



PREMIER PROPERTY PROTECTOR™

POLICY COVER PAGE

POLICY NUMBER: YAC-L9L-449363-035	DATE OF ISSUE: 5/9/2025
COMPANY PROVIDING INSURANCE: Employers Insurance Company of Wausau (hereafter referred to as we, us or our)	

In consideration of this Policy's Provisions, Conditions, Stipulations, LIMITS OF LIABILITY and of premium charged, **we** cover property, as described in this Policy, against all risks of direct physical loss or damage, except as hereinafter excluded or limited, while located as described in this Policy.

We insure:

H & S Properties Development Corp. (hereafter referred to as you or your(s))

The term of this Policy is from 05/15/2025 to 05/15/2026 at 12:01 a.m., local time. In the event of a claim, the Policy period is measured by local time at the **location** where the direct physical loss or damage occurs.

PRODUCER NAME AND OFFICE

ECBM LP
1400 N PROVIDENCE RD STE 5025 ROSETREE CORPORATE,
MEDIA, PA 19063

Your policy is issued by a stock insurance company subsidiary of the Liberty Mutual Holding Company Inc., a Massachusetts mutual holding company. The named insured first named in the Declarations is a member of Liberty Mutual Holding Company Inc.

As a member of Liberty Mutual Holding Company Inc., the named insured first named is entitled, among other things, to vote either in person or by proxy at the annual meeting or special meetings of said company. The Annual Meeting of Liberty Mutual Holding Company Inc. is at its offices located at 175 Berkeley Street, Boston, Massachusetts, on the second Wednesday in April each year at ten o'clock in the morning. Members of Liberty Mutual Holding Company Inc. may request a copy of the company's annual financial statements, which are posted on Liberty Mutual's website at www.libertymutual.com or by writing to Liberty Mutual Holding Company Inc., 175 Berkeley Street, Boston, Massachusetts, 02116, Attention: Corporate Secretary.

You may be eligible to participate in the distribution of surplus funds of the company through any dividends that may be declared for this policy. A declaration or payment of dividends is not guaranteed. The amount of any dividends that may be declared shall be to the extent, and upon the conditions fixed and determined by the Board of Directors and in compliance with any laws that apply.

IN WITNESS WHEREOF, the company has caused this Policy to be executed and attested, and, if required by state law, this Policy shall not be valid unless countersigned by a duly authorized representative of the company.

President

Secretary

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SECTION I - DECLARATIONS

A. FIRST NAMED INSURED AND MAILING ADDRESS

H & S Properties Development Corp. and any subsidiary, and the interest of H & S Properties Development Corp. in any partnership or joint venture in which H & S Properties Development Corp. has management control, ownership, or is obligated to insure, as now constituted or hereafter is acquired, as the respective interest of each may appear; all hereafter referred to as **you** or **yours**, including legal representatives.

When any Insured described above is a party to a written contract or agreement on file that requires a legal entity to be identified as an additional insured under this Policy, this Policy includes the legal entity as an additional insured, as its interest may appear, for physical damage to **covered property** which is the subject of the written contract or agreement on file, before any loss occurs; and does not provide any TIME ELEMENT Coverage to the legal entity, except as provided under LEASEHOLD INTEREST of this Policy or as specifically endorsed to the Policy.

650 S. Exeter Street, Suite 200
Baltimore MD, 21202

B. POLICY PERIOD

The term of this Policy is from May 15, 2025 to May 15, 2026 at 12:01 a.m., local time. In the event of a claim, the Policy period is measured by local time at the **location** where the direct physical loss or damage occurs.

C. INSURING AGREEMENT

In consideration of this Policy's Provisions, Conditions, Stipulations, LIMITS OF LIABILITY and of premium charged, **we** cover property, as described in this Policy, against all risks of direct physical loss or damage, except as hereinafter excluded or limited, while located as described in this Policy.

D. PREMIUM

This Policy is issued in consideration of the following initial premium inclusive of any premium shown on endorsements which are part of the Policy at the time of issue.

Policy Premium (Excluding premium for "certified act(s) of terrorism " under the Terrorism Risk Insurance Act (TRIA), as amended):	
Policy Premium for "certified act(s) of terrorism " under the Terrorism Risk Insurance Act (TRIA), as amended: • Policy Premium for Fire Following Acts of Terrorism (in States where required)	Rejected \$0
State or Municipal Taxes, Surcharges and Other Miscellaneous Charges: (See State or Municipal Taxes, Surcharges and Other Miscellaneous Charges summary shown below).	\$0
Total Policy Premium/Other Charges for Above Policy Period:	
Policy Premium will be billed Annual. The Deposit Premium/Other Charges is:	

E. PREMIUM PAYABLE

The First Named Insured pays the premium under this Policy, and any return of the paid premium accruing under this Policy will be paid to the account of the First Named Insured.

Premiums will be paid in the currency designated in paragraph I. CURRENCY.

F. COVERED LOCATION(S)

This Policy applies at a **location(s)**:

1. Listed on a SCHEDULE on file with **us**;
2. Listed on the SCHEDULE attached to this Policy;
3. Covered as a **Miscellaneous Unnamed Location**; or
4. Covered under the terms and conditions of the NEWLY ACQUIRED **LOCATIONS** Coverage or ERRORS AND OMISSIONS Coverage.

G. TERRITORY

Coverage under this Policy applies to **covered property** within the continental United States of America, Hawaii and Puerto Rico.

H. JURISDICTION

The validity and interpretation of this Policy shall be governed by and construed in accordance with the laws of the State of New York.

Any disputes arising hereunder will be exclusively subject to a State or Federal jurisdiction within the United States of America.

I. CURRENCY

All amounts, including deductibles and LIMITS OF LIABILITY, indicated in this Policy are in U.S. Dollars unless otherwise indicated by the three-letter currency designator as defined in Table A.1 Currency and Funds code list, International Standards Organization (ISO) 4217, edition effective at inception of this Policy.

J. DEFINED WORDS

Words in bold face type have special meanings in this Policy and are defined in the DEFINITIONS section of this Policy. These definitions apply to this entire Policy and to any endorsements to it. Definitions that apply to individual sections or paragraphs are italicized and defined in the applicable sections or paragraphs.

K. LIMITS OF LIABILITY

When a POLICY LIMIT OF LIABILITY is specified in the LIMITS OF LIABILITY Table in the Declarations, **our** maximum LIMIT OF LIABILITY in an **occurrence**, including any insured TIME ELEMENT loss, will not exceed the stated POLICY LIMIT OF LIABILITY.

1. When a PROPERTY DAMAGE and TIME ELEMENT LIMIT OF LIABILITY is specified in the LIMITS OF LIABILITY Table in the Declarations, it will apply to all coverages provided throughout this Policy, unless a LIMIT OF LIABILITY or "NCP" (No Coverage Provided) is indicated.
 - a. When a LIMIT OF LIABILITY is specified in the LIMITS OF LIABILITY Table in the Declarations, such limit will be the maximum amount payable for such loss or damage and cannot be combined with any other LIMIT OF LIABILITY.
 - b. If "NCP" is specified in the LIMITS OF LIABILITY, there is no coverage provided in this Policy.

2. LIMITS OF LIABILITY in an **occurrence** apply to the total loss or damage at all **locations** and for all coverages involved, including any insured TIME ELEMENT loss, subject to the following provisions:
 - a. When a LIMIT OF LIABILITY that applies in the aggregate during any Policy year is shown, **our** maximum amount payable will not exceed such LIMIT OF LIABILITY during any Policy year.
 - b. When a LIMIT OF LIABILITY applies to a **location(s)**, specified property, DESCRIBED LOSSES or a specific coverage, the smallest applicable LIMIT OF LIABILITY will be the maximum amount payable.
 - c. Should an **occurrence** result in liability payable under more than one Policy issued to **you** by **us**, or by **our** subsidiaries, partners, or associated insurance companies, the maximum amount payable in the aggregate under all such policies will be the applicable LIMIT(S) OF LIABILITY indicated in this Policy.
 - d. When a LIMIT OF LIABILITY applies to TIME ELEMENT only, **our** maximum amount payable will not exceed such LIMIT OF LIABILITY per **occurrence**.
3. LIMITS OF LIABILITY specified below or elsewhere in this Policy do not increase and are part of and not in addition to the POLICY LIMIT OF LIABILITY or the PROPERTY DAMAGE and TIME ELEMENT LIMIT OF LIABILITY.
4. LIMITS OF LIABILITY apply per **occurrence** unless otherwise specified, including time and distance limits.

LIMITS OF LIABILITY TABLE – PART ONE

COVERAGE	LIMITS OF LIABILITY AND TIME AND DISTANCE LIMITS
POLICY LIMIT OF LIABILITY	\$750,000,000
TIME ELEMENT	\$160,927,313
ACCOUNTS RECEIVABLE	\$10,000,000
ATTRACTION PROPERTY	1 statute miles from a covered location 30 consecutive days, not to exceed \$100,000
BRANDS AND LABELS	\$100,000
CIVIL OR MILITARY AUTHORITY	1 statute miles from a covered location 90 consecutive days, not to exceed \$5,000,000
COMPUTER SYSTEMS NON PHYSICAL DAMAGE and DATA, PROGRAMS OR SOFTWARE, combined	\$25,000
CONTINGENT TIME ELEMENT	
• <i>Direct Dependent Contingent Time Element</i>	\$1,000,000

• <i>Indirect Dependent Contingent Time Element</i>	NCP
CONTROL OF DAMAGED GOODS	\$100,000
COURSE OF CONSTRUCTION	\$5,000,000
CRISIS MANAGEMENT	30 consecutive days, not to exceed \$100,000
DEBRIS REMOVAL	\$5,000,000
DECONTAMINATION COSTS	\$1,000,000
DEFERRED PAYMENTS	\$100,000
DELAY IN STARTUP	\$100,000
DEMOLITION AND INCREASED COST OF CONSTRUCTION	
Damaged, per Section II, D.10.b.1 Limit	\$25,000,000
Undamaged, per Section II, D.10.b.2 Limit	Included
ERRORS AND OMISSIONS	\$5,000,000
EXPEDITING EXPENSE	\$1,000,000
EXTENDED PERIOD OF LIABILITY	365 consecutive days
EXTRA EXPENSE	\$15,000,000
FINE ARTS	\$1,000,000
FIRE DEPARTMENT SERVICE CHARGES	\$1,000,000
IMPOUNDED WATER	30 consecutive days, not to exceed \$25,000
INGRESS / EGRESS	1 statute miles from a covered location 90 consecutive days, not to exceed \$5,000,000
LAND AND WATER CLEANUP, REMOVAL AND DISPOSAL in the annual aggregate	\$1,000,000

LEASEHOLD INTEREST	\$5,000,000
MISCELLANEOUS PERSONAL PROPERTY	\$250,000
Miscellaneous Unnamed Locations	\$5,000,000
Mold, Mildew or Fungus directly resulting from a Covered Loss	\$1,000,000
NEWLY ACQUIRED LOCATIONS	90 consecutive days, not to exceed \$5,000,000
OFF PREMISES INTERRUPTION OF SERVICES – PROPERTY DAMAGE and OFF PREMISES INTERRUPTION OF SERVICES – TIME ELEMENT	\$5,000,000
Ordinary Payroll	90 consecutive days
PROFESSIONAL FEES	\$1,000,000
RADIOACTIVE CONTAMINATION	\$25,000
RENTAL INSURANCE	Included
RESEARCH AND DEVELOPMENT	\$25,000
<i>SOFT COSTS</i>	\$100,000
TAX LIABILITY	\$100,000
TRANSIT	\$1,000,000
VALUABLE PAPERS AND RECORDS	\$10,000,000

LIMITS OF LIABILITY TABLE – PART TWO

COVERAGE	LIMITS OF LIABILITY AND TIME AND DISTANCE LIMITS
EARTH MOVEMENT in the annual aggregate except the following limits apply per occurrence and in the annual aggregate , and are part of and not in	\$50,000,000

addition to the <i>EARTH MOVEMENT</i> annual aggregate limit: Covered property situated in: Puerto Rico Earth Movement, Hawaii Earth Movement, California Earth Movement, Alaska Earth Movement, New Madrid Earth Movement - Zone 1, New Madrid Earth Movement - Zone 2, Pacific NW Earth Movement Zone, Nevada Earth Movement except: Covered property at the location(s) covered by the following Coverage(s) and Limitations: Attraction Property, Civil or Military Authority, Course of Construction, Crisis Management, Direct Contingent Time Element, Errors And Omissions, Indirect Contingent Time Element, Ingress/Egress, Miscellaneous Personal Property, Miscellaneous Unnamed Locations, Newly Acquired Locations, Off Premises Interruption Of Services - PD & TE	NCP NCP
<i>EARTH MOVEMENT</i> SPRINKLER LEAKAGE except: Covered property situated in: Puerto Rico Earth Movement, Hawaii Earth Movement, California Earth Movement, Alaska Earth Movement, New Madrid Earth Movement - Zone 1, New Madrid Earth Movement - Zone 2, Pacific NW Earth Movement Zone, Nevada Earth Movement except: Covered property at the location(s) covered by the following Coverage(s) and Limitations: Attraction Property, Civil or Military Authority, Course of Construction, Crisis Management, Direct Contingent Time Element, Errors And Omissions, Indirect Contingent Time Element, Ingress/Egress, Miscellaneous Personal Property, Miscellaneous Unnamed Locations, Newly Acquired Locations, Off Premises Interruption Of Services - PD & TE	\$50,000,000 NCP NCP
EQUIPMENT BREAKDOWN PROPERTY DAMAGE and TIME ELEMENT	\$100,000,000

Ammonia Contamination	\$1,000,000
CONTINGENT TIME ELEMENT	\$1,000,000
Spoilage Damage	\$1,000,000
FLOOD in the annual aggregate except the following limits apply per occurrence and in the annual aggregate, and are part of and not in addition to the FLOOD annual aggregate limit: Covered property at locations situated in: - Flood Hazard - High - Flood Hazard - Moderate except: Covered property at the location(s) covered by the following Coverage(s) and Limitations: - Attraction Property, Civil or Military Authority, Course of Construction, Crisis Management, Direct Contingent Time Element, Errors And Omissions, Indirect Contingent Time Element, Ingress/Egress, Miscellaneous Personal Property, Miscellaneous Unnamed Locations, Newly Acquired Locations, Off Premises Interruption Of Services - PD & TE	\$10,000,000 \$5,000,000 \$5,000,000 NCP
NAMED STORM except: Covered property at the location(s) covered by the following Coverage(s) and Limitations: - Attraction Property, Civil or Military Authority, Course of Construction, Crisis Management, Direct Contingent Time Element, Errors And Omissions, Indirect Contingent Time Element, Ingress/Egress, Miscellaneous Personal Property, Miscellaneous Unnamed Locations, Newly Acquired Locations, Off Premises Interruption Of Services - PD & TE	Included NCP

ENDORSEMENT LIMITS OF LIABILITY

Endorsement Number	Endorsement Name	LIMITS OF LIABILITY
CNP 90 06 01 20	Disclosure Pursuant to Terrorism Risk Insurance Act	TRIA Rejected
PY 04 04 01 17	Exclusion of Certified Acts of Terrorism	

L. CANCELLATION TIME SPECIFICATIONS

Cancellation for Nonpayment of Premium	Ten (10) days
Cancellation for All Reasons Other Than Nonpayment of Premium	30 days

M. DEDUCTIBLES

Subject to the Deductible General Provisions stated below, **we** will not pay unless a **covered loss**, including any insured TIME ELEMENT loss, exceeds the deductible(s) specified below. **We** will then pay the amount of **covered loss** in excess of the deductible, up to the applicable LIMIT OF LIABILITY.

Deductible General Provisions

We will be liable only if **you** sustain a **covered loss**, including any insured TIME ELEMENT loss, in a single **occurrence** greater than the applicable deductible specified. When this Policy insures more than one (1) **location**, the deductible(s) will apply against the total loss covered by this Policy in an **occurrence** unless otherwise stated.

1. Unless otherwise stated, if two or more deductibles apply to an **occurrence**, the total deductible will not exceed the largest applicable deductible, except as follows:
 - a. When a separate PROPERTY DAMAGE and TIME ELEMENT deductible apply, each will be applied separately.
 - b. If there are multiple **locations** involved in an **occurrence** where two or more deductibles apply to a **location** in an **occurrence**, the largest deductible applying to each **location** will be applied separately to each such **location**, regardless of the number of **locations** involved in the **occurrence**.
 - c. Unless specified otherwise, if deductibles are specified for a **location**, the largest deductible applicable will be applied to that **location** regardless of the number of **locations** involved in the **occurrence**.
 - d. Equipment Breakdown: With regard to Equipment Breakdown coverage, if one or more deductible amounts are shown below, each will be applied separately.
 - e. The stated *EARTH MOVEMENT* deductible will be applied to *EARTH MOVEMENT* loss. The stated *FLOOD* deductible will be applied to *FLOOD* loss. The stated *NAMED STORM* deductible will be applied to *NAMED STORM* loss. Provisions **1.a.** and **1.b.** above will also be applied to each.

2. When a percent deductible is specified, whether separate or combined, the deductible amount will be determined as follows:
 - a. **PROPERTY DAMAGE:** The percentage of the total reported values on file with **us** for the **covered property** at the corresponding **location(s)** (including sub-**locations**) where the direct physical loss or damage occurred; plus
 - b. **TIME ELEMENT:** The percentage of the full **TIME ELEMENT** values that would have been earned in the 12-month period following the **occurrence**, had no loss occurred, by use of the facilities at the **location** where the direct physical loss or damage occurred, plus that proportion of the full **TIME ELEMENT** values at all other **locations** where **TIME ELEMENT** loss ensues that was directly affected by use of such facilities and that would have been earned in the 12-month period following the **occurrence**.
 - c. **Equipment Breakdown:** The percentage of the gross amount of loss, damage or expense (prior any deductible) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated minimum deductible, the minimum deductible will be the applicable deductible.
3. When a minimum deductible is shown, the minimum deductible is the sum of:
 - a. The specific **location** deductible for each covered **location** where the amount of physical loss or damage exceeds the specific **location** deductible; and
 - b. The amount of physical loss or damage for each covered **location** where the amount of physical loss or damage is less than the specific **location** deductible.
4. When an average daily value deductible is provided, this deductible will be determined as follows:
 - a. The total amount of **TIME ELEMENT** loss applicable for the entire **location** where the direct physical loss or damage happens will be included.
 - b. Divide the result in Paragraph **a.** by the number of days the business would have been open during the **PERIOD OF LIABILITY**. The result is the average daily value.
 - c. Multiply the average daily value in Paragraph **b.** by the number of days specified in the **DEDUCTIBLE TABLE** below.

If more than one (1) **location** is included in the valuation of the loss, the average daily value will be the combined value of all affected **locations**.
5. When a per unit deductible is specified, the following shall be considered a separate unit of insurance:
 - a. Each separate building, the contents of each separate building and **covered property** in each yard at that covered **location**.
 - b. **TIME ELEMENT** loss as applicable, including all other **locations** where **TIME ELEMENT** loss ensues as provided by this Policy.
6. When a time deductible is shown, **we** will not be liable for any loss under that coverage that occurs during that specified time period immediately following the direct physical loss or damage. If a time deductible is shown in days, each day shall mean twenty four (24) consecutive hours.
7. When a deductible is shown in the Declarations for a **NAMED STORM**, the following applies:

- a. All direct physical loss or damage to **covered property** including TIME ELEMENT loss caused by or resulting from a *NAMED STORM* will be subject to the deductible obtained by calculating all of the following:
- (1) The sum of all applicable percentage deductibles calculated as described in Deductible General Provisions Item **2.** above, subject to any applicable minimums or maximums; and
 - (2) Any other applicable deductible amounts.

DEDUCTIBLE TABLE – PART ONE

Coverage	Deductible Percentage / Amounts
Policy Deductible (except as otherwise indicated)	\$25,000
All direct physical loss or damage to covered property (including any insured TIME ELEMENT loss) caused by or resulting from water damage, other than water damage caused by flood, fire or wind PROPERTY DAMAGE and TIME ELEMENT	\$250,000
TRANSIT	\$25,000
Fine Arts	\$25,000

DEDUCTIBLE TABLE – PART TWO

Coverage	Deductible Percentage / Amounts
EARTH MOVEMENT	\$25,000
EARTH MOVEMENT SPRINKLER LEAKAGE	\$25,000
EQUIPMENT BREAKDOWN	
PROPERTY DAMAGE and TIME ELEMENT	\$25,000
FLOOD	\$25,000
except: Covered property at locations situated in: Flood Hazard - High	\$500,000,

Flood Hazard - Moderate	applying per location Real Property \$500,000, applying per location Personal Property \$500,000, applying per location Time Element \$100,000, applying per location
NAMED STORM except: • Covered property situated in: Named Storm Tier 2 - NC to TX Named Storm Tier 1 - VA to ME Named Storm Tier 1 - NC to TX	\$25,000 5% subject to \$100,000 minimum 2% per occurrence subject to \$250,000 minimum per occurrence 5% subject to \$250,000 minimum

OCCURRENCE TIME SPECIFICATIONS

<i>EARTH MOVEMENT</i>	continuous 72 hours
<i>NAMED STORM</i>	continuous 72 hours

N. QUALIFYING PERIOD(S)

A *qualifying period* applies for the coverages shown in the Table below. *Qualifying period* is the period of time that must be exceeded for coverage to apply. Once the *qualifying period* has been exceeded, coverage applies from the initial event of loss.

QUALIFYING PERIOD TABLE

Coverage	QUALIFYING PERIOD
COMPUTER SYSTEMS NON PHYSICAL DAMAGE and DATA, PROGRAMS OR SOFTWARE, combined	24 hours
CRISIS MANAGEMENT	24 hours
OFF PREMISES INTERRUPTION OF SERVICES – PROPERTY DAMAGE AND TIME ELEMENT	24 hours

SECTION II – PROPERTY DAMAGE

A. COVERED PROPERTY

1. **We** cover **you** insurable interest in the following types of property that are located at or within one-thousand (1,000) feet of a covered **location**, unless otherwise excluded:

- a. **Real Property**, including new buildings, structures and additions in the COURSE OF CONSTRUCTION.
- b. **Personal Property**, including *personal property of others*.

Personal property of others are tangible things that **you** do not own, other than **real property**, that:

- (1) are sold by **you** and that **you** have agreed, prior to loss, to insure for the account of the purchaser during delivery;
- (2) **you** have agreed in writing prior to any loss or damage to provide coverage;
- (3) are in **your** care, custody or control;
- (4) **you** have an insurable interest in, or an obligation to provide coverage;
- (5) **you** are legally liable for;
- (6) are improvements and betterments consisting of fixtures, alterations, installation or additions comprising part of a building not owned by **you** and acquired or made at **your** expense which **you** cannot legally move, but only to the extent of **your** insurable interest therein; or
- (7) are **personal property** (other than vehicles) of **your** employees and officers.

2. **We** also cover the interest of contractors and subcontractors in **covered property** during construction at or within one-thousand (1,000) feet of a covered **location** to the extent of **your** legal liability for direct physical loss or damage to such property. Such interest of contractors and subcontractors is limited to the property for which they have been hired to perform work and such interest will not extend to any TIME ELEMENT coverage provided under this Policy.

B. PROPERTY NOT COVERED

We do not cover the following types of property:

1. Aircraft, except when unfueled and manufactured by **you**;
2. Animals, standing timber including undisturbed natural wooded areas, or growing crops;
3. Bridges or tunnels, however pedestrian walkways connecting buildings are covered;
4. Caves, caverns, mines of any type, or any property contained within them;
5. Contraband or property in the course of illegal transportation or trade;
6. Currency, money, negotiable and non-negotiable instruments, notes or securities;
7. Dams, dikes, levees, docks, wharfs, piers or bulkheads;
8. **Electronic data**, computer programs or software, except when they are stock in process, finished stock manufactured by **you**, raw materials, supplies, other merchandise not manufactured by **you** or as provided in this Policy;
9. Land and any substance in or on land except this exclusion does not apply to **land improvements**;
10. **Land improvements** at a golf course;
11. Overhead transmission and distribution systems located more than one-thousand (1,000) feet away from a covered **location**;
12. *Personal property of others* that is in the care, custody or control of **you** or **your** affiliates for which **you** are acting as a warehouseman, bailee for hire, or carrier for hire.
13. Precious metals or precious stones, except when used in industrial or service operations;
14. Property in transit, except as otherwise provided by this Policy;
15. Property more specifically insured, except for any excess over any LIMITS OF LIABILITY of such more specific insurance;
16. Property sold by **you** under conditional sale, trust agreement, installment plan or other deferred payment plan after delivery to **your** customers, except as provided by the DEFERRED PAYMENTS coverage of this Policy;
17. Spacecraft, satellites, associated launch vehicles and any property contained therein;
18. Vehicles otherwise insured for physical loss or damage;
19. Water except this exclusion does not apply to water that is contained within any enclosed tank, piping system or any other processing equipment; or

20. Watercraft, except watercraft **you** manufacture and are part of **your** inventory while being stored un-fueled and on dry land at a covered **location**.

C. EXCLUSIONS

The following exclusions apply unless otherwise stated in this Policy:

1. **We** do not cover:

- a. Indirect or remote loss or damage;
- b. Interruption of business, except to the extent provided by this Policy;
- c. Loss of market or loss of use;
- d. Loss or damage or deterioration arising from any delay;
- e. Mysterious disappearance, loss or shortage disclosed on taking inventory, or any unexplained loss;
- f. Loss or damage from enforcement of any law or ordinance:
 - (1) Regulating the construction, repair, replacement, use or removal, including debris removal, of any property; or
 - (2) Requiring the demolition of any property, including the cost in removing its debris;except as provided by the DECONTAMINATION COSTS and DEMOLITION AND INCREASED COST OF CONSTRUCTION coverages of this Policy;
- g. Loss resulting from the voluntary parting with title or possession of property if induced by any fraudulent act or by false pretense; or
- h. Loss or damage caused by or resulting from freezing, disease or drought to landscape gardening, including plants, trees and shrubs.

2. **We** do not cover physical loss or damage directly or indirectly caused by or resulting from any of the following regardless of any other cause or event, whether or not insured under this Policy, contributing to the loss concurrently or in any other sequence:

- a. **Terrorism**, including action in hindering or defending against an actual or expected incident of **terrorism**, but this exclusion applies only when one of the following are attributed to an incident of **terrorism**:
 - (1) The **terrorism** is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive **contamination**; or
 - (2) Radioactive material is released, and it appears that one purpose of **terrorism** was to release such material; or
 - (3) The **terrorism** is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
 - (4) Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the **terrorism** was to release such materials; or
 - (5) Loss or damage to property located outside of the United States, unless there is a law in effect in the jurisdiction where the loss or damage occurs that expressly prohibits this exclusion; or

- (6) The total of all damage to property, whether covered by this Policy or otherwise, exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, **we** will include all insured damage sustained by property of all persons and entities affected by the **terrorism** and business interruption (TIME ELEMENT) losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any **terrorism** exclusions. Multiple incidents of **terrorism** which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one (1) incident, for the purpose of determining whether the threshold is exceeded.

With respect to this item **2.a.(6)**, the immediately preceding paragraph describes the threshold used to measure the magnitude of an incident of **terrorism** and the circumstances in which the threshold will apply, for the purpose of determining whether this exclusion will apply to that incident. When the exclusion applies to an incident of **terrorism**, there is no coverage in this Policy.

However, this exclusion does not apply:

- (1) If **terrorism** results in fire, in which case **we** cover the direct physical loss or damage caused by the fire but only if there is a statute in effect in the jurisdiction where the loss or damage occurs that expressly prohibits the exclusion of fire losses resulting from **terrorism**. This exception is subject to all applicable Policy provisions including the LIMIT OF LIABILITY on the affected property. Such coverage for ensuing loss applies only to direct loss or damage by fire to **covered property**. This coverage does not apply to insurance provided under any TIME ELEMENT coverages, or to fire legal liability coverage; or
- (2) While the United States **Terrorism** Risk Insurance Act (TRIA), as amended, is in effect:
- (a) To loss or damage caused by a "Certified Act of **Terrorism**" provided that **you** elected coverage for such, and only to the extent provided by the terms and conditions of the applicable CERTIFIED ACTS OF **TERRORISM** AND DISCLOSURE PURSUANT TO **TERRORISM** RISK INSURANCE ACT endorsement; or
- (b) To loss or damage caused by **terrorism** that would have been certified as an "act of **terrorism**", but was not certified solely because the total of all property and casualty insurance losses resulting from the act failed to exceed the \$5,000,000 "certified act of **terrorism**" threshold specified under TRIA.
- b. Nuclear reaction or nuclear radiation or radioactive **contamination**. However, this exclusion does not apply if:
- (1) The RADIOACTIVE **CONTAMINATION** PROPERTY DAMAGE COVERAGE AND LIMITATION applies but only to the extent provided; or
- (2) Fire directly results from the nuclear reaction, nuclear radiation, or radioactive **contamination**, in which case **we** cover the physical loss or damage caused by the fire but only if there is a statute in effect in the jurisdiction where the loss or damage happens that expressly prohibits the exclusion of fire losses resulting from nuclear reaction, radiation or **contamination**.
- c. Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack by any:
- (1) Government or sovereign power (de jure or de facto);
- (2) Military, naval or air force; or
- (3) Agent or authority of any party specified in (1) or (2) above.

- d. Discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion or radioactive force, whether in time of peace or war and regardless of who commits the act.
- e. The unlawful possession, use, release, discharge, dispersal or disposal of any chemical, biological, viral, radioactive or similar agents or matter, whether in time of peace or war and regardless of who commits the act.
- f. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an event.
- g. Seizure or destruction under quarantine or custom regulation, or confiscation by order of any governmental or public authority.
- h. Risks of contraband, or illegal transportation or trade.
- i. Any criminal, fraudulent or dishonest act, including theft, committed alone or in collusion with others:
 - (1) By **you** 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 **you** to do anything in connection with property insured under this Policy.

However, **we** do cover direct physical loss or damage intentionally caused by **your** employee or any individual specified in (2) above provided that said individuals acted without **your** knowledge.

- j. Lack of the following services:

- (1) Incoming electricity, fuel, water, gas, steam or refrigerant;
- (2) Outgoing sewerage; or
- (3) Incoming or outgoing voice, data or video,

all when caused by an event away from the covered **location** except as provided in the ON/OFF PREMISES INTERRUPTION OF SERVICES coverages of this Policy. But, if the lack of such a service causes physical loss or damage of the type insured by this Policy at a covered **location**, then only that resulting damage is covered.

- 3. **We** do not cover the following, but, if direct physical loss or damage not excluded by this Policy results, then **we** cover that resulting damage only:
 - a. Faulty workmanship, material, construction or design.
 - b. Loss or damage to stock or material attributable to manufacturing or processing operations while such stock or material is being processed, manufactured, tested, or otherwise worked on.
 - c. Deterioration, depletion, rust, corrosion or erosion, wear and tear, inherent vice or latent defect.
 - d. Settling, cracking, shrinking, bulging, or expansion of:
 - (1) Foundations (including any pedestal, pad, platform or other property supporting machinery)
 - (2) Floors
 - (3) Pavements

(4) Walls, including retaining walls

(5) Ceilings

(6) Roofs

- e. Extremes or changes in temperature (except to machinery or equipment) or changes in relative humidity, all whether atmospheric or not.
- f. Cumulative effects of smog, smoke, vapor, liquid and dust.
- g. Insect, animal or vermin damage.
- h. Loss or damage to the interior portion of buildings under construction caused by rain, sleet or snow, whether or not driven by wind, when the installation of the roof, walls or windows of such buildings has not been completed.

4. **We** do not cover the following unless directly resulting from a **covered loss**:

- a. **Contamination**, and any cost due to **contamination** including the inability to use or occupy property or any cost of making property safe or suitable for use or occupancy, except as provided elsewhere in this Policy.
- b. Shrinkage.
- c. Changes in color, flavor, texture or finish.
- d. Remediation, change, correction, repair or assessment of any date or time recognition in any **electronic data processing equipment** or media.
- e. Failure of **electronic data processing equipment** or media to correctly recognize, interpret, calculate, compare, differentiate, sequence, access or process data involving one or more dates or times.

D. PROPERTY DAMAGE COVERAGES AND LIMITATIONS

We provide the following PROPERTY DAMAGE COVERAGES AND LIMITATIONS for a **covered loss** as specified in the LIMITS OF LIABILITY Table in the Declarations, subject to the terms, conditions and exclusions of this Policy.

1. ACCOUNTS RECEIVABLE

- a. **We** cover the following resulting from a **covered loss** to accounts receivable records located while anywhere within the Policy territory, including while in transit:
 - (1) Any shortage in the collection of accounts receivable.
 - (2) The interest charges on any loan to offset such impaired collection pending repayment of such uncollectible sum. Unearned interest and service charges on deferred payment accounts and normal credit losses on bad debts will be deducted in determining the amount recoverable.
 - (3) The reasonable and necessary cost incurred for material and time required to re-establish or reconstruct accounts receivable records excluding any costs covered by any other insurance.
 - (4) Any other necessary and reasonable costs incurred to reduce the loss, to the extent the losses are reduced.
- b. Accounts receivable records include records stored as **electronic data**. In the event of loss, **you** will:

- (1) Use all reasonable efforts, including legal action, if necessary, to effect collection of outstanding accounts receivable.
- (2) Reduce the loss by use of any property or service owned or controlled by **you** or obtainable from other sources.
- (3) Reconstruct, if possible, accounts receivable records so that no shortage is sustained.
- c. The settlement of loss will be made within ninety (90) days from the date of the **covered loss**. All amounts recovered by **you** on outstanding accounts receivable on the date of loss will belong and be paid to **us** up to the amount of loss paid by **us**. All recoveries exceeding the amount paid will belong to **you**.
- d. **We** do not cover shortage resulting from:
 - (1) Bookkeeping, accounting or billing errors or omissions; or
 - (2) Alteration, falsification, manipulation; or
 - (3) Concealment, destruction or disposal, of accounts receivable records committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property; but only to the extent of such wrongful giving, taking, obtaining or withholding.

2. BRANDS AND LABELS

In the event of a **covered loss** to **your** branded or labeled merchandise, and **we** elect to take all or any part of that property, **you** may at **our** expense:

- a. Stamp "salvage" on the property or its containers; or
- b. Remove or obliterate the brands or labels,

if doing so will not damage the property.

You must re-label such property or its containers to be in compliance with any applicable law.

3. CONTROL OF DAMAGED GOODS

We grant control to **you** of physically damaged **covered property** consisting of finished goods manufactured by or for **you** as follows:

- a. **You** will have full rights to the possession and control of damaged property in the event of physical damage to **your covered property** provided proper testing is done to show which property is physically damaged.
- b. Using reasonable judgment, **you** will decide if the physically damaged **covered property** can be reprocessed or sold.
- c. Property **you** determine to be unfit for reprocessing or selling will not be sold or disposed of except by **you**, or with **your** consent.

Any salvage proceeds received will reduce the recoverable loss.

4. COURSE OF CONSTRUCTION

- a. **We** cover direct physical loss or damage at a covered **location** to buildings or structures that **you** begin to construct during the Policy period.

- b. **We** also cover materials, supplies, machinery, equipment and fixtures:
 - (1) At a covered **location** and intended for installation in the new construction;
 - (2) After such property has been delivered to **you** or **your** contractor, and while such property is located offsite at a storage **location**; or
 - (3) After such property has been delivered to **you** or **your** contractor, and while such property is in transit from a storage **location** to another storage **location** or to a covered **location**.
- c. This coverage only applies to the construction of **covered property you** intend to own or occupy once constructed.
- d. This coverage does not apply to any property owned or rented by any contractor or subcontractor.

5. DATA, PROGRAMS OR SOFTWARE

- a. **We** cover direct physical loss or damage to **your electronic data**, computer programs or software, including direct physical loss or damage caused by the malicious introduction of a machine code or instruction, while anywhere within this Policy's territory, including:
 - (1) The cost of the following reasonable and necessary actions taken by **you** provided such actions are taken due to actual insured physical loss or damage to **electronic data**, computer programs or software:
 - (a) Actions to temporarily protect and preserve insured **electronic data**, computer programs or software.
 - (b) Actions taken for the temporary repair of insured physical loss or damage to **electronic data**, computer programs or software.
 - (c) Actions taken to expedite the permanent repair or replacement of such damaged property.
 - (2) **Your** reasonable and necessary cost to temporarily protect or preserve covered **electronic data**, computer programs or software against immediately impending direct physical loss or damage to **electronic data**, computer programs or software. In the event that there is no direct physical loss or damage, the costs covered under this item will be subject to the deductible that would have applied had there been such direct physical loss or damage.
- b. With respect to destruction, distortion or corruption caused by the malicious introduction of machine code or instruction, this PROPERTY DAMAGE COVERAGE AND LIMITATION will apply only when the *qualifying period* specified in the *Qualifying Period* Table in the Declarations is exceeded.
- c. Any amounts recoverable under this PROPERTY DAMAGE COVERAGE AND LIMITATION are excluded from coverage elsewhere in this Policy.
- d. This PROPERTY DAMAGE COVERAGE AND LIMITATION excludes loss or damage to **electronic data**, computer programs or software when they are stock in process, finished stock manufactured by **you**, raw materials, supplies or other merchandise not manufactured by **you**.
- e. With respect to this PROPERTY DAMAGE COVERAGE AND LIMITATION, the following additional exclusions apply:
 - (1) Errors or omissions in processing or copying; and
 - (2) Loss or damage to **electronic data**, computer programs or software from errors or omissions in programming or machine instructions.

6. DEBRIS REMOVAL

- a. **We** cover **your** reasonable and necessary costs to remove debris from a covered **location** that remains as a direct result of a **covered loss**.
- b. This PROPERTY DAMAGE COVERAGE AND LIMITATION covers the costs of removal of contaminated **covered property** or the **contaminant** in or on **covered property** only if the **contamination**, due to the actual presence of **contaminant(s)**, results from a **covered loss**.
- c. This PROPERTY DAMAGE COVERAGE AND LIMITATION does not cover the costs of removal of:
 - (1) Contaminated uninsured property; or
 - (2) The **contaminant** in or on uninsured property,whether or not the **contamination** results from a **covered loss**.

7. DECONTAMINATION COSTS

- a. **We** cover **your** decontamination costs directly resulting from a **covered loss** at a covered **location** subject to the following conditions:
 - (1) These decontamination costs must be a direct result of enforcement of the law or ordinance that is in force at the time of the loss regulating decontamination; and
 - (2) The amount **we** cover includes the increased cost to remove **your** contaminated **covered property** to comply with the law or ordinance.
- b. **We** do not cover costs required for removing contaminated uninsured property or the **contaminant** therein or thereon, whether or not the **contamination** resulted from a **covered loss**.

8. DEFENSE FOR PERSONAL PROPERTY OF OTHERS

- a. **We** cover the cost to defend that part of any suit against **you** alleging direct physical loss or damage of the type insured by this Policy to personal property of others of the type insured by this Policy, in **your** custody, and while at a covered **location**. **We** may without prejudice undertake any investigation, negotiation or settlement of any such claim or suit as **we** deem appropriate.
- b. **We** do not cover the cost to defend any suit against **you** when **you** are acting as a warehouseman, bailee for hire, or carrier for hire.

9. DEFERRED PAYMENTS

- a. **We** cover direct physical loss or damage to **personal property** of the type insured by this Policy sold by **you** under a conditional sale or trust agreement or any installment or deferred payment plan and after such property has been delivered to the buyer. Coverage is limited to the unpaid balance for such property. In the event of loss to property sold under deferred payment plans, **you** will use all reasonable efforts, including legal action, if necessary, to effect collection of outstanding amounts due or to regain possession of the property.
- b. **We** do not cover loss:
 - (1) Pertaining to products recalled including **your** costs to recall, test or to advertise such recall.
 - (2) From theft or conversion by the buyer of the property after the buyer has taken possession of such property.

(3) To the extent the buyer continues payments.

(4) Not within this Policy's territory.

10. DEMOLITION AND INCREASED COST OF CONSTRUCTION

a. **We** cover **your** reasonable and necessary costs that are described in Item **b.** below, actually incurred to satisfy the minimum requirements of the enforcement of any law or ordinance regulating the demolition, construction, repair, replacement or use of **covered property** consisting of buildings, structures, machinery and equipment at a covered **location**, provided:

(1) Such law or ordinance is in force on the date of the **covered loss**;

(2) Its enforcement is a direct result of a **covered loss**; and

(3) The buildings, structures, machinery and equipment were in compliance with such law or ordinance, regardless of any lack of enforcement, prior to the **covered loss**.

b. This PROPERTY DAMAGE COVERAGE AND LIMITATION, as respects the property insured in Item **a.** above, covers:

(1) The cost incurred to demolish, repair or rebuild the physically damaged portion of such property with materials and in a manner to satisfy such law or ordinance; and

(2) The cost incurred:

(a) To demolish the physically undamaged portion of such property insured; and

(b) To rebuild it with materials and in a manner to satisfy such law or ordinance,

when the demolition of the physically undamaged portion of such property is required to satisfy such law or ordinance, as a result of a **covered loss**.

c. This PROPERTY DAMAGE COVERAGE AND LIMITATION excludes any costs incurred as a result of the enforcement of any law or ordinance regulating pollution.

d. The amount **we** cover for this PROPERTY DAMAGE COVERAGE AND LIMITATION at each covered **location** in any one (1) **occurrence** will not exceed the actual cost incurred in demolishing the physically damaged and undamaged portions of the property covered in item **a.** above plus:

(1) If rebuilt on the same site, the actual cost incurred in rebuilding there; or

(2) If rebuilt on another site, the lesser of:

(a) The actual cost incurred in rebuilding on the other site, excluding the cost of land; or

(b) The cost that would have been incurred to rebuild on the same site.

11. ERRORS AND OMISSIONS

a. If direct physical loss or damage is not covered under this Policy solely because of an error or unintentional omission made by **you**:

(1) In the description of where **covered property** is physically located; or

(2) To include any **location**:

(a) Owned, rented or leased by **you** on the effective date of this Policy; or

- (b) Purchased, rented or leased by **you** during the term of the Policy; or
- (3) That results in termination of the coverage provided by this Policy, except for cancellation due to nonpayment of premium,

we cover the amount **we** would have paid, including any TIME ELEMENT loss, had the error or omission not been made.

- b. This coverage does not apply to the failure to report values, or the reporting of inaccurate values of **covered property**.
- c. This PROPERTY DAMAGE COVERAGE AND LIMITATION does not apply if coverage is provided elsewhere in this Policy.
- d. **You** must report such errors or unintentional omissions to **us** in writing as soon as they are discovered.

12. EXPEDITING EXPENSE

- a. **We** cover **your** reasonable and necessary costs:
 - (1) For the temporary repair of **covered property** from a **covered loss**; and
 - (2) To expedite the permanent repair or replacement of such damaged property.
- b. This PROPERTY DAMAGE COVERAGE AND LIMITATION does not cover costs recoverable elsewhere in this Policy, including the cost of permanent repair or replacement of damaged property.

13. FINE ARTS

- a. **We** cover direct physical loss or damage to **your fine arts** while anywhere within this Policy's territory, including while in transit.
- b. The following additional exclusions apply:

We do not cover:

 - (1) Loss or damage sustained from any repair, restoration, or retouching process;
 - (2) Breakage of art glass windows, statuary, marble, glassware, bric-a-brac, porcelains, and similar fragile articles, unless caused by fire, lightning, aircraft, theft and or attempted theft, windstorm, *EARTH MOVEMENT*, *FLOOD*, explosion, vandalism, collision, derailment or overturn of conveyance.

14. FIRE DEPARTMENT SERVICE CHARGES

We cover the reasonable and necessary:

- a. Fire department firefighting charges imposed as a result of responding to a fire in, on or exposing the **covered property**.
- b. Costs incurred by **you** to restore and recharge fire protection systems following a **covered loss**.

15. LAND AND WATER CLEANUP, REMOVAL AND DISPOSAL

- a. For uninsured property at a covered **location** consisting of land, water, or any other substance in or on land or water at a covered **location**, **we** cover **your** reasonable and necessary cost for the cleanup,

removal and disposal of the actual presence of **contaminant(s)** from that property if the release, discharge or dispersal of such **contaminant(s)** is a result of a **covered loss**.

b. This PROPERTY DAMAGE COVERAGE AND LIMITATION does not apply:

(1) At any **location** insured for **personal property** only;

(2) At any **location**, or to any property, covered under the NEWLY ACQUIRED **LOCATIONS** or ERRORS AND OMISSIONS coverages provided by this Policy or at a **Miscellaneous Unnamed Location**; or

(3) If **you** fail to give **us** written notice within one hundred eighty (180) days after the loss.

16. MISCELLANEOUS **PERSONAL PROPERTY**

a. **We** cover direct physical loss or damage, that occurs away from a covered **location** but within the Policy's territory, to **personal property** of the type covered under this Policy, which is:

(1) Owned by **you**; or

(2) Owned by others and in **your** care, custody and control, but only to the extent **you** are obligated to insure it for direct physical loss or damage under the type of coverage provided under this Policy.

b. This PROPERTY DAMAGE COVERAGE AND LIMITATION excludes coverage that is provided elsewhere in this Policy.

17. NEWLY ACQUIRED **LOCATIONS**

a. **We** cover physical loss or damage to property of the type insured from a loss of the type insured at any **location you** purchase, lease or rent after the inception date of this Policy.

b. This PROPERTY DAMAGE COVERAGE AND LIMITATION applies:

(1) From the date of purchase, lease or rental,

(2) Until the first of the following occurs:

(a) The **location** is bound by **us**;

(b) Agreement is reached that the **location** will not be insured under this Policy; or

(c) The time limit specified in the LIMITS OF LIABILITY Table in the Declarations has been reached. The time limit begins on the date of purchase, lease or rental.

18. OFF PREMISES INTERRUPTION OF SERVICES – PROPERTY DAMAGE

a. **We** cover physical loss or damage to **covered property** at a covered **location** when such physical loss or damage results from:

(1) The interruption of incoming services consisting of electricity, gas, fuel, steam, water, refrigeration, voice, data, video; or

(2) The interruption of outgoing sewerage service,

by reason of a loss of the type insured by this Policy at the facilities of the supplier of such service located within this Policy's territory, that immediately prevents in whole or in part the delivery of such usable service.

- b. This PROPERTY DAMAGE COVERAGE AND LIMITATION will apply only when the interruption exceeds the *qualifying period* specified in the *Qualifying Period Table* in the Declarations.
- c. For purposes of this PROPERTY DAMAGE COVERAGE AND LIMITATION, the *period of service interruption* is the period starting with the time when an interruption of specified services occurs; and ending when the service could be wholly restored.
- d. Additional General Provisions:
 - (1) **You** will immediately notify the suppliers of services of any interruption of any such services.
 - (2) **We** will not be liable if the interruption of such services is caused directly or indirectly by **your** failure to comply with the terms and conditions of any contracts **you** have for the supply of such specified services.
- e. **We** do not cover loss or damage caused by or resulting from the use of services provided by or through a satellite.
- f. Exclusion **C.3.e.** does not apply to this PROPERTY DAMAGE COVERAGE AND LIMITATION.

19. PROFESSIONAL FEES

- a. **We** cover **your** reasonable costs for **your** employees or auditors, architects, accountants and engineers whom **you** hire to prepare and verify the details of a claim from a **covered loss**.
- b. Professional fees covered under this PROPERTY DAMAGE COVERAGE AND LIMITATION, however, do not include:
 - (1) Any fees or expenses of attorneys;
 - (2) Any fees or expenses of public adjusters, loss appraisers or any of their subsidiaries or associated entities;
 - (3) Fees based on a contingency; or
 - (4) Fees of loss consultants who provide consultation on coverage or negotiate claims.
- c. This PROPERTY DAMAGE COVERAGE AND LIMITATION is subject to the deductible that applies to the loss.

20. PROTECTION AND PRESERVATION OF PROPERTY

- a. **We** cover **your** reasonable and necessary costs to temporarily protect or preserve **covered property** provided such actions are necessary due to actual, or to prevent immediately impending threat of, physical loss or damage of the type covered by this Policy to such **covered property**.
- b. This PROPERTY DAMAGE COVERAGE AND LIMITATION is subject to the deductible provisions that would have applied had the physical loss or damage happened.

21. RADIOACTIVE CONTAMINATION

- a. **We** cover radioactive **contamination** to property of the type insured by this Policy from a **covered loss**.

Radioactive **contamination** is:

- (1) Sudden and accidental radioactive **contamination**; or

(2) Resultant radiation damage to **covered property**,

provided that such radioactive **contamination** arises out of radioactive material at a covered **location** and is used as part of **your** business activities.

b. **We** do not cover radioactive **contamination** if:

(1) The covered **location** contains:

- (a) A nuclear reactor capable of sustaining nuclear fission in a self-supporting chain reaction; or
- (b) Any new or used nuclear fuel intended for or used in such a nuclear reactor.

(2) The **contamination** arises from radioactive material located away from a covered **location**.

22. TAX LIABILITY

We cover **your** increase in tax liability from a **covered loss** at a covered **location** if the tax treatment of:

- a. The profit portion of a loss payment involving finished stock manufactured by **you**; and/or
- b. The profit portion of a TIME ELEMENT loss payment;

is greater than the tax treatment of profits that would have been incurred had no loss happened.

23. TEMPORARY REMOVAL OF PROPERTY

a. When **covered property** is removed from a covered **location** for the purpose of being repaired or serviced or in order to avoid threatened physical loss or damage of the type insured by this Policy, **we** cover such property:

- (1) While at the premises to which such **covered property** has been moved; and
- (2) For direct physical loss or damage of the type insured by this Policy at the covered **location** from which such **covered property** was removed.

b. This PROPERTY DAMAGE COVERAGE AND LIMITATION does not apply:

- (1) To **covered property** removed for normal storage, processing or preparation for sale or delivery; or
- (2) If coverage is provided elsewhere in this Policy or by any other insurance policy.

24. TRANSIT

a. **We** cover **personal property** not excluded elsewhere in this Policy while it is in transit within the Policy's territory:

- (1) Owned by **you**.
- (2) Shipped to customers under Free on Board (F.O.B) shipments, Free-Along-Side (F.A.S) shipments and Returned shipments. **Your** contingent interest is admitted.
- (3) Of others in **your** actual or constructive custody to the extent of **your** interest or legal liability.
- (4) Of others sold by **you** and **you** agreed prior to the loss to insure the **personal property** during course of delivery including:

- (a) When shipped by **your** contract service provider or by **your** contract manufacturer to **you** or to **your** customer; or
 - (b) When shipped by **your** customer to **you** or to **your** contract service provider or to **your** contract manufacturer.
- b. This PROPERTY DAMAGE COVERAGE AND LIMITATION starts from the time the property leaves the original point of shipment for transit, and continues while in the due course of transit until delivered, subject to the following conditions:
 - (1) Coverage on export shipments not insured under ocean cargo policies ends when the property is loaded on board overseas vessels or aircraft. Coverage on import shipments not insured under ocean cargo policies begins after discharge from overseas vessels or aircraft.
 - (2) If this Policy expires during the due course of transit, coverage is extended until the shipment is delivered to its final destination.
- c. **We** also cover:
 - (1) General average and salvage charges on shipments covered while waterborne; and
 - (2) Direct physical loss or damage caused by or resulting from:
 - (a) Unintentional acceptance of fraudulent bills of lading, shipping or messenger receipts.
 - (b) Improper parties having gained possession of property through fraud or deceit.
- d. Additional General Provisions:
 - (1) This PROPERTY DAMAGE COVERAGE AND LIMITATION will not inure directly or indirectly to the benefit of any carrier or bailee.
 - (2) **You** have permission, without prejudicing this insurance, to accept:
 - (a) Ordinary bills of lading used by carriers;
 - (b) Released bills of lading;
 - (c) Undervalued bills of lading; and
 - (d) Shipping or messenger receipts.
 - (3) **You** may waive subrogation against railroads under side track agreements.
 - (4) Except as otherwise stated, **you** will not enter into any special agreement with carriers releasing them from their common law or statutory liability.
- e. As respects this PROPERTY DAMAGE COVERAGE AND LIMITATION:
 - (1) The following additional exclusions apply:

This Policy excludes:

 - (a) Samples in the custody of salespeople or selling agents.
 - (b) Property insured under import or export ocean marine insurance.

- (c) Waterborne shipments, unless:
 - (i) By inland water; or
 - (ii) By roll-on/roll-off ferries; or
 - (iii) By coastal shipments.
 - (d) Airborne shipments unless by regularly scheduled passenger airlines or air freight carriers.
 - (e) Property of others, including **your** legal liability for it, hauled on vehicles owned, leased or operated by **you** when acting as a common or contract carrier.
 - (f) Any transporting vehicle
 - (g) Property shipped between continents except by land or air within the Policy territory.
- f. **We** will value property covered under this PROPERTY DAMAGE COVERAGE AND LIMITATION as follows:
- (1) Property shipped to or for **your** account will be valued at actual invoice to **you**. Included in the value are accrued costs and charges legally due. Charges may include **your** commission as selling agent.
 - (2) Property sold by **you** and shipped to or for the purchaser's account will be valued at **your** selling invoice amount. Prepaid or advanced freight costs are included.
 - (3) Property not under invoice will be valued:
 - (a) For **your** property, according to the valuation provisions of this Policy applying at the place from which the property is being transported; or
 - (b) For other property, at the **actual cash value** at the destination point on the date of loss, less any charges saved which would have become due and payable upon arrival at destination.

25. VALUABLE PAPERS AND RECORDS

- a. **We** cover physical loss or damage to **your valuable papers and records** from a **covered loss** at a covered **location**. **We** cover the value blank, plus the cost of copying from backup or from originals of a previous generation, and **your** reasonable and necessary costs to research, replace or restore the information lost or damaged thereon, except for **electronic data** and software. For **electronic data** and software, **we** cover the value of the blank media, and the cost of reproducing the **electronic data** and software from duplicates or originals of the previous generation of the data.
- b. This coverage does not apply to loss or damage to property that cannot be repaired or restored with like kind or quality.

SECTION III – TIME ELEMENT

TIME ELEMENT loss as provided in the TIME ELEMENT COVERAGES and TIME ELEMENT COVERAGES AND LIMITATIONS:

- A. Is subject to and part of the applicable LIMIT OF LIABILITY that applies to **your** direct physical loss or damage but in no event for more than any LIMIT OF LIABILITY that is stated as applying to the specific TIME ELEMENT COVERAGE and/or TIME ELEMENT COVERAGES AND LIMITATIONS; and
- B. Will not increase the POLICY LIMIT OF LIABILITY and is subject to the Policy provisions, including applicable exclusions and deductibles,

all as shown in this section and elsewhere in this Policy.

A. LOSS INSURED

- 1. **We** cover **your** actual loss sustained, as provided in the TIME ELEMENT COVERAGES and TIME ELEMENT COVERAGES AND LIMITATIONS, directly resulting from a loss of the type insured by this Policy:
 - a. To property described elsewhere in this Policy and not otherwise excluded by this Policy,
 - b. Used by **you**, or by others with whom **you** have a contract,
 - c. At a covered **location** or while in transit as provided by this Policy,
 - d. During the applicable PERIOD OF LIABILITY described in this section.
- 2. **We** cover TIME ELEMENT loss only to the extent it cannot be reduced through:
 - a. The use of any property or service owned or controlled by **you**;
 - b. The use of any property or service obtainable from other sources;
 - c. Working extra time or overtime; or
 - d. The use of inventory,

all whether at a covered **location** or at any other **location**. When measuring the actual loss sustained, the combined operating results of all of **your** associated, affiliated or subsidiary companies will be considered in determining the TIME ELEMENT loss.

- 3. **We** cover **your** reasonable and necessary expenses to reduce the loss otherwise payable under this section of this Policy. The amount of those recoverable expenses will not exceed the amount by which the insured loss has been reduced.
- 4. In determining the insured TIME ELEMENT loss, **we** will consider the experience of the business before and after and the probable experience during the PERIOD OF LIABILITY. **We** will consider any increase or decrease in demand for **your** goods or services during the PERIOD OF LIABILITY, even if such increase or decrease is from the same event that caused the **covered loss**.

B. TIME ELEMENT COVERAGES

1. GROSS EARNINGS

- a. **GROSS EARNINGS** loss is the actual loss sustained by **you** due to the necessary interruption of **your** business during the PERIOD OF LIABILITY of the following:

Gross Earnings less all charges and expenses that do not necessarily continue during the interruption of production or suspension of business operations or services, plus all other earnings derived from the operation of the business.

Ordinary payroll, including taxes and charges dependent on the payment of wages, for a period of time not to exceed the number of consecutive days as specified in the LIMITS OF LIABILITY in the Declarations table immediately following the interruption of production or suspension of business operations or services, and only to the extent such payroll continues following the loss and would have been earned had no such interruption happened.

However, if **you** reduce the daily loss payable under **ordinary payroll**, either by:

- (1) providing gainful employment for, or
- (2) paying less than the normal salary rate to,

all or part of its employees, then the number of consecutive days of **ordinary payroll** may be extended. However, this provision will not increase **our** total liability beyond the amount **we** would have been liable for **ordinary payroll** costs without this provision.

Ordinary payroll does not cover any portion of salaries or wages included in Gross Earnings.

b. *GROSS EARNINGS* will be calculated as follows:

- (1) For manufacturing operations: the net sales value of production less the cost of all raw stock, materials and supplies used in such production; or
- (2) For mercantile or non-manufacturing operations: the total net sales less the cost of merchandise sold, materials and supplies consumed in the operations or services rendered by **you**.

Any amount payable at selling price will be considered to have been sold to **your** regular customers and will be credited against net sales.

- c. In determining the amount **we** cover as the actual loss sustained, **we** will consider the continuation of only those charges and expenses that would have been earned had there been no interruption of production or suspension of business operations or services.
- d. If **you** would have operated at a deficit had no interruption of production or suspension of business operations or services occurred, the following applies:
- (1) For Gross Earnings, the extent to which charges and expenses would have been earned will be determined by subtracting the operating deficits from the charges and expenses that necessarily continue.
 - (2) For **ordinary payroll**, the extent payroll would have been earned will be determined by subtracting the excess, if any, of the operating deficit over the fixed charges that need to continue from such payroll.
- e. We cover TIME ELEMENT loss only to the extent that **you** are:
- (1) Wholly or partially prevented from producing goods or continuing business operations or services;
 - (2) Unable to make up lost production within a reasonable period of time, not limited to the period during which production is interrupted;
 - (3) Unable to continue **your** operations or services during the PERIOD OF LIABILITY; and

- (4) Able to demonstrate a loss of sales for the operations, services or production prevented.

2. EXTRA EXPENSE

- a. **We** cover **your** reasonable and necessary extra costs of the following incurred during the PERIOD OF LIABILITY applicable:
 - (1) To temporarily continue as nearly normal as practicable the conduct of **your** business; and
 - (2) The temporary use of property or facilities of **yours** or others.
- b. **We** will reduce any recoverable loss under this coverage for any value remaining of any property used to temporarily continue **your** business.
- c. EXTRA EXPENSE does not include:
 - (1) Any loss of income.
 - (2) Costs that would have been incurred in conducting the business during the same period had no physical loss or damage happened.
 - (3) Costs of permanent repair or replacement of property that has been damaged or destroyed.
 - (4) Any expense recoverable elsewhere in this Policy.

3. LEASEHOLD INTEREST

- a. **We** cover the following:
 - (1) If the lease agreement requires continuation of rent as a result of a **covered loss**, and if the **covered property** is wholly or partially untenable or unusable, the actual rent payable while the **covered property** is untenable or until the lease is terminated, but not exceeding the unexpired term of the lease.
 - (2) If the **covered property** is partially untenable, **we** cover the proportion of the lease payment for that portion of the untenable **covered property**.
- b. If the lease is cancelled by the lessor pursuant to the lease agreement or by the operation of law, **we** cover the additional cost to rent similar space for the unexpired term of the lease for the damaged property. That loss will be computed at present value, compounded annually at the prime rate plus 2%, as published in the Wall Street Journal on the date the lease terminated. The additional cost will consider the excess rent paid for the same or similar replacement property over actual rent of the original lease, plus cash bonuses or advance rent paid (including maintenance or operating charges) for each month during the unexpired term of the lease.
- c. As respects LEASEHOLD INTEREST, the following applies:
 - (1) **We** do not cover loss directly resulting from physical loss or damage to **personal property**.
 - (2) TIME ELEMENT EXCLUSIONS **D.1.**, **D.2.** and **D.3.** do not apply and the following applies instead:

We do not cover any increase in loss resulting from the suspension, lapse or cancellation of any license, or from **you** exercising an option to cancel the lease; or from any act or omission by **you** that constitutes a default under the lease.

4. RENTAL INSURANCE

a. **We** cover **your** actual loss sustained of rental income during the PERIOD OF LIABILITY for:

- (1) The fair rental value of any portion of rental property occupied by **you**;
- (2) The income reasonably expected from rentals of unoccupied or unrented portions of such property; and
- (3) The rental income from the rented portions of such property according to written leases, contracts or agreements in force at the time of loss,

all not to include non-continuing charges and expenses.

b. RENTAL INSURANCE Exclusions: As respects RENTAL INSURANCE, TIME ELEMENT EXCLUSIONS **D.1.** does not apply and the following applies instead:

We do not cover any loss of rental income during any period in which the covered **location** would not have been tenantable for any reason other than a **covered loss**.

C. PERIOD OF LIABILITY

1. The PERIOD OF LIABILITY applying to CONTINGENT TIME ELEMENT, *GROSS EARNINGS*, EXTRA EXPENSE and RENTAL INSURANCE is as follows:

a. For building and equipment, the period:

- (1) Starting from the time of physical loss or damage of the type insured; and
- (2) Ending when with due diligence and dispatch the building and equipment could be:
 - (a) Repaired or replaced; and
 - (b) Made ready for operations,under the same or equivalent physical and operating conditions that existed prior to the damage.
- (3) Not to be limited by the expiration of this Policy.

b. For building(s) and equipment covered under COURSE OF CONSTRUCTION:

- (1) The equivalent of the above period of time will be applied to the level of business that would have been reasonably achieved after construction and startup would have been completed had no physical damage happened; and
- (2) Due consideration will be given to the actual experience of the business after completion of the construction and startup.

2. The PERIOD OF LIABILITY for *GROSS EARNINGS* and EXTRA EXPENSE also includes the following:

a. For stock-in-process and mercantile stock, including finished goods not manufactured by **you**, the time required with the exercise of due diligence and dispatch:

- (1) To restore stock in process to the same state of manufacture in which it stood at the inception of the interruption of production or suspension of business operations or services; and
- (2) To replace physically damaged mercantile stock.

b. For raw materials and supplies, the period of time:

- (1) Of actual interruption of production or suspension of operations or services resulting from the inability to get suitable raw materials and supplies to replace similar ones damaged; but
- (2) Limited to that period for which the damaged raw materials and supplies would have supplied operating needs.

c. Impounded Water:

- (1) Used for any manufacturing purpose, including as a raw material or for power;
- (2) Stored behind dams or in reservoirs; and
- (3) On any covered **location**,

that is released as the result of physical damage of the type insured to such dam, reservoir or connected equipment, **our** liability for the actual interruption of production or suspension of operations or services due to inadequate water supply will not extend beyond the number of consecutive days, not to exceed the LIMIT OF LIABILITY specified in the Declarations after the damaged dam, reservoir or connected equipment has been repaired or replaced.

- d. For physically damaged exposed films, records, manuscripts and drawings, the time required to copy from backups or from originals of a previous generation. This time does not include research, engineering or any other time necessary to restore or recreate lost information.
- e. For physically damaged or destroyed property covered under DATA, PROGRAMS OR SOFTWARE, the time to recreate or restore including the time for researching or engineering lost information.

3. The PERIOD OF LIABILITY applying to *GROSS PROFIT* is as follows:

- a. The period starting from the time of physical loss or damage of the type insured and ending not later than the period of time specified in the LIMITS OF LIABILITY Table in the Declarations during which period the results of the business shall be directly affected by such damage, not to be limited by the expiration of this Policy.
- b. For property under construction, the period starting on the date that production, business operation or service would have commenced if physical damage of the type insured had not happened and ending not later than the period of time specified in the LIMITS OF LIABILITY Table in the Declarations, during which period the results of the business shall be directly affected by such damage, not to be limited by the expiration of this Policy.

The *Rate of Gross Profit* and *Standard Sales* will be based on the experience of the business after construction is completed and the probable experience during the PERIOD OF LIABILITY.

4. The PERIOD OF LIABILITY does not include any additional time due to **your** inability to resume operations for any reason, including:

- a. Making changes to equipment;
- b. Making changes to the buildings or structures except as provided in the DEMOLITION AND INCREASED COST OF CONSTRUCTION clause in the PROPERTY DAMAGE section; and
- c. Re-staffing or retraining employees.

If two or more PERIODS OF LIABILITY apply, such periods will not be cumulative.

D. TIME ELEMENT EXCLUSIONS

In addition to the exclusions elsewhere in this Policy, the following exclusions apply to TIME ELEMENT loss:

1. Any loss during any idle period, including but not limited to when production, operation, service or delivery or receipt of goods would cease, or would not have taken place or would have been prevented due to:
 - a. Physical loss or damage not insured by this Policy on or off of the covered **location**.
 - b. Planned or rescheduled shutdown.
 - c. Strikes or other work stoppage.
 - d. Any reason other than physical loss or damage insured under this Policy.
2. Any increase in loss due to:
 - a. Suspension, cancellation or lapse of any lease, contract, license or orders.
 - b. Damages for breach of contract or for late or noncompletion of orders.
 - c. Fines or penalties.
 - d. Any other consequential or remote loss.
3. Any loss resulting from physical loss or damage to finished goods manufactured by **you**, or the time required for their reproduction.

E. TIME ELEMENT COVERAGES AND LIMITATIONS

TIME ELEMENT COVERAGES are extended to include the following, subject to all Policy terms, conditions and exclusions, and the time, distance and/or dollar amounts specified in the LIMITS OF LIABILITY Table in the Declarations:

1. *ATTRACTION PROPERTY*

- a. **We** cover **your** actual loss sustained and EXTRA EXPENSE resulting from loss or damage of the type insured by this Policy to property of the type insured at an *attraction property* within the number of statute miles specified in the LIMITS OF LIABILITY Table in the Declarations and during the period of time that:
 - (1) Starts at the time such physical loss or damage happens;
 - (2) Ends when the *attraction property* is:
 - (a) Repaired or replaced; and
 - (b) Made ready for operations.
- b. As used in this TIME ELEMENT COVERAGE AND LIMITATION, the term *attraction property* is a property that:
 - (1) Is operated by others; and
 - (2) **You** depend on to attract customers to **your** covered **location**.

2. CIVIL OR MILITARY AUTHORITY

- a. **We** cover **your** actual loss sustained and EXTRA EXPENSE during the *period of interruption* if an order of civil or military authority prohibits access to a covered **location** provided such order is caused by physical loss or damage of the type insured by this Policy at a covered **location** or within the number of statute miles specified in the LIMITS OF LIABILITY Table in the Declarations.
- b. This TIME ELEMENT COVERAGE AND LIMITATION does not apply to LEASEHOLD INTEREST.
- c. The *period of interruption* for this TIME ELEMENT COVERAGE AND LIMITATION will be the period of time:
 - (1) Starting at the time of such direct physical loss or damage; and
 - (2) Continuing until the order is lifted, or the time limit specified in the LIMITS OF LIABILITY Table in the Declarations expires, whichever happens first.

This period of time is part of and not in addition to any PERIOD OF LIABILITY applying to any coverage provided in the TIME ELEMENT section.

3. COMPUTER SYSTEMS NON PHYSICAL DAMAGE

- a. **We** cover **your** actual loss sustained and EXTRA EXPENSE during the PERIOD OF LIABILITY directly resulting from the failure of **your electronic data processing equipment** or media to operate, provided that such failure is the direct result of a malicious act directed at **you**.
- b. This TIME ELEMENT COVERAGE AND LIMITATION will apply only when the *period of interruption* is in excess of the *qualifying period* specified in the *Qualifying Period* Table in the Declarations.
- c. As used above, the *period of interruption*:
 - (1) Is the period starting when **your electronic data processing equipment** or media fails to operate and ending when with due diligence and dispatch, **your electronic data processing equipment** or media could be restored to the same or equivalent operating condition that existed prior to the failure.
 - (2) Does not include the additional time to make changes to **your electronic data processing equipment** or media.

4. CONTINGENT TIME ELEMENT

- a. **We** cover **your** actual loss sustained and EXTRA EXPENSE during the PERIOD OF LIABILITY directly resulting from physical loss or damage of the type insured by this Policy at *Direct Dependent Time Element Location(s)* and *Indirect Dependent Time Element Location(s)* located within the territory of this Policy.
- b. **You** agree to take every reasonable and necessary action to mitigate the loss payable hereunder.
- c. As used in this Policy, *Direct Dependent Time Element Location(s)* are:
 - (1) Any **location(s)** of a direct: customer, supplier, contract manufacturer or contract service provider to **you**; or
 - (2) Any **location(s)** of any company under a royalty, licensing fee or commission agreement with **you**.

Direct Dependent Time Element Location(s) does not include **location(s)** that are covered **location(s)** under this Policy or the **location(s)** of any company directly or indirectly supplying to, or receiving from **you**, electricity, fuel, gas, water, steam, refrigeration, sewage, voice, data or video.

d. As used in this Policy, *Indirect Dependent Time Element Location(s)* are:

- (1) Any **location(s)** of any company that is a direct: customer, supplier, contract manufacturer or contract service provider to **your Direct Dependent Time Element Location(s)**.

Indirect Dependent Time Element Location(s) does not include **location(s)** that are covered **location(s)** under this Policy or the **location(s)** of any company directly or indirectly supplying to, or receiving from, the *Direct Dependent Time Element Location(s)* or the *Indirect Dependent Time Element Location(s)*, electricity, fuel, gas, water, steam, refrigeration, sewage, voice, data or video.

e. As respects CONTINGENT TIME ELEMENT:

- (1) Exclusion **D.3** in the TIME ELEMENT EXCLUSIONS does not apply.

5. CRISIS MANAGEMENT

a. **We** cover **your** actual loss sustained and EXTRA EXPENSE during the PERIOD OF LIABILITY if an order of civil or military authority prohibits access to a covered **location**, but only if such order is a direct result of a violent crime, suicide, attempted suicide or armed robbery at such covered **location**.

b. As respects this TIME ELEMENT COVERAGE AND LIMITATION, coverage applies:

- (1) Only when the PERIOD OF LIABILITY is in excess of the *qualifying period* specified in the *Qualifying Period* Table in the Declarations; and
- (2) For up to the number of consecutive days specified in the LIMITS OF LIABILITY Table in the Declarations, not to exceed the specified LIMIT OF LIABILITY.

The PERIOD OF LIABILITY is the period of time when the time the civil or military authority prohibits access and continuing until the order is lifted, or the time limit specified in the LIMITS OF LIABILITY Table in the Declarations expires, whichever happens first.

6. DELAY IN STARTUP

We cover **your** actual loss sustained and EXTRA EXPENSE during the PERIOD OF LIABILITY due to the reasonable and necessary delay in startup of business operations resulting directly from physical loss or damage to **covered property** as provided under COURSE OF CONSTRUCTION.

7. EXTENDED PERIOD OF LIABILITY

a. We cover the *GROSS EARNINGS* loss sustained due to the reduction in sales resulting from:

- (1) The interruption of business;
- (2) Commencing with the date on which our liability for loss resulting from interruption of business would terminate if this TIME ELEMENT COVERAGE AND LIMITATION had not been included in this Policy; and
- (3) Continuing for such additional length of time as would be required with the exercise of due diligence and dispatch to restore **your** business to the condition that would have existed had no loss occurred, but no longer than the number of consecutive days specified in the LIMITS OF LIABILITY Table in the Declarations.

b. Coverage under this TIME ELEMENT COVERAGE AND LIMITATION for the reduction in sales due to contract cancellation will include only those sales that would have been earned under the contract during the EXTENDED PERIOD OF LIABILITY described in Item **7.a.** above.

- c. As respects this TIME ELEMENT COVERAGE AND LIMITATION, Item **D.2.** in the TIME ELEMENT EXCLUSIONS in this section does not apply and the following applies instead:

This Policy does not insure against any increase in loss due to damages for breach of contract or for late or non-completion of orders, or fines or penalties.

8. INGRESS / EGRESS

- a. **We** cover **your** actual loss sustained and EXTRA EXPENSE due to the necessary interruption of **your** business if ingress to or egress from a covered **location** is prevented, whether or not **your** premises or property is damaged, provided that such prevention is a direct result of physical loss or damage of the type insured to property of the type insured.
- b. The *period of interruption* for this TIME ELEMENT COVERAGE AND LIMITATION will be the period of time starting at the time of such direct physical loss or damage, and continuing until ingress or egress is no longer prevented, or for the time limit specified in the LIMITS OF LIABILITY Table in the Declarations, whichever is less.

9. OFF PREMISES INTERRUPTION OF SERVICES – TIME ELEMENT

- a. **We** cover **your** actual loss sustained and EXTRA EXPENSE during the period of service interruption at a covered **location** when the loss is caused by:
- (1) The interruption of incoming services consisting of electricity, gas, fuel, steam, water, refrigeration, voice, data, video; or
- (2) The interruption of outgoing sewerage service,
- from physical loss or damage of the type insured, at the facilities of the supplier of such service located within this Policy's territory that immediately prevents in whole or in part the delivery of such usable services.
- b. This TIME ELEMENT COVERAGE AND LIMITATION will apply only when the period of service interruption as described below is in excess of the *qualifying period* specified in the *Qualifying Period* Table in the Declarations.
- c. The period of service interruption is:
- (1) The period starting with the time when an interruption of specified services occurs; and ending when with due diligence and dispatch the service could be wholly restored and the **location** receiving the service could have resumed normal operations following the restoration of service under the same or equivalent physical and operating conditions that existed prior to the interruption of such services;
- (2) Is limited to only those hours during which **you** could have used service(s) if it had been available;
- (3) Does not extend to include the interruption of operations caused by any reason other than interruption of the specified service(s).
- d. Additional General Provisions:
- (1) **You** will immediately notify the suppliers of services of any interruption of any such services.
- (2) **We** will not be liable if the interruption of such services is caused directly or indirectly by **your** failure to comply with the terms and conditions of any contracts **you** have for the supply of such specified services.
- e. **We** do not cover loss or damage caused by or resulting from the use of services provided by or through a satellite.

10. ON PREMISES INTERRUPTION OF SERVICES – TIME ELEMENT

- a. **We** cover **your** actual loss sustained and EXTRA EXPENSE during the PERIOD OF LIABILITY directly resulting from direct physical loss or damage of the type insured to the following property located at or within one-thousand (1,000) feet of a covered **location**:

- (1) Electrical equipment and equipment used for the transmission of voice, data or video.
- (2) Electrical, fuel, gas, water, steam, refrigeration, sewerage, voice, data or video transmission systems.

11. PROTECTION AND PRESERVATION OF PROPERTY TIME ELEMENT

- a. **We** cover **your** actual loss sustained for a period of time not to exceed forty eight (48) hours prior to and forty eight (48) hours after **you** first took reasonable action for the temporary protection and preservation of property insured by this Policy provided such action is necessary to prevent immediately impending physical loss or damage of the type insured to such **covered property**.
- b. This TIME ELEMENT COVERAGE AND LIMITATION is subject to the deductible provisions that would have applied had the direct physical loss or damage occurred.

12. RELATED LOCATIONS

If **you** report values at related **locations** used by **you** (e.g. branch stores, retail outlets and other facilities), but such related **locations** are not listed on the latest Schedule of Covered **Locations** submitted to, accepted by and on file with **us**, and if a TIME ELEMENT loss results at such related **locations** due to **covered loss**, **we** cover such resulting TIME ELEMENT loss in accordance with the terms and conditions of this Policy.

13. RESEARCH AND DEVELOPMENT

- a. **We** cover **your** actual loss sustained of fixed charges and **ordinary payroll** directly attributable to the interruption of research and development project(s) that would not have produced income during the PERIOD OF LIABILITY resulting from a **covered loss**.
- b. **We** cover these fixed charges only to the extent they continue after the **covered loss** and only during the PERIOD OF LIABILITY.
- c. To the extent **you** are able to resume operations, **we** cover only that portion of the fixed charges related to that part of the research and development operation that has not yet been restored.

14. SOFT COSTS

- a. **We** cover **your** actual loss sustained of *Soft Costs* during the *period of delay* directly resulting from a delay of completion of **covered property** under construction as provided under COURSE OF CONSTRUCTION as provided in the PROPERTY DAMAGE COVERAGES AND LIMITATIONS.
- b. *Soft Costs* are costs over and above those that are normal at a covered **location** undergoing renovation or in the course of construction, limited to the following:
- (1) Construction loan fees – **your** additional cost 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, charges by the lenders for the extension or renewal of loans necessary.

- (2) Commitment fees, leasing and marketing expenses – the cost of returning any commitment fees received from prospective tenant(s) or purchaser(s), the cost of re-leasing and marketing 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.
- (4) Property taxes, building permits, additional interest on loans, realty taxes and insurance premiums.

c. *Period of delay* is the period of time between:

- (1) The date on which the construction, alteration, extension or renovation would have been complete in the absence of a **covered loss** to property under construction as provided under COURSE OF CONSTRUCTION as provided in the PROPERTY DAMAGE COVERAGES AND LIMITATIONS; and
- (2) The date on which construction, alteration, extension or renovation is actually complete.

SECTION IV – DESCRIBED LOSSES

We only cover the following DESCRIBED LOSSES as specified in the LIMITS OF LIABILITY Table in the Declarations, subject to the terms, conditions and exclusions of this Policy.

A. EARTH MOVEMENT

1. **We** cover physical loss or damage to **covered property**, including TIME ELEMENT COVERAGES, TIME ELEMENT COVERAGES AND LIMITATIONS and PROPERTY DAMAGE COVERAGES AND LIMITATIONS as provided by this Policy, from a **covered loss** resulting from *EARTH MOVEMENT*.
2. **You** may elect when the time specified in the **OCCURRENCE** TIME SPECIFICATIONS begins.
3. *EARTH MOVEMENT* is:

Earthquake, landslide, subsidence or sinking, rising or shifting of the earth, avalanche, whether natural or man-made, or volcanic eruption; regardless of any other cause or event contributing concurrently or in any other sequence of loss.

However, physical loss or damage from fire, explosion, sprinkler leakage or *FLOOD* caused by *EARTH MOVEMENT* will not be considered to be loss by *EARTH MOVEMENT* within the terms and conditions of this Policy.

B. EARTH MOVEMENT SPRINKLER LEAKAGE

1. **We** cover physical loss or damage to **covered property**, including TIME ELEMENT COVERAGES, TIME ELEMENT COVERAGES AND LIMITATIONS and PROPERTY DAMAGE COVERAGES AND LIMITATIONS as provided by this Policy, resulting from sprinkler leakage caused by *EARTH MOVEMENT*.

C. EQUIPMENT BREAKDOWN

1. **We** cover physical loss or damage to **covered property**, including TIME ELEMENT COVERAGES, TIME ELEMENT COVERAGES AND LIMITATIONS and PROPERTY DAMAGE COVERAGES AND LIMITATIONS, as provided by this Policy if such loss or damage is caused by an *accident to covered equipment*.

The coverage provided in this DESCRIBED LOSS is limited to loss or damage caused by an *accident to covered equipment*. **We** will not pay for physical loss or damage from any other cause under this DESCRIBED LOSS.

The following coverages apply solely to Equipment Breakdown:

a. Spoilage Damage

We cover physical loss or damage caused by change in temperature or humidity or by the interruption of power, heat, air-conditioning, or refrigeration as the result of an *accident to covered equipment*.

b. Ammonia Contamination

We cover physical loss or damage to **covered property** contaminated by ammonia, including any salvage expense as a direct result of an *accident to covered equipment*. No coverage for Ammonia **Contamination** is available under DECONTAMINATION COSTS with respects to an *accident to covered equipment*.

2. Conditions

a. Suspension

If coverage for Equipment Breakdown is provided by this Policy, and **we** discover a dangerous condition relating to an object, **we** may immediately suspend the insurance provided by this coverage for that *covered equipment* by written notice mailed or delivered to **you** either at **your** address or at the **location** of any object. Suspended insurance may be reinstated by **us**, but only by an endorsement issued as part of this Policy. **You** will be credited for the unearned portion of the premium paid for the suspended insurance, pro rata, for the period of suspension.

3. Valuation

If *covered equipment* requires replacement due to an *accident*, **we** cover **your** additional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced.

- a. However, **we** do not cover more than 150% of what the cost would have been to repair or replace *covered equipment* with like kind and quality.
- b. This does not apply to any property subject to valuation based on **actual cash value**, nor does this provision increase any other applicable LIMIT OF LIABILITY.
- c. The PERIOD OF LIABILITY will not be increased by any of the above.

4. Definitions

- a. *Accident*: Physical loss or damage to *covered equipment* that necessitates its repair or replacement due to:

- (1) Failure of pressure or vacuum equipment;
- (2) Mechanical breakdown including rupture or bursting caused by centrifugal force;
- (3) Artificially generated electrical current, including electrical arcing that damages electrical devices, appliances or wires; or
- (4) Explosion of:
 - (a) Steam boiler
 - (b) Electric steam generator
 - (c) Steam piping
 - (d) Steam turbine
 - (e) Moving or rotating machinery when such explosion is caused by centrifugal force,

unless such loss or damage is otherwise excluded within this Policy.

Accident does not include:

- (5) Fire, including water or other means used to extinguish the fire;
- (6) Malfunction, misalignment, miscalibration, tripping off line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning or by the performance of maintenance;
- (7) Combustion explosion;
- (8) Discharge of molten material from equipment including the heat from such discharged materials;
- (9) Lightning;

- (10) Depletion, deterioration, rust, corrosion, erosion, settling, or wear or tear or any other gradually developing condition;
- (11) Defects, erasures, error limitations or viruses in computer equipment and programs including the inability to recognize and process any date or time or provide instructions to *covered equipment*;
- (12) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- (13) Damage to any structure or foundation supporting the *covered equipment* or any of its parts;
- (14) Any loss or damage caused by or resulting from any type of electrical insulation breakdown test;
- (15) Any loss or damage caused by or resulting from any type of hydrostatic, pneumatic or gas pressure test;
- (16) The functioning of any safety or protective device; or
- (17) The cracking of any part on an internal combustion turbine exposed to the products of combustion.

b. *Covered equipment*:

- (1) Equipment that generates, transmits, controls or utilizes energy; including electronic communications and data processing equipment; and
- (2) Equipment which, during normal usage, operates under vacuum or pressure, other than weight of contents.

Covered equipment does not mean or include:

- (3) **Electronic data**;
- (4) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;
- (5) Insulating or refractory material;
- (6) Nonmetallic pressure or vacuum equipment, unless it is constructed and used in accordance with the American Society of Mechanical Engineers (A.S.M.E.) code or other appropriate and approved code;
- (7) Catalyst;
- (8) Buried vessels or piping; waste, drainage or sewer piping; piping, valves or fittings forming part of a sprinkler or fire suppression system; water piping that is not part of a closed loop used to conduct heat or cooling from a boiler or a refrigeration or air conditioning system;
- (9) Structure, foundation, cabinet or compartment supporting or containing the *covered equipment* or part of the *covered equipment* including penstock, draft tube or well casing;
- (10) Vehicle or any *covered equipment* that is mounted on or used solely with a vehicle;
- (11) Dragline, excavation or construction equipment including any *covered equipment* that is mounted on or used solely with any one or more dragline(s), excavation or construction equipment;

- (12) Felt, wire, screen, die, extrusion plate, swing hammer, grinding disc, cutting blade, nonelectrical cable, chain, belt, rope, clutch plate, brake pad, nonmetal part or tool subject to periodic replacement;
 - (13) Cyclotron used for other than medical purposes, satellite or spacecraft including any *covered equipment* mounted on or used solely with any satellite or spacecraft;
 - (14) Equipment manufactured by **you** for sale.
- c. *Production machinery* is any machine or apparatus that processes, forms, cuts, shapes, grinds, or conveys raw materials, materials in process or finished products including any *covered equipment* that is mounted on or used solely with any one or more production machines or apparatus.

D. FLOOD

1. **We** cover physical loss or damage to **covered property**, including TIME ELEMENT COVERAGES, TIME ELEMENT COVERAGES AND LIMITATIONS and PROPERTY DAMAGE COVERAGES AND LIMITATIONS as provided by this Policy, from a **covered loss** resulting from *FLOOD*.
2. *FLOOD* is:
 - a. Surface waters; rising waters; storm surge, wave wash; waves; tsunamis; tide or tidal water; the release of water, the rising, overflowing or breaking of boundaries of natural or man-made bodies of water; or the spray therefrom; all whether driven by wind or not;
 - b. Sewer back-up resulting from any of the foregoing; or
 - c. Mudslide or mudflow caused by or resulting from surface water, runoff or accumulation of water on or under the ground;

regardless of any other cause or event, whether natural or man-made, contributing concurrently or in any other sequence of loss.

Covered loss from *FLOOD* associated with a storm or weather disturbance whether or not identified by name by any meteorological authority is considered to be *FLOOD* within the terms of this Policy. However, physical loss or damage from fire, explosion or sprinkler leakage caused by *FLOOD* will not be considered to be loss by *FLOOD* within the terms and conditions of this Policy.

E. NAMED STORM

1. **We** cover physical loss or damage to **covered property**, including TIME ELEMENT COVERAGES, TIME ELEMENT COVERAGES AND LIMITATIONS and PROPERTY DAMAGE COVERAGES AND LIMITATIONS as provided by this Policy, from a **covered loss** resulting from a *NAMED STORM*. However, physical loss or damage caused by fire, explosion, sprinkler leakage or *FLOOD* will not be considered loss by *NAMED STORM* within the terms and conditions of this Policy.
2. **You** may elect when the time specified in the **OCCURRENCE** TIME SPECIFICATIONS begins.

NAMED STORM is any storm or weather disturbance that is named by the U. S. National Oceanic and Atmospheric Administration (NOAA) or the U. S. National Weather Service or the National Hurricane Center or any authorized meteorological authority in the country where the storm or weather disturbance happened.

SECTION V - GENERAL POLICY CONDITIONS

A. ASSIGNMENT

Your assignment of this Policy will not be valid except with **our** written consent.

B. CANCELLATION

1. **You** may cancel this Policy by mailing or delivering to **us** advance written notice of cancellation.
2. **We** may cancel this Policy by mailing or delivering to **you** written notice of cancellation at least:
 - a. ten (10) days before the effective date of cancellation if **we** cancel for nonpayment of premium; or
 - b. thirty (30) days or the number of days specified in the CANCELLATION TIME SPECIFICATIONS, whichever is greater, before the effective date of cancellation if **we** cancel for any other reason.
3. **We** will mail or deliver **our** written notice of cancellation to **your** last mailing address known to **us**.
4. **Our** written notice of cancellation will state the effective date of cancellation and the Policy period will end on that date.
5. If this Policy is cancelled, **we** will send **you** any premium refund due. If **we** cancel, the refund will be pro rata. If **you** cancel, the refund may be less than pro rata. The cancellation will be effective even if **we** have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

C. CONCEALMENT, MISREPRESENTATION OR FRAUD

This entire Policy is void, if with the actual intent to deceive

1. **You**;
2. **Your** representatives; or
3. Any insured;

commit fraud or conceal or misrepresent a fact or circumstance concerning:

- a. This Policy;
- b. The **covered property**;
- c. **Your** interest in the **covered property**; or
- d. A claim under this Policy.

D. CONFORMITY TO STATUTES

Any provisions required by law to be included in policies issued by **us** shall be deemed to have been included in this Policy.

If the provisions of this Policy conflict with the laws of any jurisdictions in which this Policy applies, and if certain provisions are required by law to be stated in this Policy, this Policy shall be read so as to eliminate such conflict or deemed to include such provisions for covered **locations** within such jurisdictions.

E. INSPECTION

1. During the period of this Policy, **we** will be permitted, but not obligated, to inspect the **covered property**. **Our** right to inspect, the performance of or failure to inspect, and any report arising out of an inspection will not constitute an undertaking or imply that the property is safe, healthful, or in compliance with laws, regulations, codes or standards.
2. This condition does not apply to any inspections, surveys, reports or recommendations **we** may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

We will have no liability to **you** or others because of any inspection or failure to inspect, or on account of anyone's use or reliance upon any report or other information generated during the course of, or as a result of any inspection.

F. LENDERS LOSS PAYEE AND MORTGAGEE INTERESTS AND OBLIGATIONS

1. When specified in the Policy or in Certificates of Insurance on file with **us**, **we** cover loss to specified property insured under this Policy to each specified Lender Loss Payee (hereinafter referred to as Lender) as its interest may appear, and to each specified Mortgagee as its interest may appear.
2. The interest of the Lender or Mortgagee (as the case may be) in property insured under this Policy will not be invalidated by:
 - a. Any act or neglect of the debtor, mortgagor, or owner (as the case may be) of the property.
 - b. Foreclosure, notice of sale, or similar proceedings with respect to the property, but only to the extent of a deficiency as provided by state law.
 - c. Change in the title or ownership of the property.
 - d. Change to a more hazardous occupancy.

The Lender or Mortgagee will notify **us** of any known change in ownership, occupancy, or hazard and, within ten (10) days of **our** written request, may pay the increased premium associated with such known change. If the Lender or Mortgagee fails to pay the increased premium, all coverage under this Policy will cease.

3. If this Policy is cancelled at **your** request or by the request of **your** agent, the coverage for the interest of the Lender or Mortgagee will terminate ten (10) days after **we** send to the Lender or Mortgagee written notice of cancellation, unless:
 - a. Sooner terminated by authorization, consent, approval, acceptance, or ratification of **your** action by the Lender or Mortgagee, or its agent.
 - b. This Policy is replaced by **you**, with a Policy providing coverage for the interest of the Lender or Mortgagee, in which event coverage under this Policy with respect to such interest will terminate as of the effective date of the replacement Policy, notwithstanding any other provision of this Policy.
4. **We** may cancel this Policy and/or the interest of the Lender or Mortgagee under this Policy, by giving the Lender or Mortgagee written notice thirty (30) days or the number of days specified in the CANCELLATION TIME SPECIFICATIONS, whichever is greater, prior to the effective date of cancellation, if cancellation is for any reason other than non-payment. If the debtor, mortgagor, or owner has failed to pay any premium due under this Policy, **we** may cancel this Policy for such non-payment, but will give the Lender or Mortgagee written notice ten (10) days prior to the effective date of cancellation. If the Lender or Mortgagee fails to pay the premium due by the specified cancellation date, all coverage under this Policy will cease.

5. If **we** pay the Lender or Mortgagee for any loss, and deny payment to the debtor, mortgagor or owner, **we** will, to the extent of the payment made to the Lender or Mortgagee be subrogated to the rights of the Lender or Mortgagee under all securities held as collateral to the debt or mortgage. No subrogation will impair the right of the Lender or Mortgagee to sue or recover the full amount of its claim. At **our** option, **we** may pay to the Lender or Mortgagee the whole principal due on the debt or mortgage plus any accrued interest. In this event, all rights and securities will be assigned and transferred from the Lender or Mortgagee to **us**, and the remaining debt or mortgage will be paid to **us**.
6. If **you** fail to render proof of loss, the Lender or Mortgagee, upon notice of **your** failure to do so, will render proof of loss within sixty (60) days of notice and will be subject to the provisions of this Policy relating to APPRAISAL, COMPANY OPTION, and SUIT AGAINST THE COMPANY.
7. In the event of a claim, upon request by **us**, the Lender or Mortgagee will cooperate in any claim investigation.
8. In no event will the amount payable to a Lender or Mortgagee exceed the amount which would otherwise have been payable to **you**.

G. LIBERALIZATION

If during the period that insurance is in force under this Policy, any filed rules or regulations affecting the same are revised by statute in any State or jurisdiction within the United States of America so as to broaden the insurance without additional premium charge, such extended or broadened insurance will inure to **your** benefit within such jurisdiction, effective the date of the change specified in such statute.

H. NO REDUCTION BY LOSS

Except for those coverages written with an **annual aggregate** LIMIT OF LIABILITY, **we** cover a **covered loss** without reducing any other applicable LIMIT OF LIABILITY. The reinstatement of any exhausted **annual aggregate** is not permitted unless authorized by **us** in writing.

I. NONRENEWAL

1. If **we** decide not to renew this Policy, **we** will mail or deliver a written notice of nonrenewal to **you** at least sixty (60) days before the expiration date of this Policy. Notice will be sent to **your** last mailing address known to **us**. **We** will state the reason for nonrenewal.
2. Proof of mailing will be sufficient evidence of notice.

J. OTHER INSURANCE

1. **We** will not be liable if, at the time of loss or damage, there is any other insurance that would apply in the absence of this Policy; except that this Policy will apply only as excess or DIFFERENCE IN CONDITIONS / DIFFERENCE IN LIMITS and in no event as contributing insurance, and then only after all other insurance has been exhausted, notwithstanding paragraph 5. below.
2. **We** will not be liable if, at the time of loss or damage, there is any insurance with the National Flood Insurance Program (NFIP), except that this Policy shall apply only as excess and in no event as contributing insurance, and then only after all NFIP insurance has been exhausted.
3. **We** will not be liable if, at the time of loss or damage, there is any insurance for the construction of new buildings and additions under a specific policy for the construction of such new buildings and additions, except that this Policy shall apply only as excess and in no event as contributing insurance, and then only after all specific insurance has been exhausted.
4. **We** will not be liable if, at the time of loss or damage, there is any insurance for stock under a specific policy for such stock, except that this Policy shall apply only as excess and in no event as contributing insurance, and then only after all specific insurance has been exhausted.

5. If this Policy is deemed by law to contribute to a loss with other insurance, **we** will pay only **our** proportionate share of the loss, up to the applicable LIMIT OF LIABILITY. **Our** share will be the proportion that the applicable LIMIT OF LIABILITY of this Policy bears to the total applicable LIMITS OF LIABILITY available from all insurance.
6. **You** are permitted to have other insurance over any LIMITS OF LIABILITY specified in this Policy.
7. The existence of such insurance will not reduce any LIMIT OF LIABILITY in this Policy.
8. To the extent this Policy replaces another Policy, coverage under this Policy shall not become effective until such other Policy has terminated.
9. **You** are permitted to have other insurance for all, or any part, of any deductible in this Policy. The existence of such other insurance will not prejudice recovery under this Policy. If the limits of liability of such other insurance are greater than this Policy's applicable deductible, this Policy's insurance will apply only as excess and only after such other insurance has been exhausted.

K. PAIR, SET OR PARTS

In the event of a **covered loss** to an article that is part of a pair or set, **our** payment for that loss will be:

1. The cost to repair or replace any part to restore the pair or set to its value before the loss; or
2. The difference between the value of the pair or set before and after the loss.

In no event will the loss of part of a pair or set be regarded as a total loss of the pair or set.

L. POLICY MODIFICATION

This Policy contains all of the agreements between **you** and **us** concerning this insurance. **You** and **we** may request changes to this Policy. Only endorsements issued by **us** and made a part of this Policy can change this Policy.

Notice to any agent or knowledge possessed by any agent or by any other person will not create a waiver or change any part of this Policy or prevent **us** from asserting any rights under the Policy.

M. TITLES

The titles of the paragraphs of this Policy and of any endorsements attached to it are only for reference. They do not affect the terms to which they relate.

N. TRANSFER OF RIGHTS AND DUTIES

Your rights and duties under this Policy may not be transferred without **us** giving written consent.

O. VACANCY

1. If any of **your real property** is vacant at the inception of this Policy, or becomes vacant, and remains vacant for more than sixty (60) consecutive days, during the Policy period, **you** must:
 - a. Notify **us** in writing of the vacancy prior to loss or damage; and
 - b. Maintain in complete working order the protective safeguards present prior to the vacancy. Protective safeguards include:
 - (1) Automatic sprinkler systems;

- (2) Fire alarm systems;
 - (3) Guard or watchman services;
 - (4) Burglary systems; and
 - (5) Monitoring systems.
2. If the above requirements are not met, then in addition to the other terms, conditions, limitations and exclusions in this Policy, **we** will:
- a. Not pay for any loss or damage caused by or resulting from any of the following:
 - (1) Breakage of building glass;
 - (2) Mold, mildew or fungus;
 - (3) Sprinkler leakage, unless the system has been protected against freezing;
 - (4) Theft or attempted theft;
 - (5) Vandalism;
 - (6) Malicious mischief; or
 - (7) Water damage.
 - b. Not pay under DEMOLITION AND INCREASED COST OF CONSTRUCTION;
 - c. Value the loss or damage for the vacant **real property** (including any loss or damage to **personal property**) at the time of loss at the lesser of:
 - (1) The **actual cash value**;
 - (2) The actual cost to repair; or
 - (3) The selling price, less all saved expenses, if it was being offered or listed for sale at the time of loss.
3. **Real property** is considered vacant when it does not contain sufficient property and personnel to conduct **your** customary business operations.
4. **Real property** is not considered vacant during its ongoing construction or renovation.

P. VALUATION

1. Adjustment of the physical loss or damage amount under this Policy will be computed as of the date of loss or damage at the place of the loss or damage. Unless stated otherwise in a PROPERTY DAMAGE COVERAGE AND LIMITATION, adjustment of physical loss or damage to **covered property** will be subject to the following:
- a. On stock in process, the value of raw materials and labor expended plus the proper proportion of overhead charges.
 - b. On finished goods manufactured by **you**, the regular cash selling price, less all discounts and charges to which the finished goods would have been subject had no physical loss or damage happened.
 - c. On raw materials, supplies or merchandise not manufactured by **you**:
 - (1) If repaired or replaced, **your** actual expenditure in repairing or replacing the damaged or destroyed property; or
 - (2) If not repaired or replaced, the **actual cash value**.
 - d. On exposed films, records, manuscripts and drawings that are not **valuable papers and records**, the value blank plus the cost of copying information from back-up or from originals of a previous generation. These costs will not include research, engineering or any costs of restoring or recreating lost information.

e. On property that is:

(1) Damaged by fire that directly results from **terrorism** or nuclear reaction; and

(2) Is located in a jurisdiction that has a statute that expressly prohibits the exclusion of fire losses resulting from **terrorism** or nuclear reaction,

the **actual cash value** of the fire damage. Any remaining fire damage not attributable to **terrorism** or nuclear reaction shall be adjusted according to the terms and conditions of the Valuation clause(s) in this section of the Policy.

f. On computer equipment of others which **you** are required to insure for direct physical loss or damage while being installed, maintained or repaired, the cost to replace with new if so specified in the contract between **you** and **your** customer.

g. On Data, Programs and Software, the actual cost incurred to repair, replace or restore data, programs or software including the costs to recreate and research.

h. On **Fine Arts**, the loss amount will not exceed the lesser of the following:

(1) The cost to repair or restore such property to the physical condition that existed on the date of loss;

(2) The cost to replace; or

(3) The stated value on file with **us**.

i. On all other property, the lesser of the following:

(1) The cost to repair.

(2) The cost to rebuild or replace on the same site with new materials of like size, kind and quality.

(3) The cost in rebuilding, repairing or replacing on the same or another site, but not to exceed the size and operating capacity that existed on the date of loss.

(4) The selling price of **real property** or machinery and equipment, other than stock, offered for sale on the date of loss.

(5) The cost to replace unrepairable electrical or mechanical equipment, including computer equipment, 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 program of system enhancement.

(6) The increased cost of demolition, if any, directly resulting from insured loss, if such property is scheduled for demolition.

(7) The unamortized value of improvements and betterments, if such property is not repaired or replaced at **your** expense.

(8) The **actual cash value** if such property is:

(a) Useless to **you**; or

(b) Not repaired, replaced or rebuilt on the same or another site within two (2) years from the date of loss, unless such time is extended by **us**.

2. **You** may elect not to repair or replace the **covered property** lost, damaged or destroyed. Loss settlement may be elected on the lesser of repair or replacement cost basis if the proceeds of such loss settlement are

expended on other capital expenditures related to **your** operations within two (2) years from the date of loss. As a condition of collecting under this provision, such expenditure must be unplanned as of the date of loss and be made at a covered **location** under this Policy. This provision does not extend to DEMOLITION AND INCREASED COST OF CONSTRUCTION or to property scheduled for demolition at the time of loss.

3. **We** will not pay more than **your** financial interest in the **covered property**.

SECTION VI – LOSS CONDITIONS

A. ABANDONMENT OF PROPERTY

You may not abandon property to **us**.

B. APPRAISAL

1. If **you** and **we** fail to agree on the amount of a loss, either party may demand that the disputed amount be submitted for appraisal. A demand for appraisal will be made in writing within sixty (60) days after **our** receipt of proof of loss. Each party will then choose a competent and disinterested appraiser. Each party will notify the other of the identity of its appraiser within thirty (30) days of the written demand for appraisal.
2. The two (2) appraisers will choose a competent and disinterested umpire. If the appraisers are unable to agree on an umpire within fifteen (15) days, **you** or **we** may petition a judge of a court of record in the state where the **covered loss** occurred, to select an umpire.
3. The appraisers will then determine the amount of the loss or damage. If the appraisers submit a written report of an agreement to **you** and **us**, the amount they agree on will be the amount of **our** payment for the loss or damage. If the appraisers fail to agree within a reasonable time, they will submit their differences to the umpire. Written agreement signed by any two (2) of these three (3) will determine the amount of loss or damage.
4. Each appraiser will be paid by the party that selects him or her. Other expenses of the appraisal and compensation of the umpire will be paid equally by **you** and **us**.

C. COLLECTION FROM OTHERS

We will reduce any payment to **you** for a **covered loss** to the extent **you** have collected for that loss from others.

D. COMPANY OPTION

1. In the event of **covered loss**, **we** may, at **our** option, either:
 - a. Pay the value of **covered property** lost, damaged or destroyed as set forth in VALUATION above;
 - b. Pay the cost of repairing or replacing the **covered property** lost, damaged or destroyed;
 - c. Take all or any part of the **covered property** at any agreed valuation; or
 - d. Repair, rebuild or replace the **covered property** with other property of like kind and quality.
2. **We** will give notice of **our** intentions within thirty (30) days after receiving the sworn statement of loss or as required by law.

E. DUTIES AFTER A LOSS

In case of loss **you** will:

1. Give **us** immediate written notice of the loss;
2. Give notice of such loss to the proper authorities if the loss may be due to a violation of the law;
3. As soon as possible, give **us** a description of the property involved and how, when and where the loss happened;
4. Take all reasonable steps to protect the **covered property** from further damage;

5. Promptly separate the damaged property from the undamaged property, and keep it in the best possible order for examination;
6. Furnish a complete inventory of the lost, damaged and destroyed property, showing in detail the quantity, and amount of loss claimed under the valuation provision of the Policy;
7. Keep an accurate record of all repair costs;
8. Keep all bills, receipts and related documents that establish the amount of loss;
9. As often as may reasonably be required:
 - a. Permit **us** to inspect the damaged property and take samples for inspection, testing and analysis.
 - b. Produce for inspection and copying, all of **your** books of account, business records, bills and invoices.
 - c. Permit **us** to question, under oath, **you** and any of **your** agents, employees, or representatives involved in the purchase of this insurance or the preparation of **your** claim, including any public adjusters and any of their agents, employees or representatives, and verify **your** answers with a signed acknowledgment.
10. Submit to **us**, within ninety (90) days from the date of loss, unless **we** extend the time in writing, a signed, sworn Proof of Loss that states to the best of **your** knowledge and belief:

The time and cause of the loss;

- a. **Your** interest and the interest of all others in the property involved;
- b. Any other policies of insurance that may provide coverage for the loss;
- c. Any changes in title or occupancy of the property during the Policy period; and
- d. The amount of **your** claimed loss.

You shall also submit with the Proof of Loss:

- (1) A complete inventory of the lost, damaged and destroyed property, showing in detail the quantity, and amount of loss claimed as specified in the valuation provision of the Policy;
- (2) An accurate record(s) of all repair costs and all bills, receipts and related documents that establish the amount of the loss;
- (3) Specifications for any damaged building; and
- (4) Detailed estimates and invoices for the repair of any damage.

11. Cooperate with **us** in the investigation and adjustment of the loss.

F. LOSS ADJUSTMENT / PAYABLE

Loss will be adjusted with the First Named Insured. **We** may, at **our** option, adjust the loss to property of others directly with the owner of the property. Such loss will be payable to the First Named Insured or as may be directed by the First Named Insured.

Additional insured interests will also be included in loss payment as their interests may appear when named as additional named insured, lender, mortgagee and/or loss payee either on a Certificate of Insurance or other evidence of insurance on file with **us**. When named on a Certificate of Insurance or other evidence of

insurance, such additional interests are automatically added to this Policy as their interests may appear as of the effective date shown on the Certificate of Insurance or other evidence of insurance. The Certificate of Insurance or other evidence of insurance will not amend, extend or alter the terms, conditions, provisions and limits of this Policy.

G. PAYMENT OF LOSS

We will pay the insured loss within thirty (30) days after **we** receive and accept the signed, sworn Proof of Loss, if:

1. **You** have complied with all the terms of this Policy;
2. **We** have reached agreement with **you** on the amount of the loss, or
3. Within thirty (30) days of when an appraisal award is made as provided for in LOSS CONDITIONS **B. APPRAISAL**.

H. SUBROGATION

1. If **we** make payment for a loss, **you** will assign to **us** all **your** rights of recovery against any party for that loss. **We** will not acquire any rights of recovery **you** have waived prior to the loss. **You** agree to cooperate and not to waive, prejudice, settle or compromise any claim against any party after the loss.
2. **You** will be paid any recovery, in the proportion that **your** deductible and any provable uninsured loss bears to the total loss less **your** proportion of fees and expenses.

I. SUIT AGAINST THE COMPANY

No suit or other legal proceeding shall be brought against **us** unless there has been full compliance with all the Policy terms and conditions. Any suit against **us** must be brought within two (2) years next after the inception of the loss.

SECTION VII – DEFINITIONS

1. **Actual cash value:** The amount it would cost to repair or replace **covered property**, on the date of loss, with material of like kind and quality, with proper deduction for physical depreciation and obsolescence, but in no event more than the fair market value.
2. **Annual aggregate:** The maximum amount of loss or damage payable in any one (1) Policy year regardless of the number of **occurrences** within the same Policy year.
3. **Contaminant:** Any foreign substance, impurity, pollutant, hazardous material, poison, toxin, pathogen or pathogenic organism, bacteria, virus, disease causing or illness causing agent, fungus, mold or mildew.
4. **Contamination:** Any condition of property that results from a **contaminant**.
5. **Covered loss:** A loss to **covered property** caused by direct physical loss or damage insured by this Policy.
6. **Covered property:** Property insured by this Policy.
7. **Electronic Data:** Information (including computer programs) stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, drives, **electronic data processing equipment** or any storage medium.
8. **Electronic data processing equipment:** Any computer, computer system or component, hardware, network, microprocessor, microchip, integrated circuit or similar devices or components in computer or non-computer equipment, operating systems, data, programs or other software stored on electronic, electro-mechanical, electro-magnetic data processing or production equipment, whether **your** property or not.
9. **Fine Arts:** Property of rarity, historical value, antiquity or artistic merit, including paintings; etchings; pictures (including their negatives); tapestries; statuary; marbles; bronzes; antique jewelry; antique furniture; antique silver; rare books; porcelains; rare or art glassware; art glass windows; valuable rugs; bric-a-brac and porcelains
10. **Land improvements:** Landscape gardening, car parks, parking lots, pavement, roadways, sidewalks, walkways, railways or transformer enclosures; but does not include fill beneath such property, including buildings, structures or additions.
11. **Location(s):**
 - a. As specified in Appendix A – Schedule of Covered **Location(s)**;
 - b. Listed on a SCHEDULE on file with **us**; or
 - c. If not so specified in Appendix A – Schedule of Covered **Location(s)** or listed on a SCHEDULE on file with **us**, a building, yard, dock, wharf, pier or bulkhead (or any group of the foregoing) bounded on all sides by public streets, clear land space or open waterways, each not less than fifty (50) feet wide. Any bridge or tunnel crossing such street, space or waterway will render such separation inoperative for the purpose of this definition.
12. **Miscellaneous Unnamed Location:** A **location** owned, leased or rented by **you**, but not listed in a Schedule of **locations** on file with **us** or attached to this Policy.

Miscellaneous Unnamed Location does not include:

- a. Newly Acquired **Locations**; or
 - b. A **location** for which coverage is found elsewhere in this Policy including ERRORS AND OMISSIONS.
13. **Occurrence:** All loss or damage attributable directly or indirectly to one (1) cause or series of similar

causes. All such loss or damage will be added together and the total loss or damage will be treated as one (1) **occurrence**.

Unless otherwise amended by an endorsement attached to this Policy:

- a. All loss or damage resulting from a continuous *FLOOD* event, irrespective of the amount of time or area over which such loss or damage occurs, will be considered a single **occurrence**.
- b. All loss or damage from *EARTH MOVEMENT* or *NAMED STORM* within the time specified in the **OCCURRENCE TIME SPECIFICATIONS** will be considered a single **occurrence**.

14. Ordinary payroll: Payroll expenses for all of **your** employees except officers, executives, department managers, employees under contract, and other important professional employees. Payroll expenses include the payroll, employee benefits (if directly related to payroll), FICA payments, Union dues and Workers' Compensation premiums **you** pay.

15. Personal Property: **Your** tangible things, other than **real property** owned by **you** and used in **your** business, including:

- a. Furniture, fixtures, machinery, **electronic data processing equipment** and stock;
- b. Materials, supplies, machinery, equipment and fixtures, including those that are *personal property of others*, which are intended by **you** for use in construction of new additions and buildings at an existing covered **location**, that **you** begin to construct during the Policy period and intend to own or occupy once constructed, while located on the construction site awaiting use in construction.
- c. Property, other than **real property**, **you** lease for use in **your** business that **you** have a responsibility to insure;
- d. **Your** interest in improvements and betterments **you** have made in buildings **you** do not own;
- e. **Your valuable papers and records.**

16. Real Property: Building(s) and any other structure, including:

- a. New buildings and additions under construction, in which **you** have an insurable interest;
- b. Completed additions, extensions or permanent fixtures;
- c. Machinery and equipment used to service the buildings;
- d. Yard Fixtures.

17. Terrorism: Activities against persons, organizations or property of any nature:

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

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

18. Valuable papers and records: Written or printed documents or records including books, maps, negatives, drawings, abstracts, deeds, mortgages and manuscripts.

19. We, us and our(s): The company issuing this Policy, as shown on the Declarations.

20. You and your(s): The First Named Insured shown on the Declarations.

APPENDIX A - SCHEDULE OF COVERED LOCATIONS

1.1 1001 Fleet St, Baltimore, MD 21202-4346
2.1 720 Aliceanna St, Baltimore, MD 21202-4387
3.1 1000 Lancaster St, Baltimore, MD 21202-4631
4.1 1001 Aliceanna St, Baltimore, MD 21202-4390
5.1 707 President St, Baltimore, MD 21202-4474
6.1 800 Aliceanna St, Baltimore, MD 21202-4575
6.2 800 Aliceanna St, Baltimore, MD 21202-4575
6.3 800 Aliceanna St, Baltimore, MD 21202-4575
6.4 800 Aliceanna St, Baltimore, MD 21202-4575
7.1 625 President St, Baltimore, MD 21202-4472
8.1 675 President St, Baltimore, MD 21202-4507
9.1 850 Aliceanna St, Baltimore, MD 21202-4641
10.1 650 S Exeter St Ste 200, Baltimore, MD 21202-4672
11.1 100 International Dr, Baltimore, MD 21202-4673
11.2 100 International Dr, Baltimore, MD 21202-4673
11.3 100 International Dr, Baltimore, MD 21202-4673
12.1 200 International Dr, Baltimore, MD 21202-4650
12.2 200 International Dr, Baltimore, MD 21202-4650
12.3 200 International Dr, Baltimore, MD 21202-4650
13.1 200-300 International Dr, Baltimore, MD 21202-4650
14.1 300 International Dr, Baltimore, MD 21202-4976
15.1 400 International Dr, Baltimore, MD 21202-4932
16.1 1530 Thames St, Baltimore, MD 21231-3400
17.1 1500 Thames St, Baltimore, MD 21231-3443
18.1 901 S Bond St, Baltimore, MD 21231-3339
19.1 700 S Caroline St, Baltimore, MD 21231-3309
20.1 740 Town Center Dr, Newport News, VA 23606-4274
20.2 740 Town Center Dr, Newport News, VA 23606-4274
21.1 830 Long Dr, Aberdeen, MD 21001-1132
22.1 711 Eastern Ave, Baltimore, MD 21202-4694
23.1 40 International Dr, Baltimore, MD 21202-4648
24.1 9021 Robert Fulton Dr, Columbia, MD 21046
25.1 9031 Robert Fulton Dr, Columbia, MD 21046
26.1 9097 Snowden River Pkwy, Columbia, MD 21046-1657
27.1 6505 Dobbin Rd, Columbia, MD 21045-5980
28.1 9051 Snowden Square Dr, Columbia, MD 21046-1676
29.1 100 Resonance Way, Havre De Grace, MD 21078
30.1 1301 Aliceanna St, Baltimore, MD 21231-2877
31.1 1330 Lancaster St, Baltimore, MD 21231-3789
32.1 711 S Central Ave, Baltimore, MD 21202-4317
32.2 711 S Central Ave, Baltimore, MD 21202-4317
32.3 711 S Central Ave, Baltimore, MD 21202-4317

APPENDIX B - NEW MADRID EARTH MOVEMENT ZONES

STATE	ZONE	COUNTIES / PARISHES / INDEPENDENT CITIES
ARKANSAS	1	Clay, Craighead, Crittenden, Cross, Green, Independence, Jackson, Lawrence, Lee, Mississippi, Monroe, Phillips, Poinsett, Randolph, St. Francis, White, Woodruff
ARKANSAS	2	Arkansas, Fulton, Izard, Lonoke, Prairie, Sharp,
ILLINOIS	1	Alexander, Franklin, Gallatin, Hamilton, Hardin, Jackson, Jefferson, Johnson, Massac, Perry, Pope, Pulaski, Randolph, Saline, Union, Washington, Williamson
ILLINOIS	2	Bond, Clay, Clinton, Crawford, Edwards, Effingham, Fayette, Jasper, Lawrence, Madison, Marion, Monroe, Richland, Saint Clair, Wabash, Wayne, White
INDIANA	2	Gibson, Knox, Pike, Posey, Spencer, Vanderburgh, Warrick
KENTUCKY	1	Ballard, Calloway, Carlisle, Crittenden, Fulton, Graves, Hickman, Livingston, Lyon, Marshall, McCracken,
KENTUCKY	2	Caldwell, Christian, Daviess, Henderson, Hopkins, McLean, Muhlenberg, Todd, Trigg, Union, Webster
MISSISSIPPI	1	DeSoto, Marshall, Tate, Tunica
MISSISSIPPI	2	Alcorn, Benton, Coahoma, Lafayette, Panola, Quitman, Tippah
MISSOURI	1	Bollinger, Butler, Cape Girardeau, Carter, Dunklin, Madison, Mississippi, New Madrid, Pemiscott, Perry, Ripley, Scott, Stoddard, Wayne
MISSOURI	2	Independent City of St. Louis, Iron, Jefferson, Oregon, Reynolds, Shannon, St. Francois, St. Louis, Ste. Genevieve, Washington
TENNESSEE	1	Benton, Carroll, Chester, Crockett, Dyer, Fayette, Gibson, Hardeman, Haywood, Henderson, Henry, Lake, Lauderdale, Madison, Obion, Shelby, Tipton, Weakley
TENNESSEE	2	Decatur, Hardin, Houston, Humphreys, McNairy, Montgomery, Perry, Stewart,

APPENDIX C - PACIFIC NORTHWEST *EARTH MOVEMENT* ZONE

REGION / STATE	COUNTIES / COORDINATES
CANADA: BRITISH COLUMBIA and VANCOUVER ISLAND	South of 50° N latitude and west of 120° W longitude
OREGON	Benton, Clackamas, Clatsop, Columbia, Coos, Curry, Douglas, Hood River, Jackson, Josephine, Klamath, Lane, Lincoln, Linn, Marion, Multnomah, Polk, Tillamook, Washington, Yamhill
WASHINGTON	Chelan, Clallam, Clark, Cowlitz, Grays Harbor, Island, Jefferson, King, Kitsap, Kittitas, Lewis, Mason, Pacific, Pierce, San Juan, Skagit, Skamania, Snohomish, Thurston, Wahkiakum, Whatcom

APPENDIX D - NAMED STORM TIERS FOR USA INCLUDING ITS COMMONWEALTHS AND TERRITORIES

SOUTHERN TIER ONE: NORTH CAROLINA TO TEXAS

STATE	COUNTIES / PARISHES / INDEPENDENT CITIES
Alabama	Baldwin, Mobile
Florida	Entire State
Georgia	Brantly, Bryan, Camden, Chatham, Charlton, Effingham, Glynn, Liberty, Long, McIntosh, Pierce, Wayne
Louisiana	Acadia, Ascension, Assumption, Calcasieu, Cameron, East Baton Rouge, East Feliciana, Iberia, Iberville, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Orleans, Plaquemines, Pointe Coupee, St. Bernard, St. Charles, St. James, St. John the Baptist, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion, Washington, West Baton Rouge
Mississippi	George, Hancock, Harrison, Jackson, Pearl River, Stone
North Carolina	Beaufort, Bertie, Bladen, Brunswick, Camden, Carteret, Chowan, Columbus, Craven, Currituck, Dare, Duplin, Gates, Hertford, Hyde, Jones, Lenoir, Martin, New Hanover, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Pitt, Tyrrell, Washington, Wayne
South Carolina	Beaufort, Berkeley, Charleston, Colleton, Dorchester, Georgetown, Horry, Jasper, Williamsburg
Texas	Aransas, Bee, Brazoria, Brooks, Calhoun, Cameron, Chambers, Fort Bend, Galveston, Goliad, Hardin, Harris, Hidalgo, Jackson, Jasper, Jefferson, Jim Wells, Kenedy, Kleberg, Liberty, Matagorda, Nueces, Orange, Refugio, San Patricio, Victoria, Wharton, Willacy

APPENDIX D (continued)

**NAMED STORM TIERS FOR USA INCLUDING
ITS COMMONWEALTHS AND TERRITORIES**

NORTHERN TIER ONE: VIRGINIA TO MAINE

STATE	COUNTIES / PARISHES / INDEPENDENT CITIES
Connecticut	Fairfield, Middlesex, New Haven, New London
Delaware	Sussex
Maine	Cumberland, Hancock, Knox, Lincoln, Penobscot, Sagadahoc, Waldo, Washington, York
Maryland	Calvert, Charles, Dorchester, St. Mary's, Somerset, Wicomico, Worcester
Massachusetts	Barnstable, Bristol, Dukes, Essex, Middlesex, Nantucket, Norfolk, Plymouth, Suffolk
New Hampshire	Rockingham
New Jersey	Atlantic, Bergen, Cape May, Cumberland, Essex, Hudson, Middlesex, Monmouth, Ocean, Union
New York	Bronx, Kings, Nassau, New York, Queens, Richmond, Suffolk
Rhode Island	Bristol, Newport, Washington
Virginia	Accomack, Gloucester, Isle of Wight, James City, Lancaster, Mathews, Middlesex, Northampton, Northumberland, Surry, York Independent Cities: Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, Williamsburg

SOUTHERN TIER TWO: NORTH CAROLINA TO TEXAS

STATE	COUNTIES / PARISHES / INDEPENDENT CITIES
Alabama	Clarke, Coffee, Conecuh, Covington, Dale, Escambia, Geneva, Houston, Monroe, Washington
Louisiana	Allen, Avoyelles, Beauregard, Evangeline, St. Helena, St. Landry, West Feliciana
Mississippi	Forrest, Greene, Jones, Lamar, Marion, Perry, Pike, Walthall, Wayne
North Carolina	Cumberland, Edgecombe, Greene, Johnston, Robeson, Sampson, Wilson
South Carolina	Bamberg, Calhoun, Clarendon, Dillon, Florence, Hampton, Marion, Orangeburg
Texas	Austin, Brazos, Colorado, De Witt, Duval, Fayette, Gonzales, Grimes, Jim Hogg, Karnes, Lavaca, Live Oak, McMullen, Montgomery, Newton, Polk, San Jacinto, Starr, Tyler, Walker, Waller, Washington

APPENDIX D (continued)

**NAMED STORM TIERS FOR USA INCLUDING
ITS COMMONWEALTHS AND TERRITORIES**

Other States, Commonwealths and Territories of The United States of America		
	TIER	
AMERICAN SAMOA	2	Entire Territory
GUAM	1	Entire Territory
HAWAII	1	Entire State
NORTHERN MARIANA ISLANDS	1	Entire Commonwealth
PUERTO RICO	1	Entire Commonwealth
U.S. VIRGIN ISLANDS	1	Entire Territory
All other US Territories and Possessions	1	Entire Territory

APPENDIX E - FLOOD HAZARD LOCATIONS

High Hazard Location(s)

- 1.1 1001 Fleet St, Baltimore, MD 21202-4346
- 3.1 1000 Lancaster St, Baltimore, MD 21202-4631
- 11.1 100 International Dr, Baltimore, MD 21202-4673
- 11.2 100 International Dr, Baltimore, MD 21202-4673
- 11.3 100 International Dr, Baltimore, MD 21202-4673
- 12.1 200 International Dr, Baltimore, MD 21202-4650
- 12.2 200 International Dr, Baltimore, MD 21202-4650
- 12.3 200 International Dr, Baltimore, MD 21202-4650
- 13.1 200-300 International Dr, Baltimore, MD 21202-4650
- 14.1 300 International Dr, Baltimore, MD 21202-4976
- 15.1 400 International Dr, Baltimore, MD 21202-4932
- 16.1 1530 Thames St, Baltimore, MD 21231-3400
- 18.1 901 S Bond St, Baltimore, MD 21231-3339
- 19.1 700 S Caroline St, Baltimore, MD 21231-3309
- 22.1 711 Eastern Ave, Baltimore, MD 21202-4694
- 23.1 40 International Dr, Baltimore, MD 21202-4648
- 30.1 1301 Aliceanna St, Baltimore, MD 21231-2877
- 31.1 1330 Lancaster St, Baltimore, MD 21231-3789
- 32.1 711 S Central Ave, Baltimore, MD 21202-4317
- 32.2 711 S Central Ave, Baltimore, MD 21202-4317
- 32.3 711 S Central Ave, Baltimore, MD 21202-4317

Moderate Hazard Location(s)

- 2.1 720 Aliceanna St, Baltimore, MD 21202-4387
- 4.1 1001 Aliceanna St, Baltimore, MD 21202-4390
- 5.1 707 President St, Baltimore, MD 21202-4474
- 6.1 800 Aliceanna St, Baltimore, MD 21202-4575
- 6.2 800 Aliceanna St, Baltimore, MD 21202-4575
- 6.3 800 Aliceanna St, Baltimore, MD 21202-4575
- 6.4 800 Aliceanna St, Baltimore, MD 21202-4575
- 7.1 625 President St, Baltimore, MD 21202-4472
- 8.1 675 President St, Baltimore, MD 21202-4507
- 9.1 850 Aliceanna St, Baltimore, MD 21202-4641
- 10.1 650 S Exeter St Ste 200, Baltimore, MD 21202-4672
- 20.1 740 Town Center Dr, Newport News, VA 23606-4274
- 20.2 740 Town Center Dr, Newport News, VA 23606-4274

FORMS AND ENDORSEMENTS

Form(s) and Endorsement(s) made a part of this Policy at time of issue:

Form or Endorsement Number	Form or Endorsement Name
CNP 90 06 01 20	Disclosure Pursuant to Terrorism Risk Insurance Act
CNI 90 11 07 18	Reporting a Commercial Claim 24 Hours a Day
CNP 90 28 10 24	Important Notice To Policyholder Changes In Coverage Absolute Cyber Exclusion
SNI 04 01 06 24	Liberty Mutual Group Privacy Notice
SNP 45 02 10 21	Virginia – Earth Movement No Coverage Provided (NCP)
PY 04 04 01 17	Exclusion of Certified Acts of Terrorism
PY 04 02 01 17	Additional Named Insured
PY 04 20 11 20	Actual Cash Value - Defined
CNP 90 20 11 20	Important Notice To Policyholder Changes In Coverage Actual Cash Value
PY 05 03 09 24	Absolute Cyber Exclusion

STATE AMENDATORY ENDORSEMENTS

Endorsement Number	Endorsement Name
PY 01 14 01 17	Maryland Changes
PY 02 22 08 17	Maryland Changes - Cancellation and Nonrenewal
PY 01 36 01 17	Virginia Changes

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

**DISCLOSURE PURSUANT TO TERRORISM RISK
INSURANCE ACT**

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, **we** are required to provide **you** with a notice disclosing the portion of **your** premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of **your** premium attributable to such coverage is shown in D. PREMIUM in the Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. Beginning in calendar year 2020, the federal share equals 80% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. Cap On Insurer Participation In Payment Of Terrorism Losses

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

REPORTING A COMMERCIAL CLAIM 24 HOURS A DAY

Liberty Mutual Insurance claims professionals across the United States are ready to resolve your claim quickly and fairly, so you and your team can focus on your business. Our claims teams are specialized, experienced and dedicated to a high standard of service.

We're Just a Call Away — One Phone Number to Report All Commercial Insurance Claims

Reporting a new claim has never been easier. A Liberty Mutual customer service representative is available to you 24/7 at **800-362-0000** for reporting new property, auto, liability and workers' compensation claims. With contact centers strategically located throughout the country for continuity and accessibility, we're there when we're needed!

Additional Resource for Workers' Compensation Customers

In many states, employers are required by law to use state-specific workers compensation claims forms and posting notices. This type of information can be found in the Policyholders Toolkit section of our website along with other helpful resources such as:

- Direct links to state workers compensation websites where you can find state-specific claim forms
- Assistance finding local medical providers
- First Fill pharmacy forms — part of our managed care pharmacy program committed to helping injured workers recover and return to work

Our Policyholder Toolkit can be accessed at **www.libertymutualgroup.com/toolkit**.

For all claims inquiries please call us at **800-362-0000**.

**IMPORTANT NOTICE TO POLICYHOLDER
CHANGES IN COVERAGE
ABSOLUTE CYBER EXCLUSION**

Dear Valued Policyholder,

Thank you for selecting us as your insurer for your commercial property insurance. This notice contains a brief summary of a coverage change being made to your Policy.

This notice outlines a new endorsement being added to your renewal. Only the countrywide version of this endorsement is referenced. State specific versions, where applicable, have been added in the same manner as the countrywide version unless otherwise specified.

Please read your Policy and review your Declarations page for complete coverage information. No coverage is provided by this notice, nor can it be construed to replace any provisions of your Policy. If there are discrepancies between your Policy and this notice, the provisions of the Policy shall prevail.

These changes become effective as of the effective date of your renewal Policy. Please note that this notice does not apply to you or your Policy in the event you have received, or do receive, a notice of cancellation or nonrenewal.

Should you have questions after reviewing the changes outlined below, please contact your independent agent. Thank you for your business.

Expiring Form	Expiring Form Number	New Form	New Form Number
N/A	N/A	Absolute Cyber Exclusion	PY 05 03 09 24

Summary of Changes

PY 05 03 Absolute Cyber Exclusion

This endorsement clarifies that coverage is not provided for cyber incidents or cyber events resulting in loss or damage to computer systems or computer software (including electronic data). A cyber incident includes, but is not limited to the unauthorized access or the introduction of a malicious code or virus that either damages or denies service to your computer system or computer software. A cyber event includes, but is not limited to damage, distortion, corruption or loss of functionality.

The endorsement does not exclude coverage provided under DATA, PROGRAMS OR SOFTWARE or COMPUTER SYSTEMS NON PHYSICAL DAMAGE to the extent and limits, if any, provided by your particular Policy. Please read your Policy and review your Declarations page for complete information about those two coverages.

LIBERTY MUTUAL GROUP PRIVACY NOTICE
Commercial Lines (excluding Workers' Compensation)
(Effective June 2024)

Liberty Mutual Group and its affiliates, subsidiaries, and partners (collectively "Liberty Mutual" or "we", "us" and "our") provide insurance to companies and other insurers. This Privacy Notice explains how we gather, use, and share your data. This Privacy Notice applies to you if you are a **Liberty Mutual commercial line insured or are a commercial line claimant**. It does not apply to covered employees or claimants under Workers' Compensation policies. If this notice does not apply to you, go to libertymutual.com/privacy to review the applicable Liberty Mutual privacy notice.

What Data Does Liberty Mutual Gather?

The types of personal data we gather and share depend on both the product and your relationship to us. For example, we may gather different data if you are a claimant reporting an injury than if you want a quote for commercial property insurance. The data we gather can include your Social Security Number, income, transaction data such as account balances and payment history, and data from consumer reports. It may also include data gathered in connection with our provision of insurance services, when you apply for such services, or resulting from other contacts with you. It may also include:

- **Identifiers**, including a real name, alias, postal address, unique personal identifier, online identifier, Internet Protocol address, email address, account name, Social Security Number, driver's license number, or other similar identifiers;
- **Personal information**, such as your name, signature, Social Security Number, physical characteristics or description, address, telephone number, driver's license or state identification card number, insurance policy number, education, employment, employment history, bank account number, financial information, medical information, or health insurance information;
- **Protected classification characteristics**, including age, race, color, national origin, citizenship, religion or creed, marital status, medical condition, physical or mental disability, sex (including gender, gender identity, gender expression, pregnancy or childbirth and related medical conditions), sexual orientation, or veteran or military status;
- **Commercial information**, including records of personal property, products or services purchased, obtained, or considered, or other purchasing or consumer histories and tendencies;
- **Internet or other similar network activity**, including browsing history, search history, information on a consumer's interaction with a website, application, or advertisement;
- **Professional or employment related information**, including current or past job history or performance evaluations;
- **Inferences drawn from other personal information**, such as a profile reflecting a person's preferences, characteristics, psychological trends, predispositions, behavior, attitudes, intelligence, abilities, and aptitudes;
- **Risk data**, including data about your driving and/or accident history; this may include data from consumer reporting agencies, such as your motor vehicle records, and loss history information, health data, or criminal convictions;
- **Claims data**, including data about your previous and current claims, which may include data regarding your health, criminal convictions, third party reports, or other personal data; and
- **Sensitive Data** as defined under the California Privacy Rights Act when used to infer characteristics of an individual.

How Do You Gather My Data?

We gather your personal data directly from you . For example, you provide us with data when you:	We also gather your personal data from other people . For example:
ask about, buy insurance, or file a claim	your insurance agent or broker
pay your policy	your employer, association, or business (if you are insured through them)
visit our websites, call us, or visit our office	our affiliates or other insurance companies about your transactions with them
	consumer reporting agencies, Motor Vehicle Departments, and inspection services, to gather your credit history, driving record, claims history, or value and condition of your property
	other public directories and sources
	third parties, including other insurers, brokers and insurance support organizations who you have communicated with about your policy or claim, anti-fraud databases, sanctions lists, court judgments and other databases, government agencies, open electoral register, or in the event of a claim, third parties including other parties to the claim witnesses, experts, loss adjusters and claim handlers
	other third parties who take out a policy with us and are required to provide your data such as when you are named as a beneficiary or where a family member has taken out a policy which requires your personal data

Organizations that share data with us may keep it and disclose it to others as permitted by law.

How Does Liberty Mutual Use My Data?

Liberty Mutual uses your data to provide you with our products and services, and as otherwise provided in this Privacy Notice. We may use your data and the data of our former customers for our business and other compatible purposes. Our business purposes include, for example:

<u>Business Purpose</u>	<u>Data Categories</u>	<u>Do We Sell or Share Your Data as Defined by CPRA?</u>
Market, sell and provide insurance. This includes, for example: - calculating your premium; - determining your eligibility for a quote; - confirming your identity and servicing your policy;	- Identifiers - Personal Information - Protected Classification Characteristics - Commercial Information - Internet or other similar network activity - Professional or employment related information - Inferences drawn from other personal information - Risk data - Claims data - Sensitive Data	No

Manage your claim. This includes, for example: • managing your claim, if any; • conducting claims investigations; • conducting medical examinations; • conducting inspections, appraisals; • providing roadside assistance; • providing rental car replacement or repairs;	• Identifiers • Personal Information • Protected Classification Characteristics • Commercial Information • Internet or other similar network activity • Professional or employment related information • Inferences drawn from other personal information • Risk data • Claims data	• No
Day to Day Business and Insurance Operations. This includes, for example: • creating, maintaining, customizing, and securing accounts; • supporting day-to-day business and insurance related functions; • doing internal research for technology and development; • marketing, advertising and creating products and services; • conducting audits related to a current contact with a consumer and other transactions; • as described at or before the point of gathering personal data or with your authorization;	• Identifiers • Personal Information • Protected Classification Characteristics • Commercial Information • Internet or other similar network activity • Professional or employment related information • Inferences drawn from other personal information • Risk data • Claims data	• No
Security and Fraud Detection. This includes, for example: • detecting security issues; • protecting against fraud or illegal activity, and to comply with regulatory and law enforcement authorities; • managing risk and securing our systems, assets, infrastructure, and premises; • help to ensure the safety and security of Liberty Mutual staff, assets, and resources, which may include physical and virtual access controls and access rights management; • supervisory controls and other monitoring and reviews, as permitted by law; and emergency and business continuity management;	• Identifiers • Personal Information • Protected Classification Characteristics • Commercial Information • Internet or other similar network activity • Professional or employment related information • Inferences drawn from other personal information • Risk data • Claims data	• No

Regulatory and Legal Requirements. This includes for example: • controls and access rights management; • to evaluate or conduct a merger, divestiture, restructuring, reorganization, dissolution, or other sale or transfer of some or all of Liberty's Mutual's assets, whether as a going concern or as part of bankruptcy, liquidation, or similar proceeding, in which personal data held by Liberty Mutual is among the assets transferred; • exercising and defending our legal rights and positions; • to meet Liberty Mutual contractual obligations; • to respond to law enforcement requests as required by applicable law, court order, or governmental regulations; • as otherwise permitted by law;	• Identifiers • Personal Information • Protected Classification Characteristics • Commercial Information • Internet or other similar network activity • Professional or employment related information • Inferences drawn from other personal information • Risk data • Claims data	• No
Improve Your Customer Experience and Our Products. This includes, for example: • improve your customer experience, our products, and service; • to provide support, personalize, and develop our website, products, and services; • create and offer new products and services;	• Identifiers • Personal Information • Commercial Information • Internet or other similar network activity • Professional or employment related information • Inferences drawn from other personal information • Risk data • Claims data	• No
Analytics to identify, understand, and manage our risks and products. This includes, for example: • conducting analytics to better identify, understand, and manage risk and our products.	• Identifiers • Personal Information • Protected Classification Characteristics • Commercial Information • Internet or other similar network activity • Professional or employment related information • Inferences drawn from other personal information; • Risk data • Claims data • Sensitive Data	• No

Customer service and technical support. This includes, for example: • answer questions and provide notifications; • provide customer and technical support.	• Identifiers • Personal Information • Commercial Information • Internet or other similar network activity • Professional or employment related information • Inferences drawn from other personal information • Risk data • Claims data	• No
Cross-Context Behavioral Advertising	• Identifiers • IP address • Internet or other similar network activity	• We share this information with service providers such as search engines and social media platforms.

Liberty Mutual will not collect additional categories of personal information or use the personal information we collected for materially unrelated, or incompatible purposes without updating our notice.

How Does Liberty Mutual Share My Data?

Liberty Mutual does not sell your personal data as defined by California law.

Liberty Mutual shares your personal data as disclosed above. The California privacy law defines sharing as "communicating orally, in writing, or by electronic or other means, a consumers personal information, to a third party for cross-context behavioral advertising, whether or not for monetary or other valuable consideration". This occurs when you visit the Liberty Mutual website. Cookies or pixels are deployed that then allow us to show you targeted advertisements when you visit other websites or social media platforms.

This type of sharing is different from disclosing personal information to other entities to perform a service related to providing insurance or processing your claim. Liberty Mutual may disclose personal data with the following categories of affiliated and non-affiliated third parties:

- Liberty Mutual affiliates;
- Service Providers (such as auto repair facilities, towing companies, property inspectors, and independent adjusters);
- Insurance support organizations;
- Brokers and agents;
- Public entities (e.g. regulatory, quasi-regulatory, tax or other authorities, law enforcement agencies, courts, arbitrational bodies, and fraud prevention agencies);
- Consumer reporting agencies;
- Professional advisors including law firms, accountants, auditors, and tax advisors;
- Insurers, re-insurers, policy holders, and claimants;
- Group policyholders (for reporting claims data or an audit);
- A person, organization, affiliates or service providers conducting actuarial or research studies; and
- As permitted by law.

We may also disclose data with other companies that provide marketing services on our behalf or as part of a joint marketing agreement for products offered by Liberty Mutual. We will not disclose your personal data with others for their own marketing purposes.

We may also disclose data about our transactions (such as payment history) and experiences (such as claims made) with you to our affiliates.

Liberty Mutual may disclose the following categories of personal data to service providers for business purposes:

Identifiers	Personal Data
Protected Classification Characteristics	Commercial Information
Internet or other similar network activity	Claims Data
Inferences drawn from personal data	Risk Data
Professional, employment, and education information	

How Do We Keep Your Personal Data Safe?

We maintain physical, electronic, and procedural safeguards to protect your non-public personal information. These safeguards comply with applicable laws. Our employees and agents are authorized to access your data only for legitimate business purposes.

How Long Does Liberty Mutual Retain Each Category of Personal Data?

We retain your information in accordance with our legal obligations, our records retention policies, or as otherwise permitted by law. For example, we may have a legal obligation to retain information relating to your policies or claims with us. We will delete your data once the legal obligation expires or after the period of time specified in our records retention policies. The period of retention is subject to our review and alteration.

Children's Privacy

We do not direct our services to individuals under the age of 13 and we request that these individuals do not provide personal data through our services.

What Rights Do I Have to Learn More About My Personal Data?

Individuals may request access to a copy of their personal information. We will honor requests for access after we have verified your identity. We will grant two requests per year after. A request may be made to us by contacting us as described below.

You may have additional rights if you are a resident of California. For information about our data practices in the last 12 months, including the types of personal data we have collected, from whom we gathered that data, and with whom we disclosed the data, please go to [Lmi.co/caprivacynotices](https://lmi.co/caprivacynotices) and click on the link for the California Privacy Policy (Consumers). As a California resident, you also have the right to opt-out of cross-context behavioral advertising. You can learn more about those rights at lmi.co/caprivacychoices. To learn more about these and other privacy rights you may have as a California resident, please see the [California Privacy Policy \(Consumers\)](#). If you cannot access the link, please contact us.

Will Liberty Mutual Update This Privacy Notice?

We reserve the right to make changes to this notice at any time and for any reason. The updated version of this notice will be effective once it is posted online at <https://www.libertymutual.com/>. You are responsible for reviewing this notice to stay informed of any changes or updates.

Who Do I Contact Regarding Privacy?

You can submit requests, seek additional information, or obtain a copy of our Privacy Notice in an alternative format by either:

Calling:	800-344-0197
Email:	Privacy@libertymutual.com
Online:	Libertymutualgroup.com/privacy-policy/data-request
Postal Address:	Liberty Mutual Insurance Company 175 Berkeley St., 6th Floor Boston, MA 02116 Attn: Privacy Office

VIRGINIA – EARTH MOVEMENT NO COVERAGE PROVIDED (NCP)

If "NCP" (No Coverage Provided) is specified in the *EARTH MOVEMENT* section of the LIMIT OF LIABILITY TABLE in SECTION I - DECLARATIONS of **your** Policy, then:

1. There is no coverage for any loss or damage caused by or resulting from *EARTH MOVEMENT* regardless of any other cause or event; and
2. There is no *EARTH MOVEMENT* coverage under **your** current policy or any renewal, reinstatement, substitute, amended, altered, modified, transfer or replacement policy, with **us** or with any of **our** affiliated companies. This Notice applies to all such policies.

Nothing contained in this Notice modifies, alters or amends the terms and conditions of **your** Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

PREMIER PROPERTY PROTECTOR™

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

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

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

B. The following exclusion is added:

CERTIFIED ACT OF TERRORISM EXCLUSION

We will not pay for loss or damage directly or indirectly caused by or resulting from a "certified act of terrorism". Such loss or damage is excluded regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence.

C. Exception Covering Certain Fire Losses

The following exception to the exclusion in Paragraph **B.** applies only in the following states: California, Georgia, Hawaii, Illinois, Iowa, Maine, Missouri, New Jersey, New York, North Carolina, Oregon, Rhode Island, U.S. Virgin Islands, Washington, West Virginia, and Wisconsin.

If a "certified act of terrorism" results in fire, **we** will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to **covered property**. Therefore, for example, the coverage does not apply to insurance provided under TIME ELEMENT.

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

D. Application Of Exclusions

The terms and limitations of SECTION II.C. EXCLUSIONS, **2.a.** do not serve to create coverage for any loss which would otherwise be excluded under this endorsement or the Policy, such as losses excluded under SECTION II.C. EXCLUSIONS, **2. b., c., d., or e.**

Policy Number YAC-L9L-449363-035
Issued By Employers Insurance Company of Wausau

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL NAMED INSURED

This endorsement modifies insurance provided under the following:

PREMIER PROPERTY PROTECTOR™

We will provide insurance under this Policy to each of the persons or organizations shown as an additional named insured on the Schedule of this endorsement.

We will adjust any **covered loss** only with **you**.

You will pay the premium for the insurance **we** provide to the additional named insureds. In the event that **you** become bankrupt or insolvent, each additional named insured shall pay the premium for the insurance it receives.

We will make **our** payment jointly to **you** and any person or organization shown on the Schedule.

Schedule

Additional Named Insured	Location
Harbor East Cinemas, LLC	6.3 800 Aliceanna St, Baltimore, MD 21202-4575

All other terms and conditions remain unchanged.

Policy Number YAC-L9L-449363-035
Issued By Employers Insurance Company of Wausau

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ACTUAL CASH VALUE - DEFINED

This endorsement modifies insurance provided under the following:

PREMIER PROPERTY PROTECTOR

SECTION VII – DEFINITIONS is modified as follows:

The definition for **Actual Cash Value** is replaced by the following:

Actual cash value: The amount it would cost to repair or replace **covered property**, on the date of loss, with material of like kind and quality, with reasonable deduction for physical depreciation and obsolescence, but in no event more than the fair market value.

The following is added to any provision which uses the term **actual cash value** as it pertains to direct loss or damage to real property caused by a **covered loss**:

Unless otherwise provided by this policy, **we** may deduct expense depreciation. Expense depreciation is defined as depreciation, including but not limited to the cost of goods, materials, overhead and profit, labor and services necessary to replace, repair or rebuild damaged property. If expense depreciation is applied to a loss for damaged property, **we** shall provide a written explanation as to how the expense depreciation was calculated.

**IMPORTANT NOTICE TO POLICYHOLDER
CHANGES IN COVERAGE
ACTUAL CASH VALUE**

Dear Valued Policyholder,

Thank you for selecting us as your carrier for your commercial insurance. This notice contains a brief summary of a coverage change made to your policy.

This notice outlines a new endorsement being added to your renewal. Only the countrywide version of this endorsement is referenced. State specific versions, where applicable, have been added in the same manner as the countrywide version unless otherwise specified.

Please read your policy and review your Declarations page for complete coverage information. No coverage is provided by this notice, nor can it be construed to replace any provisions of your policy. If there are discrepancies between your policy and this notice, the provisions of the policy shall prevail.

These changes become effective as of the effective date of your replacement policy. Please note that this notice does not apply to you or your policy in the event you have received, or do receive, a notice of cancellation or nonrenewal.

Should you have questions after reviewing the changes outlined below, please contact your independent agent. Thank you for your business.

New Form	New Form Number
Actual Cash Value - Defined	PY 04 20 11 20

Summary of Changes

We are adding an endorsement to your policy that amends the definition of Actual Cash Value to provide greater clarity. Actual Cash Value is a valuation method that involves a depreciation calculation of physical property and expenses such as cost of goods sold, labor, materials, and services necessary to replace, repair or rebuild damaged property at the time of loss. Actual Cash Value applies to your policy if you have not selected Replacement Cost or another method of loss valuation, or if you have selected Replacement Cost and choose to settle your claim on an Actual Cash Value basis.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ABSOLUTE CYBER EXCLUSION

This endorsement modifies insurance provided under the following:

PREMIER PROPERTY PROTECTOR™

A. The following is added to SECTION II – PROPERTY DAMAGE, C. EXCLUSIONS:

We do not cover:

- a. Any **Cyber Event**, including loss, damage, cost or expense resulting from or directly or indirectly caused by authorized access to or use of any **electronic data processing equipment** (including **electronic data**).
- b. Any **Cyber Incident**, including loss, damage, cost or expense resulting from or directly or indirectly caused by unauthorized access to or use of any **electronic data processing equipment** (including **electronic data**).

This exclusion applies regardless of whether there is physical loss or damage or whether the physical loss or damage is directly or indirectly caused by or resulting from any of the above regardless of any other cause or event, whether or not insured under this Policy, contributing to the loss concurrently or in any other sequence.

But if a **Cyber Event** or **Cyber Incident** results in fire or explosion, **we** will pay for the loss or damage caused by that resulting fire or explosion.

This exclusion does not apply to the extent coverage is otherwise provided under DATA, PROGRAMS OR SOFTWARE or COMPUTER SYSTEMS NON PHYSICAL DAMAGE.

The terms of this exclusion or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise not be covered or excluded under this Policy.

B. The following are added to SECTION VII – DEFINITIONS:

Cyber Event means:

- a. Damage, destruction, distortion, erasure, corruption, alteration, loss of use, reduction in the functionality of, or any other loss or damage to **electronic data processing equipment** (including **electronic data**) or websites;
- b. Any error or omission or series of related errors or omissions involving access to or processing, programming, use, or operation of any **electronic data processing equipment** (including **electronic data**);
- c. Any functioning or malfunctioning of the internet or similar facility, or of any intranet or private network or similar facility;
- d. Loss of use or functionality whether partial or entire of data, coding, program, software, any **electronic data processing equipment** (including **electronic data**) or other device dependent upon any microchip or embedded logic, and any ensuing liability or failure to conduct operations;l
- e. A change in the functionality, availability, operation, use of, accessibility to or operation of any **electronic data processing equipment** (including **electronic data**), whether owned by **you** or others; and

- f. Loss resulting from any advice, consultation, evaluation, design, inspection, installation, repair, replacement, or maintenance performed by **you** or on **your** behalf to address any condition or problem involving **electronic data processing equipment** (including **electronic data**).

Cyber Incident means:

- a. Unauthorized access to or use of any electronic data processing equipment (including electronic data);
- b. The introduction of malicious code, virus or any other harmful code that is directed at, enacted upon or introduced into **electronic data processing equipment** (including **electronic data**) and is designed to access, alter, corrupt, damage, delete, destroy, disrupt, encrypt, exploit, use or prevent or restrict access to or the use of any part of any **electronic data processing equipment** (including **electronic data**) or otherwise disrupt its normal functioning or operation;
- c. Denial of service attack which disrupts, prevents or restricts access to or use of any **electronic data processing equipment** (including **electronic data**), or otherwise disrupts its normal functioning or operation;
- d. Extortion threats, ransomware, or other unlawful demands, fraud, or theft involving **electronic data** including any fees costs or expenses incurred by **you** in response to such an event; and
- e. Vandalism loss or damage as provided by this Policy does not include a **Cyber Incident** as described in Paragraphs **a.** through **d.** of this exclusion.

Policy Number YAC-L9L-449363-035
Issued By Employers Insurance Company of Wausau

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MARYLAND CHANGES

This endorsement applies only to **covered property** located in Maryland and modifies insurance provided under the following:

PREMIER PROPERTY PROTECTOR™

A. Paragraph H. JURISDICTION of SECTION I – DECLARATIONS is replaced by the following:

H. JURISDICTION

Any disputes arising hereunder will be exclusively subject to a State or Federal jurisdiction within the United States of America.

B. Paragraph C. CONCEALMENT, MISREPRESENTATION OR FRAUD of SECTION V – GENERAL POLICY CONDITIONS is replaced by the following:

C. CONCEALMENT, MISREPRESENTATION OR FRAUD

We do not provide coverage in any case of fraud by **you**, at any time, as it relates to this Policy. **We** also do not provide coverage if **you, your** representatives or any insured, at any time, intentionally conceals or misrepresents a material fact concerning:

1. This Policy;
2. The **covered property**;
3. **Your** interest in the **covered property**; or
4. A claim under this Policy.

C. Paragraph I. SUIT AGAINST THE COMPANY of SECTION VI – LOSS CONDITIONS is replaced by the following:

I. SUIT AGAINST THE COMPANY

No suit or other legal proceeding shall be brought against **us** unless there has been full compliance with all the Policy terms and conditions. Any suit against **us** must be brought within three (3) years of the date that the suit accrues.

D. The following is added to SECTION VI – LOSS CONDITIONS:

J. MARYLAND FRAUD WARNING

Pursuant to Maryland Insurance Article section §27-805, "Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison."

All other terms and conditions remain unchanged.

Policy Number YAC-L9L-449363-035
Issued By Employers Insurance Company of Wausau

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MARYLAND CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

PREMIER PROPERTY PROTECTOR™

A. Paragraph **B.** CANCELLATION of SECTION V – GENERAL POLICY CONDITIONS is replaced by the following:

B. CANCELLATION

1. **You** may cancel this Policy by mailing or delivering to **us** advance written notice of cancellation.
2. **We** may cancel this Policy by mailing to **you** at **your** last mailing address known to **us** written notice of cancellation, stating the reason for cancellation based on the following:
 - a. When this Policy has been in effect for 45 days or less and is not a renewal Policy:
 - (1) 10 days before the date of cancellation if **we** cancel for nonpayment of premium.
 - (2) 15 days before the date of cancellation if **we** cancel because the risk does not meet **our** underwriting standards.
 - b. When this Policy has been in effect for more than 45 days or is a renewal Policy:
 - (1) 10 days before the date of cancellation if **we** cancel for nonpayment of premium.
 - (2) 45 days before the date of cancellation if **we** cancel for a permissible reason other than nonpayment of premium. Under this Paragraph (2), **we** may cancel only for one (1) or more of the following reasons:
 - (a) When there exists material misrepresentation or fraud in connection with the application, Policy, or presentation of a claim.
 - (b) A change in the condition of the risk that results in an increase in the hazard insured against.
 - (c) A matter or issue related to the risk that constitutes a threat to public safety.
- You** may request additional information on the reason for cancellation within 30 days from the date of **our** notice.
3. If **we** cancel for nonpayment of premium, **you** may continue the coverage and avoid cancellation by making full payment any time prior to the date of cancellation.

4. If this Policy is canceled, **we** will send **you** any premium refund due.

a. The refund will be pro rata if:

(1) **We** cancel; or

(2) This Policy is not a renewal policy, and **you** cancel upon receiving written notice that **we** recalculated the premium based on the discovery of a material risk factor during the first 45 days the Policy has been in effect.

b. If **you** cancel, other than the cancellation described in Paragraph a.(2) above, the refund will be calculated as follows:

(1) For a Policy written for a Policy period of one year or less, **we** will refund 90% of the pro rata unearned premium.

(2) For a Policy written for a Policy period of more than one year:

(a) If the Policy is canceled in the first year, **we** will refund 90% of the pro rata unearned premium for the first year, plus the full annual premium for subsequent years.

(b) If the Policy is canceled after the first year, **we** will refund the pro rata unearned premium.

However, if this Policy is financed by a premium finance company and **we** or the premium finance company or **you** cancel the Policy, the refund will consist of the gross unearned premium computed pro rata, excluding any expense constant, administrative fee or nonrefundable charge filed with and approved by the insurance commissioner.

The cancellation will be effective even if **we** have not yet made or offered a refund.

5. **We** will send notice of cancellation to you by a first-class mail tracking method if:

a. **We** cancel for nonpayment of premium; or

b. This Policy is not a renewal of a Policy we issued and has been in effect for 45 days or less.

We will send notice to **you** by a first-class mail tracking method or by commercial mail delivery service if we cancel for a reason other than nonpayment of premium and this Policy:

a. Is a renewal of a Policy **we** issued; or

b. Has been in effect for more than 45 days.

We will maintain proof of mailing in a form authorized or accepted by the United States Postal Service or by other commercial mail delivery service when such service is used. Proof of mailing will be sufficient proof of notice.

B. The NONRENEWAL provision of SECTION V – GENERAL POLICY CONDITIONS is replaced by the following:

NONRENEWAL

1. If **we** decide not to renew this Policy, **we** will mail a written notice of nonrenewal to **you**, sent by a *first-class mail tracking method* or by commercial mail delivery service, to **your** last mailing address known to **us** at least 60 days before the expiration date of this Policy. **We** will maintain proof of mailing in a form authorized or accepted by the United States Postal Service or by other commercial mail delivery service when such service is used. Proof of mailing will be sufficient proof of notice.

2. If **we** elect not to renew a Policy that has been in effect for more than 45 days for a reason other than nonpayment of premium, **we** will provide a written statement of the actual reason for **our** refusal to renew. **You** may request additional information within 30 days from the date of **our** notice.
 3. If **we** offer to renew at least 45 days before the renewal date and **you** fail to make the required premium payment by the renewal date, the Policy will terminate on the renewal date for nonpayment of premium.
- C. *First-class mail tracking method* means a method that provides evidence of the date that a piece of first-class mail was accepted for mailing by the United States Postal Service, including a certificate of mail and an electronic mail tracking system used by the United States Postal Service. *First-class mail tracking method* does not include a certificate of bulk mailing.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VIRGINIA CHANGES

This endorsement applies only to **covered property** located in Virginia and modifies insurance provided under the following:

PREMIER PROPERTY PROTECTOR™

A. Paragraph H. JURISDICTION of SECTION I – DECLARATIONS is replaced by the following:

H. JURISDICTION

Any disputes arising hereunder will be exclusively subject to a State or Federal jurisdiction within the United States of America.

B. Paragraph (1) following item number (6) of 2.a. Terrorism of C. EXCLUSIONS is replaced with the following:

- (1) If **terrorism** results in fire, in which case **we** cover the direct physical loss or damage caused by the fire. This exception is subject to all applicable Policy provisions including the LIMIT OF LIABILITY on the affected property. Such coverage for ensuing loss applies only to direct loss or damage by fire to **covered property**. This coverage does not apply to insurance provided under any TIME ELEMENT coverage, or to fire legal liability coverage; or

C. The LAND AND WATER CLEANUP, REMOVAL AND DISPOSAL provision of SECTION II – PROPERTY DAMAGE, D. PROPERTY DAMAGE COVERAGES AND LIMITATIONS is replaced by the following:

LAND AND WATER CLEANUP, REMOVAL AND DISPOSAL

- a. For uninsured property at a covered **location** consisting of land, water, or any other substance in or on land or water at a covered **location**, **we** cover **your** reasonable and necessary cost for the cleanup, removal and disposal of the actual presence of **contaminant(s)** from that property if the release, discharge or dispersal of such **contaminant(s)** is a result of a **covered loss**.
- b. This PROPERTY DAMAGE COVERAGE AND LIMITATION does not apply:
- (1) At any **location** insured for **personal property** only; or
- (2) At any **location**, or to any property, covered under the NEWLY ACQUIRED **LOCATIONS** or ERRORS AND OMISSIONS coverages provided by this Policy or at a **Miscellaneous Unnamed Location**.
- c. **You** may make an initial claim for loss or damage covered by this PROPERTY DAMAGE COVERAGE AND LIMITATION on an **actual cash value** basis instead of on a replacement cost basis. In the event **you** elect to have the claim settled on an **actual cash value** basis, **you** may still make a claim for the difference between the **actual cash value** and replacement cost if **you** notify **us** of **your** intent to do so within six months of the later of the following dates:
- (1) The last date on which **you** received a payment for **actual cash value**; or
- (2) The date of entry of a final order of a court of competent jurisdiction declaring **your** right to full replacement cost.

- D. The following is added to the FIRE DEPARTMENT SERVICE CHARGES provision of SECTION II – PROPERTY DAMAGE, **D. PROPERTY DAMAGE COVERAGES AND LIMITATIONS**:

When a volunteer fire department that is not fully funded by real estate taxes or other property taxes is called to save or protect **covered property** from a **covered loss**, **we** will pay the amount billed to **you**, up to \$250, unless a higher LIMIT OF LIABILITY is shown in the Declarations for FIRE DEPARTMENT SERVICE CHARGES, in which case, that higher LIMIT OF LIABILITY will apply.

- E. Paragraph **B. APPRAISAL** of SECTION VI – LOSS CONDITIONS is replaced by the following:

B. APPRAISAL

1. If **you** and **we** fail to agree on the value of the **covered property** or amount of a loss, either party may demand that the disputed amount be submitted for appraisal. In this event, each party will select a competent and impartial appraiser. Each party must notify the other of the identity of its appraiser within twenty (20) days of the written demand for appraisal.
2. The two (2) appraisers will choose a competent and disinterested umpire. If the appraisers are unable to agree on an umpire within fifteen (15) days, **you** or **we** may apply in writing for the appointment of an umpire to the judge of the circuit court of the county or city in which the damaged or destroyed property was located at the time of loss.
3. The appraisers will state separately the value of the property and the amount of the loss. If the appraisers submit a written report of an agreement to **you** and **us**, the amount they agree on will be the amount of **our** payment for the loss. If the appraisers fail to agree, they will submit their differences to the umpire. A decision agreed upon by any two of these three will set the amount of loss. An appraisal decision will be binding on both parties.
4. Each appraiser will be paid by the party that selects him or her. Other expenses of the appraisal and compensation of the umpire will be paid equally by **you** and **us**. However, if **we** make written demand for an appraisal of the loss, **we** will reimburse **you** for the reasonable cost of **your** chosen appraiser, and for **your** portion of the cost of the umpire.

- F. Paragraph **2.** of SECTION VI – LOSS CONDITIONS, **E. DUTIES AFTER A LOSS** does not apply.

All other terms and conditions remain unchanged.