

ENDORSEMENT

NAMED INSURED: **SURFSIDE III COA**
COMPANY: **UNDERWRITERS AT LLOYD'S, LONDON/
FORTEGRA SPECIALTY INSURANCE
COMPANY/STARSTONE SPECIALTY
INSURANCE COMPANY**

POLICY/CERTIFICATE NO.: DSP2506198
EFFECTIVE DATE: 08/14/2025
ENDORSEMENT NO.: 2

This endorsement modifies insurance provided under the following:

POLICY DECLARATION

It is agreed and understood that the mailing address is amended to read as follows:

c/o Lordon Management
1275 Center Ct Dr
Covina, CA 91724

BY:



AUTHORIZED REPRESENTATIVE

NOTHING HEREIN CONTAINED SHOULD BE HELD TO VARY, ALTER, WAIVE OR EXTEND ANY OF THE TERMS, CONDITIONS OR LIMITATIONS OF THE POLICY TO WHICH THIS ENDORSEMENT IS ATTACHED OTHER THAN AS ABOVE STATED.

Certificate

Certificate

of

Vikco Insurance Services, Inc.

(hereinafter called "Correspondent")

Evidencing Placement of Insurance with

FORTEGRA SPECIALTY INSURANCE COMPANY

and

STARSTONE SPECIALTY INSURANCE COMPANY

Correspondent hereby certifies that insurance as described herein has been effected with Fortegra Specialty Insurance Company and StarStone Specialty Insurance Company.

Such insurance has been placed in accordance with the limited authorization granted to the Correspondent by the Underwriter whose proportions underwritten by them can be ascertained from the office of the said Correspondent, and Fortegra Specialty Insurance Company and StarStone Specialty Insurance Company (such Underwriters being hereinafter called "Underwriters") and in consideration of the premium specified herein, Underwriters hereby bind themselves severally and not jointly, each for his own part and not one for another, their Executors and Administrators.

The Assured is requested to read this Certificate and if it is not correct, return it immediately to the Correspondent for appropriate alteration.

All inquiries regarding this Certificate should be addressed to the following Correspondent:

Vikco Insurance Services, Inc.
12657 Alcosta Blvd, Suite 403
San Ramon, CA 94583
Phone: (925) 743-9100
Fax: (925) 648-0511

CERTIFICATE PROVISIONS

1. **Signature Required.** This Certificate shall not be valid unless signed by the Correspondent on the attached Declaration Page.
2. **Correspondent Not Insurer.** The Correspondent is not an Insurer of the insurance described herein and neither is nor shall be liable for any loss or claim whatsoever. The Insurers of such insurance are those Underwriters at Fortegra Specialty Insurance Company and StarStone Specialty Insurance Company, whose information can be ascertained as hereinbefore set forth. As used in this Certificate "Underwriters" shall be deemed to include incorporated as well as unincorporated persons or entities that are Underwriters at Fortegra Specialty Insurance Company and StarStone Specialty Insurance Company.
3. **Cancellation.** If the insurance described herein provides for cancellation and if said insurance is cancelled after the inception date, earned premium must be paid for the time the insurance has been in force.
4. **Service of Suit Clause.** In the event of the failure of Underwriters to pay any amount claimed to be due under the insurance described herein, Underwriters have agreed that, at the request of the Assured, they will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. In any suit instituted against any one of them upon the insurance described herein, Underwriters have agreed to abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

Underwriters have further agreed that service of process in such suit may be made upon the firm or person named in item 6 on the attached Declaration Page. Underwriters have agreed that such firm or person is authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Assured to give a written undertaking to the Assured that they will enter a general appearance upon Underwriters' behalf in the event that such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters have designated the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Assured or any beneficiary arising out of the insurance described herein, and have designated the abovementioned as the person to whom the said officer is authorized to mail such process or true copy thereof.

5. **Assignment.** The insurance described herein shall not be assigned either in whole or in part without the written consent of the Correspondent endorsed hereon.
6. **Attached Conditions Incorporated.** The insurance described in this Certificate is subject to all provisions, conditions and warranties set forth herein, attached, or endorsed, all of which are to be considered incorporated herein as further descriptive of the insurance the placement of which is evidenced by this Certificate.
7. **Short Rate Cancellation.** If the attached provisions provide for cancellation, the table below will be used to calculate the short rate proportion of the premium when applicable under the terms of cancellation. Premiums for cancellations pursuant to Paragraph 8 of the Notice on page 2 of this Certificate will be prorated.

Short Rate Cancellation Table For Term of One Year.

Days Insurance In Force	Per Cent of one year Premium	Days Insurance In Force	Per Cent of one year Premium	Days Insurance In Force	Per Cent of one year Premium	Days Insurance In Force	Per Cent of one year Premium
1.....	5%	66 - 69.....	29%	154 - 156.....	53%	256 - 260.....	77%
2.....	6	70 - 73.....	30	157 - 160.....	54	261 - 264.....	78
3 - 4.....	7	74 - 76.....	31	161 - 164.....	55	265 - 269.....	79
5 - 6.....	8	77 - 80.....	32	165 - 167.....	56	270 - 273(9 mos)	80
7 - 8.....	9	81 - 83.....	33	168 - 171.....	57	274 - 278.....	81
9 - 10.....	10	84 - 87.....	34	172 - 175.....	58	279 - 282.....	82
11 - 12.....	11	88 - 91(3 mos)	35	176 - 178.....	59	283 - 287.....	83
13 - 14.....	12	92 - 94.....	36	179 - 182(6 mos)	60	288 - 291.....	84
15 - 16.....	13	95 - 98.....	37	183 - 187.....	61	292 - 296.....	85
17 - 18.....	14	99 - 102.....	38	188 - 191.....	62	297 - 301.....	86
19 - 20.....	15	103 - 105.....	39	192 - 196.....	63	302 - 305(10 mos)	87
21 - 22.....	16	106 - 109.....	40	197 - 200.....	64	306 - 310.....	88
23 - 25.....	17	110 - 113.....	41	201 - 205.....	65	311 - 314.....	89
26 - 29.....	18	114 - 116.....	42	206 - 209.....	66	315 - 319.....	90
30 - 32(1 mos)	19	117 - 120.....	43	210 - 214(7 mos)	67	320 - 323.....	91
33 - 36.....	20	121 - 124(4 mos)	44	215 - 218.....	68	324 - 328.....	92
37 - 40.....	21	125 - 127.....	45	219 - 223.....	69	329 - 332.....	93
41 - 43.....	22	128 - 131.....	46	224 - 228.....	70	333 - 337(11 mos)	94
44 - 47.....	23	132 - 135.....	47	229 - 232.....	71	338 - 342.....	95
48 - 51.....	24	136 - 138.....	48	233 - 237.....	72	343 - 346.....	96
52 - 54.....	25	139 - 142.....	49	238 - 241.....	73	347 - 351.....	97
55 - 58.....	26	143 - 146.....	50	242 - 246(8 mos)	74	352 - 355.....	98
59 - 62(2 mos)	27	147 - 149.....	51	247 - 250.....	75	356 - 360.....	99
63 - 65.....	28	150 - 153(5 mos)	52	251 - 255.....	76	361 - 365(12 mos) ...	100

Rules applicable to insurance with terms less than or more than one year:

- A. If insurance has been in force for one year or less, apply the short rate table for annual insurance to the full annual premium determined as for insurance written for a term of one year.
- B. If insurance has been in force for more than one year:
 1. Determine full annual premium as for insurance written for a term of one year.
 2. Deduct such premium from the full insurance premium, and on the remainder calculate the pro rata earned premium on the basis of the ratio of the length of time beyond one year the insurance has been in force to the length of time beyond one year for which the policy was written.
 3. Add premium produced in accordance with items (1) and (2) to obtain earned premium during full period insurance has been in force.
8. The Certificate is intended for use as evidence of the placement of the insurance described herein, in accordance with Section 1764 of the California Insurance Code.

POLICY DECLARATIONS

PREMIUM SUMMARY

Named Insured and Mailing Address:
Surfside III COA
600 Sunfish Way
Port Hueneme, CA 93041

Fortegra Specialty Insurance Company
StarStone Specialty Insurance Company
c/o Vikco Insurance Services, LLC
12657 Alcosta Blvd, Suite 403
San Ramon, CA 94583

Producer:
Amwins Insurance Brokerage, LLC
725 S Figueroa Street, 19th Floor
Los Angeles, CA 90017

Policy Number: DSP2506198
Effective Date: 07/08/2025
Issued by the insurance company indicated below,
herein called the company.

Fortegra Specialty Insurance Company
StarStone Specialty Insurance Company
Issue Date: 07/16/2025

Participating

	Authority Ref No.:	Policy No.:
Fortegra Specialty Insurance Company		VF902501067
Fortegra Specialty Insurance Company		VF832501861
StarStone Specialty Insurance Company		VS592502754

Policy Period

From: July 8, 2025 To: July 8, 2026
12:01 A.M. standard time at the Named Insured's mailing address shown above.
Notice of Cancellation Conditions: 60/10 days

Premium Payment

The first Named Insured shown in the declarations is responsible for the payment of all premiums and will be the payee for any return premiums we pay.

In return for the payment of the premium and subject to all the terms and conditions of the policy, we agree with you to provide the insurance as stated in the policy. The premium is due and payable at inception.

California Premium:	\$62,500.00
Non-Taxable Fees:	\$350.00
Taxable Fees:	\$400.00
Surplus Lines Tax:	\$1,887.00
Stamping Fee:	\$113.22

**THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED -
THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.**

Limits of Liability: \$10,000,000 part of \$10,000,000 per Occurrence and in the annual aggregate

Coverage Part	Premium
Fortegra Specialty Insurance Company \$5,625,000 part of \$10,000,000 per Occurrence and in the annual aggregate	\$ 35,160.00
Fortegra Specialty Insurance Company \$2,500,000 part of \$10,000,000 per Occurrence and in the annual aggregate	\$ 15,630.00
StarStone Specialty Insurance Company \$1,875,000 part of \$10,000,000 per Occurrence and in the annual aggregate	\$ 11,710.00
Total Premium	\$ 62,500.00
Taxes and Surcharges	\$ 2,000.22
Catastrophe Analysis Fee (fully earned at inception)	\$ 200.00
Policy Fee (fully earned at inception)	\$ 200.00
Inspection Fee (fully earned at inception)	\$
Total Amount Payable	\$ 62,900.00
Minimum Retained Premium	25%

POLICY DECLARATIONS

INSURING AGREEMENT

Named Insured and Mailing Address:
 Surfside III COA
 600 Sunfish Way
 Port Hueneme, CA 93041

*Fortegra Specialty Insurance Company
 StarStone Specialty Insurance Company
 c/o Vikco Insurance Services, LLC
 12657 Alcosta Blvd, Suite 403
 San Ramon, CA 94583*

Producer:
 Amwins Insurance Brokerage, LLC
 725 S Figueroa Street, 19th Floor
 Los Angeles, CA 90017

Policy Number: DSP2506198

Effective Date: 07/08/2025

Issued by the insurance company indicated below,
 herein called the company.

Fortegra Specialty Insurance Company
 StarStone Specialty Insurance Company

Policy Period

Insurance is issued by the company in consideration of payment of the required premium.

This policy is issued for the period 12:01 AM standard time at the Named Insured's mailing address shown above.

From: July 8, 2025 To: July 8, 2026

This Insuring Agreement together with the Premium Summary, Forms and Endorsements List, Declarations, Contracts, and Endorsements comprise this policy. Insurance is provided at those locations and for those coverages and Limits of Insurance shown in the Declarations and Statement of Values. Extensions of coverage, Sub-limits of Insurance and deductibles are listed in the Declarations. Endorsements may contain separate deductibles and limits or sub-limits of insurance.

Certain words and phrases in this policy have specific meaning. The meaning of such words and phrases are found in the Definitions section of the Difference In Conditions Coverage Form. Definitions that apply to individual forms or endorsements will be noted in a definitions section in those forms and endorsements. These definitions apply to the entire policy and any endorsements to it. Titles of the various paragraphs of this policy and of endorsements attached to the policy are inserted solely for convenience or reference and shall not be deemed in any way to limit or affect provisions to which they relate.

You are presumed to have actually read this policy and understood its terms, whether this is the first policy year or a renewal of a prior policy. Please review the entire policy immediately and contact us or your agent or broker with any questions you may have.

POLICY DECLARATIONS

FORMS AND ENDORSEMENTS

Named Insured: Surfside III COA

Policy Number: DSP2506198

Effective Date: 07/08/2025

The following policy forms and endorsements have been attached to and made a part of the policy.

FORM NAME	FORM NUMBER	EDITION DATE
SLC-3 (COR)	LMA3102B	04/2024
Policy Declarations	VIS-DEC	02/2024
Signature Page	VIS-SIG	04/2015
Schedule of Named Insured(s)	VIS-SNI	04/2015
Insurer Participation Schedule	VIS-IPS	05/2019
Schedule of Additional Interests	VIS-SAI	04/2015
U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") Advisory Notice to Policyholders	VIS-OFAC	04/2015
Exclusion of Certified Acts of Terrorism	VIS-EXCAT	04/2015
Vikco Privacy Notice	VIS-PRIV	11/2024
Coronavirus Exclusion	VIK-COVID	03/2020
Complaint Reporting	VIS-Complaint	05/2017
Loss Reporting	VIS-Loss	07/2020
Service of Suit Clause	VIS-SSIC-SS	03/2021
Additional Coverage for Certain Earthquake Induced Water Losses	VIS-EQWL	04/2015
Amended Notice of Cancellation	VIS-ANOC	04/2015
Business Income (Without Extra Expense) Coverage Form	VIS-BI	04/2015
Deletion of Exclusion for Foundations, Machinery & Boilers	VIS-XFMB	04/2015
Deletion of Exclusion for Pipes, Flues or Drains	VIS-XPFD	04/2015
Deletion of Exclusion for Pools, Spas, Jacuzzis, or Fountains	VIS-XPS	04/2015
Difference in Conditions Coverage	VIS-DIC	04/2015
Difference in Conditions Homeowners Association Coverage Extension	VIS-HOA	04/2015
Limited Coverage - Fences and Signs	VIS-LC-FS	04/2015
Limited Coverage - Landscape	VIS-LC-LSCPE	04/2015
Limited Coverage - Paved Surfaces	VIS-LC-PS	04/2015
Limited of Insurance Enhancement (Margin Clause)	VIS-MAR	04/2015
Maintenance Fees Receivables	VIS-MF	04/2015
Ordinance or Law Coverage	VIS-OL	10/2023
Total Flood Exclusion	VIS-FLEX	04/2015

DECLARATIONS

A. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one "loss occurrence" is the applicable Limit of Insurance shown below.

1. Limit of Insurance, any one "loss occurrence": \$10,000,000 part of \$10,000,000 (being 100%)

In no event will our liability exceed this limit for any one "loss occurrence", regardless of the number of coverages, causes of loss or locations involved, and regardless of any additional coverages provided under this policy.

Limit of Insurance, as respects "Earthquake Shock": \$10,000,000 part of \$10,000,000 (being 100%)

Limit of Insurance, All Other Covered Causes of Loss: \$10,000,000 part of \$10,000,000 (being 100%)

This policy will not pay more than the Limit of Insurance for the Causes of Loss listed above during the Policy Period, regardless of the number of "loss occurrences".

a. Sub-limits of Insurance

- Building Ordinance / ICC / DEMO, sub-limit: \$7,007,000 ICC and DEMO (collectively)

This policy will not pay more than the Sublimit of Insurance for the Causes of Loss listed above during the policy period, regardless of the number of "loss occurrences".

2. The premium for this policy is based upon the Schedule of Locations and Values or Statement of Values attached. In the event of loss hereunder, our liability is limited to the least of the following:

- a. The actual adjusted amount of loss, less applicable deductible(s);
- b. The stated values for the Covered Property, Business Income and/or Extra Expense, Rental Value, Maintenance Fees or any other Time Element coverages involved, as shown on the latest Schedule of Locations and Values or Statement of Values attached, less applicable deductible(s);
- c. The Limit of Insurance shown in item A.1., Limit of Insurance or endorsed onto this policy; or
- d. The remaining amount of the applicable Limit of Insurance for "Earthquake Shock", "Flood" or all other causes of loss shown in item A.1., Limits of Insurance.

B. COVERAGE

We provide the following coverage if it is marked with an "X". No coverage is provided by this policy under any item unless an "X" is inserted in the box preceding that item. Coverage is provided in accordance with the terms and conditions of this policy. Terms and conditions that apply only to individual coverage forms are set forth in those forms. This policy provides coverage on a Replacement Cost basis for Building and Contents unless Actual Cash Value is endorsed on the policy.

- ☒ Building
- ☒ Contents
- ☐ Stock
- ☐ Machinery and Equipment
- ☒ Tenant's Improvements and Betterments
- ☒ Time Element (Loss of Business Income; Extra Expense, Rental Value; Maintenance Fees and any other time element coverages as specifically covered under this policy)

C. OPTIONAL ENDORSEMENTS

- Debris Removal, up to a maximum of
- Extended Building Definition
- Margin Clause, 110%
- Debris Removal (Company Form)
- Certain Earthquake Shock Induced Water Losses (Company Form), Sublimit of \$5,000,000
- Building definition is extended to include foundation and the following APC's: \$400,000 sublimit for walls, walks,, fences, streets, and paved surfaces, \$200,000 for pool and jacuzzi, \$100,000 for sports courts, \$250,000 for landscaping and irrigation, \$200,000 for lights and underground utilities, and \$20,000 for bridge. UOIB's regardless of ownership wording applies.

D. DEDUCTIBLES

All claims for loss or damage arising out of a single "loss occurrence" shall be adjusted as one claim, and we will then be liable for the excess of the percentage(s) or amount(s) shown below, but in no event to exceed our applicable Limits of Insurance. If two or more causes of loss covered by this policy contribute to a single "loss occurrence", the total deductible will not exceed the largest deductible applicable.

For application of Deductibles refer to section **B. Deductible Clause** in the coverage form.

1. Loss resulting from "Earthquake Shock":
 - In any one loss occurrence: 10%
 - subject to a minimum per loss occurrence of: \$50,000
 - The Deductible applies: per Unit
2. Loss resulting from "All Other Covered Causes of Loss":
 - In any one loss occurrence: \$25,000.00

E. DECLARATIONS - SCHEDULE OF LOCATIONS AND VALUES

Street Address	City, State	Real Property	Contents	Business Interruption	Total Value
502 Ebbtide Circle	Port Hueneme, CA	\$70,070,000	\$1,000,000	\$1,000,000	\$72,070,000

Named Insured: Surfside III COA
Policy Number: DSP2506198
Effective Date: 07/08/2025

IMPORTANT NOTICE:

1. The insurance policy that you have purchased is being issued by an insurer that is not licensed by the State of California. These companies are called "nonadmitted" or "surplus line" insurers.
2. The insurer is not subject to the financial solvency regulation and enforcement that apply to California licensed insurers.
3. The insurer does not participate in any of the insurance guarantee funds created by California law. Therefore, these funds will not pay your claims or protect your assets if the insurer becomes insolvent and is unable to make payments as promised.
4. The insurer should be licensed either as a foreign insurer in another state in the United States or as a non-United States (alien) insurer. You should ask questions of your insurance agent, broker, or "surplus line" broker or contact the California Department of Insurance at the toll-free number 1-800-927-4357 or internet website www.insurance.ca.gov. Ask whether or not the insurer is licensed as a foreign or non-United States (alien) insurer and for additional information about the insurer. You may also visit the NAIC's internet website at www.naic.org. The NAIC—the National Association of Insurance Commissioners—is the regulatory support organization created and governed by the chief insurance regulators in the United States.
5. Foreign insurers should be licensed by a state in the United States and you may contact that state's department of insurance to obtain more information about that insurer. You can find a link to each state from this NAIC internet website: https://naic.org/state_web_map.htm.
6. For non-United States (alien) insurers, the insurer should be licensed by a country outside of the United States and should be on the NAIC's International Insurers Department (IID) listing of approved nonadmitted non-United States insurers. Ask your agent, broker, or "surplus line" broker to obtain more information about that insurer.
7. California maintains a "List of Approved Surplus Line Insurers (LASLI)." Ask your agent or broker if the insurer is on that list, or view that list at the internet website of the California Department of Insurance: www.insurance.ca.gov/01-consumers/120-company/07-lasli/lasli.cfm.
8. If you, as the applicant, required that the insurance policy you have purchased be effective immediately, either because existing coverage was going to lapse within two business days or because you were required to have coverage within two business days, and you did not receive this disclosure form and a request for your signature until after coverage became effective, you have the right to cancel this policy within five days of receiving this disclosure. If you cancel coverage, the premium will be prorated and any broker's fee charged for this insurance will be returned to you.

CALIFORNIA SURPLUS LINES NOTICE 2

This insurance is issued pursuant to the California Insurance Code, Sections 1760 through 1780, and is placed in an insurer or insurers not holding a Certificate of Authority from or regulated by the California Insurance Commissioner.

IN WITNESS WHEREOF, **Vikco Insurance Services, Inc.** has caused this policy to be signed by its Officer(s).

A handwritten signature in black ink, appearing to be "F. J. A.", written above a horizontal line.

(Authorized Representative)

Policy Number: DSP2506198

THIS SCHEDULE IS A PART OF THE POLICY DECLARATIONS. READ IT CAREFULLY.

SCHEDULE OF NAMED INSURED(S)

1. Surfside III COA

All other terms and conditions remain unchanged.

INSURER PARTICIPATION SCHEDULE

PRO RATA SHARES APPLICABLE TO THIS POLICY

Coverage under this Policy is provided by the subscribing insurers listed below:

INSURER(S)	CONTRACT NUMBER	PERCENT PARTICIPATION (%)
Fortegra Specialty Insurance Company		56.2560
Fortegra Specialty Insurance Company		25.0080
StarStone Specialty Insurance Company		18.7360

Policy Number: DSP2506198

THIS SCHEDULE IS A PART OF THE POLICY DECLARATIONS. READ IT CAREFULLY.

SCHEDULE OF ADDITIONAL INTERESTS

None

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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM EXCESS PROPERTY INSURANCE FORM

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

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

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

- B.** The following exclusion is added:

CERTIFIED ACT OF TERRORISM EXCLUSION

We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism". Such loss or damage is excluded regardless of

any other cause or event that contributes concurrently or in any sequence to the loss.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) 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.

C. Application Of Other Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Policy, such as losses excluded by the hostile or warlike action exclusion or the nuclear reaction, radiation or radioactive contamination exclusion in Section **D. Causes of Loss Excluded** of the Difference In Conditions Coverage Form or the nuclear hazard and war and military action exclusions in any primary or underlying policy(ies).

All other terms and conditions remain unchanged.

VIKCO INSURANCE SERVICES LLC PRIVACY NOTICE

This Privacy Notice is designed to help you understand how Vikco Insurance Services LLC ("Vikco") process your (non-public) personal information in relation to your insurance.

Who we are

Vikco acts as an intermediary facilitating the placement and purchase of insurance. As an insurance intermediary, our role is to act as a bridge between your insurance representative, (insurance broker or agent) and the insurance provider.

The basics

When arranging your insurance coverage, your insurance broker or agent will provide us with (non-public) personal information necessary for arranging your insurance cover, which we will collect and use in line with our legal obligations under various Data Protection legislation. This document is designed to help you understand how we process your (non-public) personal information for insurance purposes.

The information we **may** receive from your insurance broker or agent includes the following (Non-Public) Personal Information and Sensitive (Non-Public) Personal Information (Special Categories of Personal Data):

(Non-Public) Personal Information:

- Personal identifiers, such as name, postal address, email address, policy number, or account number
- Customer records information, such as financial information or phone number
- Commercial information, such as information about your transactions with our affiliates or other parties (e.g., balances and payment history), records of personal property and insurance products or services purchased or obtained, purchasing or consuming histories, transaction or account information, claims history, or credit history
- Professional or employment related information, such as work history
- Education information, such as school and date of graduation
- Any other information pertinent in connection with your insurance cover.

Sensitive (Non-Public) Personal Information (Special Categories of Personal Data):

- Social Security number, Driver's License number, or Passport number; financial account information

This information may also be shared with and used by a number of third parties in the insurance sector for example, insurers, agents or brokers, services providers, reinsurers, loss adjusters, sub-contractors, third-party auditors, regulators, law enforcement agencies, fraud and crime prevention and detection agencies and compulsory insurance databases.

We will only disclose your (non-public) personal information in connection with the insurance cover provided and to the extent required or permitted by law.

Other people's details you provide to us

Where you provide us or your insurance broker or agent with details about other people, you must share this Vikco Insurance Services LLC Privacy Notice with them.

Confidentiality and Security

Your privacy is important to us and we follow strict security and organizational procedures in the processing, storage and destruction of your information.

Contacting us and your rights

You have rights in relation to the information we hold about you, including the right to access your information.

If you wish to exercise your rights, discuss how we use your information or request a copy of our privacy notices, please contact us using the details provide below.

Address: Data Protection Officer
 Vikco Insurance Services LLC
 12657 Alcosta Blvd
 Suite 403
 San Ramon, CA 94583
Telephone: 866.557.8923
Email: info@vikco.com

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CORONAVIRUS EXCLUSION

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM EXCESS PROPERTY INSURANCE FORM

Your Insurance Policy does not cover any claim in any way caused by or resulting from:

1. a) Coronavirus disease (COVID-19);
2. b) Severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2);
3. c) any mutation or variation of SARS-CoV-2;
4. d) any fear or threat of a), b) or c) above.

All other terms and conditions remain unchanged.

COMPLAINT REPORTING

We aim to provide a high quality service at all times, but occasionally mistakes do happen. If for any reason you are unhappy with our service, we would like you to tell us, so that we can try to put things right. We can usually resolve most issues quickly.

You can contact us at:

Vikco Insurance Services LLC
12657 Alcosta Blvd
Suite 403
San Ramon, CA 94583
866.557.8923
help@vikco.com

In order to resolve your complaint, it would be helpful to us if you could:

- set out the details of your complaint, and how you would like us to resolve it;
- provide your policy number and if applicable, the claim number;
- let us know if you want us to call you or if you would prefer we respond by post or email.

We aim to respond to all complaints within 5 working days and we may be required to issue a final response to you in writing. Complex cases may take longer to resolve, but we will keep you updated with our progress.

The California Department of Insurance should be contacted only after discussions with the insurer, its agent, or representative, have failed to produce a satisfactory resolution. You may contact the California Department of Insurance to obtain information on your rights or make a complaint at:

Consumer Hotline

1-800-927-4357 (HELP)

TDD Number

1-800-482-4833 (TTY)

**California Department of Insurance
Consumer Services Division
300 South Spring Street, South Tower
Los Angeles, CA 90013**

LOSS REPORTING

Reporting Your Loss:

- Claims may be reported 24 hours a day, 7 days a week
- Losses should be reported by the insured, producer or wholesale producer
- Losses should be reported as soon as possible

Call: 1-866-557-8923

Email Address: reportclaim@vikco.com

Important Information to Include when Reporting Your Loss:

- Policy number
- Named Insured
- Contact phone numbers for the insured and/or their designated representatives
- The date, time and location of the loss or damage
- Description of the loss and damage (If multiple buildings are insured under one policy, specify which building is damaged and the specific address listed on the policy)
- Location where damaged property can be inspected, if it has been moved from the insured location
- A contact name and phone number for the person reporting the claim

In the Event of Loss

After a claim has been received, a claims representative will call to speak with you about the loss and arrange an inspection of the damaged property. Please refer to the list below for additional information after a loss:

- Look for potential safety risks. If the building is unstable, do not enter.
- Report downed power lines or gas leaks to authorities as soon as possible.
- Make emergency repairs to your building to mitigate your damages when safe.
- Protect all personal property from further damage.
- Do not discard any item without first speaking with a claims representative.
- Take photos of damage.
- Keep an accurate record of any repair expenditures.
- Be prepared to provide copies of all documents (inventories, receipts, invoices, etc.) to the claims representative.

For your protection California law requires the following to appear on this form:

Any person who knowingly presents false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SERVICE OF SUIT CLAUSE

Solely for the purposes of coverage provided under the policy, it is hereby understood and agreed that:

This Service of Suit Clause will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in any Arbitration provision within this policy. This Clause is intended as an aid to compelling arbitration or enforcing such arbitration or arbitration award, not as an alternative to such Arbitration provision for resolving disputes arising out of this contract of insurance.

The Company agrees that in the event of its failure to pay any amount claimed to be due hereunder, the Company, at the request of the Insured, will submit to the jurisdiction of any court of competent jurisdiction within the United States of America and will comply with all requirements necessary to give such Court jurisdiction, and all matters arising hereunder shall be determined in accordance with the law and practice of such Court. Nothing in this clause constitutes or should be understood to constitute a waiver of the Company's rights to commence an action in any Court of competent jurisdiction in the United States District Court or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any state in the United States.

Process may be served upon the authorized agent of the Company whose name and address are:

Robert Kuzloski
Legal Department
StarStone US Companies
412 Mt. Kemble Avenue, Suite G-60
Morristown, New Jersey 07960
Tel: (917) 704-6008
Email: Robert.Kuzloski@corespecialty.com

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Company hereby designates the Commissioner, Director or Superintendent of Insurance, or other officer specified by law for that purpose, or his successor or successors in office, or the person designated below, in the space indicated, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured arising out of this contract of insurance. It is further agreed that the Company shall abide by the final decision of any court having jurisdiction in which such action is filed, or by the decision of any appellate court in the event of an appeal.

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERAGE FOR CERTAIN EARTHQUAKE SHOCK INDUCED WATER LOSSES

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM

A. Under Section D-CAUSES OF LOSS EXCLUDED

1. Exclusion **1.k.(1)** and **1.k.(2)** only; and
2. Exclusion **32.**;

are hereby deleted and replaced with the following:

1. The following causes of loss are excluded whether or not insurance for such causes of loss is being maintained by you at the time of the loss and whether or not such loss or damage is directly or indirectly caused by or contributed to by a cause of loss covered under this policy:
 - k. Water damage, including, but not limited to:
 - (1) Discharge or leakage of water or steam as the direct result of the breaking apart or cracking of plumbing, heating, air conditioning or other systems or appliances, that are located on the described premises and contains water or steam; unless caused by an "earthquake shock".
 - (2) Discharge or leakage from a sump or related equipment and parts, including the overflow due to sump pump failure or excessive volume of water; unless caused by an "earthquake shock".
32. Water, other liquids, gas, powder or molten material that leaks or flows from plumbing, heating, air conditioning, fire protective systems, or other equipment; unless caused by an "earthquake shock".

Payments made for this expanded coverage are included within the "earthquake shock" limit of insurance and will not serve to increase the limit of insurance for "earthquake shock" as shown in the Declarations, and will be subject to the "earthquake shock" deductible shown in the Declarations.

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDED NOTICE OF CANCELLATION

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM

For any reason other than nonpayment of premium, the number of days required for notice of cancellation, as provided in section **E. Cancellation Policy Condition** of the **Difference In Conditions Coverage Form** or as amended by the applicable state cancellation endorsement, is increased to the number of days shown in the Declarations. All other terms of the Cancellation Policy Condition remain applicable.

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **E. – Definitions**.

A. COVERAGE

1. Business Income

a. Business Income means the:

- (1) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- (2) Continuing normal operating expenses incurred, including payroll.

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

b. Coverage is provided as described and limited below for one or more of the following options when shown in the Declarations.

- (1) Business Income including "Rental Value".
- (2) Business Income other than "Rental Value".
- (3) "Rental Value".

If option **b. (1)** above is selected, the term Business Income will include "Rental Value". If option **b. (3)** above is selected, the term Business Income will mean "Rental Value" only.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at locations, which are described in the Declarations and for which Business Income is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss.

With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises includes the area within 100 feet of the site at which the described premises are located.

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

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

2. Exclusions And Limitations

See **Property Excluded** and **Causes of Loss Excluded** in the Difference In Conditions Coverage Form.

3. Additional Limitation – Interruption Of Computer Operations

a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Additional Coverage – Interruption Of Computer Operations.

4. Additional Coverages

a. Civil Authority

In this Additional Coverage – Civil Authority, the described premises are

premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

b. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
 - i. The date you could restore your "operations", with reasonable speed, to the level

which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or

- ii. 30 consecutive days after the date determined in **(1)(a)** above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
 - i. The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
 - ii. 30 consecutive days after the date determined in **(2)(a)** above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

c. Expenses To Reduce Loss

In the event of a covered loss of Business Income, we will pay necessary expenses you incur to avoid further loss of Business Income. The total of our payment for Business Income loss and Expenses to Reduce Loss will not be more than the Business Income loss that would have been payable under this Coverage Form if the Expenses to Reduce Loss had not been incurred. This coverage does not increase the Limits of Insurance.

d. Interruption of Computer Operations

- (1) Under this Additional Coverage, "electronic data" has the meaning described in section **E. Definitions**.
- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of "electronic data" due to a Covered Cause of Loss.
- (3) The most we will pay under this Additional Coverage – Interruption Of Computer Operations is \$2,500 for all loss sustained in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss sustained as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss in a subsequent policy year(s), all loss is deemed to be sustained in the

policy year in which the interruption began.

- (4) This Additional Coverage – Interruption in Computer Operations does not apply to loss sustained after the end of the "period of restoration", even if the amount of insurance stated in (3) above has not been exhausted.

B. LIMITS OF INSURANCE

The most we will pay for loss in any one occurrence are the applicable Limits of Insurance shown in the Declarations.

Payments made for coverage provided by this endorsement are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations.

C. LOSS CONDITIONS

The following conditions apply in addition to the Loss Conditions in the Difference In Conditions Coverage Form.

1. Loss Determination

- a. The amount of Business Income loss will be determined based on:
 - (1) The Net Income of the business before the direct physical loss or damage occurred;
 - (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
 - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
 - (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

\$ 80,000

b. Resumption Of Operations

We will reduce the amount of your Business Income loss to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

- c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

D. OPTIONAL COVERAGES

1. Monthly Limit Of Indemnity

- a. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:

- (1) The Limit of Insurance, multiplied by
- (2) The fraction shown in the Declarations for this Optional Coverage.

EXAMPLE

When: The Limit of Insurance is: \$ 120,000

The fraction shown in the Declarations for this Optional Coverage is: 1/4

The most we will pay for loss in each period of 30 consecutive days is: \$ 30,000

(\$120,000 x 1/4 = \$30,000)

If, in this example, the actual amount of loss is:

Days 1–30: \$ 40,000

Days 31–60: \$ 20,000

Days 61–90: \$ 30,000

\$90,000

We will pay:

Days 1–30: \$ 30,000

Days 31–60: \$ 20,000

Days 61–90: \$ 30,000

The remaining \$10,000 is not covered.

2. Extended Period Of Indemnity

Under Paragraph **A.4.b.**, **Extended Business Income**, the number 30 in Subparagraphs **(1)(b)ii.** and **(2)(b)ii.** is replaced by the number shown in the Declarations for this Optional Coverage.

E. Definitions

1. "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.
2. "Finished Stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Policy.
3. "Operations" means:
 - a. Your business activities occurring at the described premises; and
 - b. The tenantability of the described premises, if coverage for Business Income including "Rental Value" or "Rental Value" applies.
4. "Period of Restoration" means the period of time that:
 - a. Begins 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; and
 - b. Ends on the earlier of:

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

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

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

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

5. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed or any solid, liquid, gaseous or thermal irritant or contaminant which is discharged, dispersed, seeps, migrates, releases or escapes from any products, ma-

terials or supplies used in or incidental to the business of any insured.

6. "Rental Value" means Business Income that consists of:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

b. Continuing normal operating expenses incurred in connection with that premises, including:

(1) Payroll; and

(2) The amount of charges, which are the legal obligation of the tenant(s) but would otherwise be your obligations.

7. "Suspension" means:

a. The slowdown or cessation of your business activities; or

b. That a part or all of the described premises is rendered untenable, if coverage for Business Income including "Rental Value" or "Rental Value" applies.

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DELETION OF EXCLUSION FOR FOUNDATIONS, MACHINERY & BOILERS

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM

A. Under Part C. PROPERTY EXCLUDED

1. Exclusion 11.

is hereby deleted in its entirety.

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DELETION OF EXCLUSION FOR PIPES, FLUES OR DRAINS

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM

A. Under Part C. PROPERTY EXCLUDED

1. Exclusion **25**.

is hereby deleted in its entirety.

This additional coverage is subject to a \$ sublimit.

B. Payments made for this additional coverage are included within the limits of insurance and will not serve to increase the limits of insurance as shown in the Declarations.

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DELETION OF EXCLUSION FOR POOLS, SPAS, JACUZZI, OR FOUNTAINS

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM
EARTHQUAKE SHOCK INSURANCE FORM
EARTHQUAKE SHOCK AND FLOOD INSURANCE FORM

A. Under Part C. PROPERTY EXCLUDED

1. Exclusion 18.

is hereby deleted in its entirety.

All other terms and conditions remain unchanged.

DIFFERENCE IN CONDITIONS COVERAGE

Various Provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words “you” and “your” refer to the Named Insured shown in the Declarations. The words “we”, “us” and “our” refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section I., **Definitions**.

A. COVERAGE

In return for your payment of the required premium, and subject to its terms, exclusions, limitations and conditions, this Policy insures against direct physical loss or damage caused directly by a Covered Cause of Loss to Covered Property at the locations described in the Declarations. “Covered Cause of Loss” are defined herein as the perils of Earthquake Shock, Flood, and other perils to the extent such perils are (i) not insured by the separate All-Risk Policy (as defined in Section **G.7 All Risk Coverage Warranty**), and (ii) not hereafter excluded in Sections **C., Property Excluded** or **D., Causes of Loss Excluded**, or excluded or limited in the Declarations or by endorsement.

1. Covered Property

- a. **Building**, meaning the building or structure at the locations described in the Declarations, including:
 - (1) Completed additions;
 - (2) Fixtures, including outdoor fixtures;
 - (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
 - (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
 - (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to buildings or structures at the locations described in the Declarations. An addition does not include new construction of any separate building or structure;
 - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described location, used for making additions, alterations or repairs to the building or structure.
- b. **Contents**, meaning furniture, fixtures, machinery and equipment being property belonging to you, or such properties of others in your care, custody or control and for which you are liable in the event of a direct physical loss.
- c. **“Stock”**, meaning merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping, including such properties of others in your care, custody or control and for which you are liable in the event of a direct physical loss.
- d. **Tenant’s Improvements and Betterments**, meaning fixtures, alterations, installations or additions:
 - (1) Made a part of the building you occupy but do not own; and

- (2) You acquired or made at your expense but cannot legally remove.

2. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraph (3) below, we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to remove debris caused by an excluded cause of loss.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
 - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.
- (4) We will not be liable under this policy for:
 - (a) Any greater proportion of such expense than the amount of insurance hereunder bears to the total amount of all insurance, whether all such insurance contains this clause or not.
 - (b) Loss occasioned by the enforcement of any state or municipal law or ordinance which necessitates the demolition of any portion of the building which has not suffered loss by any Covered Cause of Loss unless such liability is otherwise specifically insured by this policy.

b. Limited Coverage for "Fungus", Wet Rot, Dry Rot and Bacteria

- (1) The coverage described in **A.2.b.(2)** only applies when the "fungus", wet or dry rot or bacteria is the result of a Covered Cause of Loss that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
- (2) The amount of \$5,000 is the most we will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
 - (a) Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
 - (b) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
 - (c) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.
- (3) The coverage described under **b.(2)** of this Limited Coverage is limited to \$5,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all loss caused by Covered Causes of Loss which take place during the policy period. With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$5,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.
- (4) The coverage provided under this Limited Coverage does not increase the applicable Limits of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limits of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent

that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

Increase in loss or damage as used in this Limited Coverage means any loss, damage, cost or expense resulting from the presence, treatment, removal or disposal of "fungus", wet or dry rot or bacteria as excluded in this policy.

c. Limited Coverage for Land Stabilization and Building Foundations

- (1) We will pay your expenses, including engineering costs, to replace, stabilize or restore the land that supports the damaged Building when necessary in order to repair the Building which has suffered structural damage. The structural damage to the Building must be directly caused by an "earthquake shock" or "flood". This Limited Coverage is only provided if a limit for "earthquake shock" or "flood" is shown in the Declarations.

The Limited Coverage under this subsection c.(1) does not apply to expenses to stabilize or restore the land unless the stabilization or restoration is required in order to repair damage to the damaged Building located directly upon that land that is the result of a loss otherwise covered under the terms of this policy. This Limited Coverage does not apply to costs to stabilize or restore land if the land damage is caused by an excluded cause of loss.

We do not provide any other coverage for land, land damage or landscaping.

- (2) We will pay your expenses to repair or replace Building foundations when required in order to repair the Building which has suffered structural damage. The structural damage to the Building must be directly caused by an "earthquake shock" or "flood". This Limited Coverage is only provided if a limit for "earthquake shock" or "flood" is shown in the Declarations.

The Limited Coverage under this subsection c.(2) does not apply to expenses to repair or replace Building foundations unless the repair or replacement is required in order to repair damage to the damaged Building located directly upon those foundations, that is the result of a loss otherwise covered under the terms of this policy. This Limited Coverage does not apply to expenses to repair or replace Building foundations if the damage to the Building is caused by an excluded cause of loss.

As used in this Limited Coverage, Building foundations means the foundations of buildings, machinery or boilers if their foundations are below:

- (a) The lowest basement floor; or
- (b) The surface of the ground, if there is no basement;

The amount of \$5,000 is the most we will pay for land stabilization and Building foundations under this Limited Coverage. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all losses caused by "earthquake shock" or "flood" which take place during the policy period.

Structural damage to the Building must exceed the deductible in order for this Limited Coverage to apply.

- (3) The expenses for land stabilization and/or Building foundations will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

Payments made for coverage under this Limited Coverage for Land Stabilization and Building Foundations are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations.

B. DEDUCTIBLE CLAUSE

All claims for loss or damage arising out of a single "loss occurrence" will be adjusted as one claim, and we will then be liable for the excess of the percentage(s) or amount(s) shown in the Declarations, but in no event to exceed the applicable Limits of Insurance. If two or more causes of loss covered by this policy contribute to a single "loss occurrence", the total deductible will not exceed the largest deductible applicable.

1. Per Unit of Insurance

If the deductible percentage shown in the Declarations is applied Per Unit of Insurance, the deductible is calculated separately for, and applies separately to each Unit of Insurance that sustains loss or damage from a "loss occurrence". The total values at risk Per Unit is the total stated value for each separate unit of insurance as shown on the Declarations or the latest Schedule of Values and Locations. Each of the following is considered a separate Unit of Insurance:

- a. Each separate Building;
- b. All Contents of each separate Building;
- c. Property in the open, including Covered Property which is not a permanent part of a Building in item a. above, at each location covered;
- d. Time Element exposures (the sum of Business Income, Extra Expense, Rental Value, Maintenance Fees and any other time element coverages as specifically covered by this policy) applicable at each location covered;
- e. All other coverage forms with respect to each location (separately), whether or not such location has more than one unit as defined in a., b., c. and d. above.

EXAMPLE – APPLICATION OF PER UNIT OF INSURANCE DEDUCTIBLE

One location with one Building:

Building #1 - The total stated value of the Building is \$800,000, Contents is \$700,000 and Business Income is \$200,000

The total loss at Building #1 = \$100,000 in Building damage, \$600,000 in Contents damage and \$150,000 for Business Income loss.

Deductible = 10%

Step 1: Building deductible = \$800,000 x 10% = \$80,000

Step 2: Contents deductible = \$700,000 x 10% = \$70,000

Step 3: Business Income deductible = \$200,000 x 10% = \$20,000

Step 4: \$100,000 - \$80,000 = \$20,000

Step 5: \$600,000 - \$70,000 = \$530,000

Step 6: \$150,000 - \$20,000 = \$130,000

The most we will pay is \$680,000. That portion of the total loss not covered due to the application of the deductibles is \$170,000.

2. Per Location

If the deductible percentage shown in the Declarations is applied Per Location, the deductible is calculated separately for, and applies separately to, each location that sustains loss or damage from a "loss occurrence". The total values at risk per location is the total stated value of all Covered Property and Time Element exposures (the sum of Business Income, Extra Expense, Rental Value, Maintenance Fees and any other time element coverages as specifically covered by this policy) covered at each location as shown on the Declarations or the latest Schedule of Locations and Values, regardless of whether such Covered Property incurred loss or damage.

EXAMPLE – APPLICATION OF PER LOCATION DEDUCTIBLE

Two locations with two Buildings at location #1 and one building at location #2:

Location #1, Building #1 - The total stated value of the Building, Contents and Business Income is \$1,920,000. The Total Loss for Building, Contents and Business Income at Building #1 = \$1,000,000

Location #1, Building #2 - The total stated value of the Building, Contents and Business Income is \$140,000.
The total loss for Building, Contents and Business Income at Building #2 = \$30,000

Location #2, Building #1 – The total stated value of the Building, Contents and Business Income is \$900,000. The total loss for Building, Contents and Business Income at Location #2 = \$200,000

Deductible = 10%□

Step 1: Total loss at Location #1 = \$1,000,000 + \$30,000 = \$1,030,000

Step 2: Total loss at Location #2 = \$200,000

Deductible applied to Location #1 = (\$1,920,000 + \$140,000) x 10% = \$206,000

Deductible applied to Location #2 = \$900,000 x 10% = \$90,000

The most we will pay is \$934,000. That portion of the total loss not covered due to the application of the deductible is \$296,000.

3. Per Policy

If the deductible percentage shown in the Declarations is applied Per Policy, the deductible is calculated as a percentage of the total stated value of all Covered Property and Time Element exposures (the sum of Business Income, Extra Expense, Rental Value, Maintenance Fees and any other time element coverages as specifically covered by this policy) covered by this policy at all locations described in the Declarations or the latest Schedule of Values and Locations, regardless of whether such Covered Property incurred loss or damage.

EXAMPLE – APPLICATION OF PER POLICY DEDUCTIBLE

Two locations with one Building at each location:

Location #1 - The total stated value of the Building, Contents and Business Income is \$2,000,000.

The total loss for Building, Contents and Business Income at Location #1 = \$1,600,000

Location #2 – The total stated value of the Building, Contents and Business Income is \$400,000.

The total loss for Building, Contents and Business Income at Building #2 = \$0

Deductible = 10%

Step 1: \$2,000,000 + \$400,000 = \$2,400,000 (total Policy values)

Deductible applied to the policy = \$2,400,000 x 10% = \$240,000

The most we will pay is \$1,360,000. That portion of the total loss not covered due to the application of the deductible is \$240,000.

4. Per Building

If the deductible percentage shown in the Declarations is applied Per Building, the deductible is calculated separately for, and applies separately to, each building that sustains loss or damage from a “loss occurrence”. The total values at risk Per Building is the sum of all stated values for Covered Property at each separate building as shown in the Declarations or latest Schedule of Locations and Values, regardless of whether there was loss or damage to some or all of the Covered Property. The total values at risk Per Building also include Time Element losses (the sum of Business Income, Extra Expense, Rental Value, Maintenance Fees and any other time element coverages as specifically covered by this policy) arising in whole or in part from loss or damage to each separate Building.

EXAMPLE – APPLICATION OF PER BUILDING DEDUCTIBLE

One location with two Buildings:

Building #1 - The total stated value of the Building, Contents and Business Income is \$1,200,000.

The total loss for Building, Contents and Business Income at Building #1 = \$800,000

Building #2 – The total stated value of the Building, Contents and Business Income is \$600,000.

The total loss for Building, Contents and Business Income at Building #2 = \$200,000

Deductible = 10%

Step 1: Total stated values at Building #1 = \$1,200,000

Step 2: Deductible applied to Building #1 = \$1,200,000 x 10% = \$120,000

Step 3: Total stated values at Building #2 = \$600,000

Step 4: Deductible applied to Building #2 = \$600,000 x 10% = \$60,000 Step 5: \$800,000 - \$120,000 = \$680,000

Step 5: \$200,000 - \$60,000 = \$140,000

The most we will pay is \$820,000. That portion of the total loss not covered due to the application of the deductible is \$180,000.

The total loss shown in the example above is the adjusted loss after deduction for all applicable calculations have been taken.

The total loss shown in the examples 1, 2, 3 and 4 above is the adjusted loss after deduction for all applicable calculations have been taken.

C. PROPERTY EXCLUDED

We will not pay for loss or damage to the following property unless a sublimit for that property is shown in the Declarations or in an endorsement to this policy:

1. Accounts, bills, deeds, evidences of debt, currency, money, notes, securities, stamps, original drawings and specifications, letters of credit, passports, tickets (including lottery tickets), valuable papers or records. We will not pay for the cost or expense to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media;
2. Animals, growing plants, trees or shrubs (except when held for sale, or when used for decorative purposes inside buildings), growing crops or lawns;
3. Antiques, objects of art, sculpture, property of artistic, historical or scientific significance whether or not constituting part of the covered buildings; or any item scheduled under a Fine Arts or other scheduled property floater;
4. Bridges, tunnels, dams, trestles, culverts, swales, roadways, walks, patios or other paved surfaces;
5. Contraband, or property in the course of illegal transportation or trade;
6. Contractors' equipment;
7. Electronic data processing equipment including computers, electronic accounting machines, all supporting machinery, magnetic tapes, discs, cards, any storage device and all software including procedures, programs or source material of any kind unless specifically endorsed to this policy;
8. Electronic data, meaning 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. This paragraph 8., does not apply to your "stock" of prepackaged software;

9. Exported or imported property that is covered under any ocean marine cargo insurance policy or any similar policy covering exports and imports;
10. Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to buildings);
11. Foundations of buildings, machinery or boilers if their foundations are below:
 - a. The lowest basement floor; or
 - b. The surface of the ground, if there is no basement;

Even if the building sustains covered direct physical damage that results in enforcement of an ordinance or law requiring demolition and construction or repair of damaged or undamaged foundations, these foundations are excluded from coverage under this policy except to the extent provided under **A.2.c. Limited Coverage for Land Stabilization and Building Foundations**;
12. Grain, hay, straw or other crops;
13. Jewelry, watches, pearls, precious and semi-precious stones, gold, silver, platinum, other ☐ precious metals or alloys, bullion, furs, and articles trimmed with fur;
14. Land or land value (including land on which the property is located), or air or water, howsoever and wherever located, or any interest or right therein, including underground or surface water, water rights and mineral rights. We will not pay for the cost of excavations, grading, backfilling or filling except to the extent provided under **A.2.c. Limited Coverage for Land Stabilization and Building Foundations**;
15. Mining equipment;
16. Motor vehicles licensed for highway use, motorcycles, motor scooters and other similar vehicles ☐ licensed for highway use, watercraft, aircraft;
17. Pilings, piers, bulkheads, wharves or docks;
18. Pools, spas, jacuzzis, or fountains;
19. Property in the course of construction, including materials and supplies thereof;
20. Property sold by you under conditional sales, trust agreements, installment payments or other deferred payment plans after delivery to customers;
21. Property in transit, including but not limited to shipments in the mail;
22. Power transmission and/or distribution lines not on the insured's premises;
23. Railroad rolling stock, including locomotives, or roadbeds;
24. Retaining walls that are not attached to the building described in this coverage form;
25. Underground pipes, flues or drains, including, but not limited to water, electrical, communications and sanitary systems, except to the extent provided under **A.2.c. Limited Coverage for Land Stabilization and Building Foundations**.
26. Underground Tanks

D. CAUSES OF LOSS EXCLUDED

We will not pay for loss, damage, cost or expense directly or indirectly caused by or resulting from, any of the following excluded causes of loss. Such loss, damage, cost or expense is excluded regardless of any other cause or event that contributes concurrently or in sequence to the loss.

1. The following causes of loss are excluded whether or not insurance for such causes of loss is being maintained by you at the time of the loss and whether or not such loss or damage is directly or indirectly caused by or contributed to by a cause of loss covered under this policy:

- a. Aircraft or vehicles, including loss or damage by objects falling from aircraft as well as loss or damage caused by or resulting from vehicles owned by you or operated in the course of your business;
- b. Any causes of loss covered under policies maintained by you as required by item **F.7. All Risk Coverage Warranty**, of this form;
- c. Explosion, including, but not limited to, the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass. Explosion also includes:
 - (1) The rupture, bursting, or operation of pressure relief devices; and
 - (2) The rupture or bursting due to expansion or swelling of the contents of any building, ☐ caused by or resulting from water;
- d. Falling objects, including loss or damage to personal property in the open and to the interior of a building or property inside a building;
- e. Fire and/or lightning;
- f. Riot or civil commotion, including, but not limited to:
 - (1) Acts of striking employees while occupying the described location; and/or
 - (2) Looting occurring at the time and place of a riot or civil commotion;
- g. Sinkhole collapse, including but not limited to loss or damage caused by the sudden sinking or collapse of land into underground empty spaces created by the action of water on soil and/or bedrock, or the sinking or collapse of land into man-made underground cavities;
- h. Smoke, including, but not limited to, gas, vapor and smoke from agricultural smudging or industrial operations;
- i. Sprinkler leakage, meaning leakage or discharge of any substance from an “automatic sprinkler system”, including collapse of a tank that is part of the system;
- j. Vandalism and malicious mischief, meaning willful and malicious damage to, or destruction of, Covered Property; ☐
- k. Water damage, including, but not limited to:
 - (1) Discharge or leakage of water or steam as the direct result of the breaking apart or cracking of plumbing, heating, air conditioning or other systems or appliances, that are located on the described premises and contains water or steam;
 - (2) Discharge or leakage from a sump or related equipment and parts, including the overflow due to sump pump failure or excessive volume of water;
 - (3) Discharge or leakage from roof drains, gutters, downspouts or similar fixtures or equipment;
 - (4) The cost to repair any defect that caused the loss or damage;
 - (5) Loss or damage caused by or resulting from the continuous or repeated seepage or ☐ leakage of water, or the presence or condensation of humidity, moisture or vapor;
 - (6) Loss or damage caused by or resulting from freezing and/or thawing; and
 - (7) Water which overflows or backs up through sewers, sewer sumps or drains, surface waters, water below the surface of the ground including water that exerts pressure on or flows, seeps, or leaks through sidewalks, driveways, foundations, walls, basement or other floors, or through doors, windows or any other openings in such sidewalks, driveways, foundations, basements, walls, floors, or paved surfaces;
- l. Weather Conditions, including, but not limited to:
 - (1) Windstorm or hail;

- (2) Frost or cold weather;
 - (3) Ice, rain, snow or sleet, whether driven by wind or not; and
 - (4) Loss or damage to the interior or exterior of any building, or the property inside or outside the building, caused by rain, snow, sand or dust, whether driven by wind or not;
 - (5) Weight of snow, hail, ice or sleet, including loss or damage to personal property outside of buildings;
2. The following causes of loss:
- a. "Earthquake shock" inducing a fire. This means we will not pay for loss or damage occasioned by an "earthquake shock"-induced fire;
 - b. "Earthquake shock" inducing an explosion. This means we will not pay for loss or damage caused by an "earthquake shock"-induced explosion;
 - c. "Earthquake shock" inducing a volcanic eruption. This means we will not pay for loss or damage caused by an "earthquake shock"-induced volcanic eruption;
 - d. "Earthquake shock" inducing a tsunami, "earthquake shock" inducing a tidal wave. This means we will not pay for loss or damage caused by either an "earthquake shock"-induced tsunami and/or an "earthquake shock"-induced tidal wave;
 - e. "Earthquake shock" inducing a "flood". This means we will not pay for loss or damage caused by an "earthquake shock"-induced "flood", except when "flood" coverage is purchased and made a part of this policy;
 - f. "Earthquake shock" inducing sprinkler leakage. This means we will not pay for loss or damage caused by "earthquake shock"-induced sprinkler leakage, except when covered by an Earthquake Sprinkler Leakage Endorsement attached to and made a part of this policy;
- 3.
- a. Acts or decisions, including the failure to act or decide, of any person, organization or governmental body;
 - b. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation, or remodeling; or
 - (4) Maintenance; of part or all of any property on or off the locations covered;
4. Any fraudulent scheme, trick, device or false pretense perpetrated upon you or upon any person(s) to whom the property may be entrusted;
- 5.
- a. Asbestos, dioxin, or polychlorinated biphenyls removal, encapsulation, covering, or any manner of control or abatement from any goods, products, "stock", contents or building. We will not pay for loss or damage caused by or resulting from:
 - b. Demolition, increased cost of construction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos, dioxins, or polychlorinated biphenyls;
 - c. Any governmental direction or request declaring that asbestos materials, dioxins, or polychlorinated biphenyls present in or part of or utilized on any undamaged portion of your property can no longer be used for the purpose for which it was intended or installed and must be removed or modified; or
 - d. The presence of asbestos, dioxins, or polychlorinated biphenyls in any building as defined in **A.1.a** of this policy;

6. Dampness of atmosphere, dryness of atmosphere, extremes or changes of temperature or barometric pressure, shrinkage, evaporation, loss of weight, rust or corrosion;
7. Delay, loss of market, loss of use, interruption of business, consequential loss of any nature; except when specifically covered;
8. Denial of service; including but not limited to authorized or unauthorized direction of a high volume of messages or inquiries to web sites or e-mail destinations, effectively denying, interrupting or limiting legitimate access, including but not limited to spamming or phishing;
9. Earth movement, including but not limited to:
 - a. Loss caused by landslide and/or avalanche, and any earth sinking, rising or shifting related to □such an event;
 - b. Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
 - c. Earth sinking, rising or shifting including soil conditions which cause settling, cracking, or other disarrangement of foundations or other parts of real property. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted, graded and/or maintained soil and/or the action of water under the ground surface;
 - d. Collapse of volcanic edifice;
 - e. Man-made shaking or vibrations;
 - f. Mudslide or mudflow;

However, earth movement does not include “earthquake shock” as defined in this policy;

10. Electrical injury or disturbance to electrical appliances, fixtures or wiring caused by electrical currents artificially generated, except with respect to ensuing loss caused by or resulting from a Covered Cause of Loss;
11. Enforcement of any ordinance or law regulating the construction, use, repair or demolition of any real property insured hereunder. This exclusion applies whether the loss results from an ordinance or law that is enforced even if the property has not been damaged; or the loss results from the increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property;
12. Errors in design, errors in processing, faulty workmanship or faulty materials, including any ensuing collapse;
13. Explosion or rupture or bursting of pressure vessels or pipes, or steam boilers, or steam engines, or steam turbines, or flywheels; any of which is owned, leased or operated by you;
14. Failure of power, communication, water or other utility service supplied to the described location, however caused. Failure of any utility service includes lack of sufficient capacity and reduction in supply. Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network;
15.
 - a. The failure, malfunction or inadequacy of:
 - (1) Any of the following, whether belonging to you or to others:
 - (a) Computer hardware, including microprocessors;
 - (b) Computer application software;
 - (c) Computer operating systems and related software;
 - (d) Computer networks;
 - (e) Microprocessors (computer chips) not part of any computer system; or

- (f) Any other computerized or electronic equipment or components; or
 - (2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph a.(1)(a) above.
 - b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph a. (1) and a. (2) above;
- We will not pay for repair, replacement or modification of any items in Paragraphs a. (1) and a. (2) above to correct any deficiencies or change any features;
- 16. Freezing and/or thawing of plumbing or heating systems;
 - 17. "Fungus", wet rot, dry rot and bacteria

This exclusion applies regardless of whether "fungus", wet rot or dry rot or bacteria arises from any other cause of loss, including but not limited to, a loss involving water, water damage or discharge, which may otherwise be covered by this policy, except to the extent provided under **A.2.b. Limited Coverage for "Fungus", Wet Rot, Dry Rot and Bacteria**;
 - 18. Geomagnetic storms, solar flares, solar eruptions or bursts including plasma bubbles or ejections, magnetic field or magnetosphere fluctuations or disruptions, comets, asteroids, meteorites, or any falling spacecraft, part or fragment thereof;
 - 19. Hostile or warlike action in time of peace or war, including:
 - a. Action in hindering, combating or defending against an actual, impending or expected attack ☐by:
 - (1) Any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or
 - (2) Military, naval or air forces; or
 - (3) By any agent of any government, power, authority or forces;
 - b. Use of any weapon employing atomic fission or radioactive force whether in time of peace or war;
 - c. Insurrection, rebellion, revolution, civil war, usurped power or martial law or action taken by governmental authority in hindering, combating or defending against any such occurrence, seizure or destruction under quarantine or customs regulation, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;
 - 20. Infidelity or any dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
 - a. Acting alone or in collusion with others; or
 - b. Whether or not occurring during the hours of employment;
 - 21. Leakage of contents, breakage of glass or similar fragile materials, marring, scratching, exposure ☐to light, contamination, change in flavor or color or texture or finish;
 - 22. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
 - 23. Nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled;
 - 24. Pilferage, burglary, larceny, looting, robbery, theft, or attempted theft;
 - 25. "Pollutants", including loss or damage caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of "pollutants", including but not limited to any cost or expense to:
 - a. Extract "pollutants" from land, air or water; or
 - b. Remove, restore or replace polluted land, air or water; or

- c. Investigate any loss, injury, or damage, or for any cost, fine, or penalty or for any expense or claim or suit related to either **a.** or **b.** above;
- 26. Settling, shrinkage, subsidence or expansion of foundations, walls, floors, or ceilings;
- 27. Seizure or destruction of property by order of governmental authority;
- 28. "Terrorism", including loss, damage, cost or expense caused by, resulting from or in connection with:
 - a. Any act of "terrorism";
 - b. The use or threatened use of biological, chemical, radiological or nuclear substances for the apparent purpose of or with the result of harming or intimidating a civilian population, whether in time of peace or war, and regardless of who commits the acts; or
 - c. Any action taken to control, counter, prevent, respond to, mitigate or suppress either a. or b. above;

This does not apply to "Certified Acts of Terrorism" if such coverage is purchased and made part of this policy;
- 29. Tsunami, waves, wave wash, wave action, tides, tidal waves, tidal water, storm surge, or their spray, all whether driven by wind or not;
- 30. Unexplained disappearance of property or loss or shortage of property disclosed on taking inventory;
- 31. Volcanic eruption, explosion or effusion, including any related shaking or trembling of the earth and/or ensuing "volcanic action";
- 32. Water, other liquids, gas, powder or molten material that leaks or flows from plumbing, heating, air conditioning, fire protective systems, or other equipment;
- 33. Wear and tear, depreciation, inherent vice, latent defect, gradual deterioration, decay, smog, nesting or infestation, vermin, rodents, termites or other insects including larvae or pupae thereof;
- 34. Your neglect to use all reasonable means to save and preserve property from further damage at and after the time of loss.

E. CANCELLATION POLICY CONDITION

- 1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering ☐ to us advance written notice of cancellation.
- 2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 10 days before the effective date of cancellation.
- 3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
- 4. Notice of cancellation will state the effective date of cancellation. The policy period will end on ☐ that date.
- 5. If this policy is canceled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
- 6. If notice is mailed, proof of mailing will be sufficient proof of notice.

F. OTHER POLICY CONDITIONS

1. Changes

This policy contains all agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy. Notice to any agent or broker or knowledge possessed by any agent or broker or by any other person will not constitute a waiver or a change in any part of this policy or stop us from asserting any right(s) under the terms of this policy.

2. Examination Of Your Books and Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

3. Inspections And Surveys

a. We have the right to:

- (1) Make inspections and surveys at any time;
- (2) Give you reports on the conditions we find;
- (3) Recommend changes; and
- (4) Make appraisals and valuations.

b. We are not obligated to make any inspections, surveys, reports, appraisals, valuations or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. Valuations and appraisals do not constitute a recommendation regarding the adequacy of Limits of Insurance under this policy. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

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

c. Paragraphs a. and b. of this condition apply not only to us, but also to any rating, advisory, rate service or any organization which makes insurance inspections, surveys, reports or recommendations.

4. Minimum Retained Premium

In the event of cancellation of this policy at your request, the policy Minimum Retained Premium will be the percentage of the policy premium shown in the Declarations at a maximum of 25%. Your failure to make a timely payment of premium will be considered a request by you for us to cancel. If we cancel for non-payment of premium, the minimum retained premium or minimum earned premium, whichever is greater, will be immediately due and payable.

5. Premiums

The first Named Insured shown in the Declarations:

- a. Is responsible for the payment of all premiums; and
- b. Will be the payee for any return premiums we pay.

6. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

7. All Risk Coverage Warranty

You warrant that the property insured is covered and at all times during the policy period will continue to be covered, by standard all risk insurance for the term of this policy, equivalent to Insurance Services Office, Inc. forms CP 0010 and CP 1030 or their equivalent(s) as approved by the insurance department of the state where the predominant exposure is located. All losses under this policy will be adjusted as though such coverage was in effect at the time of loss. It is agreed that your failure to comply with this warranty shall constitute a violation of a material warranty and make this policy voidable by us.

G. LOSS CONDITIONS

1. **Abandonment**

There can be no abandonment of any property to us.

2. **Appraisal**

If we and you disagree on the values of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. **Brands And Labels**

In the event of loss of or damage to labels, capsules or wrappers, the loss will be adjusted on the basis of an amount sufficient to pay the cost of new labels, capsules or wrappers.

If branded or labeled merchandise covered by this policy is damaged and we elect to take all or any part of such merchandise at the value established by the terms of this policy, you may, at your own expense, stamp "salvage" on the merchandise or its containers, or may remove or obliterate the brands or labels, if such stamp, removal or obliteration will not physically damage the merchandise; but you must re-label the merchandise or containers in compliance with the requirements of law.

4. **Duties In The Event Of Loss Or Damage**

- a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limits of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
☐ 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.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records. Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request.
- (8) Cooperate with us in the investigation or settlement of the claim.

- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

5. **Excess Insurance**

Permission is granted to you to have excess insurance over the Limits of Insurance set forth in this policy without prejudice to this policy, and the existence of such insurance, if any, will not reduce any liability under this policy.

6. **Loss Clause**

Following an “earthquake shock” or “flood” loss, we have the option but not the duty of reinstating the Limits of Insurance shown in the Declarations for “earthquake shock” and “flood”, for an additional premium.

7. **Loss Payment**

a. In the event of loss or damage covered by this policy, at our option, we will either:

- (1) Pay the value of lost or damaged property;
- (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
- (3) Take all or any part of the property at an agreed or appraised value; or
- (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this policy or any applicable provision which amends or supersedes the Valuation Condition.

- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.
- h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

8. Other Insurance

- a. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this policy. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limits of Insurance under this policy bears to the Limits of Insurance of all insurance covering on the same basis.
- b. If there is other insurance covering the same loss or damage, other than that described in **a.** above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limits of Insurance.

9. Pair, Set Or Parts

- a. Pair or Set

In case of loss or damage to any part of a pair or set we may:

- (1) Repair or replace any part to restore the pair or set to its value before the loss; or
- (2) Pay the difference between the value of the pair or set before and after the loss.

- b. Parts

In case of loss or damage to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

10. Records and Inventory

You will keep accurate books, records and accounts in the following manner: A detailed and itemized inventory record of all property covered hereunder will be maintained and physical inventory will be taken periodically at intervals not more than 12 months apart.

11. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limits of Insurance.

12. Single Loss Clause

Each loss by "earthquake shock" occasioned by any one disaster, loss; or series of disasters, or losses, arising out of any one event will constitute a single loss hereunder, provided, if more than one "earthquake shock" arising out of any one event occurs within any period of 168 hours during the policy period, such "earthquake shocks" will be deemed to be a single "earthquake shock" within the meaning hereof. We will not be liable for any loss caused by any "earthquake shock" occurring before the effective date and time of this policy, nor for any loss occurring after the expiration date and time of this policy.

Each loss by "flood" occasioned by any one disaster, loss or series of disasters, or losses, arising out of any one event, that occurs within any period of 72 hours during the policy period will constitute a single loss hereunder.

13. Stated Values

If at the time of loss, the values shown on the Declarations or the latest Schedule of Locations and Values are not individually stated for each building or contents at each location:

- a. The value for each building will be developed by multiplying the total reported building value by the proportion that the square footage of the individual building bears to the total square footage of all buildings contemplated in the total reported building value.
- b. The value of Contents at each location will be developed by multiplying the total reported Contents value by the proportion that the square footage of all buildings at the individual location bears to the total square footage of all buildings at all locations contemplated in the total reported Contents value.

The square footage of each separate building will be estimated or ascertained after a "loss occurrence" as necessary. For the purpose of this Loss Condition, each Coverage marked in the Declarations is deemed to be a separate Coverage.

In the event that the submission, application or Statement of Values does not provide a total stated value of one or more separate Coverage(s) by Location, but rather contains a total stated value for the separate Coverage(s) for all Locations on the policy, then the pro-rata factor for that coverage will be calculated as the square footage of the damaged building divided by the total square footage for all buildings covered under this policy.

Example:

The following example illustrates how a stated value is calculated under the conditions above. The amounts in the example shown may not be applicable to your policy. They are being used only to provide you with an example. Further, this example is not intended to be limited to determining the stated values of only individual buildings and contents, but rather is intended to be applicable to each separate Coverage marked in the Declarations.

In this example, there are three buildings at one location, with total building values for the location of \$7,500,000 and total contents value for the location of \$3,000,000.

	Square Footage (1)	Total Square Footage location (1)	Pro Rata Factor (2)	Location Total Building Value (1)	Building Stated Value (3)	Location Total Contents Value (1)	Contents Stated Value (4)
Building 1	10,000	50,000	0.2	\$7,500,000	\$1,500,000	\$3,000,000	\$600,000
Building 2	25,000	50,000	0.5	\$7,500,000	\$3,750,000	\$3,000,000	\$1,500,000
Building 3	15,000	50,000	0.3	\$7,500,000	\$2,250,000	\$3,000,000	\$900,000

- (1) As reported on the application or submission.
- (2) The Pro-rata Factor is calculated by dividing the Square Footage of each building by the Total Square Footage Location.
- (3) The Building Stated Value is calculated by multiplying the Pro-rata Factor times the Location Total Building Value.
- (4) The Contents Stated Value is calculated by multiplying the Pro-rata Factor times the Location Total Contents Value.

14. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. At Replacement Cost (without deduction for depreciation);
- b. Replacement cost does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac;
 - (4) "Stock", unless the Including "stock" option is shown in the Declarations;
 - (5) Manuscripts; or
 - (6) Any item covered under the Valuable Papers and Records Endorsement, when attached to and made a part of this policy.

The items listed under **b.** above will be valued at actual cash value as of the time of loss or damage.

Under the terms of this Valuation Provision, Tenants' Improvements and Betterments are not considered to be the personal property of others.

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the replacement cost valuation if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
 - (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

- (3) If the conditions in **d.(1)** and **d.(2)** above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in **(a)** above by the number of days from the installation of improvements to the expiration of the lease. ☐

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of **(1), (2) or (3)**, subject to **f.** below:
 - (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new location, the cost described in **e.(2)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original location.
- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

H. ADDITIONAL CONDITIONS

1. Claims Against Third Parties

In the event of any loss of or damage to the property covered hereunder you will immediately make claim in writing against the carrier(s), bailee(s) or others involved.

2. Concealment, Misrepresentation Or Fraud

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

- a. This policy;
- b. The Covered Property;

- c. Your interest in the Covered Property; or
- d. A claim under this policy.

3. **Legal Action Against Us**

No one may bring a legal action against us under this policy unless:

- a. There has been full compliance with all of the terms of this policy; and
- b. The action is brought within 12 months after the date on which the direct physical loss or damage occurred.

However, if by the laws of the state within which this policy is issued such limitation is invalid, then any such claims will be void unless such action, suit or proceeding be commenced within the shortest limit of time permitted by the laws of such state.

4. **No Benefit To Bailee**

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

5. **Policy Period, Coverage Territory**

Under this policy:

- a. We cover loss or damage commencing:
 - (1) During the policy period shown in the Declarations; and
 - (2) Within the coverage territory.
- b. The coverage territory is the "state" in which the location(s) described in the Declarations is located.

6. **Transfer Of Rights Of Recovery Against Others To Us**

If any person or organization to or for whom we make payment under this policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your Covered Property.
- b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:
 - (1) Someone insured by this insurance;
 - (2) A business firm:
 - (a) Owned or controlled by you; or
 - (b) That owns or controls you.

This will not restrict your insurance.

I. **DEFINITIONS**

The following definitions are hereby added to this policy.

1. "Automatic Sprinkler System" means:
 - a. Any automatic fire-protective or extinguishing system, including connected:
 - (1) Sprinklers and discharge nozzles;
 - (2) Ducts, pipes, valves and fittings;
 - (3) Tanks, their component parts and supports; and
 - (4) Pumps and private fire protection mains.

- b. When supplied from an automatic fire-protective system:
 - (1) Non-automatic fire-protective systems; and
 - (2) Hydrants, standpipes and outlets.
- 2. "Certified Act of Terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act.
- 3. "Earthquake Shock" is defined as – earth movement meaning natural faulting of land masses, but not including subsidence, landslide, rock slide, earth rising, earth sinking, earth shifting or settling unless as a direct result of such earth movement. All such sudden movements occurring within the space of a single hour shall be considered a single "shock." All shocks occurring within a single 168 hour period during the policy shall be considered a single "earthquake shock."
- 4. "Flood" means a general condition, whether temporary or permanent, of partial or complete inundation of normally dry land areas with water, mud, slurry or other liquid, arising from any of the following:
 - a. The overflow or breaking of natural or artificial boundaries or confines of inland or tidal waters;
 - b. The unusual and rapid accumulation or runoff of surface waters from any source or by their spray;
 - c. Waters changing course;
 - d. Waters rising;
 - e. The release or overtopping of water held by a dam, levee, dike, canal or conduit or by any water or flood control device or system, regardless of location, or from breach or failure, by any cause, of any of the foregoing;

However, "flood" does not include inundation arising from tidal wave or tsunami.

- 5. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 6. "Loss occurrence" means any one loss or disaster; or series of losses, or disasters arising out of one event.
- 7. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed; or any solid, liquid, gaseous or thermal irritant or contaminant which is discharged, dispersed, seeps, migrates, releases or escapes from any products, materials or supplies used in or incidental to the business of any insured.
- 8. "State" means one of the 50 United States of America and the District of Columbia.
- 9. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished □ goods, including supplies used in their packing or shipping.
- 10. "Terrorism" means an activity that involves a violent act or the use of force, including the threat of any such activity or the preparation for any such activity, that is committed for political, religious, ideological, economic, social, or cultural purposes, by any person or group(s) of persons, whether acting alone or on behalf of or in concert with or in connection with any organization(s), government(s), or other political entity(ies), and:
 - a. Has been labeled, identified or described as a terrorist act by the executive branch of the United States government; or
 - b. Causes either:
 - (1) Damage to property;
 - (2) Injury to person(s);
 - (3) Disruptions of financial, governmental, transportation, communication, computer or utility services;

- c. Appears to be intended to:
 - (1) Disrupt any segment of an economy;
 - (2) Intimidate, harm, coerce or punish a civilian population;
 - (3) Put the public, or any section of the public, in fear;
 - (4) Influence the policy of a government by intimidation, coercion or punishment; or
 - (5) Affect the conduct of a government by destruction, assassination, kidnapping or hostage- taking.
- 11. "Volcanic action" means the direct loss or damage resulting from the eruption, explosion or effusion of a volcano when the loss or damage is caused by airborne volcanic blast or airborne shock waves, ash, dust or particulate matter, or lava flow. Volcanic action includes the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the Covered Property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DIFFERENCE IN CONDITIONS **HOMEOWNERS ASSOCIATION COVERAGE EXTENSION**

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM

A. Section **A.1. Covered Property** is replaced by the following:

1. Covered Property

- a. **Building**, meaning the building or structure at the location described in the Declarations, including:
 - (1) Completed additions;
 - (2) Fixtures outside of individual units, including outdoor fixtures;
 - (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
 - (4) Retaining walls attached to the building;
 - (5) Foundations of buildings, structures, machinery or boilers, including below-grade parking structures;
 - (6) Personal property owned by you that is used to maintain or service the building or structure or its premises, and:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings not contained within individual units; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering that are not contained within individual units;
 - (7) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the buildings or structures at the location described in the Declarations. An addition does not include new construction of any separate building or structure;
 - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure;
 - (8) Any of the following types of property contained within a unit, regardless of ownership, if your homeowners' association agreement requires you to insure it:
 - (a) Fixtures, improvements and alterations that are a part of the building or structure; and
 - (b) Appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, ☐laundrying, security or housekeeping.

But Building does not include real or personal property owned by, used by or in the care, custody or control of a unit-owner except for property listed in paragraph **A.1.a.(8)** above. Except as stated in paragraph **A.1.a.(8)**, it is the intent of this Policy to provide coverage solely to the floors, ceilings and four perimeter walls of the individual units. Coverage does not extend to the interiors of individual

units or any structures or property contained within the four perimeter walls of the units, including, but not limited to, appliances, fireplaces, plumbing fixtures, showers, bath tubs, sinks, toilets, individual air conditioners for the exclusive use of individual unit-owners, cabinetry, countertops, mirrors, wall-to-wall carpeting, floor coverings, wall coverings, interior doors and partitions. Coverage does not extend to any real or personal property that a unit-owner is obligated to repair or maintain under the terms of your homeowners' association agreement.

- b. Your business personal property located in or on the building at the location(s) described in the Declarations or in the open (or in a vehicle) within 100 feet of the building at location(s) shown in the Declarations consisting of the following:
 - (1) Personal property owned by you or owned indivisibly by all unit-owners;
 - (2) Your interest in the labor, materials or services furnished or arranged by you for personal property of others;
 - (3) Leased personal property for which you have a contractual responsibility to insure.

But your business personal property does not include personal property owned only by a unit-owner.
- c. Additional property and appurtenant structures, but no coverage attaches for any item unless a limit for that item is shown in the Declarations. The most we will pay for each item is the amount indicated in the Declarations. If no limit is shown, that item is not covered under this policy.

Payments made for coverage provided under this paragraph **c.** are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations.

B. Section A.2. Additional Coverages is replaced by the following:

2. Additional Coverages

a. Architectural and Engineering Costs

We will pay for the cost or expense for you to hire architects and/or engineers for services related to the repair, replacement, or reconstruction of buildings shown in the Declarations and damaged directly by "earthquake shock". The loss or damage to the buildings must occur during the policy period. The most we will pay for architectural and engineering costs is \$25,000 for all "loss occurrences" in any one policy period, regardless of the number of buildings involved. Payments made for coverage provided under this paragraph **a.** are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations.

b. Debris Removal

- (1) Subject to Paragraph (3) below, we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to remove debris caused by an excluded cause of loss.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
 - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.
- (4) We will not be liable under this policy for:
 - (a) Any greater proportion of such expense than the amount of insurance hereunder bears to the total amount of all insurance, whether all such insurance contains this clause or not.

- (b) Loss occasioned by the enforcement of any state or municipal law or ordinance which necessitates the demolition of any portion of the building which has not suffered loss by any Covered Cause of Loss unless such liability is otherwise specifically insured by this policy.

c. **“Electronic Data Processing Equipment”**

We will pay for the cost to repair or replace, with property of like kind and quality and substantially similar functionality, “electronic data processing equipment” that has been damaged or destroyed. The most we will pay for loss to “electronic data processing equipment” is \$30,000 for all loss or damage sustained in any one policy period, regardless of the number of buildings or locations involved. Payments made for coverage provided under this paragraph c. are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations.

d. **“Electronic Data”** □

We will pay for the cost to replace or restore “electronic data” which has been destroyed or corrupted. To the extent that “electronic data” is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type. The most we will pay for loss to “electronic data” is \$30,000 for all loss or damage sustained in any one policy period, regardless of the number of buildings, locations or computer systems involved. Payments made for coverage provided under this paragraph d. are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations.

e. **Limited Coverage for “Fungus”, Wet Rot, Dry Rot and Bacteria**

- (1) The coverage described in **B.2.e.(2)** only applies when the “fungus”, wet or dry rot or bacteria is the result of a Covered Cause of Loss that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
- (2) The amount of \$5,000 is the most we will pay for loss or damage by “fungus”, wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
 - (a) Direct physical loss or damage to Covered Property caused by “fungus”, wet or dry rot or bacteria, including the cost of removal of the “fungus”, wet or dry rot or bacteria;
 - (b) The cost to tear out and replace any part of the building or other property as needed to gain access to the “fungus”, wet or dry rot or bacteria; and
 - (c) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that “fungus”, wet or dry rot or bacteria are present.
- (3) The coverage described under **e.(2)** of this Limited Coverage is limited to \$5,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all loss caused by Covered Causes of Loss which takes place during the policy period. With respect to a particular occurrence of loss which results in “fungus”, wet or dry rot or bacteria, we will not pay more than a total of \$5,000 even if the “fungus”, wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.
- (4) The coverage provided under this Limited Coverage does not increase the applicable Limits of Insurance on any Covered Property. If a particular occurrence results in loss or damage by “fungus”, wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limits of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by “fungus”, wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that “fungus”, wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

Increase in Loss or Damage as used in this Additional Coverage means any loss, damage, cost or expense resulting from the presence, treatment, removal or disposal of “fungus”, wet or dry rot or bacteria as excluded in this policy.

f. Maintenance and Association Fees

We will pay for maintenance and association fees that you have been unable after reasonable effort to collect from the unit-owner whose unit must be rendered uninhabitable due to an insured loss that occurs during the policy period. After payment of loss, all amounts recovered will be paid to us after you have received any loss of maintenance or association fees in excess of the coverage provided by this Policy. You will cooperate in the effort to recover unpaid maintenance or association fees. You will not waive your right to recover maintenance or association fees receivable without our express permission. This coverage applies only during the time reasonably required to restore the affected units to a habitable condition. The most we will pay for any one "loss occurrence" is limited to the Maintenance and Association Fees Limit of Insurance shown in the Declarations. If no Limit is shown in the Declarations, there is no coverage for Maintenance and Association Fees under this policy. Payments made for coverage provided under this paragraph **f.** are within the Limits of Insurance shown in the Declarations.

g. "Valuable Papers and Records"

The most we will pay for loss to valuable papers and records is \$10,000 for all loss or damage sustained in any one policy period, regardless of the number of buildings or locations involved. Payments made for coverage provided under this paragraph **g.** are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations.

h. Security

We will pay for the cost or expense necessary for you to hire additional security personnel to guard the insured premises because of a loss insured against under this policy. The most we will pay for security is \$30,000 for all "loss occurrences" in any one policy period, regardless of the number of premises or locations involved. Payments made for coverage provided under this paragraph **h.** are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations.

i. Underground Utilities meaning underground pipes, flues or drains, including water, electrical, communication and sanitary systems. The most we will pay for any one "loss occurrence" is limited to the Underground Utilities limit shown in the Declarations. Payments made for coverage provided under this paragraph **i.** are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations.

j. Limited Coverage for Land Stabilization

We will pay your expenses, including engineering costs, to replace, stabilize or restore the land that supports the damaged Building when necessary in order to repair the Building which has suffered structural damage. The structural damage to the Building must be directly caused by an "earthquake shock" or "flood". This Limited Coverage is only provided if a limit for "earthquake shock" or "flood" is shown in the Declarations.

The Limited Coverage under this subsection **j.** does not apply to expenses to stabilize or restore the land unless the stabilization or restoration is required in order to repair damage to the damaged Building located directly upon that land that is the result of a loss otherwise covered under the terms of this policy. This Limited Coverage does not apply to costs to stabilize or restore land if the land damage is caused by an excluded cause of loss.

We do not provide any other coverage for land, land damage or landscaping.

The amount of \$5,000 is the most we will pay for land stabilization under this Limited Coverage. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all losses caused by "earthquake shock" or "flood" which take place during the policy period.

Structural damage to the Building must exceed the deductible in order for this Limited Coverage to apply.

The expenses for land stabilization will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

Payments made for coverage under this Limited Coverage for Land Stabilization are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations.

C. Item C.1., Property Excluded is amended to read:

1. Accounts, bills, deeds, evidences of debt, currency, money, notes, securities, stamps, original drawings and specifications, letters of credit, passports, or tickets (including lottery tickets);

D. Items C.7., C.8., C.11 and C.25, Property Excluded are hereby deleted from the Difference In Conditions Coverage Form.

E. Section G.14., Valuation is amended to read:

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. At Replacement Cost (without deduction for depreciation);
- b. Replacement cost does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence owned by the association;
 - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac;
 - (4) Manuscripts; or
 - (5) Any item covered under the Valuable Papers and Records Additional Coverage or the ☐ Valuable Papers and Records Endorsement, when attached to and made a part of this policy. ☐

The items listed under **b.** above will be valued at actual cash value as of the time of loss or damage.

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the replacement cost valuation if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
 - (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of **(1), (2) or (3)**, subject to **f.** below:
 - (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount actually spent that is necessary to repair or replace the lost or damaged ☐ property.

If a building is rebuilt at a new premises, the cost described in **e.(2)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.
- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

F. The following definitions are added to section I. Definitions:

1. "Electronic data processing equipment" including computers, electronic accounting machines, all supporting machinery, magnetic tapes, discs, cards, any storage device and all software including procedures, programs or source material, including component parts thereof, owned by you, leased to or rented to you at an insured premises.
2. "Electronic data" meaning 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. This paragraph does not apply to your "stock" of prepackaged software;
3. "Valuable papers and records" means inscribed, printed or written documents, manuscripts or records, including but not limited to abstracts, books, deeds, drawings, films, maps or mortgages. Valuable papers and records does not mean money or securities, converted data, programs or instructions used in your data processing operations, including the materials on which the data is recorded. Valuable papers and records does not include property that cannot be replaced with other property of like kind and quality, property in storage away from the locations described in the Declarations or records relating to contraband or property in the course of illegal transportation or trade.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITED COVERAGE – FENCES AND SIGNS

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM

EARTHQUAKE SHOCK INSURANCE FORM

EARTHQUAKE SHOCK AND FLOOD INSURANCE FORM

A. Under section C., **PROPERTY EXCLUDED**, Paragraph C.10. is replaced by the following:

10. Radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITED COVERAGE – LANDSCAPE

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM
EARTHQUAKE SHOCK INSURANCE FORM
EARTHQUAKE SHOCK AND FLOOD INSURANCE FORM

A. Under section C., **PROPERTY EXCLUDED**, Paragraph C.2. is replaced by the following:

2. Animals or growing crops;

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITED COVERAGE – PAVED SURFACES

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM

EARTHQUAKE SHOCK INSURANCE FORM

EARTHQUAKE SHOCK AND FLOOD INSURANCE FORM

A. Under section C., **PROPERTY EXCLUDED**, Paragraph C.4. is replaced by the following:

4. Bridges, tunnels, dams, trestles, culverts or swales;

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMIT OF INSURANCE ENHANCEMENT (MARGIN CLAUSE)

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM

A. LIMIT OF INSURANCE ENHANCEMENT

With respect to Covered Property that is shown in the Declarations, we will determine a maximum loss payable for each building and for the contents for each building or the contents at each location. The maximum loss payable is determined by applying the applicable Margin Clause percentage indicated in the Declarations to the values shown on the Declarations or the latest Schedule of Locations and Values. If the Declarations or Schedule of Locations and Values does not state individually the value of each building and the value of contents at each building or location, we will determine individual values as part of the total reported values as shown in the Stated Values Clause, prior to application of the Margin Clause percentage.

Actual loss payment will be determined based on the amount of loss or damage subject to all applicable policy provisions including the Limits of Insurance, Deductible and Valuation Conditions. However, for each building, or contents of each building or the contents at each location, the actual loss payment will not exceed the maximum loss payable as described above less the applicable deductible and will not exceed the Limits of Insurance.

The Margin Clause does not increase the Limits of Insurance shown in the Declarations or endorsed to the policy.

If any of the provisions of this Margin Clause endorsement conflict with any of the terms of the Difference In Conditions Coverage Form or the Declarations, the terms of this endorsement will control.

B. EXAMPLES

In the following examples, the figures and Margin Clause percentages are used for illustrative purposes only and do not reflect your actual insurance.

Example #1

One Location, 3 Buildings: Buildings #1 through #3 are covered under a Limit of Insurance of \$4,500,000. Total stated building values are \$4,500,000.

The stated value for Building #1 is \$1,000,000. The Margin Clause percentage is 120%. The maximum loss payable for Building #1 is \$1,200,000 ($\$1,000,000 \times 1.20$).

Building #1 sustains a loss of \$1,200,000.

Step (1): The Per Unit Deductible is 5% of the maximum loss payable for Building #1. ($\$1,200,000 \times 5\% = \$60,000$)

Step (2): Maximum loss payable minus Deductible ($\$1,200,000 - \$60,000 = \$1,140,000$) Since \$1,140,000 is not more than the maximum loss payable and less than the Limit of Insurance, we will pay \$1,140,000.

Example #2

Buildings #1 through #3 are covered under a Limit of Insurance of \$4,500,000.

The Per Unit Deductible is 5%

The value stated for Building #1 is \$1,000,000. The Margin Clause percentage is 115%. The maximum loss payable for Building #1 is \$1,150,000 ($\$1,000,000 \times 1.15$).

The value stated for Building #2 is \$2,500,000. The Margin Clause percentage is 115%. The maximum loss payable for Building #1 is \$2,875,000 ($\$2,500,000 \times 1.15$).

Building #1 sustains a loss of \$1,300,000.

Building #2 sustains a loss of \$3,000,000.

Step (1): The Per Unit Deductible for Building #1 is 5% of the maximum loss payable for Building #1.
($\$1,150,000 \times 5\% = \$57,500$)

Step (2): The Per Unit Deductible for Building #2 is 5% of the maximum loss payable for Building #2.
($\$2,875,000 \times 5\% = \$143,750$)

Step (3): Maximum loss payable for Building #1 minus Deductible ($\$1,150,000 - \$57,500 = \$1,092,500$)

Step (4): Maximum loss payable for Building #2 minus Deductible ($\$2,875,000 - \$143,750 = \$2,731,250$)

Step (5): $\$1,092,000 + \$2,731,250 = 3,823,250$

Since \$3,823,250 is less than the Limit of Insurance, we will pay \$3,823,250, the maximum loss payable in accordance with the Margin Clause.

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MAINTENANCE FEES RECEIVABLES

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM

A. The following is added to **A.2., Additional Coverages**:

d. **Maintenance Fees Receivables**

Coverage includes maintenance fees and association fees you have been unable, after reasonable effort, to collect from the unit owner whose unit must be rendered uninhabitable due to direct physical loss or damage to Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. Maintenance and association fees include all ordinary Homeowners Association (HOA) dues but do not include surcharges for building reserves or any special assessments.

This coverage terminates at the earliest of:

- (1) When an individual unit becomes inhabitable;
- (2) You have been paid sums under the policy sufficient to begin repair or replacement of the buildings and choose not to do so; or
- (3) You have been paid the Limit of Insurance shown in the Declarations.

This coverage will not serve to increase our Limits of Insurance, and under no circumstances will we be liable for more than the Limits of Insurance shown in the Declarations.

B. ADDITIONAL CONDITIONS

Transfer of Rights of Recovery to Us:

If you recover any fees from unit owners for benefits that were paid in whole or in part under this endorsement, you will reimburse those fees to us immediately. You will cooperate with us in the effort to recover unpaid maintenance or association fees. You will not waive your right to recover maintenance or association fees receivable without our permission. You agree that we are entitled to an accounting of any fees recovered and/or owed and to cooperate with us in the event we request an accounting.

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ORDINANCE OR LAW COVERAGE

- A.** Our Limit of Insurance with respect to each and every “loss occurrence” will not exceed the Limits of Insurance for Building Ordinance shown in the Declarations. This Coverage does not increase our Limits of Insurance per “loss occurrence” nor the limit per policy period shown in the Declarations, regardless of whether one or more coverages or Covered Causes of Loss insured by this policy are involved in the “loss occurrence”.
- B.** Each coverage – Coverage A, Coverage B and Coverage C – is provided under this endorsement only if that Coverage(s) is shown in the Declarations and then only with respect to the buildings described in the Declarations or the Schedule of Locations and Values. The coverage provided by this endorsement will not apply unless and until the deductible shown in the Declarations has been satisfied and a claim payment is due to you for a covered loss.

C. Application Of Coverage(s)

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

1. The ordinance or law:

- a. Requires the demolition of parts of the undamaged portion of the building at a location described in the Declarations;
- b. Regulates construction or repair of buildings, or establishes zoning or land use requirements at a location described in the Declarations; and
- c. Is in force at the time of loss.
- d. But coverage under this endorsement applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this endorsement.

2.

a. Enforcement Caused By Covered Loss

The building sustains direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or

b. Enforcement Caused By Combination of Covered and Uncovered Loss

The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and both the covered and uncovered damage results in the enforcement of the ordinance or law.

c. Enforcement Caused By Uncovered Loss

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

Under no circumstances will this endorsement cover any property which is excluded under this policy.

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

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

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

D. We will not pay under Coverage **A, **B**, or **C** of this endorsement for:**

1. Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
2. The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

E. Coverage

1. Coverage A – Coverage For Loss to the Undamaged Portion of the Building

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage **A** for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires the demolition of undamaged parts of the same building.

2. Coverage B – Demolition Cost Coverage

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

3. Coverage C – 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:

- c. 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;
- d. We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

F. Loss Payment

1. All following loss payment provisions are subject to the apportionment procedures set forth in Section **C.3.** of this endorsement.
2. When there is a loss in value of an undamaged portion of a building to which Coverage **A** applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:
 - a. If Replacement Cost Coverage applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:
 - (1) The amount you would actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building at the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
 - (2) The Limit of Insurance shown in the Declarations as applicable to the covered building.

- b. If Replacement Cost Coverage applies and the property is *not* repaired or replaced, or if the Replacement Cost Coverage does *not* apply, we will not pay more than the lesser of:
 - (1) The actual cash value of the building at the time of loss; or
 - (2) The Limit of Insurance shown in the Declarations as applicable to the covered building.
- 3. Unless Paragraph **F.5.** applies, loss payment under Coverage **B** – Demolition Cost Coverage will be determined as follows:

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

 - a. The amount you actually spend to demolish and clear the site of the described premises; or
 - b. The applicable Limit of Insurance shown for Coverage **B** in the Declarations.
- 4. Unless Paragraph **F.5.** applies, loss payment under Coverage **C** – Increased Cost of Construction Coverage will be determined as follows:
 - a. We will not pay under Coverage **C**:
 - (1) Until the property is actually repaired or replaced, at the same or another premises; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage **C** is the lesser of:
 - (1) The increased cost of construction at the same premises; or
 - (2) The applicable Limit of Insurance shown for Coverage **C** in the Declarations.
 - c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage **C** is the lesser of:
 - (1) The increased cost of construction at the new premises; or
 - (2) The applicable Limit of Insurance shown for Coverage **C** in the Declarations.
- 5. If a **Combined** Limit of Insurance is shown for Coverages **B** and **C** in the Declarations, Paragraphs **F.3.** and **F.4.** of this endorsement do not apply with respect to the building that is subject to the Combined Limit, and the following loss payment provisions apply instead:

The most we will pay, for the total of all covered losses for Demolition Cost and Increased Cost of Construction, is the Combined Limit of Insurance shown for Coverages **B** and **C** in the Declarations. 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.

G. Under this endorsement the company 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 **C.3.** of this endorsement).

Assume:

- Flood is a Covered Cause of Loss; wind 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 flood): \$30,000
- Portion of direct physical damage that is not covered (caused by wind): \$70,000
- Loss under Ordinance or Law Coverage **C** of this endorsement: \$60,000

Step 1:

Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$$\$30,000 \div \$100,000 = .30$$

Step 2:

Apply that proportion to the Ordinance or Law loss.

$$\$60,000 \times .30 = \$18,000$$

In this example, the most the company will pay under this endorsement for the Coverage **C** 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 **A** and **B** of this endorsement.

All other terms and conditions remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TOTAL FLOOD EXCLUSION

This endorsement modifies insurance provided under the following:

**DIFFERENCE IN CONDITIONS COVERAGE FORM
EXCESS PROPERTY INSURANCE FORM**

- A.** We will not pay for loss, damage, cost or expense caused directly or indirectly by "flood". Such loss or damage is excluded regardless of:
 - 1. The cause of the "flood";
 - 2. Any other cause or event that contributes concurrently or in any sequence to the loss;
 - 3. Other causes of the loss; or
 - 4. Whether such loss or damage arises from an event that occurs suddenly or gradually, or involves isolated or widespread damage.
- B.** We will not pay for loss or damage resulting from waterborne material involved in the "flood"; whether driven by wind or not; or whether caused by natural, external, or man made forces.
- C.** We will not pay for loss or damage due to a "flood" which results from the intentional or negligent act, error, omission, or professional negligence of any party.
- D.** For the purposes of this endorsement,

"Flood" means a general condition, whether temporary or permanent, of partial or complete inundation of normally dry land areas with water, mud, slurry or other liquid, arising from any of the following:

 - a. The overflow or breaking of natural or artificial boundaries or confines of inland or tidal waters;
 - b. The unusual and rapid accumulation or runoff of surface waters from any source or by their spray;
 - c. Waters changing course; ☐
 - d. Waters rising;
 - e. The release or overtopping of water held by a dam, levee, dike, canal or conduit or by any water or flood control device or system, regardless of location, or from breach or failure, by any cause, of any of the foregoing;

However, "flood" does not include inundation arising from tidal wave or tsunami.

This exclusion applies even though the loss or damage is contributed to in any manner by a Covered Cause(s) of Loss which is insured against in this policy.

All other terms and conditions remain unchanged.

ENDORSEMENT

NAMED INSURED: **SURFSIDE III COA**
COMPANY: **UNDERWRITERS AT LLOYD'S, LONDON/
FORTEGRA SPECIALTY INSURANCE
COMPANY/STARSTONE SPECIALTY
INSURANCE COMPANY**

POLICY/CERTIFICATE NO.: DSP2506198
EFFECTIVE DATE: 07/08/2025
ENDORSEMENT NO.: 1

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS HOMEOWNERS ASSOCIATION COVERAGE EXTENSION

The following wording is amended to read as follows:

- (8) Any of the following types of property contained within a unit, regardless of ownership:
- (a) Fixtures, improvements and alterations that are a part of the building or structure; and
 - (b) Appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping.

BY:



AUTHORIZED REPRESENTATIVE

NOTHING HEREIN CONTAINED SHOULD BE HELD TO VARY, ALTER, WAIVE OR EXTEND ANY OF THE TERMS, CONDITIONS OR LIMITATIONS OF THE POLICY TO WHICH THIS ENDORSEMENT IS ATTACHED OTHER THAN AS ABOVE STATED.