

ENDORSEMENT

This endorsement, effective 12:01 AM: **April 15, 2024**
Forms a part of Policy Number:
Issued to: **Gregory Portland Independent School District**
Issued by: **National Fire & Marine Insurance Company**

OCCURRENCE LIMIT OF LIABILITY ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY POLICY

It is understood and agreed that the following special terms and Conditions apply to this policy:

1. The limit of liability or Amount of Insurance shown on the face of this policy, or endorsement onto this Policy, is the total limit of the Company's liability applicable to each occurrence, as hereafter defined. Notwithstanding any other terms and Conditions of this policy to the contrary, in no event shall the liability of the Company exceed this limit or amount irrespective of the number of locations involved
The term "occurrence" shall mean any one loss, disaster, casualty or series of losses, disasters, or casualties, arising out of one event.
 - a. When the term applies to loss or losses from the perils of tornado, cyclone, hurricane, windstorm, hail, flood, volcanic eruption, riot, riot attending a strike, civil commotion, and vandalism and malicious mischief, one event shall be construed to be all losses arising during a continuous period of 72 hours. When filing proof of loss, the Insured may elect the moment at which the 72 hour period shall be deemed to have commenced, which shall not be earlier than when the first loss to the covered property occurs.
 - b. When the term applies to loss from the peril of earthquake, one event shall be construed to be all loss arising during a continuous period of 168 hours. When filing proof of loss, the Insured may elect the moment at which the 168 hour period shall be deemed to have commenced, which shall not be earlier than when the first loss to the covered property occurs.
2. The premium for this policy is based upon the Statement of Values on file with the Company, or attached to this policy. In the event of loss hereunder, liability of the Company, subject to the terms of paragraph one (1) above, shall be limited to the least of the following:
 - a. The actual adjusted amount of loss, less applicable deductible(s).
 - b. The total stated value for the property involved, as shown on the latest Statement of Values on file with the Company, less applicable deductible(s).
 - c. The limit of Liability or Amount of Insurance shown on the face of this policy or endorsed onto this policy.

All other terms and conditions of the policy remain unchanged.

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SPECIAL CATASTROPHE EARNED PREMIUM PROVISION
THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY POLICY

- 1. If this policy is canceled by the insured or if the amount of insurance on any Tier 1 location is reduced, and no coverage existed from June 1 to November 30, the return premium is 90% of the pro-rata subject to any minimum earned premium stipulations in the policy.
- 2. If coverage existed on any Tier 1 location at any time during the period from June 1 to November 30, the amount of premium returned will be a percentage of the total premium determined as follows:

Days Policy in Force	Unearned Factor
1 – 180	20%
181 – 210	15%
211 – 240	10%
241 – 270	7.50%
271 – 300	5%
301 – 330	2.50%
331 – 365	0%

- 3. If Tier 1 locations are added during the term of the policy, the rate will be calculated as 100% of the annual rate, less the Unearned Factor in Item 2 above.
- 4. The provisions of this endorsement are in addition to and do not alter any minimum earned premium provisions in the policy or its attachments.
- 5. All reference herein to "Tier I", "Tier I Windstorm" or similar "Tier I" references, shall be defined as within the Master Property Coverage Form.

All other terms and conditions of the policy remain unchanged.

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ELECTRONIC DATA EXCLUSION ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY POLICY

Notwithstanding any provision to the contrary within this Policy or any endorsement thereto:

- A.** It is understood and agreed this Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of *ELECTRONIC DATA* from any cause whatsoever (including but not limited to *COMPUTER VIRUS*) or any loss, damage, loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.
- B.** As used in this endorsement *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 programmes, software, and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.
- C.** As used in this endorsement *COMPUTER VIRUS* means a set of corrupting, harmful or otherwise unauthorised instructions or code including a set of maliciously introduced unauthorised 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'.
- D.** However, in the event that a peril listed in the Schedule below results from any of the matters described in paragraph **A.** above, this Policy, subject to all its terms, conditions and exclusions will cover physical damage occurring during the policy period to property insured by this Policy directly caused by such listed peril.
- E.** Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost of the blank media plus the costs of copying the *ELECTRONIC DATA* from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling such *ELECTRONIC DATA*. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such *ELECTRONIC DATA* to the Insured or any other party, even if such *ELECTRONIC DATA* cannot be recreated, gathered or assembled.

SCHEDULE

Peril(s):

Fire and explosion, but only to the extent coverage for such ensuing damage is required by applicable law.

All other terms and conditions of the Policy remain unchanged.

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WIND DRIVEN RAIN COVERAGE ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY POLICY

In consideration of the premium charged, it is hereby agreed and understood that the following terms and conditions are added to the policy:

1. Subject to all of its terms, conditions, limitations and exclusions, this policy insures direct physical loss or damage from a risk of loss caused by or resulting from **Wind-Driven Rain** to property insured by this policy, occurring within the Policy Territory during the Policy Period, subject to any applicable sublimits and deductibles outlined in the policy's Declarations, unless subject to one or more **Exclusions** or otherwise Not Covered
2. In the case of a building or structure that is under construction, including an addition under construction with respect to an existing building or structure, no coverage is provided at any time before it has been made water tight, including, but not limited to, before the roof, walls and windows have been completed.
3. It is hereby agreed and understood the below definition is added to the policy:

Wind-Driven Rain: Rain, snow, sand or dust pressing on or flowing or seeping through the roofs, doors, windows, or other openings of the building or structure as the result of wind, but does not include Flood under any circumstances.

All other terms and conditions of the policy remain unchanged.

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GENERAL CHANGE ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY POLICY

It is hereby agreed and understood that additional or return premium due for endorsements issued during the policy period, such as those for additions or deletions of values, will be processed on a quarterly basis. Issuance of the endorsements and calculation of additional or return premium for these changes will be processed as of and at the time of the transaction.

All other terms, conditions and limitations of the Policy remain unaltered.



Commercial Property Policy

1. NAMED INSURED

Per the Declarations of this policy, including any subsidiary and affiliated corporations, partnerships, companies and other organizations in which the Named Insured in the Declarations has ownership or management control, as now exist or may hereafter be acquired, as their interest may appear, respectively (herein collectively the **Insured**).

2. INSURED LOCATIONS

Per the most recent agreed Statement of Values on file with this Company (herein individually **Insured Location** and collectively **Insured Locations**, as applicable).

3. POLICY PERIOD, LIMITS OF INSURANCE, DEDUCTIBLES AND WAITING PERIODS

Per the Declarations and Supplemental Declarations of this policy, as applicable.

4. INSURING CLAUSE

Subject to all of its terms, conditions, limitations and **Exclusions**, this policy insures direct physical loss or damage from a risk of loss to **Property Insured** occurring within the Policy Territory during the Policy Period, unless subject to one or more **Exclusions** or otherwise Not Covered.

5. POLICY TERRITORY

The United States of America, including its territories and possessions.

6. PROPERTY INSURED

Tangible property at or within 1,000 feet of an **Insured Location**, including buildings, personal property, and personal property of others in the **Insured's** care, custody or control, for which a value has been reported on the most recent agreed Statement of Values on file with this Company, to the extent of the Insured's insurable interest in all such tangible property, however this policy does not provide coverage for any of the following (herein **Non-Covered Property**):

- A. Spacecraft and satellites, including their launch vehicles, launch sites, and related equipment.
- B. Aircraft.
- C. Watercraft, except when manufactured by the **Insured** and stored unfueled on dry land.
- D. Accounts, bills, bonds, currency, money, coins, notes, securities and evidence of debts.
- E. Furs, jewelry, precious metals and precious and semi-precious stones, except for those used by the **Insured** for their industrial or manufacturing operations.
- F. Land, water, or any substance in or on land, except this provision does not apply to:
 - (1) **Landscaping**; or
 - (2) Water that is contained within any enclosed tank, piping system or any other processing equipment.
- G. Animals, except if used for research and kept inside an insured building or structure.
- H. Standing timber, growing crops or lawns, except lawns as part of a vegetative roof.

- I. Offshore property, including offshore drilling platforms, production rigs, and related equipment.
- J. Railways, locomotives and rolling stock, unless at or within 1,000 feet of an **Insured Location**.
- K. Any land conveyance, including vehicles, whether or not licensed for highway use, unless located at or within 1,000 feet of an **Insured Location**.
- L. Underground mines or shafts, including any property located within such mine or shaft.
- M. Dams and dikes, reservoirs, jetties, bulkheads, pilings, wharves, piers and docks.
- N. Wells, pipelines, and underground pipes, flues or drains.
- O. Bridges, tunnels, roadways, walkways, patios and other paved surfaces.
- P. Property in transit, except to the extent specifically insured by the Transit Additional Coverage in this policy if a Sublimit of Insurance is shown for that Additional Coverage in the Supplemental Declarations.
- Q. Property sold by the **Insured** under conditional sale, trust agreement, installment plan or other deferred payment plan after it has been delivered.
- R. Electronic data, programs and software, except when they are stock in process, finished goods manufactured by the **Insured**, or raw materials, supplies or other merchandise not manufactured by the **Insured**.
- S. Stock or materials when loss is caused by manufacturing, processing or testing operations that result in damage to such property while being processed, manufactured, tested or otherwise being worked upon.
- T. Overhead transmission and distribution lines and related equipment, including transformers, feeder lines, pipelines, and support structures, not on the **Insured Location**.
- U. Any other property identified as **Non-Covered Property** by endorsement to this policy.

7. **EXCLUSIONS**

This policy does not insure any of the following:

- A. Loss or damage arising directly or indirectly from nuclear detonation, nuclear reaction, nuclear radiation or radioactive contamination, however caused.
- B. Loss or damage caused directly or indirectly by war, invasion or warlike operations (whether or not war is declared), hostile acts of sovereign or local government entities, civil war, rebellion, revolution, insurrection, martial law, usurpation of power, or an uprising.
- C. Loss or damage caused by seizure, occupation, confiscation, nationalization, requisition, detention, embargo, quarantine, or the result of any order of any public or government authority which deprives the **Insured** of the use or value of its property, whether legal or illegal, nor for loss or damage arising from contraband or acts of illegal transportation or illegal trade.
- D. Loss or damage directly or indirectly caused by or resulting from the presence, seepage or discharge of **Pollutants**, except to the extent specifically insured by the Decontamination Costs Additional Coverage if a Sublimit of Insurance is shown for that Additional Coverage in the Supplemental Declarations.
- E. Loss or damage directly or indirectly caused by, resulting from, or in any way related to the actual or suspected presence or threat of any pathogenic or poisonous biological or chemical substance or material of any kind, including, but not limited to, any malicious use of such substance or material, whether isolated or wide-spread, regardless of any other cause or event contributing at the same time or in any sequence.
- F. Loss or damage caused by or resulting from asbestos, including, but not limited to:

- (1) Removal of asbestos from any **Property Insured**, unless the asbestos itself is damaged by fire, lightning, aircraft impact, explosion, riot, civil commotion, smoke, vehicle impact, windstorm or hail, vandalism, malicious mischief, sprinkler leakage or water damage;
- (2) The demolition or increased cost of construction, repair, debris removal, or loss of use, required by the enforcement of any law, ordinance, or regulation regulating asbestos or its removal, except with respect to any physical damage insured pursuant to F.(1) above; and
- (3) Any increased loss, cost or expense associated with any governmental direction, request or order declaring asbestos present in, part of, or utilized on any undamaged property that cannot be used for its intended purpose.

G. Fines, penalties or assessments.

H. Loss or damage caused by or resulting from any electronic means, including, but not limited to, computer hacking or the introduction of any form of computer virus or corrupting or unauthorized instructions or code, or the use of any electromagnetic weapon or device.

I. Loss or damage caused by or associated with any protests, strikes, or labor unrest.

J. Loss or damage attributable to manufacturing or processing operations while such property is being processed, manufactured, tested, or otherwise worked upon.

K. Loss or damage caused by or resulting from of any of the following:

(1) Electrical, magnetic or electromagnetic energy, whether natural or manmade (other than lightning) that damages, disturbs, disrupts or otherwise interferes with any:

(a) Electrical or electronic wire, device, appliance, system or network; or

(b) Device, appliance, system or network utilizing cellular or satellite technology.

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

(i) Electrical current, including arcing;

(ii) Electrical charge produced or conducted by a magnetic or electromagnetic field;

(iii) Pulse of electromagnetic energy; or

(iv) Electromagnetic waves or microwaves.

However, this **Exclusion** does not apply to any resulting direct physical loss or damage to **Property Insured** that is caused by fire.

(2) Mechanical breakdown, including rupture or bursting caused by centrifugal force.

But if mechanical breakdown results in elevator collision, the Company will pay for the loss or damage caused by that elevator collision.

(3) Explosion of steam boilers, steam pipes, steam engines or steam turbines. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, the Company will pay for the loss or damage caused by that fire or combustion explosion. The Company will also pay for loss or damage caused by or resulting from explosion of gases or fuel within the furnace of any fired vessel, or within the flues or passages through which gases of combustion pass.

L. Loss or damage caused by or consisting of any settling, cracking, shrinking, bulging, or expansion of:

(1) Foundations, including any pad, platform or property supporting machinery;

(2) Floors;

- (3) Pavements;
- (4) Walls;
- (5) Ceilings;
- (6) Roofs.

- M. Loss, costs or expenses associated directly or indirectly with a hoax or threat only.
- N. Loss or damage caused by any mysterious disappearance, unexplained loss, loss disclosed on inventory, or voluntarily parting with possession or custody of property.
- O. Loss or damage caused directly or indirectly by wet rot or dry rot.
- P. Loss or damage caused directly or indirectly by **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.

However, this **Exclusion** does not apply to any loss, damage, costs or expenses that are specifically covered by the Additional Coverage for **Fungus** Cleanup in this policy, but only if a Sublimit of Insurance is shown for that Additional Coverage in the Supplemental Declarations.

- Q. Consequential loss or damage, loss of use, delay or loss of markets, or indirect or remote loss.
- R. Loss or damage caused by, resulting from, or consisting of rust, corrosion, erosion, depletion, wear and tear, inherent vice, latent defect, deterioration, delay, or any faulty, inadequate or defective design, specifications, workmanship, materials or construction; however, this **Exclusion** does not apply to any resulting loss or damage to **Property Insured** that is otherwise covered by this policy.
- S. Loss or damage caused by or resulting from any change in temperature or humidity, whether atmospheric or not.
- T. Loss or damage caused by or resulting from insects, animals or vermin, including their secretions.
- U. Loss or damage to the interior portion of any building or structure, including any personal property therein, caused directly or indirectly by or resulting from the effects of rain, snow, sleet, or other precipitation, whether or not driven by wind:
 - (1) In the case of a building or structure that is under construction, including an addition under construction with respect to an existing building or structure, at any time before it has been made water tight, including, but not limited to, before the roof, walls and windows have been completed; or
 - (2) In the case of a completed building or structure, including a completed addition thereto, unless the building first sustains direct physical damage covered by this policy that creates the opening in the building or structure that allows the rain, snow or other precipitation to enter;regardless of any other cause or event, whether or not such other cause or event is insured by this policy, contributing concurrently or in any other sequence to the loss.
- V. Loss or damage caused by or consisting of any shrinkage or change in color, flavor, taste, texture or finish.
- W. Any property, location, interest, loss, cost, expense, damage, claim, or anything else that is the subject of this insurance where to do so would be in violation of any laws, regulations or sanctions of the United Nations, European Union, United Kingdom, or the United States of America, including, but not limited to, any sanctions administered and enforced by the United States Treasury Department's Office of Foreign Assets Control ("OFAC"), in which case such insurance shall be null and void.
- X. A dishonest act, including, but not limited to, theft, committed alone or in collusion with others, at any time:
 - (1) By an **Insured** or any proprietor, partner, director, trustee, officer, or employee of an **Insured**; or

(2) By any proprietor, partner, director, trustee, or officer of any business or entity (other than a common carrier) engaged by an **Insured** to do anything in connection with **Property Insured** under this policy.

This **Exclusion** does not apply, however, to acts of vandalism by an **Insured's** employee(s) done without the **Insured's** knowledge.

Y. Loss or damage caused by, consisting of, or arising from, directly or indirectly, any of the following, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage:

(1) The failure, malfunction or inadequacy of:

(a) Any of the following, whether the property of the **Insured** or not:

(i) Computer hardware, including, but not limited to, computers, microprocessors, chips and microchips, media, integrated circuits, and similar devices;

(ii) **Electronic Data Processing Equipment**;

(iii) Computer operating systems;

(iv) Computer software, programs, and similar instructions;

(v) Computer networks;

(vi) Microprocessors, chips, microchips, and similar devices that are not part of computer hardware, **Electronic Data Processing Equipment**, a computer system or a computer network; or

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

(b) Any other property, products, services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Y.(1)(a)(i) through (vii) above;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times, or due to the inability to capture, save, retain and/or correctly manipulate, interpret or process any data, information, command or instruction due to any deficiency or features of logic or operations;

(2) Advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision intended to determine, correct or test for any actual or potential conditions described in Paragraph Y.(1) above.

Z. Loss, damage, costs, expenses, fines or penalties incurred or sustained by or imposed on the **Insured** at the order of any government agency, court, or other authority from any cause whatsoever.

AA. Loss or damage to **Landscaping** caused by or resulting from any of the following:

(1) Dampness or dryness of atmosphere or of soil supporting the vegetation;

(2) Changes in or extremes of temperature or humidity;

(3) Disease;

(4) Frost or hail; or

(5) Rain, snow, ice or sleet, including, but not limited to, loss or damage caused by the weight of sleet, snow and/or ice.

8. **ADDITIONAL COVERAGES**

The coverage provided by this policy includes the following Additional Coverages for which a Sublimit of Insurance is shown in the Supplemental Declarations, but only with respect to direct physical loss or damage from a risk of loss to tangible property (other than **Non-Covered Property**) pursuant to the additional terms of these respective Additional Coverages, which Additional Coverages:

- (1) Are subject to the applicable Sublimit of Insurance shown for them in the Supplemental Declarations;
 - (2) Will not increase the Policy Limit of Insurance; and
 - (3) Are subject to all policy terms and conditions, including **Exclusions** and Deductibles,
- all as shown in this Paragraph 8. and elsewhere in this policy, including the Supplemental Declarations.

A. Accounts Receivable

This policy covers any shortage in the collection of accounts receivable resulting from insured physical loss or damage to covered accounts receivable records, including any such records stored as electronic data, while located anywhere in the Policy Territory. The Company will be liable for the interest charges on any loan to offset impaired collections pending repayment of such sum uncollectible as the result of such loss or damage. Unearned interest and service charges on deferred payment accounts and normal credit losses on bad debts will be deducted in determining the recovery.

- (1) 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.
- (2) The **Insured** agrees to use any suitable property or service:
 - (a) Owned or controlled by the **Insured**; or
 - (b) Obtainable from other sources,in reducing the loss under this Additional Coverage.
- (3) This policy covers any other necessary and reasonable costs incurred to reduce the loss, but only to the extent the losses are reduced.
- (4) If it is possible to reconstruct accounts receivable records so that no shortage is sustained, the Company will be liable only for the reasonable and necessary cost incurred for material and time required to re-establish or reconstruct such records, and not for any costs covered by any other insurance.
- (5) The following **Exclusions** are in addition to the other **Exclusions** in this policy:

This Additional Coverage does not insure against shortage resulting from:

 - (a) Bookkeeping, accounting or billing errors or omissions; or
 - (b) (i) Alteration, falsification, manipulation; or
 - (ii) 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.
- (6) 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 will belong to the **Insured**.

B. Arson Reward

In the event of covered loss by fire to **Property Insured** that results from an act of arson, the Company will reimburse the **Insured** up to the Sublimit of Insurance for this Additional Coverage shown in the Supplemental Declarations for any rewards paid by the **Insured** for information that directly leads to conviction(s) for that arson.

C. Brands and Labels

If branded or labeled **Property Insured** by this policy is physically damaged, and the Company elects to take all or any part of that property following loss or damage covered under this policy, the **Insured** may, at our expense:

- (1) Stamp “salvage” on the property or its containers; or
- (2) Remove or obliterate the brands or labels,

but only if doing so will not damage the property. In either event, the **Insured** must re-label such property or its containers to be in compliance with any applicable law.

D. Consequential Reduction in Value

This policy covers the reduction in value of **Property Insured** that is merchandise when it is a part of pairs, sets, or components, directly resulting from physical loss or damage insured by this policy to the other insured parts of such pairs, sets or components of that merchandise. If settlement is based on a constructive total loss, the **Insured** will surrender the undamaged parts of such merchandise to us.

E. Control of Damaged Property

In the event of damage to **Property Insured** that is personal property:

- (1) The **Insured** will have the right to the possession and control of such damaged property if proper testing is done to show which property is physically damaged;
- (2) The **Insured** will decide if such damaged property can reasonably be reprocessed or sold;
- (3) Property that the **Insured** demonstrates is unfit for reprocessing or selling will not be sold or disposed of except by the **Insured** or with their consent; and
- (4) Any salvage proceeds received will go to:
 - (a) The Company at the time of loss settlement; or
 - (b) The **Insured** if received prior to our payment of such loss or damage, provided such proceeds reduce the amount of loss payable under this policy.

F. Course of Construction

This policy covers buildings or structures while in the course of construction, including alterations and additions to completed buildings and structures, located at **Insured Locations** or **New Locations**, including all building materials, equipment, supplies, and machinery intended to become a permanent part of the completed building or structure while on site and awaiting installation.

G. Debris Removal

This policy covers the reasonable and necessary costs incurred to remove debris from an **Insured Location** that remains as a direct result of physical loss or damage insured by this policy.

This Additional Coverage, however, does not cover the costs of removal of:

- (1) Contaminated uninsured property (including **Non-Covered Property**); or
- (2) The contaminant in or on uninsured property (including **Non-Covered Property**),

whether or not the contamination results from insured physical loss or damage.

Contamination includes, but is not limited to, the presence of **Pollutants** or hazardous material.

H. Decontamination Costs

If **Property Insured** is contaminated as a direct result of physical damage insured by this policy, and there is in force at the time of the loss any law or ordinance regulating such contamination, including, but not limited to, the presence of **Pollutants** or hazardous material, this policy covers, as a direct result of enforcement of such law or ordinance, the increased cost of decontamination and/or removal of such contaminated **Property Insured** in a manner to satisfy the minimum requirements of such law or ordinance. This Additional Coverage applies only to that part of **Property Insured** so contaminated as a direct result of insured physical damage.

This policy does not insure, however, any costs required for removing any contaminated uninsured property (including **Non-Covered Property**), nor the contaminant therein or thereon, even if the contamination is from any covered loss or damage. In addition, this Decontamination Costs Additional Coverage does not apply to any loss or damage that is subject to **Exclusion F.** with respect to asbestos, nor any loss, damage, costs or expenses of any kind that are associated, directly or indirectly, with **Fungus** (whether or not they are insured elsewhere in this policy).

I. Demolition, Operation of Building Laws and Increased Cost of Construction

In the event of direct physical damage insured under this policy that causes the enforcement of any law, ordinance, governmental directive or standard regulating the construction, repair, use, or occupancy of the **Property Insured** that has suffered covered direct physical damage under this policy that is in effect at the time of such direct physical damage to such **Property Insured**, this policy also insures:

- (1) The loss in value, immediately prior to the loss, of the undamaged portion of the covered real property if it is required to be demolished by the enforcement of such law, ordinance, or governmental directive or standard (“Coverage A”);
- (2) The cost of demolishing the undamaged covered real property that must be demolished, including the cost of clearing its debris from the site (“Coverage B”);
- (3) The increased cost of repair or reconstruction of the damaged and undamaged covered real property, on the loss site or another site, limited to the cost that would have been incurred in order to comply with the minimum requirements of such law or ordinance regulating the repair or reconstruction on the loss site. However, the Company shall not be liable for any such increased cost of construction until the damaged and undamaged real property is actually rebuilt or replaced (“Coverage C”); and
- (4) Any increase in any covered business interruption, extra expense, or rental value loss that is insured by this policy, as applicable, as a direct result of the additional period of time required to comply with said law or ordinance, but only to the extent that this policy insures such business interruption, extra expense, or rental value loss as provided elsewhere in this policy (“Coverage D”).

This extension, however, does not cover any costs incurred as a result of enforcement of any laws or ordinances regulating any form of contamination, including, but not limited to, the presence of **Pollutants** or hazardous materials, nor does this extension cover costs to comply with any law, ordinance, governmental directive or standard if such compliance was required prior to the covered damage.

J. Earth Movement

The coverage, if any, provided by this policy for direct physical loss or damage caused by or resulting from **Earth Movement** is subject to the following:

- (1) It applies to **Earth Movement**, regardless of any other cause or event contributing concurrently or in any other sequence to the loss or damage; but

- (2) It does not:

- (a) Include any loss or damage caused by or resulting from Flood, regardless of any other cause or event contributing concurrently or in any other sequence to the loss; and
- (b) Apply to direct physical damage by fire, explosion or sprinkler leakage resulting from such **Earth Movement**.

K. Errors and Omissions

If physical loss or damage is not payable under this policy solely due to an error or unintentional omission by the **Insured**:

- (1) In the description of where **Property Insured** is physically located; or
- (2) To include any location the **Insured**:
 - (a) Owned, rented or leased on the effective date of this policy; or
 - (b) Purchased, rented or leased during the Policy Period; or
- (3) Resulting in cancellation of the insurance under this policy for certain property,

then this policy insures such physical loss or damage, but only to the extent it would have provided coverage had such error or unintentional omission not been made.

It is a condition of this Additional Coverage that any such error or unintentional omission is reported to the Company and corrected as soon as the **Insured** discovers it.

L. Expediting Costs

This policy covers the additional reasonable and necessary costs incurred to pay for the temporary repair of covered damage to **Property Insured**, and for the additional cost to expedite the permanent repair or replacement of such damaged property.

This Additional Coverage, however, does not cover any costs:

- (1) That are otherwise recoverable as provided elsewhere in this policy; or
- (2) Of permanent repair or replacement of such damaged property

M. Fine Arts

This policy insures covered direct physical loss or damage to **Property Insured** that is **Fine Arts** anywhere within the Policy Territory, including while covered pursuant to the Transit Additional Coverage, subject to the following additional terms:

- (1) This Additional Coverage excludes loss or damage if the **Fine Arts** cannot be replaced with other **Fine Arts** of like kind and quality, unless it was specifically declared to the Company prior to the Policy Period; and
- (2) In addition to the other **Exclusions** this policy does not insure against loss or damage to **Fine Arts** from any repairing, restoration or retouching process.

N. Flood

The coverage, if any, provided by this policy for direct physical loss or damage caused by or resulting from **Flood** is subject to the following:

- (1) It applies to **Flood** regardless of any other cause or event contributing concurrently or in any other sequence of loss, but
- (2) It does not:

(a) Include any loss or damage caused by or resulting from **Earth Movement**, regardless of any other cause or event contributing concurrently or in any other sequence to the loss; and

(b) Apply to direct physical damage by fire, explosion or sprinkler leakage resulting from such **Flood**.

O. Fungus Cleanup

If there is a Sublimit of Insurance shown in the Supplemental Declarations for **Fungus Cleanup**, then with respect to such loss or damage by **Fungus** that results directly from physical damage not otherwise excluded in this policy, coverage under this policy shall only apply, up to that Sublimit of Insurance for **Fungus Cleanup**, for:

(1) The cost to cleanup and remove that **Fungus** from any **Property Insured**;

(2) The cost to tear out and replace any part of the **Property Insured** when such tear out is necessary to gain access to that **Fungus**; and

(3) After removal, repair, replacement and restoration of **Property Insured**, including clean up and removal of that **Fungus**, the cost to test for the continued presence of any such **Fungus**, provided that there is a reason to believe it is still present,

but only if such costs are reasonable and necessary, and the **Fungus** was reported to the Company within thirty (30) days of the physical damage from which it resulted (otherwise, no such coverage is available).

This Additional Coverage does not apply to or include any loss, damage, costs or expenses of any kind that are associated, directly or indirectly, with **Pollutants** (whether or not they are insured elsewhere in this policy), or for which claim is or could be made under the Decontamination Costs Additional Coverage of this policy.

If no Sublimit of Insurance is shown in the Supplemental Declarations for **Fungus Cleanup**, or the coverage in this **Fungus Cleanup** Additional Coverage does not apply to any loss, damage, costs or expenses, then **Exclusion P.** applies and there is no coverage for such loss, damage, costs or expenses, regardless of whether there is: (i) any physical loss or damage to **Property Insured**; (ii) any insured peril, whether contributing concurrently or in any sequence; (iii) any loss of use, occupancy, or functionality; or (iv) any action required, including but not limited to repair, replacement, removal, cleanup, abatement, disposal, relocation, or steps taken for any actual or alleged medical or legal concerns.

P. Land and Water Contaminant or Cleanup, Removal and Disposal of Pollutants

The coverage provided by this policy includes the reasonable and necessary cost for the cleanup, removal and disposal of contaminants or **Pollutants** from uninsured property consisting of land, water, or any other substance in or on land at the **Insured Location**, but only if the release, discharge or dispersal of contaminants or **Pollutants** is a direct result of covered direct physical loss or damage to **Property Insured** at an **Insured Location**.

This policy, however, does not insure the cost to cleanup, remove, or dispose of contaminants or **Pollutants** from such property:

(1) At any **Insured Location** that is insured for personal property only; or

(2) With respect to any property that is more than 1,000 feet away from an **Insured Location**, including, but not limited to, any property or location that is insured by any Additional Coverages (including **New Locations** and Errors and Omissions) or by endorsement (other than an endorsement adding an **Insured Location**); or

(3) When the **Insured** fails to give the Company written notice within 180 days of such loss or damage.

Q. Lock and Key

In the event of theft or direct physical damage to the **Insured's** master key, grand master key, or great grand master key, while in the possession of the **Insured** or its employees, that is insured under this policy, the coverage provided by this policy is extended to include the cost of replacement keys, adjustments of locks to accept new keys or, if required, new locks, including the cost of installing such new locks.

R. Miscellaneous Locations Coverage

This policy insures direct physical loss or damage to property of the type insured by this policy (other than **Non-Covered Property**), except as otherwise excluded or Not Covered, at **Miscellaneous Locations**.

This Additional Coverage does not apply, however, to property that is insured, in whole or in part, by any other insurance, including, but not limited to, any other Additional Coverage (including Errors and Omissions and **New Locations Coverage**).

S. New Locations

This policy covers property of the type insured by this policy (other than **Non-Covered Property**) at any **New Locations**. This coverage applies from the date of rental, lease or purchase, and will apply until the earlier of the following:

- (1) The location is bound by the Company as an **Insured Location**; or
- (2) Agreement is reached that the location will not be insured under this policy; or
- (3) The number of days listed for this **New Locations** Additional Coverage in the Supplemental Declarations, which begin to run on the date of rental, lease or purchase, has been reached.

This Additional Coverage does not apply, however, to any property that is insured, in whole or in part, by any other insurance.

T. Professional Fees

The insurance provided by this policy includes the actual costs incurred by the **Insured** for reasonable and necessary fees payable to the **Insured's** accountants, architects, auditors, engineers, or other professionals for producing and certifying any particulars or details contained in the **Insured's** claim, books or documents, or such other proofs, information or evidence required by the Company, with respect to an insured loss payable under this policy for which the Company has accepted liability.

This Additional Coverage, however, will not include any fees, costs, or other amounts of, for, or with respect to any:

- (1) Attorneys, public adjusters, and loss appraisers, all including any of their subsidiary, related or associated entities, whether partially or wholly owned by them or retained by them for the purpose of assisting them; or
- (2) Individuals providing consultation on coverage or negotiation of a claims; or
- (3) That are based on a contingency.

U. Protection and Preservation of Property

The insurance provided by this policy also insures the reasonable and necessary:

- (1) Costs incurred for reasonable actions to temporarily protect and preserve **Property Insured**, but only if such actions and costs are necessary due to an actual or imminent physical loss or damage of the type insured by this policy;
- (2) Costs incurred for:
 - (a) Fire department firefighting charges imposed as a result of responding to a fire in, on or exposing the **Property Insured**; and

- (b) Restoring and recharging fire protection systems following an insured loss, including the cost of water used fighting a fire exposing **Property Insured**.

V. Service Interruption (Property Damage Only)

- (1) This policy covers insured physical loss or damage to **Property Insured** at an **Insured Location** when such physical loss or damage results from the interruption of the specified incoming services consisting of electricity, gas, fuel, steam, water, refrigeration, or from the lack of outgoing sewerage service, or from the lack of telecommunications service, but only when such interruption of service results from direct physical loss or damage of the type insured against in this policy to the facilities or equipment (other than overhead transmission and distribution lines, including its related equipment and support structures), of the supplier of such service that is located within 5 statute miles of the **Insured Location**, that immediately prevents such service to the **Insured Location**.
- (2) This Additional Coverage will only apply, however, when the **Period of Service Interruption** is in excess of any applicable waiting period for this coverage, and then subject to the applicable deductible(s) and Sublimit of Insurance.
- (3) Additional General Provisions:
 - (a) The **Insured** will immediately notify the suppliers of services of any interruption of such services; and
 - (b) The Company will not be liable:
 - (i) if the interruption of such services is caused directly or indirectly by the failure of the **Insured** to comply with the terms and conditions of any contracts the **Insured** has for the supply of such specified services, including, but not limited to, any failure to pay; or
 - (ii) if the interruption results from the operation of any fuse, breaker, protective device or similar equipment.

W. Temporary Removal of Property

- (1) When **Property Insured** is removed from an **Insured Location** for the purpose of being repaired or serviced following loss or damage covered by this policy, or to avoid imminent direct physical loss or damage of the type insured by this policy to such **Property Insured**, this policy covers such **Property Insured** while:
 - (a) At the location to which such **Property Insured** has been moved; and
 - (b) Being moved, other than by air or water, between that location and the **Insured Location**.
- (2) This Additional Coverage does not apply, however, to property:
 - (a) Insured, in whole or in part, elsewhere in this policy;
 - (b) Insured, in whole or in part, by any other insurance; or
 - (c) Removed for normal storage, processing or preparation for sale or delivery.

X. Transit

(1) This policy covers the following insured personal property (other than **Non-Covered Property**), except as excluded or Not Covered

by this policy, while in transit (from original point of shipment to destination) within the Policy Territory:

- (a) Owned by the **Insured**;
- (b) Shipped by the **Insured** to customers under F.O.B., point of origin, or similar terms, with the **Insured's** contingent interest in the shipments acknowledged;
- (c) Of others in the actual or constructive custody of the **Insured**, but only to the extent of the **Insured's** insurable interest therein and legal liability therefore; and
- (d) Of others that has been sold by the **Insured**, but only if the **Insured** has agreed in writing, prior to the loss or damage, to insure it during the course of delivery.

(2) This Additional Coverage, however, does not apply to any of the following:

- (a) Samples in the custody of salespeople or selling agents;
- (b) Property that is insured under any other insurance, including, but not limited to, any import or export ocean marine insurance;
- (c) Waterborne shipments, unless by inland waterways in the Policy Territory;
- (d) Airborne shipments, unless by regularly scheduled passenger airlines or air freight carriers;
- (e) Any property of others that is being transported by vehicles owned, leased or operated by the **Insured** when acting as a common or contract carrier; and
- (f) The vehicles or equipment used to transport the personal property in transit.

(3) Except as otherwise permitted by the Company, the **Insured** will not release any carriers from their common law or statutory liability for damage to property in transit.

9. TIME ELEMENT EXTENSIONS

Subject to all the other terms, conditions, limitations and **Exclusions** in this policy, including those contained in Paragraph 9.J. below, the insurance provided by this policy is extended to include the following Time Element Extensions for which a Sublimit of Insurance is shown in the Supplemental Declarations, but only if such loss directly results from physical loss or damage from a risk of loss to **Property Insured** (or, in the case of Paragraphs 9.F. through 9.I., property of the type insured by this policy), and then only if during the **Period of Recovery** (or, in the case of Paragraphs 9.F. through 9.I., the periods provided therein), subject to the terms of the Time Element Extensions as well as the **Exclusions** and any applicable Deductibles.

Time Element Extensions apply, however, only to the extent loss cannot be reduced by:

- (1) The use of any property or service owned or controlled by the **Insured**; or
- (2) The use of any property or service obtainable from other sources; or
- (3) Working extra time or overtime; or
- (4) The use of inventory;

whether at an **Insured Location** or at any other location. The Company reserves the right to take into consideration the combined operating results of all associated, affiliated or subsidiary companies of the **Insured** in determining any loss under these Time Element Extensions.

This policy also insures costs reasonably and necessarily incurred by the **Insured** to reduce the loss otherwise payable under the Time Element Extensions, however the amount recoverable will not exceed the amount by which the covered loss was reduced.

In determining the amount of any loss payable under these Time Element Extensions the Company will consider the actual experience of the **Insured's** business before the subject loss or damage, and the probable experience of the **Insured's** business during the applicable **Period of Recovery**.

The maximum **Period of Recovery** insured under this policy is twenty-four (24) months, however the **Period of Recovery** is not limited by the expiration of the Policy Period.

A. Loss of Business Income

- (1) Subject to the terms and conditions herein and elsewhere in this policy, this policy covers the **Insured's** loss of business income during the **Period of Recovery** resulting from the necessary suspension of the **Insured's** business operations caused by covered direct physical loss or damage during the Policy Period to **Property Insured** in the Policy Territory as insured by this policy.
- (2) Any covered loss of business income shall be adjusted on the basis of the actual loss sustained by the **Insured**, consisting of the net profit the **Insured** is prevented from earning, and all charges and expenses, including ordinary payroll, that must necessarily continue during the **Period of Recovery** provided such charges and expenses would have been incurred by the **Insured** had no loss occurred.
- (3) In determining the amount of net profit, charges, and expenses covered by this policy for the purposes of ascertaining the amount of actual loss sustained, consideration shall be given to the experience of the **Insured's** business before the covered physical loss or damage, and the probable experience of the **Insured's** business thereafter had no loss or damage occurred.
- (4) It is a condition of this insurance that if the **Insured** could reduce the loss resulting from the interruption of business:
 - (a) By a complete or partial resumption of operations; or
 - (b) By making use of available stock, merchandise, locations, or other property,such reduction shall be taken into account in arriving at the amount of loss payable hereunder.
- (5) In the event of covered direct physical loss or damage to any **Property Insured** that results in an interruption of research and development activities which in themselves would not have produced income during the **Period of Recovery**, this policy shall cover the actual loss sustained of the **Insured's** continuing fixed charges and expenses, including ordinary payroll, directly attributable to such research and development activities.
- (6) Ordinary payroll means payroll expenses for all of your employees except:
 - (a) Officers;
 - (b) Executives;
 - (c) Department managers; and
 - (d) Employees under contract;and ordinary payroll includes:
 - (i) Payroll;
 - (ii) Employee benefits, if directly related to payroll;
 - (iii) FICA payments you pay;

- (iv) Union dues you pay; and
- (v) Workers compensation premiums.

Coverage for ordinary payroll is limited to the number of days shown for ordinary payroll in the Supplemental Declarations unless "No Coverage" is listed in the Supplemental Declarations for ordinary payroll (in which case this policy does not provide any coverage for ordinary payroll), however if neither is shown in the Supplemental Declarations for ordinary payroll then the coverage for ordinary payroll is limited to 90 consecutive days.

B. Extra Expense

- (1) Subject to the terms and conditions contained herein and elsewhere in this policy, in the event of covered direct physical loss or damage during the Policy Period to **Property Insured** in the Policy Territory, this policy also insures the reasonable and necessary extra expenses incurred by the **Insured** over and above the expenses that would have been incurred by the **Insured** during the **Period of Recovery** that are chargeable to the operation of the **Insured's** business over and above the total expenses that would normally have been incurred by the **Insured** and chargeable to the operation of the **Insured's** business during the same period of time had no loss occurred.
- (2) This Extra Expense coverage, however, does not apply to or insure:
 - (a) Any loss of income; or
 - (b) Cost of permanent repair or replacement of property that has been lost or damaged; or
 - (c) Any expenses recoverable as provided elsewhere in this policy.

C. Leasehold Interest

- (1) Subject to the terms and conditions contained herein and elsewhere in this policy, in the event of covered direct physical loss or damage during the Policy Period to **Property Insured** in the Policy Territory consisting of covered real property, this policy also insures the **Insured's** recoverable leasehold interest loss incurred by the **Insured** resulting therefrom as follows:
 - (a) If the lease requires the **Insured** to continue paying rent notwithstanding that the property is wholly untenable or unusable, the actual rent paid by the **Insured** for the unexpired term of the lease; however, if the property is only rendered partially untenable or unusable this shall only apply to that proportion of the rent the **Insured** pays for the unexpired term of the lease;
 - (b) If the lease is canceled by the lessor pursuant to the lease agreement or by the operation of law, this coverage shall apply to the **Insured's Lease Interest** for the first three (3) months following the covered loss, and the **Insured's Net Lease Interest** for the remaining unexpired term of the lease.
- (2) This policy, however, does not insure any increase in loss resulting from the suspension, lapse or cancellation of any license, or from the **Insured** exercising an option to cancel the lease, or from any act or omission of the **Insured** that constitutes a default under the lease.

D. Loss of Rental Value

- (1) Subject to the terms and conditions contained herein and elsewhere in this policy, in the event of covered direct physical loss or damage during the Policy Period to **Property Insured** in the Policy Territory, this policy also insures the **Insured's** loss of rental value during the **Period of Recovery** resulting directly from the necessary untenability of that **Property Insured** caused by such covered loss or damage, but not exceeding the reduction in rental value less charges and expenses that do not necessarily continue during the period of untenability.
- (2) As used in this Loss of Rental Value Time Element Extension:

- (a) If the **Insured** is the lessor, for the purposes of this insurance rental value will be the sum of:
 - (i) The total anticipated gross rental income from tenant occupancy of the **Property Insured** as furnished and equipped by the **Insured**;
 - (ii) The amount of all charges which are the legal obligation of the tenant(s), which would otherwise be the **Insured's** obligation; and
 - (iii) The fair rental value of any portion of said property which is occupied by the **Insured**.
- (b) If the **Insured** is the lessee, for the purposes of this insurance rental value will be the rent that the **Insured** is obligated to pay (including ground rents, accrued charges, real estate taxes, and interest for which the **Insured** is liable) less such charges and expenses that do not necessarily continue.
- (c) In determining the amount of rental value loss covered hereunder for the purpose of ascertaining the amount of actual loss sustained, due consideration shall be given to the **Insured's** rental experience before the covered physical loss or damage, and the probable rental experience of the **Insured** thereafter had no loss occurred.

E. Extended Period of Indemnity

If a necessary suspension of the **Insured's** operations produces a covered business income or loss or rental value loss payable under this policy, the Company will also pay for the **Insured's** loss of business income, on the basis of its actual loss sustained, which the **Insured** incurs during the period of time that:

- (1) Begins with the date the **Property Insured** is actually repaired, rebuilt or replaced, and operations are resumed, with the exercise of due diligence and dispatch; and
- (2) Ends on the earlier of:
 - (a) The date the **Insured** could restore its operations, with the exercise of due diligence and dispatch, to the level that would generate the business income amount that would have existed had no loss occurred; or
 - (b) 90 consecutive days after the date that it begins pursuant to E.(1) above unless a greater period is listed for this coverage in the Supplemental Declarations of this policy.

F. Interruption by Civil or Military Authority

This policy is extended to cover the actual loss sustained by the **Insured** with respect to any covered loss of business income incurred during the period of time, not to exceed 30 consecutive days unless a greater period is listed for this coverage in the Supplemental Declarations of this policy, when, as a direct result of physical damage from a peril insured against under this policy to property of the type insured by this policy, access to an **Insured Location** is prohibited by order of civil or military authority, provided such direct physical damage is at or within one (1) statutory mile of such **Insured Location** unless a greater distance is listed for this coverage in the Supplemental Declarations.

G. Interruption to Ingress/Egress

This policy is extended to cover the actual loss sustained by the **Insured** with respect to any covered loss of business income incurred during the period of time, not to exceed 30 consecutive days unless a greater period is listed for this coverage in the Supplemental Declarations of this policy, when, as a direct result of physical damaged from a peril insured against under this policy to property of the type insured by this policy, ingress to or egress from an **Insured Location** is thereby prevented, but only if such physical prevention occurs at or within one (1) statutory mile of such **Insured Location** unless a greater distance is listed for this coverage in the Supplemental Declarations.

H. Contingent Time Element Extension

If direct physical loss or damage within the Policy Territory to property of the type insured by this policy belonging to the **Insured's** direct supplier or the **Insured's** direct customer is damaged by a peril insured against under this policy, and such damage:

- (1) Wholly or partially prevents the **Insured's** direct supplier from supplying their goods and/or services to the **Insured**; or
- (2) Wholly or partially prevents the **Insured's** direct customer from accepting the **Insured's** goods and/or services;

then this policy is extended to cover the actual loss sustained by the **Insured** for its covered loss of business income during the period of time starting with the date of such direct physical loss or damage, and, unless otherwise limited herein, ending on the date when, with the exercise of due diligence and dispatch, the covered damage to that **Insured's** supplier's or **Insured's** customer's property could be repaired, rebuilt or replaced (not to exceed twenty-four (24) months), however this period is not limited by the expiration of the Policy Period.

I. Service Interruption (Time Element Only)

- (1) This policy is extended to cover the actual loss sustained by the **Insured** for its covered loss of business income, and covered extra expense, when such covered loss of business income or extra expense results directly from the interruption of the specified incoming services consisting of electricity, gas, fuel, steam, water, refrigeration, or from the lack of outgoing sewerage service, or from the lack of telecommunications service, but only when such interruption of service results from direct physical loss or damage of the type insured against in this policy to the facilities or equipment (other than overhead transmission and distribution lines, including its related equipment and support structures), of the supplier of such service that is located within 5 statute miles of the **Insured Location**, that immediately prevents such service to the **Insured Location**.
- (2) This Additional Coverage will only apply, however, when the **Period of Service Interruption** is in excess of any applicable waiting period for this coverage, and then subject to the applicable deductible(s) and Sublimit of Insurance.
- (3) Additional General Provisions:
 - (a) The **Insured** will immediately notify the suppliers of services of any interruption of such services; and
 - (b) The Company will not be liable if:
 - (i) the interruption of such services is caused directly or indirectly by the failure of the **Insured** to comply with the terms and conditions of any contracts the **Insured** has for the supply of such specified services, including, but not limited to, any failure to pay; or
 - (ii) if the interruption results from the operation of any fuse, breaker, protective device or similar equipment.

J. Additional Exclusions Applicable to Time Element Extensions

In addition to all the other terms and conditions, including, but not limited to, the other **Exclusions**, this policy does not insure against any:

- (1) Time element loss, including, but not limited to, any loss of business income, during:
 - (a) A planned or scheduled shutdown; or
 - (b) Any strike or other work stoppage; or

- (c) Any period when operations would not have taken place, notwithstanding the covered loss or damage under this policy, including, but not limited to, such cessation of operations due to any loss or damage not insured by this policy;
- (2) Time element loss, including, but not limited to, any loss of business income, due to:
 - (a) Suspension, cancellation or lapse of any lease, contract, license or orders; or
 - (b) Any fines or penalties of any nature; or
 - (c) Any consequential or remote loss; or
- (3) Time element loss, including, but not limited to, any loss of business income, due to any delay in completion or startup of business operations resulting from physical loss or damage to any buildings or structures, including alterations and additions to completed buildings or structures, during the course of construction.
- (4) Time element loss, including, but not limited to, any loss of business income, resulting from loss or damage to finished goods manufactured by the **Insured**, nor during the time required for their reproduction.

10. **CONDITIONS**

A. **Limit of Insurance**

The Company's maximum limit of liability in a single **Occurrence**, regardless of the number or amount of **Insured Locations, Property Insured**, coverages, or **Insureds** involved, will not exceed the lesser of the reported values for each item per the most recent agreed Statement of Values on file with this Company, or the applicable Limit of Insurance (including any applicable Sublimit(s) of Insurance) as provided in the Declarations, Supplemental Declarations, and any endorsement to this policy, as applicable. The Sublimit(s) of Insurance are included within, and are not in addition to, the Limit of Insurance, and the Company shall only be liable for its proportionate share of any loss or damage covered under this policy and any applicable Sublimit(s) of Insurance subject to its maximum limit of liability as provided above. The Company shall have no liability in excess of this amount.

B. **Other Insurance**

This policy shall be excess of any other insurance available to the **Insured** insuring a loss covered hereunder except such other insurance which is written specifically as excess insurance over this policy. When this policy is written specifically in excess of other insurance covering the peril insured hereunder, this policy shall not apply until such time as the amount of the underlying insurance (whether collectible or not) has been exhausted by the payment of loss or damage covered by this policy in excess of the deductible(s) with respect to each and every covered loss.

C. **Deductible**

Each **Occurrence** will be adjusted separately, and the Company will be liable only if the **Insured** sustains a loss in a single **Occurrence** greater than the applicable deductible, in which case the applicable deductible shall be deducted from the amount of the covered loss, and the Company shall only be liable for the excess of the covered loss subject to the applicable limit of insurance. If two or more deductibles apply in the same **Occurrence** we will apply no more than the largest applicable deductible to the covered loss. However, when the applicable deductible is on a unit(s) of insurance basis the separate deductible amounts determined for each such unit of insurance shall not be treated as being separate deductibles for purposes of determining the largest applicable deductible, but rather the combined deductible amounts for the unit(s) of insurance for which claim is being made shall be treated as a single deductible amount.

Percentage Deductibles - Unit(s) of Insurance

When the applicable deductible is on a units of insurance basis, subject to any applicable minimum deductible(s) the amount of the deductible shall be determined by applying the percentages separately to each of the following units of insurance:

- (1) Each covered building or structure, not including the value of its foundations, which has sustained any loss or damage for which claim is being made under this policy;
- (2) All of the covered personal property located within each building or structure if any such personal property has sustained loss or damage for which claim is being made under this policy;
- (3) All covered personal property in the open or Outdoor Property that sustained loss or damage for which claim is being made under this policy;
- (4) The time element values associated with any covered loss or damage to said property if claim is being made under this policy with respect to any of the coverage extensions in Paragraph 9. Time Element Extensions of this policy.

With respect to (1), (2) and (3) above, the values to be used to calculate that portion of the deductible shall be those associated with each such unit of insurance in the most recent agreed Statement of Values on file with this Company or, if not so specified (or for property under construction), the values determined at the time and place of loss.

With respect to (4) above, the values to be used to calculate that portion of the deductible shall be the time element values for the subject location for the twelve (12) month period immediately following the covered loss or damage, considering the most probable experience of the business over that period had no loss or damage occurred.

Once the foregoing calculations have been made the resulting amounts shall be combined and treated as a single deductible for purposes of determining the largest applicable deductible as provided in the first paragraph of C. Deductibles above.

Percentage Deductibles - Per Occurrence Only

When the applicable deductible is on a per **Occurrence** basis only, subject to any applicable minimum deductible(s) the amount of the deductible shall be determined by applying the percentages to the total of the following with respect to each building for which claim is being made, with the combined total of all deductible amounts calculated for all such buildings constituting one deductible for purposes of determining the largest applicable deductible pursuant to this policy:

- (1) With respect to property values, the values to be used to calculate that portion of the deductible shall be those listed in the most recent agreed Statement of Values on file with this Company for that location or, if not so specified (or for property under construction), the values determined at the time and place of loss; plus
- (2) With respect to time element values, the values to be used to calculate that portion of the deductible shall be the time element values for the subject location for the twelve (12) month period immediately following the covered loss or damage, considering the most probable experience of the business over that period had no loss or damage occurred.

D. Debris Removal

The cost of removal of debris shall not be considered in determination of the valuation of the **Property Insured**.

E. Requirements in Case of Loss

The **Insured** will:

- (1) Give immediate written notice to the Company of any loss that may be covered under this policy.
- (2) Preserve and protect the **Property Insured** from further loss or damage.
- (3) Promptly separate the damaged and undamaged property, putting it in the best possible order, and furnishing a complete inventory to the Company of the lost and damaged property, listing in detail the quantities, costs, **Actual Cash Value**, replacement value, and amount of loss claimed for the items claimed.
- (4) Submit a signed and sworn proof of loss to the Company within 60 days after the loss, unless the Company extends that time period in writing, stating, to the best of the knowledge and belief of the **Insured**, as of the date of loss:
 - (a) The time, origin and cause of the loss or damage;
 - (b) The **Insured's** interest in the property for which claim is being made;
 - (c) With respect to the property for which claim is being made: the **Actual Cash Value** and replacement value of each item, all encumbrances thereon, the amount of loss claimed thereto, and any other information requested by the Company;
 - (d) Any changes in the title, use, occupation, location, possession or exposures of the property for which claim is being made since the effective date of this policy;
 - (e) By whom, and for what purpose, the **Insured Location** was occupied and used.

If the Company has not received such proof of loss within two years following the policy's expiration the Company shall be discharged from all liability under this policy.

- (5) Provide the Company copies of documents requested for the claim investigation, including plans and specifications of any buildings, fixtures, machinery or equipment.
- (6) As often as may be reasonably required, by the **Insured** and its representatives:
 - (a) Exhibit to any person designated by the Company the property for which claim is made;
 - (b) Submit to examination under oath by any person designated by the Company and sign the written records of examinations; and
 - (c) Produce for examination at the request of the Company:
 - (i) All books of accounts, business records, bills, invoices and other vouchers; or
 - (ii) Certified copies of any such document in the event that the originals are lost;

at such reasonable times and places that may be designated by the Company or its representative, and permit extracts and copies to be made thereof.

Any claims under this policy will be adjusted with the First Named Insured listed in the Declarations.

In any claim, action, arbitration, suit or proceeding to enforce a claim for loss or damage under this policy, the burden of proving that the loss or damage is recoverable under this policy, and that no limitation or **Exclusion** of this policy applies to such loss or damage, together with the amount of loss recoverable, shall be and remain with the **Insured**.

F. Currency

All amounts, including Premium, Deductibles, Limits of Insurance, and Sublimits of Insurance, contained in or applicable to this policy are in the currency of the United States of America, and all covered losses hereunder will be adjusted and paid in that currency.

G. Valuation

Any loss or damage covered under this policy shall not exceed the lesser of the following, subject to any applicable Limits of Insurance and Sublimits of Insurance:

- (1) The cost to repair;
- (2) The **Replacement Cost**;
- (3) The selling price of real property or machinery and equipment (other than stock) offered for sale on the date of loss;
- (4) With respect to **Valuable Papers and Records**, the cost to reproduce the property as of the date of reproduction, including the cost of gathering and/or assembling information;
- (5) With respect to **Electronic Data Processing Equipment**, the cost to repair or replace new with like kind and quality. In addition, the **Insured** may elect to replace such equipment with equipment having technological advances and/or representing an improvement in function and/or forming part of a program of system enhancement and/or more consistent with the **Insured's** technology strategy (without any reduction or offset for betterment);
- (6) The increased cost of demolition, if any, resulting from loss covered by this policy, if such property is scheduled for demolition;
- (7) The unamortized value of improvements and betterments, if such property is not repaired or replaced at the **Insured's** expense;
- (8) The **Actual Cash Value** if such property is:
 - (a) **Mobile Equipment**; or
 - (b) Vehicle(s); or
 - (c) Useless to the **Insured**; or
 - (d) Not repaired, replaced or rebuilt on the same or another site within two (2) years from the date of loss.

Any covered repairs or replacements will be performed with due diligence and dispatch, and unless such repairs or replacements are made the amount recoverable under this policy will be no more than the **Actual Cash Value** or the amount based on the valuation provided above, whichever is less.

In no event, however, shall any recovery hereunder exceed the applicable Limit of Insurance or Sublimit(s) of Insurance.

H. Vacancy

The **Insured** has permission to cease operations or remain vacant or unoccupied at an **Insured Location** for up to 120 days. Beyond the 120th consecutive day of cessation of operations, vacancy or un-occupancy, whether or not that period of time commenced prior to or during the Policy Period, any loss or damage caused by or resulting, directly or indirectly, from vandalism, sprinkler leakage, glass breakage, water, theft or attempted theft is excluded, however these **Exclusions** will not apply if the **Insured**:

- (1) Maintains heat and service, including electrical and water, to the **Insured Location**; and
- (2) Has active security in place for that **Insured Location**, including either an operational burglar alarm or security person regularly patrolling the property; and

(3) Protects any sprinkler systems against freezing.

I. Subrogation

Any rights the **Insured** (or anyone to whom payment is made) has to recover damages from another are transferred to the Company to the extent of payment under this policy. The **Insured** is required to cooperate in the pursuit of any subrogation claim, suit or proceeding. The Company may require from the **Insured** an assignment or other transfer of all rights of recovery against any party for loss to the extent of the Company's payment.

The Company will not acquire any rights of recovery that the **Insured** has expressly waived in writing prior to a loss, nor will such waiver affect the **Insured's** rights under this policy.

The **Insured**, however, will not waive any such rights of recovery following a loss without our written consent.

Any recovery from subrogation, less costs incurred by the Company in pursuing subrogation, will be payable to the **Insured** in the proportion that the amount of:

- (1) Any applicable deductible; or
 - (2) Any provable uninsured loss,
- bears to the entire provable loss amount.

J. Salvage and Recoveries

All salvages, recoveries and payments recovered or received prior to a loss settlement under this policy shall reduce the loss accordingly. If recovered or received subsequent to a loss settlement under this policy, such net amounts recovered shall be divided between the **Insured** and the Company in the proportion of their respective interests.

K. Misrepresentation and Fraud

This entire Policy will be void if, whether before or after a loss, an **Insured** has:

- (1) Willfully concealed or misrepresented any material fact or circumstance concerning this insurance, the subject thereof, any insurance claim, or the interest of an **Insured**; or
- (2) Made any attempt to defraud the Company; or
- (3) Made any false swearing.

L. Abandonment

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

M. Inspection and Audit

The Company or its agents shall be permitted, but not obligated, to inspect the **Insured's** property and any **Insured Location** at any time during the Policy Period, and the **Insured's** books and records, as they relate to the coverage provided by this policy, any time up to two (2) years following the expiration or earlier termination of this policy.

The Company's right to make such inspections, any inspections themselves, and any reports related thereto shall not constitute an undertaking on behalf of or for the benefit of the **Insured** or any other person or entity, do not warrant or indicate in any way that the **Insured's** property or **Insured Location** is healthful or safe, and are strictly for informational purposes only with respect to the Company's underwriting of this policy.

The Company will have no liability, to the **Insured** or any other person or entity, because of any inspection or failure to inspect.

N. Material Changes

The **Insured** shall notify the Company of any change of circumstances which would materially affect the insurance provided by this policy, including any increase in hazard.

O. Non-Assignment

This policy may not be assigned except with the prior written consent of the Company, and any purported assignment without the Company's prior written consent is null and void.

P. No Rights of Third Parties

This policy is solely between the First Named Insured listed in the Declarations and the Company, and except for an **Insured** or as otherwise specifically provided in or endorsed hereon this policy does not confer any rights or benefits on any third parties, and no such third party may enforce any term of this policy.

Q. Cancellation and Nonrenewal

- (1) The First Named Insured listed in the Declarations may cancel this policy at any time provided it mails or delivers advance written notice to the Company stating when the cancellation is to take effect.
- (2) If the Company cancels this policy because of non-payment of premium, it will mail or deliver to the First Named Insured listed in the Declarations not less than ten (10) days advance written notice stating when the cancellation is to take effect.
- (3) If the Company cancels for any other reason, it will mail or deliver to the First Named Insured listed in the Declarations not less than ninety (90) days advance written notice stating when the cancellation is to take effect.
- (4) Mailing notice to the First Named Insured listed in the Declarations at the mailing address shown for them in the Declarations will be sufficient to prove notice.
- (5) The Policy Period will end on the day and hour stated in the cancellation notice.
- (6) If the Company cancels, final premium will be calculated pro rata based on the time this policy was in force, however the final premium will not be less than any applicable minimum earned premium.
- (7) If the First Named Insured listed in the Declarations cancels, final premium will be more than pro rata; it will be based on the time this policy was in force and increased by the Company's short rate cancellation table and procedure, however final premium will not be less than any applicable minimum earned premium.
- (8) Premium adjustment may be made at the time of cancellation or as soon as practicable thereafter, but the cancellation will be effective even if Company has not made or offered any refund of unearned premium. The check mailed or delivered by the Company or its representative will be sufficient tender of any refund due.
- (9) The First Named Insured listed in the Declarations will act on behalf of all other **Insureds** with respect to the giving and receiving of notice of cancellation and the receipt of any refund that may become payable under this policy.
- (10) This policy shall comply with requirements of applicable state laws and regulations regarding cancellation and nonrenewal, and any provisions that conflict with such laws or regulations regarding cancellation or nonrenewal are hereby modified to comply with the minimum requirements of such laws and regulations.

R. Appraisal

If the **Insured** and the Company fail to agree on the amount of loss, each, upon written demand from the other made within 60 days after the Company's receipt of the **Insured's** sworn proof of loss, shall select a competent and disinterested appraiser. The appraisers shall then select a competent and disinterested umpire. If, after fifteen (15) days, the two appraisers fail to agree upon such umpire, then upon the written

request of either party such umpire shall be selected by a judge of a court of competent jurisdiction in the county in which such appraisal is pending. Then, the appraisers shall appraise the loss at a reasonable time and place, stating separately the value at the time of loss and the amount of loss. If the appraisers fail to agree, they shall submit their differences to the umpire. An award in writing signed by any two of them shall determine the amount of loss. The **Insured** and the Company shall each pay its chosen appraiser and shall bear equally the other expenses of the appraisal and of the umpire.

S. Legal Action Against Company

No one, including the **Insured**, may bring suit or an action against the Company unless:

- (1) There has been full compliance with all of the terms and conditions of the policy; and
- (2) The suit or action is brought within two (2) years after the subject loss or damage, however if, under the applicable laws of the jurisdiction in which the **Insured** or the loss or damage is located, such two (2) year limitation period is invalid, then any such suit or action shall be brought within the shortest limit of time permitted by law.

Service of suit may be made on the Company at the address listed in the Declarations.

T. Joint or Disputed Loss

- (1) The provisions of this clause only apply if all of the following requirements are met:
 - (a) The policy providing Equipment Breakdown or Boiler and Machinery insurance contains a clause substantially the same as this clause; and
 - (b) The subject damage to **Property Insured** was caused by a loss for which we and the carrier who issued that Equipment Breakdown or Boiler and Machinery insurance dispute liability for some or all of the loss, but collectively contend that some or all liability exists under either or both insurance policies.
- (2) If the provisions of this clause apply, we and the carrier who issued that Equipment Breakdown or Boiler and Machinery insurance will each pay, upon satisfactory proof of loss, the amount we agree is insured under our respective policies, and one-half (1/2) of the amount of loss that is in dispute but we agree is covered under either or both policies, however such payments will not alter, waiver or surrender any rights of either party, including, but not limited to, the right to contend that the entire loss amount is payable under the other party's insurance policy, and in no event will the amount we pay exceed the amount we would have paid had no Equipment Breakdown or Boiler and Machinery policy been in effect for the subject loss, nor more than the applicable Limit of Insurance or Sublimits of Insurance.
- (3) The parties will submit their dispute to binding arbitration as mutually agreed within 90 days after such payment. The **Insured** will cooperate with any such arbitration. One arbitrator shall be appointed by each party, and the third arbitrator chosen by the other two arbitrators or, if they cannot agree, selected by a judge of a court of competent jurisdiction. A decision signed by two of the three arbitrators is binding on both parties, with arbitration expenses apportioned between the parties on the same basis that the ultimate loss is apportioned. The party found responsible for the greater percentage shall return the excess contribution to the other insurer, plus liquidated damages in the form of interest from the date the **Insured** invoked this clause to the date of reimbursement to the other insurer of such excess contribution calculated at 1.5 times the highest prime rate from the Money Rates column of the Wall Street Journal during the period that such liquidated damages are calculated.

DEFINITIONS

Actual Cash Value: The amount it would cost to repair or replace **Property Insured**, on the date of loss or damage to such property, with material of like kind and quality, with proper deduction for obsolescence and physical depreciation.

Average Daily Value (ADV): The value obtained by taking the total amount of business income that would have been earned during the **Period of Recovery** had the loss or damage covered under this policy not occurred, and dividing it by the number of working days, had the loss or damage covered under this policy not occurred, during that same **Period of Recovery**. The ADV applies to the entire Covered Location, whether or not the loss or damage affects the entire location, and if claim is being made with respect to more than one Covered Location then the ADV will be based on the combined value with respect to all such Covered Locations.

Earth Movement: Any natural or man-made sudden earth movement, including, but not limited to, earthquake or landslide.

Electronic Data Processing Equipment: Property Insured consisting of one or more computers and computer systems, communication systems, machines, hardware, similar devices, and their related equipment, that are used for data processing operations, including tangible media used to store such data, but does not include any data, programs, or software.

Exclusions: The Exclusions listed in Paragraph 7. of this form, as well as any other Exclusions that have been added by endorsement or that otherwise apply to this policy.

Fine Arts: Property Insured consisting of paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; antique furniture; antique jewelry; porcelains; and similar property of rarity, historical value, or artistic merit.

Flood: The accumulation, rising or overflowing of water onto normally dry land, including, but not limited to, that which results from: rain; surface waters; rising waters; waves (other than Tsunami, which is subject to the terms and conditions applicable to **Earth Movement**); tide or tidal water; storm surge; the release of water, and the rising, overflowing or breaking of boundaries of natural or man-made bodies of water; or any combination or series of any of the foregoing, including spray from any of them, whether or not driven by wind; and sewer back-up resulting from any of the foregoing.

Fungus: Any type or form of fungus, including, but not limited to, mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

High Hazard Flood Zone(s): Any area that is wholly or partially situated in a 100 Year Special Flood Hazard Areas (SFHA) or 100 Year Coastal High Hazard Areas (CHHA), as defined by the U.S. Federal Emergency Management Agency (FEMA), including, but not limited to, those designated as Flood Zones A, AE, AO, AH, AR, A1-A30, A99, V, VE, V1-V30.

Insured: (See Paragraph 1.)

Insured Location(s): (See Paragraph 2.)

Landscaping: Property Insured consisting of plants, trees, shrubs, and other landscape gardening, but not including any fill or land beneath such property.

Lease Interest: As used in Paragraph 9.C. Leasehold Interest of this policy, Lease Interest means the excess rent paid for the same or similar replacement property over the actual rent payable, plus cash bonuses, advance rent paid, and any maintenance or operating charges, for each month during the unexpired term of the **Insured's** lease.

Miscellaneous Locations: Locations owned, leased or rented to the **Insured**, including a locations used to temporarily store covered personal property, that are not an **Insured Location**, New Location, a location for which claim is made under the Additional Coverage for Errors and Omissions, or a location for which coverage is found, in whole or in part, elsewhere in this policy.

Mobile Equipment: Property Insured consisting of land vehicles and equipment, whether or not self-propelled, including any attached machinery and apparatus, if they are:

- (1) Not subject to motor vehicle registration; or
- (2) Used exclusively:
 - (a) On the **Insured's** premises; or

(b) Off public roads; or

(3) Designed and used solely to provide mobility for permanently attached equipment, such as cranes, loaders, pumps, generators, or welding equipment.

Moderate Hazard Flood Zone(s): Any area that is wholly or partially situated in a 500 Year Flood Hazard Area as defined by the U.S. Federal Emergency Management Agency (FEMA), including, but not limited to, those designated as Flood Zones B, X-500, X-Shaded, X-500L.

Named Windstorm: A storm that has been named by the U.S. National Oceanic and Atmospheric Administration's National Weather Service, including its National Hurricane Center, and applies to all wind, in any form, associated with such storm once it has been named and for its duration, regardless of the wind speed, or whether any watch or warning was issued.

Net Lease Interest: As used in Paragraph 9.C. Leasehold Interest of this policy, Net Lease Interest means the sum which, placed at 6% interest rate compounded annually, would equal the Lease Interest, less any amounts otherwise payable as provided in this policy.

New Locations: Locations rented, leased or purchased by the **Insured** after the inception date of this policy.

New Madrid Counties: The following counties and independent cities, as applicable, which are listed by state:

- (1) Arkansas: Arkansas, Clay, Craighead, Crittenden, Cross, Greene, Jackson, Lawrence, Lee, Mississippi, Monroe, Phillips, Poinsett, Randolph, St. Francis, Woodruff;
- (2) Illinois: Alexander, Franklin, Hamilton, Jackson, Jefferson, Johnson, Massac, Perry, Pope, Pulaski, Randolph, Saline, Union, Washington, Williamson;
- (3) Kentucky: Ballard, Calloway, Carlisle, Fulton, Graves, Hickman, Livingston, Marshall, McCracken;
- (4) Mississippi: Alcorn, Benton, Bolivar, Coahoma, DeSoto, Lafayette, Marshall, Panola, Prentiss, Quitman, Sunflower, Tallahatchie, Tate, Tippah, Tishomingo, Tunica, Union;
- (5) Missouri: Bollinger, Butler, Cape Girardeau, Carter, Dunklin, Iron, Madison, Mississippi, New Madrid, Pemiscot, Perry, Ripley, Scott, Stoddard, Wayne; and
- (6) Tennessee: Benton, Carroll, Chester, Crockett, Decatur, Dyer, Fayette, Gibson, Hardeman, Hardin, Haywood, Henderson, Henry, Humphreys, Lake, Lauderdale, Madison, McNairy, Obion, Shelby, Tipton, Weakley.

Non-Covered Property: (See Subparagraphs A. through U. of Paragraph 6.)

Occurrence: Any loss, damage, disaster, or casualty, or series of losses, damages, disasters, or casualties, arising out of or attributable directly or indirectly to a cause, event, or series of similar causes or events, irrespective of the number or amount of **Insureds**, coverages, **Property Insured**, or **Insured Locations** involved, or the distance between them, subject to the following:

- (1) When the term applies to loss or losses from the perils of tornado, cyclone, hurricane, windstorm, hail, **Flood**, volcanic eruption, riot, riot attending a strike, civil commotion, and vandalism and malicious mischief, one event shall be construed to be all losses arising during a continuous period of 72 hours. When filing proof of loss, the **Insured** may elect the moment at which the 72 hour period shall be deemed to have commenced, which shall not be earlier than when the first loss or damage to the **Property Insured** occurs; and
- (2) When the term applies to **Earth Movement**, including earthquake, one event shall be construed to be all loss arising during a continuous period of 168 hours. When filing proof of loss, the **Insured** may elect the moment at which the 168 hour period shall be deemed to have commenced, which shall not be earlier than when the first loss or damage to the **Property Insured** occurs; and
- (3) No such period of time in (1) or (2) above may commence prior to the Policy Period, nor extend beyond the expiration of this policy unless the **Insured** first sustains direct physical damage prior to expiration of this policy.

Pacific Northwest Counties: The following counties and independent cities, as applicable, which are listed by state:

- (1) Washington: Callum, Jefferson, King, Kitsap, Mason Pierce, San Juan, Skagit, Snohomish, Thurston, Watcom; and
- (2) Oregon: Clatsop, Columbia, Tilamook, Washington, Pol, Clackamas, Marion, Hood River, Multnomah, Yamhill.

Period of Recovery: The period of time starting with the date of covered direct physical loss or damage to **Property Insured**, and, unless otherwise limited, ending on the date when, with the exercise of due diligence and dispatch, the covered damage to **Property Insured** could be repaired, rebuilt or replaced as provided under this policy.

Period of Service Interruption: The period of time starting with the time when the covered interruption of the specific service occurs, and ending when, with due diligence and dispatch by the provider, the service could be restored or are actually restored, whichever is earlier.

Pollutants: Any solid, liquid, gaseous or thermal irritant, contaminant or toxic or hazardous substance, including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste, and any substance for which the presence, existence or release of which endangers or threatens to endanger the health, welfare or safety of any persons, property or the environment.

Property Insured: (See Paragraph 6.)

Replacement Cost: The cost to rebuild or replace with new materials of like size, kind and quality, for the same purpose, on the same site, or on another site, but not to exceed the size, operating capacity, and cost to rebuild or replace at the original site, that existed on the date of loss, however there is no coverage for the cost of the land at either site. With respect to replacing unrepairable electrical or mechanical equipment, including computer equipment, Replacement Cost includes replacement with equipment that is the most functionally equivalent to that damaged or destroyed, even if such equipment has technological advantages and/or represents an improvement in function and/or forms part of a system enhancement.

Scheduled Outdoor Property: Outdoor property (other than **Non-Covered Property**) on or away from **Insured Location(s)** that is specifically scheduled or reported on the Statement of Values on file with the Company.

Soft Costs: Those continuing expenses at locations undergoing construction, including alterations or additions to completed buildings or structures, consisting of the following:

- (1) Construction loan fees: the additional cost incurred to rearrange loans necessary for the completion of construction, repairs or reconstruction including the cost to arrange refinancing, accounting work necessary to restructure financing, legal work necessary to prepare new documents, and charges by the lenders for the extension or renewal of loans necessary;
- (2) Commitment fees, leasing and marketing expenses the cost of releasing and marketing of the Insured Project due to loss of tenant(s) or purchaser(s);
- (3) Additional fees: for architects, engineers, consultants, attorneys and accountants needed for the completion of construction, repairs or reconstruction as a direct result of direct physical loss or damage; and
- (4) Carrying costs: building permits, additional interest on loans, insurance premiums and property and realty taxes.

Tier 1 Counties: The following states, counties, and independent cities, as applicable, which are listed by state:

- (1) Alabama: Baldwin, Mobile;
- (2) Florida: The entire state, including all of its counties and independent cities;
- (3) Georgia: Bryan, Camden, Chatham, Glynn, Liberty, McIntosh;
- (4) Hawaii: The entire state, including all of its counties and independent cities;

- (5) Louisiana: Calcasieu, Cameron, Iberia, Jefferson, Lafourche, Livingston, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St John the Baptist, St. Mary, St. Tammany, Terrebonne, Vermilion;
- (6) Mississippi: Hancock, Harrison, Jackson;
- (7) Maryland: Anne Arundel, Baltimore City, Baltimore County, Calvert, Cecil, Dorchester, Harford, Kent, Queen Anne's, Somerset, St. Mary's, Talbot, Wicomico, Worcester;
- (8) North Carolina: Beaufort, Bertie, Brunswick, Camden, Carteret, Chowan, Columbus, Craven, Currituck, Dare, Hyde, Jones, New Hanover, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Tyrrell, Washington;
- (9) South Carolina: Beaufort, Charleston, Colleton, Georgetown, Horry, Jasper;
- (10) Texas: Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Harris, Jackson, Jefferson, Kenedy, Kleberg, Liberty, Matagorda, Nueces, Refugio, San Patricio, Victoria, Willacy; and
- (11) Virginia: Accomack, Chesapeake, Gloucester, Hampton City, Isle of Wight, James City, Lancaster, Mathews, Middlesex, Newport News City, Norfolk City, Northampton, Northumberland, Poquoson City, Portsmouth, Suffolk City, Surry, Virginia Beach, Westmoreland, Williamsburg City, York.

Unscheduled Outdoor Property: Outdoor property (other than **Non-Covered Property**) on or away from **Insured Location(s)** that is not specifically scheduled or reported on the Statement of Values on file with the Company.

Valuable Papers and Records: Property Insured consisting of written, printed, or otherwise inscribed documents and records, including, but not limited to, books, maps, films, drawings, abstracts, deeds, mortgages, micro-inscribed documents, manuscripts, and the media upon which it's recorded, but excluding money, securities, and any other Non-Covered Property.