

**Non-Policy Forms**

The following forms were sent to you with your policy, but they are not part of your policy. They contain information which you may find useful about your policy, insurance in general, your premium payments, or other topics of interest. These forms do not give you insurance coverage. Refer to the forms that are part of your policy to determine if a loss is covered, and what we will pay, as well as your rights and duties.

IL P 001 01 04	U.S. TREASURY DEPT OFFICE OF FOREIGN ASSETS NOTICE (OFAC)
PHN 006 IM 12 20	POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE
PHN 008 IM 12 20	POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE
VIM 102 10 14	CLAIMS INFORMATION

3 0-00-0000 09/23/2025 JIH CPW PR 1.000

# U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

**Insured Name and Address:**

BEAR CREEK LOFTS HOMEOWNERS'  
ASSOCIATION, INC.  
C/O JARMIK PROPERTY MANAGEMENT  
PO BOX 3071  
TELLURIDE, CO 81435-3071

Policy Number: 300-00-10-47-0003

## **POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE**

You are hereby notified that under the Terrorism Risk Insurance Act (the Act), as amended, you have a right to purchase insurance coverage for losses resulting from acts of terrorism. As *defined in Section 102(1) of the Act*: The term "act of terrorism" means any act or acts that are certified by the Secretary of the Treasury - in consultation with the Secretary of Homeland Security, and the Attorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 80%, BEGINNING ON JANUARY 1, 2020, OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM TO BE CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

### **SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE**

The prospective premium required for your terrorism coverage is \$202.

If you wish to reject this offer of coverage, you should check the box below, sign this notice and send it to your agent. An **exclusion** of terrorism losses, as defined by the Act, will then be made part of your policy.

I hereby reject the offer of terrorism coverage. I understand that I will have no coverage for losses arising from acts of terrorism, as defined in the Act.

**If your policy includes Inland Marine coverage in one or more of these states: CA, ME, MO, OR or WI; the following statement applies:**

The terrorism exclusion makes an exception for (and thereby continues your coverage for) direct property damage fire losses resulting from an act of terrorism. Therefore, if you reject the offer of terrorism coverage, that rejection does not apply to direct property damage fire losses resulting from an act of terrorism - the coverage in

your policy for such fire losses will continue. If such a loss occurs, and is certified under the Act, the loss will be reimbursed by the United States Government under the formula detailed above.

The portion of your policy premium attributable to coverage for direct property damage from fire resulting from terrorism in all of the states listed above, in which your policy provides Inland Marine coverage, is \$0. This amount is included in your policy premium and cannot be rejected.

Policyholder/Applicant's Signature

Atlantic Specialty Insurance Company

## Insurance Company

Print Name

Date

If you have any questions about this notice, please contact your agent.

**Insured Name and Address:**

BEAR CREEK LOFTS HOMEOWNERS'  
ASSOCIATION, INC.  
C/O JARMIK PROPERTY MANAGEMENT  
PO BOX 3071  
TELLURIDE, CO 81435-3071

**Policy Number:** 300-00-10-47-0003

## **POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE**

Coverage for acts of terrorism is included in your policy. You are hereby notified that the Terrorism Risk Insurance Act (the Act), as amended, defines an act of terrorism in Section 102(1) of the Act: The term "act of terrorism" means any act or acts that are certified by the Secretary of the Treasury - in consultation with the Secretary of Homeland Security, and the Attorney General of the United States - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 80%, beginning on January 1, 2020, of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

The portion of your premium attributable to coverage for acts of terrorism is \$202, and does not include any charges for the portion of losses covered by the United States Government under the Act.

You need to take no action with respect to this notice. You will receive a bill for your policy premium which will include the above amount required for your terrorism coverage.

If you have any questions about this notice, please contact your agent.



# CLAIMS INFORMATION

## PREFACE

The following is useful information which will expedite the handling of claims and protect your rights under your policy of insurance.

It is important to bear in mind unique circumstances may, at times, require additional documentation activities or procedures. Any questions relating to claims can be directed to your producer or your assigned claims adjuster.

**Important:** In the event of loss or damage, you are obligated to take necessary steps to mitigate the claim. Expenses reasonably incurred in taking such action are reimbursable under policy terms and conditions. Failure to take necessary action can result in prejudice of your rights under your policy.

## WHAT TO DO IN THE EVENT OF LOSS

You or your producer should notify Intact of all claims for damage to Insured property as soon as the loss occurs. Intact has 3 quick and efficient ways to report a claim, all available 24/7:

### 1. By Phone at (877) 248-3455

- Claims can be phoned into the Intact Claims Call Center 24/7
- Between the hours of 8:30am to 5:00pm EST Intact Claims Call Center representatives are available and will provide you with a claim number at the end of the call.
- During all other hours our vendor, Safelite, will take down the details of your claim and will provide you with a reference number.

## **2. By Email: [Claims@IntactInsurance.com](mailto:Claims@IntactInsurance.com)**

- When you wish to include attachments to accompany a claim, email reporting is ideal. To submit a claim via email, you'll need to include an ACORD First Notice of Loss Form.
- Remember to report only one claim per email. The sender's email confirmation will serve as the acknowledgement that we have received the claim.

## **3. By Fax to (866) 213-2802**

- To submit a claim via Fax, you'll need to include an ACORD First Notice of Loss Form.
- Attachments supporting a claim can be included in the fax transmission
- Only one claim should be submitted per fax transmission. The sender's fax receipt will serve as confirmation that we have received the claim.

## **Claim Information Available via the Intact Producer Portal**

Claims reported before 5 p.m. EST will be immediately assigned a claim number. By the next business day, Producers can then go to the producer portal to view the claim. Here information is available on all new and existing claims including the claim number, the adjusters assigned, as well as to access the adjuster's file notes. In addition, the Intact Producer Portal enables producers to communicate directly with adjusters by e-mail and review financial transactions on individual claims.

## **NOTICE OF CLAIMS TO RESPONSIBLE PARTIES**

The premium you are charged for your insurance is ultimately influenced by your experience on your policy. It is therefore in your best interest to ensure losses are reduced by placing us in a position to recover all or part of our payment to you from any responsible third party. This is called subrogation and your cooperation in this regard is further reinforced by policy terms. Monies collected by us in subrogation are credited to your premium / loss experience. If a third party is responsible for loss or damage, written notice of claims should be promptly made directly against such party, as well as to Intact.



## Intact Insurance Specialty Solutions

for Inland Marine

Atlantic Specialty Insurance Company  
605 Highway 169 North, Suite 800  
Plymouth, MN 55441

(800) 662-0156  
A Stock Company

## Common Policy Declarations

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**Named Insured and Mailing Address**

**Policy Number:** 300-00-10-47-0003

BEAR CREEK LOFTS HOMEOWNERS' ASSOCIATION, INC.  
C/O JARMIK PROPERTY MANAGEMENT  
PO BOX 3071  
TELLURIDE, CO 81435-3071

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

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**Policy Period** From: September 22, 2025 To: September 22, 2026  
at 12:01 A.M. Standard Time at your mailing address shown above.

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**The Named Insured is a(n):** Corporation

**Business Description:** DIC

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**Producer**

MOUNTAIN WEST INSURANCE & FINANCIAL SERVICES, LLC  
201 CENTENNIAL 4TH FLOOR  
GLENWOOD SPRINGS, CO 81601

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**Total Premium**

At inception: \$2,223

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**Forms Applicable To All Coverage Parts**

See ASC 00 11 COMFRMS 01 98, Schedule 1

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In witness whereof, we have issued this policy, signed by the President and Secretary. In states requiring a countersignature, this policy shall not be valid unless countersigned by our duly authorized representative.

  
Kara B. Barr  
Secretary

  
Lynn A. Gray  
President

# SCHEDULE 1

Effective 09/22/2025, this schedule forms a part of Policy No. 300-00-10-47-0003  
(At the time stated in the policy)

issued to

BEAR CREEK LOFTS HOMEOWNERS'  
ASSOCIATION, INC.

Producer: MOUNTAIN WEST INSURANCE & FINANCIAL  
SERVICES, LLC

by Atlantic Specialty Insurance Company

Common Policy Declarations, 4 VIL 100 04 23, Continued:

Forms Applicable to All Coverage Parts:

4 VIL 100 04 23	COMMON POLICY DECLARATIONS
ASC 00 02 01 98	PREMIUM STATEMENT
ASC 00 12A 09 18	SCHEDULE OF LOCATIONS
IL 00 17 11 98	COMMON POLICY CONDITIONS
VIL 500 07 06	PREMIUM DETAIL SUMMARY
VIL 659 CO 02 05	CO CHANGES- CANCELLATION & NONRENEWAL
VIL 665 CO 02 05	CO CHANGES - CONCEALMENT, MISREPRESENTATION OR FRAUD
ASC 00 11 COMFRMS 01 98	Schedule 1 - LIST OF COMMON POL FORMS

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**COMMON POLICY DECLARATIONS  
PREMIUM STATEMENT**

**Named Insured:**

BEAR CREEK LOFTS HOMEOWNERS'  
ASSOCIATION, INC.  
C/O JARMIK PROPERTY MANAGEMENT  
PO BOX 3071  
TELLURIDE, CO 81435-3071

**Producer:**

MOUNTAIN WEST INSURANCE & FINANCIAL  
SERVICES, LLC  
201 CENTENNIAL 4TH FLOOR  
GLENWOOD SPRINGS, CO 81601

**Premium Statement for the period from** September 22, 2025 **to** September 22, 2026

This policy consists of the following coverage parts for which a premium is indicated. This premium may be subject to adjustment.

COVERAGE SECTION	PREMIUM		
	At inception	1st Anniversary	2nd Anniversary
Inland Marine Coverages	\$2,021		
Terrorism Coverage	\$202		
Total Advanced Premium	\$2,223		

**Premium Detail Summary**

Coverage	Non-Reporting Premium	Reporting Deposit Premium	Minimum Retained Premium	Reporting Minimum Retained Premium
Earthquake and Volcanic Eruption		\$1,261		
Flood		\$546		
Any one Occurrence for All Perils other than EQ, Volcanic Eruption, Flood, or Water Damage		\$31		
Ordinance or Law - Coverage A		\$183		

# SCHEDULE OF LOCATIONS

Effective 09/22/2025, this schedule forms a part of Policy No. 300-00-10-47-0003  
(At the time stated in the policy)

issued to

BEAR CREEK LOFTS HOMEOWNERS'  
ASSOCIATION, INC.

Producer: MOUNTAIN WEST INSURANCE & FINANCIAL  
SERVICES, LLC  
by Atlantic Specialty Insurance Company

The following locations are identified by their corresponding numbers on the various coverage part declarations of this policy.

Premises No.	Location Address Location Description Building Number and Description
1	327 & 359 EAST COLORAD AVE. TELLURIDE, CO 81435

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

## **CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
EQUIPMENT BREAKDOWN COVERAGE PART  
FARM COVERAGE PART  
STANDARD PROPERTY POLICY

### **A. Cap On Certified Terrorism Losses**

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

### **B. Application Of Exclusions**

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

# COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

## A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

## B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

## C. Examination of Your Books and Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

## D. Inspections and Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;

- b. Give you reports on conditions we find; and
- c. Recommend changes.

2. We are not obligated to make inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

## E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

## F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

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

## **COLORADO CHANGES – CANCELLATION AND NONRENEWAL**

This endorsement modifies the insurance provided by the following:

### **COMMON POLICY CONDITIONS**

**A. The following is added to Section A. Cancellation:**

7. If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may only cancel this policy based on one or more of the following reasons:
  - a. Nonpayment of premium;
  - b. A false statement knowingly made by the insured on the application for insurance; or
  - c. A substantial change in the exposure or risk other than that indicated in the application and underwritten as of the effective date of the policy unless the first Named Insured has notified us of the change and we accept such change.

**B. The following Condition is added:**

**L. Increase In Premium Or Decrease In Coverage**

We will not increase the premium unilaterally or decrease the coverage benefits on renewal of this policy unless we mail through first-class mail written notice of our intention, including the actual reason, to the first Named Insured's last mailing address known to us, at least 45 days before the effective date.

Any decrease in coverage during the policy term must be based on one or more of the following reasons:

1. Nonpayment of premium;
2. A false statement knowingly made by the insured on the application for insurance; or
3. A substantial change in the exposure or risk other than that indicated in the application and underwritten as of the effective date of the policy unless the first Named Insured has notified us of the change and we accept such change.

If notice is mailed, proof of mailing will be sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## **COLORADO CHANGES – CONCEALMENT, MISREPRESENTATION OR FRAUD**

This endorsement modifies the insurance provided by the following:

### **COMMON POLICY CONDITIONS**

Section **D. Concealment, Misrepresentation Or Fraud** is deleted in its entirety and replaced by the following:

We will not pay for any loss or damage in any case of:

1. Concealment or misrepresentation of a material fact; or
2. Fraud;

committed by you or any other insured at any time and relating to coverage under this policy.

## SCHEDULE 2

Effective 09/22/2025, this schedule forms a part of Policy No. 300-00-10-47-0003

(At the time stated in the policy)

issued to

BEAR CREEK LOFTS HOMEOWNERS'  
ASSOCIATION, INC.

Producer: MOUNTAIN WEST INSURANCE & FINANCIAL  
SERVICES, LLC  
by Atlantic Specialty Insurance Company

Commercial Inland Marine Coverage Part Declarations, VIM 100 07 05,  
Continued:

Forms Applicable to the Inland Marine Coverage Part:

IL 09 52 01 15	CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM
OBIM 100 03 20	INLAND MARINE DECLARATIONS
OBIM DIC 202 04 20	DIFFERENCE IN CONDITIONS - STOP LOSS LIMIT OF INSURANCE
OBIM DIC 211 04 20	DIFFERENCE IN CONDITIONS COVERAGE - ADDITIONAL COVERED PROPERTY
OBIM DICD1020320	DIFFERENCE IN CONDITIONS DEDUCTIBLES SCHEDULE
OBIM DIC L 101 03.20	DIFFERENCE IN CONDITIONS LIMITS OF INSURANCE SCHEDULE
VIM 001 05 18	COMMERCIAL INLAND MARINE CONDITIONS
VIM 011 07 05	DIFFERENCE IN CONDITIONS COVERAGE FORM
VIM 036 07 05	COMMERCIAL INLAND MARINE BUSINESS INCOME COVERAGE FORM
VIM 037 07 05	COMMERCIAL INLAND MARINE EXTRA EXPENSE COVERAGE FORM
VIM 209 07 05	EARTHQUAKE COVERAGE ENDORSEMENT
VIM 213 07 05	FLOOD COVERAGE ENDORSEMENT
VIM 262 07 05	ORDINANCE OR LAW ADDITIONAL COVERAGE ENDORSEMENT
VIM M0010 07 24	EARTHQUAKE COVERAGE EXTENSION - LIMITED EARTH MOVEMENT COVERAGE ENDORSEMENT
ASC 00 10 01 98	Policy Change 1 - AMEND ORDINANCE AND LAW COVERAGE
ASC 00 11 INLFRMS 01 98	Schedule 2 - INLAND MARINE LIST OF FORMS

## INLAND MARINE DECLARATIONS

THE LIMITS OF INSURANCE SHOWN ARE THE TOTAL COVERAGE LIMITS FOR THAT PARTICULAR COVERAGE AND APPLY IN ANY ONE OCCURRENCE UNLESS OTHERWISE STATED.

IF "NOT COVERED" IS SHOWN, SUCH COVERAGES AND ANY OTHER REFERENCE THERETO IN THIS POLICY ARE DELETED.

## DIFFERENCE IN CONDITIONS COVERAGE FORM AND ENDORSEMENTS

### UNDERLYING INSURANCE

The following Underlying Policy(ies) are in effect:

POLICY NUMBER	INSURANCE COMPANY
CLP-9609239	Central Mutual Insurance Company

See Underlying Insurance Condition at p. 8 of 10 and Causes of Loss Covered by an Underlying Policy Exclusion at p. 5 of 10.

### LIMIT(S) OF INSURANCE

We cover Described Property as follows:

		Limits of Insurance			
Premises No.	Bldg. No.	Buildings	Business Personal Property	Property of Others	Business Income Including "Rental Value" and Extra Expense
See attached DIFFERENCE IN CONDITIONS LIMITS OF INSURANCE SCHEDULE (DIC LIMITS SCH 100 03 20)					

COVERAGE	LIMIT OF INSURANCE
Earthquake and Volcanic Eruption	\$5,000,000 Per Occurrence
	\$5,000,000 Annual Aggregate
Flood	\$5,000,000 Per Occurrence
	\$5,000,000 Annual Aggregate

## INLAND MARINE DECLARATIONS

COVERAGE	LIMIT OF INSURANCE
Water Damage	Included In Flood
Any one Occurrence for All Perils other than EQ, Volcanic Eruption, Flood, or Water Damage	\$5,000,000 Per Occurrence
<b>Limits of Insurance for Additional Coverages and Coverage Extensions:</b>	
ADDITIONAL COVERAGE	LIMIT OF INSURANCE
Debris Removal	\$25,000
Emergency Response Service Charge	\$10,000
Preservation of Property - Expense Coverages	\$10,000 30 days
Pollutant Clean Up	\$25,000
Limited Coverage for Fungi, Wet Rot, Dry Rot and Bacteria	\$15,000 Annual Aggregate
Separate Locations Option Applies	No
Business Income/Extra Expense	
Coverage Period	90 days
Business Income/Extra Expense	
Extended Coverage Period	30 days
Ordinance or Law - Coverage A	Included in Building Limit
Ordinance or Law - Combined Limit for Coverages B and C	\$1,000,000 At Each Covered Building
COVERAGE EXTENSION	LIMIT OF INSURANCE
Newly Acquired or Constructed Property	Not Covered
Valuable Papers and Records - Cost of Research	Not Covered

## INLAND MARINE DECLARATIONS

### COVERAGE EXTENSION

### LIMIT OF INSURANCE

Newly Acquired Locations

Not Covered

### VALUATION

Replacement Cost Optional Coverage Applies

### DEDUCTIBLES

COVERAGE	DEDUCTIBLE
Deductibles applicable to this policy are shown below, except as may be provided under the DIFFERENCE IN CONDITIONS DEDUCTIBLES SCHEDULE (DIC DED SCH 100 03 20)	

COVERAGE	PER OCCURRENCE DEDUCTIBLE
Earthquake and Volcanic Eruption	\$25,000
Flood (Including Water Damage)	\$25,000
Any one Occurrence for All Perils other than EQ, Volcanic Eruption, Flood, or Water Damage	\$10,000

# COMMERCIAL INLAND MARINE CONDITIONS

**The following conditions apply in addition to the Common Policy Conditions and applicable additional Conditions in Commercial Inland Marine Coverage Forms:**

## LOSS CONDITIONS

### A. Abandonment

There can be no abandonment of any property to us.

### B. Appraisal

If we and you disagree on the value 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 amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

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

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

### C. Duties In The Event Of Loss

You must see that the following are done in the event of loss or damage to Covered Property:

1. Notify the police if a law may have been broken.
2. Give us prompt notice of the loss or damage. Include a description of the property involved.
3. As soon as possible, give us a description of how, when and where the loss or damage occurred.
4. Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
5. You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.
6. As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records. Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
7. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.
8. Send us a signed, sworn proof of loss containing the information we request to settle the claim. You must do this within **90 days** after our request. We will supply you with the necessary forms.
9. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit.
10. Cooperate with us in the investigation or settlement of the claim.
11. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amounts of loss claimed.
12. Resume all or part of your "**operations**" as quickly as possible.
13. Make no statement that will assume any obligation or admit any liability for any loss for which we may be liable without our consent.

### D. Insurance Under Two Or More Coverages

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

## **E. Loss Payment**

1. We will give notice of our intentions within **30 days** after we receive the sworn proof of loss.
2. We will not pay you more than your financial interest in the Covered Property.
3. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claim against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
4. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
5. We will pay for covered loss or damage within **30 days** after we receive the sworn proof of loss if you have complied with all the terms of this Coverage Part and:
  - a. We have reached agreement with you on the amount of the loss; or
  - b. An appraisal award has been made.
6. We will not be liable for any part of a loss that has been paid or made good by others.

## **F. Other Insurance**

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

## **G. Pair, Sets Or Parts**

### **1. Pair Or Set**

In case of loss or damage to any part of a pair or set we may:

- a. Repair or replace any part to restore the pair or set to its value before the loss or damage; or
- b. Pay the difference between the value of the pair or set before and after the loss or damage.

### **2. Parts**

In case of loss or damage to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

## **H. Recovered Property**

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

## **I. Reinstatement Of Limit After Loss**

The Limit of Insurance will not be reduced by the payment of any claim, except for total loss or damage of a scheduled item, in which event we will refund the unearned premium on that item.

## **J. Transfer Of Rights Of Recovery Against Others To Us**

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

1. Prior to a loss to your Covered Property.
2. After a loss to your Covered Property only if, at time of loss, that party is one of the following:
  - a. Someone insured by this insurance; or
  - b. A business firm:
    - (1) Owned or controlled by you; or
    - (2) That owns or controls you.

This will not restrict your insurance.

## **GENERAL CONDITIONS**

### **A. Concealment, Misrepresentation Or Fraud**

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by you or any other insured, at any time, concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

### **B. Control Of Property**

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

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

### **C. Legal Action Against Us**

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

1. There has been full compliance with all the terms of this Coverage Part; and
2. The action is brought within 2 years after you first have knowledge of the direct loss or damage.

### **D. No Benefit To Bailee**

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

### **E. Policy Period, Coverage Territory**

1. We cover loss or damage commencing:
  - a. During the policy period shown in the Declarations; and
  - b. Within the coverage territory or with respect to personal property in transit, while it is between points in the coverage territory.
2. The coverage territory is:
  - a. The United States of America (including its territories and possessions);
  - b. Puerto Rico; and
  - c. Canada.

### **F. Valuation**

The value of Covered Property will be the least of the following amounts:

- a. Amount for which you are liable;
- b. Actual cash value of the lost or damaged property;
- c. Cost of reasonably restoring the property to its condition immediately before the loss; or
- d. Cost of replacing the lost or damaged property with substantially identical property.

If a valuation method other than actual cash value applies, as shown in the Declarations or by a valuation condition in the coverage form, that valuation method applies in a. above in place of actual cash value.

The value will include the value of labor, materials or services furnished or arranged by you.

In the event of loss or damage, the value of property will be determined as of the time of loss or damage.

## **PROPERTY VALUATION METHODS AND LOSS PAYMENT CONDITIONS**

### **A. Loss Payment**

1. In the event of loss or damage covered by this policy, at our option we will either:
  - a. Pay the value of lost or damaged property;
  - b. Pay the cost of repairing or replacing the lost or damaged property;
  - c. Take all or any part of the property at an agreed value or, if an agreed value cannot be reached, appraised value; or
  - d. Repair, rebuild or replace the property with other property of like kind and quality.

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

2. We will not pay you more than your financial interest in the Covered Property.
3. We will not pay more than the least of the following amounts:
  - a. The Limit of Insurance under this policy that applies to the loss;
  - b. The value of the lost or damaged property; or
  - c. for building property, the amount that you actually spend that is necessary to repair or replace the lost or damaged property at:
    - (1) The same location; or
    - (2) Another location; for the same use and occupancy.
  - d. For property other than building property, the amount that you actually spend that is necessary to repair or replace the lost or damaged property.

## **B. Valuation Methods**

We will determine the value of your property based on one of the following valuation methods when designated to apply to your property by your policy.

### **a. Replacement Cost**

- (1) Replacement Cost means the cost to repair, rebuild, or replace the lost or damaged property with other property:
  - (a) Of comparable material and quality;
  - (b) Used for the same purpose; and
  - (c) Without a deduction for depreciation.
- (2) We will not pay on a replacement cost basis for any loss or damage until the lost or damaged property is actually repaired or replaced. You may make a claim on an actual cash value basis for loss or damage covered by this insurance on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if:
  - (a) The lost or damaged property is actually repaired or replaced; and
  - (b) You notify us to do so within **180 days** after the date of loss or damage or some other reasonable period on which we agree in writing.
- (3) The following property will be adjusted based on its replacement cost:
  - (a) Any property designated in the coverage form as having replacement cost valuation apply; and
  - (b) Any property specifically identified in the Declarations as having replacement cost valuation apply.

### **b. Functional Replacement Cost**

- (1) Functional replacement cost means the cost to repair or replace property with available property that most closely duplicates the function of the damaged or replaced property at time of loss. The replacement property may perform additional functions if it is the available property that most closely duplicates the function of the damaged or replaced property.
- (2) The following property will be adjusted based on its functional replacement cost:
  - (a) Unless a different valuation basis is specified for such property in the Declarations:
    - (i) "hardware";
    - (ii) "media"; and
    - (iii) "scientific and medical equipment"; and
  - (b) Any property designated in the coverage form as having functional replacement cost valuation apply; and
  - (c) Any property specifically identified in the Declarations as having functional replacement cost valuation apply.

### **c. Stated Value**

- (1) Stated Value means that in a total loss we will pay the amount stated in the Declarations for the lost or damaged property.

- (2) For property to be covered on a stated value basis it must be specifically identified in the Declarations as having Stated Value apply. The Declarations must indicate the Stated Value individually for each item.
- (3) If we determine that there has been a partial loss to property covered on a stated value basis, we will pay no more than the proportion that the value of the damaged part bears to the Stated Value in the Declarations.

**d. Actual Cash Value**

- (1) Actual cash value means replacement cost, as defined in **a.** above, minus depreciation.
- (2) We will value the following property on an actual cash value basis:
  - (a) Any property that otherwise would be valued on a replacement cost basis, but for which repairs or replacements are not made as soon as reasonably possible;
  - (b) Any property designated in the coverage form as having actual cash value apply;
  - (c) Any property specifically identified in the Declarations as having actual cash value apply; and
  - (d) Any property for which another valuation method is not specifically identified.

**e. Electronic Data Valuation**

To the extent "**electronic data**" is not replaced, the loss will be valued at the cost of replacement of the "**media**" on which the "**electronic data**" was stored, with blank "**media**" of substantially identical type.

**C. Personal Property of Others**

- a. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- b. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- c. Personal property of others is valued on the same basis as your business personal property (subject to any exceptions in this Valuation and Loss Payment section). However, we will not pay more than the amount for which you are legally liable.
- d. Labor, materials and services that you furnish or arrange on personal property of others are valued based on the actual cost of the labor, materials and services.

**D. Coinsurance Option**

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

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property 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)**.

We will pay the amount determined in **Step (4)** or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

**LOSS PAYEE CONDITION**

When an Additional Interest Schedule is attached to this Policy, the following provisions apply to Loss Payees:

For Covered Property in which both you and a Loss Payee shown in the Additional Interest Schedule have an insurable interest, we will:

1. Adjust losses with you; and
2. Pay any claim for loss jointly to you and the Loss Payee, as interests may appear.

# DIFFERENCE IN CONDITIONS COVERAGE FORM

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

Throughout this policy the words **you** and **your** refer to the Named Insured shown in the Declarations. The words **we**, **us**, and **our** refer to the Company providing this insurance. The word **loss** means accidental loss or damage.

Other words and phrases that appear in **bold** and have "**quotation marks**" have special meaning. Refer to the **DEFINITIONS** section.

## COVERAGE

We will pay for loss of or damage to Covered Property from any of the Covered Causes of Loss.

### Covered Property

Covered Property, as used in this Coverage Form, means the type of property described in this Paragraph, and limited in the Property Not Covered Paragraph below, but only if a Limit of Insurance is shown in the Declarations for that type of property:

- a. Building, meaning the building or structure described in the Declarations including:
  - (1) Completed additions;
  - (2) Fixtures, including outdoor fixtures;
  - (3) Permanently installed machinery and equipment;
  - (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
    - (a) Fire extinguishing equipment;
    - (b) Outdoor furniture;
    - (c) Floor coverings; and
    - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering; and
  - (5) If not covered by other insurance:
    - (a) Additions under construction, alterations and repairs to the building or structure; and
    - (b) Materials, equipment, supplies and temporary structures, on or within 1000 feet of the described premises, used for making additions, alterations or repairs to the building or structure.
- b. Your Business Personal Property located in or on the building described in the Declarations or in the open (or within a vehicle) within 1000 feet of the described premises, consisting of the following unless otherwise specified in the Declarations:
  - (a) Furniture and fixtures;
  - (b) Machinery and equipment;
  - (c) "**Stock**";
  - (d) All other personal property owned by you and used in your business;
  - (e) Labor, materials or services furnished or arranged by you on personal property of others;
  - (f) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
    - (i) Made a part of the building or structure you occupy but do not own; and
    - (ii) You acquired or made at your expense but cannot legally remove; and
  - (g) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property of Others.
- c. Personal property of others that is:
  - (1) In your care, custody or control; and
  - (2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 1000 feet of the described premises.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

## Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "**stock**" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
  - (1) The lowest basement floor; or
  - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property in transit;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;
- n. Vehicles or self-propelled machines (including aircraft or watercraft) that are licensed for use on public roads or are operated principally away from the described premises.

This paragraph does not apply to:

- (1) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (2) Vehicles or self-propelled machines, other than autos, you hold for sale; or
- (3) Rowboats or canoes out of water at the described premises; or
- o. The following property while outside of buildings:
  - (1) Grain, straw or other crops; or
  - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants (other than "**stock**" of trees, shrubs or plants).

## Covered Causes Of Loss

Covered Causes of Loss means Risks of Direct Physical Loss or Damage to Covered Property except those causes of loss listed in the Exclusions.

## Additional Coverages

### Debris Removal

1. We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:
  - a. The date of direct physical loss or damage; or
  - b. The end of the policy period.
2. This Coverage does not apply to costs to:
  - a. Extract "**pollutants**" from land or water; or
  - b. Remove, restore or replace polluted land or water.
3. **Debris Removal Limit of Insurance**
  - a. Your **Debris Removal Limit of Insurance** applies to your Debris Removal Coverage, providing an excess Limit of Insurance.

- b. The most we will pay for debris removal is the lesser of:
  - (1) 25% of the covered direct physical loss or damage; or
  - (2) The remaining applicable Limit of Insurance for Covered Property shown in the Declarations after payment of the covered direct physical loss or damage.
- c. If the amount in b. above is insufficient to pay the debris removal, we will pay the remaining debris removal. However, this additional amount we pay is subject to the **Debris Removal Limit of Insurance** shown in the Declarations.

#### **Emergency Response Service Charge**

When the fire department or other municipal agency responsible for preserving the public safety is called to save or protect Covered Property from a Covered Cause of Loss, we will pay for the fire department or other municipal agency service charges assumed by contract or agreement prior to loss, or required by local ordinance.

The most we will pay for this Additional Coverage is the **Emergency Response Service Charge Limit of Insurance** shown in the Declarations.

Coinsurance and Deductible provisions do not apply to this Additional Coverage.

This Additional Coverage does not increase the Limit of Insurance.

#### **Preservation of Property**

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

- a. While it is being moved to or while temporarily stored at another location; and
- b. Only if loss or damage occurs within 90 days after the property is first moved.

This Additional Coverage does not increase the Limit of Insurance.

#### **Preservation of Property - Expense Coverage**

If it is necessary to move Covered Property from a premises to preserve it from further loss or damage by a Covered Cause of Loss, we will pay the actual expense to move the property to safety.

We will also pay any necessary rental fees for the temporary storage at premises of others for the period of days shown in the Declarations after the property is first moved.

This is additional insurance. The applicable per-occurrence **Preservation of Property – Expense Coverage Limit of Insurance** is shown in the Declarations.

#### **Pollutant Clean Up And Removal**

1. We will pay your expense to extract "**pollutants**" from land or water if the discharge, dispersal, seepage, migration, release or escape of the "**pollutants**" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of when the Covered Cause of Loss occurs.
2. This Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effect of "**pollutants**" from the land or water. But we will pay for testing which is performed in the course of extracting the "**pollutants**" from the land or water.

#### **3. Pollutant Clean Up Limit of Insurance**

- a. Your **Pollutant Clean Up Limit of Insurance** applies to your Pollutant Clean Up and Removal Coverage. The aggregate liability of the Company shall not exceed this limit for all covered expenses arising during any single policy year. A policy year means the period from the inception or anniversary date to the expiration date or next anniversary date.
- b. Your **Pollutant Clean Up Limit of Insurance** applies per location and is shown in the Declarations.

#### **Limited Coverage For "Fungi", Wet Rot, Dry Rot And Bacteria**

- a. The coverage described in Paragraphs b. and e. only applies when "**fungi**", wet or dry rot or bacteria are the result of one or more of the Covered Causes of Loss, except fire or lightning, that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after the time of the occurrence.
- b. We will pay for loss or damage to Covered Property by "**fungi**", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
  - (1) Direct physical loss or damage to Covered Property caused by "**fungi**", wet or dry rot or bacteria, including the cost of removal of the "**fungi**", wet or dry rot or bacteria;

- (2) The cost to tear out and replace any part of the building or other property as needed to gain access to the "**fungi**", wet or dry rot or bacteria; and
- (3) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "**fungi**", wet or dry rot or bacteria are present.
- c. Unless a higher Limit of Insurance for this coverage is shown in the Declarations, the most we will pay is \$15,000 for loss or damage to Covered Property. Regardless of the number of claims, this Limit of Insurance is the most we will pay for the total of all loss or damage arising out of all occurrences of Covered Causes of Loss (other than fire or lightning) which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "**fungi**", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "**fungi**", wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.

If the Declarations indicate that the Separate Locations Option applies, then the amount of coverage (\$15,000, unless a higher amount is shown in the Declarations) is made applicable to separate locations as described in the Declarations. For each location so described, the amount of coverage is an annual aggregate limit, subject to the terms set forth above in this Paragraph c.

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

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

- e. The following, e.(1) or e.(2), applies only if Business Income and/or Extra Expense Coverage applies and only if the suspension of "**operations**" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

- (1) If the loss which resulted in "**fungi**", wet or dry rot or bacteria does not in itself necessitate a suspension of "**operations**" but such suspension is necessary due to loss or damage to property caused by "**fungi**", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days, or the number of days shown in the Declarations. The days need not be consecutive.
- (2) If a covered suspension of "**operations**" was caused by loss or damage other than "**fungi**", wet or dry rot or bacteria but remediation of "**fungi**", wet or dry rot or bacteria prolongs the "**period of restoration**", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "**period of restoration**"), but such coverage is limited to 30 days, or the number of days shown in the Declarations. The days need not be consecutive.

## Coverage Extensions

### Newly Acquired Or Constructed Property

- a. You may extend the insurance that applies to building to apply to:
  - (1) Your new building while being built on the described premises; and
  - (2) Buildings you acquire at locations, other than the described premises, intended for:
    - (a) Similar use as the building described in the Declarations; or
    - (b) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.
- b. You may extend the insurance that applies to your Business Personal Property to apply to that property at any location you acquire other than at fairs or exhibitions.

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

- c. Insurance under this Extension for each newly acquired or constructed property will end when any of the following first occurs:
  - (1) This policy expires;
  - (2) 30 days expire after you acquire or begin to construct the property; or
  - (3) You report values to us.

We will charge you additional premium for values reported from the date construction begins or you acquire the property.

## **Valuable Papers And Records – Cost Of Research**

Except as otherwise provided, this Extension applies to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1000 feet of the described premises.

You may extend the insurance that applies to your Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which duplicates do not exist. The most we will pay under this Extension is \$2,500 at each described premises, unless a higher limit is shown in the Declarations.

## **EXCLUSIONS**

### **Acts or Decisions**

We will not pay for loss or damage caused by or resulting from acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body. But, if an excluded cause of loss results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

### **Causes of Loss Covered by an Underlying Policy**

We will not pay for loss or damage caused by or resulting from fire, lightning, windstorm, hail or any other cause of loss if the cause of loss is covered by the Underlying Policy(ies) described in the Declarations; except this exclusion does not apply to any cause of loss specified in the Declarations to be excess insurance. When a cause of loss is specified as excess insurance, coverage is excess of coverage provided by the Underlying Policy(ies), whether that insurance is collectible or not.

### **Consequential Loss**

We will not pay for loss or damage caused by or resulting from delay, loss of use, loss of market or any other consequential loss.

### **Dampness, Dryness, Or Extremes Of Temperature**

We will not pay for loss or damage caused by or resulting from dampness, dryness, or extremes of temperature. But, if an excluded cause of loss results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

### **Decay or Deterioration**

We will not pay for loss or damage caused by or resulting from decay or deterioration. But, if the excluded cause of loss results in a covered cause of loss not otherwise excluded, we will pay for the loss or damage caused by that covered cause of loss.

### **Dishonesty**

We will not pay for loss or damage caused by or resulting from dishonest or criminal acts by you, any of your partners, employees, directors, trustees, authorized representatives or anyone (except carriers for hire) to whom you entrust the property for any purpose:

- a. Acting alone or in collusion with others; or
- b. Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees; but theft by employees is not covered.

### **Electrical Arcing**

We will not pay for loss or damage caused by or resulting from artificially generated electrical current, including electric arcing that disturbs electrical devices, appliances or wires creating a short circuit or other electric disturbance within an article covered under this Coverage Form.

This exclusion only applies to loss or damage to that article in which the disturbance occurs.

### **False Pretense**

We will not pay for loss or damage caused by or resulting from voluntary parting with any covered property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

### **Fungus, Wet Rot, Dry Rot and Bacteria**

We will not pay for loss or damage caused directly or indirectly by the presence, growth, proliferation, spread or any activity of **"fungus"**, wet or dry rot or bacteria. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

But if "**fungus**", wet or dry rot or bacteria results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion does not apply to the extent that coverage is provided in the Limited Coverage for Fungus, Wet Rot, Dry Rot and Bacteria in this coverage form.

#### **Governmental Action**

We will not pay for loss or damage caused directly or indirectly by seizure or destruction of property by order of governmental authority. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

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

#### **Hidden or Latent Defect**

We will not pay for loss or damage caused by or resulting from hidden or latent defect or any quality in property that causes it to damage or destroy itself. But, if the excluded cause of loss results in a covered cause of loss not otherwise excluded, we will pay for the loss or damage caused by that covered cause of loss.

#### **Insects, Vermin, or Animals**

We will not pay for loss or damage caused by or resulting from insects, vermin, rodents, birds, or other animals. But, if the excluded cause of loss results in a covered cause of loss not otherwise excluded, we will pay for the loss or damage caused by that covered cause of loss.

#### **Marring or Scratching of Personal Property**

We will not pay for loss or damage caused by or resulting from marring or scratching of personal property. But, if the excluded cause of loss results in a covered cause of loss not otherwise excluded, we will pay for the loss or damage caused by that covered cause of loss.

#### **Mechanical Breakdown**

We will not pay for loss or damage caused by or resulting from mechanical breakdown, including rupture or bursting caused by centrifugal force. However, this does not apply to any loss or damage caused by elevator collision. But, if the excluded cause of loss results in a covered cause of loss not otherwise excluded, we will pay for the loss or damage caused by that covered cause of loss.

#### **Mysterious Disappearance**

We will not pay for loss or damage caused by or resulting from disappearance or shortage disclosed on taking inventory, where there is no physical evidence to show what happened.

This exclusion does not apply to any ensuing loss or damage by a Covered Cause of Loss.

#### **Neglect**

We will not pay for loss or damage caused by or resulting from neglect of an insured to use all reasonable means to save and preserve property from further damage at or after the time of loss.

#### **Negligent Work**

We will not pay for loss or damage caused by or resulting from faulty, inadequate, defective or negligent:

- a. Planning, zoning, development, surveying, siting;
- b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- c. Materials used in repair, construction, renovation or remodeling; or
- d. Maintenance;

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

But, if an excluded cause of loss results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

#### **Nuclear Hazard**

We will not pay for loss or damage caused directly or indirectly by: any weapon employing atomic fission or fusion; nuclear reaction or radiation; or radioactive contamination; however caused. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the direct loss or damage caused by that fire if the fire would be covered under this Coverage Form.

## **Pollutants**

We will not pay for loss or damage caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of "**pollutants**" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the covered causes of loss. But if the discharge, dispersal, seepage, migration, release or escape of "**pollutants**" results in a covered cause of loss not otherwise excluded, we will pay for the loss or damage caused by that covered cause of loss.

## **Rain, Snow, Ice or Sleet to Personal Property in the Open**

We will not pay for loss or damage caused by or resulting from rain, snow, ice or sleet to personal property in the open.

## **Rust or Corrosion**

We will not pay for loss or damage caused by or resulting from rust or other corrosion. But, if the excluded cause of loss results in a covered cause of loss not otherwise excluded, we will pay for the loss or damage caused by that covered cause of loss.

## **Settling, Cracking Shrinkage or Expansion**

We will not pay for loss or damage caused by or resulting from settling, cracking, shrinkage or expansion. But, if the excluded cause of loss results in a covered cause of loss not otherwise excluded, we will pay for the loss or damage caused by that covered cause of loss.

## **Steam Apparatus**

We will not pay for loss or damage caused by or resulting from explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control.

## **Unauthorized Transfer**

We will not pay for loss or damage caused by or resulting from unauthorized instructions to transfer property to any person or to any place.

## **Valuable Papers And Records – Cost Of Research**

We will not pay for the cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media, except as provided in the Coverage Extension.

## **War and Military Action**

We will not pay for loss or damage caused directly or indirectly by

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

Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

## **Wear and Tear**

We will not pay for loss or damage caused by or resulting from wear and tear, or depreciation. But, if the excluded cause of loss results in a covered cause of loss not otherwise excluded, we will pay for the loss or damage caused by that covered cause of loss.

## **LIMITS OF INSURANCE**

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

Separate Limits of Insurance are shown in the Declarations for Earthquake and "**Water Damage**".

## **DEDUCTIBLE**

We will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage before applying the applicable Limits of Insurance exceeds the Deductible shown in the Declarations. We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

Specific deductibles apply to:

1. **"Water Damage"** and
2. Earthquake.

All earthquake shocks that occur within a 168 hour period following the earthquake will constitute a single earthquake occurrence.

## **CONDITIONS**

This Coverage Form is subject to the Common Policy Conditions, the Commercial Inland Marine Conditions, and the following Additional Conditions:

### **Valuation**

The **Valuation** Condition in the Commercial Inland Marine Conditions is replaced by the following:

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. At actual cash value as of the time of loss or damage, except as provided in Paragraphs **b.**, **c.**, **d.**, **e.** and **f.** below.
- b. If the cost to repair or replace the damaged building is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property. However, the following property will be valued at the actual cash value even when attached to the building:

- (1) Awnings or floor coverings;
- (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
- (3) Outdoor equipment or furniture.

- c. **"Stock"** you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety glazing material if required by law.
- e. Tenant's Improvements and Betterments at:
  - (1) Actual cash value of the lost or damaged property if you make repairs promptly.
  - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
    - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
    - (b) Divide the amount determined in Paragraph (a) by the number of days from the installation of improvements to the expiration of the lease.If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in the procedure.
  - (3) Nothing if others pay for repairs or replacement.
- f. Valuable Papers and Records, including those that exist on electronic or magnetic media (other than pre-packaged software programs), at the cost of:
  - (1) Blank materials for reproducing the records; and
  - (2) Labor to transcribe or copy the records when there is a duplicate;except as provided in the Coverage Extension.

### **Underlying Insurance**

- a. The insurance afforded by each policy of underlying insurance described in the Declarations will be maintained for the full term of this insurance. As each policy expires you will renew it at limits and for causes of loss equal to or greater than the expiring limits and causes of loss.
- b. If you fail to comply with the provisions in Paragraph **a.**, we will pay only to the extent that we would have paid had you complied with the requirements in Paragraph **a.**

### **Coverage Territory**

The **Coverage Territory** in the Commercial Inland Marine Conditions is replaced by the following:

We cover property wherever located within:

- a. The United States of America (including its territories and possessions);
- b. Puerto Rico; and
- c. Canada.

### **Protective Safeguards**

You must maintain the protective safeguards stated by you to be in effect at a location when this coverage began.

If you fail to keep the protective safeguards:

- a. In working condition at a location; and
- b. In operation when you are closed to business;

coverage for which the protective safeguards apply is automatically suspended at that location. This suspension will last until equipment or services are back in operation.

### **OPTIONAL COVERAGE**

#### **Replacement Cost**

1. If specified in the Declarations, Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the General Condition, **Valuation** of the Commercial Inland Marine Conditions.
2. This Optional Coverage does not apply to:
  - a. Personal property of others;
  - b. Contents of a residence;
  - c. Manuscripts;
  - d. Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
  - e. "**Stock**", unless the Including Stock option is shown in the Declarations.
3. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
4. We will not pay on a replacement cost basis for any loss or damage:
  - a. Until the lost or damaged property is actually repaired or replaced; and
  - b. Unless the repairs or replacement is made as soon as reasonably possible after the loss or damage.
5. We will not pay more for loss or damage on a replacement cost basis than the least of **a.**, **b.** or **c.**, subject to Paragraph **6.** below:
  - a. The Limit of Insurance applicable to the lost or damaged property;
  - b. The cost to replace, on the same premises, the lost or damaged property with other property:
    - (1) Of comparable material and quality; and
    - (2) Used for the same purpose; or
  - c. The amount you actually spend that is necessary to repair or replace the lost or damaged property.
- If a building is rebuilt at a new premises, the cost described in Paragraph **5.b.** is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.
6. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

### **DEFINITIONS**

#### **FUNGI**

**"Fungi"** means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by fungi.

#### **POLLUTANTS**

**"Pollutants"** means any solid, liquid, gaseous, or thermal irritant or contaminant including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed.

STOCK

**"Stock"** means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

WATER DAMAGE

**"Water Damage"** means:

- a. Flood, surface waters, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- b. Mudslide or mudflow;
- c. Water that backs up from a sewer or drain; or
- d. Water under the ground surface pressing on, or flowing or seeping through:
  - (1) Foundations, walls, floors or paved surfaces;
  - (2) Basements, whether paved or not; or
  - (3) Doors, windows or other openings.

# COMMERCIAL INLAND MARINE BUSINESS INCOME COVERAGE FORM

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

Throughout this policy the words **you** and **your** refer to the Named Insured shown in the Declarations. The words **we**, **us**, and **our** refer to the Company providing this insurance. The word **loss** means accidental loss or damage.

Other words and phrases that appear in **bold** and have "**quotation marks**" have special meaning. Refer to the **DEFINITIONS** section.

## COVERAGE

Coverage is provided as described below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

- a. Business Income including "**Rental Value**".
- b. Business Income other than "**Rental Value**".
- c. "**Rental Value**" only.

If option **a.** is selected, the term Business Income will include "**Rental Value**". If option **c.** is selected, the term Business Income will mean "**Rental Value**" only.

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

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

If you are a tenant, your premises are the portion of the building which you rent, lease or occupy, including:

- a. All routes within the building to gain access to the described premises; and
- b. Your personal property in the open (or in a vehicle) within 100 feet.

## 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. Continuing normal operating expenses incurred, including payroll.

## Covered Causes Of Loss

See applicable coverage form as shown in the Declarations.

## Additional Coverages

### Expenses To Reduce Loss

In the event of a covered loss of Business Income, we will pay necessary expenses you incur, except the cost of extinguishing a fire, to avoid further loss of Business Income. The total of our payment for Business Income loss and Expenses to Reduce Loss will not be more than the Business Income loss that would have been payable under this Coverage Form (after application of any Coinsurance penalty) if the Expenses to Reduce Loss had not been incurred. This coverage does not increase the Limit of Insurance.

The Coinsurance Condition does not apply specifically to such Expenses to Reduce Loss, but it is used as described above to determine the total amount payable.

## Civil Authority

We will pay for the actual loss of Business Income you sustain caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss. This coverage begins 72 hours after the time of that action, and will apply for a period of up to four consecutive weeks from the date on which the coverage begins.

## Alterations and New Buildings

We will pay for the actual loss of Business Income you sustain due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
  - (a) Used in the construction, alterations or additions; or
  - (b) Incidental to the occupancy of new buildings. If such direct physical loss or damage delays the start of "**operations**", the "**period of restoration**" will begin on the date "**operations**" would have begun if the direct physical loss or damage had not occurred.

## Extended Business Income

### (1) Business Income Other Than "**Rental Value**"

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

- (a) Begins on the date property (except "**finished stock**") is actually repaired, rebuilt or replaced and "**operations**" are resumed; and
- (b) Ends on the earlier of:
  - (i) The date you could restore your "**operations**", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
  - (ii) 30 consecutive days after the date determined in Paragraph (a).

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

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

### (2) "**Rental Value**"

If the necessary suspension of your "**operations**" produces a "**Rental Value**" loss payable under this policy, we will pay for the actual loss of "**Rental Value**" you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
  - (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "**Rental Value**" that would have existed if no direct physical loss or damage had occurred; or
  - (ii) 30 consecutive days after the date determined in Paragraph (a).

However, 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 Cause of Loss in the area where the described premises are located.

Loss of "**Rental Value**" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

## Coverage Extension

### NEWLY ACQUIRED LOCATIONS

- a. You may extend your Business Income Coverage to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay for loss, at each location under this Extension is the **Newly Acquired Locations Limit of Insurance** shown in the Declarations.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
  - (1) This policy expires;

- (2) 90 days or the number of days stated in the Declarations expire after you acquire or begin to construct the property; or
- (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

This Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

## **EXCLUSIONS AND LIMITATIONS**

See applicable coverage form as shown in the Declarations.

## **LIMITS OF INSURANCE**

The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The limit applicable to the Coverage Extension is in addition to the Limit of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Alterations and New Buildings;
2. Civil Authority;
3. Extended Business Income; and
4. Expenses to Reduce Loss.

## **LOSS CONDITIONS**

The **Appraisal** Loss Condition in the Commercial Inland Marine Conditions is replaced by the following:

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

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

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

The **Duties In The Event Of Loss** Loss Condition in the Commercial Inland Marine Conditions is replaced by the following:

You must see that the following are done in the event of loss:

- a. Notify the police if a law may have been broken.
- b. Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- c. As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.
- d. Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- e. As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- f. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.
- g. Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

- h. Cooperate with us in the investigation or settlement of the claim.
- i. If you intend to continue your business, you must resume all or part of your "**operations**" as quickly as possible.

The **Loss Payment** Loss Condition in the Commercial Inland Marine Conditions is replaced by the following:

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

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

The following conditions apply in addition to the Common Policy Conditions and the Commercial Inland Marine Conditions:

### **Limitation – Electronic Media And Records**

This Limitation does **NOT** apply to the Electronic Data Processing Coverage Form.

- (1) We will not pay for any loss of Business Income caused by direct physical loss of or damage to Electronic Media and Records after the longer of:
  - (a) 60 consecutive days from the date of direct physical loss or damage; or
  - (b) The period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild or replace, with reasonable speed and similar quality, other property at the described premises due to loss or damage caused by the same occurrence.
- (2) Electronic Media and Records are:
  - (a) Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;
  - (b) Data stored on such media; or
  - (c) Programming records used for electronic data processing or electronically controlled equipment.

### **Loss Determination**

- (1) The amount of Business Income loss will be determined based on:
  - (a) The Net Income of the business before the direct physical loss or damage occurred;
  - (b) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
  - (c) 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
  - (d) Other relevant sources of information, including:
    - (i) Your financial records and accounting procedures;
    - (ii) Bills, invoices and other vouchers; and
    - (iii) Deeds, liens or contracts.
- (2) Resumption of Operations

We will reduce the amount of your Business Income loss to the extent you can resume your "**operations**", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

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

### **ADDITIONAL CONDITIONS**

The **Coinsurance Option** in the Commercial Inland Marine Conditions form is replaced by the following:

If a Coinsurance percentage is shown in the Declarations to apply to Business Income, the following condition applies:

#### **COINSURANCE**

1. We will not pay the full amount of any loss if the Limit of Insurance for Business Income is less than:
  - a. The Coinsurance percentage shown for Business Income in the Declarations; times
  - b. The sum of:
    - (1) The Net Income (Net Profit or Loss before income taxes); and
    - (2) Operating expenses, including payroll expenses;

that would have been earned or incurred (had no loss occurred) by your "**operations**" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

2. Instead, we will determine the most we will pay using the following steps:
  - a. 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;
  - b. Divide the Limit of Insurance for the described premises by the figure determined in Step a.; and
  - c. Multiply the total amount of loss by the figure determined in Step b.

We will pay the amount determined in Step c. or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

3. 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 do not continue under contract;
  - j. Power, heat and refrigeration expenses that do not continue under contract (if **Endorsement VIM 268** is attached);
  - k. All ordinary payroll expenses or the amount of payroll expense excluded (if **Endorsement VIM 267** is attached); 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).

## OPTIONAL COVERAGES

If shown in the Declarations, the following Optional Coverages apply separately to each item.

### Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this endorsement at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income is the lesser of:
  - (1) The amount of loss sustained during the 120 days immediately following the beginning of the "**period of restoration**"; or
  - (2) The Limit of Insurance shown in the Declarations.

### Monthly Limit Of Indemnity

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

### Business Income Agreed Value

- a. To activate this Optional Coverage:
  - (1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "**operations**":
    - (a) During the 12 months prior to the date of the Work Sheet; and
    - (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.

- (2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:
  - (a) The Coinsurance percentage shown in the Declarations; multiplied by
  - (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.
- b. The Additional Condition, Coinsurance, is suspended until:
  - (1) 12 months after the effective date of this Optional Coverage; or
  - (2) The expiration date of this policy;
 whichever occurs first.
- c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:
  - (1) Within 12 months of the effective date of this Optional Coverage; or
  - (2) When you request a change in your Business Income Limit of Insurance.
- d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:
  - (1) The Business Income Limit of Insurance; divided by
  - (2) The Agreed Value.

#### **Extended Period Of Indemnity**

Under the Additional Coverage for **Extended Business Income**, the number "30" in Paragraph (1)(b)(ii) and (2)(b)(ii) is replaced by the number shown in the Declarations for this Optional Coverage.

#### **DEFINITIONS**

##### **FINISHED STOCK**

**"Finished Stock"** means stock you have manufactured.

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

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

##### **OPERATIONS**

**"Operations"** means:

- a. Your 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"** only applies.

##### **PERIOD OF RESTORATION**

**"Period Of Restoration":**

- a. Means the period of time that:
  - (1) Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
  - (2) Ends on the earlier of:
    - (a) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
    - (b) The date when business is resumed at a new permanent location.
- b. Does not include any increased period required due to the enforcement of any ordinance or law that:
  - (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
  - (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **"pollutants"**.

The expiration date of this policy will not cut short the **"period of restoration"**.

**POLLUTANTS**

**"Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

**RENTAL VALUE**

**"Rental Value"** means the:

- a. Total anticipated rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you;
- b. Amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations; and
- c. Fair rental value of any portion of the described premises which is occupied by you.

# COMMERCIAL INLAND MARINE EXTRA EXPENSE COVERAGE FORM

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

Throughout this policy the words **you** and **your** refer to the Named Insured shown in the Declarations. The words **we**, **us**, and **our** refer to the Company providing this insurance. The word **loss** means accidental loss or damage.

Other words and phrases that appear in **bold** and have "**quotation marks**" have special meaning. Refer to the **DEFINITIONS** section.

## COVERAGE

We will pay the actual and necessary Extra Expense you sustain due to direct physical loss of or damage to property, including personal property in the open (or in a vehicle) within 100 feet, at premises which are described in the Declarations and for which an Extra Expense Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss.

If you are a tenant, your premises are the portion of the building which you rent, lease or occupy, including:

- a. All routes within the building to gain access to the described premises; and
- b. Your personal property in the open (or in a vehicle) within 100 feet.

## Extra Expense

Extra Expense means necessary expenses you incur during the "**period of restoration**" that you would not have incurred if there had been no direct physical loss or damage to property to:

- a. Avoid or minimize the suspension of business and to continue "**operations**":
  - (1) At the described premises; or
  - (2) At replacement premises or at temporary locations, including:
    - (a) Relocation expenses; and
    - (b) Costs to equip and operate the replacement or temporary locations;
- b. Minimize the suspension of business if you cannot continue "**operations**"; or
- c. Repair or replace any property; or to research, replace or restore the lost information on damaged valuable papers and records;

to the extent it reduces the amount of loss that otherwise would have been payable under this endorsement.

## Covered Causes Of Loss

See applicable coverage form as shown in the Declarations.

## Additional Coverages

### Alterations and New Buildings

We will pay for the actual and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
  - (a) Used in the construction, alterations or additions; or
  - (b) Incidental to the occupancy of new buildings.

## Civil Authority

We will pay for the actual and necessary Extra Expense you incur caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss. This coverage will apply for a period of up to four consecutive weeks from the date of that action.

## **Coverage Extension**

You may extend the insurance provided by this endorsement as follows:

### **NEWLY ACQUIRED LOCATIONS**

- a. You may extend your Extra Expense Coverage to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay for loss under this Extension is the **Newly Acquired Locations Limit of Insurance** shown in the Declarations.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
  - (1) This policy expires;
  - (2) 90 days or the number of days shown in the Declarations expire after you acquire the property; or
  - (3) You notify us of how you want this coverage to apply to that location.

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

This Extension is additional insurance.

## **EXCLUSIONS AND LIMITATIONS**

See applicable coverage form as shown in the Declarations.

## **LIMITS OF INSURANCE**

The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The limit applicable to the Coverage Extension is in addition to the Limits of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Alterations and New Buildings; or
2. Civil Authority.

## **LOSS CONDITIONS**

**Loss Condition B. Appraisal** in the Commercial Inland Marine Conditions is replaced by the following:

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

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

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

The following conditions apply in addition to the Common Policy Conditions and the Commercial Inland Marine Conditions.

## **Duties If You Incur Extra Expense**

- (1) You must see that the following are done if you incur Extra Expense:
  - (a) Notify the police if a law may have been broken.
  - (b) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
  - (c) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.
  - (d) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

- (e) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.  
Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (f) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (g) Cooperate with us in the investigation or settlement of the claim.
- (h) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

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

### **Limits On Loss Payment**

We will not pay more for Extra Expense than the percentages shown in the Declarations times the Limit of Insurance.

When the "**period of restoration**" is:

- (1) 30 days or less, the first percentage applies.
- (2) 60 days or less, but more than 30 days, the second percentage applies.
- (3) More than 60 days, the third percentage applies.

### **Loss Determination**

- (1) 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 or damage had occurred. We will deduct from the total of such expenses:
    - (i) The salvage value that remains of any property bought for temporary use during the "**period of restoration**", once "**operations**" are resumed; and
    - (ii) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
  - (b) All necessary expenses that reduce the Extra Expense otherwise incurred.
- (2) We will reduce the amount of your Extra Expense loss to the extent you can return "**operations**" to normal and discontinue such Extra Expense.
- (3) If you do not resume "**operations**", or do not resume "**operations**" as quickly as possible, we will pay based on the length of time it would have taken to resume "**operations**" as quickly as possible.

### **Loss Payment**

We will pay for any loss within 30 days after we receive the proof of loss, if you have complied with all of the terms of this coverage form and:

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

### **DEFINITIONS**

#### **OPERATIONS**

**"Operations"** means your business activities occurring at the described premises.

#### **PERIOD OF RESTORATION**

**"Period of Restoration"** means the period of time that:

- a. Begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and
- b. Ends on the earlier of:
  - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
  - (2) The date when business is resumed at a new permanent location.

**"Period of restoration"** does not include any increased period required due to the enforcement of any ordinance or law that:

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

The expiration date of this policy will not cut short the **"period of restoration"**.

#### POLLUTANTS

**"Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

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

## **DIFFERENCE IN CONDITIONS – STOP LOSS LIMIT OF INSURANCE**

**This endorsement is added to the commercial Inland Marine coverage forms and endorsements attached to this policy unless otherwise specified in this policy.**

### **LIMITS OF INSURANCE**

The following is added to the **LIMITS OF INSURANCE** Section of the **Difference in Conditions Coverage Form (VIM 011 07 05)**:

#### **STOP LOSS LIMIT OF INSURANCE**

The limit of insurance for any one loss will not exceed the Stop Loss Limit of Insurance shown in the SCHEDULE below. This is the most we will pay for all loss or damage in any one occurrence under this Inland Marine Coverage Part, regardless of the number of locations, limits of insurance, Coverages, Additional Coverages, Coverage Extensions or Optional Coverages involved in that occurrence, including any Business Income, Extra Expense or Ordinance or Law.

Amounts payable under any Coverage, Additional Coverage, Coverage Extension or Optional Coverage contained in this Inland Marine Coverage Part will not:

1. Exceed the otherwise applicable limit of insurance provided under this Inland Marine Coverage Part; or
2. Increase the Stop Loss Limit of Insurance shown in the SCHEDULE below.

Any limit of insurance shown in this Inland Marine Coverage Part, including any limit of insurance added or revised after inception of this policy, is part of, not in addition to, the Stop Loss Limit of Insurance shown in the SCHEDULE below.

### **SCHEDULE**

<b>Stop Loss Limit of Insurance:</b>	\$5,000,000
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

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

## **DIFFERENCE IN CONDITIONS COVERAGE – ADDITIONAL COVERED PROPERTY**

**This endorsement is added to the commercial Inland Marine coverage forms and endorsements attached to this policy unless otherwise specified in this policy.**

### **COVERED PROPERTY**

The Covered Property shown in the SCHEDULE below is removed from the **Property Not Covered** paragraph of the **COVERAGE** Section of the Difference in Conditions Coverage Form **VIM 011** and added to the **Covered Property** paragraph of the **COVERAGE** Section of the Difference in Conditions Coverage Form **VIM 011**.

The Covered Property shown in the SCHEDULE below is covered in addition to any other types of property designated as Covered Property in the Difference in Conditions Coverage Form **VIM 011**.

If an Additional Covered Property Limit of Insurance is shown in the SCHEDULE below, the most we will pay for loss or damage to all types of Covered Property shown in the SCHEDULE below is the Total Limit of Insurance for Additional Covered Property. This coverage does not increase the Limit of Insurance.

If an Additional Covered Property Limit of Insurance is not shown in the SCHEDULE below, coverage for loss or damage to Covered Property shown in the SCHEDULE below is subject to the limit of insurance otherwise applicable to Covered Property and shown in the Declarations. This coverage does not increase the Limit of Insurance.

### **SCHEDULE**

**Covered Property also includes:**

BUILDING FOUNDATIONS

**Total Limit of Insurance for Additional Covered Property:** \$250,000

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

**All other terms and conditions remain unchanged.**

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

## **EARTHQUAKE COVERAGE ENDORSEMENT**

**This endorsement is added to the Commercial Inland Marine coverage forms and endorsements attached to this policy unless otherwise specified in this policy.**

### **COVERAGE**

**The following is added to the COVERAGE Section of the Commercial Inland Marine coverage form(s) and applies to the property shown in the Schedule below:**

#### **Earthquake Causes Of Loss**

The following Earthquake Causes of Loss apply only to property or coverages for which **Earthquake Causes of Loss** is shown in the Schedule below:

- a. Earthquake.
- b. Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.

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

### **LIMITS OF INSURANCE**

**The following is added to the LIMITS OF INSURANCE Section of the Commercial Inland Marine coverage form(s) and applies to the property shown in the Schedule below:**

#### **Earthquake and Volcanic Eruption Limits of Insurance**

The Earthquake and Volcanic Eruption limits of insurance apply to all covered direct and consequential losses (including your Business Income and Extra Expense Coverages if provided) arising out of Earthquake or Volcanic Eruption.

The **Each Occurrence Limit of Insurance** shown in the Schedule below is the most we will pay for loss or damage caused by or arising out of Earthquake or Volcanic Eruption in any one occurrence.

The **Annual Aggregate Limit of Insurance** shown in the Schedule below is the most we will pay for all losses arising out of Earthquake or Volcanic Eruption during the 12 month period or fraction thereof beginning with the inception date of this coverage and ending with the next occurring policy anniversary or expiration date (whichever comes first).

In no event will we pay more for loss by Earthquake or Volcanic Eruption than the Limit of Insurance applying to the lost or damaged property which would have applied had the loss or damage arisen from fire.

### **DEDUCTIBLES**

**The following is added to the DEDUCTIBLES Section of the Commercial Inland Marine coverage form(s) and applies to the property shown in the Schedule below:**

#### **Earthquake or Volcanic Eruption Deductible**

With respect to loss or damage arising out of Earthquake or Volcanic Eruption, we will not pay in any one occurrence until the amount of loss or damage exceeds the applicable Earthquake or Volcanic Eruption Deductible.

Unless otherwise shown in the Schedule below, the Earthquake or Volcanic Eruption Deductible does not apply to Business Income and Extra Expense coverages, if provided.

This endorsement applies only to loss or damage occurring at the locations or to the building or other property shown in the Schedule below under Earthquake or Volcanic Eruption Covered Property.

**SCHEDULE\***

The following **Limits of Insurance** and **Deductible(s)** apply to loss or damage arising out of **Earthquake or Volcanic Eruption** at the location(s) shown below:

**EARTHQUAKE OR VOLCANIC ERUPTION**

Annual Aggregate Limit of Insurance      \$ \_\_\_\_\_

Loc. No.	Bldg. No.	Occurrence Limit of Insurance	Occurrence Deductible

\* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

**All other terms and conditions remain unchanged.**

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

## **FLOOD COVERAGE ENDORSEMENT**

This endorsement is added to the Commercial Inland Marine coverage forms and endorsements attached to this policy unless otherwise specified in this policy.

### **COVERAGE**

The following is added to the COVERAGE Section of the Commercial Inland Marine coverage form(s):

#### **Flood Causes of Loss**

The "Flood" causes of loss apply only to property or coverages for which **Flood Causes of Loss** is shown in the Declarations:

### **LIMITS OF INSURANCE**

The following is added to the LIMITS OF INSURANCE Section of the Commercial Inland Marine coverage form(s):

#### **Flood Limits of Insurance**

The "Flood" limits of insurance apply to all covered direct and consequential losses (including your Business Income and Extra Expense Coverages if provided) arising out of "Flood".

The **Each Occurrence Limit of Insurance** shown in the Schedule is the most we will pay for loss or damage caused by or arising out of "Flood" in any one occurrence.

The **Annual Aggregate Limit of Insurance** shown in the Schedule is the most we will pay for all losses arising out of "Flood" during the 12 month period or fraction thereof beginning with the inception date of this coverage and ending with the next occurring policy anniversary or expiration date (whichever comes first).

In no event will we pay; more for loss by "Flood" than the Limit of Insurance applying to the lost or damaged property which would have applied had the loss or damage arisen from fire.

### **DEDUCTIBLES**

The following is added to the DEDUCTIBLES Section of the Commercial Inland Marine Coverage form(s):

With respect to loss or damage arising out of "Flood", we will not pay in any one occurrence until the amount of loss or damage exceeds the applicable "Flood" deductible.

Unless otherwise shown in the Declarations, the "Flood" deductible does not apply to Business Income and Extra Expense coverages, if provided.

This endorsement applies only to loss or damage occurring at the locations or to the buildings or other property shown in the Schedule under "Flood" Covered Property.

### **DEFINITIONS**

The following definition is added to the DEFINITIONS Section of the Commercial Inland Marine Coverage form(s):

#### **FLOOD**

"Flood" means:

1. waves, tidal water or tidal waves;
2. rising or overflowing or breaking of any boundary, of natural or man-made lakes, reservoirs, ponds, brooks, rivers, streams, harbors, oceans or any other body of water or watercourse, whether driven by wind or not; or
3. **"inundation, back-up and mudflow"**.

#### **INUNDATION, BACK-UP AND MUDFLOW**

"Inundation, back-up and mudflow" means:

1. any general and temporary condition or partial or complete **inundation** of normally dry land areas from:
  - a. the unusual and rapid accumulation or runoff (including the seepage, leakage or influx) of surface waters from any source; or

- b. mudslides or mudflows which are caused by the unusual and rapid accumulation or runoff of surface waters from any source and are akin to a river of liquid and flowing mud on the surfaces of normally dry land areas as when earth is carried by a current of water and deposited along the path of the current;
- 2. any collapse or subsidence of land along the shore of a lake or other body of water as a result of erosion or undermining caused by waves or currents of water exceeding the cyclical levels which result in the rising or overflowing or breaking of any boundary of natural or man-made lakes, reservoirs, ponds, brooks, rivers, streams, harbors, oceans or any other body of water or watercourse, whether driven by wind or not;
- 3. water that backs up or overflows from a sewer, drain or sump; or
- 4. water under the ground surface pressing on, or flowing or seeping through:
  - a. foundations, walls, floors or paved surfaces;
  - b. basements, whether paved or not; or
  - c. doors, windows or other openings.

**SCHEDULE\***

The following **Limits of Insurance** and **Deductible(s)** apply to loss or damage arising out of "**Flood**" at the location(s) shown below:

**FLOOD**

**Annual Aggregate Limit of Insurance**      \$ \_\_\_\_\_

Loc. No.	Bldg. No.	Occurrence Limit of Insurance	Occurrence Deductible

\* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

All other terms and conditions remain unchanged.

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

## **ORDINANCE OR LAW ADDITIONAL COVERAGE ENDORSEMENT**

This endorsement is added to the Commercial Inland Marine coverage forms and endorsements attached to this policy unless otherwise specified in this policy.

### **COVERAGE**

**The following Additional Coverage is added to the COVERAGE Section of the Commercial Inland Marine coverage form(s) and applies to the property shown in the Schedule below:**

#### **Ordinance Or Law**

**A. Each Coverage – Coverage A, Coverage B and Coverage C – is provided under this endorsement only if that Coverage(s) is chosen by entry in the Schedule below and then only with respect to the building identified for that Coverage(s) in the Schedule.**

#### **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. a. The building sustains direct physical damage that is covered under this policy and such damage results in enforcement of 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 the building damage in its entirety results in enforcement of 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 A, 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.**

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 A, B and/or C of this endorsement.

#### **C. We will not pay under Coverage A, B or C of this endorsement for:**

- 1. Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or**
- 2. The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.**

#### **D. Coverage**

##### **1. Coverage A – Coverage For Loss To The Undamaged Portion Of The Building**

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage A for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building.

Coverage **A** is included within the Limit of Insurance shown in the Declarations as applicable to the covered building. Coverage **A** does not increase the Limit of Insurance.

## **2. Coverage B – Demolition Cost Coverage**

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

The Coinsurance Condition does not apply to Demolition Cost Coverage.

## **3. Coverage C – Increased Cost Of Construction Coverage**

a. With respect to the building that has sustained covered direct physical damage, we 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 enforcement of 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 **3.a.** above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in **3.a.:**

- (1) The cost of excavations, grading, backfilling and filling;
- (2) Foundation of the building;
- (3) Pilings; and
- (4) Underground pipes, flues and drains.

## **E. Loss Payment**

1. All following loss payment Provisions, **E.2.** through **E.5.**, are subject to the apportionment procedures set forth in Section **B.3.** of this endorsement.

2. When there is a loss in value of an undamaged portion of a building to which Coverage **A** applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

- a. If Replacement Cost applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:
  - (1) The amount you would actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
  - (2) The Limit of Insurance shown in the Declarations as applicable to the covered building.
- b. If Replacement Cost applies and the property is **not** repaired or replaced, or if Replacement Cost does **not** apply, we will not pay more than the lesser of:
  - (1) The actual cash value of the building at the time of loss; or
  - (2) The Limit of Insurance shown in the Declarations as applicable to the covered building.

3. Unless Paragraph **E.5.** applies, loss payment under Coverage **B** – Demolition Cost Coverage will be determined as follows:

We will not pay more than the lesser of the following:

- a. The amount you actually spend to demolish and clear the site of the described premises; or
- b. The applicable Limit of Insurance shown for Coverage **B** in the Schedule below.

4. Unless Paragraph **E.5.** applies, loss payment under Coverage **C** – Increased Cost of Construction Coverage will be determined as follows:

- a. We will not pay under Coverage **C**:

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

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

b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage **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 Schedule below.

c. If the ordinance or law requires relocation to another premises, the most we 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 Schedule below.

5. If a **Combined** Limit of Insurance is shown for Coverages **B** and **C** in the Schedule below, Paragraphs **E.3.** and **E.4.** 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 we will pay, for the total of all covered losses for Demolition Cost and Increased Cost of Construction, is the Combined Limit of Insurance shown for Coverages **B** and **C** in the Schedule below. Subject to this Combined Limit of Insurance, the following loss payment provisions apply:

- a. For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.
- b. With respect to the Increased Cost of Construction:
  - (1) We will not pay for the increased cost of construction:
    - (a) Until the property is actually repaired or replaced, at the same or another premises; and
    - (b) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
  - (2) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.
  - (3) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

F. The terms of this endorsement apply separately to each building to which this endorsement applies.

G. Under this endorsement we will not pay for loss due to any ordinance or law that:

1. You were required to comply with before the loss, even if the building was undamaged; and
2. You failed to comply with.

H. The following definitions are added:

**FUNGUS**

**"Fungus"** means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

**POLLUTANTS**

**"Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

**SCHEDULE\***

Loc. No.	Bldg. No.	Cov. A	Cov. B Limit Of Insur.	Cov. C Limit Of Insur.	Cov. B And C Combined Limit Of Insur. **
ALL	ALL	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	\$500,000	\$500,000	\$0

\* Information required to complete the Schedule, if not shown on this endorsement, will be shown in the Declarations.

\*\* Do not enter a Combined Limit of Insurance if individual Limits of Insurance are selected for Coverages **B** and **C**, or if one of these Coverages is not applicable.

All other terms and conditions remain unchanged.

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

## **DIFFERENCE IN CONDITIONS DEDUCTIBLES SCHEDULE**

This endorsement provides supplementary information to be used with the following:

### INLAND MARINE DECLARATIONS

#### **SCHEDULE**

Premises No.	Bldg. No.	Per Occurrence Deductible	Cause of Loss Applicable
ALL	ALL	\$10,000	<input type="checkbox"/> Earthquake and Volcanic Eruption <input type="checkbox"/> Flood (Including Water Damage) <input checked="" type="checkbox"/> All Perils Other than Earthquake, Volcanic Eruption, Flood or Water Damage
ALL	ALL	\$25,000	<input checked="" type="checkbox"/> Earthquake and Volcanic Eruption <input checked="" type="checkbox"/> Flood (Including Water Damage) <input type="checkbox"/> All Perils Other than Earthquake, Volcanic Eruption, Flood or Water Damage
			<input type="checkbox"/> Earthquake and Volcanic Eruption <input type="checkbox"/> Flood (Including Water Damage) <input type="checkbox"/> All Perils Other than Earthquake, Volcanic Eruption, Flood or Water Damage
			<input type="checkbox"/> Earthquake and Volcanic Eruption <input type="checkbox"/> Flood (Including Water Damage) <input type="checkbox"/> All Perils Other than Earthquake, Volcanic Eruption, Flood or Water Damage

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

## **DIFFERENCE IN CONDITIONS LIMITS OF INSURANCE SCHEDULE**

This endorsement provides supplementary information to be used with the following:

### **INLAND MARINE DECLARATIONS**

Coverage under the Difference in Conditions Coverage Form applies to the following types of Covered Property and Coverages at each described premises:

- Buildings
- Business Personal Property
- Property of Others
- Business Income Including "Rental Value"
- Business Income Other Than "Rental Value"
- "Rental Value" Only
- Extended Period of Indemnity:    days
- Extra Expense (Limit on Loss Payment % / % / %)

### **SCHEDULE**

Premises No.	Bldg. No.	Limit of Insurance	Cause of Loss Applicable
All Locations shown on the Schedule of Locations	All Buildings shown on the Schedule of Locations	REFER TO INLAND MARINE DECLARATIONS & POLICY FORMS	<input checked="" type="checkbox"/> Earthquake and Volcanic Eruption <input checked="" type="checkbox"/> Flood (Including Water Damage) <input checked="" type="checkbox"/> All Perils Other than Earthquake, Volcanic Eruption, Flood or Water Damage
			<input type="checkbox"/> Earthquake and Volcanic Eruption <input type="checkbox"/> Flood (Including Water Damage) <input type="checkbox"/> All Perils Other than Earthquake, Volcanic Eruption, Flood or Water Damage
			<input type="checkbox"/> Earthquake and Volcanic Eruption <input type="checkbox"/> Flood (Including Water Damage) <input type="checkbox"/> All Perils Other than Earthquake, Volcanic Eruption, Flood or Water Damage
			<input type="checkbox"/> Earthquake and Volcanic Eruption <input type="checkbox"/> Flood (Including Water Damage) <input type="checkbox"/> All Perils Other than Earthquake, Volcanic Eruption, Flood or Water Damage

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****DIFFERENCE IN CONDITIONS EARTHQUAKE COVERAGE EXTENSION –  
LIMITED EARTH MOVEMENT COVERAGE ENDORSEMENT  
(INCLUDING AVALANCHE)**

This endorsement is added to the Commercial Inland Marine coverage forms and endorsements attached to this policy unless otherwise specified in this policy.

**COVERAGE**

The following is added to the **COVERAGE** Section of the Earthquake Coverage Endorsement **VIM 209**:

**Earth Movement Coverage**

The Earthquake Causes of Loss applicable to your Earthquake Coverage Endorsement are extended to include the following causes of loss:

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

This Earth Movement Coverage only applies to loss or damage occurring at the locations or to the building or other property covered under your Earthquake Coverage.

All causes of loss defined in this Earth Movement Coverage that occur within any 168-hour period will constitute a single occurrence. The expiration of this policy will not reduce the 168-hour period.

**LIMITS OF INSURANCE**

The following is added to the **LIMITS OF INSURANCE** Section of the Earthquake Coverage Endorsement **VIM 209**:

**Earth Movement Coverage**

Coverage provided under the Earth Movement Coverage provided under this endorsement is subject to, and does not increase, the Earthquake and Volcanic Eruption Limits of Insurance otherwise applicable to your Earthquake Coverage. The Earthquake and Volcanic Eruption Limits of Insurance apply to all covered direct and consequential losses (including your Business Income and Extra Expense Coverages, if provided) arising out of the causes of loss described under your Earth Movement Coverage.

**DEDUCTIBLES**

The following is added to the **DEDUCTIBLES** Section of the Earthquake Coverage Endorsement **VIM 209**:

**Earth Movement Coverage**

Coverage provided under the Earth Movement Coverage provided under this endorsement is subject to the Earthquake or Volcanic Eruption Deductible otherwise applicable to your Earthquake Coverage.

**DEFINITIONS**

For the purposes of the Earth Movement Coverage provided under this endorsement, the following definition is added to the Earthquake Coverage Endorsement **VIM 209**:

**AVALANCHE**

**“Avalanche”** means a mass of snow or ice that releases or breaks away from its surroundings and rapidly moves down a hill, mountain, or sloped terrain, even if that snow or ice also collects and carries down with it additional material, including rocks, boulders, dirt, mud, trees, plants, or any type of man-made property.

# **POLICY CHANGE 1**

Effective 09/22/2025, this endorsement forms a part of Policy No. 300-00-10-47-0003

(At the time stated in the policy)

issued to

BEAR CREEK LOFTS HOMEOWNERS'  
ASSOCIATION, INC.

Producer: MOUNTAIN WEST INSURANCE & FINANCIAL  
SERVICES, LLC  
by Atlantic Specialty Insurance Company

The Ordinance and Law coverage B & C is currently combined on the policy, however each individual limit will be applied as follows:

---- Coverage B: \$500,000

---- Coverage C: \$500,000

3 0-00-0000 09/23/2025 JIH CPW PR 1.000