

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: Policy Number: 790-01-94-95-0000
GLENWOOD COMMERCIAL CENTER CONDOMINIUM
ASSOCIATION INC
C/O HOME TOWN REAL ESTATE COMPANY
PO BOX 1010
NEW CASTLE, CO 81647-1010

POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE

As we previously notified you, pursuant to the Terrorism Risk Insurance Act, as amended in 2015, you were offered the opportunity 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 an air carrier or vessel 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 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020 OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE 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.

You rejected the offer of terrorism coverage you received as part of your policy quote and have no coverage for losses resulting from an act of terrorism as defined in the Act. **The premium required for your terrorism coverage would have been: \$246 of your Inland Marine premium.**

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 under the formula detailed above.

In all of the states listed above in which your policy provides Inland Marine coverage, the portion of your Inland Marine policy premium attributable to coverage for direct property damage from fire resulting from terrorism will be determined by applying a factor of **.60** to the dollar amount shown above. This amount is included in your policy premium and cannot be rejected.

You need to take no action with respect to this notice. You will receive a bill for your policy premium which will include the amount required for your coverage for fire losses resulting from an act of terrorism, if applicable.

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



INTERNATIONAL MARINE UNDERWRITERS (ONEBEACON INSURANCE GROUP)

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 IMU of all claims for damage to Insured property as soon as the loss occurs. IMU 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 OneBeacon Claims Call Center 24/7
- Between the hours of 8:30am to 5:00pm EST OneBeacon 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@imu.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 OneBeacon 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 OneBeacon 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 IMU / OneBeacon.



for Inland Marine

Atlantic Specialty Insurance Company
150 Royall Street
Canton, MA 02021

*

(781) 332-7000
* A Stock Company

Common Policy Declarations

Named Insured and Mailing Address

Policy Number 790-01-94-95-0000

GLENWOOD COMMERCIAL CENTER CONDOMINIUM
ASSOCIATION INC
C/O HOME TOWN REAL ESTATE COMPANY
PO BOX 1010
NEW CASTLE, CO 81647-1010

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.

Policy Period: from April 18, 2016 to April 18, 2017

at 12:01 A.M. Standard Time at your mailing address shown above.

The Named Insured is a(n): Corporation

Business Description: DIC

Producer

NEIL-GARING AGENCY INC. - DIC BUSINESS
201 CENTENNIAL 4TH FLOOR
GLENWOOD SPRINGS, CO 81601

Total Premium

At inception: \$2,455

Forms applicable to all Coverage Parts:

See ASC 00 11 01 98, Schedule 1

3 9-93-0191 04/26/2016 KJK CPW PR 1.000

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


Secretary


President

Countersigned

Authorized Representative

Date

Policy Number: 790-01-94-95-0000

**COMMON POLICY DECLARATIONS
PREMIUM STATEMENT**

Named Insured:

GLENWOOD COMMERCIAL CENTER CONDOMINIUM
ASSOCIATION INC
C/O HOME TOWN REAL ESTATE COMPANY
PO BOX 1010
NEW CASTLE, CO 81647-1010

Producer:

NEIL-GARING AGENCY INC. - DIC BUSINESS
201 CENTENNIAL 4TH FLOOR
GLENWOOD SPRINGS, CO 81601

Premium Statement for the period from April 18, 2016 **to** April 18, 2017

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	\$2,455		
Terrorism (Fire Only) Coverage	\$0		
Total Advanced Premium	\$2,455		

3 9-93-0191 04/26/2016 KJK CPW PR 1.000

Premium Detail Summary

Coverage	Non-Reporting Premium	Reporting Deposit Premium	Minimum Retained Premium	Reporting Minimum Retained Premium
Difference In Conditions		\$2,423		
Business Income and Extra Expense		\$32		

SCHEDULE 1

Effective 04/18/2016 , this schedule forms a part of Policy No. 790-01-94-95-0000
(At the time stated in the policy)

issued to

GLENWOOD COMMERCIAL CENTER CONDOMINIUM
ASSOCIATION INC

Producer: NEIL-GARING AGENCY INC. - DIC BUSINESS

by Atlantic Specialty Insurance Company

Common Policy Declarations, 4 VIL 100 10 98, Continued:

Forms Applicable to All Coverage Parts:

4 VIL 100 10 98	COMMON POLICY DECLARATIONS
ASC 00 02 01 98	PREMIUM STATEMENT
ASC 00 12 01 98	SCHEDULE OF LOCATIONS
VIL 001 02 05	COMMON POLICY CONDITIONS- (N/A TO VA AUTO)
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 01 98	Schedule 1 - LIST OF COMMON DEC FORMS

3 9-93-0191 04/26/2016 KJK CPW PR 1.000

SCHEDULE OF LOCATIONS

Effective 04/18/2016, this schedule forms a part of Policy No. 790-01-94-95-0000
 (At the time stated in the policy)

issued to

GLENWOOD COMMERCIAL CENTER CONDOMINIUM
 ASSOCIATION INC

Producer: NEIL-GARING AGENCY INC. - DIC BUSINESS

by Atlantic Specialty Insurance Company

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

Location/ Premises	Location Address Location Description Building Number and Description
1	2550 HIGHWAY 82 GLENWOOD SPGS, CO 81601-4392 Description: INLAND MARINE Building 1

3 9-93-0191 04/26/2016 KJK CPW PR 1.000

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF 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
 CRIME AND FIDELITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 STANDARD PROPERTY POLICY

SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph **C**) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

State(s)	Coverage Form, Coverage Part Or Policy
CA, CT, GA, HI, IA, IL, MA, ME, MO, NC, NJ, NY, OR, RI, VA, WA, WI, WV	COMMERCIAL PROPERTY COVERAGE PART
CA, ME, MO, OR, WI	COMMERCIAL INLAND MARINE COVERAGE PART
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. The following definition is added with respect to the provisions of this endorsement:

"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.

B. The following exclusion is added:

CERTIFIED ACT OF TERRORISM EXCLUSION

We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

C. Exception Covering Certain Fire Losses

The following exception to the exclusion in Paragraph **B.** applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

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.

D. Application Of Other 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.

INLAND MARINE DECLARATIONS

Loc	Bldg Coverage	Limit of Insurance	Deductible
	Difference In Conditions		
	Deductible Amount		\$5,000
	Deductible Exception: Flood and Earthquake:		
	\$25,000		
	Description of Property:		
	Property Covered: Buildings and Business		
	Income and Extra Expense.		
	Valuation: Replacement Cost		
	Any One Occurrence	\$5,000,000	
	Building	\$5,000,000	
	Earthquake Aggregate	\$5,000,000	
	Earthquake Occurrence	\$5,000,000	\$25,000
	Water Damage Aggregate	\$5,000,000	
	Water Damage Occurrence	\$5,000,000	\$25,000
	Debris Removal	\$25,000	
	Emergency Response	\$10,000	
	Preservation of Property - Expense Coverage	\$10,000	
	Days		30
	Pollutant Clean Up	\$25,000	
	Newly Acquired or Constructed Property		
	Building	Not Covered	
	Personal Property	Not Covered	
	Valuable Papers and Records - Cost of Research	Not Covered	
	Limited Coverage for Fungus, Wet Rot, Dry Rot and Bacteria	\$15,000	
	Business Income and Extra Expense	\$100,000	
	Including Rental Value		
	Newly Acquired Locations		
	Per Occurrence	Not Covered	
	Extended Period of Indemnity - Days		30
1	1 Business Income and Extra Expense	\$100,000	
	Including Rental Value		
	Newly Acquired Locations		
	Per Occurrence	\$25,000	
	Days		90
	Extended Period of Indemnity - Days		30
	Terrorism - Inland Marine		

SCHEDULE 2

Effective 04/18/2016 , this schedule forms a part of Policy No. 790-01-94-95-0000
(At the time stated in the policy)

issued to

GLENWOOD COMMERCIAL CENTER CONDOMINIUM
ASSOCIATION INC

Producer: NEIL-GARING AGENCY INC. - DIC BUSINESS

by Atlantic Specialty Insurance Company

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

Forms Applicable to the Inland Marine Coverage Part:

ASC 00 10 IM 18 01 98	COMMERCIAL INLAND MARINE BUS INCOME (& EXTRA EXP) COV FORM
IL 09 53 01 15	EXCLUSION OF CERTIFIED ACTS OF TERRORISM
VIM 001 01 10	COMMERCIAL INLAND MARINE CONDITIONS
VIM 011 07 05	DIFFERENCE IN CONDITIONS COVERAGE FORM
VIM 100 07 05	COMMERCIAL INLAND MARINE DECLARATIONS
VIM 213 07 05	FLOOD COVERAGE ENDORSEMENT
VIM 262 07 05	ORDINANCE OR LAW ADDITIONAL COVERAGE ENDORSEMENT
ASC 00 10 01 98	Policy Change 1 - COVERED LOCATIONS
ASC 00 10 01 98	Policy Change 2 - UNDERLYING POLICY INFORMATION
ASC 00 10 01 98	Policy Change 3 - POLICY STOP LOSS LIMIT
ASC 00 10 01 98	Policy Change 4 - SUB-LIMITS
ASC 00 10 01 98	Policy Change 5 - FOUNDATION EXTENSION
ASC 00 10 01 98	Policy Change 6 - EARTHQUAKE AND EARTHMOVEMENT COMBINATION COVERAGE ENDORSEMENT
ASC 00 11 01 98	Schedule 2 - INLAND MARINE LIST OF FORMS

3 9-93-0191 04/26/2016 KJK CPW PR 1.000

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

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. **
1.	ALL	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	\$1,000,000	\$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.

COMMERCIAL INLAND MARINE BUSINESS INCOME (AND 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

Business Income

Coverage is provided as described and limited 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**".

If option **a.** above 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 above options, the provisions of this Coverage Form 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 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. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within **1000** feet of the site at which the described premises are located.

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

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

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.

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

Extra Expense

- a. Extra Expense coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income coverage applies at that premises.
- b. 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 caused by or resulting from a Covered Cause of Loss.

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

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

(2) Minimize the "**suspension**" of business if you cannot continue "**operations**".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

Additional Coverages

Civil Authority

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises 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.

The coverage for Business Income will begin **72** hours after the time of that action, and will apply for a period of up to **four** consecutive weeks after coverage begins.

The coverage for Extra Expense will begin immediately after the time of that action and will end:

(1) **four** consecutive weeks after the time of that action; or

(2) When your Business Income coverage ends;

whichever is later.

Alterations and New Buildings

We will pay for the actual loss of Business Income you sustain 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 **1000** 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**" for Business Income Coverage 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 (1)(a) above.

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 (2)(a) above.

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 and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred at each location, 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.

COVERED CAUSES OF LOSS, EXCLUSIONS AND LIMITATIONS

Per the applicable Coverage Form(s) 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 coverages will not increase the applicable Limit of Insurance:

- 1. Alterations and New Buildings;
- 2. Civil Authority;
- 3. Extra Expense; or
- 4. Extended Business Income.

LOSS CONDITIONS

Replacement Loss Conditions

Applicable to this endorsement, each of the following three conditions replaces a Loss Condition in the Commercial Inland Marine Conditions form:

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

B. Appraisal

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:

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.

Loss Condition **C. Duties in The Event of Loss** in the Commercial Inland Marine Conditions is replaced by the following;

C. Duties in The Event of Loss

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

1. Notify the police if a law may have been broken.
2. Give us prompt notice of the direct physical 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 direct physical 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. 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.

6. 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.
7. Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within **60** days after our request. We will supply you with the necessary forms.
8. Cooperate with us in the investigation or settlement of the claim.
9. If you intend to continue your business, you must resume all or part of your "**operations**" as quickly as possible.

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.

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

E. Loss Payment

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:

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

Additional Conditions

The following two 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** if it is attached to this policy.

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

- a. The amount of Business Income loss will be determined based on:
 - (1) The Net Income of the business before the direct physical loss or damage occurred;
 - (2) The likely Net Income of the business if no 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;
 - (3) 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
 - (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.
- b. The amount of Extra Expense will be determined based on:
 - (1) 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:
 - (a) The salvage value that remains of any property bought for temporary use during the **"period of restoration"**, once **"operations"** are resumed; and
 - (b) 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
 - (2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.
- c. **Resumption of Operations**
We will reduce the amount of your:
 - (1) Business Income loss, other than Extra Expense, to the extent you can resume your **"operations"**, in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
 - (2) Extra Expense loss to the extent you can return **"operations"** to normal and discontinue such Extra Expense.
- d. 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.

COINSURANCE OPTION

Applicable to this endorsement, 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 Option

- 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 Business Income loss and Extra Expense 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" means the period of time that:

- a. Begins:
 - (1) **72** hours after the time of direct physical loss or damage for Business Income coverage; or
 - (2) Immediately after the time of direct physical loss or damage for Extra Expense coverage; 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.

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.

SUSPENSION

"Suspension" means:

- a. The slowdown or cessation of your business activities; or
- b. That a part or all of the described premises is rendered untenable, if coverage for Business Income including **"Rental Value"** or **"Rental Value"** applies.

POLICY CHANGE 1

Effective 04/18/2016, this endorsement forms a part of Policy No. 790-01-94-95-0000
(At the time stated in the policy)

issued to

GLENWOOD COMMERCIAL CENTER CONDOMINIUM
ASSOCIATION INC

Producer: NEIL-GARING AGENCY INC. - DIC BUSINESS

by Atlantic Specialty Insurance Company

Covered Locations

(1) 2550 HWY 82, GLENWOOD SPRINGS, CO (4 buildings)

3 9-93-0191 04/26/2016 KJK CPW PR 1.000

POLICY CHANGE 2

Effective 04/18/2016, this schedule forms a part of Policy No. 790-01-94-95-0000
(At the time stated in the policy)

issued to

GLENWOOD COMMERCIAL CENTER CONDOMINIUM
ASSOCIATION INC

Producer: NEIL-GARING AGENCY INC. - DIC BUSINESS

by Atlantic Specialty Insurance Company

UNDERLYING POLICY INFORMATION

UNDERLYING PROPERTY OR DIC POLICY NUMBER: #BKS 55911437
UNDERLYING PROPERTY OR DIC POLICY CARRIER: LIBERTY MUTUAL

3 9-93-0191 04/26/2016 KJK CPW PR 1.000

POLICY CHANGE 3

Effective 04/18/2016, this schedule forms a part of Policy No. 790-01-94-95-0000
(At the time stated in the policy)

issued to

GLENWOOD COMMERCIAL CENTER CONDOMINIUM
ASSOCIATION INC

Producer: NEIL-GARING AGENCY INC. - DIC BUSINESS

by Atlantic Specialty Insurance Company

POLICY STOP LOSS LIMIT: \$5,000,000 ANY ONE LOSS OR DISASTER
REGARDLESS OF THE NUMBER OF COVERAGES OR SUB-LIMITS THAT APPLY ON THE
POLICY INCLUDING ANY BUSINESS INCOME OR BUILDING ORDINANCE.

3 9-93-0191 04/26/2016 KJK CPW PR 1.000

POLICY CHANGE 4

Effective 04/18/2016, this schedule forms a part of Policy No. 790-01-94-95-0000
(At the time stated in the policy)

issued to

GLENWOOD COMMERCIAL CENTER CONDOMINIUM
ASSOCIATION INC

Producer: NEIL-GARING AGENCY INC. - DIC BUSINESS

by Atlantic Specialty Insurance Company

The following sub-limits apply:

- Flood Limit \$5,000,000 per occurrence
- Flood Limit \$5,000,000 annual aggregate
- Earthquake \$5,000,000 per occurrence
- Earthquake \$5,000,000 annual aggregate
- Building \$5,000,000
- Business Personal Property \$0
- Business Income \$100,000
- Building Ordinance or Law Coverage A - Included
- Building Ordinance or Law Coverage B - \$1,000,000
- Building Ordinance or Law Coverage C - \$500,000

3 9-93-0191 04/26/2016 KJK CPW PR 1.000

POLICY CHANGE 5

Effective 04/18/2016, this schedule forms a part of Policy No. 790-01-94-95-0000
(At the time stated in the policy)

issued to

GLENWOOD COMMERCIAL CENTER CONDOMINIUM
ASSOCIATION INC

Producer: NEIL-GARING AGENCY INC. - DIC BUSINESS

by Atlantic Specialty Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY SO READ IT CAREFULLY.

Difference in Conditions - Foundation Extension

It is hereby agreed that coverage is extended for building foundations and that building foundations are considered to be covered property under the Difference in Conditions Coverage Form VIM 011 07 05.

The Limit of Liability for any loss covered under this extension is \$250,000 per occurrence and annual policy aggregate. We will not pay more than \$250,000 in any one-policy year.

In addition, we will not pay for any loss or damage in any one occurrence until the amount of loss or damage exceeds the deductible shown in the declarations. We will then pay the amount of loss or damage in excess of the deductible, up to the limit of liability.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

3 9-93-0191 04/26/2016 KJK CPW PR 1.000

POLICY CHANGE 6

Effective 04/18/2016, this schedule forms a part of Policy No. 790-01-94-95-0000
(At the time stated in the policy)

issued to

GLENWOOD COMMERCIAL CENTER CONDOMINIUM
ASSOCIATION INC

Producer: NEIL-GARING AGENCY INC. - DIC BUSINESS

by Atlantic Specialty Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EARTHQUAKE and EARTHMOVEMENT COMBINATION 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

As indicated with a check below, or in the policy Declarations, one of the three following Causes of Loss 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 the Property or Coverages for which Earthquake Causes of Loss is shown in the schedule below:

1. Earthquake, including any earth sinking, rising or shifting related to such event;
2. Volcanic eruption, explosion or effusion.

_____ Earthmovement Causes of Loss:

The following Earthmovement Causes of Loss apply only to the Property or Coverages for which Earthmovement Causes of Loss is shown in the schedule below:

3 9-93-0191 04/26/2016 KJK CPW PR 1.000

POLICY CHANGE 6

Effective 04/18/2016, this schedule forms a part of Policy No. 790-01-94-95-0000
(At the time stated in the policy)

issued to

GLENWOOD COMMERCIAL CENTER CONDOMINIUM
ASSOCIATION INC

Producer: NEIL-GARING AGENCY INC. - DIC BUSINESS

by Atlantic Specialty Insurance Company

1. Landslide, including earth sinking, rising or shifting related to such event;
2. Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
3. Earth sinking, 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.

 X Combined Earthquake and Earthmovement Causes of Loss

The Earthquake and Earthmovement Causes of Loss both apply, but only to the Property or Coverages for which the Combined Earthquake and Earthmovement Causes of Loss are shown in the schedule below:

CONDITIONS

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

1. All Earthquake and Earthmovement Causes of Loss that occur within any 168-hour period will constitute a single occurrence. The expiration of the policy will not reduce the 168-hour period;
2. In addition, for any loss or damage to be a covered that is caused by Earthquake or Earthmovement Causes of Loss have to be accidental and sudden. Losses are sudden if the loss or damage

3 9-93-0191 04/26/2016 KJK CPW PR 1.000

POLICY CHANGE 6

Effective 04/18/2016, this schedule forms a part of Policy No. 790-01-94-95-0000
(At the time stated in the policy)

issued to

GLENWOOD COMMERCIAL CENTER CONDOMINIUM
ASSOCIATION INC

Producer: NEIL-GARING AGENCY INC. - DIC BUSINESS

by Atlantic Specialty Insurance Company

occurs within 168 hours from the events initiation. Any loss or damage that is caused by the Earthquake or Earthmovement Causes of Loss that occurs 168-hours after the events initiation is hereby excluded.

3. The EXCLUSION for Settling, Cracking, Shrinkage or Expansion in the Difference and Conditions Coverage Form VIM 011 07 05 does not apply to loss or damage that is caused by the Earthquake and Earthmovement Causes of Loss if they have been selected. Coverage for loss or damage from Settling, Cracking, Shrinkage or Expansion that occurs from the Earthquake or Earthmovement Causes of Loss must also occur within 168-hours of the events initiation for any loss or damage to be covered. Any loss or damage from Settling, Cracking, Shrinkage or Expansion that is caused by the Earthquake or Earthmovement Causes of Loss that does not occur within 168-hours after the events initiation is hereby excluded.
4. If the Earthquake Cause of Loss, or, the Earthmovement Causes of Loss coverage option is not selected, and the Combined Earthquake and Earthmovement Causes of Loss Applies coverage option is also not selected, then any loss or damage arising from, out of, or by, the Causes of Loss option that is not selected is therefore excluded, and coverage for such loss or damage does not apply.

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, Earthmovement or Combined Earthquake and Earthmovement Causes of Loss Limits of Insurance

3 9-93-0191 04/26/2016 KJK CPW PR 1.000

POLICY CHANGE 6

Effective 04/18/2016, this schedule forms a part of Policy No. 790-01-94-95-0000
(At the time stated in the policy)

issued to

GLENWOOD COMMERCIAL CENTER CONDOMINIUM
ASSOCIATION INC

Producer: NEIL-GARING AGENCY INC. - DIC BUSINESS

by Atlantic Specialty Insurance Company

The Earthquake, Earthmovement or Combined Earthquake and Earthmovement Causes of Loss Limits apply to all covered direct and consequential losses (including your Business Income and Extra Expense Coverages if provided) arising out of the Earthquake or Earthmovement Causes of Loss.

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 the Earthquake, Earthmovement or Combined Earthquake and Earthmovement Causes of Loss 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 the Earthquake, Earthmovement or Combined Earthquake and Earthmovement Causes of Loss 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 the Earthquake, Earthmovement or Combined Earthquake and Earthmovement Causes of Loss Limits 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, Earthmovement or Combined Earthquake and Earthmovement

3 9-93-0191 04/26/2016 KJK CPW PR 1.000

POLICY CHANGE 6

Effective 04/18/2016, this schedule forms a part of Policy No. 790-01-94-95-0000
(At the time stated in the policy)

issued to

GLENWOOD COMMERCIAL CENTER CONDOMINIUM
ASSOCIATION INC

Producer: NEIL-GARING AGENCY INC. - DIC BUSINESS

by Atlantic Specialty Insurance Company

Causes of Loss Deductible

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

Unless otherwise shown in the schedule below, the Earthquake or Earthmovement Causes of Loss Deductible does not apply to Business Income and Extra Expense Coverages, if provided.

This endorsement applies only to loss or damage at the locations or to the building or other property shown in the schedule below under Earthquake or Earthmovement Causes of Loss Covered Property.

DECLARATIONS

The following Earthquake, Earthmovement, or Combined Earthquake and Earthmovement Causes of Loss Declarations are as follows:

Earthquake Causes of Loss
Annual Aggregate Limit of Insurance\ \$

Loc No.	Bldg No.	Occurrence Limit of Ins.	Occurrence Deductible
---------	----------	--------------------------	-----------------------

Earthmovement Causes of Loss
Annual Aggregate Limit of Insurance\ \$

Loc No.	Bldg No.	Occurrence Limit of Ins.	Occurrence Deductible
---------	----------	--------------------------	-----------------------

3 9-93-0191 04/26/2016 KJK CPW PR 1.000

POLICY CHANGE 6

Effective 04/18/2016, this schedule forms a part of Policy No. 790-01-94-95-0000
(At the time stated in the policy)

issued to

GLENWOOD COMMERCIAL CENTER CONDOMINIUM
ASSOCIATION INC

Producer: NEIL-GARING AGENCY INC. - DIC BUSINESS

by Atlantic Specialty Insurance Company

Combined Earthquake and Earthmovement Causes of Loss
Annual Aggregate Limit of Insurance\ \$5,000,000

Loc No.	Bldg No.	Occurrence Limit of Ins.	Occurrence Deductible
1	4 BLDGS	\$5,000,000	\$25,000

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.

3 9-93-0191 04/26/2016 KJK CPW PR 1.000

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
PHN 007 IM 01 15	POLICYHOLDER DISCLOSURE NOTICE OF TERRORISM INSURANCE COVERAGE
VIM 102 10 14	CLAIMS INFORMATION

3 9-93-0191 04/26/2016 KJK CPW PR 1.000

COMMON POLICY CONDITIONS

All coverages of 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. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 45 days before the expiration date.

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

C. 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.

D. Concealment, Misrepresentation or Fraud

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

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

E. 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.

F. Inspections and Surveys

We have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give you reports on the conditions we find; and
3. Recommend changes.

Any inspections, surveys, reports or recommendations 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:

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

G. Liberalization

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

H. Premiums

1. All Named Insureds shown in the Declarations are jointly and severally liable and responsible for the payment of all premiums.
2. The first Named Insured shown in the Declarations will be the payee of any return premiums we pay.

I. Premium Audit

1. This policy is subject to audit if a premium designated as an advance premium is shown in the Declarations. We will compute the final premium due when we determine your actual exposures.
2. Premium shown in this policy as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
3. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

J. 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.

K. Unintentional Errors or Omissions

Your failure to disclose all hazards existing as of the inception date of the policy shall not prejudice you with respect to the coverage afforded by this policy, provided such failure or omission is not intentional. However, this provision does not affect our right to collect additional premium or exercise our right of cancellation or nonrenewal.

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.

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.

MORTGAGEHOLDERS CONDITION

This **Mortgageholders Condition** is applicable to mortgageholders on buildings covered by a Commercial Inland Marine Coverage Form.

1. The term mortgageholder includes trustee.
2. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

3. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
4. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - a. Pays any premium due under this policy at our request if you have failed to do so;
 - b. Submits a signed, sworn proof of loss within **60 days** after receiving notice from us of your failure to do so; and
 - c. Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this policy will then apply directly to the mortgageholder.

5. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:
 - a. The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
 - b. The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

6. If we cancel this policy, we will give written notice to the mortgageholder at least:
 - a. **10 days** before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - b. **30 days** before the effective date of cancellation if we cancel for any other reason.
7. If we elect not to renew this policy, we will give written notice to the mortgageholder at least **10 days** before the expiration date of this policy.

LOSS PAYEE CONDITION

When a Loss Payee Schedule is attached to this Policy, the following provisions apply:

For Covered Property in which both you and a Loss Payee shown in the Loss Payee 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.