repaired, reconstructed, or remodeled.

The Coinsurance Condition does not apply to Increased Cost of Construction Coverage.

- b. When a **building** is damaged or destroyed, and Coverage C applies to that **building** in accordance with **2.a.** above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, though subject to the same conditions stated in **2.a.**:
 - (1) The cost of excavations, grading, backfilling, and filling;
 - (2) Foundation of the **building**;
 - (3) Pilings; and
 - (4) Underground pipes, flues, and drains.
3. The Items listed in **b.(1)** above are deleted from Property Not Covered but only with respect to the coverage described in this Provision, **2.b.**.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINANCE OR LAW COVERAGE

If the Optional Coverage for Ordinance or Law in the Declarations is marked with an "X," then this endorsement modifies the insurance provided under the Commercial Property Coverage Policy.

A. Each Coverage—Coverage B and Coverage C—is provided under this endorsement only if the Optional Coverage for **building** Ordinance or Law in the Declarations is marked with an "X," and where more than one **building** is insured, the **building(s)** is identified for this Coverage in the Schedule of Covered Locations.

B. Application of Coverage(s)

The Coverage(s) provided by this endorsement apply 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. Direct Damage:

- a. The **building** sustains direct physical damage that is covered under this Policy, and as a result of such damage, the Insured is required to comply with the ordinance or law; or
 - b. The **building** sustains both direct physical damage 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, the Insured is required to comply with the ordinance or law.
 - c. But if the **building** sustains direct physical damage that 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 B and/or C 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 enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverages B and/or C of this endorsement.

C. We will not pay under Coverage B or C of this endorsement for:

1. Enforcement of or compliance with any ordinance or law that requires the demolition, repair, replacement, reconstruction, remodeling, or remediation of property due to contamination by "any kind of seepage or any kind of pollution and/or contamination" or due to the presence, growth, proliferation, spread, or any activity of mold, mildew, fungus, spores, or other microorganism of any



COURSE OF CONSTRUCTION ENDORSEMENT

Coverage under this endorsement applies only when the Course of Construction Endorsement is marked affirmatively on the policy declarations and when originally disclosed on the application submitted for underwriting consideration.

A. Covered Property

1. Only the **Building** listed and properly disclosed on the Schedule of Covered Locations of this policy.
2. Materials, supplies, fixtures, and equipment owned by the Insured or to be used in or incidental to the **building** under construction or renovation, and which are located at the Covered Location.

B. Property Not Covered

1. Property not owned by the Insured, Contractor's machinery, Contractor tools, plant and equipment, and all property not intended to become a permanent part of the **building**.
2. Coverage for Contents or Personal Property, Business Interruption and Extra Expense.

All other terms and conditions remain unchanged. Should any discrepancies exist between this endorsement and the main policy form, this endorsement shall be considered inferior.

IX. Endorsements

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MULTIPLE BUILDING DEDUCTIBLE FORM

If multiple locations are shown on the Declarations Schedule of Covered Locations, the Deductibles section of this Policy is amended as follows:

In the event that loss or damage occurs to property insured at more than one **building** at a single location, the applicable deductible for the Covered Property, separately, shall apply to each **building** suffering loss or damage separately in respect of each loss or series of losses arising out of one event, and from the amount of the adjusted loss at each **building** the applicable deductible shall be deducted.

Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations Schedule of Covered Locations.

All other Terms and Conditions of this Policy remain unchanged.



- H. **Mine subsidence** means subsidence of a man-made mine, whether or not mining activity has ceased.
- I. **Sinkhole collapse** means the settlement or systematic weakening of the land supporting the **building(s)**, including the foundations, when such settlement or systematic weakening results from movement or raveling of soils, sediments, or rock materials into subterranean voids created by the effect of water on a limestone or similar rock formation.
- J. **Valuable papers and records** include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems, including those that exist as **electronic data**.

VIII. Definitions

- A. **Building(s)** shall mean the individual **building** or structure described within the Declarations and specifically shown within the Schedule of Covered Locations, including permanently installed fixtures, machinery, and equipment.
- B. **Business personal property** and shown as Contents in the Declarations Schedule of Covered Locations means the following property owned by the Insured whilst located in or on the **building(s)**:
1. Furniture and fixtures not permanently installed;
 2. Machinery and equipment not permanently installed;
 3. **Stock**, meaning merchandise held in storage of for sale, raw materials, and in-process or finished goods, including supplies used in their packing or shipping;
 4. The Insured's interest as a tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations, or additions made a part of the **building(s)** that the Insured occupies but does not own and that the Insured has made at their expense or has acquired but cannot legally remove.
 5. All other personal property that is not property excluded by this Policy and is used in the Insured's business.
- C. **Catastrophic ground collapse** means geological activity that result in an abrupt collapse of ground cover causing a depression in the ground cover clearly visible to the naked eye that causes structural damage to the **building(s)**, including the foundations.
- D. **Earthquake shock** means earth movement including landslide, mudflow, or earth sinking, rising, or shifting, only as a direct and immediate result of **earthquake shock** but shall not include any consequential loss or damage from any other ensuing peril. Each loss by **earthquake shock** shall constitute a single claim hereunder, provided, if more than one **earthquake shock** shall occur within any period of 72 consecutive hours commencing during the Policy Period, such **earthquake shocks** shall be deemed to be a single earthquake within the meaning hereof. Underwriters shall not be liable for any loss caused by any **earthquake shock** occurring before the effective date and time of this Policy, nor for any loss occurring after the expiration date and time of this Policy. The Insured may select the time from which any such period shall commence but no two selected periods may overlap.
- E. **Electronic Data** means facts, concepts, and information converted to a form useable for communications, interpretation, or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programs, software, and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment. **Electronic Data** within this definition does not include **electronic data** within the Insured's **stock** of pre-packaged software.
- F. **Flood** means a general and temporary condition of partial or complete inundation of normally dry land areas from naturally occurring surface water, waves, tsunami, tidal water, overflow of a body of water, mudflow, or spray from any of these whether or not driven by wind arising during any one period of 72 consecutive hours during the Policy Period. Underwriters shall not be liable for any loss caused by any **flood** occurring before the effective date and time of this Policy, nor for any loss occurring after the expiration date and time of this Policy. The Insured may select the time from which any such period shall commence but no two selected periods may overlap.
- G. **Landslide**, except landslide as covered by the **earthquake shock** definition above, means the sudden downward and outward movement of earth and/or rock (land) and earthen debris, including the downward and outward sliding of land; mudflow, except mudflow as covered by the **earthquake shock**; and **flood** definitions above.



T. Waiting Period(s)

1. For the peril of **Earthquake**, where insured by this policy, coverage becomes effective at 12:01 a.m., five (5) days after the policy inception date shown on the Declarations.
2. For the perils of **Flood** and **Landslide**, where insured by this policy, coverage becomes effective at 12:01 a.m., fifteen (15) days after the policy inception date shown on the Declarations.
3. Underwriters hereon shall waive the waiting period for coverage when *one* of the following conditions are met:
 - a. For the peril of **flood**, where coverage is required for and in conjunction with new financing, refinancing, and increasing or extending an existing mortgage for the specific subject of insurance. The waiting period shall only become waived upon successful closing of the transaction where the subject of insurance is secured as collateral. Coverage becomes effective as of the date of the loan closes and funds.
 - b. For the peril of **earthquake, flood, or landslide**, where coverage under this policy is sought to replace an existing and in force policy. As a condition precedent for this waiver to apply, no lapse in cover may exist and continuity between the former policy and this policy must be maintained.

subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations. (LSW 1001 (Insurance))

Q. Subrogation

1. If Underwriters become liable for any payment under this Policy in respect of loss or damage, the Underwriters shall be subrogated to the extent of such payment and to all the rights and remedies of the Insured against any party in respect of such loss or damage and shall be entitled at their own expense to sue in the name of the Insured. The Insured shall give to the Underwriters all possible assistance as Underwriters may require to secure their rights and remedies, and, at Underwriters' request, shall execute all documents necessary to enable Underwriters effectively to bring suit in the name of the Insured, including the execution and delivery of the customary form of loan receipt.

R. Suits Against Underwriters

1. No suit, action, or proceeding for the recovery of any claim under this policy shall be sustainable in any court of law or equity unless:
 - a. The Insured has fully complied with all the requirements of this Policy; and
 - b. The suit, action, or proceeding is commenced within 12 months after the written denial of the claim or any amount claimed to be due hereunder. However, if under the laws of the jurisdiction in which the property is located such limitation is invalid, any action, suit, or proceedings shall be commenced within the shortest limit of time permitted by the laws of such jurisdiction.

S. Valuation

1. It is understood that in the event of loss or damage the valuation of all property insured shall be made as follows:
 - a. The cost of repairing, replacing, or reinstating (whichever is the least) on the same site with material of like kind and quality without deduction for depreciation, except as provided in (b) below;
 - b. **Stock** shall be valued at the selling price, less any costs or expenses not incurred and any discounts that would have been applied had no loss occurred.
2. In respect of manufacturing risks, the valuation for stock in process shall be the actual cash value of the raw materials and the costs incurred in manufacturing the stock in process at the time of loss.
3. The valuation of the property is made subject to the following provisions:
 - a. The repairs, replacement, or reinstatement (all hereinafter referred to as "replacement") must be executed with due diligence and dispatch;
 - b. Until replacement has been effected, the amount of liability under this policy in respect of loss shall be limited to the actual cash value at the time of loss.
4. If replacement with material of like kind and quality is restricted or prohibited by any by-laws, ordinance, or law, any increased cost of replacement due thereto shall not be covered by this policy.
5. The Underwriters' liability for loss under this Policy shall not exceed the smallest of the following amounts:
 - a. The amount of the Policy applicable to the destroyed or damaged property;
 - b. The replacement cost of the property or any part thereof identical with such property and intended for the same occupancy and/or use; or
 - c. The amount actually and necessarily expended in replacing the said property or any part thereof.

- b. Provided also that the mortgagee (or trustee) shall notify us of any change of ownership or occupancy or increase of hazard that shall come to the knowledge of said mortgagee (or trustee); and, unless permitted by this Policy, it shall be noted thereon and the mortgagee (or trustee) shall on demand pay the premium for such increased hazard for the term of the use thereof otherwise this Policy shall be null and void.
- c. Underwriters reserve the right to cancel this Policy at any time as provided by its terms, but in such case notice must be given simultaneously to the mortgagee (or trustee) named herein.
- d. Whenever Underwriters shall pay the mortgagee (or trustee) any sum for loss under this Policy and shall claim that, as to the mortgagor or owner, no liability thereof existed, Underwriters shall, to the extent of such payment, be thereupon legally subrogated to the rights of the party to whom such payment shall be made under all securities held as collateral to the mortgage debt; or may, at its option, pay to the mortgagee (or trustee) the whole principal due or to grow due on the mortgage with interest; and shall thereupon receive a full assignment and transfer of the mortgage and all such other securities but no subrogation shall impair the right of the mortgagee (or trustee) to recover the full amount of said mortgagee's (or trustee's) claim.

L. Other Insurance

1. This Policy does not cover any loss or damage that at the time of the happening of such loss or damage is insured by, or would but for the existence of this Policy, be insured by any other insurance policy or policies either primary or excess.

M. Policy Nonrenewal

1. The term of this Policy Period is stated within the Declarations. Underwriters are under no obligation to send any renewal notice or other notice to the Named Insured, or any mortgagee or loss payee that this Policy Period is coming to an end, except if the Policy is subject to the Federal mandatory purchase requirements for Flood insurance where the following terms and conditions in respect of expiration/non-renewal apply:
 - a. Written notice of non-renewal will be mailed to the Insured and any mortgagee(s) noted in the Policy at the Insured's address and the mortgagee's address as shown in the Declarations by first class mail or other common carrier no less than 45 days prior to the expiration date shown on the Declarations. The mailing of such non-renewal notice shall be sufficient proof of notice and this Policy shall terminate at the date and hour specified in such notice.

N. Representations

1. In subscribing to this Policy, Underwriters have relied on the statements made by the Insured or their Agent in the application, and these statements form the basis of this Policy. If the Insured or their Agent have knowingly provided incorrect, false, or misleading information, this Policy shall become voidable at Underwriter's option and may result in all claims under this Policy being forfeited. If the Policy has been procured by fraud, or if the Insured or their Agent has concealed any material facts relating to the property insured herein, this Policy shall be deemed entirely null and void.

O. Salvage and Recoveries

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

P. Several Liability

1. The subscribing insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The

not pay for any subsequent loss or damage resulting from a cause of loss that is not an insured peril described in the Declarations;

- d. At Underwriter's request, provide complete inventories of the damaged and undamaged property, including quantities, costs, values, and the amount of loss claimed;
 - e. As often as may be reasonably required, permit Underwriters to inspect the property proving the loss or damage and to examine the Insured's books and records. The Insured shall also permit Underwriters to take samples of damaged and undamaged insured property for inspection, testing, and analysis, and permit Underwriters to make copies from their books and records;
 - f. The Insured shall tender a signed and sworn proof of loss within 60 days after the occurrence of a loss (unless such period be extended by the written agreement of Underwriters) stating the time, place and cause of loss, the interest of the Insured and all others in the property, the sound value thereof, and the amount of loss or damage thereto; and
 - g. Cooperate with Underwriters in the investigation or settlement of the claim.
2. Underwriters may examine the Insured under oath at such times as may be reasonably required about any matter relating to this insurance or the claim, including the Insured's books and records. In the event of an examination, the Insured's answers must be signed by the Insured.

H. False or Fraudulent Claims

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

I. Inspection and Audit

1. The Underwriters shall be permitted but not obligated to inspect the Insured's property at any time. Neither the Underwriters' right to make inspections, nor the making thereof nor any report thereon, shall constitute an undertaking on behalf of or for the benefit of the Insured or others to determine or warrant that such property is safe.
2. The Underwriters may examine and audit the Insured's books and records at any time during the Policy Period and extensions thereof and within three (3) years after the final termination of this Policy, as far as they relate to the subject matter of this Policy.

J. Insurance Under Two or More Coverages

1. If two or more of this Policy's coverages apply to the same loss or damage, Underwriters will not pay more than the actual amount of the loss or damage, subject to all terms, conditions, and Limits of Insurance of the Policy.

K. Mortgagee/Loss Payee Clause

1. Whenever a mortgagee is noted on the Declarations of this Policy, the following Mortgagee/Loss Payee Clause shall apply to the **building(s)** only:
 - a. Loss or damage, if any, under this Policy shall be payable to the mortgagee (or trustee) named in the Declarations or named on an endorsement attached hereto, as interest may appear, under all present or future mortgages upon the property herein described in which the aforesaid may have an interest; and this insurance, as to the interest of the mortgagee (or trustee), only therein shall not be invalidated by any act of neglect of the mortgagee or owner of the within described property; by any foreclosure or other proceedings or notice of sale relating to the property; nor the occupation of the **building(s)** for purposes more hazardous than are permitted by this Policy, provided that in case the mortgagor or owner shall neglect to pay any premium due under this Policy, the mortgagee (or trustee) shall, on demand, pay the same.



Example 2 (Under Insurance):

- The value of the property as determined at the time of loss is \$200,000 and subject to an 80% Coinsurance percentage.
- The Limit of Insurance purchased is \$100,000. The deductible is \$250.
- The amount of the loss is \$30,000.
 - Step (1): $\$200,000 \times 80\% = \$160,000$ (minimum limit of insurance to meet Coinsurance %)
 - Step (2): $\$100,000 \div \$160,000 = 0.625$
 - Step (3): $\$30,000 \times 0.625 = \$18,750$
 - Step (4): $\$18,750 - \$250 = \$18,500$

Underwriters will pay no more than \$18,500. The remaining \$11,500 is not covered.

Example 3 (One Limit of Insurance applies for two or more Coverage types):

If one Limit of Insurance applies to two or more separate items, the Coinsurance will apply to the total of all property insured to which the Limit of Insurance applies.

- The value of the property as determined at the time of loss is:
 - Building 1. \$100,000
 - Building 2. \$100,000
 - Personal Property Bldg. 2: \$50,000
 - Total Insurable Values: \$250,000
- Values are subject to 90% Coinsurance.
- The limit of insurance purchased for all locations is \$180,000.
- The Deductible is \$1,000.
- The amount of Building loss at Building 2 is \$40,000 plus Personal Property at Building 2 of \$20,000 for a total loss equaling \$60,000.
 - Step (1): $\$250,000 \times 90\% = \$225,000$ (minimum limit of insurance to meet Coinsurance %)
 - Step (2): $\$180,000 \div \$225,000 = 0.80$
 - Step (3): $\$60,000 \times 0.80 = \$48,000$
 - Step (4): $\$48,000 - \$1,000 = \$47,000$

Underwriters will pay no more than \$47,000. The remaining \$13,000 is not covered.

G. Duties in the Event of Loss or Damage

1. In the event of loss or damage to property insured likely to give rise to a claim under the Policy the Insured must:
 - a. Notify the police if a law may have been broken;
 - b. Give immediate written notice thereof to the person(s) or Firm named for that purpose in the Policy, including a description of how, when, and where the loss or damage occurred and a description of the property involved;
 - c. Take all reasonable steps to protect the property insured from further damage, and keep a record of the expenses necessary to protect the property insured for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, Underwriters will

5. In the event that loss(es) has been incurred under the Policy and the Insured at any time afterwards cancels the Policy, the Underwriters shall retain the premium in the ratio that the premium bears to the total amount of the loss(es) or the customary short rate calculation amount, whichever the greater.
6. If this Policy is cancelled by or on behalf of the Underwriters, the Underwriters shall retain the pro-rata proportion of the premium hereon.
7. Payment or tender of any unearned premium by the Underwriters shall not be a condition precedent to the effectiveness of cancellation, but such payment shall be made as soon as practicable.
8. If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

E. Choice of Law

1. The law under which this Policy will be interpreted and governed by shall be the state in which the insured property described in the Declarations that has suffered loss or damage is located.

F. Coinsurance

1. If a Coinsurance percentage is shown in the Declarations, the following condition applies:
 - a. Underwriters will not pay the full amount of any loss if the total value of all property insured by this Policy at the time of loss multiplied by the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property. Instead Underwriters will determine the most they will pay using the following steps:
 - (1) Multiply the value of all property insured at the time of loss by the Coinsurance percentage;
 - (2) Divide the Limit of Insurance for all property insured by the figure determined in step (1);
 - (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in step (2); and
 - (4) Subtract the deductible from the figure determined in step (3)
 - b. Underwriters will pay the amount determined in step (4) or the Limit of Insurance, whichever is less. For the remainder, the Insured will either have to rely on other insurance or bear the loss.
 - c. The following examples show how the adequacy of Coinsurance is calculated:

Example 1 (Adequate Insurance):

- The value of the property as determined at the time of loss is \$200,000 and subject to an 80% Coinsurance percentage.
- The Limit of Insurance purchased is \$160,000. The deductible is \$250.
- The amount of the loss is \$30,000.

Step (1): $\$200,000 \times 80\% = \$160,000$ (minimum limit of insurance to meet Coinsurance %)

Step (2): $\$160,000 \div \$160,000 = 1.00$

Step (3): $\$30,000 \times 1.00 = \$30,000$

Step (4): $\$30,000 - \$250 = \$29,750$

Underwriters would cover the \$29,750 loss in excess of the Deductible. No penalty applies.



VII. Conditions

A. Abandonment

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

B. Appraisal

1. If Underwriters and the Insured disagree on the values of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed 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.
 - c. If there is an appraisal, Underwriters will still retain the right to deny the claim.

C. Assignment

1. Assignment or transfer of this Policy shall not be valid without the written consent of Underwriters.

D. Cancellation

1. This policy may be cancelled by the Insured at any time by providing written notice of the request or by surrendering the policy to the Correspondent named in the Declarations.
2. This Policy may be cancelled by or on behalf of the Underwriters by delivery to the Insured or by mailing to the Insured by first-class mail or other common carrier at the Named Insured's address as shown in the Declarations, written notice stating when, not less than 10 days thereafter for non-payment of premium, and not less than 30 days thereafter for any other reason the cancellation shall be effective. The mailing of such cancellation notice shall be sufficient proof of notice and this Policy shall terminate at the date and hour specified in such notice.
3. Where a **building** shown in the Declarations Schedule of Covered Locations includes a mortgagee and is subject to the Federal mandatory purchase requirement for **Flood** insurance, the following conditions shall apply:
 - a. Any cancellation request by the Insured shall be in writing to the Correspondent shown on the Declarations and include satisfactory documentation from the mortgagee agreeing to the cancellation or evidencing the mortgagee no longer holds an interest in the **building** that is subject to the requirement.
 - b. Underwriters may cancel this Policy by delivering to the Named Insured and mortgagee shown within the policy, by first-class mail or other common carrier, written notice stating when, not less than 45 days thereafter, the cancellation shall be effective. The mailing of such notice as aforesaid shall be sufficient proof of notice, and this Policy shall terminate at the date and hour specified in such notice. Should this private placement Policy be cancelled or non-renewed, coverage may be available under the National Flood Insurance Program.
4. In the event that no loss has occurred and the Policy is cancelled by the Insured, the Underwriters shall retain the customary short-rate proportion of the premium hereon, subject to the minimum amount of premium earned stated by endorsement or as shown in the Declarations.

VI. Special Exclusions

- A. If **flood** or **landslide** is insured by this Policy, this Policy does not insure loss or damage directly or indirectly caused by a **flood** or **landslide** that is already in progress at the time and date:
 - 1. The Policy Period begins; or
 - 2. Coverage is added at the Insured's request.
- B. The following provisions apply only to the Business Income (and Extra Expense) Coverage Form.
 - 1. This Policy does not insure against any loss caused by or resulting from:
 - a. Damage or destruction of **finished stock**; or
 - b. The time required to reproduce **finished stock**.

This exclusion does not apply to Extra Expense.

- 2. Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts, or towers.
- 3. Any increase of loss caused by or resulting from:
 - a. Delay in rebuilding, repairing or replacing the property, or resuming **operations**, due to interference at the location of the rebuilding, repair, or replacement by strikers or other persons; or
 - b. Suspension, lapse, or cancellation of any license, lease, or contract. But if the suspension, lapse, or cancellation is directly caused by the suspension of **operations**, Underwriters will cover such loss that affects the Insured's **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.
- 4. Any Extra Expense caused by or resulting from suspension, lapse, or cancellation of any license, lease, or contract beyond the **period of restoration**.
- 5. Any other consequential loss.

19. Any loss, damage, cost, claim, or expense, whether preventative, remedial, or otherwise, directly or indirectly arising out of or relating to:
- a. The calculation, comparison, differentiation, sequencing, or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, program, or software and/or any microchip, integrated circuit, or similar device in computer equipment or non-computer equipment, whether the property of the insured or not; or
 - b. Any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, program, or software and/or any microchip, integrated circuit, or similar device in computer equipment or non-computer equipment, whether the property of the insured or not.

This clause applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim, or expense.

This Policy does not cover any costs and expenses, whether preventative, remedial, or otherwise, arising out of or relating to change, alteration or modification of any computer system, hardware, program, or software and/or any microchip, integrated circuit, or similar device in computer equipment or non-computer equipment, whether the property of the insured or not.

20. Any loss, damage, claim, cost, expense, or other sum directly or indirectly arising out of or relating to: mold, mildew fungus, spores or other microorganism of any type, nature, or description, including but not limited to any substance's presence that poses an actual or potential threat to human health.

This exclusion applies regardless whether there is (i) any physical loss or damage to insured property; (ii) any Insured peril or cause, whether or not contributing concurrently or in any sequence; (iii) any loss of use, occupancy, or functionality; or (iv) any action required, including but not limited to repair, replacement, removal, cleanup, abatement, disposal, relocation, or steps taken to address medical or legal concerns.

21. Loss, damage, cost, or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism, regardless of any other cause or event contributing concurrently or in any other sequence to the loss. This Policy also excludes loss, damage, cost, or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing, or in any way relating to any act of terrorism.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost, or expense is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

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

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

13. Mysterious disappearance or inventory shortage, theft, fraud, or any kind of wrongful conversion or abstraction.
14. Loss or damage arising out of cessation, fluctuation, or variation in or insufficiency of, water, gas or electricity supplies, or other public utility service supplying the **building(s)**.
15. Reduction in rental value, reduction in market value or the salability of property insured by this policy, or any costs or expenses related thereto.
16. Any loss, damage, costs or expense, or any increase in insured loss, damage, cost or expense; or any loss, damage, cost, expense, fine, or penalty, that:
 - a. Is incurred, sustained, or imposed by order, direction, instruction or request of, or by any agreement with, any court, government agency or any public, civil or military authority, or threat thereof (and whether or not as a result of public or private litigation) that arises from "any kind of seepage or any kind of pollution and/or contamination," or threat thereof, whether or not caused by or resulting from a peril insured, or from steps or measures taken in connection with the avoidance, prevention, abatement, mitigation, remediation, clean-up or removal of such seepage or pollution, and/or contamination or threat thereof.
 - (1) The term "any kind of seepage or any kind of pollution and/or contamination" as used in this Policy includes (but is not limited to):
 - (a) Seepage of, or pollution and/or contamination by anything, including but not limited to any material designated as a "hazardous substance" by the United States Environmental Protection Agency or as a "hazardous material" by the United States Department of Transportation, or defined as a "toxic substance" by the Canadian Environmental Protection Act for the purposes of part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous, or deleterious to persons or the environment under any other Federal, State, Provincial, Municipal, or other law ordinance or regulation and;
 - (b) The presence, existence, or release of anything that endangers or threatens to endanger health, safety, or welfare of persons or the environment.
17. Loss, damage, costs, expenses, fines, or penalties incurred or sustained by or imposed on the Insured at the order of any government agency, court, or other authority arising from any cause whatsoever.
18. Any loss, damage, costs, or expense arising out of or relating to:
 - a. The removal of asbestos, dioxin, or polychlorinated biphenols (hereinafter all referred to as "materials") from any goods, products, or structure, unless the material is itself damaged by **earthquake shock, flood, or landslide** as insured in this Policy;
 - b. Demolition or increased cost of construction, repair, debris removal, or loss of use necessitated by the enforcement of any law or ordinances regulating such materials;
 - c. Any governmental direction or request declaring that such materials present in, or part of, or utilized on any undamaged portion of insured property must be removed or modified;
 - d. Nor does coverage provided by this Policy apply to any payment for the investigation or defense of any loss or damage, or any cost, loss of use, expense, fine, or penalty, or for any expense or claim or suit related to any of the above.



V. Losses Excluded

A. This Policy does not insure against:

1. The peril of Earthquake within the borders of the state of California.
2. Loss or damage arising directly or indirectly out of nuclear reaction, nuclear radiation, or radioactive contamination, however such nuclear reaction, nuclear radiation, or radioactive contamination may have been caused.
3. Loss or damage arising directly or indirectly out of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or martial law, or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority.
4. Loss, damage, or increased cost arising directly or indirectly out of enforcement of any ordinance or law regulating the use, reconstruction, repair, or demolition of any **building(s)** insured hereunder, nor any loss, damage, cost, expense, fine, or penalty that is incurred or sustained by or imposed on the Insured at the order of any governmental agency, court, or other authority arising from any cause whatsoever.
5. Loss or damage arising out of acts or decisions including the failure to act or decide, of any person, group, organization, or government body relating to faulty, inadequate, or defective:
 - a. Planning, zoning, development, surveying, siting, design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction; materials used in repair, construction, renovation, or remodeling; or maintenance of all or part of any property.
6. Loss or damage arising out of normal settling, rising, shrinking, or expansion of land, or erosion, gradual subsidence, gradual slippage of land or the processes of erosion on land that take place over time, or any other gradually occurring loss or damage whether caused by the **earthquake shock, flood, or landslide** or not.
7. Any loss arising directly or indirectly from **mine subsidence, sinkhole collapse, or catastrophic ground collapse**.
8. Unless **flood** is an insured peril, and there is a **flood** in the immediate vicinity of the insured property that is the direct cause of the sewer or drain back up, sump pump discharge, or overflow or seepage of water or waterborne material, any loss or damage arising from water or waterborne materials are excluded that:
 - a. Backs up sewers or drains;
 - b. Discharges or overflows from a sump, sump pump, or related equipment; or
 - c. Seeps or leaks on or through insured property.
9. Any loss or damage that commenced prior to the inception of this Policy.
10. Any cost or expense for excavations, grading, filling, and backfilling of land, soil, or earth except, when applicable, as provided under endorsement Ordinance or Law Coverage - D. Coverage 2., Coverage C – Increased Cost of Construction b.1.Excavations, Grading, Filling, and Backfilling.
11. Loss or damage arising out of fire, regardless of any other event that contributes concurrently or in any sequence to the loss or damage.
12. Loss or damage arising out of exposure to weather conditions where any **business personal property** is left in the open or not contained in **building(s)** that are on permanent foundations and capable of secure storage.

IV. Property Not Covered

A. This Policy does not cover:

1. Land (including land on which the property insured is located), land values, water, air, or any interest or right therein;
2. Pavements, paths, patios or other paved areas, sidewalks, driveways, curbing, parking lots, street lighting not attached to **building(s)**, or swimming pools;
3. Landscaping, embankments, earthen structures, wells, ponds, dams, and dikes;
4. Fences, bridges, wharves, piers, docks, and jetties;
5. Bulkheads or retaining walls whether or not necessary for the continuing stability of the **building(s)** and whether or not they are attached to any **building(s)**;
6. **Building(s)** in the course of construction including materials and supplies used to construct or structurally alter the **building(s)**, unless "Course of Construction" has been marked by an "X" within the Endorsements section of the Declarations and then coverage applies only as described in the Course of Construction Endorsement attached to this Policy;
7. **Business personal property** contained within **building(s)** in the course of construction;
8. Animals, birds, or fish;
9. Motor vehicles or all other motorized land conveyances;
10. Watercraft, including trailers, furnishings, equipment, and outboard motors;
11. Aircraft and aircraft parts;
12. Jewelry, watches, furs or garments trimmed with fur, precious and semi-precious stones, silverware, silver-plated ware, goldware, gold-plated ware and pewter ware, fine arts, sculpture and statuary, objects, art, and firearms;
13. Money, bank notes, bullion, gold, silver, platinum, medals, coins, securities, accounts, deeds, evidence of debt, letters of credit, notes, manuscripts, passports, tickets, stamps, and **valuable papers**;
14. Trees, standing timber, shrubs, lawns and plants (other than lawns or plants that are part of a vegetated roof), or growing crops;
15. The cost to replace or restore the information on **valuable papers and records** including those that exist as **electronic data**.

II. Limit of Insurance

- A. Limit of Insurance means the amount Underwriters will pay for covered losses applicable for the Covered Property or Coverage Part shown in the Declarations Schedule of Covered Locations, subject to the Policy Annual Aggregate Limit of Insurance if such limit is applicable as shown in the Declarations.
- B. Policy Annual Aggregate Limit of Insurance means the maximum amount that Underwriters will pay in the annual aggregate for all covered losses that occur during each Policy Period. A Policy Annual Aggregate Limit of Insurance applies to this Policy only if marked with "X" in the Declarations and shall limit the liability of Underwriters regardless of the Limit(s) of Insurance shown for the Covered Property in the Declarations.
- C. For the peril of **earthquake shock**, the Limit of Insurance is an annual aggregate limit and is the most Underwriters will pay for the total of all loss or damage caused by **earthquake shock**. If an **earthquake shock** loss occurring during the policy period does not exhaust the Limit of Insurance, then the balance of that Limit is available for any subsequent losses from the peril of **earthquake shock** that occur within the same annual Policy Period.
- D. For the peril of **landslide**, the Limit of Insurance is an annual aggregate limit and as such is the most Underwriters will pay for the total of all loss or damage caused by **landslide** occurring within each annual Policy Period. If an **earthquake shock** loss occurring during the policy period does not exhaust the Limit of Insurance, then the balance of that Limit is available for any subsequent losses from the peril of **earthquake shock** that occur within the same annual Policy Period.
- E. For the peril of **flood**, the Limit of Insurance is an annual aggregate limit and as such is the most Underwriters will pay for the total of all loss or damage caused by **flood** occurring within each annual Policy Period. If a **flood** occurring within the policy period does not exhaust the Limit of Insurance, then the balance of that Limit is available for a subsequent **flood**(s) that occurs within the same annual Policy Period. Where the Limit of Insurance shown in the Declarations, Schedule of Covered Locations is exhausted by any one loss or series of losses or where the Policy Annual Aggregate Limit of Insurance shown in the Declarations is exhausted, Underwriters shall reinstate the lesser of:
1. the exhausted limit of insurance shown in the Declarations, Schedule of Covered Locations but only to apply to any subsequent losses from the peril of **flood** that occur within the same annual Policy Period; or
 2. the limit of insurance available under the National Flood Insurance Program's General Property Policy Form as of the effective date of this Policy but only to apply to any subsequent losses from the peril of **flood** that occur within the same annual Policy Period.

III. Deductible

- A. Each Loss or series of losses arising out of one event shall be adjusted separately and from the amount of each such adjusted loss, the sum stated for each Coverage in the Declarations Schedule of Covered Locations shall be deducted.
1. Where the deductible is represented by a percentage shown on the Declarations, Schedule of Covered Locations, the percent is applied against the insurable values as determined at the time of loss and the sum deducted from the amount of each adjusted loss.

limit of **building** coverage. Any amount used for Increased Cost of Compliance shall reduce the amount available under **building** coverage.

3. Nothing contained in this Clause shall override any Seepage and/or Pollution and/or Contamination Exclusion or any Radioactive Contamination Exclusion or any other Exclusion applicable to this Policy.
4. Any provision within this Policy (or within any Endorsement which forms part of this Policy) which insures Debris Removal is cancelled and replaced by the above.

D. National Flood Insurance Act 1968 (ACT) Statement of Conformity

1. Where **flood** is a covered peril under this policy and a section of this policy does not conform to the provisions of the ACT, including subsequent Federal legislation replacing or adding to the ACT, Underwriters agree in advance that this policy shall conform to be in compliance.

Commercial Property Specified Perils**Notice:**

Various Provisions in this Policy restrict coverage. Please read the entire Policy carefully to determine rights, duties, and what is and is not covered.

The term "Policy" and/or "Certificate" used in this insurance agreement are interchangeable and have the same meaning and effect.

Words appearing in bold have special meaning. Please refer to the Definitions Section in this Policy.

I. Insuring Agreement

In consideration of the premium paid, this policy covers direct physical loss of or damage to Covered Property shown on the Declarations Schedule of Covered Locations by a Covered Peril marked "X" in the Declarations that occurs during the Policy Period. Coverage shall be subject to the terms, conditions, definitions, exclusions, limitations, and provisions contained herein.

A. Covered Perils

1. **Earthquake Shock**
2. **Flood**
3. **Landslide**

B. Debris Removal

1. We will pay your reasonable expense, excess of the deductible shown on the Coverage Declarations, for the removal of: Debris on your premises, caused by a peril insured against, for direct physical loss, physical damage or destruction of property, to which this Policy applies.
2. The amount we will pay for debris removal is limited to 10% of the covered loss or \$25,000, whichever is less.
3. The Debris Removal coverage available is included within and not in addition to the limit of **building** coverage. Any amount used for Debris Removal shall reduce the amount available under **building** coverage.

C. Increased Cost of Compliance

1. General. This Policy pays you to comply with a State or local floodplain management law or ordinance affecting repair or reconstruction of a structure suffering flood damage. Compliance activities eligible for payment are: elevation, floodproofing, relocation, or demolition (or any combination of these activities of your structure. Eligible floodproofing activities are limited to:
 - a. Nonresidential structures.
 - b. Residential structures with basements that satisfy FEMA's standard published in the Code of Federal Regulations [44 CFR 60.6 (b) or (c)].
2. Limit of Liability. We will pay up to \$30,000 under this coverage Increased Cost of Compliance, which only applies to policies with **building** coverage as designated on the coverage declaration. The Increased Cost of Compliance coverage available is included within and not in addition to the

Flood Insurance Reform and Modernization

THIS POLICY MEETS ALL OF THE PROVISIONS REQUIRED BY:

National Flood Insurance Act of 1968, as amended; and

Flood Disaster Protection Act of 1973, as amended, 42 U.S.C. §4001 et seq.; including

Biggert Waters Flood Insurance Reform Act of 2012, 42 U.S.C., §4012a

"Flood insurance purchase and compliance requirements and escrow accounts

"(7) PRIVATE FLOOD INSURANCE DEFINED. In this subsection, the term 'private flood insurance' means an insurance policy that—

"(A) is issued by an insurance company that is—

"(i) licensed, admitted, or otherwise approved to engage in the business of insurance in the State or jurisdiction in which the insured building is located, by the insurance regulator of that State or jurisdiction; or

"(ii) in the case of a policy of difference in conditions, multiple peril, all risk, or other blanket coverage insuring nonresidential commercial property, is recognized, or not disapproved, as a surplus lines insurer by the insurance regulator of the State or jurisdiction where the property to be insured is located;

"(B) provides flood insurance coverage which is at least as broad as the coverage provided under a standard flood insurance policy under the national flood insurance program, including when considering deductibles, exclusions, and conditions offered by the insurer;

"(C) includes—

"(i) a requirement for the insurer to give 45 days' written notice of cancellation or non-renewal of flood insurance coverage to—

"(I) the insured; and

"(II) the regulated lending institution or Federal agency lender;

"(ii) information about the availability of flood insurance coverage under the national flood insurance program;

"(iii) a mortgage interest clause similar to the clause contained in a standard flood insurance policy under the national flood insurance program; and

"(iv) a provision requiring an insured to file suit not later than 1 year after date of a written denial of all or part of a claim under the policy; and

"(D) contains cancellation provisions that are as restrictive as the provisions contained in a standard flood insurance policy under the national flood insurance program."

NCIP CONF (04/17)

Certification of Conformity

Interagency Final Rule:

Loans in Areas Having Special Flood Hazards

This Policy meets the definition of private flood insurance contained in 42 U.S.C. 4012a(b)(7) and the corresponding regulation.

per:

<u>FEDERAL LENDING REGULATOR</u>	<u>REFERENCE</u>
DEPARTMENT OF THE TREASURY	12 CFR Parts 22 and 172 [Docket ID OCC-2014-0016]
FEDERAL RESERVE SYSTEM	12 CFR Part 208 [Reg. H, Docket No R-1498]
FEDERAL DEPOSIT INSURANCE CORPORATION	12 CFR Part 339
FARM CREDIT ADMINISTRATION	12 CFR Part 614
NATIONAL CREDIT UNION ADMINISTRATION	12 CFR Part 760

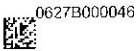
This policy must be accepted by federally regulated lenders as satisfying the mandatory purchase of flood insurance requirement for structures that reside in a special flood hazard area.

We Certify This Policy:

1. Is issued by an insurer that is licensed, admitted, or otherwise approved to engage in the business of insurance in the State or jurisdiction in which the property to be insured is located, by the insurance regulator of that State or jurisdiction;
2. Provides flood insurance coverage which is at least as broad as the coverage provided under a standard flood insurance policy under the national flood insurance program;
3. Includes:
 - a. A requirement for the insurer to give 45 days' written notice of cancellation or non-renewal of flood insurance coverage to the insured and the regulated lending institution or Federal agency lender;
 - b. Information about the availability of flood insurance coverage under the national flood insurance program;
 - c. A mortgage interest clause similar to the clause contained in a standard flood insurance policy under the national flood insurance program;
 - d. A provision requiring an insured to file suit not later than 1 year after the date of a written denial of all or part of a claim under the policy; and
4. Contains cancellation provisions that are as restrictive as the provisions contained in a standard flood insurance policy under the national flood insurance program.

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Underwriters at Lloyd's

Commercial Property Terms & Conditions

Authority Number: B1180D210591

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

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

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

IN THE EVENT OF A CLAIM UNDER THIS POLICY, PLEASE NOTIFY THE FOLLOWING CORRESPONDENT:

POULTON ASSOCIATES, LLC
Natural Catastrophe Insurance Program
3785 South 700 East, Salt Lake City, UT 84106
Phone: (801) 316-4228 or Fax (801) 268-2674



Schedule of Covered Locations
Location Number: 1

Address: 653 W PACIFIC, TELLURIDE, CO 81435

Coverage	Limit of Insurance	Earthquake Deductible	Flood Deductible	Landslide Deductible
A) Building	\$2,715,000.00	20% APPLIED TO THE BUILDING VALUE AT TIME OF LOSS	\$2,000 OR 2% WHICHEVER IS GREATER, APPLIED TO THE BUILDING VALUE AT TIME OF LOSS	2% APPLIED TO THE BUILDING VALUE AT TIME OF LOSS
B) Contents	\$0.00	20% APPLIED TO THE CONTENTS VALUE AT TIME OF LOSS	\$2,000 OR 2% WHICHEVER IS GREATER, APPLIED TO THE CONTENTS VALUE AT TIME OF LOSS	2% APPLIED TO THE CONTENTS VALUE AT TIME OF LOSS
C) Business Income and Extra Expense	\$0.00	As described in Terms & Conditions	As described in Terms & Conditions	As described in Terms & Conditions

Location Number: 2

Address: 673 W PACIFIC, TELLURIDE, CO 81435

Coverage	Limit of Insurance	Earthquake Deductible	Flood Deductible	Landslide Deductible
A) Building	\$1,000,000.00	20% APPLIED TO THE BUILDING VALUE AT TIME OF LOSS	\$2,000 OR 2% WHICHEVER IS GREATER, APPLIED TO THE BUILDING VALUE AT TIME OF LOSS	2% APPLIED TO THE BUILDING VALUE AT TIME OF LOSS
B) Contents	\$0.00	20% APPLIED TO THE CONTENTS VALUE AT TIME OF LOSS	\$2,000 OR 2% WHICHEVER IS GREATER, APPLIED TO THE CONTENTS VALUE AT TIME OF LOSS	2% APPLIED TO THE CONTENTS VALUE AT TIME OF LOSS
C) Business Income and Extra Expense	\$0.00	As described in Terms & Conditions	As described in Terms & Conditions	As described in Terms & Conditions