

The attached Strategic Non-admitted Property Description of Coverage Form was extracted from the policy issued by the carriers participating in the ALCM Program. The purpose of this document is to reference the coverage terms and conditions provided by the carrier to Amalgamated Loss Control Management, LLC, and to any additional insured added to the program. This document is for informational purposes only.

THIS IS NOT A POLICY

STRATEGIC NON-ADMITTED PROPERTY COVERAGE FORM

First Named Insured:

Amalgamated Loss Control Management LLC

A. Insuring Agreement

1. Subject to the terms, conditions, exclusions and limitations contained herein or endorsed hereon and in consideration of the premium paid, this POLICY, of which this page forms a part, insures all risks of direct physical loss or damage to INSURED PROPERTY while on INSURED LOCATION(S) provided such physical loss or damage occurs during the term of this POLICY.
2. The term of this POLICY ends when the first of the following occurs:
 - a. cancellation of this POLICY by the First Named Insured or by the Company;
 - b. the replacement POLICY takes effect; or
 - c. the POLICY expiration date.

B. Claims Notification

To report a claim under this POLICY:

To Submit a Claim:

PHONE: 800-813-MCLARENS
EMAIL: CLAIMS@MCLARENS.COM

ASSIGNED LOSS ADJUSTER:
BILL HOLLAND
William.Holland@McLarens.com

C. Conformity to Statute

The terms of this POLICY which are in conflict with the applicable statutes of the jurisdiction wherein this POLICY is issued are hereby amended to conform to such statutes, unless the statutes narrow or limit the coverage afforded by this POLICY and do not bar a POLICY from providing broader coverage.

**STRATEGIC NON-ADMITTED PROPERTY COVERAGE FORM
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STRATEGIC NON-ADMITTED PROPERTY COVERAGE FORM

SECTION I DECLARATIONS

All terms in unbolded capital letters throughout this POLICY are subject to the definition as set forth in this POLICY.

A. Issuing Company(ies) - (hereafter collectively referred to as "the Company")

See Subscription Endorsement Attached

B. Policy Number

See Subscription Endorsement Attached

C. Insured

Amalgamated Loss Control Management LLC and any subsidiary, and Amalgamated Loss Control Management LLC interest in any partnership or joint venture in which Amalgamated Loss Control Management LLC has management control, ownership, or is obligated to insure, as now constituted or hereafter is acquired, as the respective interest of each may appear; all hereafter referred to as the Insured, including legal representatives.

D. First Named Insured and Mailing Address

Amalgamated Loss Control Management LLC 800
West Main Street, Suite 1460
Boise, ID 83702

E. Policy Period

From: May 28, 2024
To: May 28, 2025

F. Inception and Expiration Time

The time of inception and the time of expiration of this POLICY and of any schedule(s) or endorsement(s) attached shall be at 12:01 a.m. (Standard Time) at the First Named Insured's principal place of business. Notwithstanding the foregoing, it is agreed that the actual effective time of attachment of this insurance shall be the same time on the specified date as the actual effective time of cancellation or expiration of the POLICY(IES) replaced or renewed by this POLICY.

The POLICY Period ends, and coverage under this POLICY terminates, when the first of the following occurs:

1. cancellation of this POLICY by the First Named Insured or by the Company;
2. the replacement POLICY takes effect; or
3. the POLICY Expiration Date.

G. Currency

Any amounts specified in this POLICY, including but not limited to premium, limit(s) of liability, deductible(s), and loss payable will be considered to be in:

US currency

H. Policy Territory

United States of America and its Territories.

I. Sanctions Clause

This POLICY will not be deemed to have provided coverage and will not be liable to pay any claim or provide any benefit to the extent that payment of such claim or provision of such benefit would expose the Company to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of any jurisdiction applicable to the Company.

SECTION II
POLICY LIMITS AND SUBLIMITS PURCHASED OR NOT PURCHASED

A. Program Limit of Liability

The Insured has chosen to purchase a Property Insurance Program with a limit of \$500,000,000, and this POLICY will serve to participate in that Program subject to the terms outlined in the **Company's Policy Limit of Liability and Application** section.

B. Company's Policy Limit of Liability and Application

1. The Company is not liable for more than its proportionate share, of the Program Limit or of the Program Layer Limits that make up the Program Limit for all loss or damage insured by this POLICY arising out of one OCCURRENCE regardless of the number of LOCATIONS or coverages involved in the OCCURRENCE.
2. The Company is not liable for more than the same proportionate share specified above of any Program Sublimit(s) which are part of the Program Limit or are part of any Program Layer Limits that make up the Program Limit.
3. The amount payable under this POLICY shall be determined by the terms of this POLICY after the application of any deductible features which may be a part of this POLICY. The **Other Insurance** provision of this POLICY is not applicable as respects other Insurers participating in the Program Limit or Program Layer Limit along with the Company's Proportionate Share.
4. In the event an OCCURRENCE results in an amount payable under more than one POLICY issued to the Insured by the Company, or its subsidiaries and affiliates, the maximum amount payable in the aggregate under all such policies will be the **Company's Policy Limit of Liability** specified herein regardless of the number of INSURED LOCATION(S) or coverages involved.

C. Application of Program Sublimit(s)

1. Program Sublimit(s) are part of and not in addition to the Program Limit. Program Sublimit(s) do not increase the Program Limit or any other Program Sublimit(s).
2. Program Sublimit(s) apply in the aggregate per OCCURRENCE to all INSURED LOCATION(S) and for all coverages involved, including TIME ELEMENT.
3. When a Program Sublimit(s) is noted as an Annual Aggregate, such Program Sublimit(s) applies in the aggregate annually to all losses insured by this POLICY occurring during the **Policy Period**.
4. If a Program Sublimit(s) is specified for the cause of loss that causes the claimed loss or damage such sublimit is the maximum amount payable for such OCCURRENCE.
5. If a Program Sublimit(s) is specified for a coverage that is provided, such Sublimit(s) are the maximum amount payable under this POLICY for all loss or damage, resulting from physical loss or damage insured by this POLICY at such INSURED LOCATION(S).
6. If a Program Sublimit(s) is specified for an INSURED LOCATION(S) or property, such Program Sublimit(s) is the maximum amount payable under this POLICY for all loss or damage, including TIME ELEMENT loss, at all INSURED LOCATION(S) resulting from physical loss or damage insured by this POLICY at such INSURED LOCATION(S) or to such property.

7. This policy may contain sublimits applicable to specific locations, specific types of loss, specific causes of loss, or specific coverages. Such sublimits shall be the total payable arising out of one OCCURRENCE (or an Annual Aggregate of certain OCCURRENCES where so specified), and neither the policy limit nor any sublimits shall be increased by the application of one or more sublimits.

D. Coverage Purchased and Coverage Not Purchased

The following Types of Loss, Causes of Loss and Coverages are all excluded unless a monetary amount is set forth next to the Type of Loss, Cause of Loss or Coverage. If no monetary amount is provided; the amount is \$0; the line is left blank; or NCP (No Coverage Purchased) is shown, then those Types of Loss, Causes of Loss and those Coverages, so designated, remain excluded from recovery under this POLICY.

Program Sublimit(s)	Type of Loss, Cause of Loss and Coverage
\$100,000,000	EARTH MOVEMENT (Annual Aggregate), , subject to a per OCCURRENCE per LOCATION sublimit of \$5,000,000 or the dollar amount of the LOCATION's total insurable value as stated on the latest Schedule of Locations on file with the Company, whichever is the lesser. Further sublimited as follows:
NCP	EARTH MOVEMENT for the following LOCATIONS: California;Alaska, Hawaii, Nevada, and PACIFIC NORTHWEST SEISMIC ZONE
\$100,000,000	EARTH MOVEMENT for LOCATIONS in the NEW MADRID SEISMIC ZONE (Annual Aggregate), subject to a per OCCURRENCE per LOCATION sublimit of \$5,000,000 or the dollar amount of the LOCATION's total insurable value as stated on the latest Schedule of Locations on file with the Company, whichever is the lesser.
\$500,000,000	NAMED WINDSTORM
NCP	NAMED WINDSTORM at LOCATIONS in CRITICAL U.S. NAMED WINDSTORM AREAS
\$5,000,000	Accounts Receivable
\$250,000	Commissions, Licensing Fees and Royalties
NCP	Contingent Time Element – Direct Named Suppliers and Customers
\$2,500,000	Contingent Time Element – Direct Unnamed Suppliers and Customers
NCP	Contingent Time Element – Indirect Suppliers and Customers
\$2,500,000	Data Restoration – PROPERTY DAMAGE and TIME ELEMENT combined
\$25,000,000	Debris Removal - or 25% of the combined amount of physical damage and TIME ELEMENT loss payable at the LOCATION where the damage occurs or limit shown, whichever is the lesser.
\$500,000,000	Demolition And Increased Cost Of Construction – Coverage A
\$15,000,000	Demolition And Increased Cost Of Construction – Coverage B
\$15,000,000	Demolition And Increased Cost Of Construction – Coverage C
Included	Earthquake Sprinkler Leakage
\$5,000,000	Errors and Omissions
\$250,000	Exhibitions, Expositions, Fairs or Trade Shows
\$5,000,000	Expediting Expenses
\$25,000,000	Extra Expense
\$250,000	Fine Arts , subject to a maximum of \$1,000 per item
\$50,000	Fire and Police Department Service Charges
\$500,000,000	Gross Earnings

Program Sublimit(s)	Type of Loss, Cause of Loss and Coverage
\$5,000,000	Ingress/Egress
\$100,000	Land And Water Contaminants Cleanup, Removal And Disposal (Annual Aggregate)
NCP per OCCURRENCE, not to exceed NCP per Item	LAND IMPROVEMENTS
\$250,000	Leasehold Interest
\$2,500,000	Miscellaneous Unnamed Locations
\$100,000 Annual Aggregate	Mold Ensuing from an Insured Cause of Loss
\$10,000,000	On Site Construction
\$50,000,000	Newly Acquired Property
\$500,000	Outdoor Property , subject to a maximum of \$1,000 per item
\$2,500,000	Order of Civil or Military Authority
\$250,000	Professional Fees
\$250,000	Lightning/WIND/Hail Damage to Electrical and Technology related Equipment
NCP	Radioactive Contamination
\$500,000,000	Rental Insurance
\$1,000,000	Service Interruption – Property Damage and Service Interruption – Time Element Combined
\$500,000	Temporary Removal of Property
\$250,000	Transportation - PROPERTY DAMAGE and TIME ELEMENT combined
\$2,500,000	Valuable Papers and Records
\$100,000,000	FLOOD (Annual Aggregate), subject to a per OCCURRENCE per LOCATION sublimit of \$10,000,000 or the dollar amount of the LOCATION'S total insurable value as stated on the latest Schedule of Locations on file with the Company, whichever is the lesser. Further sublimated as follows:
\$25,000,000	FLOOD as respects HIGH HAZARD FLOOD ZONES (Annual Aggregate), subject to a per OCCURRENCE per LOCATION sublimit of \$10,000,000 or the dollar amount of the LOCATION'S total insurable value as stated on the latest Schedule of Locations on file with the Company, whichever is the lesser.

E. Time Limit(s)

No coverage is provided by this POLICY for any loss sustained or incurred beyond the corresponding Time Limit specified. Such Time Limit starts on the date of the physical loss or damage insured by this POLICY; however, not to exceed the stated dollar sublimit provided in Section D above:

90 consecutive calendar days from the date of acquisition for **Newly Acquired Property**

180 consecutive calendar days for **Extended Period of Liability – Gross Earnings and Rental Insurance**

15 consecutive hours after the Insured has first taken reasonable action for **Protection and Preservation of Property – Time Element**

15 consecutive calendar days after such length of time as would be required with the exercise of due diligence and dispatch to repair or replace the damaged dam, reservoir or equipment for **Impounded Water**

30 consecutive calendar days from the date of OCCURRENCE for **Ingress/Egress**

30 consecutive calendar days from the date of OCCURRENCE for **Order Of Civil Or Military Authority**

F. Distance Limit(s)

No coverage for TIME ELEMENT loss, as described below, is provided if the INSURED LOCATION of the physical loss or damage is beyond the stated Distance Limits indicated below:

1 statute mile(s) from the INSURED LOCATION for **Ingress/Egress**

1 statute mile(s) from the INSURED LOCATION for **Order Of Civil Or Military Authority**

G. Time Element Coverage Extensions - Application of Limits

For purposes of all claims paid hereunder in accordance with the TIME ELEMENT coverage provisions, the applicable Program Sublimits, set forth above, will be determined as though the LOCATION(S) suffering physical loss or damage insured by this POLICY were INSURED LOCATION(S), and not where the TIME ELEMENT losses might be incurred if different.

SECTION III
POLICY DEDUCTIBLES AND WAITING PERIODS

A. Policy Deductibles

In each case of loss or damage insured by this POLICY, the Company is liable only if the Insured sustains such loss or damage in a single OCCURRENCE, the value of which is in excess of the applicable deductible specified, and then the amount insured by this POLICY shall be the amount in excess of the deductible, subject to all terms, conditions, provisions, limitations and exclusions of this POLICY.

Basic Deductible: \$250,000 per OCCURRENCE

[except as respects the following:]

EARTH MOVEMENT at LOCATIONS in the NEW MADRID SEISMIC ZONE	2% of the APPLICABLE VALUES, subject to a minimum of \$250,000 per OCCURRENCE, per INSURED LOCATION
EARTH MOVEMENT at LOCATIONS in the PACIFIC NORTHWEST SEISMIC ZONE, California, Alaska, Hawaii, or Nevada	NCP
EARTH MOVEMENT at all other LOCATIONS	\$250,000 per OCCURRENCE, per INSURED LOCATION
FLOOD as respects HIGH HAZARD FLOOD ZONES	In respect to each INSURED LOCATION situated in a HIGH HAZARD FLOOD ZONE, the amount to be deducted for each OCCURRENCE for FLOOD as insured against by this POLICY shall be equal to \$500,000 per building per OCCURRENCE for real property and \$500,000 per building per OCCURRENCE for personal property or to the sum of the maximum amount of flood insurance for building and contents coverage available through the National Flood Insurance Program (NFIP) whether or not that coverage is purchased from the NFIP; and \$100,000 per OCCURRENCE for TIME ELEMENT, whichever is greater
FLOOD as respects MODERATE HAZARD FLOOD ZONES	In respect to each INSURED LOCATION situated in a MODERATE HAZARD FLOOD ZONE, the amount to be deducted for each OCCURRENCE for FLOOD as insured against by this POLICY shall be equal to \$250,000 per building per OCCURRENCE for real property and \$250,000 per building per OCCURRENCE for personal property or to the sum of the maximum amount of flood insurance for building and contents coverage available through the National Flood Insurance Program (NFIP) whether or not that coverage is purchased from the NFIP; and \$100,000 per OCCURRENCE for TIME ELEMENT, whichever is greater
FLOOD at all other LOCATIONS	\$250,000 per OCCURRENCE, per INSURED LOCATION
NAMED WINDSTORM at LOCATIONS in CRITICAL U.S. NAMED WINDSTORM AREAS	NCP

NAMED WINDSTORM at LOCATIONS in SECONDARY CRITICAL U.S. NAMED WINDSTORM AREAS	1% of the APPLICABLE VALUES, subject to a minimum of \$100,000 per OCCURRENCE, per INSURED LOCATION
NAMED WINDSTORM at all other LOCATIONS	\$100,000 per OCCURRENCE, per INSURED LOCATION
Transportation	\$250,000 per OCCURRENCE.
NAMED WINDSTORM at LOCATIONS in STATE OF FLORIDA	NCP
WIND/Hail	2% of the APPLICABLE VALUES, subject to a minimum of \$100,000 per OCCURRENCE in STATES of TEXAS, OKLAHOMA, COLORADO, ARKANSAS, NEBRASKA, MISSOURI, KANSAS, KENTUCKY, MISSISSIPPI, ALABAMA, and LOUISIANA
WILDFIRE in MODERATE or HIGH WILDFIRE SCORE AREAS (Defined as RiskMeter score of 30 or above)	\$250,000 per OCCURRENCE, per INSURED LOCATION
WATER DAMAGE (FREEZE) DEDUCTIBLE	\$250,000 per OCCURRENCE, per INSURED LOCATION

APPLICABLE VALUES as referenced in this POLICY is defined as the 100% PROPERTY DAMAGE VALUES at the time and place of the loss subject to the **Valuation** provisions of this POLICY plus the 100% TIME ELEMENT VALUES at the INSURED LOCATION(S) and the 100% TIME ELEMENT VALUES at any other INSURED LOCATION(S) during the time of loss where TIME ELEMENT loss results.

For the purpose of calculating APPLICABLE VALUES defined herein this POLICY, 100% PROPERTY DAMAGE VALUES shall mean the 100% insurable real and/or personal property values which are applicable at the time, date and place of loss.

For the purpose of calculating APPLICABLE VALUES defined herein this POLICY, 100% TIME ELEMENT VALUES shall mean the twelve (12) consecutive months insurable values, that would have been earned had no loss or damage taken place, at the time, date and place of loss for 100% **Gross Earnings** and/or 100% **Rental Insurance** (if **Rental Insurance** is claimed).

B. Application of Deductibles

Unless otherwise specified above:

1. All deductibles apply per OCCURRENCE, per INSURED LOCATION
2. When this POLICY insures more than one INSURED LOCATION(S), the deductible applies against the total loss and damage insured by this POLICY per INSURED LOCATION in any one OCCURRENCE.
3. If two or more deductibles provided in this POLICY apply to a single OCCURRENCE, then the total to be deducted will not exceed the largest deductible applicable; provided, however, the largest deductible applicable may be comprised of two parts, one applicable to PROPERTY DAMAGE and one applicable to TIME ELEMENT.
4. If a deductible is expressed as a period of time which is:
 - a. not otherwise more specifically stated; or
 - b. not intended to be converted to its monetary equivalents;

then the Company will not be liable for the amount of loss incurred or sustained by the Insured during such period of time that immediately follows the physical loss or damage insured by this POLICY.

5. If a deductible is expressed as an Actual Daily Value (ADV) or a multiple thereof, the ADV will be

calculated as follows:

- a. Determine the **Gross Earnings** that would have been earned during the **Period of Liability** of the Insured's business had no **Time Element** loss occurred.

- b. Divide the result in a. above by the number of working days in the **Period of Liability** of the Insured's business had no loss occurred. The resulting amount is the ADV.

No reduction will be made for the **Gross Earnings** not being earned in the number of working days because of the loss or damage, or because of any scheduled or unscheduled shutdowns during the **Period of Liability** of the Insured's business.

The ADV will be calculated based on the **Gross Earnings** of the entirety of the INSURED LOCATION(S), whether or not the loss or damage affects the entirety of the INSURED LOCATION(S). If physical loss or damage insured by this POLICY results in a TIME ELEMENT loss at more than one INSURED LOCATION(S), the ADV will be calculated based on the combined **Gross Earnings** of all affected INSURED LOCATION(S).

6. The deductibles provisions specified herein this POLICY for NAMED WINDSTORM apply to all loss or damage insured by this POLICY, caused by or arising out of a NAMED WINDSTORM, including, but not limited to, the following:
 - a. the force or action of WIND caused by or resulting from a NAMED WINDSTORM; in accordance with the FLOOD definition provision of this POLICY;
 - b. any material, object or debris that is carried, propelled or in any manner moved by a NAMED WINDSTORM;
 - c. any tornadoes that are a result of actions or effects of a NAMED WINDSTORM;
 - d. hail that is a result of actions or effects of a NAMED WINDSTORM;
 - e. lightning that is a result of actions or effects of a NAMED WINDSTORM;
 - f. rain or water, whether the rain or water is driven by WIND or not, that enters the covered building or structure through an opening created by the force of WIND or water from a NAMED WINDSTORM; or
 - g. FLOOD, if covered by this POLICY, that results from the actions or effects of NAMED WINDSTORM.
7. The LOCATION(S) where physical loss or damage insured by this POLICY occurs shall be used to determine the deductible. Once the deductible is determined, if it is a percentage deductible, it shall be applied to the APPLICABLE VALUES.
8. Further, for the purposes of this **Application of Deductibles** provision, with respect to **Extra Expense** and when a percent deductible applies, the **Extra Expense** deductible amount shall be combined with and determined on the same basis as was used to calculate the **Gross Earnings** or **Rental Insurance** deductible whether or not there is a **Gross Earnings** or **Rental Insurance** loss.

C. **Waiting Periods**

Coverage is provided by this POLICY only if the corresponding WAITING PERIOD specified is exceeded. Coverage shall then apply only to the INSURED LOCATION(s) where the WAITING PERIOD has been exceeded. The corresponding coverage will then apply from the beginning of the interruption of services but only for the amounts in excess of the applicable Deductible(s). If multiple LOCATIONS exceed the WAITING PERIOD then the applicable Deductible(s) will apply to the combined loss at each LOCATION.

1. 48 consecutive hours from the inception of interruption of services for **Service Interruption – Property Damage and Service Interruption – Time Element**.

SECTION IV
PROPERTY DAMAGE

A. Insured Property

Except as excluded hereinafter, INSURED PROPERTY consists of property described below:

1. Real property owned by the Insured or in which the Insured has an insurable interest.
2. Personal property:
 - a. owned by the Insured, including the Insured's interest as a tenant in IMPROVEMENTS AND BETTERMENTS for which the Insured incurred the costs of installation or for which the Insured is legally liable under the terms of its lease.

In the event of physical loss or damage insured by this POLICY to such IMPROVEMENTS AND BETTERMENTS, the Company agrees to accept and consider the Insured as sole and unconditional owner of IMPROVEMENTS AND BETTERMENTS, notwithstanding any contract or lease to the contrary.

- b. of officers and employees of the Insured; and of others in the Insured's custody:
 - I. to the extent the Insured is under obligation to keep such property insured for physical loss or damage insured by this POLICY; or
 - II. to the extent of the INSURED'S LIABILITY for physical loss or damage insured by this POLICY to such property.

B. Property Damage Coverage Extensions, Terms and Conditions

The following are subject to all terms, conditions, provisions, limitations and exclusions of this POLICY and in addition, any other terms, conditions, provisions, limitations and exclusions set forth below.

1. Accounts Receivable

- a. This POLICY is extended to insure ACCOUNTS RECEIVABLE loss and expense resulting from direct physical loss or damage insured by this POLICY to the Insured's accounts receivable records, including accounts receivable records stored as ELECTRONIC DATA, while anywhere, including while in transit to the extent provided under **Transportation**, within the **Policy Territory**.
- b. This extension also insures the following:
 - I. The interest charges on any loan to offset impaired collections pending repayment of such sum uncollectible as a result of such physical loss or damage.

Unearned interest and service charges on deferred payment accounts and normal credit losses on credit extended or bad debts will be deducted in determining the recovery.
 - II. Any other necessary and reasonable costs incurred to reduce the loss, to the extent the loss is reduced.
- c. In the event of loss to accounts receivable records, the Insured will use all reasonable efforts, including legal action, if necessary, to effect collection of outstanding accounts receivable.
- d. The Insured agrees to use any suitable property or service owned or controlled by the Insured, or obtainable from other sources, in reducing the loss otherwise insured under this extension.

- e. If it is possible to reconstruct accounts receivable records so that no ACCOUNTS RECEIVABLE loss is sustained, this POLICY insures only the reasonable and necessary costs incurred for material and time required to re-establish or reconstruct such records, and not for any costs insured by any other insurance.
- f. When there is proof that a loss covered by this POLICY has occurred but the Insured cannot accurately establish the total amount of accounts receivable outstanding as of the date of such loss, such amount shall be based on the Insured's monthly statements and shall be computed as follows:
 - I. determine the amount of all outstanding accounts receivable at the end of the same fiscal month in the year immediately preceding the year in which the loss occurs;
 - II. calculate the percentage of increase or decrease in the average monthly total of accounts receivable for the twelve (12) months immediately preceding the month in which the loss occurs, or such part thereof for which the Insured has furnished monthly statements to the Company, as compared with such average for the same months of the preceding year;
 - III. the amount determined under I. above, increased or decreased by the percentage calculated under II. above, shall be the agreed total amount of accounts receivable as of the last day of the fiscal month in which said loss occurs;
 - IV. the amount determined under III. above shall be increased or decreased in conformity with the normal fluctuations in the amount of accounts receivable during the fiscal month involved, due consideration being given to the experience of the business since the last day of the last fiscal month for which a statement has been rendered.
 - V. Add any collection expenses in excess of normal collection costs and made necessary because of loss or damage, and the reasonable expenses incurred in re-establishing accounts receivable records following the loss or damage.
- g. All amounts recovered by the Insured on outstanding accounts receivable on the date of loss will belong and be paid to the Company up to the amount of loss paid by the Company. All recoveries exceeding the amount paid by the Company will belong to the Insured.
- h. No coverage is provided under this extension for any shortage resulting from:
 - I. bookkeeping, accounting or billing errors or omissions; or
 - II. alteration, falsification, manipulation, concealment, destruction or disposal of accounts receivable records committed to conceal the wrongful giving, taking, obtaining or withholding of MONEY, SECURITIES or other property; but only to the extent of such wrongful giving, taking, obtaining or withholding.

2. Brands and Labels

If branded or labeled MERCHANDISE or FINISHED GOODS insured by this POLICY is damaged and the Company elects to take all or any part of such MERCHANDISE or FINISHED GOODS at the value established by the provisions of this POLICY, the Insured may, at the Company's expense, stamp "salvage" on the MERCHANDISE or FINISHED GOODS or its containers or may remove or obliterate the brands or labels, if such stamp, removal or obliteration will not physically damage or otherwise reduce the value of the MERCHANDISE or FINISHED GOODS, but the Company shall re-label the MERCHANDISE or FINISHED GOODS or containers in compliance with the requirements of law.

3. Control of Damaged Property

This POLICY gives control of physically damaged FINISHED GOODS or MERCHANDISE as follows:

- a. the Insured will have full rights to the possession and control of damaged FINISHED GOODS or MERCHANDISE in the event of physical loss or damage insured by this POLICY to such FINISHED GOODS or MERCHANDISE provided proper testing is done to show which FINISHED GOODS or MERCHANDISE is physically damaged;
- b. the Insured using reasonable judgment will decide if FINISHED GOODS or MERCHANDISE sustaining physical loss or damage can be reprocessed or sold;
- c. FINISHED GOODS or MERCHANDISE so judged by the Insured to be unfit for reprocessing or selling will not be sold or disposed of except by the Insured, or with the Insured's consent; and
- d. any salvage proceeds received will go to the:
 - I. Company at the time of loss settlement; or
 - II. Insured if received prior to loss settlement and such proceeds will reduce the amount of loss payable hereunder.
- e. Notwithstanding, the foregoing paragraphs a. through d., the Insured shall allow the Insurer any salvage which could be or which could have been obtained on any sale or other disposition of such goods or products through normal insurance industry salvage practices.

4. Data Restoration

This POLICY is extended to insure the necessary and reasonable costs and expenses actually incurred by the Insured, subject to the limits specified in the Program Sublimit(s) section, following direct physical loss or damage insured by this POLICY to INSURED PROPERTY for reproduction of ELECTRONIC DATA. Such cost of reproduction shall include all reasonable and necessary amounts, incurred by the Insured in recreating, gathering and assembling such ELECTRONIC DATA.

5. Debris Removal

- a. This POLICY is extended to insure the necessary and reasonable costs and expenses actually incurred by the Insured, subject to the limits specified in the Program Sublimit(s) section, following direct physical loss or damage insured by this POLICY to INSURED PROPERTY, to dismantle, demolish and/or remove from INSURED LOCATION(S) the debris of INSURED PROPERTY remaining after any such physical loss or damage.
- b. No coverage is provided hereunder for costs and expenses incurred in the removal of:
 - I. any foundation, other than damaged portions which must be removed in order to effectuate the repair or rebuilding of any INSURED PROPERTY; or
 - II. any property or part thereof, the removal of which is required by the enforcement of any law, ordinance, regulation or rule regulating or restricting the construction, installation, repair, replacement, demolition, occupancy, operation or other use of INSURED PROPERTY; or
 - III. CONTAMINANTS from land or water, nor for the cost to remove, restore or replace polluted land or water.

No liability shall exist under this extension of coverage unless such costs and expenses are reported to the Company within one hundred eighty (180) days of the date of such physical loss or damage insured by this POLICY or the expiration of this POLICY, whichever shall be earlier.

6. Demolition and Increased Cost of Construction

- a. This POLICY is extended to insure the following additional costs when there is direct physical loss or damage insured by this POLICY to building(s) or structure(s) insured by this POLICY and such additional costs are occasioned by the enforcement of any law or ordinance regulating the construction, repair, replacement, use or demolition of building(s) or structure(s) which is in force at the time of loss and necessitates such costs:
 - I. **Coverage A:** value of the undamaged portion(s) which has been demolished subject to the same basis of recovery which applies to the damaged portion(s) of such building(s) or structure(s). This cost shall not include any greater cost of repair, replacement, construction or reconstruction due to the enforcement of any law or ordinance;
 - II. **Coverage B:** cost of demolishing any undamaged portion(s);
 - III. **Coverage C:** if the basis of recovery is replacement cost, the increased cost actually expended (excess of I. Coverage A above) in rebuilding or replacing both the damaged and demolished portions on the same INSURED LOCATION with like height, floor area and style and for like occupancy to comply with the minimum requirements of such law or ordinance.
- b. This extension provision shall not insure:
 - I. any increase of loss associated with the enforcement of any law or ordinance which requires the Insured or others to test for, monitor, cleanup, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of CONTAMINANTS.
 - II. any loss due to any law or ordinance with which the Insured was required to comply prior to the loss.
 - III. TIME ELEMENT loss, delay, loss of market or use, or indirect or consequential loss of any kind.

This entire provision shall not increase any amounts or limits of insurance provided by this POLICY.

7. Destruction by Civil or Military Authority

This POLICY is extended to insure against acts of destruction by order of civil or military authority at the time of and for the purpose of preventing the spread of fire provided such fire originated from physical loss or damage insured by this POLICY.

8. Errors and Omissions

- a. If loss or damage is not payable under this POLICY solely due to an error or unintentional omission:
 - I. in the description of where INSURED PROPERTY is physically situated within the **Policy Territory**; or
 - II. to include any LOCATION(S), within the **Policy Territory**, that is owned, rented or leased by the Insured as of the POLICY Inception Date; or
 - III. that results in cancellation of coverage for INSURED PROPERTY under the POLICY;then such property shall be considered INSURED PROPERTY under this POLICY to the extent it would have provided coverage had such error or unintentional omission not been made.
- b. It is a condition precedent to recovery under this extension of coverage that any error or unintentional omission be:
 - I. reported by the Insured to the Company when discovered; and

- II. corrected upon its discovery.

9. Exhibitions, Expositions, Fairs or Trade Shows

- a. The POLICY is extended to insure any personal property, except as excluded under the **Property Not Insured** section of this POLICY:
 - I. owned by the Insured;
 - II. of others in the Insured's care, custody and control:
 - 1) to the extent the Insured is under an obligation to insure such property against direct physical loss or damage insured by this POLICY; or
 - 2) to the extent of the INSURED'S LIABILITY for direct physical loss or damage insured by this POLICY to such property;

while such property is situated on the premises of any exhibitions, expositions, fairs or trade shows within the **Policy Territory**.
- b. No coverage is provided under this extension for any property:
 - I. while in transit;
 - II. while waterborne;
 - III. at INSURED LOCATION(S);
 - IV. insured under **Course of Construction**;
 - V. insured under **Fine Arts**;
 - VI. that is otherwise insured by this POLICY or any other POLICY issued by the Company to the Insured.

10. Expediting Expenses

This extension provision applies to real and personal property only.

- a. This POLICY is extended to insure the reasonable and necessary expenses incurred by the Insured:
 - I. to pay for the temporary repair of direct physical damage insured by this POLICY to INSURED PROPERTY at INSURED LOCATION(S); and
 - II. to expedite the permanent repair or replacement of such INSURED PROPERTY.
- b. No coverage is provided under this extension for any expenses:
 - I. recoverable under any other section or provision in this POLICY; or
 - II. for permanent repair or replacement of any INSURED PROPERTY.

11. Fine Arts

- a. This POLICY is extended to insure direct physical loss or damage insured by this POLICY to FINE ARTS while anywhere, including while in transit to the extent provided under **Transportation**, within the **Policy Territory**.
- b. No coverage is provided under this extension for:

- I. loss or damage if the FINE ARTS cannot be replaced with others of like kind and quality, unless such FINE ARTS are specifically declared to and accepted by the Company prior to the loss or damage; or
- II. loss or damage caused by or resulting from or occurring during any repairing, restoration or retouching process.

12. Fire and Police Department Service Charges

- a. This POLICY is extended to insure the following reasonable and necessary charges:
 - I. fire department firefighting charges imposed on the Insured by law or ordinance as a result of responding to a fire in, on or exposing the INSURED PROPERTY at INSURED LOCATION(S);
 - II. costs incurred in restoring and recharging fire protection systems at INSURED LOCATION(S) following direct physical loss or damage insured by this POLICY to INSURED PROPERTY;
 - III. costs incurred for the water used for fighting a fire following direct physical loss or damage insured by this POLICY in, on or exposing INSURED PROPERTY at INSURED LOCATION(S);
 - IV. police department charges imposed on the Insured by law or ordinance as a result of responding to a covered cause of loss in, on or exposing the INSURED PROPERTY at INSURED LOCATION(S).
- b. To the extent costs are incurred as insured under this extension of coverage and such costs served to prevent the occurrence of direct physical loss or damage insured by this POLICY to INSURED PROPERTY, this extension of coverage is subject to the POLICY Deductible that would have applied to any claim for such physical loss or damage insured by this POLICY that was avoided.

13. Infrastructure System Coverage

This POLICY is extended to insure direct physical loss or damage insured by this POLICY to insured personal property that is part of communications lines, data transmission lines or any infrastructure comprising or supporting the Insured's connection to its internet service provider or ELECTRONIC DATA COMMUNICATIONS SYSTEM when, and only to the extent that, such personal property is located on INSURED LOCATION(S) and is under the Insured's exclusive operational control. Insured personal property does not include satellites or ELECTRONIC DATA.

ELECTRONIC DATA COMMUNICATIONS SYSTEM, means any communication system, including computer systems and the Internet, which provides the Insured with access to other computer systems, microchips, integrated circuits or similar devices in non-computer equipment, or which provides any party access to the Insured's computer systems, microchips, integrated circuits or similar devices in non-computer equipment.

14. Land and Water Contaminants, Cleanup, Removal and Disposal

- a. This POLICY is extended to insure the reasonable and necessary cost for the cleanup, removal and disposal of CONTAMINANTS:
 - I. from land; or
 - II. from water or any other substance in or on landat INSURED LOCATION(S) provided the release, discharge or dispersal of such CONTAMINANTS is directly caused by direct physical loss or damage insured by this POLICY to INSURED PROPERTY at INSURED LOCATION(S).

- b. No coverage is provided under this extension of coverage for the cost:
 - I. to test for, monitor or assess the existence, concentration or effects of any CONTAMINANTS, other than the testing which is performed in the course of extracting the CONTAMINANTS;
 - II. to cleanup, remove and dispose of any CONTAMINANTS from land, or from water or any other substance in or on land:
 - 1) at INSURED LOCATION(S) for which coverage is not provided hereunder for real property.
 - 2) if the Insured fails to give written notice of loss to the Company within one hundred eighty (180) consecutive calendar days from the date of such physical loss or damage causing the release, discharge or dispersal of such CONTAMINANTS.

15. Miscellaneous Unnamed Locations

This POLICY is extended to insure INSURED PROPERTY within the **Policy Territory** that is either:

- a. not listed on the latest Schedule of Locations submitted to, accepted by and on file with the Company; or
- b. listed on the latest Schedule of Locations submitted to, accepted by and on file with the Company but for which the Insured has not submitted values for its interest.

16. Newly Acquired Property

- a. This POLICY is extended to insure direct physical loss or damage insured by this POLICY to newly constructed real property upon completion, or real property acquired or leased within the **Policy Territory** during the term of this POLICY and personal property, while under the care, custody and control of the Insured at any such new LOCATION(S). TIME ELEMENT coverage is provided for property insured under this extension of coverage, subject to all TIME ELEMENT terms, conditions, provisions, limitations and exclusions.
- b. Coverage under this **Newly Acquired Property** provision shall commence when the Insured first acquires an insurable interest at the new LOCATION(S) and shall cease after the number of days specified in the **Time Limit** section if not reported to and accepted by the Company. If reported to and accepted by the Company the coverage provided by this POLICY for that LOCATION shall be the same as for all other INSURED LOCATION(S) unless otherwise specified herein or by endorsement.
- c. No coverage is provided under this coverage extension for property while in transit or waterborne, nor while on the premises of any exhibition, exposition, fair or trade show. This provision shall not be construed as providing coverage at LOCATION(S) scheduled or otherwise insured herein.
- d. This **Newly Acquired Property** provision shall not increase any amounts or limits of insurance provided by this POLICY.

17. On Site Construction

This POLICY is extended to insure direct physical loss or damage insured by this POLICY to buildings and structures undergoing construction, alteration, extension, or renovation while taking place on INSURED LOCATION(S). TIME ELEMENT coverage is provided for property insured under this extension of coverage, subject to all TIME ELEMENT terms, conditions, provisions, limitations and exclusions.

18. On Site Service Interruption

This POLICY is extended to insure direct physical loss or damage insured by this POLICY, including shrinkage, evaporation, leakage of contents, change in flavor or texture or finish, decay or other spoilage,

when such physical loss or damage is the result of an interruption of services caused by physical loss or damage as insured against by this POLICY, at INSURED LOCATION(S).

The period of service interruption is the period starting with the time when an interruption of specified services happens; and ending when with due diligence and dispatch the service could be wholly restored.

19. Professional Fees

- a. This POLICY is extended to insure the reasonable expenses, including the cost of using the Insured's employees, incurred by the Insured, or by the Insured's representatives, for preparing the details of a claim insured by this POLICY.
- b. No coverage is provided under this extension of coverage for expenses incurred by the Insured in utilizing or retaining the services of:
 - I. attorneys;
 - II. independent or public adjusters;
 - III. insurance agents or brokers; or
 - IV. any subsidiary, related or associated entities either wholly or partially owned by an attorney, insurance agent, broker, or public adjuster.

20. Protection and Preservation of Property – Property Damage

- a. This Policy is extended to insure reasonable and necessary costs incurred for actions to temporarily protect or preserve INSURED PROPERTY; provided such actions are necessary due to actual, or to prevent immediately impending, direct physical loss or damage insured by this POLICY to such INSURED PROPERTY.
- b. This extension is subject to the deductible and sublimit provisions that would have applied had the physical loss or damage happened.

21. Radioactive Contamination

Notwithstanding any Nuclear Exclusion clause contained herein, this POLICY is extended to insure direct physical loss or damage insured by this POLICY to INSURED PROPERTY caused by sudden and accidental radioactive contamination, including resultant radiation damage to INSURED PROPERTY provided:

- a. such radioactive contamination is caused by the release of radiation from radioactive material which is commonly known to be radioactive and commonly located on an INSURED LOCATION(S);
- b. such radioactive material knowingly is kept on an INSURED LOCATION(S) and its radioactivity is used for the purpose of the Insured's operations; and
- c. at the time of such sudden and accidental contamination, there is neither a nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction, nor any new or used nuclear fuel which is intended for or which has been used in a nuclear reactor, on the INSURED LOCATION(S).

22. Service Interruption – Property Damage

- a. This POLICY is extended to insure direct physical loss or damage insured by this POLICY including shrinkage, evaporation, leakage of contents, change in flavor or texture or finish, decay or other spoilage to INSURED PROPERTY at INSURED LOCATION(S) when such physical loss or damage results from the interruption of services consisting of:
 - I. incoming electricity;

- II. incoming fuel;
 - III. incoming gas;
 - IV. incoming refrigerant;
 - V. incoming steam;
 - VI. incoming water;
 - VII. outgoing sewerage service; or
 - VIII. incoming or outgoing audio, voice and video;
- b. This extension of coverage applies only when such interruption of service is caused by physical loss or damage resulting from a cause of loss insured by this POLICY to any property of the type insured by this POLICY of the supplier of such services if such property is situated within the **Policy Territory** commencing when such service is interrupted and ceasing when with due diligence and dispatch such services have been or could have been restored.
 - c. The Insured agrees to immediately notify the suppliers of services of any interruption of such services.
 - d. No coverage is provided under this extension of coverage:
 - I. unless the period of service interruption exceeds the WAITING PERIOD specified for this extension; or
 - II. if the interruption of such services is caused by the failure of the Insured to comply with the terms and conditions of any terms or contracts the Insured has for the supply of such services; or
 - III. for loss sustained at any **Miscellaneous Unnamed Location**.

23. Temporary Removal of Property

When INSURED PROPERTY is removed from an INSURED LOCATION for the purpose of being repaired or serviced or in order to avoid threatened physical loss or damage insured by this POLICY, this POLICY insures such property:

- a. while at the premises to which such property has been moved; and
- b. for physical loss or damage insured by this POLICY at the INSURED LOCATION from which such property was removed.

This additional coverage does not apply to property:

- a. insured, in whole or in part, elsewhere in this POLICY.
- b. insured, in whole or in part, by any other insurance policy.
- c. removed for normal storage, processing or preparation for sale or delivery.

24. Transportation

- a. This POLICY is extended to insure the following personal property, except as excluded under **Property Not Insured**, while in transit within the **Policy Territory**:
 - I. personal property owned by the Insured;

- II. personal property shipped to customers under F.O.B., C & F or similar terms. The Insured's contingent interest in such shipments is admitted;
 - III. personal property of others in the actual or constructive custody of the Insured to the extent of the Insured's interest or INSURED'S LIABILITY;
 - IV. personal property of others sold by the Insured, that the Insured has agreed prior to the loss to insure during the course of delivery.
- b. No coverage is provided under this extension for:
- I. samples in the custody of salespeople or selling agents;
 - II. any property insured under import or export ocean marine insurance;
 - III. waterborne shipments, except while on the navigable inland waters and coastwise shipments within the **Policy Territory**;
 - IV. airborne shipments unless by regularly-scheduled passenger airlines or air freight carriers;
 - V. property of others, including the INSURED'S LIABILITY for it, hauled on vehicles owned, leased or operated by the Insured when acting as a common or contract carrier;
 - VI. the conveyance used as the mode of transportation (including any part of equipment thereof) or containers;
 - VII. all materials in transit which are otherwise insured under another policy of insurance.
- c. Coverage attachment and duration:
- I. Coverage provided under this extension of coverage starts from the time the property leaves the original point of shipment for transit. It then insures continuously in the due course of transit within the continent in which the shipment commences until the property arrives at the destination within such continent subject to the terms and conditions set forth in a and b of this extension of coverage;
 - II. However, coverage on export shipments not insured under ocean cargo policies ends when such personal property is loaded onboard overseas vessels or aircraft. Coverage on import shipments not insured under ocean cargo policies starts after discharge from overseas vessels or aircraft;
 - III. This insurance only covers such shipments, the transportation of which begins within the term of this POLICY, even though said transportation is not completed prior to POLICY expiration.
- d. This extension of coverage also insures:
- I. general average and salvage charges on shipments insured while waterborne;
 - II. physical loss or damage to such personal property caused by or resulting from:
 - 1) unintentional acceptance of fraudulent bills of lading, shipping or messenger receipts;
 - 2) improper parties having gained possession of property through fraud or deceit.
- e. Additional general provisions:
- I. This extension will not inure to the benefit of any carrier or bailee;
 - II. The Insured has permission, without prejudicing this insurance, to accept:
 - 1) ordinary bills of lading used by carriers;

- 2) released bills of lading;
 - 3) undervalued bills of lading; and
 - 4) shipping or messenger receipts.
- f. The Insured may waive subrogation against railroads under side track agreements.
- g. Except as otherwise stated, the Insured agrees not to enter into any special agreement with carriers releasing them from their common law or statutory liability.

25. Vacancy

- a. This POLICY insures:
- I. vacant or unoccupied buildings, including INSURED PROPERTY therein, at INSURED LOCATION(S); or
 - II. INSURED PROPERTY at INSURED LOCATION(S) where the Insured has ceased operations.
- b. All subject to and provided that:
- I. existing fire protection, watch and alarm services at such INSURED LOCATION(S) are maintained; and
 - II. written notice is given to the Company prior to the 60th consecutive calendar day of cessation of operations, vacancy or unoccupancy.
- c. For purposes of this extension, the buildings at an INSURED LOCATION(S) are considered vacant or unoccupied when they do not contain sufficient property and personnel to conduct customary business operations.
- d. This extension excludes coverage from loss due to theft, attempted theft, vandalism, malicious mischief, sprinkler leakage (unless the Insured has protected the system against freezing), or building glass breakage.

26. Valuable Papers and Records

- a. This POLICY insures direct physical loss or damage insured by this POLICY to VALUABLE PAPERS AND RECORDS while anywhere, including while in transit to the extent provided under **Transportation**, within the **Policy Territory**.
- b. No coverage is provided under this extension of coverage for:
- I. loss or damage to VALUABLE PAPERS AND RECORDS if such property cannot be replaced with others of like kind and quality, unless specifically declared to and accepted by the Company prior to the loss or damage;
 - II. loss or damage to property held as samples or for sale or for delivery after sale;
 - III. errors or omissions in processing or copying unless physical loss or damage insured by this POLICY to VALUABLE PAPERS AND RECORDS results, in which event, only such resulting physical loss or damage is insured under this extension of coverage;
 - IV. loss or damage to VALUABLE PAPERS AND RECORDS caused by or resulting from deterioration, inherent vice, vermin or wear and tear; all unless physical loss or damage insured by this POLICY to VALUABLE PAPERS AND RECORDS results, in which event, only such resulting physical loss or damage is insured under this extension.

SECTION V
TIME ELEMENT

A. Loss Insured

1. This POLICY insures TIME ELEMENT loss, during the **Period of Liability** directly resulting from direct physical loss or damage insured by this POLICY to INSURED PROPERTY at INSURED LOCATION(S) or as otherwise provided in this section or endorsed hereon, and subject to all terms and conditions within this POLICY.
2. This POLICY insures TIME ELEMENT loss only to the extent it cannot be reduced through:
 - a. the use of any property or service owned or controlled by the Insured;
 - b. the use of any property or service obtainable from other sources;
 - c. working extra time or overtime; or
 - d. the use of inventory.
3. The Company shall take into consideration the combined operating results of all INSURED LOCATION(S) and associated, affiliated or subsidiary companies of the Insured in determining the TIME ELEMENT loss.
4. This POLICY insures expenses reasonably and necessarily incurred by the Insured to reduce the loss otherwise payable under this section. The amount of such recoverable expenses will not exceed the amount by which the loss otherwise payable hereunder is reduced.
5. The Insured agrees to:
 - a. act with due diligence and dispatch in repairing or replacing physically damaged buildings and equipment to the same or equivalent physical and operating conditions that existed immediately prior to such physical loss or damage; and
 - b. take whatever actions are necessary and reasonable to minimize the loss payable hereunder.
6. In determining the amount of loss payable, the Company will consider:
 - a. the experience of the business before and after; and
 - b. the probable experience during
the **Period of Liability**.
7. There will be no recovery of loss under this **Time Element** section of this POLICY when there is recovery elsewhere in this POLICY.

B. Gross Earnings

1. The recoverable **Gross Earnings** loss is the Actual Loss Sustained by the Insured due to the necessary interruption of the Insured's business during the **Period of Liability** as respects **Gross Earnings** less all charges and expenses that do not, or did not necessarily, continue during such interruption.
2. In determining the indemnity payable as the Actual Loss Sustained by the Insured, the Company will consider the continuation of only those normal charges and expenses that would have been incurred had no interruption of the Insured's business occurred.
3. There is recovery herein but only to the extent that the Insured is:
 - a. wholly or partially prevented from producing goods or continuing business operations or services;

- b. unable to make up lost production within a reasonable period of time, not limited to the period during which production is interrupted;
 - c. unable to continue its operations or services during the **Period of Liability**; and
 - d. able to demonstrate a loss of SALES resulting from an interruption in operations, services or production.
4. For the purpose of this insurance, **Gross Earnings** are defined as the sum of:
- a. As respects:
 - I. manufacturing operations, the net SALES value of production less the cost of all RAW STOCK, materials and supplies used in such production; or
 - II. mercantile or non-manufacturing operations, the total net SALES less cost of MERCHANDISE sold, materials and supplies consumed in the operations or services rendered by the Insured; and
 - b. all other earnings derived from the operation of the business.

Any amount recovered at selling price for physical loss or damage to FINISHED GOODS or MERCHANDISE, which has been valued at the selling price, will be considered to have been sold to the Insured's regular customers and will be credited against claimed loss of net SALES.

C. **Period of Liability**

1. The **Period of Liability** applying to all TIME ELEMENT coverages, except **Leasehold Interest** and as shown below, or if otherwise provided under the TIME ELEMENT coverage extensions, is as follows:
- a. For building and equipment, the period of time:
 - I. starting on the date of physical loss or damage insured by this POLICY to INSURED PROPERTY; and
 - II. ending when with due diligence and dispatch the building and equipment could be repaired or replaced with current materials of like size, kind and quality and made ready for operations; under the same or equivalent physical and operating conditions that existed immediately prior to such physical loss or damage.

Such period of time is not limited by the POLICY expiration date.
 - b. For stock-in-process and MERCHANDISE, including finished goods not manufactured by the Insured, the period of time required with the exercise of due diligence and dispatch:
 - I. to restore stock-in-process to the same state of manufacture in which it existed at the inception of the interruption of the Insured's business; and
 - II. to replace physically damaged MERCHANDISE.
 - c. For raw materials and supplies, the period of time:
 - I. of the actual interruption of the Insured's business resulting from the Insured's inability to obtain suitable raw materials and supplies similar to those damaged; but
 - II. limited to that period of time for which the damaged raw materials and supplies would have supplied operating needs.

- d. For physical loss or damage to MEDIA, the period of time required to copy from backups or from originals of a previous generation. Such period of time shall include all reasonable and necessary time, incurred by the Insured in recreating, gathering and assembling such ELECTRONIC DATA.
 - e. For physical loss or damage to exposed films, records, manuscripts and drawings, the period of time required to copy from backups or from originals of a previous generation. Such period of time shall include all reasonable and necessary time, incurred by the Insured in recreating, gathering and assembling such ELECTRONIC DATA.
2. The **Period of Liability** does not include any additional time due to the Insured's inability to resume operations for any reason, including but not limited to:
 - a. making changes to the equipment;
 - b. making changes to the buildings or structures;
 - c. re-staffing or re-training employees. However, this item c. does not apply to additional time needed to train staff to use new machinery or equipment that replaces machinery or equipment that suffered insured physical loss or damage, provided such training is completed within 90 consecutive days after the new machinery or equipment has been installed.
 3. If more than one **Period of Liability** applies, such periods will not be cumulative.

D. Extra Expense

1. The recoverable **Extra Expense** loss is the reasonable and necessary extra costs incurred by the Insured during the **Period of Liability** as respects the following:
 - a. extra costs to temporarily continue as nearly normal as practicable the conduct of the Insured's business; and
 - b. extra costs of temporarily using property or facilities of the Insured or of others;
 - c. costs to purchase FINISHED GOODS from third parties to fulfill orders when such orders cannot be met due to physical loss or damage to the Insured's FINISHED GOODS, less payment received for the sale of such FINISHED GOODS;
 - d. less any value remaining at the end of the **Period of Liability** for any property obtained in connection with the above.

Time Element Exclusion paragraph **D.3.** does not apply to paragraph **c.** above.

2. No coverage is provided herein for:
 - a. any loss of income;
 - b. costs that normally would have been incurred in conducting the Insured's business during the same period had no physical loss or damage insured by this POLICY to INSURED PROPERTY occurred;
 - c. cost of permanent repair or replacement of any property that has sustained physical loss or damage; or
 - d. any expense recoverable elsewhere in this POLICY.

E. Rental Insurance

1. The recoverable **Rental Insurance** loss is the Actual Loss Sustained by the Insured during the **Period of Liability** as respects:

- a. the fair rental value of any portion of an INSURED LOCATION(S) occupied by the Insured that the Insured is unable to occupy following physical loss or damage insured by this POLICY;
 - b. the income reasonably expected from rentals of unoccupied or unrented portions of INSURED LOCATION(S) available for rent at the time of physical loss or damage insured by this POLICY; and
 - c. the rental income from the rented portions of INSURED LOCATION(S) according to bona fide leases, contracts or agreements in force at the time of physical loss or damage insured by this POLICY to such real property;
- all not to include non-continuing charges and expenses.
2. No coverage is provided herein for any loss of rental income during any period in which INSURED PROPERTY would not have been tenantable for any reason other than physical loss or damage insured by this POLICY, except as otherwise provided under **Extended Period of Liability**.

F. Time Element Coverage Extensions, Terms and Conditions

The following are subject to all terms, conditions, provisions, limitations and exclusions of this POLICY and in addition, any other terms, conditions, provisions, limitations and exclusions set forth below.

1. Commissions, Licensing Fees and Royalties

- a. The recoverable **Commissions, Licensing Fees and Royalties** loss is **Gross Earnings** loss incurred by the Insured during the **Period of Liability** less any non-continuing expenses and charges.
- b. The recoverable **Commissions, Licensing Fees and Royalties** loss incurred is **Gross Earnings** lost by the Insured during the **Period of Liability** under any royalty, licensing fee, franchise fee or commission agreements between the Insured and another party which is not realizable due to direct physical loss or damage insured by this POLICY to any property, except of the type excluded under **Property Not Insured**, of the other party at any LOCATION(S) situated within the **Policy Territory**.
- c. The Insured agrees to influence, to the extent possible, the other party with whom the agreements described above have been made to use any other machinery, supplies or LOCATION(S) in order to resume business so as to reduce the amount of loss payable hereunder, and the Insured agrees to cooperate with that party in every way to effect this.
- d. No coverage is provided hereunder for any costs to effect the above unless authorized in advance by the Company.
- e. In determining the amount of loss payable hereunder, the Company will consider the amount of income derived from such agreements before and the probable amount of income after the date of such physical loss or damage had no loss occurred.
- f. Recovery is available hereunder only if such physical loss or damage interrupts the delivery of goods in whole or in part to the Insured or for the Insured's account.

2. Contingent Time Element

- a. This POLICY is extended to insure loss of **Gross Earnings, Rental Insurance, and Extra Expense** incurred by the Insured during the **Period of Liability** directly resulting from direct physical loss or damage insured by this POLICY to any property, except of the type as excluded under **Property Not Insured**, at any LOCATION(S) of suppliers or customers, provided that such physical loss or damage prevents:
 - I. such suppliers from supplying goods or services directly or indirectly to the Insured;
 - II. such customers from receiving goods or services directly or indirectly from the Insured;

provided that such LOCATION(S) of suppliers or customers are situated within the **Policy Territory**.

- b. Specified limits for this extension are shown in the **Coverage Purchased and Coverage Not Purchased** section of this POLICY for:
 - I. those direct suppliers and customers who have been specifically named by the Insured have been submitted to, accepted by and on file with the Company;
 - II. those direct suppliers and customers who have not been specifically named by the Insured; and
 - III. all indirect suppliers and customers.
- c. As used herein, suppliers or customers do not include any company supplying to or receiving from INSURED LOCATION(S) electricity, fuel, gas, refrigerant, sewage, steam, water, telecommunications, audio, data or video.

3. **Extended Period of Liability**

- a. The coverage provided hereunder for loss of **Gross Earnings** and **Rental Insurance** is extended to insure for only up to the additional length of time shown for **Extended Period of Liability** in the **Coverage Purchased and Coverage Not Purchased** section as would be required with the exercise of due diligence and dispatch to restore the Insured's business to the condition that would have existed had no physical loss or damage insured by this POLICY occurred;
- b. The Time Limit for this extension of coverage starts on the date the applicable **Period of Liability** ends.

4. **Impounded Water**

- a. This POLICY is extended to insure loss of **Gross Earnings, Rental Insurance, and Extra Expense** incurred by the Insured due to the necessary interruption of the Insured's business caused by inadequate water supply.
- b. It is a condition precedent to recovery under this extension that such inadequate water supply is a direct result of the release of water:
 - I. stored behind dams or in reservoirs; and
 - II. at INSURED LOCATION(S); and
 - III. used for any manufacturing purpose, including but not limited to as raw material or for power production; and
 - IV. caused by direct physical loss or damage insured by this POLICY to such dams or reservoirs, or to equipment connected thereto.

5. **Ingress / Egress**

This POLICY is extended to insure loss of **Gross Earnings, Rental Insurance, and Extra Expense** incurred by the Insured due to the necessary interruption of the Insured's business, provided that:

- a. the interruption directly results from the prevention of direct ingress to or direct egress from INSURED LOCATION(S), whether or not INSURED PROPERTY at such INSURED LOCATION(S) is damaged; and
- b. the prevention above is caused by direct physical loss or damage insured by this POLICY to any property, including property excluded under **Property Not Insured**.

6. Leasehold Interest

- a. This POLICY is extended to insure **Leasehold Interest** loss is as follows:

In the event of direct physical loss or damage insured by this POLICY to INSURED LOCATION(S) at which the Insured leases space and pursuant to a written lease, if the lease agreement requires continuation of rent and if the property is wholly untenable or unusable due to such physical loss or damage:

- I. the actual rent payable for the unexpired term of the lease; or,
- II. if the property is partially untenable or unusable, the proportion of the rent payable for the unexpired term of the lease; or,
- III. If the lease is canceled by the lessor pursuant to the lease agreement or by the operation of law:
 - 1) the LEASE INTEREST for the first three (3) consecutive calendar months following the physical loss or damage; and
 - 2) the NET LEASE INTEREST for the remaining unexpired term of the lease.

LEASE INTEREST means the excess rent paid for the same or similar replacement property over actual rent payable plus cash bonuses or advance rent paid (including maintenance or operating charges) for each month during the unexpired term of the Insured's lease.

NET LEASE INTEREST means the present value amount, which placed at the prime rate of annual interest effective on the date of physical loss or damage, as published in the Wall Street Journal, would equal the LEASE INTEREST (less any amounts otherwise payable hereunder).

- b. No coverage is provided for any increase in loss resulting from:

- I. the suspension, cancellation or lapse of any license;
- II. the Insured exercising an option to extend, renew or cancel the lease;
- III. any act or omission of the Insured that constitutes a default under the lease;
- IV. the Insured's loss of **Leasehold Interest** resulting from physical loss or damage to personal property.

7. Order of Civil or Military Authority

This POLICY is extended to insure loss of **Gross Earnings, Rental Insurance, and Extra Expense** incurred by the Insured due to the necessary interruption of the Insured's business, provided that:

- a. the interruption directly results from an order of a civil or military authority that prohibits partial or total access to INSURED LOCATION(S); and
- b. the order referenced above is caused by direct physical loss or damage insured by this POLICY to property of the type insured.

8. Protection and Preservation of Property – Time Element

- a. This POLICY is extended to insure loss of **Gross Earnings, Rental Insurance, and Extra Expense** incurred by the Insured for a period of time after the Insured has first taken reasonable action for the temporary protection and preservation of property insured by this POLICY provided such action is necessary to prevent immediately impending direct physical loss or damage insured by this POLICY to such INSURED PROPERTY.

- b. This extension is subject to the deductible provisions that would have applied had the physical loss or damage happened.

9. Related Reported Values

If:

- a. reported TIME ELEMENT values include values for LOCATION(S) used by the Insured (such as branch stores, SALES outlets and other plants) but such LOCATION(S) are not listed on the latest schedule submitted to, accepted by and on file with the Company; and
- b. a TIME ELEMENT loss results at such LOCATION(S) due to direct physical loss or damage insured by this POLICY to INSURED PROPERTY at INSURED LOCATION(S);

then this POLICY is extended to insure such resulting TIME ELEMENT loss in accordance with the coverage applicable at the INSURED LOCATION(S) where such physical loss or damage occurred.

10. Service Interruption – Time Element

- a. This POLICY is extended to insure loss of **Gross Earnings, Rental Insurance, and Extra Expense** incurred by the Insured at INSURED LOCATION(S) when such loss results from the interruption of services consisting of:
 - I. in coming electricity;
 - II. incoming fuel;
 - III. incoming gas;
 - IV. incoming refrigerant;
 - V. incoming steam;
 - VI. incoming water;
 - VII. outgoing sewerage service; or
 - VIII. incoming or outgoing audio, voice and video;
- b. This extension of coverage applies only when such interruption of service is caused by direct physical loss or damage insured by this POLICY to any property of the type insured by this POLICY of the supplier of such services if such property is situated within the **Policy Territory**.
- c. The Insured agrees to immediately notify the suppliers of services of any interruption of such services.
- d. No coverage is provided under this extension of coverage:
 - I. unless the period of service interruption exceeds the WAITING PERIOD specified for this extension; or
 - II. if the interruption of such services is caused by the failure of the Insured to comply with the terms and conditions of any contracts the Insured has for the supply of such services; or
 - III. for loss sustained at any **Miscellaneous Unnamed Location**; or
 - IV. for loss or damage caused by or resulting from EARTH MOVEMENT for property located in California, in the NEW MADRID SEISMIC ZONE or in the PACIFIC NORTHWEST SEISMIC ZONE, regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss.

SECTION VI EXCLUSIONS

A. Property Not Insured

INSURED PROPERTY does not include and this POLICY does not insure loss or damage to the following:

1. bills, notes, MONEY, SECURITIES, PRECIOUS METALS, precious stones, semi-precious stones, jewelry, furs;
2. land, water or any other substance in or on land, except this exclusion does not apply to:
 - a. LAND IMPROVEMENTS
 - b. water which is normally contained within any enclosed tank, piping system or any other processing equipment;
3. animals, growing and standing crops, trees, standing timber, plants, shrubs and lawns, except this exclusion does not apply to property that is LAND IMPROVEMENTS as defined herein;
4. aircraft or watercraft and contents thereof, rolling stock, spacecraft, satellites including their launch vehicles and launch sites;
5. waterborne equipment or OFFSHORE property, including any OFFSHORE drilling and production rigs. Offshore property means property away from the shore but not connected to the shore by dock, piers or any other physical connection other than pipelines. In the Gulf of Mexico off Texas and Louisiana, OFFSHORE is to be seaward of the Inland edge of the Lease Block of the Plane Coordinate System, as defined on United States Department of Land Management Leasing Maps;
6. motor vehicles licensed for highway use, except when at INSURED LOCATION(S). This POLICY does insure the INSURED'S LIABILITY for motor vehicles of others while at INSURED LOCATION(S);
7. underground mines, mine shafts, caverns, tunnels, or any property within such underground mines, mine shafts, caverns or tunnels;
8. underwater piping and its contents, fittings, conduits, drains or flues, all situated outside INSURED LOCATION(S);
9. air supported structures and the contents thereof;
10. bulkheads, bridges, retaining walls, revetments, dikes, jetties, wharves, piers, docks, levees and property thereon when loss or damage is caused by action of water or ice or impact of watercraft;
11. above ground transmission and distribution lines including but not limited to wires, cables, poles, pylons, transformers, standards, towers or other supporting structures, which may be attendant to the transmission or distribution of electrical power, telephone or telegraph signals, and all other communications signals, whether audio or visual. However, this exclusion does not apply when such property is situated at INSURED LOCATION(S). Nor does this exclusion apply to coverage granted under **Service Interruption** provisions of this POLICY;
12. nuclear power plants, facilities handling or processing nuclear fuel or waste;
13. property in transit, except as otherwise provided under the **Transportation** provision of this POLICY;
14. property sold by the Insured under conditional sale, trust agreement, installment plan or other deferred payment plan after delivery to customers;
15. property at INSURED LOCATION(S) where the Insured has ceased operations except as provided under the **Vacancy** provision of this POLICY;

16. contractors' and subcontractors' machinery, tools and equipment used in erection of INSURED PROPERTY unless the total capital value of such property is directly and specifically charged to the Insured as part of the job or project to which the machinery, tools or equipment are provided;
17. the Insured's product when loss or damage is caused by or results from errors in design, poor workmanship, or use of faulty materials, in the development, processing, testing or manufacture of the Insured's product;
18. stock or materials when loss or damage is caused by manufacturing or processing operations which result in damage to such property while being processed, manufactured, tested or otherwise being worked upon;
19. MEDIA for, or programming records pertaining to electronic and electromechanical data processing or electronically controlled equipment, including the data thereon when loss or damage is caused by error or omission in machine programming or instructions to machine;
20. ELECTRONIC DATA, except as may be otherwise provided under **Data Restoration** coverage provided elsewhere;
21. the interior portion of buildings under construction, alteration or repair when loss or damage is caused by rain, sleet or snow, whether or not driven by wind, when the installation of the roof, walls and windows of such buildings has not been completed.

B. Types of Loss or Damage Not Insured

This POLICY does not insure against the following types of loss or damage:

1.
 - a. indirect or remote loss or damage;
 - b. delay or loss of market; or
 - c. interruption of business unless otherwise provided hereon.
2. the cost of correcting or making good:
 - a. faulty workmanship, material, construction or design; or
 - b. inherent or latent defects;
3. unexplained or mysterious disappearance of any property, or shortage disclosed by audit or upon taking inventory;
4. accumulated effects of smog, smoke, vapor, liquid and dust;
5.
 - a. wear and tear, deterioration, depletion, erosion, corrosion;
 - b. settling, cracking, shrinkage, bulging or expansion of pavements, foundations, walls, floors, roofs or ceilings; or
 - c. shrinkage, evaporation, leakage of contents, change in flavor or texture or finish, decay or other spoilage;

unless physical loss or damage insured by this POLICY results, then only that resulting loss or damage is insured.
6. mold, mildew, fungus, spores or other microorganism of any type, nature, or description, including but not limited to any substance whose presence poses an actual or potential threat to human health, wet rot or dry rot, unless such loss or damage results directly from physical loss or damage insured by this POLICY and then only to the limit of liability shown in the **Coverage Purchased and Coverage Not Purchased** section of this POLICY.

If no limit of liability is shown in the **Coverage Purchased and Coverage Not Purchased** section of this POLICY, then this exclusion applies regardless whether there is:

- a. any physical loss or damage to INSURED PROPERTY;
 - b. any insured cause of loss or damage, whether or not contributing concurrently or in any sequence;
 - c. any loss of use, occupancy, or functionality; or
 - d. any action required, including but not limited to repair, replacement, removal, cleanup, abatement, disposal, relocation, or steps taken to address medical or legal concerns.
7. Any loss or damage, both PROPERTY DAMAGE and TIME ELEMENT, occasioned by damage to or failure of, any type whatsoever, to the internet including the World Wide Web (WWW), unless physical loss or damage insured by this POLICY results, then only that resulting loss or damage is insured.
 8. Any loss resulting from the voluntary parting with title or possession of property if induced by any fraudulent act or by false pretense.

C. Causes of Loss Not Insured

This POLICY does not insure against loss or damage caused by any of the following:

1. Animals, vermin or insects unless physical loss or damage insured by this POLICY results, then only that resulting loss or damage is insured;
2. Any fraudulent: dishonest or other act intended to result in a financial gain of the Insured or any associate, proprietor, director, trustee, officer, employee or agent of any insured;
3. Dampness or dryness of atmosphere, or extremes or changes of temperature, unless physical loss or damage insured by this POLICY results, then only that resulting loss or damage is insured;
4. Lack of the following services when caused by loss or damage to any property outside INSURED LOCATION(S):
 - a. incoming electricity, fuel, gas, refrigerant, steam, water;
 - b. outgoing sewerage; or
 - c. incoming or outgoing audio, voice and video;

This exclusion does not apply to the **Service Interruption – Property Damage and Service Interruption - Time Element** provisions of this POLICY.

5. Loss or damage due to the discharge, dispersal, seepage, migration, release or escape of CONTAMINANTS (except as provided under the **Radioactive Contamination** provision of this POLICY), unless the discharge, dispersal, seepage, migration, release or escape is directly caused by physical loss or damage insured by this POLICY.
6. Loss or damage caused by any of the following, regardless of any other cause or event contributing concurrently or in any other sequence to the loss or damage:
 - a. Nuclear reaction or nuclear radiation, or radioactive contamination (except as provided under the **Radioactive Contamination** provision of this POLICY), all whether controlled or uncontrolled. However, subject to the foregoing and all provisions of this POLICY, direct loss by fire resulting from nuclear reaction or nuclear radiation or radioactive contamination is insured against by this POLICY.
 - b. Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack:

- I. by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or
- II. by military, naval or air forces; or
- III. by an agent of any such government, power, authority or forces;

it being understood that any discharge, explosion or use of any weapon of war employing nuclear fission or fusion shall be conclusively presumed to be such a hostile or warlike action by such a government, power, authority or forces;

- c. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an OCCURRENCE.
 - d. The unlawful possession, use, release, discharge, dispersal or disposal of any chemical, bacteriological, viral, radioactive or similar agents or matter regardless of who is responsible for the act and whether war has been declared or not.
 - e. The unlawful possession, use, release, discharge, detonation, dispersal or disposal of any device or material capable of producing a nuclear reaction or the spread of radioactivity, regardless of who is responsible for the act and whether war has been declared or not.
7. Enforcement of any law, ordinance, regulation or rule regulating or restricting the construction, installation, repair, replacement, demolition, occupancy, operation or other use of property on INSURED LOCATION(S) except as provided in the **Demolition and Increased Cost of Construction** provision of this POLICY.
 8. Any increase of loss resulting from interference at INSURED LOCATION(S) by strikers or other persons, with rebuilding, repairing or replacing property or with the resumption or continuation of business.
 9. Any loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting there from, unless physical loss or damage insured by this POLICY results, then only that resulting loss or damage is insured.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programs, software, and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

10.
 - a. explosion in or of the following property owned, operated or controlled by the Insured: steam boilers, including equipment attached to and forming a part thereof; steam turbines; steam engines; steam pipes interconnecting any of the foregoing; or gas turbines; except that liability is specifically assumed for loss resulting from EXPLOSION of accumulated gases or unconsumed fuel within the firebox (or the combustion chamber) of any fired vessel, other than gas turbines, or within the flues or passages which conduct the gases of combustion there from;
 - b. rupture, bursting, cracking, burning or bulging of: steam boilers including equipment attached to and forming a part thereof; steam turbines; steam engines; steam pipes interconnecting any of the foregoing; hot water boilers or other equipment for heating water; pressure vessels, including equipment attached to and forming a part thereof; or, gas turbines;
 - c. mechanical or machinery breakdown, including rupture or bursting caused by centrifugal force;

- d. electrical injury or disturbance to electrical appliances, devices, fixtures, wiring, or other electrical or electronic equipment caused by electrical currents artificially generated;

nor does this POLICY insure against resulting damage to INSURED PROPERTY caused by such OCCURRENCE(S) except damage from resulting fire, water or other means to extinguish a fire, or combustion EXPLOSION outside any of the property described in this exclusion.

EXPLOSION shall mean: explosion, except loss by explosion in or of the following property owned, operated or controlled by the Insured:

- a. steam boilers, steam turbines, steam engines, steam pipes interconnecting any of the foregoing, or gas turbines;
- b. moving or rotating machinery or parts of same when such loss is caused by centrifugal force or mechanical breakdown;
- c. any property undergoing pressure test to the extent of loss to such property undergoing test, including equipment attached to and forming part of such property.

The foregoing exceptions (a. through c.) are modified to the extent that liability is specifically assumed for loss resulting from:

- a. malicious use of explosives;
- b. EXPLOSION of accumulated gases or unconsumed fuel within the firebox (or the combustion chamber) of any fired vessel, other than gas turbines, or within the flues or passages which conduct the gases of combustion there from.

The following are not EXPLOSIONS within the intent or meaning of this exclusion:

- a. electric arcing or any coincident rupture of electrical equipment due to such arcing;
- b. bursting, rupture or collapse caused by freezing;
- c. shock waves generated by aircraft, generally known as sonicboom;
- d. bursting, rupture or collapse of any safety disc, rupture diaphragm or fusible plug.

D. Time Element Exclusions

1. This POLICY does not insure against TIME ELEMENT loss for any period during which business would not or could not have been conducted for any reason other than physical loss or damage insured by this POLICY to INSURED PROPERTY.
2. This POLICY does not insure against any increase in the TIME ELEMENT loss due to:
 - a. suspension, cancellation or lapse of any lease, contract, license or orders;
 - b. damages for breach of contract or for late or non-completion of orders;
 - c. fines or penalties of any nature; or
 - d. any other consequential or remote loss.

However, a. and d. above do not apply to **Extended Period of Liability** provision of this POLICY.

3. This POLICY does not insure against any **Gross Earnings** loss resulting from loss or damage to FINISHED GOODS manufactured by the Insured or MERCHANDISE when valued at its selling price, nor the time required for their reproduction.

SECTION VII VALUATION

- A.** Adjustment of the loss amount for physical loss or damage insured by this POLICY will be computed as of the date of loss at the INSURED LOCATION(S) where such physical loss or damage occurred, and for no more than the interest of the Insured in such property, subject to the following:
1. buildings and structures, building equipment, plant equipment, machinery, machine parts, office furniture, office equipment, tools, dies, jigs, templates, patterns and flasks, except all such property that is obsolete or useless to the Insured:
 - a. if repaired, rebuilt or replaced, at the same or at another site, within two (2) consecutive calendar years from the date of loss or damage, the lesser of the following:
 - I. the cost to repair, rebuild or replace on the same site, with new and current materials of like size, kind and quality, whichever is the least;
 - II. the actual expenditure incurred by or on behalf of the Insured in repairing, rebuilding or replacing on the same or another site, whichever is the least;but in no event to include any increased costs resulting from the enforcement of any law, ordinance, regulation or rule regulating or restricting the construction, installation, repair, replacement, demolition, occupancy, operation or other use of property at INSURED LOCATION(S);
 - b. if not repaired, rebuilt or replaced, at the same or another site, within two (2) consecutive calendar years from the date of loss or damage:

the ACTUAL CASH VALUE at the time and place of loss.
 2. catalysts or refractory material:

the ACTUAL CASH VALUE of the material which equals the replacement cost at the time of loss or damage multiplied by the remaining useful life factor. Remaining useful life factor means the normal useful life of the material in months minus the number of months the material had been in use at the time of the loss or damage, divided by the normal useful life of the material in months.
 3. FINISHED GOODS manufactured by the Insured:
 - a. the regular cash selling price less all discounts and charges to which the FINISHED GOODS would have been subject and a commensurate reduction to reflect waste, pilferage, breakage, spoilage or other factors that would have affected the sale of FINISHED GOODS had no physical loss or damage occurred.
 4. motor vehicles or other mobile equipment not manufactured by the Insured, the least of the following:
 - a. the repair cost;
 - b. the replacement cost; or
 - c. the ACTUAL CASH VALUE if not replaced.
 5. Pair, Set or Parts - In the event of loss of or damage (as insured against by this POLICY) to:
 - a. any article or articles which are a part of a pair or set, the measure of loss of or damage to such article or articles shall be a reasonable and fair proportion of the total value of the pair or set, giving consideration to the importance of said article or articles, but in no event shall such loss or damage be construed to mean total loss of the pair or set; or
 - b. any part of INSURED PROPERTY consisting, when complete for use, of several parts, the Company shall be liable only for the value of the part lost or damaged.

6. RAW STOCK, MERCHANDISE and supplies:

the replacement cost, unless the regular cash selling price less all discounts and charges for merchandise has been specifically submitted to, accepted by and on file with the Company.
7. STOCK IN PROCESS:
 - a. the replacement cost of raw materials;
 - b. the cost of labor expended at the time of loss or damage; and
 - c. the proper proportion of overhead charges.
8. exposed films, records, manuscripts, and drawings that are not VALUABLE PAPERS AND RECORDS:
 - a. the replacement cost of exposed films, records, manuscripts, and drawings blank; plus
 - b. the cost of copying information from back-ups or from originals of a previous generation;
 - c. excluding all other costs, such as the cost for research or engineering, incurred in restoring or recreating the information lost.
9. VALUABLE PAPERS AND RECORDS, the least of the following:
 - a. the reasonable and necessary costs to repair or restore to a functional usage condition;
 - b. the replacement cost;
 - c. excluding all other costs, such as the cost for research, engineering, programming, or assembling or gathering information, incurred in restoring or recreating the ELECTRONIC DATA lost, except as may be otherwise provided under **Data Restoration** coverage provided elsewhere.
10. ELECTRONIC DATA PROCESSING MEDIA
 - a. if repaired or replaced within two (2) consecutive calendar years from the date of loss or damage:
 - I. the cost of the MEDIA blank; plus the cost to repair, replace or restore such MEDIA to the condition that existed immediately prior to such loss or damage, including the cost of copying the ELECTRONIC DATA from back-ups or from originals of a previous generation;
 - b. if not repaired or replaced within two (2) consecutive calendar years from the date of loss or damage:
 - I. the replacement cost of the MEDIA blank;
 - c. excluding all other costs, such as the cost for research, engineering, programming, or assembling or gathering information, incurred in restoring or recreating the ELECTRONIC DATA lost, except as may be otherwise provided under **Data Restoration** coverage provided elsewhere.
11. FINE ARTS, the least of the following:
 - a. the reasonable and necessary costs to repair or restore to the functional usable condition that existed immediately prior to the physical of loss or damage;
 - b. the replacement cost of substantially identical property;
 - c. the ACTUAL CASH VALUE if not repaired or replaced or designated;
 - d. the amount designated, if any, for such FINE ARTS on the latest schedule submitted to, accepted by and on file with the Company.

- e. In the event a FINE ARTS article is part of a pair or set, and such article, if physically damaged, cannot be repaired or replaced or restored to the physical condition that existed immediately prior to the physical loss or damage, the amount recoverable under this POLICY will be limited to the lesser of the following:
 - I. the full value of the pair or set; or
 - II. the amount designated, if any, for such FINE ARTS pair or set on the latest schedule submitted to, accepted by and on file with the Company.

The Insured agrees to surrender the pair or set to the Company.

12. property insured under **Transportation**:

- a. As respects property shipped to or for the account of the Insured, the actual invoice to the Insured including accrued costs and charges legally due to the Insured. Such charges may include the Insured's commission as a selling agent.
- b. As respects property sold by the Insured and shipped to or for the purchaser's account, the Insured's selling invoice amount including prepaid or advanced freight costs.
- c. As respects property not under invoice:
 - I. for property of the Insured, based on the **Valuation** provisions applying to the LOCATION from which the property is being transported;
 - II. for other property, the ACTUAL CASH VALUE at the destination point on the date of the OCCURRENCE;

less any charges saved which would have become due and payable upon arrival at destination.

13. IMPROVEMENTS AND BETTERMENTS:

- a. if repaired or replaced at the expense of the Insured within two (2) consecutive calendar years from the date of loss or damage, the lesser of the following:
 - I. the cost to repair or replace the lost or damaged IMPROVEMENTS AND BETTERMENTS with new and current materials of like size, kind and quality, whichever is less;
 - II. the actual expenditure incurred in repairing or replacing the lost or damaged IMPROVEMENTS AND BETTERMENTS, whichever is less;
- b. if not repaired or replaced within two (2) consecutive calendar years after such loss or damage:

that proportion of the original cost at the time of installation of the lost or damaged IMPROVEMENTS AND BETTERMENTS which the unexpired term of the lease at the time of loss or damage bears to the period from the date such IMPROVEMENTS AND BETTERMENTS were made to the expiration date of the lease as of the date of loss or damage, and not including any rights or options for extensions or renewals;
- c. if repaired or replaced at the expense of others for the use of the Insured, there shall be no liability hereunder.

14. unrepairable electrical or mechanical equipment, including computer equipment:

the cost to replace such damaged or destroyed property with the most functionally equivalent new and current equipment of like size, kind and quality even if such equipment:

- a. has technological advantages;
- b. represents an improvement in function; or

- c. forms part of a program or system enhancement.
- 15. property planned and/or scheduled for demolition at the time of the loss or damage:
only the increased cost of demolition, if any, resulting from physical loss or damage insured by this POLICY.
- 16. real property or machinery and equipment, other than stock, held for sale at the time of the loss or damage.
The lesser of the following:
 - a. the reasonably anticipated selling price;
 - b. market value.
- 17. personal property of others for which the Insured is legally liable in the event of loss or damage:
the amount for which the Insured is legally liable, but not to exceed the ACTUAL CASH VALUE of such property.
- 18. all other property, including property that is obsolete or useless to the Insured:
the ACTUAL CASH VALUE.

B. The Insured may elect not to repair or replace any real and personal property lost, destroyed or damaged and insured hereunder. Loss settlement may be elected on the lesser of repair or replacement cost basis if the proceeds of such loss settlement are expended on other capital expenditures related to the Insured's operations within two (2) consecutive calendar years from the date of physical loss or damage. As a condition of collecting herein, such expenditure must be unplanned as of the date of physical loss or damage. This does not extend to **Demolition and Increased Cost of Construction** provision of this POLICY.

SECTION VIII
LOSS ADJUSTMENT AND SETTLEMENT

A. Abandonment

There may be no abandonment of any property to the Company.

B. Collection from Others

The Company will not be liable for any loss or damage insured hereunder to the extent that the Insured has collected for such loss or damage from others or others have funded the repair or replacement of any property lost or damaged.

C. Company Option

1. Subject to the **Control of Damaged Property** provision, the Company has the option to take all or any part of damaged property at the agreed value within a reasonable time.
2. The Company must give notice to the Insured of its intention to do so within thirty (30) consecutive calendar days after receipt of the signed and sworn to proof of loss required by this POLICY.

D. Dispute Resolution / Optional Arbitration Provision

Upon the mutual agreement of the Company and the Insured, any controversy or dispute arising out of or relating to this POLICY, or the breach, termination or validity thereof, shall be resolved in accordance with the procedures specified herein.

1. Negotiation and Mediation

The Insured and the Company shall attempt in good faith to resolve any controversy or dispute arising out of or relating to this POLICY promptly by negotiations between representatives who have authority to settle the controversy. If the dispute cannot be resolved by negotiation, the parties shall endeavor to settle the dispute through a confidential mediation with the assistance of a mediator mutually selected by the parties. To the extent the parties are unable to select a mutually agreeable mediator, each party will propose three mediators. Each party then shall strike two of the mediators proposed by the other, leaving one mediator as proposed by each party. A coin then shall be tossed, with the Insured calling heads or tails, with the prevailing party in the coin toss having its remaining proposed mediator jointly engaged by the parties to mediate the dispute, with the cost being split equally among the parties.

2. Arbitration

- a. If a resolution cannot be achieved through the negotiation and mediation process as set forth above, the parties can mutually agree to submit the remaining dispute to be determined through binding arbitration before a panel of three arbitrators in accordance with the Commercial Arbitration Rules of the American Arbitration Association (“AAA”). Provisions in the Commercial Arbitration Rules pertaining to mediation shall not apply.
- b. Notwithstanding anything to the contrary in the Commercial Arbitration Rules, the panel of arbitrators shall be constituted as follows. The Insured and the Company each shall appoint one arbitrator within 14 days of mutually agreeing to arbitrate. The third arbitrator, who shall serve as the chair of the arbitration panel, shall be appointed by the parties upon mutual agreement. If the parties are unable to mutually agree upon a third arbitrator within 30 days of the selection of party-appointed arbitrators, the AAA shall appoint the chairperson in accordance with the rules for doing so in the Commercial Arbitration Rules.

- c. In any such arbitration, the terms of this POLICY are to be construed in an evenhanded fashion as between the Insured and the Company in accordance with the laws of the state of Idaho. The arbitrators are not empowered to award damages in excess of compensatory damages and each party hereby irrevocably waives such damages.

3. Appraisal Provision

If the Insured and the Company fail to agree on the amount of loss to be paid for a claim insured by this POLICY and a resolution cannot be achieved through the negotiation and mediation process as set forth above, and the parties do not mutually agree to submit the dispute to be determined through binding arbitration, either may elect to have that dispute resolved by appraisal by making a written demand upon the other. The venue of the appraisal shall be the State and County of the mailing address for the Insured as set forth in the Declarations of this POLICY. Each party shall select a competent and disinterested appraiser within twenty (20) days after the written demand for appraisal is made. The appraisers then shall select a third competent and disinterested appraiser to serve as the umpire. If they should fail to agree upon an umpire within fifteen (15) days after both appraisers are selected, then upon the request of the Insured or of the Company, such umpire shall be selected by a judge of a court of record and competent jurisdiction in the county in which the appraisal is venued. After the panel of three appraisers has been constituted, the two appraisers selected by the Insured and the Company shall make a good faith effort to appraise and agree upon the amount of the loss in dispute or portions thereof. If the appraisers fail to fully agree, they shall submit their differences to the umpire. An award in writing and signed by any two (2) of the appraiser shall determine the amount of loss. The Insured and the Company shall each pay their selected appraiser and shall bear equally the other expenses of the appraisal and of the umpire. The Company shall not be held to have waived any of its rights by any act relating to appraisal.

E. Identity of Interests

If the Insured is comprised of more than one legal entity, liability shall not exceed the amount of loss had all interests comprised a single legal entity.

F. Loss Adjustment and Loss Payable

Loss, if any, will be adjusted with and payable to the First Named Insured, or as may be directed by the First Named Insured. Additional insured interests will also be included in loss payment as their interests may appear when named as additional named insured, lender, mortgagee or loss payee in the Certificates of Insurance on file with the Company. The receipt of the payee(s) so designated shall constitute a release in full of all liability with respect to such loss.

G. Partial Payment of Loss Settlement

1. In the event of a loss occurring which has been ascertained by the Company to be recoverable under this POLICY, the Company will advance mutually agreed upon partial payments for such loss, subject to the provisions of this POLICY.
2. To obtain such partial payments, the Insured agrees to submit a signed and sworn partial proof of loss as described in this POLICY with adequate supporting documentation.

H. Requirements in Case of Loss

The Insured shall give immediate written notice to the Company of any loss, protect the property from further damage, forthwith separate the damaged and undamaged personal property, put it in the best possible order, furnish a complete inventory of the destroyed, damaged and undamaged property, showing in detail quantities, costs, ACTUAL CASH VALUE and amount of loss claimed; and within sixty (60) days after the loss, unless such time is extended in writing by the Company, the Insured shall render to the Company a proof of loss, signed and sworn to by the Insured, stating the knowledge and belief of the Insured as to the following:

1. the time and origin of the loss;
2. the interest of the Insured and of all others in the property;

3. the ACTUAL CASH VALUE of each item thereof and the amount of loss thereof;
4. all encumbrances thereon;
5. all other contracts of insurance, whether valid or not, insuring any of said property;
6. any changes in the title, use, occupation, LOCATION(S), possession or exposures of said property since the issuing of this POLICY, by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of loss and whether or not it then stood on leased ground, and shall furnish a copy of all the descriptions and schedules in all policies or on file with the Company and, if required, verified plans and specifications of any building, fixtures or machinery destroyed or damaged.
7. the Insured, as often as may be reasonably required, shall exhibit to any person designated by the Company all that remains of any property herein described, and submit to examinations under oath by any person named by the Company, and subscribe the same; and, as often as may be reasonably required, shall produce for examination all books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the Company or its representative, and shall permit extracts and copies thereof to be made.

I. Salvage and Recovery

Any salvage or other recovery, except recovery under **Subrogation** or **Other Insurance** section, will accrue entirely to the benefit of the Company until the sum paid by the Company is recovered.

J. Settlement of Claims

The amount of loss or damage, for which the Company may be liable, will be paid within thirty (30) consecutive calendar days after:

1. proof of loss as described under **Requirements in Case of Loss** section is accepted in writing by the Company; and
2. when a resolution of the amount of loss is made either by:
 - a. agreement in writing between the Insured and the Company; or
 - b. the filing with the Company of an award as provided under the **Arbitration or Appraisal Provision** section.

K. Subrogation

In the event of any payment made under this POLICY:

1. the Company will be subrogated to all of the Insured's rights of recovery against any person, entity or organization;
2. the Insured agrees to execute and deliver instruments and papers and do whatever is necessary to secure such rights;
3. the Company will not acquire any rights of recovery that the Insured has expressly waived, in writing, prior to loss or damage, nor will such waiver affect the Insured's rights under this POLICY;
4. the Insured agrees to do nothing after loss or damage to prejudice the subrogation rights of the Company;
5. the Insured agrees to cooperate with the Company and upon the Company's request and expense, attend hearings and trials and assist in:
 - a. effecting settlements;
 - b. securing and giving information and evidence;

- c. obtaining the attendance of witnesses; and
 - d. pursuing recovery through legal action or other formal proceedings;
6. the net amount of any recovery after deducting the costs of proceedings shall be divided between each party instituting such proceedings in the same proportion as each such party has borne to the provable loss.

L. Suit

No suit or action on this POLICY for the recovery of any claim shall be sustainable in any court of law unless all the requirements of this POLICY shall have been complied with, and unless commenced within twelve (12) months next after the date of the physical loss or damage giving rise to any claim hereunder.

SECTION IX
GENERAL CONDITIONS

A. Additional Insurable Interests

Additional insured interests are automatically added to this POLICY as their interests may appear when named as additional named insured, lender, mortgagee or loss payee in the Certificates of Insurance on file with the Company. Such interests become effective on the dates shown in such certificates but do not further amend or extend the terms, conditions, provisions and limitations of this POLICY.

B. Assignment of Policy

Assignment of this POLICY is not valid except with the written consent of the Company.

C. Concealment, Misrepresentation and Fraud

This entire POLICY shall be void if, whether before or after loss or damage, the Insured has willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, a claim for loss or damages or the interest of the Insured therein, or in case of any fraud or false swearing by the Insured relating thereto.

D. Conditions Suspending or Restricting Insurance

Unless otherwise provided in writing added hereto the Company shall not be liable for loss or damage occurring while the hazard is increased by any means within the control or knowledge of the Insured.

E. Excess Insurance

Permission is granted to the Insured to have excess insurance over the limit(s) of liability set forth in this POLICY without prejudice to this POLICY, and the existence of such insurance, if any, shall not reduce any liability under this POLICY.

F. Governing Law and Jurisdiction

1. The laws of the State of Idaho without regard to its conflict of laws rules, that would cause the application of the laws of any other jurisdiction, shall govern the construction and interpretation of this POLICY.
2. The parties hereto do irrevocably submit to the exclusive jurisdiction of the Courts of the State of Idaho, and to the extent permitted by law, the parties expressly waive all rights to challenge or otherwise limit such jurisdiction.

G. Inspection of Property and Operations

The Company shall be permitted but not obligated to inspect the Insured's property and operations at any reasonable time. Neither the right to make inspections nor the making thereof nor any risk analysis for any particular hazards, exposures or potential risks of loss or damage nor any advice or report resulting there from shall imply any liability, nor constitute an undertaking on behalf of or for the benefit of the Insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

H. Minimum Earned Premium

In consideration of the premium charged and subject to the terms, exclusions, limits and conditions of this POLICY, not in conflict herewith, it is agreed that the minimum earned premium due to the Company is twenty-five percent (25.0%) of the total invoiced annual POLICY premium, including any applicable taxes and surcharges, regardless of the actual term of this POLICY, unless otherwise indicated in the Declarations.

However, if this POLICY is canceled by the Company prior to the expiration date, the earned premium shall be computed pro-rata and the terms and conditions of this minimum earned premium provision shall be null and void.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, or limitations of the POLICY to which this provision is attached other than as above stated.

I. Notice of Cancellation

This POLICY may be canceled

1. at any time at the request of the First Named Insured:
 - a. by surrendering this POLICY to the Company; or
 - b. by giving written notice to the Company stating when thereafter such cancellation will be effective;
or
2. by the Company by giving the First Named Insured written notice at least:
 - a. ten (10) consecutive calendar days before the effective date of cancellation in the event the Company does not receive the premium by the date payment thereof becomes due; or
 - b. ninety (90) consecutive calendar days before the effective date of cancellation for any other reasons.

If notice is mailed, then proof of mailing is sufficient proof of notice.

If the First Named Insured cancels this POLICY, then any unearned premium will be calculated based on the customary short rate table. However, if the Company cancels this POLICY, any unearned premium will be calculated on pro-rata basis. The Company agrees to return any unearned premium due the Insured as soon as practicable.

J. Occurrence Hour Clause

1. Subject to the **Prior or Subsequent Loss** condition of this POLICY, each loss OCCURRENCE by EARTH MOVEMENT shall constitute a single claim hereunder, provided, if more than one EARTH MOVEMENT shall occur within any continuous period of one-hundred-sixty-eight (168) hours during the term of this POLICY, such EARTH MOVEMENT shall be deemed to be a single OCCURRENCE of EARTH MOVEMENT.
2. Subject to the **Prior or Subsequent Loss** condition of this POLICY, when the word OCCURRENCE applies to loss or damage resulting from tornado, windstorm, NAMED WINDSTORM, hail, riot, riot attending a strike, civil commotion, and malicious mischief, if such causes of loss are insured by this POLICY one event will be construed to be all losses arising during a continuous period of seventy-two (72) hours.
3. When filing a proof of loss, the First Named Insured may elect the moment at which such **Occurrence Hour Clause** hour period is deemed to have commenced, which will not be earlier than when the first physical loss or damage to property or interests insured by this POLICY occurs.

K. Other Insurance

The Company shall not be liable if, at the time of loss or damage there is any other insurance or warranty which would attach if this insurance had not incepted, except that this insurance shall apply only as excess and in no event as contributing insurance, and then only after all other insurance or any warranty has been exhausted.

L. Policy Modification

1. This POLICY contains all of the agreements between the Insured and the Company concerning this insurance.

2. This POLICY can be changed only by endorsements issued by the Company and made part of this POLICY.
3. Notice to any agent of the Insured or knowledge possessed by any agent of the Insured or by any other person does not:
 - a. create a waiver or change any part of this POLICY; or
 - b. prevent the Company from asserting any rights under the provisions of this POLICY or law.

M. Prior or Subsequent Loss

The Company is not liable hereunder for any loss or damage:

1. occurring before the POLICY becomes effective; or
2. arising from an OCCURRENCE which is in progress at the time this POLICY becomes effective, even if such loss or damage occurs after this POLICY becomes effective; or
3. occurring after the expiration of this POLICY, except loss or damage arising from an OCCURRENCE in progress at the time this POLICY expires.

N. Reduction by Loss

Except with respect to any aggregate limit of liability, any paid loss shall not reduce any other limit of this POLICY.

O. Several and Not Joint Liability

The liability of the Company shall be several and not joint and is limited solely to the extent of Company's individual share. The Company is not responsible for the subscription of any co-subscribing company or reinsurer who for any reason does not satisfy all or part of its obligations.

P. Titles of Paragraphs

The titles of the paragraphs of this form (and of endorsements and supplemental contracts, if any, now or hereafter attached to this POLICY) are inserted solely for convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

Q. Underlying Insurance

Permission is granted the Insured to purchase insurance on all or any part of the deductibles of this POLICY, and the existence of such underlying insurance shall not prejudice any recovery otherwise payable under this POLICY. If the limits of such underlying insurance exceed the deductible which would apply under this POLICY, then the insurance provided by this POLICY shall apply only as excess after that portion which exceeds such deductible has been exhausted.

SECTION X DEFINITIONS

Unless otherwise defined elsewhere, the following Definitions apply when the term is used in this POLICY.

A. ACCOUNTS RECEIVABLE

The total of:

- a. all sums due the Insured from customers, provided the Insured is unable to effect collection thereof as the result of physical loss or damage to the MEDIA of accounts receivable records; and
- b. interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such loss or damage; and
- c. collection expense in excess of normal collection cost and made necessary because of such loss or damage; and
- d. other expenses, when reasonably incurred by the Insured in re-establishing the MEDIA, excluding ELECTRONIC DATA PROCESSING MEDIA, of accounts receivable records following such loss or damage.

B. ACTUAL CASH VALUE

The amount it would cost to repair or replace INSURED PROPERTY on the date of the physical loss or damage with new and current material of like size, kind and quality and with proper deduction for obsolescence and physical depreciation. ACTUAL CASH VALUE is expected to be less than, and cannot exceed, replacement cost.

C. CONTAMINANT(S)

- a. Materials that may be harmful to human health, wildlife or the environment. CONTAMINANTS include any impurity, solid, liquid, gaseous or thermal irritant or pollutant, poison, toxin, pathogen or pathogenic organism, disease-causing or illness-causing agent, asbestos, dioxin, polychlorinated biphenyls, agricultural smoke, agricultural soot, vapor, fumes, acids, alkalis, chemicals, bacteria, virus, vaccines, waste, and hazardous substances as listed in the Federal Water Pollution Control Act, Clean Air Act, Resource Conservation and Recovery Act, Toxic Substances Control Act, or as designated by the United States Environmental Protection Agency or any other local governmental agency.
- b. However, CONTAMINANTS do not include fungi.

D. EARTH MOVEMENT

- a. Any earthquake, landslide, avalanche, subsidence, sinkhole, volcanic eruption, tsunami or any other movement of earth arising out of one OCCURRENCE except mudslide or mudflow caused by accumulation of water on or under the ground (all whether or not naturally occurring).
- b. Loss or damage caused by EARTH MOVEMENT shall include all insured loss or damage to INSURED PROPERTY at INSURED LOCATION(S) resulting from EARTH MOVEMENT, except loss or damage from resulting fire, explosion, or sprinkler leakage.

E. ELECTRONIC DATA PROCESSING EQUIPMENT

Any computer, computer system or component, hardware, network, microprocessor, microchip, integrated circuit or similar devices or components in computer or non-computer equipment, or operating systems.

F. FINE ARTS

Paintings, etchings, pictures, tapestries, rare or art glass, art glass windows, valuable rugs, statuary, sculptures, antique furniture, antique jewelry, bric-a-brac, porcelains, and similar property of rarity, historical value, or artistic merit excluding automobiles, coins, stamps, furs, jewelry, precious stones, PRECIOUS METALS, watercraft, aircraft, MONEY, SECURITIES.

G. FINISHED GOODS

Goods manufactured by the Insured which in the ordinary course of the Insured's business is ready for packing, labeling, shipment or sale.

H. FLOOD

Surface waters, rising waters, storm surge, sea surge, wave wash, waves, tide or tidal water, the release of water, the rising, overflowing or breaking of boundaries of natural or man-made bodies of water; or the spray therefrom; all whether driven by WIND or not or caused by, resulting from or accompanying a NAMED WINDSTORM or not; mudslide or mudflow caused by or resulting from surface water, runoff or accumulation of water on or under the ground; or sewer back-up caused by or resulting from any of the foregoing; all regardless of any other cause or event, whether natural or man-made, contributing concurrently or in any other sequence of loss, arising out of one OCCURRENCE. Physical loss or damage from FLOOD associated with a NAMED WINDSTORM is considered to be FLOOD within the terms of this POLICY for purposes of exclusions, limits and sublimits hereunder. However, physical loss or damage by fire, explosion or sprinkler leakage resulting from FLOOD is not considered to be loss by FLOOD within the terms and conditions of this POLICY.

I. HIGH HAZARD FLOOD ZONE

- a. All property at INSURED LOCATION(S) that is wholly or partially situated in an area which at the time of loss or damage has been designated on a Flood Insurance Rate Map (FIRM) to be a Special Flood Hazard Area (SFHA); or
- b. All property in areas where the National Flood Insurance Program (NFIP) is not in effect, and where all property at INSURED LOCATION(S) is wholly or partially situated in an area which is within a one hundred (100) year FLOOD plain or its worldwide equivalent.

J. IMPROVEMENTS AND BETTERMENTS

Fixtures, improvements, betterments, alterations, installations or additions comprising part of a building occupied but not owned by the Insured and acquired or made at the expense of the Insured, which the Insured cannot legally remove.

K. INSURED LOCATION(S)

Location(s):

- a. listed on the latest schedule of LOCATION(S) submitted to, accepted by and on file with the Company;
- b. insured under **Newly Acquired Property**;
- c. insured under **Errors and Omissions**;
- d. insured under **Miscellaneous Unnamed Locations**;
- e. insured under **Course of Construction**;
- f. INSURED LOCATION(S) includes the area within one thousand (1,000) feet of such LOCATION(S) if within the **Policy Territory**.

L. INSURED'S LIABILITY

Liability which is imposed by law upon the Insured or is assumed by the Insured by specific agreement prior to loss for physical loss or damage of the type insured against by this POLICY.

M. LAND IMPROVEMENTS

Landscaping, gardening, roadways and pavements, but not including any fill or land beneath such property.

N. LOCATION(S)

- a. A building, yard, dock, wharf, pier or bulkhead or any group of the foregoing bounded by public streets, clear land space, open waterways or any combination thereof, with each public street, clear land space or open waterway measuring no less than fifty (50) feet wide. Any bridge or tunnel crossing such streets, space or waterways renders such separation inoperative;
- b. The term LOCATIONS means more than one LOCATION.

O. MEDIA

The materials upon which data is recorded, including but not limited to, paper tapes, cards, electronic memory circuits and magnetic or optical storage devices.

P. MERCHANDISE

Goods kept for sale by the Insured which are not RAW STOCK, STOCK IN PROCESS or FINISHED GOODS.

Q. MODERATE HAZARD FLOOD ZONE

- a. All property at INSURED LOCATION(S) that is wholly or partially situated in an area which at the time of loss or damage has been designated on a Flood Insurance Rate Map (FIRM) as Zone B or X-shaded but is not in a Special Flood Hazard Area (SFHA) on a FIRM;
- b. all property in areas where the National Flood Insurance Program (NFIP) is not in effect, and where all property at INSURED LOCATION(S) is situated in an area which is outside of a one hundred (100) year FLOOD plain or its worldwide equivalent, but wholly or partially within a five hundred (500) year FLOOD plain or its worldwide equivalent;

Regardless of any Zone or Area designation or assignment by Federal Insurance and Mitigation Administration (FIMA) or other recognized authority having jurisdiction, MODERATE HAZARD FLOOD ZONE does not include any property at INSURED LOCATION(S) that is wholly or partially protected by dams, dikes, levees or walls which are intended to protect such property from the level of a one hundred (100) year FLOOD or its worldwide equivalent.

R. MONEY

Bank notes, coins, currency, money order held for sale to the public, traveler's checks or register checks.

S. NAMED WINDSTORM

All loss or damage insured by this POLICY, arising out of one OCCURRENCE which is caused by or results from a storm or weather disturbance which is named by the National Weather Service or any other recognized meteorological authority. Storm or weather disturbance includes all weather phenomena insured by this POLICY, associated with or occurring in conjunction with the storm or weather disturbance, including, but not limited to WIND, hail, sleet, tornadoes, hurricane or lightning. To the extent FLOOD is caused by, results from or accompanies a NAMED WINDSTORM, any physical loss or damage caused by, resulting from, or arising out of that FLOOD shall be treated as FLOOD, and not NAMED WINDSTORM, for purposes of exclusions, limits and sublimits hereunder.

T. NEW MADRID SEISMIC ZONE:

Arkansas, United States of America

Counties of Arkansas, Ashley, Chicot, Clay, Craighead, Crittenden, Cross, Desha, Drew, Fulton, Grant, Greene, Independence, IZARD, Jackson, Jefferson, Lawrence, Lee, Lincoln, Lonoke, Mississippi, Monroe, Phillips, Poinsett, Prairie, Pulaski, Randolph, Saline, Sharp, St. Francis, White, Woodruff;

Illinois, United States of America

Counties of Alexander, Bond, Calhoun, Christian, Clark, Clay, Clinton, Coles, Crawford, Cumberland, Edwards, Effingham, Fayette, Franklin, Gallatin, Greene, Hamilton, Hardin, Jackson, Jasper, Jefferson, Jersey, Johnson, Lawrence, Macoupin, Madison, Marion, Massac, Monroe, Montgomery, Morgan, Perry, Pike, Pope, Pulaski, Randolph, Richland, Saline, Sangamon, Scott, Shelby, St. Clair, Union, Wabash, Washington, Wayne, White, Williamson;

Indiana, United States of America

Counties of Crawford, Daviess, Dubois, Gibson, Greene, Knox, Lawrence, Martin, Orange, Perry, Pike, Posey, Spencer, Sullivan, Vanderburgh, Warrick;

Kentucky, United States of America

Counties of Ballard, Breckinridge, Butler, Caldwell, Calloway, Carlisle, Christian, Crittenden, Daviess, Fulton, Graves, Hancock, Henderson, Hickman, Hopkins, Livingston, Logan, Lyon, Marshall, McCracken, McLean, Muhlenberg, Ohio, Simpson, Todd, Trigg, Union, Warren, Webster;

Mississippi, United States of America

Counties of Alcorn, Benton, Bolivar, Calhoun, Carroll, Chickasaw, Choctaw, Clay, Coahoma, De Soto, Grenada, Holmes, Humphreys, Issaquena, Itawamba, Lafayette, Lee, Leflore, Lowndes, Marshall, Monroe, Montgomery, Oktibbeha, Panola, Pontotoc, Prentiss, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tippah, Tishomingo, Tunica, Union, Warren, Washington, Webster, Yalobusha, Yazoo;

Missouri, United States of America

Counties of Audrain, Bollinger, Butler, Callaway, Cape Girardeau, Carter, Cole, Crawford, Dent, Dunklin, Franklin, Gasconade, Howell, Iron, Jefferson, Lincoln, Madison, Maries, Marion, Miller, Mississippi, Montgomery, New Madrid, Oregon, Osage, Pemiscot, Perry, Phelps, Pike, Pulaski, Ralls, Reynolds, Ripley, Scott, Shannon, St. Charles, St. Francois, St. Louis, City of St. Louis, Ste. Genevieve, Stoddard, Texas, Warren, Washington, Wayne;

Tennessee, United States of America

Counties of Benton, Carroll, Cheatham, Chester, Crockett, Decatur, Dickson, Dyer, Fayette, Gibson, Hardeman, Hardin, Haywood, Henderson, Henry, Hickman, Houston, Humphreys, Lake, Lauderdale, Lawrence, Lewis, Madison, McNairy, Montgomery, Obion, Perry, Robertson, Shelby, Stewart, Tipton, Wayne, Weakley.

U. OCCURRENCE

The sum total of all loss or damage of the type insured caused by or arising out of one event, including any insured TIME ELEMENT loss, regardless of the number of LOCATIONS affected.

V. OUTDOOR PROPERTY

Fences, radio and television antennas (including satellite dishes), trees, shrubs, plants (other than trees, shrubs, and plants which are RAW STOCK or STOCK IN PROCESS or are part of a vegetated roof.

W. PACIFIC NORTHWEST SEISMIC ZONE:

Oregon, United States of America

Counties of Benton, Clackamas, Clatsop, Columbia, Coos, Curry, Douglas, Jackson, Josephine, Klamath, Lake, Lane, Lincoln, Linn, Marion, Multnomah, Polk, Tillamook, Washington, Yamhill;

Washington, United States of America

Counties of Chelan, Clallam, Clark, Cowlitz, Grays Harbor, Island, Jefferson, King, Kitsap, Kittitas, Lewis, Mason, Pacific, Pierce, San Juan, Skagit, Skamania, Snohomish, Thurston, Wahkiakum, Whatcom.

X. POLICY

All sections of this document and the appendices and endorsements attached or added to this document.

Y. PRECIOUS METALS

Any of the following metals: gold, iridium, osmium, palladium, platinum, rhodium, ruthenium, and silver.

Z. PROPERTY DAMAGE

A type or category of loss due to the reduction in the value of real or personal property directly caused by or resulting from physical loss or damage thereto. A coverage provision or series of provisions pertaining to such loss.

AA. RAW STOCK

Material in the state in which the Insured receives it for conversion by the Insured into STOCK IN PROCESS or FINISHED GOODS.

BB. SALES

The amount paid or payable to the Insured for goods sold or delivered and for services rendered in the conduct of the business at INSURED LOCATION(S).

CC. SECURITIES

- a. All negotiable and non-negotiable instruments or contracts representing either MONEY or other property;
- b. SECURITIES include accounts, bills, bonds, stocks, food stamps, other evidences of debt or revenue, other stamps in current use, tokens, tickets, evidences of title and letter of credit. SECURITIES do not include MONEY.

DD. STOCK IN PROCESS

RAW STOCK which has undergone any aging, seasoning, mechanical or other process of manufacture at INSURED LOCATION(S) but which has not become FINISHED GOODS.

EE. TIME ELEMENT

A type or category of loss which is dependent, with respect to quantification, upon the passage of a period of time measured from a specific event. A coverage provision or series of provisions pertaining to such loss. Examples of such provisions include **Gross Earnings, Extra Expense, Rental Insurance, Contingent Time Element, Service Interruption – Time Element, Leasehold Interest, Commissions, Licensing Fees and Royalties, Ingress/Egress, Order of Civil or Military Authority.**

FF. CRITICAL U.S. NAMED WINDSTORM AREAS

- a. When a CRITICAL U.S. NAMED WINDSTORM AREAS Deductible(s) applies under the POLICY, CRITICAL U.S. NAMED WINDSTORM AREAS shall mean LOCATION(S) situated wholly or partially in:

Alabama

Counties of Baldwin, Mobile

Florida

Entire state

Georgia

Counties of Brantley, Bryan, Camden, Charlton, Chatham, Effingham, Glynn, Liberty, Long, McIntosh, Wayne

Guam

Entire Territory

Hawaii

Entire state

Louisiana

Parishes of Acadia, Ascension, Assumption, Calcasieu, Cameron, Iberia, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Orleans, Plaquemines, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Martin, St. Mary, St. Tammany, Tangipanoa, Terrebonne, Vermilion, Washington

Mississippi

Counties of George, Hancock, Harrison, Jackson, Pearl River, Stone

North Carolina

Counties of Beaufort, Bertie, Bladen, Brunswick, Camden, Carteret, Chowan, Columbus, Craven, Currituck, Dare, Duplin, Gates, Greene, Hertford, Hyde, Jones, Lenoir, Martin, New Hanover, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Pitt, Tyrrell, Washington

Puerto Rico

Entire island

South Carolina

Counties of Beaufort, Berkeley, Charleston, Colleton, Dillon, Dorchester, Florence, Georgetown, Hampton, Horry, Jasper, Marion, Williamsburg

Texas

Counties of Aransas, Bee, Brazoria, Brooks, Calhoun, Cameron, Chambers, Fort Bend, Galveston, Goliad, Hardin, Harris, Hidalgo, Jackson, Jefferson, Jim Wells, Kenedy, Kleberg, Liberty, Live Oak, Matagorda, Nueces, Orange, Refugio, San Patricio, Victoria, Wharton, Willacy

Virginia

Counties of Accomack, Charles City, Gloucester, Isle of Wright, James City, Lancaster, Mathews, Middlesex, New Kent, Northampton, Northumberland, Prince George, York and Independent cities: Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, Williamsburg

U.S. Virgin Islands

All islands

- b. When a SECONDARY CRITICAL U.S. NAMED WINDSTORM AREAS Deductible(s) applies under the POLICY, SECONDARY CRITICAL U.S. NAMED WINDSTORM AREAS shall mean LOCATION(S) situated wholly or partially in:

Connecticut

Counties of Fairfield, Middlesex, New Haven, New London

Delaware

Counties of Kent, New Castle, Sussex

Maryland

Counties of Anne Arundel, Baltimore, Baltimore City, Calvert, Caroline, Cecil, Charles, Dorchester, Harford, Howard, Kent, Prince George's, Queen Anne's, Somerset, St. Mary's, Talbot, Wicomico, Worcester

Massachusetts

Counties of Barnstable, Bristol, Dukes, Nantucket, Plymouth

New Jersey

Counties of Atlantic, Bergen, Burlington, Cape May, Morris, Cumberland, Essex, Hudson, Middlesex, Monmouth, Ocean, Passaic, Salem, Somerset, Union

New York

Counties of Bronx, Kings, Nassau, New York, Queens, Richmond, Rockland, Suffolk, Westchester

Rhode Island

Counties of Bristol, Kent, Newport, Providence, Washington

If a LOCATION(S) is situated partially in a CRITICAL U.S. NAMED WINDSTORM AREAS and particularly in a SECONDARY CRITICAL U.S. NAMED WINDSTORM AREAS the entire LOCATION(S) shall be treated as if situated in the CRITICAL U.S. NAMED WINDSTORM AREAS.

GG. VALUABLE PAPERS AND RECORDS

Written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages and manuscripts, but not MONEY, SECURITIES, ELECTRONIC DATA, ELECTRONIC DATA PROCESSING MEDIA.

HH. WAITING PERIOD

A continuous period of time which must elapse before there is any liability for loss under this POLICY.

II. WILDFIRE

WILDFIRE is any uncontrolled fire or conflagration of any description that is spread through grasslands, forests, trees, brush, crops or other vegetation, causing damage to property, regardless of the original source of ignition of the fire.

WILDFIRE includes all risk associated with or resulting from any WILDFIRE, including but not limited to landslide, mudslide, mudflow, debris flow, "pollutants", smoke, heat, soot, fumes, ash, char, dust, ember, odor, particles or any other material (whether or not settled, airborne, windborne or wind-driven) that is produced, discharged, emitted or released by, or otherwise caused by a WILDFIRE.

JJ. WIND

Direct action of wind including substance driven by wind. WIND does not mean or include anything defined as FLOOD in this POLICY.

Endorsement No: 1

AGGREGATE DEDUCTIBLE PROVISION ENDORSEMENT

*THIS ENDORSEMENT CHANGES THE STRATEGIC NON-ADMITTED PROPERTY
COVERAGE FORM. . PLEASE READ IT CAREFULLY.*

The following provision(s) is (are) hereby attached to and made a part of this POLICY.

Aggregate Deductible Provision

In the event, under this POLICY, that the aggregate losses retained by the Insured erodes an aggregate retention amount of **\$5,150,000** during any one POLICY year as the result of the application of the Basic Deductible(s) provision in this POLICY, then during the remainder of that POLICY year, the amount of the Basic Deductible(s) provision of this POLICY shall be amended to a maintenance deductible of **\$250,000** for all subsequent losses (after the exhaustion of such 5,150,000 Aggregate retention amount) in the remainder of that POLICY year.

Aggregate Retention will continue to accumulate as locations are added during the policy term.

In arriving at the aggregate retained amount specified above, contribution to the annual aggregate deductible is limited to only those total losses which are in excess of a minimum of **\$25,000**, subject to a contribution amount maximum of **\$1,000,000** per OCCURRENCE.

It is a condition of this POLICY that the Insured shall give immediate written notice to the Company at the time of OCCURRENCE of each loss or damage, and loss or damage which is not reported to the Company shall be disregarded in accumulating the annual aggregate amount.

Loss or damage as insured against for EARTH MOVEMENT, FLOOD, NAMED WINDSTORM, WATER DAMAGE(FREEZE), WILDFIRE IN MODERATE or HIGH WILDFIRE SCORE AREAS (Defined as RiskMeter score of 30 or above), (or a CERTIFIED ACT OF TERRORISM by this POLICY, or as insured against by this POLICY for WIND or hail in the states of Texas, Oklahoma, Colorado, Nebraska, Missouri, Kansas, Kentucky, Louisiana, Mississippi, Arkansas, and Alabama shall not be considered in the application of this annual **Aggregate Deductible Provision**.

All other terms and conditions of this policy shall remain unchanged.

Endorsement No. 2

CERTIFICATE WORDING ENDORSEMENT

THIS ENDORSEMENT CHANGES THE STRATEGIC NON-ADMITTED PROPERTY COVERAGE FORM.. PLEASE READ IT CAREFULLY.

The following provision(s) is (are) hereby attached to and made a part of this POLICY.

Certificates Wording

Authority is granted to the First Named Insured and its designee to issue Certificates of Insurance adding additional named insureds, lenders, mortgagees, and/or loss payees, or any combination thereof, as additional insured interests in accordance with the terms and conditions of this policy. Such Certificates of Insurance shall provide an accurate representation of the coverage form and endorsements applicable to this policy at the time the Certificate of Insurance is issued. Such Certificates of Insurance shall not amend, broaden, or alter the coverage afforded or change the terms or conditions of this policy without the written consent of the Company.

Please be advised that the Company does not review Certificates of Insurance issued by the First Named Insured relating to this policy of insurance either for content or accuracy. Accordingly, we request that the First Named Insured does not provide copies of certificates to us for review or for our records..

The First Named Insured has no authority by virtue of a Certificate or otherwise, to amend, extend or otherwise alter coverage afforded under this policy. Certificates of Insurance are never recognized as endorsements or policy change requests.

All other terms and conditions of this policy shall remain unchanged.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

*THIS ENDORSEMENT CHANGES THE STRATEGIC NON-ADMITTED PROPERTY
COVERAGE FORM.. PLEASE READ IT CAREFULLY.*

The following provision(s) is (are) hereby attached to and made a part of this POLICY.

- 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 the 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

The Company 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**

If direct physical loss or damage by fire results from a **CERTIFIED ACT OF TERRORISM** (unless committed by or on behalf of the Insured) to property insured by this POLICY that is located in a jurisdiction whose statutory law requires such resulting direct physical loss or damage to be covered by a standard fire policy, the Company will pay for the loss or damage caused by that fire, but only to the extent of the **ACTUAL CASH VALUE** of the resulting direct physical loss or damage by fire to insured property, subject to all applicable POLICY provisions including the Limit of Liability on the affected property. 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 **Time Element** coverages or endorsements that apply to those coverages.

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

- 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 or damage which would otherwise be excluded under this POLICY, such as losses excluded by the nuclear exclusion or the war risk exclusion provisions of this POLICY.

All other terms and conditions of this policy shall remain unchanged.

**SPECIAL TERMS AND CONDITIONS FOR ROOFS, ROOFING SYSTEMS
OR ROOF COVERINGS ENDORSEMENT**

*THIS ENDORSEMENT CHANGES THE STRATEGIC NON-ADMITTED PROPERTY
COVERAGE FORM.. PLEASE READ IT CAREFULLY.*

The following provision(s) is (are) hereby attached to and made a part of this POLICY.

Special Terms and Conditions for Roofs, Roofing Systems or Roof Coverings

Notwithstanding any provision in this POLICY or any endorsement thereto to the contrary, insurance provided under this POLICY is hereby amended in the following particulars:

In the event of direct physical loss or damage to any and all roofs, roofing systems or roof coverings as insured against by this POLICY as INSURED PROPERTY, the POLICY provisions are hereby superseded by the following:

In the event of direct physical loss or damage caused by or resulting from WIND or hail, the following terms and conditions will apply to all roofs, roofing systems and roof coverings.

A. Valuation

1. Actual Cash Value

Roofs, roofing systems or roof coverings shall be valued at ACTUAL CASH VALUE, as defined in this endorsement, at the time and place of loss or damage.

2. Optional Coverage - Replacement Cost

- a.** If shown as applicable in the Declarations, REPLACEMENT COST (as defined in this endorsement) replaces ACTUAL CASH VALUE in the Valuation condition **A.1** of this endorsement for roofs, roofing systems or roof coverings which are of twenty (20) years or less in age, but only in the event that the Company has been provided with historical documentation which verifies and confirms the age of the roofs, roofing systems or roof coverings involved in the loss to be eligible in accordance with this **Optional Coverage – Replacement Cost** provision.
- b.** The Insured 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 the Insured elects to have loss or damage settled on an ACTUAL CASH VALUE basis, the Insured may still make a claim for the additional coverage this **Optional Coverage – Replacement Cost** provides if the Insured notifies the Company of the Insured's intent to do so within 180 days after the loss or damage.
- c.** The Company will not pay on a REPLACEMENT COST basis for any loss or damage:
 - i.** Until the lost or damaged property is actually repaired or replaced; and
 - ii.** Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
- d.** The Company will not pay more for loss or damage on a REPLACEMENT COST basis than the least of **i, ii** or **iii**, subject to **e.** below:
 - i.** The Company's Policy Limit of Liability or any Program Sublimit(s) applicable to the lost or damaged property;
 - ii.** The cost to replace the lost or damaged property with other property:
 - (a)** Of comparable material and quality; and
 - (b)** Used for the same purpose; or
 - iii.** The amount actually spent that is necessary to repair or replace the lost or damaged property.

- e. 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.]

B. Exclusions

1. Types of Loss or Damage

The Company will not pay for the following types of loss or damage:

- a. COSMETIC DAMAGE or other damage that does not reduce the functionality of the roof, roof covering or roofing system.
- b. Aesthetic or visual damage.
- c. Uniformity or matching.

2. Ordinance Or Law

The Company will not pay for any increased cost of construction loss or any increased costs incurred to comply with the enforcement of any ordinance or law which may arise in the course of repairing, rebuilding or replacement of damaged roofs, roofing systems or roof coverings. Notwithstanding the foregoing, in the event such lost or damaged roof, roof covering or roofing system is INSURED PROPERTY and is eligible to be valued at REPLACEMENT COST as outlined in **A.2.** above, the Company will pay for the increased cost of construction loss or the necessary increased costs incurred to comply with the enforcement of any ordinance or law which may arise in the course of repairing, rebuilding or replacement of such roof, roof covering or roofing system in accordance with the terms and conditions of the **Demolition and Increased Cost of Construction** provision of this POLICY, subject to the **Demolition and Increased Cost of Construction** Program Sublimit(s) provided in this POLICY, whichever is greater.

This **Ordinance Or Law** provision shall not cover any loss due to any law or ordinance with which the Insured was required to comply with prior to the loss, nor shall this provision increase any amounts or Company's Policy Limit of Liability or any Program Sublimit(s) provided by this POLICY.

All other POLICY provisions relating to coverage for increased cost of construction due to enforcement of law or ordinance will remain unchanged.

3. Undamaged Property

The Company will not pay for repair or replacement of undamaged property.

4. Property Not Covered

For the purposes of this endorsement, INSURED PROPERTY does not include:

- a. Roofs, roofing systems or roof coverings greater in age than thirty (30) years on the date coverage under this POLICY began.
- b. Roofs, roofing systems or roof coverings with loss or direct physical damage that was the subject of prior insurance claims, under this POLICY or any other policy with any insurer, which has not been repaired or replaced in a manner consistent with the settlement of that claim.

C. Definitions

The following definitions are applicable to the terms and conditions of this endorsement only.

- 1. **ACTUAL CASH VALUE** means the REPLACEMENT COST less deduction for DEPRECIATION. The valuation of INSURED PROPERTY on an ACTUAL CASH VALUE basis, in accordance with the provisions of this endorsement and the POLICY to which this endorsement hereby attaches thereto, shall apply whether or not such property has sustained partial or total loss or damage.
- 2. **COSMETIC DAMAGE** means all loss or damage which does not result in a loss of expected long-term life or a reduction in water shedding ability.

3. DEPRECIATION as used in this endorsement means the decrease in value of the insured roofs, roofing systems and roof coverings over a period of time due to actual physical wear and tear from use, and deterioration over time, and is calculated by the following formula:
- a. **L** – Manufacturer's lifespan or warranty rating in years
 - b. **A** – The lesser of the age of the roof in years at the time and place of loss or damage or twenty (20) years if the age cannot be confirmed by historical documentation.
 - c. **RC** – REPLACEMENT COST of the lost or damaged INSURED PROPERTY
 - d. $A/L * RC = DEPRECIATION$

With **A/L** not to exceed fifty percent (50%)

Example:

Subject to the terms of the POLICY and this endorsement, if there is direct physical loss or damage covered by this POLICY to an insured roof which requires total replacement of the roof, roof system or roof covering and the following factors apply:

L is equal to 30 Years

A is equal to 12 Years

RC is equal to \$65,000

Then DEPRECIATION will be calculated as follows:

$$12/30 = 40\%$$

$$40\% * \$65,000 = \$26,000$$

$$DEPRECIATION = \$26,000$$

4. REPLACEMENT COST means the cost to replace the damaged INSURED PROPERTY with new of like kind, quality and construction including all charges, taxes and fees.

All other terms and conditions of this policy shall remain unchanged.

UNIT OF INSURANCE DEDUCTIBLE(S) AMENDMENT ENDORSEMENT

*THIS ENDORSEMENT CHANGES THE STRATEGIC NON-ADMITTED PROPERTY COVERAGE FORM.
PLEASE READ IT CAREFULLY.*

The following provision(s) is (are) hereby attached to and made a part of this POLICY.

Policy Deductibles (III.A.) and **Application of Deductibles** (III.B.) of the **Policy Deductibles and Waiting Periods** section of this POLICY are hereby deleted and the following is substituted. Unit of Insurance Deductible(s) apply where specifically indicated.

A. Policy Deductibles

For the purposes of this endorsement, the following shall be considered a separate UNIT OF INSURANCE:

- a. the value of each separate building or structure
- b. the value of all personal property at each separate building or structure
- c. actual value of **Gross Earnings** or **Gross Profits** for the twelve (12) months immediately following the date of the direct physical loss, damage or destruction.

All as per the **Valuation** section of this POLICY.

EARTH MOVEMENT at LOCATIONS in the NEW MADRID SEISMIC ZONE	2% of the value of the UNIT OF INSURANCE for which the Insured is making a claim against this POLICY, subject to a minimum of \$250,000 per OCCURRENCE per LOCATION.
EARTH MOVEMENT at LOCATIONS in California, Nevada, Hawaii, Alaska, or the PACIFIC NORTHWEST SEISMIC ZONE	NCP
NAMED WINDSTORM LOCATIONS in CRITICAL US NAMED WINDSTORM AREAS	NCP
NAMED WINDSTORM at LOCATIONS in SECONDARY CRITICAL U.S. NAMED WINDSTORM AREAS	1% of the value of the UNIT OF INSURANCE for which the Insured is making a claim against this POLICY, subject to a minimum of \$100,000 per OCCURRENCE per LOCATION.
WIND/HAIL	2% of the value of the UNIT OF INSURANCE for which the Insured is making a claim against this POLICY, subject to a minimum of \$100,000 per OCCURRENCE per LOCATION in STATES of TEXAS, OKLAHOMA, COLORADO, NEBRASKA, MISSOURI, KANSAS, KENTUCKY, LOUISIANA, MISSISSIPPI, ARKANSAS and ALABAMA.

B. Application of Deductibles

Unless otherwise specified above:

1. All deductibles apply per OCCURRENCE.
2. When this POLICY insures more than one INSURED LOCATION(S), the deductible applies against the total loss and damage insured by this POLICY in any one OCCURRENCE.
3. If two or more deductibles provided in this POLICY apply to a single OCCURRENCE, then the total to be deducted will not exceed the largest deductible applicable; provided, however, the largest deductible applicable may be comprised of two parts, one applicable to insured property damage and one applicable to TIME ELEMENT. For the purposes of this provision, the total amount of the deductibles calculated on UNITS OF INSURANCE for any one OCCURRENCE shall be considered a single deductible.
4. If a deductible is expressed as a period of time which is:
 - a. not otherwise more specifically stated; or not intended to be converted to its monetary equivalents;

then the Company will not be liable for the amount of loss incurred or sustained by the Insured during such period of time that immediately follows the physical loss or damage insured by this POLICY.

5. If a deductible is expressed as an Actual Daily Value (ADV) or a multiple thereof, the ADV will be calculated as follows:
 - a. Determine the **Gross Earnings** (if **Gross Earnings** is claimed) or **Gross Profits** (if **Gross Profits** is claimed) that would have been earned during the **Period of Liability** of the Insured's business had no **Time Element** loss occurred.
 - b. Divide the result in a. above by the number of working days in the **Period of Liability** of the Insured's business had no loss occurred. The resulting amount is the ADV.

No reduction will be made for the **Gross Earnings** or **Gross Profits** not being earned in the number of working days because of the loss or damage, or because of any scheduled or unscheduled shutdowns during the **Period of Liability** of the Insured's business.

The ADV will be calculated based on the **Gross Earnings** or **Gross Profits** of the entirety of the INSURED LOCATION(S), whether or not the loss or damage affects the entirety of the INSURED LOCATION(S). If physical loss or damage insured by this POLICY results in a TIME ELEMENT loss at more than one INSURED LOCATION(S), the ADV will be calculated based on the combined **Gross Earnings** or **Gross Profits** of all affected INSURED LOCATION(S).

6. The deductibles provisions specified herein this POLICY for NAMED WINDSTORM apply to all loss or damage insured by this POLICY, caused by or arising out of a NAMED WINDSTORM, including, but not limited to, the following:
 - a. the force or action of WIND caused by or resulting from a NAMED WINDSTORM; in accordance with the FLOOD definition provision of this POLICY;
 - b. any material, object or debris that is carried, propelled or in any manner moved by a NAMED WINDSTORM;
 - c. any tornadoes that are a result of actions or effects of a NAMED WINDSTORM;
 - d. hail that is a result of actions or effects of a NAMED WINDSTORM;
 - e. lightning that is a result of actions or effects of a NAMED WINDSTORM;

- f. rain or water, whether the rain or water is driven by WIND or not, that enters the covered building or structure through an opening created by the force of WIND or water from a NAMED WINDSTORM; or
 - g. FLOOD, if covered by this POLICY, that results from the actions or effects of NAMED WINDSTORM.
7. The LOCATION(S) where physical loss or damage insured by this POLICY occurs shall be used to determine the deductible. Once the deductible is determined, if it is a percentage deductible, it shall be applied to the UNIT OF INSURANCE, as applicable.

All other terms and conditions of this policy shall remain unchanged.

Endorsement No. 6

HURRICANE MINIMUM EARNED PREMIUM ENDORSEMENT

*THIS ENDORSEMENT CHANGES THE STRATEGIC NON-ADMITTED PROPERTY
COVERAGE FORM.. PLEASE READ IT CAREFULLY.*

The following provision(s) is (are) hereby attached to and made a part of this POLICY.

The following terms and conditions will apply to this POLICY and hereby supersede and replace the terms and conditions of the **Minimum Earned Premium** provision of this POLICY only in respect to LOCATION(S) described here in this Endorsement:

1. If the Insured cancels this POLICY, removes an INSURED LOCATION or reduces the amount of insurance on an INSURED LOCATION that is within 100 miles of the Atlantic Ocean and/or the Gulf of Mexico and/or the Hawaii Islands, and coverage existed any time during the period of June 1st to November 30th, the amount of premium we will return will be the UNEARNED PREMIUM for the INSURED LOCATION. The UNEARNED PREMIUM is the annual premium for the POLICY (or for the INSURED LOCATION removed or coverage reduced, as applicable) multiplied by the Unearned Factor noted below. The INSURED LOCATION premium is the 100% annual rate multiplied by the INSURED LOCATION value as scheduled in the most current Statement of Values on file with the Company.

1-Year POLICY

Days POLICY In Force	Unearned Factor
001 to 180	20.0%
181 to 210	15.0%
211 to 240	10.0%
241 to 270	7.5%
271 to 300	5.0%
301 to 330	2.5%
331 to 365	0.0%

2. If a LOCATION that is within 100 miles of the Atlantic Ocean and/or the Gulf of Mexico and/or the Hawaii Islands is added during the term of the POLICY and coverage exists any time during the period of June 1st to November 30th, the rate will be calculated as 100% of the annual rate, less the Unearned Factor as calculated in No. 1 above based upon the number of days remaining in the POLICY term.

The provisions of this endorsement replace any short rate provisions stipulated in this POLICY for all INSURED LOCATIONS that are within 100 miles of the Atlantic Ocean and/or the Gulf of Mexico and/or the Hawaii Islands and coverage existed any time during the period of June 1st to November 30th.

All other terms and conditions of this policy shall remain unchanged.

Endorsement No. 7

BACK UP OF SEWERS AND DRAINS

*THIS ENDORSEMENT CHANGES THE STRATEGIC NON-ADMITTED PROPERTY
COVERAGE FORM.. PLEASE READ IT CAREFULLY.*

This Endorsement modifies insurance provided under the Policy as follows:

The following provision(s) is (are) hereby attached to and made a part of this POLICY.

Subject to all terms and conditions of this POLICY, not in conflict herewith, this POLICY provides \$1,000,000 sublimit for Back Up of Sewers and Drains. This sublimit is included in the All Risk coverage. The definition of FLOOD is amended as follows:

Surface waters, rising waters, storm surge, sea surge, wave wash, waves, tide or tidal water, the release of water, the rising, overflowing or breaking of boundaries of natural or man-made bodies of water; or the spray therefrom; all whether driven by WIND or not or caused by, resulting from or accompanying a NAMED WINDSTORM or not; mudslide or mudflow caused by or resulting from surface water, runoff or accumulation of water on or under the ground; caused by or resulting from any of the foregoing; all regardless of any other cause or event, whether natural or man-made, contributing concurrently or in any other sequence of loss, arising out of one OCCURRENCE. Physical loss or damage from FLOOD associated with a NAMED WINDSTORM is considered to be FLOOD within the terms of this POLICY for purposes of exclusions, limits and sublimits hereunder. However, physical loss or damage by fire, explosion, back up of sewers and drains, or sprinkler leakage resulting from FLOOD is not considered to be loss by FLOOD within the terms and conditions of this POLICY.

This entire provision shall not increase any amounts or limits of insurance provided by this POLICY.

All other terms and conditions of this policy shall remain unchanged.

LOSS ADJUSTMENT AGREEMENT ENDORSEMENT

*THIS ENDORSEMENT CHANGES THE STATEGIC NON-ADMITTED PROPERTY
COVERAGE FORM.. PLEASE READ IT CAREFULLY.*

The following provision(s) is (are) hereby attached to and made a part of this POLICY.

The following Loss Adjustment Agreement condition is hereby made a part of this POLICY:

Loss Adjustment Agreement - Subject to all terms, conditions and stipulations of the POLICY to which this Agreement is attached, not in conflict herewith, in the event of physical loss or damage to INSURED PROPERTY situated at a LOCATION designated in this POLICY and also designated in another insurance policy (policies) which also insures against physical loss or damage to such property, and there is a disagreement between the insurers with respect to:

1. whether such loss or damage is insured against by this POLICY or insured against by such other insurance policy, or
2. the extent of participation of this POLICY and of such other insurance policy in a loss which is insured against, partially or wholly, by any one or all of said policies;

The Company shall, upon written request of the Insured, pay to the Insured one-half of the amount of the loss which is in disagreement, but in no event more than the Company would have paid if there had been no other insurance policy in effect, subject to the following conditions:

- a. Notice to the companies shall contain the i) Policy number(s) for the carrier to whom the notice is being sent, ii) Insured's name, iii) Date of loss, iv) Location of loss, names of other potential companies providing coverage, and v) must specifically state that the Insured wants to invoke the Loss Adjustment Agreement provision;
- b. The amount of the loss which is in disagreement, after making provisions for any undisputed claims payable under said policies and after the amount of the loss is agreed upon by the Insured and the insurers, is limited to the lesser of the amount remaining payable under the other insurance policy or this POLICY;
- c. Such other insurer(s) shall simultaneously pay to the Insured one-half of said amount which is in disagreement;
- d. The payments by the insurers hereunder and acceptance of the same by the Insured signify the agreement of the insurers to submit to and proceed with arbitration within ninety (90) days of such payments.

Such arbitration shall be initiated at the written request of either insurer. An arbitrator shall be chosen by each insurer and the two so chosen shall choose the third.

If either insurer fails to appoint an arbitrator within forty-five (45) days of being requested to do so by the other insurer, then the requesting insurer, who has already appointed an arbitrator, shall notify the senior claims officer of the other insurer in writing of their failure to appoint an arbitrator under the terms of this agreement. If the other insurer then fails to choose an arbitrator within ninety (90) days from the original request to appoint an arbitrator, the requesting insurer may choose both arbitrators who together shall choose the third.

In the event the two arbitrators are unable to agree upon the third arbitrator within sixty (60) days of their appointment, the third arbitrator shall be selected from a list of six individuals, three named by each arbitrator, by a judge of an applicable court having jurisdiction over the subject matter and where venue is most appropriate.

All arbitrators shall have no personal or financial interest in the parties or the outcome of the arbitration.

The arbitration panel shall convene its first meeting within forty-five (45) days of the selection of the third arbitrator. The panel shall make its decision with due regard to the terms and conditions of the respective insurance policies and the custom and practice of the applicable insurance business. The panel is relieved of judicial formalities and may abstain from following the strict rules of evidence and procedure.

Each insurer shall bear the expenses of their own arbitrator and shall share equally with the other in the expenses of the third arbitrator and the arbitration. The panel shall issue its decision as promptly as possible following the completion of a hearing, if there is one. The majority decision of the arbitrators shall be final, binding, and non-appealable. Judgment may be entered upon the award of the panel in any court having jurisdiction thereof. Unless otherwise agreed, the generally accepted arbitration rules of the country where the loss occurred shall control any issue relating to the performance or enforcement of this arbitration provision.

The initial arbitration meeting shall take place in a designated location mutually agreed by the parties. Thereafter, the arbitration location shall be selected by the arbitration panel taking into consideration the best interest of the particular arbitration claim;

- e. The Insured agrees to cooperate in connection with such arbitration but not to intervenetherein;
- f. The provisions of this Agreement shall not apply unless at the time of the loss such other policy contains, or can be shown by competent proof to have been intended by the parties thereto to contain, a similar Agreement; and
- g. Acceptance by the Insured of sums paid pursuant to the provisions of this Agreement, including an arbitration award, shall not operate to alter, waive, surrender or in any way affect the rights of the Insured against any of the insurers.

All other terms and conditions of this policy shall remain unchanged.

DEMOLITION AND INCREASED COST OF CONSTRUCTION COVERAGE D ENDORSEMENT

*THIS ENDORSEMENT CHANGES THE STRATEGIC NON-ADMITTED PROPERTY COVERAGE FORM.
PLEASE READ IT CAREFULLY.*

The following provision(s) is (are) hereby attached to and made a part of this POLICY.

The following Program Sublimit(s) is (are) hereby added to this POLICY:

\$1,250,000	Demolition and Increased Cost of Construction – Coverage D
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The following is hereby removed from **Section IV: Property Damage**, Sub-Section B (**Property Damage Coverage Extensions, Terms and Conditions**), Item 6. (**Demolition and Increased Cost of Construction**) of the POLICY:

- II. TIME ELEMENT loss, delay, loss of market or use, or indirect or consequential loss of any kind.

The following is added to **Section V: Time Element**, Sub-Section F (**Time Element Coverage Extensions, Terms and Conditions**) of the POLICY:

Demolition and Increased Cost of Construction Coverage D – TIME ELEMENT

- a. This POLICY is extended to insure loss of **Gross Earnings, Rental Insurance** and **Extra Expense** incurred during the **Period of Liability** when there is direct physical loss or damage insured by this POLICY to building(s) or structure(s) insured by this POLICY and such loss is occasioned by the enforcement of any law or ordinance regulating the construction, repair, replacement, use or demolition of building(s) or structure(s) which is in force at the time of the loss.
- b. This extension provision shall not insure:
 - I. any increase of loss associated with the enforcement of any law or ordinance which requires the Insured or others to test for, monitor, cleanup, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of CONTAMINANTS.
 - II. any loss due to any law or ordinance with which the Insured was required to comply prior to the loss.

For the purpose of this extension of coverage as provided by this endorsement, **Section IV: Time Element**, Sub-Section C (**Period of Liability**), Item 2 is hereby removed and replaced with the following:

- 2. The **Period of Liability** does not include any additional time due to the Insured's inability to resume operations for any reason, including but not limited to:
 - a. making changes to the equipment;
 - b. making changes to the buildings or structures, except as provided under **Demolition and Increased Cost of Construction Coverage D Endorsement**;
 - c. re-staffing or re-training employees. However, this item c. does not apply to additional time needed to train staff to use new machinery or equipment that replaces machinery or equipment that suffered insured physical loss or damage, provided such training is completed within 90 consecutive days after the new machinery or equipment has been installed.

All other terms and conditions of this policy shall remain unchanged.

TENANT RELOCATION AND MOVE-BACK EXPENSES COVERAGE

*THIS ENDORSEMENT CHANGES THE STRATEGIC NON-ADMITTED PROPERTY COVERAGE FORM.
PLEASE READ IT CAREFULLY.*

The following provision(s) is (are) hereby attached to and made a part of this POLICY.

This POLICY is extended to cover relocation and move-back expenses incurred by the Insured to:

1. relocate:
 - a. residents; tenants; or
 - b. lawful occupants;to other quarters in the shortest possible time when rented space or living quarter(s) at INSURED LOCATION(S) are made uninhabitable as a result of direct physical loss or damage insured by this POLICY; and,
2. return same:
 - a. residents; tenants; or
 - b. lawful occupants;from such temporary relocation quarters back to repaired, replaced or restored rented space or living quarter(s) at INSURED LOCATION(S) when such existing or new rented space or living quarter(s) are made habitable for NORMAL occupancy following such direct physical loss or damage insured by this POLICY.

Coverage is provided for the reasonable and necessary expense of:

1. packing, sorting, and transportation cost for personal property;
2. reestablishing new utility services, less refunds from discontinued services, at the damaged location;
3. searching for new quarters;
4. disconnecting and reconnecting fixtures and equipment; and
5. storage costs while awaiting possession of other quarters or restorations of existing quarters.

No coverage is provided for:

- a. loss caused by the termination of a lease or other agreement;
- b. security deposits or other payments made to the landlord or lessors of the new quarters;
- c. down payments, legal fees and closing costs for the purchase of new quarters; or
- d. expenses resulting when rented space or living quarter(s) are made uninhabitable as a direct result of direct physical loss or damage caused by or resulting from an ACT OF TERRORISM, or any action in hindering, combating or defending against the same, regardless of who commits or threatens the commission of the act or acts, and regardless of any other cause or event contributing concurrently or in any other sequence thereto.

ACT OF TERRORISM means activities against persons, organizations or property of any nature:

- a. That involve the following or preparation for the following:
 - (i) Use or threat of force or violence; or
 - (ii) Commission or threat of a dangerous act; or
 - (iii) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and
- b. When one or both of the following applies:
 - (i) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or

- (ii) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

NORMAL means the condition that would have existed had no loss as covered under this endorsement occurred.

Limit of Liability – This Company’s liability in a single OCCURRENCE under this endorsement shall not exceed the Program Sublimit(s) specified for Tenant Relocation Expenses Coverage shown below.

Program Sublimit(s)	Type of Loss, Cause of Loss and Coverage
\$250,000	Tenant Relocation and Move-Back Expenses Coverage

All other terms and conditions of this policy shall remain unchanged.

DROP DOWN and PRIORITY OF PAYMENTS ENDORSEMENT

*THIS ENDORSEMENT CHANGES THE STRATEGIC NON-ADMITTED PROPERTY COVERAGE FORM..
PLEASE READ IT CAREFULLY.*

The following provision(s) is (are) hereby attached to and made a part of this POLICY.

Drop Down Wording

In the event of a reduction of the limits of liability, by payment of losses, of the first underlying insurance and other underlying insurance for the perils of flood or earthquake, this policy shall pay in excess of that reduced limit. In the event of exhaustion of the underlying limits or these coverage, by payment of losses, of the first underlying insurance and other underlying insurance, this policy shall pay in excess of the deductible stated in the primary policy.

Priority of Payments

In the event of loss caused by or resulting from more than one peril and/or interest, the limit of liability of the primary coverage layers shall apply first to the perils and/or interests not insured by this policy and the remainder, if any, to the perils and/or interests insured hereunder. Upon exhaustion of the total limit of liability of the primary coverage layers, this policy shall then be liable for the loss uncollected from only the perils and/or interests insured hereunder. This policy shall recognize the erosion of underlying primary coverage layer sub-limits, however, in no event shall this Company dropdown and indemnify for the excess of sub-limited perils/interests in such primary coverage layers.

Such coverage by this policy shall be subject to the limit of liability and other terms and conditions specified herein.

The Insured maintains the right to allocate and/or apply coverage for perils and/or interests, as insured in the primary and/or excess layers.

All other terms and conditions of this policy shall remain unchanged.

Endorsement No. 12
PANDEMIC AND EPIDEMIC EXCLUSION

*THIS ENDORSEMENT CHANGES THE STRATEGIC NON-ADMITTED PROPERTY COVERAGE FORM.
PLEASE READ IT CAREFULLY.*

The following provision(s) is (are) hereby attached to and made a part of this POLICY.

Notwithstanding any provision to the contrary within this policy or any endorsements thereto, it is understood and agreed,

This Contract shall exclude any loss, damage, liability, cost or expense or any other amount incurred by the (re)insured directly or indirectly arising out of, originating from, resulting from, caused by and or contributed to and or a consequence of and by, regardless of any other cause contributing concurrently or in sequence to the loss or otherwise, in connection with any Communicable Disease or threat or fear of Communicable Disease (whether actual or perceived) or the outbreak of an Epidemic or Pandemic, whether declared as such or not by any person or entity, including foreign and domestic governments and their representatives, agencies, and courts, the United Nations and its representatives and agencies, and similar persons and entities responsible for managing public health, or any action taken by any party, person, entity, company, agency, and/or government to treat or prevent the spread thereof.

For the purposes of this Contract, "Communicable Disease" shall mean:

- Illnesses due to infectious agents or their toxic products, which may be from a reservoir to a susceptible host either directly as from an infected person or animal or indirectly through the agency of an intermediate plant or animal host, vector, or the inanimate environment;
- Any disease that spreads from one human to another or from animal to human by either transmission of bacteria, viruses or other pathogen between the carrier and the infected person, or through any vector;
- Diseases, illnesses and/or infections that may be transmitted, directly or indirectly, from a person, animal, or inanimate environment and/or object; or
- Diseases, illnesses and/or infections that can be spread from person to person, animal to person, animal to animal, person to animal, and object to person.

For the purposes of this Contract, "Epidemic" shall mean an increase, often sudden, in the number of cases of a disease above what is normally expected in that population in that area.

For the purposes of this Contract, "Pandemic" shall mean an Epidemic that has spread over several countries or continents, usually affecting a large number of people.

This Exclusion precludes any and all loss, injury or damage arising out of or related to the presence of, suspected

presence of, or exposure to Communicable Diseases and precludes any loss, damage, cost, or expense arising out of the testing for, monitoring of, cleaning up of, removal of, containment of, treatment of, detoxification of, neutralization of, remediation of, disposal of, or any other response to or assessment of, the effects of Communicable Diseases.

This Exclusion applies whether or not the insured has sustained direct physical loss or damage to its building, property or premises, whether or not the insured has sustained a loss of functionality, whether or not the Communicable Disease is actually present in the insured's building, property or premises, whether or not the Policy contains civil authority coverage, whether or not a federal, state, or local government order prevents access to the insured's building, property or premises, whether or not the Policy otherwise contains any coverage for business interruption, contingent business interruption, extra expense, or coverage similar to those coverages, and whether or not any person employed at the building, property or premises sustained physical or personal injury due to a Communicable Diseases, whether or not any persons present at the building, property or premises sustained physical or bodily injury due to a Communicable Disease, and whether or not any person in contact with a person employed or present at the building, property or premises sustained physical or bodily injury.

The terms of this Exclusion or the inapplicability of this Exclusion to a particular loss do not serve to create coverage for any loss that would otherwise be excluded under this Policy. The Exclusion supersedes all other policy forms and endorsement which would otherwise provide coverage for the items excluded by the Endorsement.

All other terms and conditions of this policy shall remain unchanged.

WIND AND HAIL SPECIAL CONDITIONS

*THIS ENDORSEMENT CHANGES THE STRATEGIC NON-ADMITTED PROPERTY COVERAGE FORM.
PLEASE READ IT CAREFULLY.*

The following provision(s) is (are) hereby attached to and made a part of this POLICY.

**NON-APPLICATION OF GENERAL CONTRACTOR OVERHEAD & PROFIT FOR HAIL OR WIND
CLAIMS INVOLVING A ROOF, ROOF COVERING OR ROOFING SYSTEM**

With respect to any hail or wind claim for a roof, roof covering or roofing system, the Company will not pay General Contractor Overhead & Profit to repair or replace physical loss or damage to the roof, roof covering or roof system. The Company will consider, with prior approval, making payment for General Contractor Overhead & Profit on all other components of the hail or wind claim involving covered losses when such costs are reasonably necessary and such payment is consistent with all other terms of this Policy.

“General Contractor Overhead & Profit” means those costs incurred by the Insured and paid to a General Contractor that is either owned or affiliated in some way with the insured to oversee, supervise, coordinate, or monitor covered repairs to the insured location.

This provision does not apply to the reasonable and customary overhead and profit of independent, specialty or sub-contractors performing covered repairs to the insured location.

For the purposes of this endorsement, “Roof, roof covering, or roofing system” means all materials and components constituting the “roof, roof covering, or roofing system”, including the materials and components exposed to the weather and all materials and components thereunder necessary for water and moisture protection.

EXCLUSION OF LOSS OR DAMAGE TO HVAC EQUIPMENT UNPROTECTED FROM HAIL

We do not cover physical loss or damage to the coils or fins of rooftop or ground-level heating, venting and air conditioning equipment caused by the peril of hail unless such equipment was protected by properly installed hail guards or other hail protection at the time of such physical loss or damage.

All other terms and conditions of this policy shall remain unchanged.

Endorsement No. 14

LATE REPORTING ENDORSEMENT

*THIS ENDORSEMENT CHANGES THE STRATEGIC NON-ADMITTED PROPERTY COVERAGE FORM.
. PLEASE READ IT CAREFULLY.*

The following provision(s) is (are) hereby attached to and made a part of this POLICY.

In addition to the Insured's obligation to provide the Company with prompt notice of loss, with respect to any claim wherein notice of the loss is reported by the Insured to the Company, or its designated adjuster, more than 60 days, but less than one year, after the date of loss, the Company's limit of liability and payment for covered losses shall not exceed the smallest of the following:

- The actual cash value at the time of loss determined with proper deduction for depreciation;
- The actual cost to repair or replace the damaged property with material of like kind and quality, with proper deduction for depreciation; or
- The specified limit of liability in the Policy for Building.

It shall be a condition of coverage under this policy that all losses be reported by the Insured to the Company, or its designated loss adjuster, within one year after the date of loss, and this policy shall provide no coverage for loss that is reported more than one year after the date of loss.

All other terms and conditions of this policy shall remain unchanged.

Endorsement No. 15

ALUMINUM WIRING WARRANTY

*THIS ENDORSEMENT CHANGES THE STRATEGIC NON-ADMITTED PROPERTY COVERAGE FORM.
. PLEASE READ IT CAREFULLY.*

The following provision(s) is (are) hereby attached to and made a part of this POLICY.

This Policy does not cover loss or damage caused directly or indirectly by or resulting from aluminum wiring. Such loss or damage is excluded regardless of any other cause or event contributing 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.

However, this Policy will pay for loss or damage from a peril insured herein to property insured herein at an Insured Location caused by aluminum wiring if, prior to the loss or damage, the aluminum wiring was remediated by a licensed electrician using the AlumiConn or Copalum connector methods and all such remediation, including modifications and additions to installed wiring, was completed, inspected, approved and is in compliance with all applicable local codes and laws.

The following additional definition is added to this endorsement:

Insured Location means any location for which insurance is provided under this Policy regardless of the term used for such location, including covered location and other similar terms.

All other terms and conditions of this policy shall remain unchanged.

Endorsement No. 16

LOSS PAYEES, MORTGAGEES, AND ADDITIONAL NAMED INSUREDS

*THIS ENDORSEMENT CHANGES THE STRATEGIC NON-ADMITTED PROPERTY COVERAGE FORM.
. PLEASE READ IT CAREFULLY.*

The following provision(s) is (are) hereby attached to and made a part of this POLICY.

Any Loss Payee and/or Mortgagee whom an Additional Named Insured has agreed in a contract to add as an additional insured on its property insurance coverage will automatically become an additional insured under this policy, as and where applicable without advice to the Company.

All other terms and conditions of this policy shall remain unchanged.

Endorsement No. 17

EXISTING DAMAGE EXCLUSION ENDORSEMENT

*THIS ENDORSEMENT CHANGES THE STRATEGIC NON-ADMITTED PROPERTY COVERAGE FORM.
. PLEASE READ IT CAREFULLY.*

The following provision(s) is (are) hereby attached to and made a part of this POLICY.

The following is added to SECTION VI EXCLUSIONS. C. Causes of Loss Not Insured:

Loss or damage caused directly or indirectly by or resulting as a consequence of any structural or material condition that existed prior to the effective date of this Policy. Such loss or damage is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss.

All other terms and conditions of this policy shall remain unchanged.

Endorsement No. 18

DEDUCTIBLE PROVISION

*THIS ENDORSEMENT CHANGES THE STRATEGIC NON-ADMITTED PROPERTY COVERAGE FORM.
. PLEASE READ IT CAREFULLY.*

The following provision(s) is (are) hereby attached to and made a part of this POLICY.

With respect to loss by any perils insured against, this Policy shall cover only for the amount of loss per occurrence, which exceeds the deductible amount specified in the Policy.

If a time deductible is shown in the Policy, the Policy will not cover for any loss occurring during that specified time period immediately following an occurrence.

If two or more deductible amounts in this Policy apply to the same occurrence (regardless of whether a time deductible or a deductible for physical loss or damage), the total to be deducted shall be the single largest applicable deductible.

If an occurrence involves properties of more than one ownership, then a deductible will be applied separately to each ownership.

All other terms and conditions of this policy shall remain unchanged.

Endorsement No. 19

LIGHTNING/WIND/HAIL DAMAGE TO EQUIPMENT ENDORSEMENT

*THIS ENDORSEMENT CHANGES THE STRATEGIC NON-ADMITTED PROPERTY COVERAGE FORM.
PLEASE READ IT CAREFULLY.*

The following provision(s) is (are) hereby attached to and made a part of this POLICY.

The following Program Sublimit(s) is (are) hereby added to this POLICY:

\$250,000

Lightning/WIND/Hail Damage to Electrical and Technology related Equipment
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Subject to all terms and conditions of this POLICY, this POLICY provides a maximum of \$250,000 coverage limit per occurrence, for damage to electronics and technology related equipment, whether such equipment is located on the roof or inside of the building, for damaged caused by the peril of lightning, WIND, and/or hail.

This endorsement does not apply to damage to electrical and technology related equipment, caused directly by a fire that resulted from the lightning.

This entire provision shall not increase any amounts or limits of insurance provided by this POLICY.

All other terms and conditions of this policy shall remain unchanged.

FREEZE DEDUCTIBLE ENDORSEMENT

*THIS ENDORSEMENT CHANGES THE STRATEGIC NON-ADMITTED PROPERTY COVERGAE FORM.
. PLEASE READ IT CAREFULLY.*

The following provision(s) is (are) hereby attached to and made a part of this POLICY.

The following deductible is added to this POLICY.

\$250,000 for each Insured Location in any one OCCURRENCE for all covered loss or damage arising out of Water Damage (Freeze).

DEFINITIONS

The following definitions are added to this Policy and supersede any similar provisions of this Policy to the contrary for the purpose of a Water Damage (Freeze) Occurrence only:

Insured Location means:

any location shown on the Statement of Values on file with Underwriters, for which cover has been agreed by Underwriters; or
any location that is covered pursuant to any newly acquired property additional coverage/extension (or similar term) under this Policy; or
any location that is covered pursuant to any miscellaneous unnamed location additional coverage/extension (or similar term) under this Policy; or
any location that is covered pursuant to any errors or omissions additional coverage/extension (or similar term) under this Policy.

Water Damage (Freeze) means physical loss or damage resulting from the escape, discharge, release, seepage or leakage of water, steam or other liquid as a direct result of the breaking, fracture, splitting or cracking of:

any plumbing or sprinkler system(s) or any part thereof or, any appliance containing water or steam including, but not limited to any sprinkler system that may be located on or within the Insured Location; or

pipe(s), tank(s), or container(s) containing water, steam or other liquid, located on or within the Insured Location caused by, or associated with, freezing and thawing.

Occurrence –means all losses from a singular weather disturbance, commencing with the first evidence of freezing temperatures at the Insured Location.

All other terms and conditions of this policy shall remain unchanged.

Endorsement No. 21

MISCELLANEOUS CHANGES ENDORSEMENT

*THIS ENDORSEMENT CHANGES THE STRATEGIC NON-ADMITTED PROPERTY COVERAGE FORM.
PLEASE READ IT CAREFULLY.*

The following provision(s) is (are) hereby attached to and made a part of this POLICY.

Program Qualification Guidelines and Requirements:

It is hereby agreed and understood that the following underwriting guidelines/parameters apply in order to qualify for the program under this policy:

- a. SOV with full COPE and updated information for utilities
- b. 40% Loss ratio or better (5 year loss runs upfront; Will **not** accept signed no loss letter unless new purchase).
- c. RC for roofs 20yrs or newer; Other ACV on roof (as defined in the Roof endorsement).
- d. No unremediated aluminum wiring
- e. No section 8 or HUD housing representing greater than 15% of total occupancy is acceptable;
- f. Any Critical and Secondary recs available
- g. \$60,000,000 maximum TIV per location

All other terms and conditions of this policy shall remain unchanged.

All other terms and conditions of this policy shall remain unchanged.

Endorsement No. 22

OFAC ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

U.S. ECONOMIC AND TRADE SANCTIONS LIMITATIONS CLAUSE

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

The United States of America trade or economic sanctions, laws or regulations shall include, but not be limited to, those sanctions administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control (OFAC).

All other terms, conditions and exclusions of this Policy remain unchanged.

Endorsement No. 23

SUBSCRIPTION ENDORSEMENT

In consideration of the premium charged, the subscribing Insurer hereto, hereinafter referred to as the "Insurer," does severally, but not jointly, agree to indemnify the Insured for the amount recoverable in accordance with the terms and conditions of this Policy and any Endorsements hereto, provided that:

1. The collective liability of the subscribing "Insurer" shall not exceed its percentage of the Limit of Liability or any appropriate Sub-limit of Liability or any aggregate Limit of Liability in any Policy Year.
2. The limit of the subscribing "Insurer" shall not exceed the Limit of the pro-rata percentage of Liability set against its name.

Insurance Carrier	HUDSON EXCESS INSURANCE COMPANY
Policy Number	HCS104116
Participation	\$1,500,000 (30%) part of Primary \$5,000,000

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the Policy, except as hereinabove set forth.

For the "Insurer"

Date