1418 Milwaukee Street, LLC
PO Box 260875
Lakewood, CO 80226-0875

BUSINESSOWNER'S POLICY DECLARATIONS

AmGUARD Insurance Company
A Stock Company

Issued: 06/14/2018

Policy No.:
ONBP938699

Renewal of: NEW

POLICY INFORMATION PAGE

[1] Named Insured and Mailing Address
1418 Milwaukee Street, LLC
PO Box 260875
Lakewood, CO 80226

[2] Agency
THE YOUNG INSURANCE GROUP
808 S Public Road
Suite 102
Lafayette, CO 80026

[3] Policy Period
From June 15, 2018 to June 15, 2019, 12:01 AM, standard time at the insured's mailing address.

[4] Description of Business
Lessors of Residential Buildings and Dwellings

[5] Coverage
This policy consists of the Coverage Forms listed on the **Schedule of Forms and Endorsements (IIT SF 01 05)**.

[6] Premium
The premium shown below may be subject to adjustment.

Certified Acts of Terrorism	$96.00
TOTAL POLICY PREMIUM	$3,447.00
TOTAL PAYABLE	$3,447.00

[7] Payment of Premium
In return for your payment of premium, and subject to all terms of this policy, we agree with you to provide insurance as stated in this policy.

Issued: 06/14/2018

Policy No.: ONBP938699 **Effective Date:** 06/15/2018

SECTION I – PROPERTY COVERAGES AND LIMITS OF INSURANCE

LOCATION: 001 BUILDING: 001
1418 Milwaukee Street
Denver, CO 80206-7000
Denver County

Property Deductible: $1,000
Optional Coverages/Glass Deductible: $500
Classification: 65146 - Apartment Buildings - Over 4 Families - NO office occupancy

COVERAGES:

Awnings Coverage	
Limit	$2,500
BP ISOSTAT Reporting Coverage - Building	
Building Coverage	
Limit	$800,000
Valuation	Replacement Cost
Inflation Guard %	2
Business Personal Property Coverage	
Limit	$5,000
Seasonal Increase Percent	25
Valuation	Replacement Cost
Liability	
IMPORTANT NOTE	THIS COVERAGE IS RATED BASED ON AN ESTIMATE AND IS SUBJECT TO AUDIT
Limit	Included
Accounts Receivable	
On-Premises Limit	$25,000
Off-Premises Limit	25,000
Apartment Buildings Coverage	
Pollutant Clean-Up and Removal	$25,000
Reward Payment	Up to $5,000
Ordinance or Law - Equipment Coverage	Building/BPP Limit
Lock Replacement	$5,000 per occurrence
Tenant Move Back Expenses	$15,000 per occurrence
Tenants' Property Legal Liability Coverage	$10,000 per occurrence
Lock-Out or Sale, Removal and Disposal Liability Coverage	$5,000
Heating or Air Conditioning Loss Reimbursement Coverage	$5,000/$10,000
Debris Removal	
Limit	25%/$10,000
Equipment Breakdown Coverage (HSB)	
Inspection Contact Name	Jim Gumpert
Phone Number	720-370-4159

Money and Securities	
On Premises Limit	$5,000
Off Premises Limit	$5,000
Ordinance or Law	
Coverage Type	Coverage 1, 2, 3
Cvg 1 (Loss in Value of Undamaged Portion of Bldg) Limit	$800,000
Cvg 2 (Demolition Cost) Limit	$40,000
Cvg 3 (Increased Cost of Construction) Limit	$80,000
Outdoor Property	
Limit	$10,000
Outdoor Signs - Optional Coverage	
Limit	$5,000
Valuable Papers and Records	
On-Premises Limit	$25,000
Off-Premises Limit	$25,000
Water Back-up and Sump Overflow	
Covered Property Limit	$25,000
Business Income and Extra Expense Limit	$25,000

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SECTION II – LIABILITY COVERAGES AND LIMITS OF INSURANCE

Each paid claim for the following coverages reduces the amount of insurance we provide during the applicable annual period. Please refer to Section II – Liability in the Businessowners Coverage form and any attached endorsements.

Coverage	Limits of Insurance
Liability and Medical Expenses - Each Occurrence	$1,000,000
General Aggregate (Other than Products and Completed Operations)	$2,000,000
Personal & Advertising Injury	Included
Products & Completed Operations Aggregate	$2,000,000
Medical Expenses (Each Person)	$5,000
Liability Property Damage Deductible	None
Liability Deductible - Bodily Injury	None

POLICY WIDE COVERAGES AND LIMITS OF INSURANCE

Appurtenant Structures	
Limit	$50,000 combined Building/BPP
Business Income & Extra Expense	
Limit	Actual Loss Sustained up to 12 Months
Condominiums, Co-ops, Associations - Directors and Officers Liability	
Name of the Association	1418 Milwaukee Street, LLC
Annual Aggregate Limit of Insurance	$1,000,000
Deductible	$1,000
Retroactive Date	06/15/2018
Pending or Prior Litigation Date	06/15/2018
Claims Expense	$50,000
Damage To Premises Rented To You	
Limit	$50,000
Electronic Data	
Limit	$10,000
Employee Dishonesty	
Limit	$10,000
Fire Department Service Charge	
Limit	$25,000
Fire Extinguisher Systems Recharge Expense	
Limit	$5,000
Forgery or Alteration	
Limit	$10,000
Fungi, Wet Rot, Dry Rot & Bacteria (Mold)	
Property Limit	$15,000
Business Income/EE Number of Days	30
Liability Coverage Option	Exclude Coverage
Glass Expense	
Limit	Actual Loss Sustained
Hired Automobile	
Limit	Included in Liability Limit
Interruption of Computer Operations	
Limit	$10,000
Loss by Theft of furs, fur garments, garments trimmed with fur	
Limit	$2,500
Loss by Theft of jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals	
Limit	$5,000
Loss by Theft of patterns, dies, molds and forms	
Limit	$2,500
Money Orders and "Counterfeit Money"	
Limit	$1,000
Newly Acquired Or Constructed Property - Buildings	
Limit	25% of Building Limit/Not more than $500,000/Bldg
Newly Acquired Or Constructed Property - Business Personal Property	
Limit	$250,000
Non-owned Automobile	
Exposure	Without Delivery Service
Personal Effects	
Limit	$5,000
Personal Property Off Premises	

Limit	$10,000
Pollutant Clean Up and Removal	
Limit	$10,000
Preservation of Property	
Limit	Within 30 Days
Terrorism	
Certified Acts	Include Coverage

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SCHEDULE OF FORMS AND ENDORSEMENTS

Form Number	Title
IIT DS 01 05	Businessowners Policy Declarations
BP 00 03 01 10	Businessowners Coverage Form
BP IN 01 01 10	Businessowners Coverage Form Index
END SCHD	Schedule Of Forms And Endorsements
IL 99 00 08 13	Authorization and Attestation
IL P 001 01 04	U.S. Treasury Department's Office Of Foreign Assets Control ("OFAC") Advisory Notice To Policyholder
PN CO 01 07 15	Colorado Claims-made Coverages Disclosure Form
PRIV POL	Privacy Policy
BP 99 CO 09 16	CO Policy Customizations
BP 01 81 03 15	Colorado Changes
BP 03 12 01 10	Windstorm or Hail Percentage Deductibles
BP 04 04 01 10	Hired Auto And Non-owned Auto Liability
BP 04 12 04 17	Limitation of Coverage to Designated Premises, Project or Operation
BP 04 17 01 10	Employment - Related Practices Exclusion
BP 04 46 01 06	Ordinance or Law Coverage
BP 05 01 07 02	Calculation Of Premium
BP 05 15 01 15	Disclosure Pursuant To Terrorism Risk Insurance Act
BP 05 23 01 15	Cap On Losses From Certified Acts Of Terrorism
BP 05 38 01 15	Exclusion Of Other Acts Of Terrorism Committed Outside The United States; Cap On Losses From Certified Acts Of Terrorism
BP 05 42 01 15	Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism
BP 07 75 01 10	Apartment Buildings
BP 15 04 05 14	Exclusion – Access or Disclosure of Confidential or Personal Information and Data-related Liability - With Limited Bodily Injury Exception
BP 99 04 01 10	Equipment Breakdown Coverage
BP 99 09 01 10	Fungi or Bacteria Coverage Exclusion
BP 99 10 09 08	Exclusion – Liability for Hazards of Lead
BP 99 142 07 15	Colorado - Condominiums, Co-ops, Associations - Directors and Officers Liability Endorsement
BP 99 188 06 16	Deductible Endorsement - Property
BP 99 60 03 12	Water Back-up and Sump Overflow

THIS ENDORSEMENT AUTHORIZES THE POLICY.

AUTHORIZATION AND ATTESTATION

This endorsement authorizes the insurance contract between you and the insurance company subsidiary listed on the DECLARATIONS PAGE of your insurance policy.

In Witness Whereof, this page executes and fully attests to this policy. If required by state law, the policy shall not be valid unless countersigned by our authorized representatives.

Authorizing signatures

Michael J. Dulin
General Counsel and Secretary

Sy Foguel, ACAS, FILAA
Chief Executive Officer and President

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

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

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

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

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

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

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

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DISCLOSURE FORM
CLAIMS-MADE COVERAGES IMPORTANT NOTICE TO POLICYHOLDER

THIS DISCLOSURE FORM IS NOT YOUR POLICY. IT DESCRIBES SOME OF THE MAJOR FEATURES OF THE CLAIMS-MADE COVERAGES THAT MAY BE ATTACHED TO YOUR POLICY. READ YOUR POLICY CAREFULLY TO DETERMINE RIGHTS, DUTIES, AND WHAT IS AND IS NOT COVERED. ONLY THE PROVISIONS OF YOUR POLICY DETERMINE THE SCOPE OF YOUR INSURANCE PROTECTION.

YOUR POLICY

Your policy contains one or more claims-made coverages. They provide coverage only for injury or damage occurring after the policy retroactive date (if any) shown on your policy and the incident is reported to your insurer prior to the end of the policy period. Upon termination of the claims-made coverages an extended reporting period option is available from your insurer.

There is no difference in the kind of injury or damage covered by occurrence or claims-made coverage. Claims for damages may be assigned to different policy periods, depending on which type of coverage you have.

If you make a claim under your claims-made coverage, the claim must be a demand for damages by an injured party and does not have to be in writing. Under most circumstances, a claim is considered made when it is received and recorded by you or by us. Sometimes, a claim may be deemed made at an earlier time. This can happen when another claim for the same injury or damage has already been made, or when the claim is received and recorded during an extended reporting period.

PRINCIPAL BENEFITS

This paragraph applies to Businessowner's Policies:
This policy has been endorsed to provide one or more of the following coverages: Employment-related Practices Liability (BP 99 141), Employee Benefits Liability (BP 99 140), Miscellaneous Professional Liability (BP 99 143) or Condominiums, Co-ops, Associations – Directors and Officers Liability (BP 99 142) up to the maximum dollar limit specified in the policy. Refer to your Declarations to see which coverage(s) are included on your policy.

This paragraph applies to Commercial Umbrella Policies:
This policy has been endorsed to provide coverage for Employee Benefits Liability (CU 04 03) up to the maximum dollar limit specified in the policy. Refer to your Declarations to see the coverage included on your policy.

The principal benefits and coverages are explained in detail in your claims-made coverage. Please read it carefully and consult your insurance producer about any questions you might have.

EXCEPTIONS, REDUCTIONS AND LIMITATIONS

Your claims-made coverage contains certain exceptions, reductions and limitations. Please read them carefully and consult your insurance producer about any questions you might have.

RENEWALS AND EXTENDED REPORTING PERIODS

Your claims-made coverage has some unique features relating to renewal, extended reporting periods and coverage for events with long periods of potential liability exposure.

If there is a retroactive date in your coverage, no event or occurrence prior to that date will be covered under the coverage even if reported during the policy period. It is therefore important for you to be certain that there are no gaps in your insurance coverage. These gaps can occur in several ways. Among the most common are:

1. If you switch from an occurrence coverage to a claims-made coverage, the retroactive date in your claims-made coverage should be no later than the expiration date of the occurrence coverage.

2. When replacing a claims-made coverage with a claims-made coverage, you should consider the following:

   a. The retroactive date in the replacement coverage should extend far enough back in time to cover any events with long periods of liability exposure, or

   b. If the retroactive date in the replacement coverage does not extend far enough back in time to cover events with long periods of liability exposure, you should consider purchasing extended reporting period coverage under the old claims-made coverage.

3. If you replace this claims-made coverage with an occurrence coverage, you may not have insurance coverage for a claim arising during the period of claims-made coverage unless you have purchased an extended reporting period under the claims-made coverage. Extended reporting period coverage must be offered to you by law for at least one year after the expiration of the claims-made coverage at a premium not to exceed 200% of your last policy premium.

CAREFULLY REVIEW YOUR POLICY REGARDING THE AVAILABLE EXTENDED REPORTING PERIOD COVERAGE, INCLUDING THE LENGTH OF COVERAGE, THE PRICE AND THE TIME PERIOD DURING WHICH YOU MUST PURCHASE OR ACCEPT ANY OFFER FOR EXTENDED REPORTING PERIOD COVERAGE.

Privacy Policy

We are committed to treating and using personal financial information about you and your employees responsibly. We will not disclose nonpublic, personal information about you and your employees to anyone except as permitted or required by law.

This disclosure is made on behalf of the following and applicable affiliates:

Berkshire Hathaway GUARD Insurance Companies

AmGUARD Insurance Company

We collect nonpublic, personal information from you about you and your employees to properly maintain and service your policy. This nonpublic, personal information may come from the following sources:

- Application Information and Other Forms. On the application for insurance or other forms completed by you, you provide us with most of the information we need to process policies and claims.
- Transaction Information. We may develop information about you and your employees based on transactions and experiences you have with us, our affiliates, or others.
- Third-Party Information. This is information that we receive to verify or supplement your application or claims.

Disclosing Information

In the course of conducting business and as permitted or required by law, we may share nonpublic personal information about you and your employees with our affiliated companies. We do not disclose any nonpublic, personal information about you and your employees to any nonaffiliated third parties, except for the conduct of our business or as permitted or required by law. Information may be supplied to others providing business services for us. Additionally, we may provide information for audit or research purposes or to law enforcement agencies to help us prevent fraud.

Securing Information

We restrict access to nonpublic personal information about you and your employees to our employees who need to know the information necessary to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with applicable regulations to guard the nonpublic, personal information of you and your employees.

A Current Copy of Our Privacy Policy is Always Available at our web site.

P.O. Box A-H • 16 S. River Street • Wilkes-Barre, PA 18703-0020 • www.guard.com

Telephone: 570-825-9900 • Customer Service Hotline: 800-673-2465

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CO POLICY CUSTOMIZATIONS

This endorsement modifies insurance provided under the following:

BUSINESSOWNER'S COVERAGE FORM

The following is a summary of the coverages and limits provided by this endorsement. For complete details on specific coverages, see the applicable coverage wording. The limits of insurance stated in this endorsement apply unless higher limits are shown in the Declarations.

SCHEDULE OF LIMIT CHANGES

Section I – Property

Coverage	BP 00 03 Limit	Revised Limit
Accounts Receivable	$10,000 at premises $5,000 not at premises	$25,000 at premises $25,000 not at premises
Appurtenant Structures	n/a	$50,000
Awnings	Included in Building Limit	$2,500
Employee Dishonesty	Optional	$10,000
Fire Department Service Charge	$2,500	$25,000
Forgery Or Alteration	$2,500	$10,000
Loss or Damage by Theft		
Jewelry, Watches, etc.	$2,500	$5,000
Newly Acquired Or Constructed Property		
Buildings	$250,000	25% Buildings Limit/ $500,000 each Building
Business Personal Property	$100,000	$250,000
Outdoor Property / any one tree, shrub or plant	$2,500 / $500	$10,000 / $1,000
Outdoor Signs attached to buildings	$1,000	$5,000
Personal Effects	$2,500	$5,000
Premises Boundary Increased	100 feet	1,000 feet
Valuable Papers And Records	$10,000 at premises $5,000 not at premises	$25,000 at premises $25,000 not at premises

Section II – Liability

Coverage	BP 00 03 Limit	Revised Limit
Supplementary Payments - Cost Of Bail Bonds	$250	$1,000
Supplementary Payments - Loss Of Earnings	$250	$500/day

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Any reference in **Section I — Property** of the Businessowner's Coverage Form to within 100 feet of the described premises is amended to read within 1,000 feet of the described premises.

Section I – Property, A.1., Covered Property is amended as follows:

1. The following is added to Paragraph **a.**

(7) Building Glass, meaning glass that is part of a building or structure.

Section I – Property, A.4., Limitations is amended as follows:

1. Paragraph **b.(2)** is deleted.

2. Paragraph **c.** is deleted and replaced with the following:

c. For loss or damage by theft, the following types of property are covered only up to the limits shown:

(1) $2,500 for furs, fur garments and garments trimmed with fur.

(2) $5,000 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth $500 or less per item.

(3) $2,500 for patterns, dies, molds and forms.

3. Paragraph **d.** is added:

d. For loss or damage by any covered cause of loss, we will only pay up to $2,500 per occurrence for awnings.

Section I – Property, A.5., Additional Coverages is amended as follows:

1. Paragraph **c. Fire Department Service Charge** is replaced with the following:

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to $25,000, unless a different limit is shown in the Declarations, for your liability for fire department service charges:

(1) Assumed by contract or agreement prior to loss; or

(2) Required by local ordinance.

2. Paragraph **k. - Forgery Or Alteration -** Paragraph **(4)** is replaced with the following:

(4) The most we will pay for any loss, including legal expenses, under this Additional Coverage is $10,000, unless a higher Limit of Insurance is shown in the Declarations.

Section I – Property, A.6., Coverage Extensions is amended as follows:

1. The last paragraph in Paragraph **a. – Newly Acquired Or Constructed Property** under **(1) Buildings** is replaced with the following:

The most we will pay in any one occurrence for loss or damage under this Extension is 25% of the Limit of Insurance for Buildings shown in the Declarations, but not more than $500,000 at each building.

2. The last paragraph in Paragraph **a. – Newly Acquired Or Constructed Property** under **(2) Business Personal Property** is replaced with the following:

The most we will pay for loss or damage under this Extension is $250,000 at each building.

3. The last sentence in Paragraph **b. – Personal Property Off-premises** is amended as follows:

The most we will pay for loss or damage under this Extension is $10,000, unless a higher Limit of Insurance for Personal Property Off-premises is shown in the Declarations.

4. Paragraph **c. - Outdoor Property** is replaced with the following:

c. Outdoor Property

You may extend the insurance provided by this policy to apply to your outdoor:

(1) Fences, signs (other than signs attached to buildings), trees, shrubs and plants, including debris removal expense. Loss or damage must be caused by or result from any of the following causes of loss:
(a) Fire;
(b) Lightning;
(c) Explosion;
(d) Riot or Civil Commotion; or
(e) Aircraft.

(2) Radio and television antennas (including satellite dishes), including debris removal expense. Loss or damage must be caused by or result from any of the following causes of loss:
(a) Fire;
(b) Lightning;
(c) Windstorm;
(d) Ice, Snow, Sleet or Hail;
(e) Explosion;
(f) Riot or Civil Commotion; and
(g) Aircraft.

The most we will pay for loss or damage under this Extension is $10,000, unless a higher Limit of Insurance for Outdoor Prop-

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erty is shown in the Declarations, but not more than $1,000 for any one tree, shrub or plant.

5. Paragraph **d. – Personal Effects** is replaced with the following:

You may extend the insurance that applies to Business Personal Property to apply to personal effects owned by you, your officers, your partners or "members", your "managers" or your employees. This extension does not apply to:
(1) Tools or equipment; or
(2) Loss or damage by theft.
The most we will pay for loss or damage under this Extension is $5,000 at each described premises.

6. Paragraph **e. – Valuable Papers And Records** Paragraph **(3)** is replaced with the following:

(3) The most we will pay under this Coverage Extension for loss or damage to "valuable papers and records" in any one occurrence at the described premises is $25,000, unless a higher Limit of Insurance for "valuable papers and records" is shown in the Declarations.

For "valuable papers and records" not at the described premises, the most we will pay is $25,000.

7. Paragraph **f. – Accounts Receivable** Paragraph **(2)** is replaced with the following:

(2) The most we will pay under this Coverage Extension for loss or damage in any one occurrence at the described premises is $25,000, unless a higher Limit of Insurance for accounts receivable is shown in the Declarations.

For accounts receivable not at the described premises, the most we will pay is $25,000.

8. Paragraph **f. – Accounts Receivable** Paragraph **(3)** is replaced with the following**:**

(3) Paragraph **B. Exclusions** in **SECTION I – PROPERTY** does not apply to this Coverage Extension except for:
(a) Paragraph **B.1.c. Governmental Action**;
(b) Paragraph **B.1.d. Nuclear Hazard**;
(c) Paragraph **B.1.f. War And Military Action**;
(d) Paragraph **B.2.f. Dishonesty**;
(e) Paragraph **B.2.g. False Pretense**;
(f) Paragraph **B.2.o**. **Electrical Disturbance**
(g) Paragraph **B.3.**; and
(h) Paragraph **B.6. Accounts Receivable Exclusion.**

9. Paragraph **g.** – **Appurtenant Structures** is added:

g. Appurtenant Structures

(1) When there is a Building Limit of Insurance shown in the Declarations at the described premises, you may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage caused by or resulting from a Covered Cause of Loss to incidental appurtenant structures within 1,000 feet of the described premises.

(2) When there is a Business Personal Property Limit of Insurance shown in the Declarations at the described premises, you may extend the insurance provided by this Coverage Form to apply to direct physical loss or damage caused by or resulting from a Covered Cause of Loss to Business Personal Property within incidental appurtenant structures within 1,000 feet of the described premises.

(3) Incidental appurtenant structures include storage buildings, carports, garages and similar structures which have not been specifically described in the Declarations.

The most we will pay for loss or damage under this Coverage Extension in any one occurrence for any combination of loss or damage to Building and Business Personal Property is $50,000.

Section I – Property, B. Exclusions 2. is amended as follows:

1. Paragraph **q. Asbestos** is added:

q. Asbestos
Any loss, damage or expense which would not have occurred in whole or in part but for the presence of asbestos.

Section I – Property, C. Limits Of Insurance is amended as follows:

1. Paragraph **2.** is replaced with the following:

2. The most we will pay for loss of or damage to outdoor signs attached to buildings is $5,000 per sign in any one occurrence.

Section I – Property, G. Optional Coverages is amended as follows:

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1. Paragraph **3. – Employee Dishonesty** Paragraph **c.** is replaced with the following:

   The most we will pay for loss or damage in any one occurrence is $10,000, unless a higher Limit of Insurance for Employee Dishonesty is shown in the Declarations.

Section II – Liability, A. Coverages is amended as follows:

1. Under **Business Liability** Paragraph **f., Coverage Extension – Supplementary Payments,** Paragraph **(1),** sections **(b), (c)** and **(d)** are replaced with the following:

   (b) Up to $1,000 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.

   (c) The cost of appeal bonds or bonds to release attachments, but only for bond amounts within our Limit of Insurance. We do not have to furnish these bonds.

   (d) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to $500 a day because of time off from work.

Section II – Liability, B. Exclusions is amended as follows:

1. Under **1., Applicable To Business Liability Coverage,** Paragraph **a., Expected Or Intended Injury** is deleted and replaced with the following:

   a. Expected Or Intended Injury
   "Bodily injury" or "property damage" (including any unexpected or unintended portion thereof) if any “bodily injury” or “property damage” was expected or intended from the standpoint of any insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

2. Under **1., Applicable To Business Liability Coverage,** Paragraph **j., Professional Services** **(8)** and **(9)** are amended and **(10)** is added as follows:

   (8) Any body piercing services (not including ear lobe piercing), tattooing and similar services;

   (9) Services in the practice of pharmacy; and

   (10) Computer or software design, advice or consultation, programming services including virus protection, firewall or web site design.

3. Under **1., Applicable To Business Liability Coverage,** Paragraph **k., Damage To Property,** the following is added to the last paragraph:

   Paragraphs **(3)** and **(4)** of this exclusion do not apply to “property damage” to borrowed equipment while not being used to perform operations at a job site.

4. Under **1., Applicable To Business Liability Coverage,** Paragraph **m., Damage To Your Work**, the following is deleted:

   This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

5. Under **1., Applicable To Business Liability Coverage,** Paragraph **p. Personal And Advertising Injury,** Paragraph **(1)** is deleted and replaced with the following:

   (1) Caused by or at the direction of or with the consent or acquiescence of any insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury";

6. Under **1., Applicable To Business Liability Coverage,** Paragraph **p., Personal and Advertising Injury**, the following is added:

   (14) Arising out of:

   (a) Your placement of advertising for others on your web site or a link to or a reference to a web site or web address of others on your web site.

   (b) Your placement of content or company brand or product information from others on your web site or on any frame or border within your web site.

   (c) Software or programming related to your web site’s design, appearance or functions.

   (15) Arising out of discrimination, harassment or humiliation by an officer, director, member or partner of the insured.

   (16) Arising out of representations made by you or your agents regarding the value or suitability of any securities, or the fluctuation in value or price of any stocks, bonds or other securities.

   (17) Violation of antitrust laws, state and federal laws governing restrictions on trade, unfair competition or deceptive advertising.

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7. Under **1., Applicable To Business Liability Coverage,** Paragraph **r. Criminal Acts** is deleted and replaced with the following:

   r. Criminal Acts
   "Bodily injury", "property damage", or "personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

8. Under **1., Applicable To Business Liability Coverage,** Paragraphs **t., u. and v.** are added as follows:

   t. Asbestos
   (1) "Bodily injury", "property damage" or "personal and advertising injury" arising out of an exposure or threat of exposure to the actual or alleged properties of asbestos and includes the mere presence of asbestos in any form.
   (2) Any damages, judgments, settlements, loss, costs or expenses that:
   (a) May be awarded or incurred by reason of any claim or "suit" alleging actual or threatened injury or damage of any nature or kind to persons or property which would not have occurred in whole or in part but for the presence of asbestos;
   (b) Arise out of any request, demand, order to statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, encapsulate, contain, treat, detoxify or neutralize or in any way respond to or assess the effects of an asbestos presence; or
   (c) Arise out of any claim or suit for damages because of testing for, monitoring, cleaning up, removing, encapsulating, containing, treating, detoxifying or neutralizing or in any way responding to or assessing the effect of an asbestos presence.

   u. Nuclear Hazard
   Nuclear reaction or radiation, or radioactive contamination, however caused. But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

   v. Fungi Or Bacteria
   (1) "Bodily Injury", "property damage" or "personal and advertising injury" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
   (2) Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

   This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for bodily consumption.

Section II – Liability, D, Liability And Medical Expenses Limits Of Insurance is amended as follows:

1. Paragraph **2.** is replaced with the following:

   2. The most we will pay for the sum of all damages because of all:
   a. "Bodily injury", "property damage" and medical expenses, arising out of any one "occurrence" including "Bodily injury" and "property damage" under the "products-completed operations hazard"; and
   b. "Personal and advertising injury" sustained by any one person or organization;

   is the Liability and Medical Expenses – Each Occurrence limit shown in the Declarations. But the most we will pay for all medical expenses because of "bodily injury" sustained by any one person is the Medical Expenses limit shown in the Declarations.

2. Paragraph **4.** is replaced with the following:

   4. Aggregate Limits
   Regardless of the number of occurrences and subject to the Liability and Medical Expenses-Each Occurrence limit, the most we will pay for:
   a. All "bodily injury" and "property damage" that is included in the "products-completed operations hazard" is twice

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the Liability and Medical Expenses-Each Occurrence limit. This limit is shown in the declarations as “Products and Completed Operations Aggregate”.

b. All:

(1) "Bodily injury" and "property damage" except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard";

(2) Plus medical expenses;

(3) Plus all "personal and advertising injury" caused by offenses committed;

is twice the Liability and Medical Expenses-Each Occurrence limit shown in the Declarations. This limit is shown in the declarations as “General Aggregate (other than Products and Completed Operations Aggregate)”.

Subject to Paragraph a. or b. above, whichever applies, the Damage To Premises Rented To You Limit is the most we will pay for damages because of "property damage" to any one premises, while rented to you, or in the case of fire, while rented to you or temporarily occupied by you with permission of the owner.

The Limits of Insurance of Section II – Liability apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

Section II – Liability, E. Liability And Medical Expense General Conditions is amended as follows:

1. Under **2., Duties In The Event Of Occurrence, Offense, Claim Or Suit,** Paragraphs **e.** and **f.** are added as follows:

e. If we cover a claim or “suit” under this coverage that may also be covered by other insurance available to an additional insured, such insurance if any, shall be primary, and such additional insured must submit such claim or suit to the other insurer for defense and indemnity.

f. Paragraphs **a.** and **b.** apply to you or to any additional insured only when such “occurrence,” offense, claim or suit is known to you or any additional insured or your or any additional insured’s partner, limited liability company manager, executive officer, trustee or political official if you or any additional insured is a political subdivision or agency. This Paragraph **f.** applies separately to you and any additional insured.

2. Paragraph **5. Representations** is added as follows:

5. Representations
When You Accept This Policy
By accepting this policy, you agree:

a. The statements in the Declaration are accurate and complete;

b. Those statements are based upon representations you made to us; and

c. We have issued this policy in reliance upon your representations.

Section II – Liability, F. Liability And Medical Expense Definitions is amended as below:

1. Paragraph **23.** is added as below:

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

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COLORADO CHANGES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM
INFORMATION SECURITY PROTECTION ENDORSEMENT

A. Section II – Liability is amended as follows:

The term "spouse" is replaced by the following:

Spouse or party to a civil union recognized under Colorado law.

B. Section III – Common Policy Conditions is amended as follows:

1. Paragraph **A.2. Cancellation** is replaced by the following:

2. If this Policy has been in effect for less than 60 days, we may cancel this Policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or

b. 30 days before the effective date of cancellation if we cancel for any other reason.

2. The following is added to Paragraph **A. Cancellation:**

7. Cancellation Of Policies In Effect For 60 Days Or More

a. If this Policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this Policy by mailing through first-class mail to the first Named Insured written notice of cancellation:

(1) Including the actual reason, at least 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or

(2) At least 45 days before the effective date of cancellation if we cancel for any other reason.

We may only cancel this Policy based on one or more of the following reasons:

(1) Nonpayment of premium;

(2) A false statement knowingly made by the insured on the application for insurance; or

(3) A substantial change in the exposure or risk other than that indicated in the application and underwritten as of the effective date of the Policy unless the first Named Insured has notified us of the change and we accept such change.

3. Paragraph **C. Concealment, Misrepresentation Or Fraud** is replaced by the following:

C. Concealment, Misrepresentation Or Fraud

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

1. Concealment or misrepresentation of a material fact; or

2. Fraud;

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

4. The following paragraph is added and supersedes any other provision to the contrary:

Nonrenewal

If we decide not to renew this Policy, we will mail through first-class mail to the first Named Insured shown in the Declarations written notice of the nonrenewal at least 45 days before the expiration date, or its anniversary date if it is a policy written for a term of more than one year or with no fixed expiration date.

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

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5. The following paragraph is added:

Increase In Premium Or Decrease In Coverage

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

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

a. Nonpayment of premium;

b. A false statement knowingly made by the insured on the application for insurance; or

c. A substantial change in the exposure or risk other than that indicated in the application and underwritten as of the effective date of the Policy unless the first Named Insured has notified us of the change and we accept such change.

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

C. The following changes apply only to Information Security Protection Endorsement **BP 15 07** if it is attached to this Policy:

1. Paragraph **(2)** of Insuring Agreement **d. Security Breach Liability** is replaced by the following:

(2) We will pay for "defense expenses" as a result of a "claim" in the form of a "regulatory proceeding" first made against the insured during the "policy period" or during the applicable Extended Reporting Period, in response to a "wrongful act" or a series of "interrelated wrongful acts" covered under Paragraph **d.(1).**

2. Paragraphs **2.b.** and **e.** of Paragraph **N. Extended Reporting Periods** are replaced by the following:

b. The Supplemental Reporting Period will not be available if you fail to pay any amounts owed us.

e. You must give us a written request for the Supplemental Extended Reporting Period within 60 days after the end of the "policy period" or the effective date of cancellation, whichever comes first.

3. The following is added to Paragraph **P.** and supersedes any provision to the contrary:

Your Right To Liability Claims Information

We will provide the Named Insured shown in the Declarations the following information relating to this and any preceding Information Security Protection Endorsement we have issued to you during the previous three years:

a. A list or other record of each "claim" or "loss", or of an occurrence, offense or situation that may result in a "claim" or a "loss", not previously reported to any other insurer, of which we were notified in accordance with the Duties In The Event Of Claim Or Loss Condition in Paragraph **M.** We will include the date and brief description of the "claim" or "loss", or of the occurrence, offense or situation that may result in a "claim" or a "loss", if that information was in the notice we received.

b. A summary by policy year, of payments made and amounts reserved, stated separately, under any applicable Aggregate Limit.

Amounts reserved are based on our judgment. They are subject to change and should not be regarded as ultimate settlement values.

If we cancel or elect not to renew this Endorsement, we will provide such information no later than 30 days before the date of policy termination. In other circumstances, we will provide this information only if we receive a written request from the first Named Insured within 60 days after the end of the policy period. In this case, we will provide the information within 30 days of receipt of the request.

We compile "claim" and "loss" information, and information about an occurrence, offense or situation that may result in a "claim" or a "loss", for our own business purposes and exercise reasonable care in doing so. In providing this information to the first Named Insured, we make no representations or warranties to insureds, insurers or others to whom this information is furnished by or on behalf of any insured. Cancellation or nonrenewal will be effective even if we inadvertently provide inaccurate information.

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4. Paragraph **d.** of the definition of "loss" in Paragraph **V.** is replaced by the following:

d. With respect to Insuring Agreements **d.** Security Breach Liability and **g.** Web Site Publishing Liability:

Compensatory damages, settlement amounts and costs awarded pursuant to judgments or settlements.

"Loss" does not include:

(1) Civil or criminal fines or penalties imposed by law;

(2) Punitive or exemplary damages;

(3) The multiplied portion of multiplied damages;

(4) Taxes;

(5) Royalties;

(6) The amount of any disgorged profits; or

(7) Matters that are uninsurable pursuant to law.

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WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Premises Number	Windstorm Or Hail Deductible Percentage (Enter 1%, 2% Or 5%)
Location 001, Building 001	**.50%**
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

The following provisions apply to **Section I – Property:**

The Windstorm or Hail Deductible, as shown in the Schedule and set forth in this endorsement, applies to covered loss or damage caused directly or indirectly by Windstorm or Hail. This Deductible applies to each occurrence of Windstorm or Hail.

With respect to Covered Property at a premises identified in the Schedule, no other deductible applies to Windstorm or Hail.

Nothing in this endorsement implies or affords coverage for any loss or damage that is excluded under the terms of the Water Exclusion or any other exclusion in this policy. If this policy is endorsed to cover Flood under the Flood Coverage Endorsement (or if you have a flood insurance policy), a separate Flood Deductible applies to loss or damage attributable to Flood, in accordance with the terms of that endorsement or policy.

WINDSTORM OR HAIL DEDUCTIBLE CALCULATION

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the Limit(s) of Insurance applicable to the property that has sustained loss or damage. This Deductible is calculated separately for, and applies separately to:

1. Each building that sustains loss or damage;

2. The personal property at each building at which there is loss or damage to personal property;

3. Personal property in the open.

If there is damage to both a building and personal property in that building, separate deductibles apply to the building and to the personal property.

We will not pay for loss or damage until the amount of loss or damage exceeds the Deductible. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit(s) of Insurance.

When property is covered under the Coverage Extension for Newly Acquired Or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at the time of loss. The applicable percentage for Newly Acquired Or Constructed Property is the highest percentage shown in the Schedule for any described premises.

EXAMPLE – APPLICATION OF DEDUCTIBLE

The amounts of loss to the damaged property are $60,000 (building) and $40,000 (personal property in building).

The actual Limits of Insurance on the damaged property are $80,000 on the building and $64,000 on the personal property.

The Deductible is 2%.

BUILDING

Step **(1):** $80,000 X 2% = $1,600

Step **(2):** $60,000 – $1,600 = $58,400

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PERSONAL PROPERTY

Step **(1):** $64,000 X 2% = $1,280

Step **(2):** $40,000 – $1,280 = $38,720

The most we will pay is $97,120 ($58,400 + $38,720). The portion of the total loss that is not covered due to the application of the Deductible is $2,880 ($1,600 + $1,280).

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HIRED AUTO AND NON-OWNED AUTO LIABILITY

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Coverage	Additional Premium
A. Hired Auto Liability	$73.00
B. Non-owned Auto Liability	$128.00
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Insurance is provided only for those coverages for which a specific premium charge is shown in the Declarations or in the Schedule.

1. Hired Auto Liability

The insurance provided under Paragraph **A.1. Business Liability** in **Section II – Liability** applies to "bodily injury" or "property damage" arising out of the maintenance or use of a "hired auto" by you or your "employees" in the course of your business.

2. Non-owned Auto Liability

The insurance provided under Paragraph **A.1. Business Liability** in **Section II – Liability** applies to "bodily injury" or "property damage" arising out of the use of any "non-owned auto" in your business by any person.

B. For insurance provided by this endorsement only:

1. The exclusions under Paragraph **B.1. Applicable To Business Liability Coverage** in **Section II – Liability,** other than Exclusions **a., b., d., f.** and **i.** and the **Nuclear Energy Liability Exclusion,** are deleted and replaced by the following:

a. "Bodily injury" to:

(1) An "employee" of the insured arising out of and in the course of:

(a) Employment by the insured; or

(b) Performing duties related to the conduct of the insured's business; or

(2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph **(1)** above.

This exclusion applies:

(1) Whether the insured may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of injury.

This exclusion does not apply to:

(1) Liability assumed by the insured under an "insured contract"; or

(2) "Bodily injury" arising out of and in the course of domestic employment by the insured unless benefits for such injury are in whole or in part either payable or required to be provided under any workers' compensation law.

b. "Property damage" to:

(1) Property owned or being transported by, or rented or loaned to the insured; or

(2) Property in the care, custody or control of the insured.

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2. Paragraph **C. Who Is An Insured** in **Section II – Liability** is replaced by the following:

1. Each of the following is an insured under this endorsement to the extent set forth below:

a. You;

b. Any other person using a "hired auto" with your permission;

c. For a "non-owned auto":

(1) Any partner or "executive officer" of yours; or

(2) Any "employee" of yours;

but only while such "non-owned auto" is being used in your business; and

d. Any other person or organization, but only for their liability because of acts or omissions of an insured under **a., b.** or **c.** above.

2. None of the following is an insured:

a. Any person engaged in the business of his or her employer for "bodily injury" to any co-"employee" of such person injured in the course of employment, or to the spouse, child, parent, brother or sister of that co-"employee" as a consequence of such "bodily injury", or for any obligation to share damages with or repay someone else who must pay damages because of the injury;

b. Any partner or "executive officer" for any "auto" owned by such partner or officer or a member of his or her household;

c. Any person while employed in or otherwise engaged in duties in connection with an "auto business", other than an "auto business" you operate;

d. The owner or lessee (of whom you are a sublessee) of a "hired auto" or the owner of a "non-owned auto" or any agent or "employee" of any such owner or lessee; or

e. Any person or organization for the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

C. For the purposes of this endorsement only, Paragraph **H. Other Insurance** in **Section III – Common Policy Conditions** is replaced by the following:

This insurance is excess over any primary insurance covering the "hired auto" or "non-owned auto".

D. The following additional definitions apply:

1. "Auto business" means the business or occupation of selling, repairing, servicing, storing or parking "autos".

2. "Hired auto" means any "auto" you lease, hire, rent or borrow. This does not include any "auto" you lease, hire, rent or borrow from any of your "employees", your partners or your "executive officers" or members of their households.

3. "Non-owned auto" means any "auto" you do not own, lease, hire, rent or borrow which is used in connection with your business. This includes "autos" owned by your "employees", your partners or your "executive officers", or members of their households, but only while used in your business or your personal affairs.

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LIMITATION OF COVERAGE TO DESIGNATED PREMISES, PROJECT OR OPERATION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

A. Premises: Coverage is limited to premises on dec page
B. Project Or Operation:
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

Section II – Liability is amended as follows:

A. Paragraph **A.1.b.(1)** is replaced by the following:

(1) To "bodily injury" and "property damage" caused by an "occurrence" that takes place in the "coverage territory" only if:

(a) The "bodily injury" or "property damage":

(i) Occurs on the premises shown in the Schedule or the grounds and structures appurtenant to those premises; or

(ii) Arises out of the project or operation shown in the Schedule;

(b) The "bodily injury" or "property damage" occurs during the policy period; and

(c) Prior to the policy period, no insured listed under Paragraph **C.1.** Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known before the policy period.

B. Paragraph **A.1.b.(2)** is replaced by the following:

(2) To "personal and advertising injury" caused by an offense committed in the "coverage territory" but only if:

(a) The offense arises out of your business:

(i) Performed on the premises shown in the Schedule; or

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(ii) In connection with the project or operation shown in the Schedule; and

(b) The offense was committed during the policy period.

However, with respect to Paragraph **A.1.b.(2)(a)(i),** if the "personal and advertising injury" is caused by:

(a) False arrest, detention or imprisonment; or

(b) The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;

then such offense must arise out of your business performed on the premises shown in the Schedule and the offense must have been committed on the premises shown in the Schedule or the grounds and structures appurtenant to those premises.

C. Paragraph **A.2.a. Medical Expenses** is replaced by the following:

a. We will pay medical expenses as described below for "bodily injury" caused by an accident that takes place in the "coverage territory" if the "bodily injury":

(1) Occurs on the premises shown in the Schedule or the grounds and structures appurtenant to those premises; or

(2) Arises out of the project or operation shown in the Schedule;

provided that:

(a) The accident takes place during the policy period;

(b) The expenses are incurred and reported to us within one year of the date of the accident; and

(c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

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EMPLOYMENT-RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following exclusion is added to Paragraph **B.1. Exclusions – Applicable To Business Liability Coverage** in **Section II** – **Liability:**

This insurance does not apply to "bodily injury" or "personal and advertising injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" or "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraph **(a), (b)** or **(c)** above is directed.

This exclusion applies:

(1) Whether the injury-causing event described in Paragraph **(a), (b)** or **(c)** above occurs before employment, during employment or after employment of that person;

(2) Whether the insured may be liable as an employer or in any other capacity; and

(3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

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ORDINANCE OR LAW COVERAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Prem. No.	Bldg. No.	Coverage 1 (Check If Applies)	Coverage 2 Limit Of Insurance	Coverage 3 Limit Of Insurance	Coverages 2 and 3 Combined Limit Of Insurance*
001	001	X	**$** 40,000	**$** 80,000	**$**
Business Income And Extra Expense Optional Coverage Enter Yes Or No: No					
Number Of Hours Waiting Period For Period Of Restoration Applicable To Business Income And Extra Expense Optional Coverage:					
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.:					
*Do **not** enter a Combined Limit of Insurance if individual Limits of Insurance are selected for Coverages **2** and **3,** or if one of these Coverages is not applicable.					

Section I – Property is amended as follows:

A. Each Coverage – Coverage **1,** Coverage **2** and Coverage **3** – is provided under this endorsement only if that Coverage(s) is chosen by entry in the above Schedule and then only with respect to the building identified for the Coverage(s) in the Schedule.

B. Application Of Coverage(s)

The Coverage(s) provided by this endorsement apply only if both **B.1.** and **B.2.** are satisfied and are then subject to the qualifications set forth in **B.3.**

1. The ordinance or law:

a. Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

b. Is in force at the time of loss.

But coverage under this endorsement applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this endorsement.

2. The building sustains direct physical damage:

a. That is covered under this policy and such damage results in enforcement of the ordinance or law; or

b. That is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.

c. But if the damage is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this endorsement even if the building has also sustained covered direct physical damage.

3. In the situation described in **B.2.b.** above, we will not pay the full amount of loss otherwise payable under the terms of Coverages **1, 2** and/or **3** of this endorsement. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

(Section **H.** of this endorsement provides an example of this procedure.)

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However, if the covered direct physical damage alone would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under terms of Coverages **1, 2** and/or **3** of this endorsement.

C. We will not pay under Coverage **1, 2,** or **3** of this endorsement for:

1. Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread of any activity of "fungi", wet or dry rot or bacteria; or

2. The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungi", wet or dry rot or bacteria.

D. Coverage

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

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage **1** for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building. Coverage **1** is included within the Limit of Insurance shown in the Declarations as applicable to the covered building. Coverage **1** does not increase the Limit of Insurance.

2. Coverage 2 – Demolition Cost Coverage

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

Paragraph **E.5.d. Loss Payment** Property Loss Condition does not apply to Demolition Cost Coverage.

3. Coverage 3 – Increased Cost Of Construction Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

a. Repair or reconstruct damaged portions of that building; and/or

b. Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

However:

a. This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.

b. We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

Paragraph **E.5.d. Loss Payment** Property Loss Condition does not apply to the Increased Cost of Construction Coverage.

E. Loss Payment

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

2. When there is a loss in value of an undamaged portion of a building to which Coverage **1** applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

a. If the property is repaired or replaced on the same or another premises, we will not pay more than the lesser of:

(1) The amount you actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or

(2) The Limit of Insurance shown in the Declarations as applicable to the covered building.

b. If the property is **not** repaired or replaced, we will not pay more than the lesser of:

(1) The actual cash value of the building at the time of loss; or

(2) The Limit of Insurance shown in the Declarations as applicable to the covered building.

3. Unless Paragraph **E.5.** applies, loss payment under Coverage **2** – Demolition Cost Coverage will be determined as follows:

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

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a. The amount you actually spend to demolish and clear the site of the described premises; or

b. The applicable Limit of Insurance shown for Coverage **2** in the Schedule above.

4. Unless Paragraph **E.5.** applies, loss payment under Coverage **3** – Increased Cost of Construction Coverage will be determined as follows:

a. We will not pay under Coverage **3:**

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

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

b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage **3** is the lesser of:

(1) The increased cost of construction at the same premises; or

(2) The applicable Limit of Insurance shown for Coverage **3** in the Schedule above.

c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage **3** is the lesser of:

(1) The increased cost of construction at the new premises; or

(2) The applicable Limit of Insurance shown for Coverage **3** in the Schedule above.

5. If a **Combined** Limit of Insurance is shown for Coverages **2** and **3** in the Schedule above, Paragraphs **E.2.** and **E.3.** of this endorsement do not apply with respect to the Building property that is subject to the Combined Limit, and the following loss payment provisions apply instead:

The most we will pay, for the total of all covered losses for Demolition Cost and Increased Cost of Construction, is the Combined Limit of Insurance shown for Coverages **2** and **3** in the Schedule above. Subject to this Combined Limit of Insurance, the following loss payment provisions apply:

a. For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.

b. With respect to the Increased Cost of Construction:

(1) We will not pay for the increased cost of construction:

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

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

(2) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.

(3) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

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

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

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

2. You failed to comply with.

H. Example of Proportionate Loss Payment for Ordinance or Law Coverage Losses (procedure as set forth in Section **B.3.** of this endorsement).

Assume:

- Wind is a Covered Cause of Loss. Flood is an excluded Cause of Loss;
- The building has a value of $200,000;
- Total direct physical damage to building: $100,000;
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value;
- Portion of direct physical damage that is covered (caused by wind): $30,000;
- Portion of direct physical damage that is not covered (caused by flood): $70,000; and
- Loss under Ordinance or Law Coverage **3** of this endorsement: $60,000.

Step **1:** Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

<u>$30,000 divided by $100,000 = .30</u>

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Step **2:** Apply that proportion to the Ordinance or Law loss.

$60,000 x .30 = $18,000

In this example, the most we will pay under this endorsement for the Coverage **3** loss is $18,000, subject to the applicable Limit of Insurance and any other applicable provisions.

NOTE: The same procedure applies to losses under Coverages **1** and **2** of this endorsement.

I. If shown as applicable in the Schedule of this endorsement, the following applies:

BUSINESS INCOME AND EXTRA EXPENSE OPTIONAL COVERAGE

1. If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of suspension of your "operations" caused by or resulting from the enforcement of any ordinance or law that:

a. Regulates the construction or repair of any property;

b. Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and

c. Is in force at the time of loss.

However, coverage is not extended under this endorsement to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

2. Paragraph **H.9. Period Of Restoration** Definition is replaced by the following:

9. "Period of Restoration" means the period of time that:

a. Begins:

(1) 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises, unless a lesser number of hours is shown in the Schedule of the endorsement; or

(2) Immediately after the time of the direct physical loss or damage for Extra Expense Coverage caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

"Period of restoration" includes any increased period required to repair or reconstruct the property to comply with the minimum standards of any ordinance or law, in force at the time of loss, that regulates the construction or repair, or requires the tearing down of any property.

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

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CALCULATION OF PREMIUM

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following is added:

The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation, or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

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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

SCHEDULE

SCHEDULE – PART I
Terrorism Premium (Certified Acts) $96.00 **Additional information, if any, concerning the terrorism premium:**
SCHEDULE – PART II **Federal share of terrorism losses** 82 **%** **Year:** 2018 (Refer to Paragraph **B.** in this endorsement.) **Federal share of terrorism losses** 81 **%** **Year:** 2019 (Refer to Paragraph **B.** in this endorsement.)
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

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 the Schedule of this endorsement or in the policy 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. The federal share equals a percentage (as shown in Part **II** of the Schedule of this endorsement or in the policy Declarations) 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.

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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.

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CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following provisions are added to the Businessowners Policy and apply to Property and Liability Coverages:

A. CAP ON CERTIFIED TERRORISM LOSSES

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

1. The act resulted in insured losses in excess of $5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and

2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

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

B. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for loss or injury or damage that is otherwise excluded under this Policy.

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EXCLUSION OF OTHER ACTS OF TERRORISM COMMITTED OUTSIDE THE UNITED STATES; CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following provisions are added to the Businessowners Liability Coverage Form **BP 00 06** and **Section II – Liability** of the Businessowners Coverage Form **BP 00 03:**

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM

"Any injury or damage" arising, directly or indirectly, out of an "other act of terrorism" that is committed outside of the United States (including its territories and possessions and Puerto Rico), but within the "coverage territory". However, this exclusion applies only when one or more of the following are attributed to such act:

1. The total of insured damage to all types of property exceeds $25,000,000 (valued in U.S. dollars). 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 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; or

2. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:

a. Physical injury that involves a substantial risk of death; or

b. Protracted and obvious physical disfigurement; or

c. Protracted loss of or impairment of the function of a bodily member or organ; or

3. The terrorism involves the use, release or escape of nuclear materials, or directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or

4. The terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or

5. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.

With respect to this exclusion, Paragraphs **1.** and **2.** describe the thresholds used to measure the magnitude of an incident of an "other act of terrorism" and the circumstances in which the threshold will apply for the purpose of determining whether this exclusion will apply to that incident.

B. The following definitions are added:

1. For the purposes of this endorsement, "any injury or damage" means any injury or damage covered under any Coverage Form to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage" or "personal and advertising injury" as may be defined in any applicable Coverage Form.

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2. "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:

a. 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;

b. The act resulted in damage:

(1) Within the United States (including its territories and possessions and Puerto Rico); or

(2) Outside of the United States in the case of:

(a) An air carrier (as defined in Section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs; or

(b) The premises of any United States mission; and

c. 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.

3. "Other act of terrorism" means a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not a "certified act of terrorism".

Multiple incidents of an "other act of terrorism" which occur within a seventy-two hour period and appear to be carried out in concert or to have a related purpose or common leadership shall be considered to be one incident.

C. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Policy.

D. If aggregate insured losses attributable to terrorist acts certified under the federal 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.

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EXCLUSION OF PUNITIVE DAMAGES RELATED TO A CERTIFIED ACT OF TERRORISM

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following provisions are added to the Businessowners Liability Coverage Form **BP 00 06** and **Section II – Liability** of the Businessowners Coverage Form **BP 00 03:**

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM PUNITIVE DAMAGES

Damages arising, directly or indirectly, out of a "certified act of terrorism" that are awarded as punitive damages.

B. The following definition is added:

"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.

C. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Policy.

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APARTMENT BUILDINGS

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

A. Paragraph **A.5. Additional Coverages** of **Section I – Property** is amended as follows:

The Pollutant Clean Up And Removal Limit of Insurance under Subparagraph **h.** is increased to $25,000.

B. The following coverages are added to Paragraph **A.5. Additional Coverages** of **Section I – Property:**

a. Reward Payment

(1) We will reimburse you for rewards paid as follows:

(a) Up to $5,000 to an eligible person for information leading to the arrest and conviction of any person or persons committing a crime resulting in loss or damage to Covered Property from a Covered Cause of Loss. However, we will pay no more than the lesser of the following amounts:

(i) Actual cash value of the Covered Property at the time of loss or damage, but not more than the amount required to repair or replace it; or

(ii) The amount determined by the loss settlement procedure applicable to the Covered Property under the Loss Payment Condition.

(b) Up to $5,000 to an eligible person for the return of stolen Covered Property, when the loss is caused by theft. However, we will pay no more than the lesser of the following amounts:

(i) Actual cash value based on the condition of the Covered Property at the time it is returned, but not more than the amount required to repair or replace it; or

(ii) The amount determined by the loss settlement procedure applicable to the returned Covered Property under the Loss Payment Condition.

(2) This Additional Coverage applies subject to the following conditions:

(a) An eligible person means that person designated by a law enforcement agency as being the first to voluntarily provide the information leading to the arrest and conviction or return of the stolen Covered Property, and who is not:

(i) You or any family member;

(ii) Your employee or any of his or her family members;

(iii) An employee of a law enforcement agency;

(iv) An employee of a business engaged in property protection;

(v) Any person who had custody of the Covered Property at the time the theft was committed; or

(vi) Any person involved in the crime.

(b) No reward will be reimbursed unless and until the person(s) committing the crime is (are) convicted or the Covered Property is returned.

(c) The lesser of the amount of the reward or $5,000 is the most we will reimburse for loss under this Additional Coverage in any one occurrence.

b. Ordinance Or Law – Equipment Coverage

(1) Subject to Paragraph **(2),** if a Covered Cause of Loss occurs to equipment that is Covered Property, we will pay to repair or replace the equipment as required by law.

(2) If a Covered Cause of Loss occurs to refrigeration equipment that is Covered Property, we will pay:

(a) The cost to reclaim the refrigerant as required by law;

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(b) The cost to retrofit the equipment to use a non-CFC refrigerant as required by the Clean Air Act of 1990, and any amendments thereto or any other similar laws; and

(c) The increased cost to recharge the system with a non-CFC refrigerant**.**

(3) The terms of this coverage apply separately to each piece of covered equipment.

(4) We will not pay under this endorsement for the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungi", wet or dry rot or bacteria.

(5) Loss to the equipment will be determined as follows:

(a) If the equipment is repaired or replaced, on the same or another premises, we will not pay more than the lesser of:

(i) The amount you actually spend to repair the equipment, but not for more than the amount it would cost to replace the equipment with equipment of the same kind and quality; or

(ii) The Limit of Insurance shown in the Declarations as applicable to the covered Building or Business Personal Property.

(b) If the equipment is not repaired or replaced, we will not pay more than the lesser of:

(i) The actual cash value of the equipment at the time of loss; or

(ii) The Limit of Insurance shown in the Declarations as applicable to the Building or Business Personal Property.

(c) We will not pay for loss due to any ordinance or law that:

(i) You were required to comply with before the loss, even if the equipment was undamaged; and

(ii) You failed to comply with.

c. Lock Replacement

(1) We will pay for the cost to repair or replace locks at the described premises due to theft or other loss to keys.

(2) The most we will pay under this Additional Coverage for all loss or damage in any one occurrence is $5,000.

(3) A per occurrence deductible of $100 will apply.

d. Tenant Move-back Expenses

(1) We will pay for expenses that you incur to move your tenants back to the described premises from a temporary location in the event that your tenants must temporarily vacate a Building at the premises described in the Declarations due to untenantability. The vacancy must result from a direct physical loss or damage to your Covered Property caused by or resulting from a Covered Cause of Loss.

(2) We will only pay for the following expenses:

(a) Packing, transporting and unpacking of tenants' property; and

(b) The net cost to reestablish the tenants' utility and telephone services, after any refunds due the tenants.

(3) We will only pay for expenses listed in Paragraphs **(2)(a)** and **(2)(b)** above that you incur within 60 days of the date that the damaged building has been repaired or rebuilt.

(4) The most we will pay under this Additional Coverage in any one occurrence at each described premises is $15,000.

C. If the Employee Dishonesty Optional Coverage is shown as an applicable coverage in the Declarations, the following is added to Paragraph **3. Employee Dishonesty** of Paragraph **G. Optional Coverages** of **Section I – Property** and is subject to the provisions of that paragraph:

3. Employee Dishonesty

We will also pay for loss of or damage to "money", "securities" and "other property" sustained by your tenant resulting directly from theft committed by an identified "employee", acting alone or in collusion with other persons.

The property covered under this coverage is limited to property:

a. That your tenant owns or leases;

b. That your tenant holds for others; or

c. For which your tenant is legally liable;

while the property is in a Covered Building at the premises described in the Declarations.

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However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization, including your tenant. Any claim for loss that is covered under this coverage must be presented by you.

With respect to the Employee Dishonesty Optional Coverage in Paragraph **G.3.,** other property means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property excluded under this policy.

D. The following are added to Paragraph **A. Coverages** of **Section II – Liability:**

1. Tenants' Property Legal Liability Coverage

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "property damage" to which this insurance applies to a "tenant's property" (or the property of others for which the tenant is legally liable) only while the property is in your care, custody or control inside your leased unit, apartment or storage at the premises described in the Declarations. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Paragraph **e.;**

(2) We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds $250. We will then pay the amount of loss or damage in excess of $250 up to the applicable Limit Of Insurance for this coverage; and

(3) Our right and duty to defend end when we have used up the applicable Limit of Insurance in the payment of judgments or settlements under the Tenants' Property Legal Liability Coverage.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under that Supplementary Payments provision.

b. This coverage applies to "property damage" only if:

(1) The "property damage" is caused by an "occurrence" that takes place in the "coverage territory"; and

(2) The "property damage" occurs during the policy period.

c. This coverage does not apply to:

(1) "Property damage" to any land motor vehicle, trailer or semitrailer stored by a tenant at the described premises.

(2) "Property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

(3) Liability arising out of intentional "property damage" or dishonest or criminal acts by you, your "employees" or any other person to whom you may entrust such property.

(4) Liability arising out of your "sale and disposal operations".

(5) Any loss covered under Section **I** – Property.

d. The Supplementary Payments provision applicable to the Bodily Injury, Property Damage and Personal And Advertising Injury Liability Coverages also applies to this Tenants' Property Legal Liability Coverage.

e. The most we will pay for the sum of all damages under Tenants' Property Legal Liability because of "property damage" to "tenants' property" in any one "occurrence" is $10,000. This limit applies separately to each premises described in the Declarations.

f. The **Duties In The Event Of Occurrence, Offense, Claim Or Suit** Condition under the Paragraph **E. Liability And Medical Expenses General Conditions** of **Section II – Liability** applies to Tenants' Property Legal Liability.

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2. Lock-out Or Sale, Removal And Disposal Liability Coverage

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of acts or omissions arising out of a "lock-out", or the sale, removal or disposal of "tenants' property" in the course of "sale and disposal operations". We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for acts or omissions to which this insurance does not apply. We may, at our discretion, investigate the circumstances of any act or omission and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Paragraph **e.**

(2) Our right and duty to defend end when we have used up the applicable Limit of Insurance in the payment of judgments or settlements under this Lock-out Or Sale, Removal And Disposal Liability Coverage.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under that Supplementary Payments provision.

b. This coverage applies only to an act or omission which takes place in the "coverage territory" and during the policy period.

c. This coverage does not apply to:

(1) Liability for damages which the insured is obligated to pay by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

(2) Liability arising out of dishonest or criminal acts by you, your "employees" or any other person to whom you may entrust such property.

d. The Supplementary Payments provision applicable to the Bodily Injury, Property Damage and Personal And Advertising Injury Liability Coverages also applies to this Lock-out Or Sale, Removal And Disposal Liability Coverage.

e. The most we will pay for the sum of all damages because of all acts or omissions arising out of a "lock-out", or the sale, removal or disposal of "tenants' property" under the Lock-out Or Sale, Removal And Disposal Liability Coverage is $5,000 in any annual period starting with the beginning of the policy period shown in the Declarations. This limit applies separately to each premises described in the Declarations.

f. The following condition replaces the **Duties In The Event Of Occurrence, Offense, Claim Or Suit** Condition under Paragraph **E. Liability And Medical Expenses General Conditions** of **Section II – Liability** for the Lock-out Or Sale, Removal And Disposal Liability Coverage:

Duties In The Event Of Claim Or Suit As A Result Of A Lock-out Or Sale, Removal Or Disposal Of Tenants' Property

a. You must see to it that we are notified as soon as possible of a "lock-out", or the sale, removal or disposal of "tenants' property" which may result in a claim. To the extent possible, notice should include how, when and where the "lock-out" or sale, removal or disposal of "tenants' property" took place.

b. If a claim is made or "suit" is brought against any insured as a result of a "lock-out" or sale, removal or disposal of "tenants' property", you must:

(1) Immediately record the specifics of the claim or "suit" and the date received; and

(2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

(1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";

(2) Authorize us to obtain records and other information;

(3) Cooperate with us in our investigation or settlement of the claim or defense against the "suit"; and

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(4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of an action to which this insurance may apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation or incur any expense without our consent.

3. Heating Or Air Conditioning Loss Reimbursement Coverage

a. We will reimburse you for payments you make voluntarily or because of a demand for a per diem remuneration of rent from a tenant as a result of the complete loss of heat or air conditioning to a tenant's leased unit or apartment due to mechanical breakdown or electrical failure of the heating or air conditioning system at the described premises.

The amount of such reimbursement is limited as described in Paragraph **e.** below. No other obligation or liability to pay sums or perform acts or services is covered.

b. This coverage applies only if:

(1) The mechanical breakdown or electrical failure of the heating or air conditioning system at the described premises occurred during the policy period; and

(2) You have received a notarized notification of a demand for a per diem remuneration of rent from a tenant within 90 days after the mechanical breakdown or electrical failure of the heating or air conditioning system at the described premises; or

(3) You reasonably determine that a voluntary payment to the tenant is necessary to prevent "bodily injury" or "property damage".

c. We shall have no duty or obligation to defend the insured or perform acts or services.

d. This coverage does not apply to:

(1) Expenses incurred by you to repair or replace the heating or air conditioning system at the described premises.

(2) "Bodily injury", "property damage" and "personal and advertising injury".

e. The most we will reimburse you for the sum of all voluntary payments and demands for per diem reimbursement by tenants under the Heating Or Air Conditioning Loss Reimbursement Coverage is $5,000 as the result of any one mechanical breakdown or electrical failure of the heating or air conditioning system at a described premises and $10,000 in any annual period starting with the beginning of the policy period shown in the Declarations.

f. The following condition replaces the **Duties In The Event Of Occurrence, Offense, Claim Or Suit** Condition under Paragraph **E. Liability And Medical Expenses General Conditions** of **Section II – Liability** for the Heating Or Air Conditioning Loss Reimbursement Coverage:

Duties In The Event Of A Heating Or Air Conditioning System Failure

a. You must notify us as soon as possible of a demand for remuneration from a tenant or of a payment you make voluntarily. The notice should include:

(1) A notarized letter from the tenant of the demand for remuneration;

(2) A written description by you of how, when and where the mechanical breakdown or electrical failure of the heating or air conditioning system occurred;

(3) The name and address of the affected tenant; and

(4) A cancelled check or money order written to the tenant.

b. At our request, give us complete information as to:

(1) The cause of the mechanical breakdown or electrical failure of the heating or air conditioning system; and

(2) The actions you took to have the heating or air conditioning system repaired or replaced by a competent technician as soon as possible.

c. Cooperate with us in the review of the reimbursement.

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E. For coverage provided under this endorsement the following definitions are added to Paragraph **F. Liability And Medical Expenses Definitions** under **Section II – Liability:**

1. "Lock-out" means denying a tenant access to the "tenants' property" or the occupancy of an apartment the tenant is renting, leasing or otherwise occupying.

2. **"**Sale and disposal operations" means all activities you conduct to reclaim an apartment or storage space when a tenant's rent is delinquent or unpaid.

3. "Tenants' property" means "money", "securities" and other tangible property having intrinsic value that belongs to your tenants.

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EXCLUSION – ACCESS OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL INFORMATION AND DATA-RELATED LIABILITY – WITH LIMITED BODILY INJURY EXCEPTION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

A. Exclusion **B.1.q.** of **Section II – Liability** is replaced by the following:

This insurance does not apply to:

q. Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability

(1) Damages, other than damages because of "personal and advertising injury", arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or

(2) Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph **(1)** or **(2)** above.

However, unless Paragraph **(1)** above applies, this exclusion does not apply to damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

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B. The following is added to Paragraph **B.1.p. Personal And Advertising Injury** Exclusion of **Section II – Liability:**

This insurance does not apply to:

p. Personal And Advertising Injury

"Personal and advertising injury":

Arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal information.

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EQUIPMENT BREAKDOWN COVERAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNER'S COVERAGE FORM

A. The following is added to **Paragraph A.3. Covered Causes of Loss** in **SECTION I – PROPERTY**:

Additional Coverage-- Equipment Breakdown
The term Covered Cause of Loss includes the Additional Coverage Equipment Breakdown as described and limited below.

1. We will pay for direct physical damage to Covered Property that is the direct result of an "accident." As used in this Additional Coverage, "accident" means a fortuitous event that causes direct physical damage to "covered equipment." The event must be one of the following:

a. mechanical breakdown, including rupture or bursting caused by centrifugal force;

b. artificially generated electrical, magnetic or electromagnetic energy, including electric arcing, that damages, disturbs, disrupts or otherwise interferes with any electrical or electronic wire, device, appliance, system or network;

c. explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;

d. loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or

e. loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.

2. Unless otherwise shown in a Schedule, the following coverages also apply to the direct result of an "accident." These coverages do not provide additional amounts of insurance.

a. Expediting Expenses
With respect to your damaged Covered Property, we will pay the reasonable extra cost to:
(1) make temporary repairs; and
(2) expedite permanent repairs or permanent replacement.
The most we will pay for loss or expense under this coverage is $25,000 unless otherwise shown in a Schedule.

b. Hazardous Substances
We will pay for the additional cost to repair or replace Covered Property because of contamination by a "hazardous substance." This includes the additional expenses to clean up or dispose of such property.

This does not include contamination of "perishable goods" by refrigerant, including but not limited to ammonia, which is addressed in **2.c.(1)(b)** below. As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no "hazardous substance" been involved.

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The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, is $25,000 unless otherwise shown in a Schedule.

c. Spoilage

(1) We will pay:

(a) for physical damage to "perishable goods" due to spoilage;

(b) for physical damage to "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia;

(c) any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

(2) If you are unable to replace the "perishable goods" before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "accident," less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Loss Payment condition.

The most we will pay for loss, damage or expense under this coverage is $25,000 unless otherwise shown in a Schedule.

d. Data Restoration

We will pay for your reasonable and necessary cost to research, replace and restore lost "electronic data."

The most we will pay for loss or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, is $25,000 unless otherwise shown in a Schedule.

e. Service Interruption

(1) Any insurance provided for Business Income, Extra Expense or Spoilage is extended to apply to your loss, damage or expense caused by the interruption of utility services. The interruption must result from an "accident" to equipment, including overhead transmission lines, that is owned by a utility, landlord, a landlord's utility or other supplier who provides you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission. The equipment must meet the definition of "covered equipment" except that it is not Covered Property.

(2) Unless otherwise shown in a Schedule, coverage for any loss of Business Income you sustain that results from the interruption of utility services will not apply unless the failure or disruption of service exceeds 24 hours immediately following the "accident." If the interruption exceeds 24 hours, coverage will begin at the time of the interruption and the deductible applicable to Business Income will apply.

(3) The most we will pay in any "one accident" for loss, damage or expense under this coverage is the applicable limit for Business Income, Extra Expense or Spoilage, except that if a limit is shown in a Schedule for Service Interruption, that limit will apply to Business Income and Extra Expense loss under this coverage.

f. Business Income and Extra Expense

Any insurance provided under this policy for Business Income or Extra Expense is extended to the coverage provided by this endorsement. However, if a deductible is shown in a Schedule, then as respects Equipment Breakdown coverage, the "period of restoration" will begin immediately after the "accident," and the deductible shown in the Schedule will apply.

The most we will pay for loss or expense under this coverage is the applicable limit for Business Income and Extra Expense, unless otherwise shown in a Schedule.

B. The following is added to **Paragraph B. Exclusions**:

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Equipment Breakdown Exclusions
All exclusions in the Businessowners Coverage Form apply except as modified below and to the extent that coverage is specifically provided by this Additional Coverage Equipment Breakdown.

1. The following exclusions are modified:

a. As respects this endorsement only, the next to the last paragraph in **Exclusion B.1.h.** is deleted and replaced with the following:
However, if excluded loss or damage, as described in **Paragraph (1)** above results in an "accident," we will pay only for the loss, damage or expense caused by such "accident."

b. As respects this endorsement only, the last paragraph of **Exclusion B.2.l.** is deleted and replaced with the following:
But if an excluded cause of loss that is listed in 2.l.(1) through (7) results in an "accident," we will pay for the loss, damage or expense caused by that "accident."

c. The following is added to **Exclusions B.2.m.** and **B.2.n**:
We will also pay for direct physical loss or damage caused by an "accident."

2. The following exclusions are added:

a. We will not pay for loss, damage or expense caused by or resulting from:
(1) a hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment; or
(2) any of the following:
(a) defect, programming error, programming limitation, computer virus, malicious code, loss of data, loss of access, loss of use, loss of functionality or other condition within or involving "electronic data" of any kind; or
(b) misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.
However, if an "accident" results, we will pay for the resulting loss, damage or expense caused by that "accident."

b. With respect to Service Interruption coverage, we will also not pay for an "accident" caused by or resulting from: fire; lightning; windstorm or hail; explosion (except as specifically provided in A.1.c. above); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing; collapse; flood or earth movement.

c. With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for:
(1) loss caused by your failure to use due diligence and dispatch and all reasonable means to resume business; or

(2) any increase in loss resulting from an agreement between you and your customer or supplier.

C. Deductibles
The deductible in the Declarations applies unless a separate Equipment Breakdown deductible is shown in a Schedule. If a separate Equipment Breakdown deductible is shown, the following applies.

Only as regards Equipment Breakdown Coverage, provision **D. Deductibles** is deleted and replaced with the following:

1. <u>Deductibles for Each Coverage</u>

a. Unless the Schedule indicates that your deductible is combined for all coverages, multiple deductibles may apply to any "one accident."

b. We will not pay for loss, damage or expense under any coverage until the amount of the covered loss, damage or expense exceeds the deductible amount indicated for that coverage in the Schedule. We will then

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pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit.

c. If deductibles vary by type of "covered equipment" and more than one type of "covered equipment" is involved in any "one accident," only the highest deductible for each coverage will apply.

2. Direct and Indirect Coverages

a. Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the Schedule.

b. Unless more specifically indicated in the Schedule:
(1) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss; and
(2) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this endorsement.

3. Application of Deductibles

a. Dollar Deductibles
We will not pay for loss, damage or expense resulting from any "one accident" until the amount of loss, damage or expense exceeds the applicable Deductible shown in the Schedule. We will then pay the amount of loss, damage or expense in excess of the applicable Deductible or Deductibles, up to the applicable Limit of Insurance.

b. Time Deductible
If a time deductible is shown in the Schedule, we will not be liable for any loss occurring during the specified number of hours or days immediately following the "accident." If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

c. Multiple of Average Daily Value (ADV)
If a deductible is expressed as a number times ADV, that amount will be calculated as follows:
The ADV (Average Daily Value) will be the Business Income (as defined in any Business Income coverage that is part of this policy) that would have been earned during the period of interruption of business had no "accident" occurred, divided by the number of working days in that period. No reduction shall be made for the Business Income not being earned, or in the number of working days, because of the "accident" or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to the Business Income value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the "period of restoration". The number indicated in the Schedule will be multiplied by the ADV as determined above. The result shall be used as the applicable deductible.

d. Percentage of Loss Deductibles
If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any applicable deductible or coinsurance) 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.

D. Conditions
The following conditions are in addition to the Conditions in the Businessowners Coverage Form.

1. Suspension
Whenever "covered equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" to that "covered equipment." This can be done by mailing or delivering a written notice of suspension to:

a. your last known address; or

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b. the address where the "covered equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "covered equipment." If we suspend your insurance, you will get a pro rata refund of premium for that "covered equipment" for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

2. Jurisdictional Inspections

If any property that is "covered equipment" under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

3. Environmental, Safety and Efficiency Improvements

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

However, we will not pay more than 125% of what the cost would have been to replace with like kind and quality. This condition does not increase any of the applicable limits. This condition does not apply to any property to which Actual Cash Value applies.

4. Coinsurance

If a coinsurance percentage is shown in a Schedule for specified coverages, the following condition applies.

We will not pay for the full amount of your loss if the applicable limit is less than the product of the specified coinsurance percentage times the value of the property subject to the coverage at the time of the loss. Instead, we will determine what percentage this calculated product is compared to the applicable limit and apply that percentage to the gross amount of loss. We will then subtract the applicable deductible. The resulting amount, or the applicable limit, is the most we will pay. We will not pay for the remainder of the loss. Coinsurance applies separately to each insured location.

E. The following definitions are added:

1. "Boilers and vessels" means:

a. Any boiler, including attached steam, condensate and feedwater piping; and

b. Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.

This term does not appear elsewhere in this endorsement, but may appear in a Schedule.

2. "Covered equipment"

a. "Covered equipment" means, unless otherwise specified in a Schedule, Covered Property:
- **(1)** that generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
- **(2)** which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

b. None of the following is "covered equipment":
- **(1)** structure, foundation, cabinet, compartment or air supported structure or building;
- **(2)** insulating or refractory material;
- **(3)** sewer piping, buried vessels or piping, or piping forming a part of a sprinkler or fire suppression system;
- **(4)** water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
- **(5)** "vehicle" or any equipment mounted on a "vehicle";
- **(6)** satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
- **(7)** dragline, excavation or construction equipment; or
- **(8)** equipment manufactured by you for sale.

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3. "Hazardous substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.

4. "One accident" means: If an initial "accident" causes other "accidents," all will be considered "one accident." All "accidents" that are the result of the same event will be considered "one accident."

5. "Perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.

6. "Production machinery" means any machine or apparatus that processes or produces a product intended for eventual sale. This includes all component parts of such machine or apparatus. This term does not appear elsewhere in this endorsement, but may appear in a Schedule.

7. "Vehicle" means, as respects this endorsement only, any machine or apparatus that is used for transportation or moves under its own power. "Vehicle" includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.

However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a "vehicle."

The most we will pay for loss, damage or expense under this endorsement arising from any "one accident" is the applicable Limit of Insurance in the Declarations unless otherwise shown in a Schedule. Coverage provided under this endorsement does not provide an additional amount of insurance.

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FUNGI, WET ROT OR DRY ROT COVERAGE EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNER'S COVERAGE FORM

The following provisions apply to **SECTION I – PROPERTY**:

Paragraph **A.5. (Additional Coverages)** under **r. Limited Coverage For "Fungi", Wet Rot Or Dry Rot,** Paragraphs **(1)** through **(5)** are deleted; Paragraph **(6)(a)** and **(b)** are renumbered to read **(1)(a)** and **(b)**.

Paragraph **B.** (**Exclusions**) **i. "Fungi", Wet Rot Or Dry Rot** is replaced with the following:

i. "Fungi", Wet Rot Or Dry Rot
Presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot. But if "fungi", wet rot or dry rot result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss". This exclusion does not apply:

(1) When "fungi", wet rot or dry rot result from fire or lightning.

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EXCLUSION – LIABILITY FOR HAZARDS OF LEAD

This endorsement modifies insurance provided under the following:

BUSINESSOWNER'S COVERAGE FORM

The following is added to **Paragraph B.1., Exclusions in SECTION II – LIABILITY:**

This insurance does not apply to:

"Bodily Injury" caused in whole or in part, either directly or indirectly, by lead paint or lead contamination, or arising out of or incidental to the inhalation, ingestion, use, handling or contact with lead paint or lead contamination.

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COLORADO - CONDOMINIUMS, CO-OPS, ASSOCIATIONS – DIRECTORS AND OFFICERS LIABILITY ENDORSEMENT

**THIS ENDORSEMENT PROVIDES CLAIMS-MADE COVERAGE.
PLEASE READ THE ENTIRE ENDORSEMENT CAREFULLY.**

This endorsement modifies insurance provided under the following:

BUSINESSOWNER'S COVERAGE FORM

SCHEDULE

Named Association: 1418 Milwaukee Street, LLC			
Directors And Officers Liability Annual Aggregate Limit Of Insurance:		**$** 1,000,000	
Deductible:		**$** 1,000	
Pending Or Prior Litigation Date: 06/15/2018		**Retroactive Date:** 06/15/2018	
☐	**Extended Reporting Period**	**Extended Reporting Premium**	
From:		**$**	
To:	At 12:01 A.M.* Standard		
* Exceptions: 12:00 noon in Maine, Michigan and North Carolina.			
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.			

For the purposes of the coverage provided by this endorsement, **Section II – Liability** is amended as follows:

A. The following are added to Paragraph **A. Coverages:**

1. Insuring Agreement – Management Liability

a. We will pay on behalf of an "insured person" any "loss" which the "insured person" becomes legally obligated to pay as a result of a "claim" first made against that "insured person" during the policy period or during the Extended Reporting Period, if purchased, as described in Paragraph **G.,** except to the extent that the "association" has indemnified the "insured person" for such "loss".

However, this insurance applies only to a "claim" arising out of a "wrongful act" committed by the "insured person" which occurs on or after the Retroactive Date, if any, shown in the Schedule, and before the end of the policy period.

b. If a "claim" against an "insured person" includes a "claim" against the "insured person's" spouse (whether such status is derived by reason of statutory or common law, or any other law of any country) solely by reason of:

(1) Such spousal status; or

(2) Such spouse's ownership interest in property or assets that are sought as recovery for the "wrongful act" committed or allegedly committed by the "insured person";

all "loss" which such spouse becomes legally obligated to pay by reason of such "claim" will be treated for the purposes of this endorsement as "loss" which the "insured person" becomes legally obligated to pay as a result of the "claim" made against such "insured person". Such "loss" to the spouse will be covered under this endorsement only if and to the extent that such "loss" would be covered if incurred by the "insured person".

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However, this Paragraph **b.** does not apply to a "claim" arising out of any "wrongful act" committed or allegedly committed by the "insured person's" spouse.

c. This insurance also applies to "claims" arising out of the "wrongful acts" of an "insured person" made against:

(1) The estate, heirs or legal representatives of a deceased "insured person"; and

(2) The legal representative of that "insured person" in the event of incompetency, insolvency or bankruptcy.

However, this Paragraph **c.** only applies to "claims" if and to the extent that, in the absence of such death, incompetency, insolvency or bankruptcy of the "insured person", such "claims" would have been covered by this insurance according to all applicable terms, conditions and exclusions.

2. Insuring Agreement – Association Reimbursement

We will pay on behalf of the "association" any "loss" for which the "association" has indemnified an "insured person", as permitted or required by law, and which the "insured person" becomes legally obligated to pay as a result of a "claim" first made against that "insured person" (or an "insured person's" spouse or any other party granted the rights of an "insured person" under Paragraph **1.**) during the policy period or during the Extended Reporting Period, if purchased, as described in Paragraph **G.**

However, this insurance applies only to a "claim" arising out of a "wrongful act" committed by the "insured person" which occurs on or after the Retroactive Date, if any, shown in the Schedule, and before the end of the policy period.

3. Insuring Agreement – Association Liability

We will pay on behalf of the "association" any "loss" which the "association" becomes legally obligated to pay as a result of a "claim" first made against the "association" during the policy period or during the Extended Reporting Period, if purchased, as described in Paragraph **G.**

However, this insurance applies only to a "claim" arising out of a "wrongful act" committed by the "association" which occurs on or after the Retroactive Date, if any, shown in the Schedule, and before the end of the policy period.

4. Defense And Settlement

We will have the right and duty to defend any "claim" made against the insured under Paragraph **A.** of this endorsement. However, we will have no duty to defend the insured against any "claim" because of a "wrongful act" to which this insurance does not apply. We may, at our discretion, investigate any incident that may result in a "loss". We may, with your written consent, settle any "claim".

All "claims" arising out of the same "wrongful act" or "interrelated wrongful acts" committed by one or more "insured persons" shall be considered a single "claim". Such single "claim" shall be deemed to be first made on the date the initial "claim" arising out of such "wrongful act" or "interrelated wrongful acts" was first made pursuant to Paragraph **E.** or notice of such "wrongful act" or "interrelated wrongful acts" was first reported pursuant to Paragraph **E.**

B. For the purposes of the coverage provided by this endorsement, Paragraph **B. Exclusions,** Subparagraph **1. Applicable To Business Liability Coverage** is replaced by the following:

This insurance does not apply to any "loss" resulting from any "claim":

a. Arising out of any dishonest, malicious, fraudulent or deliberately criminal act or any willful violation of any statute or regulation.

b. For "bodily injury".

c. For mental or emotional distress, except when allegations of mental or emotional distress are made in a "claim" arising from a "wrongful employment practices act".

d. For "property damage".

e. Arising out of the gaining of any profit, remuneration or advantage to which any insured was not legally entitled.

f. Arising out of a "wrongful act" or "interrelated wrongful act" that has occurred before the Retroactive Date, if any, shown in the Schedule.

g. Arising out of the same facts, "wrongful acts" or "interrelated wrongful acts", alleged or contained in any "claim" which has been reported, or in any circumstances of which notice has been given:

(1) During a prior policy period of this policy; or

(2) Under any insurance policy of which this policy is a replacement.

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h. Arising out of any demand, "suit" or other proceeding against any insured which was pending on or existed prior to the applicable Pending Or Prior Litigation Date shown in the Schedule, or arising out of the same or substantially the same facts, circumstances or allegations which are the subject of, or the basis for, such demand, "suit" or other proceeding.

i. Arising out of any actual or alleged failure or omission on the part of any insured to effect or maintain insurance.

j. Arising out of any "wrongful act" committed or allegedly committed by any "insured person" serving in any position or capacity in any organization or association other than the "association" even if the "association" directed or requested that "insured person" to serve in such other position or capacity.

k. Brought by or on behalf of the "association" or any "insured person", in any capacity, except:

(1) A "claim" that is a derivative action brought on behalf of the "association" by one or more unit-owners who are not "insured persons" and who bring the "claim" without the solicitation, assistance or participation of any "insured person" or the "association"; or

(2) A "claim" arising out of a "wrongful employment practices act".

l. For an actual or alleged violation of the Employee Retirement Income Security Act of 1974 and its amendments, or similar provisions of any federal, state, local or statutory law or common law.

m. For liability under or breach of any oral, written or implied contract or agreement, or for liability of others assumed by the "association" under any such contract or agreement, except if:

(1) The "association" would have been liable in the absence of such contract or agreement; or

(2) Allegations of liability or breach of such contract or agreement are made in a "claim" arising out of a "wrongful employment practices act";

n. Arising out of "personal and advertising injury".

o. Arising out of:

(1) The actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time;

(2) Any request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(3) A "claim" made or "suit" brought by or on behalf of any governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants";

including without limitation any "claim" by or on behalf of the "association".

p. Arising out of "wrongful acts" in the selection or direct or indirect supervision of any contractor or subcontractor liable or alleged to be liable for any defect in construction at any premises insured under this policy.

A "wrongful act" committed by any "insured person" shall not be imputed to any other "insured person" for purposes of applying the exclusions set forth in this Paragraph **B.**

C. For the purposes of the coverage provided by this endorsement, Paragraph **C. Who Is An Insured** is replaced by the following:

1. The "association" is an insured.

2. "Insured persons" are insureds.

D. For the purposes of the coverage provided by this endorsement, Paragraph **D. Liability And Medical Expenses Limits Of Insurance** is replaced by the following:

1. Annual Aggregate Limit Of Insurance

The most we will pay for the sum of all "loss" under Paragraphs **A.1., A.2.** and **A.3.** is the aggregate Limit of Insurance shown in the Schedule. This limit applies regardless of the number of:

a. Insureds;

b. "Claims" made or "suits" brought; or

c. Persons, organizations or government agencies making "claims" or bringing "suits".

If the aggregate Limit of Insurance is exhausted by the payment of "loss", we will have no further obligations or liability of any kind under this endorsement.

"Claims expenses" are part of the "loss" and are payable within the Limit of Insurance shown in the Schedule, thereby reducing that Limit.

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2. Deductible

Subject to Paragraph **D.1.** of this endorsement, we will pay only that amount of "loss" which is in excess of the Deductible shown in the Schedule. The Deductible will be borne by the insureds, uninsured and at their own risk. A single deductible will apply to all "loss" resulting from all "claims" alleging the same "wrongful acts" or "interrelated wrongful acts".

If the "association" is permitted or required by law to indemnify an "insured person" for "loss", but fails or refuses, other than for reason of "financial insolvency", then our payment for such "loss" will not be subject to any deductible and the "association" shall be responsible for, and shall hold us harmless from, and shall reimburse us for such "loss" up to the deductible shown in the Schedule.

E. For the purposes of the coverage provided by this endorsement, the **Duties In The Event Of Occurrence, Offense, Claim Or Suit** condition is replaced by the following:

Duties In The Event Of A Claim Or A Wrongful Act That May Result In A Claim

1. You must see to it that we are notified as soon as practicable of a "wrongful act" which may result in a "claim". To the extent possible, notice should include:

a. How, when and where the "wrongful act" took place;

b. The names and addresses of any person involved in the specific "wrongful act", including names and addresses of the potential claimants;

c. Particulars as to the reasons for anticipating a "claim" which may result from such specific "wrongful act";

d. The nature of the alleged or potential damages arising from such specific "wrongful act"; and

e. The circumstances by which the insureds first became aware of the specific "wrongful act".

2. If a "claim" is received by any insured, you must:

a. Immediately record the specifics of the "claim" and the date received; and

b. Notify us as soon as practicable.

You must see to it that we receive written notice of the "claim" as soon as practicable.

3. You and any other involved insured must:

a. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim";

b. Authorize us to obtain records and other information;

c. Cooperate with us in the investigation or settlement of the "claim"; and

d. Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of "wrongful acts" to which this insurance may also apply.

4. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation or incur any expense without our written consent.

F. For the purposes of the coverage provided by this endorsement, the following is added to Paragraph **E. Liability And Medical Expenses General Conditions:**

Consent To Settle

1. If we recommend a settlement to the insured which is acceptable to the claimant, but to which the insured does not consent, the most we will pay as damages in the event of any later settlement or judgment is the amount for which the "claim" could have been settled, to which the insured did not give consent, plus "claims expenses" incurred as of the date such settlement was proposed in writing by us to the insured.

2. Your Right To Wrongful Act Or Claim Information

We will provide the first Named Insured shown in the Declarations the following information relating to this and any preceding Condominiums, Co-ops, Associations – Directors And Officers Liability Coverage Endorsement we have issued to you during the previous three years:

a. A list or other record of each "wrongful act" not previously reported to any other insurer, of which we were notified in accordance with Paragraph **1.** of the Duties In The Event Of A Claim Or A Wrongful Act That May Result In A Claim condition (Paragraph **E.**). We will include the date and brief description of the "wrongful act" if that information was in the notice we received.

b. A summary by policy year, of payments made and amounts reserved, stated separately, under any applicable Aggregate Limit.

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Amounts reserved are based on our judgment. They are subject to change and should not be regarded as ultimate settlement values.

If we cancel or elect not to renew the Condominiums, Co-ops, Associations – Directors And Officers Liability Coverage Endorsement, we will provide such information no later than 30 days before the date of policy termination. In other circumstances, we will provide this information only if we receive a written request from the first Named Insured within 60 days after the end of the policy period. In this case, we will provide the information within 30 days of receipt of the request.

We compile "claim" and "wrongful act" information for our own business purposes and exercise reasonable care in doing so. In providing this information to the first Named Insured, we make no representations or warranties to insureds, insurers, or others to whom this information is furnished by or on behalf of any insured. Cancellation or nonrenewal will be effective even if we inadvertently provide inaccurate information

G. Extended Reporting Period

For the purposes of the coverage provided by this endorsement, the following Extended Reporting Period provisions are added:

1. You will have the right to purchase an Extended Reporting Period from us if:

a. This endorsement is cancelled or not renewed for any reason; or

b. We renew or replace this endorsement with insurance that:

(1) Has a Retroactive Date later than the date shown in the Schedule of this endorsement; or

(2) Does not apply to "wrongful acts" on a claims-made basis.

2. An Extended Reporting Period, as specified in Paragraph **G.1.** of this endorsement, lasts up to three years and is available only for an additional premium.

3. The Extended Reporting Period starts with the end of the policy period. It does not extend the policy period or change the scope of the coverage provided. It applies only to "claims" to which the following applies:

a. The "claim" is first made during the Extended Reporting Period;

b. The "wrongful act" occurs before the end of the policy period; and

c. The "wrongful act" did not commence before the Retroactive Date.

4. You must give us a written request for the Extended Reporting Period within 30 days after the end of the policy period or the effective date of cancellation, whichever comes first.

5. The Extended Reporting Period will not go into effect unless you pay the additional premium promptly when due and any premium or deductible you owe us for coverage provided under this endorsement. Once in effect, the Extended Reporting Period may not be cancelled.

6. We will determine the additional premium in accordance with our rules and rates. In doing so, we may take into account the following:

a. The exposures insured;

b. Previous types and amounts of insurance;

c. Limit of Insurance available under this endorsement for future payment of damages; and

d. Other related factors.

The additional premium may not exceed 200% of the annual premium for this endorsement. The premium for the Extended Reporting Period will be deemed fully earned as of the date it is purchased.

7. There is no separate or additional Limit of Insurance for the Extended Reporting Period. The Limit of Insurance available during the Extended Reporting Period, if purchased, shall be the remaining amount, if any, of the aggregate Limit of Insurance available at the time this policy was cancelled or nonrenewed.

H. For the purposes of the coverage provided by this endorsement, the following is added to Paragraph **F. Liability And Medical Expenses Definitions** of **Section II – Liability:**

1. "Association" means the entity named in the Schedule as the named association.

2. "Claim" means:

a. A written demand for monetary damages against any insured;

b. A civil proceeding against any insured commenced by the service of a complaint or similar pleading;

c. A criminal proceeding against any "insured person" commenced by a return of an indictment; or

d. A formal administrative or regulatory proceeding against any insured commenced by the filing of a notice of charges, formal investigative order or similar document;

for a "wrongful act", including any appeal therefrom.

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3. "Claims expenses" means that part of a "loss" consisting of reasonable and necessary fees (including attorneys' and experts' fees), expenses incurred in the defense or appeal of a "claim", and the premium for appeal, attachment or similar bonds (without any obligation on our part to provide such bonds), excluding the wages, salaries, benefits or expenses of any "insured person".

4. "Financial insolvency" means the status of the "association" resulting from:

a. The appointment of any receiver, conservator, liquidator, trustee, rehabilitator or similar official to control, supervise, manage or liquidate the "association"; or

b. The "association" becoming a debtor in possession.

5. "Insured person" means any former, present or future director, officer, trustee, employee or volunteer of the "association".

6. "Interrelated wrongful act" means all causally connected "wrongful acts".

7. "Loss" means "claims expenses", compensatory damages, settlement amounts, legal fees and costs awarded pursuant to judgments. "Loss" does not include civil or criminal fines or penalties imposed by law, punitive or exemplary damages, the multiplied portion of multiplied damages, taxes or matters that are uninsurable pursuant to applicable law.

8. "Wrongful act" includes a "wrongful employment practices act" and means:

a. With respect to the "insured person", any actual or alleged error, misstatement, misleading statement, neglect or breach of duty, omission or act by the "insured person" in their insured position or capacity for the "association"; or any matter claimed against them solely by reason of their serving in such insured position or capacity. This does not apply to a position or capacity in any entity other than the "association", even if the "association" directed or requested the "insured person" to serve in such other position or capacity.

b. With respect to the "association", any actual or alleged error, misstatement, misleading statement, neglect or breach of duty, omission or act by the "association".

9. "Wrongful employment practices act" means any actual or alleged:

a. Wrongful dismissal, discharge or termination of employment;

b. Breach of any implied employment contract;

c. Employment-related misrepresentation;

d. Violation of any federal, state or local statute, regulation, ordinance or common law concerning employment or discrimination in employment; **e.** Sexual harassment (as that term is defined by the Federal Equal Employment Opportunity Commission) or other illegal workplace harassment;

f. Wrongful failure to employ or promote;

g. Wrongful reference, discipline or deprivation of a career opportunity;

h. Failure to adopt adequate workplace or employment policies and procedures; or

i. Illegal retaliatory treatment.

I. For the purposes of the coverage provided by this endorsement, the definition of "suit" in Paragraph **F. Liability And Medical Expenses Definitions** is replaced by the following:

"Suit" means a civil proceeding in which damages because of a "wrongful act" to which this insurance applies are alleged. "Suit" includes:

a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or

b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEDUCTIBLE ENDORSEMENT - PROPERTY

This endorsement modifies insurance provided under the following:

BUSINESSOWNER'S COVERAGE FORM

Paragraph **D.1. Deductibles** of **SECTION I – PROPERTY** is replaced with the following:

D. Deductibles

1. We will not pay for loss or damage to Covered Property caused by or resulting from a Covered Cause of Loss as a result of one occurrence until the amount of such loss or damage exceeds the applicable Deductible shown in the Declarations or as set forth below. We will then pay the amount of such loss or damage in excess of the Deductible up to the applicable Limit of Insurance of **Section 1 - Property**. In the event of loss or damage to Covered Property caused by or resulting from a Covered Cause of Loss at one or more buildings at the same location, as a result of one occurrence, only the single largest deductible scheduled for loss at such building(s) will apply to all such loss or damage regardless of the number of buildings involved in the loss. However, this Paragraph **D.1** does not apply to loss or damage from Earthquake or Windstorm or Hail causes of loss.

EXAMPLES

Example 1 - Loss at multiple buildings, same location.

A fire damages Buildings 1 and 2 which results in a spoilage loss at Buildings 3 and 4 due to a power outage from the fire.

Property Deductible – Building 1:	$250
Property Deductible – Building 2:	$250
Limit of Insurance – Building 1:	$60,000
Limit of Insurance – Building 2:	$80,000
Loss to Building 1:	$50,100
Loss to Building 2:	$70,000
Spoilage Deductible – Building 3 :	$500
Spoilage Deductible – Building 4 :	$500
Spoilage Limit of Insurance – Building 3:	$5,000
Spoilage Limit of Insurance – Building 4:	$2,000
Spoilage loss at Building 3:	$2,500
Spoilage loss at Building 4:	$1,500

The largest deductible involved in the occurrence was the $500 spoilage deductible and will be subtracted from the total Loss Payable:

	$ 50,100	– Building 1 loss
+	$ 70,000	– Building 2 loss
+	$ 2,500	– Spoilage loss at Building 3
+	$ 1,500	– Spoilage loss at Building 4
	$ 124,100	– Total loss
-	$ 500	– Largest deductible involved in loss
	$ 123,600	– Total loss payable

Example 2 - Identical loss occurs but only at building 1, no loss at other buildings (same deductibles and limits)

Property Deductible – Building 1:	$250
Limit of Insurance – Building 1:	$60,000
Loss to Building 1:	$50,100
Spoilage Loss at Building 1:	$2,500

The largest deductible involved in the occurrence was the $500 spoilage deductible for Building 1 and will be subtracted from the total Loss Payable.

	$ 50,100	- Building 1 loss
+	$ 2,500	- Spoilage loss at Building 1
	$ 52,600	- Total Loss at Building 1
-	$ 500	- Largest deductible involved in loss
	$ 52,100	- Total loss payable.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WATER BACK-UP AND SUMP OVERFLOW

This endorsement modifies insurance provided under the following:

BUSINESSOWNER'S COVERAGE FORM

SCHEDULE

Premises Number	Covered Property Annual Aggregate Limit Of Insurance	Business Income And Extra Expense Annual Aggregate Limit Of Insurance
Location 001, Building 001	$25,000	$25,000
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

A. We will pay for direct physical loss or damage to Covered Property, covered under Section **I** – Property, caused by or resulting from:

1. Water or waterborne material which backs up through or overflows or is otherwise discharged from a sewer or drain; or

2. Water or waterborne material which overflows or is otherwise discharged from a sump, sump pump or related equipment, even if the overflow or discharge results from mechanical breakdown of a sump pump or its related equipment.

However, with respect to Paragraph **A.2.,** we will not pay the cost of repairing or replacing a sump pump or its related equipment in the event of mechanical breakdown.

THIS IS NOT FLOOD INSURANCE. We will not pay for loss or damage from water or other materials that back up or overflow from any sewer, drain or sump that itself is caused, directly or indirectly, in whole or in part, by any flood. Flood means the overflow of surface water, waves, tides, tidal waves, streams, or other bodies of water, or their spray, all whether driven by wind or not.

B. The coverage described in Paragraph **A.** of this endorsement does not apply to loss or damage resulting from an insured's failure to:

1. Keep a sump pump or its related equipment in proper working condition; or

2. Perform the routine maintenance or repair necessary to keep a sewer or drain free from obstructions.

C. The most we will pay for the coverage provided under this endorsement for all direct physical loss or damage to Covered Property is the Covered Property Annual Aggregate Limit of Insurance. That limit is $5,000 per location, unless a different Covered Property Annual Aggregate Limit of Insurance is indicated in the Schedule of this endorsement.

The applicable Covered Property Annual Aggregate Limit of Insurance is the most we will pay under this endorsement for the total of all direct physical loss or damage sustained in any one policy year, regardless of the number of occurrences that cause or result in loss or damage to Covered Property. If loss payment for the first such occurrence does not exhaust the applicable Limit of Insurance, then the balance of that Limit is available for subsequent loss or damage sustained in, but not after, that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

D. The following provisions apply to **Section I – Property** and supersede any provisions to the contrary:

The most we will pay under:

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1. Paragraph **A.5.f. Business Income** Additional Coverage for all loss of Business Income you sustain due to the necessary suspension of your "operations" caused by direct physical loss or damage to Covered Property as described in Paragraph **A.** of this endorsement; and
2. Paragraph **A.5.g. Extra Expense** Additional Coverage for all necessary Extra Expense you incur and that you would not have incurred if there had been no direct physical loss or damage to Covered Property as described in Paragraph **A.** of this endorsement;

is the Business Income And Extra Expense Annual Aggregate Limit of Insurance. That limit is $5,000 per location, unless a different Business Income And Extra Expense Annual Aggregate Limit of Insurance is shown in the Schedule.

The applicable Business Income And Extra Expense Annual Aggregate Limit of Insurance is the most we will pay under this endorsement for the total of all loss of Business Income you sustain and Extra Expense you incur in any one policy year, regardless of the number of occurrences that cause or result in loss or damage to Covered Property as described in Paragraph **A.** of this endorsement. If loss payment during an earlier "period of restoration" in the policy year does not exhaust the applicable Limit of Insurance, then the balance of that Limit is available for loss of Business Income you sustain or Extra Expense you incur during a subsequent "period of restoration" beginning in, but not after, that policy year. With respect to a "period of restoration" which begins in one policy year and continues in a subsequent policy year(s), all loss of Business Income you sustain or Extra Expense you incur is deemed to be sustained or incurred in the policy year in which the "period of restoration" began.

E. With respect to the coverage provided under this endorsement, the **Water** Exclusion in **Section I – Property** is replaced by the following exclusion:

Water

1. Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
2. Mudslide or mudflow; or
3. Water under the ground surface pressing on, or flowing or seeping through:
   - **a.** Foundations, walls, floors or paved surfaces;
   - **b.** Basements, whether paved or not; or
   - **c.** Doors, windows or other openings; or
4. Waterborne material carried or otherwise moved by any of the water referred to in Paragraph **1.** or **3.,** or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs **1.** through **4.,** is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs **1.** through **4.,** results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

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