



AMERICAN HOME ASSURANCE COMPANY
(A CAPITAL STOCK COMPANY)
Executive Offices: 175 Water Street, New York, New York 10038

**COMMERCIAL PROPERTY POLICY
DECLARATIONS**

Policy Number: XXXXXXXX

Renewal of: XXXXXXXX

Item 1. Named Insured and Address:

XX
XX
XX
XX

The Named Insured includes you and/or your affiliated and subsidiary companies and/or corporations as now exist or may hereafter be incorporated, constituted or acquired, including their interests as may appear in partnerships or joint ventures which you are legally obligated to insure.

Item 2. Mortgageholder, Loss Payees, and Additional Insureds: Per Certificates of Insurance on file with us or any endorsement attached to and forming a part of this Policy.

Item 3. Policy Period:

From: DD MONTH YYYY To: DD MONTH YYYY
(12:01 a.m., Standard Time at the covered location.)

Item 4. Coverage Territory:

United States, its territories and possessions and Puerto Rico, including their respective coastal waters. If any coverage is provided on a worldwide basis, such worldwide coverage shall not include any jurisdiction prohibited or restricted under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or the United States of America. Losses are only covered within the **coverage territory**.

Item 5. Premium:

- A. Total Premium:** \$XXX,XXX,XXX
- B. Terrorism Premium:** \$XXX,XXX,XXX (included within the Total Premium)
- C. Surcharges: (If Applicable)**

XX

Item 6. Policy Limit: \$XXX,XXX,XXX This is our maximum liability in any one **occurrence** as a result of all covered loss or damage regardless of the number of **covered locations**, coverages, or **covered causes of loss** under this Policy.

Item 7. Sublimits of Liability: The sublimits of liability stated in this Policy are part of and not in addition to the **Policy Limit** and any sublimits of liability shown in Item **7.A.** below. The sublimits of liability are: (1) the maximum amount we will pay for all covered loss or

damage arising out of the specific perils or coverages and/or (2) the maximum number of days for which we will pay for all covered loss or damage for a specific coverage, regardless of the number of **covered locations**, coverages or **covered causes of loss** under this Policy. The sublimits of liability stated in this Policy are per **occurrence** unless otherwise indicated.

Regardless of the number of **occurrences**, any Annual Aggregate in this Policy is the maximum amount payable for all covered loss or damage for the applicable coverage or **covered cause of loss**.

*If the words NOT COVERED are shown instead of a limit, sublimit amount or number of days, or if a specified amount or number of days is not shown corresponding to any coverage or **Covered Cause of Loss**, then no coverage is provided for that coverage or **Covered Cause of Loss**.*

A. Sublimits Applicable to Specified Covered Causes of Loss – Each of these sublimits is part of and not in addition to the **Policy Limit**.

1. Earth Movement:

- a. Annual Aggregate: \$XXX,XXX,XXX for all covered loss or damage arising out of **earth movement**
- b. Subject to **A.1.a.** above, the Annual Aggregate for all covered loss or damage arising out of **earth movement** in California, Alaska, Hawaii, and Puerto Rico combined: \$XXX,XXX,XXX
- c. Subject to **A.1.a.** above, the Annual Aggregate for all covered loss or damage arising out of **earth movement** in the **Pacific Northwest Earthquake Zone**: \$XXX,XXX,XXX
- d. Subject to **A.1.a.** above, the Annual Aggregate for all covered loss or damage arising out of **earth movement** in the **New Madrid Earthquake Zone**: \$XXX,XXX,XXX
- e. **Other Sublimit(s) Applicable to Earth Movement:**

XX

2. Flood:

- a. Annual Aggregate: \$XXX,XXX,XXX for all covered loss or damage arising out of **flood**
- b. Subject to **A.2.a.** above, the Annual Aggregate for all covered loss or damage arising out of **flood** in a Special Flood Hazard Area (SFHA) as defined by the Federal Emergency Management Agency (FEMA) at the time of the loss: \$XXX,XXX,XXX

If the property that sustains physical loss or damage due to **flood** is partially in such Special Flood Hazard Area (SFHA), then the entire property shall be deemed to be in that Special Flood Hazard Area (SFHA) and the loss or damage will be subject to the sublimit stated in **A.2.b.** above.

- c. **Other Sublimit(s) Applicable to Flood:**

XX

3. Named Storm:

- a. **Named Storm:** \$XXX,XXX,XXX for all covered loss or damage arising out of **named storm**
- b. Subject to **A.3.a.** above, for all covered loss or damage arising out of **named storm** in the **Tier 1 High Hazard Wind Zone (Consisting of Texas to North Carolina, Hawaii, Puerto Rico and U.S. Virgin Islands):** \$XXX,XXX,XXX
- c. Subject to **A.3.a.** above, for all covered loss or damage arising out of **named storm** in the **Tier 1 High Hazard Wind Zone (Consisting of Virginia to Maine):** \$XXX,XXX,XXX
- d. Subject to **A.3.a.** above, for all covered loss or damage arising out of **named storm** in the **Tier 1 High Hazard Wind Zone (Florida):** \$XXX,XXX,XXX
- e. Subject to **A.3.a.** above, for all covered loss or damage arising out of **named storm** in the **Tier 2 High Hazard Wind Zone:** \$XXX,XXX,XXX
- f. **Other Sublimit(s) Applicable to Named Storm:**

XX

For the purpose of the above sublimits of liability, **named storm** includes, but is not limited to, loss or damage from wind, hail, lightning, tornado, rain or water (whether driven by wind or not), **flood**, or any wind driven objects or debris.

In the event loss or damage by **flood** occurs concurrently or in any sequence with a **named storm**, regardless of whether the sublimits of liability for **flood** as shown in **A.2.a.**, **A.2.b.** and/or **A.2.c.** (hereinafter, the **applicable flood sublimit**) is/are greater or less than the applicable Named Storm sublimit, the maximum amount we will pay per **occurrence** for all such covered loss or damage by **flood** shall be the **applicable flood sublimit**, subject always to the maximum applicable Named Storm sublimit. However, if **flood** is not covered, the maximum amount we will pay per **occurrence** for all such covered loss or damage arising out of **named storm** shall exclude loss or damage by **flood**.

4. Equipment Breakdown: \$XXX,XXX,XXX for all covered loss or damage from **equipment breakdown**

- **Other Sublimit(s) Applicable to Equipment Breakdown:**

XX

5. Terrorism: \$XXX,XXX,XXX for all covered loss or damage arising out of **terrorism**

B. Sublimits Applicable to Additional Coverages – Each of these sublimits is part of and not in addition to the **Policy Limit** and any sublimits shown in Item **7.A.** of the Declarations.

- 1. Accounts Receivable: \$XXX,XXX,XXX if caused by a **covered cause of loss** or \$XXX,XXX,XXX if caused by a **cyber peril**
- 2. Arson or Theft Reward: \$XXX,XXX,XXX
- 3. Brands and Labels: \$XXX,XXX,XXX

4. Cyber Coverages:
- a. Electronic Data:
 - Standard Perils: \$XXX,XXX,XXX
 - Cyber Perils: \$XXX,XXX,XXX
 - Cyber Waiting Period: XXX hours
 - b. Electronic Equipment: \$XXX,XXX,XXX
 - c. Denial of Service Attack: \$XXX,XXX,XXX
 - Cyber Waiting Period: XXX hours
 - d. Cyber Peril Service Interruption: \$XXX,XXX,XXX
 - Cyber Peril Service Interruption Extended Period of Indemnity: XXX days
 - Cyber Peril Service Interruption Qualifying Period: XXX hours
 - e. Data Preservation Expenses: \$XXX,XXX,XXX Annual Aggregate
 - f. Maximum Cyber Period of Indemnity: XXX days
5. Debris Removal: \$XXX,XXX,XXX
6. Deferred Payments: \$XXX,XXX,XXX
7. Demolition and Increased Cost of Construction:
- Demolition Coverage A: \$XXX,XXX,XXX
 - Demolition Coverage B: \$XXX,XXX,XXX
 - Demolition Coverage C: \$XXX,XXX,XXX
8. Errors or Omissions: \$XXX,XXX,XXX
9. Expediting Expenses: \$XXX,XXX,XXX
10. Fine Arts: \$XXX,XXX,XXX per item
subject to a maximum sublimit of \$XXX,XXX,XXX per **occurrence**
11. Fire Brigade Charges: \$XXX,XXX,XXX
12. Fungus, Mold or Spore: \$XXX,XXX,XXX
13. Installation Coverage: \$XXX,XXX,XXX
14. Land and Water Clean-Up: \$XXX,XXX,XXX
15. Locks and Keys: \$XXX,XXX,XXX
16. Machinery or Equipment Startup Option: \$XXX,XXX,XXX
17. Miscellaneous Property: \$XXX,XXX,XXX
18. Money: \$XXX,XXX,XXX
19. Newly Acquired Property: \$XXX,XXX,XXX
20. Outdoor Property: \$XXX,XXX,XXX
21. Pairs or Sets: \$XXX,XXX,XXX
22. Preservation of Property: \$XXX,XXX,XXX

- 23. Professional Fees: \$XXX,XXX,XXX
- 24. Railroad Rolling Stock: \$XXX,XXX,XXX
- 25. Service Interruption: \$XXX,XXX,XXX
- 26. Spoilage: \$XXX,XXX,XXX
- 27. Transit: \$XXX,XXX,XXX maximum per **occurrence** sublimit, not to exceed \$XXX,XXX,XXX for all covered time element loss
- 28. Upgrade to Green®: XX% of the amount payable for direct physical loss or damage, subject to a maximum per **occurrence** sublimit of \$XXX,XXX,XXX
- 29. Valuable Papers and Records: \$XXX,XXX,XXX
- 30. Additional Sublimits:
 - XX
 - XX
 - XX

C. Sublimits Applicable to Additional Time Element Coverages - Each of these sublimits is part of and not in addition to the **Policy Limit** and any sublimits shown in Item **7.A.** of the Declarations.

- 1. Attraction Property: XXX days, subject to a maximum per **occurrence** sublimit of \$XXX,XXX,XXX and a distance limitation of XXXXXXXXXXXXXXXXXXXXXXXX
- 2. Contingent Time Element: \$XXX,XXX,XXX maximum per **occurrence** sublimit, not to exceed the following sublimits:
 - a. **Named Supplier/Customer:** \$XXX,XXX,XXX
 - b. **Unnamed Supplier/Customer:** \$XXX,XXX,XXX
 - c. Other Sublimits Applicable to Contingent Time Element:
 - XX
- 3. Contractual Penalties: \$XXX,XXX,XXX
- 4. Crisis Management: XXX days, subject to a maximum per **occurrence** sublimit of \$XXX,XXX,XXX
- 5. Extended Period of Indemnity: XXX days
- 6. Extra Expense: \$XXX,XXX,XXX

Item 10. Deductibles:

The deductibles shown below apply per **occurrence** unless otherwise stated.

A. Policy Deductible:

1. Property Damage and Time Element Combined Deductible:

\$XXX,XXX,XXX applicable to all covered loss or damage under this Policy; or

2. Property Damage and Time Element Separate Deductibles:

- a. Property Damage: \$XXX,XXX,XXX applicable to all covered loss or damage other than time element loss under this Policy; and
- b. Time Element: XXXXXXXXXXXXXXXXXXXXXXXXXXXX applicable to all covered time element loss under this Policy.

B. Earth Movement:

1. a. Property Damage and Time Element Combined Deductible:

\$XXX,XXX,XXX applicable to all covered loss or damage arising out of **earth movement** (other than as set forth in **B.2., B.3., B.4. or B.5.**); or

b. Property Damage and Time Element Separate Deductibles:

Property Damage: \$XXX,XXX,XXX applicable to all covered loss or damage other than time element loss arising out of **earth movement** (other than as set forth in **B.2., B.3., B.4. or B.5.**); and

Time Element: XXXXXXXXXXXXXXXXXXXXXXXXXXXX applicable to all covered time element loss arising out of **earth movement** (other than as set forth in **B.2., B.3., B.4. or B.5.**).

2. XX% of Total Insurable Values at the time of the loss at each covered location involved in the loss or damage, subject to a minimum of \$XXX,XXX,XXX any one occurrence for all covered loss or damage arising out of earth movement in California, Hawaii, Alaska, and Puerto Rico.

3. XX% of Total Insurable Values at the time of the loss at each covered location involved in the loss or damage, subject to a minimum of \$XXX,XXX,XXX any one occurrence for all covered loss or damage arising out of earth movement in the Pacific Northwest Earthquake Zone.

4. XX% of Total Insurable Values at the time of the loss at each covered location involved in the loss or damage, subject to a minimum of \$XXX,XXX,XXX any one occurrence for all covered loss or damage arising out of earth movement in the New Madrid Earthquake Zone.

5. Other Earth Movement Deductible(s):

XX

C. Flood:

1. a. Property Damage and Time Element Combined Deductible:

\$XXX,XXX,XXX applicable to all covered loss or damage arising out of **flood** (other than as set forth in **C.2. or C.3.**); or

b. Property Damage and Time Element Separate Deductibles:

Property Damage: \$XXX,XXX,XXX applicable to all covered loss or damage other than time element loss arising out of **flood** (other than as set forth in **C.2.** or **C.3.**); and

Time Element: XXXXXXXXXXXXXXXXXXXXXXXXXXXX applicable to all covered time element loss arising out of **flood** (other than as set forth in **C.2.** or **C.3.**).

2. XX% of Total Insurable Values at the time of the loss at each **covered location** involved in the loss or damage, subject to a minimum of \$XXX,XXX,XXX any one **occurrence** for all covered loss or damage arising out of **flood** at any property wholly or partially in a Special Flood Hazard Area (SFHA) at the time of the loss as defined by the Federal Emergency Management Agency (FEMA).

3. **Other Flood Deductible(s):**

XX

D. Named Storm:

1. XX% of Total Insurable Values at the time of the loss at each **covered location** involved in the loss or damage, subject to a minimum of \$XXX,XXX,XXX any one **occurrence** for all covered loss or damage arising out of **named storm** (other than as set forth in **D.2., D.3., D.4., D.5.** or **D.6.**).

2. XX% of Total Insurable Values at the time of the loss at each **covered location** involved in the loss or damage, subject to a minimum of \$XXX,XXX,XXX any one **occurrence** for all covered loss or damage arising out of **named storm** in the **Tier 1 High Hazard Wind Zone (Consisting of Texas to North Carolina, Hawaii, Puerto Rico and U.S. Virgin Islands).**

3. XX% of Total Insurable Values at the time of the loss at each **covered location** involved in the loss or damage, subject to a minimum of \$XXX,XXX,XXX any one **occurrence** for all covered loss or damage arising out of **named storm** in the **Tier 1 High Hazard Wind Zone (Consisting of Virginia to Maine).**

4. XX% of Total Insurable Values at the time of the loss at each **covered location** involved in the loss or damage, subject to a minimum of \$XXX,XXX,XXX any one **occurrence** for all covered loss or damage arising out of **named storm** in the **Tier 1 High Hazard Wind Zone (Florida).**

5. XX% of Total Insurable Values at the time of the loss at each covered location involved in the loss or damage, subject to a minimum of \$XXX,XXX,XXX any one **occurrence** for all covered loss or damage arising out of **named storm** in the **Tier 2 High Hazard Wind Zone.**

6. **Other Named Storm Deductible(s):**

XX

E. Equipment Breakdown:

1. **Property Damage and Time Element Combined Deductible:**

\$XXX,XXX,XXX applicable to all covered loss or damage from **equipment breakdown**; or

2. Property Damage and Time Element Separate Deductibles:

a. **Property Damage:** \$XXX,XXX,XXX applicable to all covered loss or damage other than time element loss to **covered equipment** from **equipment breakdown** and in addition, the following Time Element deductible:

b. **Time Element:**

- i. \$XXX,XXX,XXX applicable to all covered time element loss from **equipment breakdown**;
- ii. XX times the **average daily value** applicable to all covered time element loss from **equipment breakdown**; or
- iii. XXX hours following the **occurrence** applicable to all covered time element loss from **equipment breakdown**.

As used above, **average daily value** means your **business income** that would have been earned during the **period of indemnity**, divided by the number of operating days in that period.

3. Other Equipment Breakdown Deductible(s):

XX

F. Additional Deductible(s):

XX

In each case of loss or damage covered by this Policy, we shall not be liable unless you sustain covered loss or damage in a single **occurrence** greater than any applicable deductible described in this Policy and then only for the amount in excess of such deductible.

If an amount is not shown for any deductible, then that deductible shall not apply. Also, if an amount is not shown with respect to a part of a deductible, then such part shall not apply, but the rest of the deductible shall apply. When this Policy covers more than one **covered location**, the deductible shall apply against the total loss or damage covered by this Policy in any one **occurrence**, unless otherwise stated herein.

If two or more deductible amounts provided in this Policy apply to a single **occurrence**, the total to be deducted shall not exceed the largest applicable deductible unless otherwise stated in this Policy. However, if a separate Property Damage deductible and a separate Time Element deductible apply to loss or damage in a single **occurrence**, we shall apply both deductibles. For any coverage for which there is a waiting period or a time period before coverage commences, such period shall apply in addition to any applicable deductible(s) set forth in this Policy.

For avoidance of doubt, with respect to the largest applicable deductible, if covered loss or damage by **flood** occurs concurrently or in any sequence with a **named storm**, then we shall apply the **flood** deductible set forth in Item 10.C. or the **named storm** deductible set forth in Item 10.D., whichever is greater.

Special Terms and Conditions:

Producer: XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
Address: XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
XX

IN WITNESS WHEREOF, we have caused this Policy to be signed on the Declarations by our President, Secretary and our duly authorized representative.



President



Secretary

This Policy shall not be valid unless signed at the time of issuance by our authorized representative.

Authorized Representative

Countersignature (if applicable)

Date

Countersigned At

SPECIMEN



AMERICAN HOME ASSURANCE COMPANY
(A CAPITAL STOCK COMPANY)
Executive Offices: 175 Water Street, New York, New York 10038

COMMERCIAL PROPERTY POLICY

Various provisions in this Policy restrict coverage. Please 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 Item 1. on the Declarations. The words “we”, “us” and “our” refer to the Company providing this insurance. The word “Policy” includes the Declarations, the Special Terms and Conditions, endorsements and Schedules. The words “Additional Coverage(s)” (without further description) include all: Additional Coverages and Additional Time Element Coverages.

Other words and phrases that appear in boldface type have special meaning. Refer to: (1) the DEFINITIONS Section, (2) the SPECIFIED COVERED CAUSES OF LOSS Subsection of the INSURING AGREEMENT AND COVERED PROPERTY Section, and (3) elsewhere in this Policy. If such ordinarily boldfaced words and phrases are not bolded then such words and phrases shall include, but not be limited to, the specific meaning set forth in this Policy.

SECTION I – INSURING AGREEMENT AND COVERED PROPERTY

A. INSURING AGREEMENT

Subject to the terms and conditions of this Policy, we will pay for all risks of direct physical loss or damage by a **covered cause of loss** to **covered property** at a **covered location** (or within 1000 feet thereof) as described in the most recent Statement of Locations and Values on file with us.

B. SPECIFIED COVERED CAUSES OF LOSS

Subject to the terms and conditions of this Policy, **covered causes of loss** include the following specified **covered causes of loss**. With respect to **earth movement, flood and named storm**, coverage may be limited to specific areas, regions or zones.

1. Earth movement, which means any natural or manmade:

- a. Earthquake, including any earth sinking, rising or shifting related to such event;
- b. Landslide, including any earth sinking, rising or shifting related to such event;
- c. Mine subsidence, meaning subsidence of a manmade mine, whether or not mining activity has ceased;
- d. Earth sinking, rising or shifting, including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of real or personal property. Soil conditions include, but are not limited to, contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface;
- e. Shocks, tremors, mudslide, mud flow, rock falls, volcanic eruption, sinkhole collapse, or subsidence; or

- f. Tsunami arising out of any of the above.
- 2. **Flood**, which means, whether natural or manmade, flood waters, surface water, waves, tide or tidal water, overflow or rupture of a dam, levy, dike or other surface containment structure, storm surge, storm tide, the rising, overflowing or breaking of boundaries of natural or manmade bodies of water, or the spray from any of the foregoing, all whether driven by wind or not. A tsunami shall not be considered a **flood**.
- 3. **Named storm**, which means a storm that, at any time, has been declared by the United States National Weather Service to be a Hurricane, Typhoon, Tropical Cyclone, Tropical Storm, or Tropical Depression, including any status or designation change with respect to such storm.

If **earth movement**, **flood** or **named storm** is not covered, then any cause or event occurring concurrently or in any sequence with such peril(s) is also not covered, except for direct physical loss or damage to **covered property** caused by fire, sprinkler leakage or explosion following **earth movement**, **flood** or **named storm**, whichever is applicable.

Direct physical loss or damage to **covered property** caused by fire, sprinkler leakage or explosion shall not be considered loss or damage by **earth movement**, **flood** or **named storm**, whichever is applicable, within the terms and conditions of this Policy.

- 4. **Equipment Breakdown**, which means direct physical loss or damage to **covered equipment** that is the direct result of an **accident**.
- 5. **Terrorism**, which means the use or threatened use of force or violence against a person or property, or commission of an act dangerous to human life or property, or commission of an act that interferes with or disrupts an electronic or communication system, undertaken by any person or group, whether or not acting on behalf of or in any connection with any organization, government, power, authority or military force, when the effect is to intimidate, coerce or harm:
 - a. A government;
 - b. The civilian population of a country, state or community; or
 - c. Disrupt the economy of a country, state or community.

So long as the Terrorism Risk Insurance Act of 2002, and any revisions or amendments thereto (the "Act") is in effect, **terrorism** includes a certified act of terrorism defined by Section 102. Definitions of the Act.

If **terrorism** is covered under this Policy, then a corresponding premium will be shown in Item 5.B. of the Declarations. Whether or not **terrorism** is covered under this Policy, we do not cover loss or damage caused directly or indirectly by **biological and/or chemical terrorism** or **nuclear terrorism** whether controlled or uncontrolled, proximate or remote, sudden or over any length of time, or which is contributed to or aggravated by any other cause or event. Such **biological and/or chemical terrorism** or **nuclear terrorism** is excluded regardless of any other cause or event occurring concurrently or in any sequence with such **biological and/or chemical terrorism** or **nuclear terrorism**. **Biological and/or chemical terrorism** means the dispersal, discharge, or release of pathogenic, toxic, poisonous, or damaging biological or chemical agents or substances in an act(s) of **terrorism**. **Nuclear terrorism** means an act(s) of **terrorism** involving or resulting in nuclear reaction or nuclear radiation or radioactive contamination.

If **terrorism** is not covered then any cause or event occurring concurrently or in any sequence with such **terrorism** is also not covered, including, any action taken to prevent, defend against, respond to or retaliate against **terrorism** or suspected **terrorism**, except for direct physical loss or damage to **covered property** caused by fire following **terrorism**. With respect to this exception for fire following **terrorism**, no coverage is provided for: (1) fire following **biological or chemical terrorism** or **nuclear terrorism**, (2) any Additional Coverage, except debris removal under the DEBRIS REMOVAL Additional Coverage, or (3) any time element loss (including time element loss related to debris removal). Notwithstanding any other valuation provision of this Policy to the contrary, we shall only pay the actual cash value of the insured building or other **covered property** at the time and place of the loss caused directly by the ensuing fire.

C. COVERED PROPERTY

We insure the following real property and personal property, unless excluded, at or within 1000 feet of a **covered location** that you own, operate, control or for which you are under an obligation to insure for direct physical loss or damage, to the extent of your interest in such property.

1. Real Property:

Such property includes:

- a. Buildings or structures;
- b. New construction and additions under construction at a **covered location**;
- c. Improvements, betterments, alterations and repairs to buildings or structures;
- d. Materials, equipment and supplies for new construction, additions, buildings or structures;
- e. Temporary structures;
- f. Machinery, equipment, and fixtures that are permanently attached to a building;
- g. Above and below ground pipes, tanks, flues and drains; and
- h. Contractors' interests in Subsections a. through g. above, inclusive, to the extent that you have agreed in writing prior to loss to insure such interests.

2. Personal Property:

Such property includes:

- a. Machinery and equipment;
- b. Merchandise, stock, supplies, **raw materials** and **finished goods**;
- c. Furniture and fixtures;
- d. Electronic equipment;
- e. **Processing water**;
- f. Molds and dies;

- g. Improvements and betterments in which you have an insurable interest;
- h. Personal property, other than motor vehicles, of your directors, officers and employees at a **covered location**; and
- i. Personal property of others in your care, custody and control at a **covered location** and for which you are legally liable.

SECTION II – ADDITIONAL COVERAGES

Subject to the terms and conditions of this Policy, the following Additional Coverages in this Section and any Additional Coverage(s) added to this Section by endorsement or through the Special Terms and Conditions include coverage for **business income** loss and **extra expense** (unless otherwise stated). All loss or damage, including **business income** loss and **extra expense**, for which coverage is provided under the Additional Coverages is subject to the sublimits of liability as shown in Item **7.B.** of the Declarations, sublimits of liability shown elsewhere in this Policy and the **Policy Limit**. All **extra expense** is further limited to the Extra Expense sublimit of liability as shown in Item **7.C.** of the Declarations.

In addition, the maximum amount that we will pay per **occurrence** for all loss or damage with respect to:

1. Miscellaneous property as set forth in the MISCELLANEOUS PROPERTY Additional Coverage,
2. Newly acquired property as set forth in the NEWLY ACQUIRED PROPERTY Additional Coverage, or
3. Locations for which coverage is provided under the ERRORS OR OMISSIONS Additional Coverage,

is the corresponding Miscellaneous Property sublimit of liability, Newly Acquired Property sublimit of liability or Errors or Omissions sublimit of liability, all as shown in Item **7.B.** of the Declarations for each such Additional Coverage regardless of any other applicable coverages, Additional Coverages or Additional Time Element Coverages.

1. ACCOUNTS RECEIVABLE

We will pay your shortage in the collection of accounts receivable resulting from: (i) direct physical loss or damage by a **covered cause of loss** to your accounts receivable records or (ii) **corruption, erasure or alteration** by a **cyber peril**, not otherwise excluded, to your accounts receivable records stored as **electronic data**.

In addition, we will pay for:

- a. Any collection expenses over and above the normal collection costs; and
- b. Interest charges on any loan to offset impaired collections pending payment of such sums that cannot be collected.

In the event it is not possible to reconstruct your accounts receivable records after they have been physically lost or damaged, or corrupted, erased or altered and a shortage in the collection of accounts receivable is sustained, in calculating the amount due under this Additional Coverage, we shall consider the experience of the business in the collection of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurred and take into consideration any fluctuations during this same period.

You shall reimburse us for all amounts you recover on accounts receivable paid by us under this Additional Coverage, provided that such amounts were outstanding at the time of such loss or damage. Any amount in excess of the amount of loss paid by us under this Additional Coverage shall belong to you.

Unearned interest and service charges on deferred payment accounts and normal credit losses on bad debts shall be deducted in determining the recovery hereunder.

This ACCOUNTS RECEIVABLE Additional Coverage does not apply to loss due to:

- a. Bookkeeping, accounting or billing errors or omissions; or
- b. Alteration, corruption, erasure, falsification, manipulation, concealment, destruction, or disposal of accounts receivable records committed to conceal the wrongful giving, taking, obtaining or withholding of **money**, or other property, but only to the extent of such wrongful giving, taking, obtaining or withholding.

2. ARSON OR THEFT REWARD

We cover reasonable payment of any reward offered by you or on your behalf for information that leads to conviction of the perpetrator(s) of arson or theft to **covered property**.

Regardless of the number of informants, the amount of information obtained or the usefulness of such information, our maximum liability for any one **occurrence** of arson and/or theft is the Arson or Theft Reward sublimit of liability as shown in Item **7.B.** of the Declarations.

3. BRANDS AND LABELS

If branded or labelled merchandise covered by this Policy is physically damaged by a **covered cause of loss** and we elect to take all or any part of such merchandise at the value established by the terms of this Policy, we will pay reasonable costs incurred by you to:

- a. Stamp "SALVAGE" on the merchandise or its containers or remove or obliterate the brands or labels, if such stamp, removal or obliteration will not physically damage the merchandise; and
- b. Re-label the merchandise or containers in compliance with the requirements of applicable law.

4. CYBER COVERAGES

a. Electronic Data

i. Standard Perils:

We will pay for: (1) **corruption, erasure or alteration** of your **electronic data** by: a **covered cause of loss** or lack of electricity or refrigeration by a **covered cause of loss**, and (2) the actual **business income** loss sustained by you arising out of such covered loss during the **cyber period of indemnity**. Such **electronic data** is covered anywhere in the world, including while in transit.

ii. Cyber Perils:

We will pay for: (1) **corruption, erasure or alteration** of your **electronic data** arising out of a **cyber peril**, and (2) the actual **business income** loss sustained by you arising out of

such covered loss during the **cyber period of indemnity**. Such **electronic data** is covered anywhere in the world, including while in transit.

We will not pay for any loss under this Cyber Perils Additional Coverage for which coverage is provided under the Electronic Equipment Additional Coverage or would be provided under the Electronic Equipment Additional Coverage but for the exhaustion of the Electronic Equipment sublimit of liability shown in Item **7.B.** of the Declarations.

b. Electronic Equipment

We will pay for: (1) your covered electronic equipment, including electronic devices, electronic components or electronic storage media that is rendered useless for its intended purpose due to the introduction of **malicious code** which reprograms the software, including the firmware of such equipment, and (2) the actual **business income** loss sustained by you arising out of such covered loss during the **cyber period of indemnity**. Such equipment is covered in the **coverage territory**, including while in transit.

c. Denial of Service Attack

We will pay the actual **business income** loss sustained by you during the **cyber period of indemnity** arising out of a **denial of service attack** that prevents access to or use of **your computer system**.

d. Cyber Peril Service Interruption

We will pay for physical loss or damage to **covered property** and the actual **business income** loss sustained by you arising from an interruption in: (1) incoming electricity, gas, fuel, steam, water, or refrigeration, (2) your **cloud computing service** or your **data, voice or video service**, or (3) outgoing sewerage, if such interruption is caused by:

- i. **Corruption, erasure or alteration** of your service provider's **electronic data** on **your service provider's computer system** by a **cyber peril**, or
- ii. **Denial of service attack** that prevents access to or use of **your service provider's computer system**.

There shall be no **business income** loss payable under this Cyber Peril Service Interruption Additional Coverage until the interruption exceeds the Cyber Peril Service Interruption Qualifying Period shown in Item **7.B.** of the Declarations and then the **business income** loss shall be measured from the date and time of the loss. However, such Qualifying Period does not apply if there is physical loss or damage to **covered property** caused by the interruption. This Additional Coverage ends on the date and time when: (1) incoming electricity, gas, fuel, steam, water, or refrigeration, (2) **cloud computing service** or **data, voice or video service**, or (3) outgoing sewerage, is restored, plus the lesser of the following:

- i. The actual length of time required to restore your business to the condition that would have existed had no loss occurred; or
- ii. The length of time set forth as the Cyber Peril Service Interruption Extended Period of Indemnity shown in Item **7.B.** of the Declarations,

subject to the Cyber Peril Service Interruption sublimit of liability shown in Item **7.B.** of the Declarations.

This period of time shall not be cut short by the end of the policy period.

Notwithstanding the foregoing, we will not pay for any interruption intentionally caused by you or any service provider.

No **extra expense** is provided under this Cyber Peril Service Interruption Additional Coverage.

In the event that loss or damage is covered under this Additional Coverage and another Additional Coverage, then we shall apply the Additional Coverage that has the higher sublimit only.

e. Data Preservation Expenses

If coverage is provided under Subsections 4.a. through 4.c. above, inclusive, we will also pay the reasonable and necessary costs, over and above normal operating costs, incurred by you for your actions during or after a covered:

- i. **Denial of service attack** that prevents access to or use of **your computer system**, to temporarily protect against or minimize the effect of such **denial of service attack**; or
- ii. Loss involving **corruption, erasure or alteration** of your **electronic data on your computer system**, to prevent further **corruption, erasure or alteration** of your **electronic data on your computer system** from such loss.

Such reasonable and necessary costs are limited to the following, and such costs shall not be considered an **extra expense** under any other Additional Coverage:

- (a) Safeguarding your **electronic data** by moving such data to another location;
- (b) Temporarily obtaining additional bandwidth and/or equipment to support such bandwidth;
- (c) Conducting an investigation (including a forensic investigation) to determine the cause and scope of the **denial of service attack** or the **corruption, erasure or alteration** of your **electronic data**;
- (d) Hiring an expert to consult with you on: (i) the protection of your **electronic data** and (ii) the eradication of **malicious code** from **your computer system**; and
- (e) Paying employee overtime wages or contractor's costs to protect or preserve your **electronic data**.

f. Additional Exclusions

The following additional exclusions apply to all Additional Coverages set forth in the CYBER COVERAGES Additional Coverage:

- i. We will not pay any loss, damage, cost or expense arising out of a breach in confidentiality or privacy of, or release of, any **electronic data** for any reason.
- ii. We do not cover theft of any **electronic data** unless there has been **corruption, erasure or alteration** of your **electronic data** and then we shall only pay the covered loss that is related to the **corruption, erasure or alteration** of your **electronic data**.
- iii. We will not pay any extortion payments or public relations expenses.

- iv. We will not pay any loss, damage, cost or expense arising out of a **cyber peril** or **denial of service attack**, otherwise excluded under this Policy.

The maximum amount that we will pay for all loss or damage (including **corruption, erasure or alteration**) under any single Additional Coverage under this CYBER COVERAGES Additional Coverage is the corresponding sublimit of liability for such single Additional Coverage as shown in Item **7.B.** of the Declarations, regardless of any other applicable coverages, Additional Coverages or Additional Time Element Coverages.

For the purposes of the CYBER COVERAGES Additional Coverage, Subsection **4.a.i, 4.a.ii, 4.b., 4.c., 4.d.** and **4.e.** shall each be treated as a separate Additional Coverage.

5. DEBRIS REMOVAL

If **covered property** at a **covered location** sustains direct physical loss or damage by a **covered cause of loss**, we will pay the reasonable and necessary expenses to remove debris of:

- a. **Covered property** remaining from the **covered location** and the area immediately adjacent to such **covered location**; and
- b. Uninsured property from the **covered location**.

We shall not be liable for the expense of removing contaminated or polluted uninsured property, nor the **pollutant or contaminant** therein or thereon, whether or not the pollution or contamination results from a **covered cause of loss**.

6. DEFERRED PAYMENTS

We will pay for your interest in personal property that sustains direct physical loss or damage caused by a **covered cause of loss** that is sold by you under a conditional sale, trust agreement or installment or deferred payment plan, but only to the extent you are unable to collect the unpaid balance of such interest.

This DEFERRED PAYMENTS Additional Coverage applies only to loss or damage occurring after the personal property is sold but prior to the earlier of the time your financial interest in such personal property has ceased or the termination or expiration of this Policy.

We shall only pay the least of the following:

- a. The total amount of unpaid installments due to you with respect to such personal property;
- b. The extent of your financial interest in such personal property;
- c. The actual cash value of such personal property at the time such direct physical loss or damage occurs; or
- d. The cost to repair or replace such personal property with materials of like kind and quality.

This DEFERRED PAYMENTS Additional Coverage does not apply to: (1) default by the buyer of such agreement or plan, or (2) the peril of theft or conversion by the buyer.

7. DEMOLITION AND INCREASED COST OF CONSTRUCTION

In the event of direct physical loss or damage by a **covered cause of loss** to a building at a **covered location** that results in the enforcement of any law, ordinance, governmental directive

or standard (hereinafter, **law or ordinance**) in effect at the time of loss or damage, regulating the construction, repair or use and occupancy of the property, we will pay:

- a. Demolition Coverage A: In accordance with the VALUATION Section, the cost to replace the undamaged portion of the damaged building as a consequence of enforcement of a **law or ordinance** that requires demolition of the undamaged portion of the same building;
- b. Demolition Coverage B: For the cost to demolish and clear the site of the undamaged portion of the damaged building, as a consequence of enforcement of a **law or ordinance** that requires demolition of undamaged portion of the same building; and
- c. Demolition Coverage C: For the increased cost of repair or replacement of the damaged building and undamaged portion of the same building, limited to the cost that would have been incurred in order to comply with the minimum requirements of such **law or ordinance** regulating the repair or replacement of the damaged building. However, we shall not be liable for any such increased cost unless the damaged building is actually repaired or replaced.

We shall not be liable for any cost set forth above:

- a. Necessitated by the enforcement of any **law or ordinance** regulating any form of **pollutant or contaminant**; or
- b. Incurred due to any **law or ordinance** with which you were legally obligated to comply prior to the time of the direct physical loss or damage.

8. ERRORS OR OMISSIONS

We will pay for direct physical loss or damage by a **covered cause of loss** at locations within the **coverage territory** that are owned, leased or operated by you, if such loss or damage is not payable under this Policy solely due to:

- a. Any inadvertent error or unintentional omission in the description of the address of the property whether made at the inception of the policy period or subsequent thereto; or
- b. Failure through any inadvertent error or unintentional omission to:
 - i. Include in the Statement of Locations and Values any location that you intended to cover at the inception of this Policy; or
 - ii. Report any newly acquired property before the automatic coverage period ceases under the NEWLY ACQUIRED PROPERTY Additional Coverage.

We shall only pay for such direct physical loss or damage to the extent we would have paid had such error or omission not been made.

It is a condition of this ERRORS OR OMISSIONS Additional Coverage that any error or omission be reported to us when discovered and that you shall pay any additional premium due.

No coverage is provided at any location for new buildings, additions or alterations in the course of construction if you have failed to report such location due to an error or omission (other than inadvertent error or unintentional omission in the description of the address of the property).

This ERRORS OR OMISSIONS Additional Coverage does not apply to loss or damage which is covered under the MISCELLANEOUS PROPERTY Additional Coverage or NEWLY ACQUIRED PROPERTY Additional Coverage.

9. EXPEDITING EXPENSES

We will pay reasonable and necessary expediting expenses to:

- a. Make temporary repairs to **covered property**; or
- b. Expedite the permanent repair or replacement of **covered property**;

that has sustained direct physical loss or damage by a **covered cause of loss**.

10. FINE ARTS

We will pay for direct physical loss or damage by a **covered cause of loss** to your **fine arts** at a **covered location**, a fair or exhibition or while in transit. However, we will not pay for loss or damage as a result of restoring, repairing or retouching processes.

11. FIRE BRIGADE CHARGES

We will pay the following expenses resulting from a **covered cause of loss** to **covered property**:

- a. Fire brigade charges and extinguishing expenses which you incur; and
- b. Loss and disposal of fire extinguishing materials expended.

12. FUNGUS, MOLD OR SPORE

We will pay for direct physical loss or damage to **covered property** caused by or resulting from **fungus, mold or spore**, when such **fungus, mold or spore** is the direct result of direct physical loss or damage by a **covered cause of loss**. This coverage includes reasonable and necessary costs or expenses to clean up, remove, contain, treat, detoxify or neutralize **fungus, mold or spore** from **covered property** resulting from such loss or damage.

13. INSTALLATION COVERAGE

We will pay for direct physical loss or damage by a **covered cause of loss** to your materials, equipment, machinery and supplies that you designate for use in construction or installation projects at locations other than **covered locations**.

Coverage begins at the time when the materials, equipment, machinery or supplies arrive at the site of installation and ends on the earliest of the following times:

- a. When your interest in such property ceases;
- b. When such property has been substantially accepted by the owner or purchaser; or
- c. When this Policy is cancelled or expires.

14. LAND AND WATER CLEAN-UP

We will pay reasonable and necessary expenses incurred by you to remove, dispose of, or clean-up the actual presence of **pollutants or contaminants** from land or water at a **covered location** when such land or water is contaminated or polluted due to a **covered cause of loss** at that **covered location**. This LAND AND WATER CLEAN-UP Additional Coverage does not apply unless such expenses are reported to us within 180 days after the date of such **covered cause of loss**.

15. LOCKS AND KEYS

We will pay reasonable and necessary expenses incurred by you for replacing or reprogramming your locks and keys resulting from direct physical loss or damage to such locks and keys by a **covered cause of loss**.

Coverage includes the reasonable and necessary cost to replace, adjust or reprogram undamaged locks to accept new keys or entry codes.

16. MACHINERY OR EQUIPMENT STARTUP OPTION

If your covered machinery or equipment has sustained direct physical loss or damage by a **covered cause of loss** and if such machinery or equipment sustains direct physical loss or damage as a result of a **startup**, then you shall have the option to:

- a. Treat all such loss or damage to your machinery and equipment as a single **occurrence**; or
- b. Treat the subsequent loss or damage to your machinery and equipment as a separate **occurrence**.

This MACHINERY OR EQUIPMENT STARTUP OPTION Additional Coverage only applies if the **startup** occurs during this policy period or the policy period of the subsequent renewal Policy issued by us to you. The additional direct physical loss or damage to your machinery and equipment as a result of such **startup** shall be subject to the Machinery or Equipment Startup Option sublimit of liability as shown in Item **7.B.** of the Declarations.

As used herein, **startup** means:

- a. The introduction of feedstock or other materials into your machinery or equipment; or
- b. The commencement of fuel or energy supply to your machinery or equipment.

17. MISCELLANEOUS PROPERTY

We will pay for direct physical loss or damage to property of the type insured by a **covered cause of loss** to the extent of your insurable interest:

- a. At or which is a **miscellaneous unnamed location**;
- b. Consisting of construction materials that are intended to be used in your construction project at a **covered location**:
 - i. From the time such construction materials are delivered to you or your contractor; and
 - ii. While such construction materials are:
 - (a) Located at an **off premises storage site**; or
 - (b) In transit from an **off premises storage site** to another **off premises storage site** or to your construction project at a **covered location**.

As used herein, **off premises storage site** means a storage site away from a **covered location**.

- c. Consisting of personal property:
 - i. owned by you; or

ii. in your care, custody and control, but only to the extent of your legal liability,

while such personal property is temporarily at a location you do not own, rent, lease or operate.

No coverage is provided for new buildings, additions or alterations in the course of construction under this MISCELLANEOUS PROPERTY Additional Coverage.

This MISCELLANEOUS PROPERTY Additional Coverage does not apply to loss or damage which is covered under the ERRORS OR OMISSIONS Additional Coverage or NEWLY ACQUIRED PROPERTY Additional Coverage.

18. MONEY

We will pay for direct physical loss or damage to **money** by a **covered cause of loss** at a **covered location**, except theft of any kind or description by any means or method including, but not limited to, theft by electronic means, burglary, robbery, larceny, conversion, extortion or voluntary parting of property for any reason.

19. NEWLY ACQUIRED PROPERTY

We will pay for direct physical loss or damage by a **covered cause of loss** to real or personal property of the type insured under this Policy that you rent, lease, purchase or acquire after the inception date of this Policy to the extent of your interest in such property. This NEWLY ACQUIRED PROPERTY Additional Coverage ceases at the earliest of the following:

- a. 120 days after the effective date of the rental, lease, purchase or acquisition of such property;
- b. When the newly acquired property is bound by us;
- c. When we notify you that we will not bind the newly acquired property; or
- d. When this Policy is cancelled or expires.

This NEWLY ACQUIRED PROPERTY Additional Coverage does not apply to loss or damage which is covered under the ERRORS OR OMISSIONS Additional Coverage or MISCELLANEOUS PROPERTY Additional Coverage.

20. OUTDOOR PROPERTY

We will pay for direct physical loss or damage to **outdoor property** at a **covered location**, but only for loss or damage caused directly by a **defined peril** (other than **windstorm or hail**), not otherwise excluded.

21. PAIRS OR SETS

If two or more components or parts that comprise **covered property** are necessary for a whole or complete object, then we will pay for the reduction in value of insured components or parts of such object due to direct physical loss or damage by a **covered cause of loss** to the other insured components or parts of such object.

22. PRESERVATION OF PROPERTY

We will pay for:

- a. Reasonable and necessary costs, over and above normal operating costs, incurred by you for actions to temporarily protect or preserve **covered property**, and
- b. Direct physical loss or damage by a **covered cause of loss** to **covered property** removed from a **covered location**,

provided that such actions or removal is necessary due to imminent direct physical loss or damage to **covered property** by a **covered cause of loss**. The Preservation of Property sublimit of liability as shown in Item **7.B.** of the Declarations does not apply to Subsection **b.** above.

This PRESERVATION OF PROPERTY Additional Coverage does not apply to **covered property** while in transit.

23. PROFESSIONAL FEES

We will pay reasonable and necessary expenses incurred by you for:

- a. Your accountants, architects, auditors, engineers, or other professionals,
- b. Your own employees, or
- c. Your insurance agent's or broker's subsidiaries, related or associated entities,

to prepare and certify particulars or details of your claim required by us resulting from a covered loss under this Policy for which we have accepted liability.

We will not pay for expenses incurred by you to utilize the services of property managers, attorneys, public adjusters, or any of their subsidiaries, related or associated entities or insurance agents or brokers. We will not pay any fees or costs for consultation on coverage or negotiation of claims.

24. RAILROAD ROLLING STOCK

We will pay for direct physical loss or damage by a **covered cause of loss** for your insurable interest in **railroad rolling stock**, but only while located at a **covered location**.

25. SERVICE INTERRUPTION

We will pay for physical loss or damage to **covered property** arising from an interruption in: (1) incoming electricity, gas, fuel, steam, water or refrigeration, (2) your **cloud computing service** or your **data, voice or video service**, or (3) outgoing sewerage, caused by direct physical loss or damage by a **covered cause of loss** to a service provider's property of the type insured under this Policy or to a transmission, distribution or communication line or a satellite, situated outside of the **covered location**.

If such service provider's property of the type insured and/or transmission, distribution or communication lines that sustain loss or damage by a **covered cause of loss** are located at the **covered location**, then, notwithstanding Subsection **1.e.** as set forth in the PERILS EXCLUDED Section, we will pay for physical loss or damage to **covered property** and such loss or damage is not subject to the Service Interruption sublimit of liability shown in Item **7.B.** of the Declarations.

No coverage for **business income** loss or **extra expense** is provided under this SERVICE INTERRUPTION Additional Coverage. However, **business income** loss and **extra expense** for Service Interruption may be provided under the SERVICE INTERRUPTION Additional Time Element Coverage.

We shall not pay any loss under this SERVICE INTERRUPTION Additional Coverage for any interruption intentionally caused by you or any service provider.

26. SPOILAGE

We will pay for physical loss or damage due to spoilage of your **perishable goods**, including while such goods are in transit, by a **covered cause of loss**. Such physical loss or damage includes spoilage of your **perishable goods** due to contamination from the release of refrigerant including, but not limited to, ammonia.

27. TRANSIT

We will pay for direct physical loss or damage to **covered property** by a **covered cause of loss** while such property is in transit, including the following:

- a. Personal property shipped to customers on F.O.B., C & F, or similar terms. Your contingent interest in such shipments is admitted.
- b. Your interest in, and legal liability for, personal property of others in your actual or constructive custody.
- c. Personal property of others that you have sold for which you have agreed, prior to loss, to insure during the course of delivery.
- d. Reasonable and necessary costs incurred by you following such loss or damage for:
 - i. The transfer of **covered property** to another road vehicle and the delivery to the original destination or return to the original point of shipment, necessitated by fire, collision or overturning of any road vehicle operated by you;
 - ii. The reloading of **covered property** onto a road vehicle operated by you for **covered property** which has fallen from a road vehicle operated by you; and
 - iii. The removal of debris of **covered property** and site clearance of **covered property**, other than the removal of **pollutants or contaminants**.
- e. Preservation of **covered property** necessarily and reasonably incurred to minimize such loss or damage.
- f. General average and salvage charges on shipments for which coverage is provided under this TRANSIT Additional Coverage.

Subject to the terms and conditions of this Policy, this TRANSIT Additional Coverage attaches from the time the property leaves the original point of shipment for the commencement of transit and covers thereafter continuously in the due course of transit in the **coverage territory** and Canada until delivered at the destination, provided that, the original point of shipment and the point of destination are within the **coverage territory**.

Permission is granted to you, without prejudice to this insurance, to accept the ordinary bills of lading used by carriers, including released and/or undervalued bills of lading and/or shipping or messenger receipts. You may waive subrogation against railroads under sidetrack agreements, but you shall not enter into any special agreement with carriers releasing them from their common law or statutory liability.

In addition to the property that is not covered under the PROPERTY NOT COVERED Section, the following property is not covered under this TRANSIT Additional Coverage:

- a. Property insured under ocean marine policies. Coverage on export shipments, not insured under ocean marine policies, does not extend beyond the time when the property is loaded on board an overseas vessel or aircraft. Coverage on import shipments, not insured under ocean marine policies, does not attach until after discharge from an overseas vessel or aircraft;
- b. Waterborne shipments unless by: (i) inland waters; (ii) roll-on/roll-off ferries operating between ports; or (iii) coastal shipments;
- c. Shipments made by air unless via regularly scheduled passenger airlines or air freight carriers;
- d. Property shipped by mail;
- e. Property of others, including your legal liability therefor, hauled on vehicles owned, leased, or operated by you when acting as a common or contract carrier as defined by the Interstate Commerce Commission Regulations or other state regulatory agencies; or
- f. Any transporting vehicle or conveyance.

These additional exclusions for transit also apply to any Additional Coverage providing coverage for transit.

If another Additional Coverage, other than this TRANSIT Additional Coverage, provides coverage for a specific type of **covered property** or **electronic data** while such property is in transit, then loss or damage for such property shall be subject to the sublimit of liability applicable to such Additional Coverage and no coverage for such property shall be provided under this TRANSIT Additional Coverage.

28. UPGRADE TO GREEN®

In the event of direct physical loss or damage to **covered property** by a **covered cause of loss**, we will pay for reasonable additional costs you incur to:

- a. Repair or replace damaged **covered property** with that of like kind and quality which qualifies as **green**;
- b. Clean-up, sort, segregate, and transport debris of damaged **covered property** to recycling facilities, if such debris can be recycled. The amount we will pay is in addition to the DEBRIS REMOVAL Additional Coverage provided by this Policy;
- c. Replace the physically damaged portion of your roof with a vegetative roof;
- d. Flush out the air in the damaged area of the building that has been upgraded to **green** with 100% outside air and provide replacement filtration media for the building's ventilation system that controls the upgraded area;
- e. Hire an architect and/or engineer accredited by a **green authority** to participate in the design and/or construction administration of the damaged portion of the building; and
- f. Register, re-register and/or apply for certification or recertification of a building in accordance with requirements of the **green authority**.

The following additional exclusions apply to this UPGRADE TO GREEN Additional Coverage. We will not pay to upgrade to **green**:

- a. Stock, **raw materials, finished goods**, merchandise, production machinery and equipment, **outdoor property**, electronic equipment not used in the functional support of the real property, **processing water**, molds and dies, personal property of others, or personal property of directors, officers and employees;
- b. Any property which is valued at other than repair or replacement cost basis; or
- c. Any cost incurred due to any **law or ordinance** with which you were legally obligated to comply prior to the time of the direct physical loss or damage.

Green means products, materials, methods and processes certified by a **green authority** that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize environmental impact.

Green authority means an authority on **green** buildings, products, materials, methods or processes that is certified and accepted by Leadership in Energy and Environmental Design (LEED®), Green Building Initiative Green Globes®, Energy Star Rating System, BREEAM or any other recognized **green** rating system.

29. VALUABLE PAPERS AND RECORDS

We will pay for direct physical loss or damage to **valuable papers and records** by a **covered cause of loss**, including while in transit.

SECTION III – VALUATION

Subject to the terms and conditions of this Policy, the property described below will be valued as follows, unless otherwise provided in this Policy:

A. Buildings:

- 1. We shall pay the lesser of:
 - a. The cost to repair or replace (whichever is less) the building at the time and place of the loss with materials of like kind and quality, without deduction for depreciation and/or obsolescence, or
 - b. The actual cost incurred to repair or replace the building.
- 2. If the building is not repaired or replaced within 2 years after the date of loss, then we shall pay the actual cash value of such building at the time and place of the loss.
- 3. You may elect to rebuild at another site. However, if you rebuild at another site, then our liability shall not be more than what we would have paid to repair or replace at the original site.

B. For Property Other Than Buildings: Except with respect to the property set forth in Subsections **B.1.** through **B.12.** below, adjustment of loss or damage shall be valued at the cost to repair or replace (whichever is less) at the time and place of the loss with materials of like kind and quality, without deduction for depreciation and/or obsolescence unless not repaired or replaced, then at actual cash value:

- 1. Stock in process will be valued at the cost of **raw materials** and labor expended plus the proper proportion of overhead charges.

2. **Finished goods** will be valued at the regular **selling price** at the location where the loss occurred or where the **finished goods** would ordinarily have been sold, whichever is greater.
3. **Raw materials**, supplies and other merchandise not manufactured by you will be valued at the replacement cost.
4. **Valuable papers and records** will be valued at the cost to replace or restore the property with like kind and quality including the cost to research, gather and assemble information. If such papers or records are not or cannot be replaced or restored, we will only pay the value of the blank papers or blank records.
5. **Electronic data** will be valued at the cost to restore the **electronic data** from duplicates to the condition that existed prior to the time of the loss.

If duplicate **electronic data** is not available, then the **electronic data** will be valued at the cost to research, gather and assemble the **electronic data** to the condition that existed prior to the time of the loss.

6. Jigs and fixtures, dies, small tools and patterns will be valued at replacement cost, if replacement cost values have been reported to us and if actually replaced; otherwise, such items will be valued at the replacement cost minus the proper deduction for depreciation and/or obsolescence, but not to exceed the cost to repair or replace the property with materials of like kind and quality.
7. Leasehold improvements and betterments will be valued as follows:
 - a. If repaired or replaced at your expense within 2 years after the date of the loss, the cost to repair or replace the damaged improvements and betterments with materials of like kind and quality;
 - b. If not repaired or replaced within 2 years after the date of the loss, a proportion of your original cost determined by:
 - i. Multiplying the original cost by the number of days from the date of loss to the expiration of the lease; and
 - ii. Dividing the amount determined in i. 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; or

- c. If others pay for repairs or replacement, then no amount shall be payable.
8. **Fine arts** will be valued at the least of the following:
 - a. The reasonable and necessary cost to repair or replace the **fine art**;
 - b. The appraised value had no loss or damage occurred which will be determined at the time of the loss; or
 - c. The agreed value, if any, on file with us.
9. Accounts receivable will be valued in accordance with the ACCOUNTS RECEIVABLE Additional Coverage.

10. Property in Transit will be valued as follows:

- a. Property shipped to you or for your account will be valued at the actual invoice to you, plus such costs and charges (including your commission as selling agent) as may have accrued and become legally due on such property;
- b. Property which has been sold by you and has been shipped to the purchaser or for the account of the purchaser (if covered hereunder) will be valued at the amount of your selling invoice, including prepaid or advanced freight;
- c. Property of others not under invoice will be valued at the actual market value at the point of destination on the date of the loss, less any charges saved which would have become due and payable upon delivery at the destination; or
- d. Your property not under invoice will be valued in accordance with this VALUATION Section applying at the location from which such property is being transported, less any charges saved which would have become due and payable upon delivery at such destination.

11. Railroad rolling stock will be valued at the lesser of the following:

- a. The actual cash value of the **railroad rolling stock** at the time and place of the loss; or
- b. The cost of repairing or replacing the **railroad rolling stock** at the time and place of the loss with other property of like kind and quality.

12. Contractor's equipment will be valued at actual cash value, unless an agreed value is on file with us.

- C. In the alternative, you may elect not to repair or replace: (1) the building, (2) furniture and fixtures, (3) machinery, equipment, and fixtures that are permanently attached to the building, (4) electronic equipment and/or (5) leasehold improvements and betterments. In such case, we will pay the loss proceeds based upon the cost to repair or replace (whichever is less) such property at the time and place of the loss with materials of like kind and quality, without deduction for depreciation and/or obsolescence, provided that such proceeds have been expended on other capital expenditures related to your business operations within 2 years after the date of loss. We will not pay any loss proceeds for increased cost of repair or replacement of any property in order to comply with any **law or ordinance**.

If the above alternative is not elected by you or not payable under the terms set forth in the above paragraph, then the valuation provisions in Subsection **A.** or **B.** above, whichever is applicable, shall apply to such property.

With respect to this VALUATION Section, unless otherwise specifically stated, we will compute the valuations at the time and place of the loss.

SECTION IV – PROPERTY NOT COVERED

Except as otherwise provided under the Additional Coverages or Additional Time Element Coverages (and in such event, only to the extent provided therein), we do not insure the following property:

- 1. **Money or fine arts;**

2. Land, land values, any substance in or on land, or any alteration to the natural condition of the land; however, we do insure the following:
 - a. Any manmade: dams, dikes, levees, aqueducts and other surface containments, if values for such structures are reported to us and accepted by us; and
 - b. Fill beneath any buildings or structures;
3. Water, except water that is contained within any enclosed tank, piping system, or **processing water**;
4. **Outdoor property**;
5. Standing timber, growing crops or animals;
6. Vehicles licensed for highway use, **railroad rolling stock**, and locomotives;
7. Property sold by you under conditional sale, trust agreement, installment plan or other deferred payment plan;
8. Property in transit;
9. Underground mines, caverns, or mining shafts, and any property contained therein;
10. Offshore property, including offshore rigs, platforms or similar structures, and property contained therein or thereon;
11. Watercraft, aircraft including drones, satellites, and spacecraft, except:
 - a. When unfueled and manufactured by you; or
 - b. When drones are located at a **covered location** and used as part of your business operations;
12. Bridges and tunnels intended for use by motor vehicles;
13. Bulkheads, pilings, docks, piers and wharves;
14. Transmission, distribution and communication lines of any type or description; except when located at the **covered location** or within 1000 feet thereof;
15. Personal property in your care, custody, and control while you are acting as a bailee, a warehouseman, or a carrier for hire; and
16. **Electronic data.**

SECTION V – PERILS EXCLUDED

1. Except as otherwise provided under the Additional Coverages or Additional Time Element Coverages (and in such event, only to the extent provided therein), we do not insure loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss or damage. The following exclusions apply whether or not the loss event results in widespread damage or affects a substantial area:
 - a. Nuclear reaction or nuclear radiation or radioactive contamination from any cause, all whether direct or indirect, controlled or uncontrolled, proximate or remote, or contributed to or aggravated by a **covered cause of loss**. However:
 - i. If fire or sprinkler leakage not otherwise excluded ensues, we shall be liable for direct physical loss or damage by such ensuing fire or sprinkler leakage, but not including any loss or damage due to nuclear reaction, nuclear radiation, or radioactive contamination; and
 - ii. If there is direct physical loss or damage, not otherwise excluded, to **covered property** caused by sudden and accidental radioactive contamination from material used or stored or from processes conducted at the **covered location** and there is neither a nuclear reactor nor any new or used nuclear fuel at such **covered location**, then we will pay for:
 - (a) Such damage to the **covered property** at the **covered location**, including resultant radiation damage to such **covered property**, and
 - (b) The costs to clean-up radioactive contamination from **covered property** at the **covered location**,
but not including any costs to test or monitor for any radioactive contamination.
 - b.
 - i. War, hostile or warlike action in time of peace or war, whether or not declared, including action in hindering, combating, or defending against an actual, impending, or expected attack:
 - (a) By any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval, or air forces; or
 - (b) By military, naval, or air forces; or
 - (c) By an agent of any such government, power, authority, or force;
 - ii. Any weapon employing atomic fission, fusion or radioactive force, or any weapon that disperses radioactive material or a directed-energy or electromagnetic weapon, whether in time of peace or war, whether or not its discharge was accidental; or
 - iii. Insurrection, rebellion, revolution, civil war, usurped power, seizure or destruction or any action taken by governmental authority in hindering, combating, or defending against such event;
Including any consequence of Subsection i., ii., or iii. above of this exclusion.
 - c. Asbestos removal, except asbestos that is part of **covered property** that incurs direct physical loss or damage caused by a **covered cause of loss** at the **covered location**.

- d. The actual, alleged or threatened release, discharge, escape or dispersal of **pollutants or contaminants**, all whether direct or indirect, proximate or remote or in whole or in part caused by, contributed to or aggravated by any **covered cause of loss** under this Policy.

However, this exclusion shall not apply to direct physical loss or damage to **covered property** from **pollutants or contaminants** caused by a **covered cause of loss** at the **covered location**, including the cost to clean-up **pollutants or contaminants** from **covered property** at the **covered location** resulting from such loss or damage. No coverage is provided for testing or monitoring for **pollutants or contaminants**. For the purpose of the exception to this exclusion only, **pollutants or contaminants** do not include radioactive contaminants.

- e. Lack of:
 - i. Incoming electricity, fuel, water, gas, steam or refrigeration,
 - ii. Cloud computing service or data, voice or video service, or
 - iii. Outgoing sewerage.
- f. Costs, expenses, fines or penalties incurred or sustained by or imposed on you by any government agency, court or other authority.
- g. Any functioning or malfunctioning or lack of:
 - i. The internet or similar facility; or
 - ii. An intranet or private network, computer system, computer or computing device or similar facility;

all unless direct physical loss or damage not otherwise excluded by this Policy ensues, in which event, we shall cover only such ensuing loss or damage.

- h. Error or omission in machine programming or instructions of **electronic data**, including, loss attributable to program design constraints, networking compatibility and original business software; all unless direct physical loss or damage not otherwise excluded by this Policy ensues, in which event, we shall cover only such ensuing loss or damage.
- i. Loss or damage to electronic equipment, including electronic devices, electronic components or electronic storage media that is rendered useless for its intended purpose due to the introduction of code which reprograms the software, including the firmware of such equipment; all unless direct physical loss or damage not otherwise excluded by this Policy ensues, in which event, we shall cover only such ensuing loss or damage.

This exclusion shall not apply to such aforementioned electronic equipment that is physically damaged, other than the loss or damage sustained directly through the reprogramming of the software, including the firmware of such equipment.

- j. Loss or damage due to any **cyber peril, denial of service attack**, or other similar peril affecting **electronic data** or the access to or use of computer hardware, software or other components thereof; all unless direct physical loss or damage not otherwise excluded by this Policy ensues, in which event, we shall cover only such ensuing loss or damage.
- k. Any fraudulent or dishonest act or acts committed alone or in collusion with others: by any of your proprietors, partners, directors, trustees, officers or employees, or by any party to whom property may have been entrusted (other than a carrier for hire).

However, a willful act of destruction by your employee without the knowledge of any of your proprietors, partners, directors, trustees or officers is covered.

- l. Fungus, mold or spore;** or any spores or toxins created or produced by or emanating from such **fungus, mold or spore;** all unless direct physical loss or damage not otherwise excluded by this Policy ensues, in which event, we shall cover only such ensuing loss or damage.
 - m.** Confiscation, seizure, appropriation, expropriation, nationalization, requisition for use or title, or willful destruction by any government, sovereign power, civil authority or military authority (de jure or de facto).
 - n.** Loss or damage arising out of any **covered cause of loss**, Additional Coverages or Additional Time Element Coverages for which the words NOT COVERED or for which a specified amount or number of days is not shown in Item 7. of the Declarations.
- 2.** We will not pay for loss or damage caused by or attributable to any of the following:

 - a.** Delay, loss of market, or loss of use.
 - b.** Indirect, remote, or consequential loss or damage.
 - c.** Mysterious disappearance or loss or shortage disclosed on taking inventory or any unexplained loss.
 - d.** Voluntary parting with title or possession of any property, including voluntary parting which is the result of larceny, false pretenses or any other similar act.
 - e.** Faulty workmanship, material, construction, installation or design from any cause; all unless direct physical loss or damage not otherwise excluded by this Policy ensues, in which event, we shall cover only such ensuing loss or damage.
 - f.** Processing, fabricating, testing, packaging or other similar operations as part of manufacturing or processing of stock, materials or **finished goods**, including any voluntary or involuntary recall of any product for any reason; all unless direct physical loss or damage not otherwise excluded by this Policy ensues, in which event, we shall cover only such ensuing loss or damage.
 - g.** Deterioration, depletion, rust, corrosion, erosion, wet or dry rot, decay, evaporation, leakage, wear and tear, animal, insect or vermin, inherent vice or latent defect, shrinkage or change in color, flavor, texture or finish, extremes or changes of temperature or changes in relative humidity, all whether atmospheric or not; all unless direct physical loss or damage not otherwise excluded by this Policy ensues, in which event, we shall cover only such ensuing loss or damage. However, with respect to extremes or changes in temperature, we will cover damage to fire protection equipment and machinery or equipment caused by such extremes or changes in temperature.
 - h.** Settling, cracking, shrinking, bulging, or expansion of pavements, foundations, walls, floors, or ceilings; all unless direct physical loss or damage not otherwise excluded by this Policy ensues, in which event, we shall cover only such ensuing loss or damage.
 - i.** Theft of precious metals or precious stones, except for those precious metals or precious stones used by you for industrial purposes.

SECTION VI – TIME ELEMENT COVERAGES

A. INSURING AGREEMENT

We will pay the actual **business income** loss sustained by you due to the necessary partial or total interruption of your business operations, services or production during the **period of indemnity** as a result of direct physical loss or damage to: (1) **covered property** by a **covered cause of loss** or (2) property of the type insured under this Policy by a **covered cause of loss** which directly affects your use of the **covered property**, provided that you are a lessee or occupant of the premises where the direct physical loss or damage occurred.

B. BUSINESS INCOME LOSS CALCULATIONS

For **business income** loss covered under this Policy, we will pay the greater of **Business Income Option #1** or **Business Income Option #2**, and all time element losses payable under any Additional Coverage or Additional Time Element Coverage will be adjusted using the same option:

1. Business Income Option #1 (Gross Profits):

- a. **Business income** means **gross profits** which is calculated as the sum produced by adding the **net profit** to the charges and expenses (including **ordinary payroll**, but only to the extent shown in Item **8.A.** of the Declarations) which necessarily continue during the **period of indemnity**. If there is no **net profit**, **business income** means the sum of such charges and expenses which necessarily continue less any loss from business operations which would have been sustained had there been no **occurrence**.

The amount payable as **gross profits** shall be limited to such loss resulting from a reduction in sales and shall not include **rental value**.

- b. **Net profit** means the net profit after charges and expenses, but not including any capital receipts, outlays properly chargeable to capital, and deductions for taxes on profits.

2. Business Income Option #2 (Gross Earnings):

- a. **Business income** means:

- (1) **Gross earnings**, less
- (2) Charges and expenses which do not necessarily continue.

- b. **Gross earnings** means net sales, including the sales value of production, derived from the operation of the business, excluding **rental value**, less the cost of all:

- (1) **Raw materials** utilized in such production;
- (2) Materials and supplies consumed in the operations or services;
- (3) Services purchased from others (not your employees, including leased or temporary employees) that do not continue under contract;
- (4) Merchandise sold; and
- (5) **Ordinary payroll** (except to the extent **ordinary payroll** is shown in Item **8.A.** of the Declarations).

3. Expenses to Reduce Loss

We will pay expenses, over and above normal operating expenses, you incur in reducing loss otherwise payable under this coverage, but in no event shall we be liable for an amount greater than that for which we would have been liable had you been unable to continue any business operations or services.

C. ADDITIONAL TIME ELEMENT CONDITIONS

1. The following conditions are taken into consideration when calculating time element loss under this Policy:
 - a. Any amount recovered elsewhere under this Policy for loss or damage to goods and merchandise valued at **selling price** will not be considered as part of your **business income** loss nor shall the time required for the reproduction of **finished goods** be included as part of your **business income** loss.
 - b. Due consideration shall be given to the experience of the business before the date of loss or damage and the probable experience thereafter during the **period of indemnity** had no loss or damage occurred and to the continuation of only those normal charges and expenses that would have existed had no interruption of production or suspension of business operations or services occurred.
 - c. Any goods sold or services rendered at any location, whether or not a **covered location**, for the benefit of the business, either by you or on your behalf, shall be included in determining the amount of sales during the **period of indemnity**.
 - d. Due consideration shall be given to any **business income** which is made up within a reasonable period of time, not limited to the period during which business is interrupted.
2. You agree, as soon as practicable, to use overtime, extra time and any service or property owned, controlled or acquired by you or obtainable from other sources, whether or not the property or service is at a **covered location** or at any other location, for the purpose of continuing sales and reducing the loss payable hereunder.
3. You must act with due diligence and dispatch in repairing or replacing, in whole or in part, the physically damaged property to the same or equivalent physical and operating conditions that existed prior to the damage in order to continue sales and to reduce the loss payable hereunder.

D. ADDITIONAL TIME ELEMENT COVERAGES

The following Additional Time Element Coverages and any Additional Time Element Coverages added to this Subsection by endorsement or through the Special Terms and Conditions are subject to the terms and conditions of this Policy. All loss or damage, including **business income** loss and **extra expense**, for which coverage is provided under the Additional Time Element Coverages is subject to the sublimits of liability as shown in Item 7.C. of the Declarations, the sublimits of liability shown elsewhere in this Policy and the **Policy Limit**. All **extra expense** is further limited to the Extra Expense sublimit of liability as shown in Item 7.C. of the Declarations.

The **period of indemnity** for each Additional Coverage or Additional Time Element Coverage shall be the period corresponding with **Business Income Option #1 (Gross Profits)** or **Business Income Option #2 (Gross Earnings)**, whichever is applicable, unless a different time period is set forth in any of the Additional Coverages or Additional Time Element Coverages.

1. ATTRACTION PROPERTY

We will pay the actual **business income** loss sustained by you and **extra expense** caused by direct physical loss or damage by a **covered cause of loss** to property of the type insured under this Policy that attracts business to a **covered location**, provided that such property is within the distance from the **covered location** as shown in Item **7.C.** of the Declarations under Attraction Property (hereinafter, the **attraction property**).

Coverage begins on the date and time that the **attraction property** sustains such direct physical loss or damage and ends on the date and time that the **attraction property** could be reopened for business, but in no event for more than the number of days shown in Item **7.C.** of the Declarations under Attraction Property.

2. CONTINGENT TIME ELEMENT

a. If direct physical loss or damage by a **covered cause of loss** to property of the type insured under this Policy is sustained by your direct supplier or your direct customer, anywhere in the world and such loss or damage:

- (1) Wholly or partially prevents your direct supplier from supplying their goods and/or services to you; or
- (2) Wholly or partially prevents your direct customer from accepting your goods and/or services;

then we will pay the actual **business income** loss and **extra expense** sustained by you during the **period of indemnity** with respect to such property of the type insured under this Policy. This coverage does not apply to new buildings or additions in the course of construction of any direct supplier or direct customer.

b. Subject to the Contingent Time Element sublimit(s) of liability shown in Item **7.C.** of the Declarations, we will pay the actual **business income** loss and **extra expense** sustained by you in accordance with Subsection **a.** above:

- (1) If ingress to or egress from your direct supplier's or your direct customer's location is partially or totally prevented in accordance with the same exclusions, limitations and time period that apply to the INGRESS & EGRESS Additional Time Element Coverage;
- (2) If an order of civil or military authority limits, restricts or prohibits access to property not insured under this Policy, provided that the effect of such order partially or totally prohibits access to your direct supplier's or your direct customer's location in accordance with the same exclusions, limitations and time period that apply to the INTERRUPTION BY CIVIL OR MILITARY AUTHORITY Additional Time Element Coverage; or
- (3) If an order of civil or military authority limits, restricts or prohibits partial or total access to your direct supplier's or your direct customer's location and such order is a direct result of: (i) a violent crime, suicide, attempted suicide, or armed robbery at such location, or (ii) a death or bodily injury (not including, disease or sickness) at such location, subject to the same exclusions, limitations and time period that apply to CRISIS MANAGEMENT Additional Time Element Coverage.

No Extended Period of Indemnity shall apply to Subsection **b.(1)**, **b.(2)**, or **b.(3)**.

- c. For the avoidance of doubt, the sublimit(s) of liability for Contingent Time Element shown in Item 7.C. of the Declarations is/are subject to any applicable sublimit of liability for **earth movement, flood or named storm**.
- d. Notwithstanding the foregoing, this CONTINGENT TIME ELEMENT Additional Time Element Coverage does not apply to:
 - (1) Any supplier of electricity, gas, fuel, steam, water, refrigeration, sewerage service, cloud computing service or data, voice or video service, or
 - (2) Your customers, if you are a supplier of electricity, gas, fuel, steam, water, refrigeration, sewerage service, cloud computing service or data, voice or video service.

3. CONTRACTUAL PENALTIES

We will pay for contractual penalties you are legally liable to pay under the written provisions of a contract executed prior to the loss or damage due to direct physical loss or damage by a **covered cause of loss to covered property**.

4. CRISIS MANAGEMENT

We will pay the actual **business income** loss sustained by you and **extra expense** due to an order of civil or military authority that limits, restricts or prohibits partial or total access to a **covered location**, provided that such order is a direct result of:

- a. A violent crime, suicide, attempted suicide, or armed robbery at such **covered location**; or
- b. A death or bodily injury (not including, disease or sickness) at such **covered location**.

Coverage begins on the date and time that the order of civil or military authority limits, restricts or prohibits partial or total access to the **covered location** and ends on the date and time that the **covered location** could be reopened for business, but in no event for more than the number of days shown in Item 7.C. of the Declarations under Crisis Management.

5. EXTENDED PERIOD OF INDEMNITY

With respect to: (i) **Business Income Option #2 (Gross Earnings)**, (ii) the RENTAL VALUE Additional Time Element Coverage and/or (iii) the CONTINGENT TIME ELEMENT Additional Time Element Coverage (**Business Income Option #2 – Gross Earnings only**), we will pay **business income** loss or **rental value** loss, whichever is applicable, for the additional length of time required to restore your business to the condition that would have existed had no loss occurred, commencing with the later of the following dates:

- a. The date on which our liability for loss or damage would otherwise terminate; or
- b. The earlier date on which either:
 - (1) Normal operations resume; or
 - (2) Repairing, replacing, or rebuilding of the **covered property** that has been damaged is actually completed,

but in no event for a period of time exceeding the number of days shown in Item 7.C. of the Declarations for the Extended Period of Indemnity.

The maximum amount payable for all covered loss under:

- a. This EXTENDED PERIOD OF INDEMNITY Additional Time Element Coverage and the RENTAL VALUE Additional Time Element Coverage combined shall be the Rental Value sublimit of liability, and
- b. This EXTENDED PERIOD OF INDEMNITY Additional Time Element Coverage and the CONTINGENT TIME ELEMENT Additional Time Element Coverage combined shall be the applicable Contingent Time Element sublimit of liability.

This EXTENDED PERIOD OF INDEMNITY Additional Time Element Coverage does not apply to any Additional Coverages or Additional Time Element Coverages other than the RENTAL VALUE Additional Time Element Coverage and the CONTINGENT TIME ELEMENT Additional Time Element Coverage.

6. EXTRA EXPENSE

We will pay loss sustained by you for **extra expense** during the **period of indemnity** resulting from direct physical loss or damage by a **covered cause of loss**. **Extra expense** means reasonable and necessary:

- a. Extra expense incurred to temporarily continue as nearly normal as practicable the conduct of your business;
- b. Extra costs of temporarily using your property or your facilities or the property or facilities of others; and
- c. Costs to purchase **finished goods** from third parties to fulfill orders when such orders cannot be met, less the payment received for the sale of such **finished goods**;

all less any value remaining at the end of the **period of indemnity** for property obtained in connection with the above.

The maximum amount that we will pay for all **extra expense** under this Policy is the Extra Expense sublimit of liability as shown in Item **7.C.** of the Declarations regardless of any other applicable coverages, Additional Coverages or Additional Time Element Coverages.

7. INGRESS & EGRESS

We will pay the actual **business income** loss sustained by you and **extra expense** caused by direct physical loss or damage by a **covered cause of loss** to property not insured under this Policy, provided that:

- a. Such direct physical loss or damage to such property partially or totally prevents physical ingress to or egress from a **covered location**; and
- b. Such property not insured under this Policy is within the distance from the **covered location** as shown in Item **7.C.** of the Declarations under Ingress & Egress.

Coverage begins on the date and time that ingress to or egress from the **covered location** is partially or totally prevented and ends on the date and time that the **covered location** could be reopened for business, but in no event for more than the number of days shown in Item **7.C.** of the Declarations under Ingress & Egress.

This INGRESS & EGRESS Additional Time Element Coverage does not apply to any loss resulting from disruption of incoming or outgoing electricity, gas, fuel, water, steam, sewerage, refrigeration, cloud computing service, or any data, voice or video service.

8. INTERRUPTION BY CIVIL OR MILITARY AUTHORITY

We will pay the actual **business income** loss sustained by you and **extra expense** if an order of civil or military authority limits, restricts or prohibits access to property not insured under this Policy provided that:

- a. Such property sustains direct physical loss or damage by a **covered cause of loss**;
- b. Such property is within the distance from the **covered location** as shown in Item 7.C. of the Declarations under Interruption by Civil or Military Authority; and
- c. The effect of such order is to partially or totally prohibit access to a **covered location**.

Coverage begins on the effective date and time of such order and ends on the date and time that the **covered location** could be reopened for business, but in no event for more than the number of days shown in Item 7.C. of the Declarations under Interruption by Civil or Military Authority.

9. LOGISTICS EXTRA COST

We will pay the reasonable and necessary extra cost incurred by you to temporarily continue, as nearly normal as practicable, the movement of goods or materials:

- a. Directly between **covered locations**; or
- b. Directly between a **covered location** and a location of your direct customer, your direct supplier, your contract manufacturer or your contract service provider;

provided that the normal movement of such goods or materials is disrupted as a result of direct physical loss or damage by a **covered cause of loss** to property of the type insured under this Policy located anywhere in the world.

Coverage begins 48 hours after such disruption and ends when, with due diligence and dispatch, the normal movement of goods or materials could be resumed.

For the purpose of this Additional Time Element Coverage only, property of the type insured includes bridges, roadways, tunnels, docks, piers and wharves.

The following additional exclusions apply to this Additional Time Element Coverage. We will not pay for:

- a. Any loss resulting from disruption of incoming or outgoing electricity, gas, fuel, water, steam, sewerage, refrigeration, cloud computing service, or any data, voice or video service;
- b. Any loss of any income, including **business income** loss;
- c. Any expenses or costs that usually would have been incurred in conducting the business during the same period had there been no disruption of normal movement of goods or materials;

- d. Any expenses or costs of permanent repair or replacement of property that has been damaged or destroyed; or
- e. Any expenses or costs recoverable elsewhere under this Policy.

10. RENTAL VALUE

We will pay the actual **rental value** loss sustained by you due to direct physical loss or damage by a **covered cause of loss** to **covered property** held for rental to others at a **covered location**. The **rental value** loss shall not exceed the reduction in **rental value** less charges and expenses which do not necessarily continue.

Rental value means the sum of:

- a. The total anticipated gross rental income from tenant occupancy of the **covered location** as furnished and equipped by you including taxes, rent based on percentage of sales, and other charges paid by tenants with respect to the leased premises;
- b. The amount of all charges which, by the terms of a written lease, are the legal obligation of the tenant(s) and which would otherwise be your obligations; and
- c. The fair rental value of any portion of such **covered location** which you occupy.

The conditions set forth in the ADDITIONAL TIME ELEMENT CONDITIONS Subsection of the TIME ELEMENT COVERAGES Section shall apply to the calculation of **rental value** loss. For the purpose of this RENTAL VALUE Additional Time Element Coverage, any reference to **business income** or **period of indemnity** contained in such Subsection shall be deemed to mean **rental value** or **rental value period**, respectively.

Coverage is only provided for the lesser of:

- a. The **rental value period** plus the Extended Period of Indemnity; or
- b. The number of months shown in Item 7.C. of the Declarations under Rental Value after the date and time of the loss or damage to the **covered property** held for rental to others at a **covered location**.

11. RESEARCH AND DEVELOPMENT EXPENSE

We will pay **ordinary payroll**, but only to the extent shown in Item 8.A. of the Declarations, and continuing fixed charges and expenses as a result of direct physical loss or damage by a **covered cause of loss** to materials used or developed as part of your research and development activities. The **ordinary payroll** and continuing fixed charges and expenses must be directly attributable to research and development activities, provided that such activities would not have produced income during the **period of indemnity**.

We shall only pay:

- a. Covered **ordinary payroll** until research and development activities have been restarted at the same or another location with due diligence and dispatch; and
- b. Continuing fixed charges and expenses until that part of the **covered location** where such research and development activities were performed is repaired, rebuilt or replaced with due diligence and dispatch.

12. ROYALTIES

We will pay loss of income sustained by you during the **period of indemnity** under a royalty, licensing fee, or commission agreement between you and another party arising out of direct physical loss or damage by a **covered cause of loss** to such other party's property, provided that such property is of the type insured under this Policy.

13. SERVICE INTERRUPTION

We will pay for the actual **business income** loss sustained by you and **extra expense** arising from an interruption in: (1) incoming electricity, gas, fuel, steam, water, or refrigeration, (2) your **cloud computing service** or your **data, voice or video service**, or (3) outgoing sewerage, caused by direct physical loss or damage by a **covered cause of loss** to a service provider's property of the type insured under this Policy or to a transmission, distribution or communication line, or a satellite, situated outside of the **covered location**.

If such service provider's property of the type insured and/or transmission, distribution or communication lines that sustain loss or damage by a **covered cause of loss** are located at the **covered location**, then, notwithstanding Subsection 1.e. as set forth in the PERILS EXCLUDED Section, we will pay the actual **business income** loss sustained by you and **extra expense** and such amounts are not subject to the Service Interruption sublimit of liability shown in Item 7.C. of the Declarations.

There shall be no loss payable under this SERVICE INTERRUPTION Additional Time Element Coverage until the interruption exceeds the Qualifying Period shown in Item 7.C. of the Declarations and then the **business income** loss shall be measured from the date and time of the loss. However, such Qualifying Period does not apply if there is physical loss or damage to **covered property** caused by the interruption. Such Additional Time Element Coverage ends on the date and time when: (1) incoming electricity, gas, fuel, steam, water, or refrigeration, (2) **cloud computing service** or **data, voice or video service**, or (3) outgoing sewerage, is restored, plus the lesser of the following:

- a. The actual length of time required to restore your business to the condition that would have existed had no loss occurred; or
- b. The length of time set forth as the Extended Period of Indemnity shown in Item 7.C. of the Declarations under Service Interruption;

subject to the Service Interruption sublimit of liability shown in Item 7.C. of the Declarations.

This period of time shall not be cut short by the end of the policy period.

We shall not pay any loss under this SERVICE INTERRUPTION Additional Time Element Coverage for any interruption intentionally caused by you or any service provider.

14. SOFT COSTS

For **covered property** consisting of new buildings, additions or alterations in the course of construction only, we will pay for reasonable and necessary **soft costs** incurred by you during the period of delay in completion if such property sustains direct physical loss or damage by a **covered cause of loss**.

Soft costs means:

- a. The amount of actual interim or construction financing interest, including loan fees and other one-time charges incurred to negotiate a new construction loan and/or extend the existing one;
- b. Real estate taxes and ground rent, if any;
- c. Advertising and promotional expenses;
- d. Cost of additional commissions;
- e. Architects, surveyors, legal, consulting engineers or other fees, not otherwise covered under this Policy;
- f. Project administration expenses, but not including development fees;
- g. Insurance premiums; and
- h. Finder's fee refunds.

With respect to the CRISIS MANAGEMENT Additional Time Element Coverage, the INGRESS & EGRESS Additional Time Element Coverage and the INTERRUPTION BY CIVIL OR MILITARY AUTHORITY Additional Time Element Coverage, if a **covered cause of loss** results in coverage under two or more of these Additional Time Element Coverages, we will only pay for loss under one of these Additional Time Element Coverages, whichever you select.

E. ADDITIONAL TIME ELEMENT EXCLUSIONS

For time element loss covered under this Policy, we will not pay for:

1. Idle Periods

Any loss during any period in which business would not or could not have been conducted for any reason other than a loss for which coverage would have been provided under this Policy.

2. Remote Loss

- a. Any increase in loss due to the suspension, cancellation, or lapse of any lease, contract, license or order;
- b. Any loss due to fines or damages for breach of contract or for late or non-completion of orders or penalties of whatever nature; or
- c. Any other consequential or remote loss;

unless coverage is provided under any Additional Time Element Coverage and then only to the extent provided therein.

3. Transit

Any loss resulting from loss or damage to property in transit, except to the extent provided under the TRANSIT Additional Coverage.

4. Interference by Strikers

Any increase in loss due to interference at the **covered location** or the supplier's or customer's location by strikers or other persons with rebuilding, repairing, or replacing the property damaged or destroyed, or with the resumption or continuation of business, or with the re-occupancy of such location.

5. Finished Goods

Any loss resulting from loss or damage to **finished goods** nor for the time required for their reproduction.

SECTION VII – CONDITIONS APPLICABLE TO LOSS ADJUSTMENT AND SETTLEMENT

A. ABANDONMENT

There can be no abandonment of any property to us.

B. ADJUSTMENT OF LOSSES

Loss or damage will be adjusted with the **First Named Insured** and shall be payable as directed in writing by the **First Named Insured** subject to: mortgagee; lender; or similar interests; as their interests may appear as shown on the Certificates of Insurance or any endorsement attached to and forming a part of the Policy. The effective date of any interests will be the issue date of the Certificate of Insurance unless a later date is specified on the Certificate of Insurance.

C. APPRAISAL

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In such event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If the appraisers cannot agree on an umpire, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the replacement cost and actual cash 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:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, it is without prejudice to our rights under the terms and conditions of this Policy and our right to deny the claim in whole or in part.

D. CONTROL OF DAMAGED MERCHANDISE

This Policy gives you control of physically damaged **finished goods** that have been manufactured by or for you, provided that such goods have been physically damaged as a result of direct physical loss or damage by a **covered cause of loss**.

Under such circumstances, you shall have full rights to the possession and control of all such physically damaged **finished goods**, provided that you perform or have proper testing performed to demonstrate what property is physically damaged.

You, exercising reasonable judgment, will decide if the physically damaged **finished goods** can be reprocessed or sold. Physically damaged **finished goods** judged by you to be fit for reprocessing or for selling will be sold or otherwise disposed of and the salvage proceeds shall be handled in accordance with the SALVAGE AND RECOVERIES Subsection of the GENERAL CONDITIONS Section.

These rights and obligations also are extended to merchandise that you are contractually obligated by the manufacturer or designer to exercise Control of Damaged Merchandise, as long as the obligation is in writing prior to the loss or damage.

E. PARTIAL PAYMENT OF LOSS

In the event the amount of loss or damage for which we are liable is determined by us to be in excess of the applicable deductible, we may advance partial payment(s) with respect to any claim, subject to all other terms and conditions of this Policy.

F. REQUIREMENTS IN CASE OF LOSS OR DAMAGE

In case of loss or damage, you shall:

1. Give written notice of any loss or damage to us as soon as practicable after the date of such loss or damage;
2. Promptly contact the applicable authority having jurisdiction in the event a law has been broken, and promptly file a written report with such authority;
3. Protect the property from further loss or damage;
4. Separate the damaged and undamaged personal property;
5. Maintain such property in the best possible order;
6. Furnish a complete inventory of the lost, destroyed, damaged and undamaged property, showing in detail quantities, costs, actual cash value and amount of loss claimed;
7. Allow us to examine and audit your books and records at any reasonable time for the purpose of investigating or verifying any claim;
8. Furnish all other documents or insurance policies that we may reasonably require;
9. Allow us to access and inspect any damaged or undamaged property;
10. Submit to examination under oath at such times as we reasonably may require concerning any matter relating to this insurance or any claim;
11. Cooperate with us in all aspects of any claim and provide us with any additional information that we require; and

12. Provide us with a proof of loss, signed and sworn to by you as soon as practicable, but in no event more than 90 days after a loss, stating your knowledge and belief as to the following:

- a. The time and origin of the loss;
- b. Your interest and the interest of all others in the property;
- c. The value of each item thereof determined in accordance with the VALUATION Section and the amount of loss thereto and all encumbrances thereon;
- d. All other contracts of insurance, whether collectible or not, covering any of the **covered property**; and
- e. Any changes in the title, use, occupancy, location, possession or exposures of the **covered property** subsequent to the issuance of this Policy, by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of loss, whether or not it then stood on leased ground.

G. SETTLEMENT OF CLAIMS

The amount of loss for which we may be liable shall be payable within 30 days after proof of loss, as herein required, is received and agreed to by us or the amount of loss is determined by appraisal in accordance with the APPRAISAL Subsection of the CONDITIONS APPLICABLE TO LOSS ADJUSTMENT AND SETTLEMENT Section.

We shall have the option to take all or any part of the property at the agreed or appraised value, or to repair, rebuild or replace the property physically lost or damaged with other of like kind and quality, within a reasonable time, upon providing you with notice of our intention to do so within 60 days after our receipt of the proof of loss herein required.

H. SUBROGATION

We may require from you an assignment of all rights of recovery against any party for loss to the extent that payment is made by us. However, you have the right to waive subrogation, provided such waiver is entered into by you in writing prior to the loss.

Any recovery by us as a result of subrogation proceedings arising out of an **occurrence**, after expenses, including our legal fees, incurred in such subrogation proceedings are deducted, shall accrue to you in the proportion that the deductible amount and/or any provable uninsured loss amount bears to the entire provable loss amount.

You will cooperate with us and, upon our request and expense will:

1. Attend hearings and trials;
2. Assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses, and conducting suits.

I. SUIT AGAINST COMPANY

No suit, action or proceeding for the recovery of any claim under this Policy shall be sustainable in any court of law or equity unless the same be commenced within 24 months immediately after the date of the loss, provided however, that if under the laws of the applicable jurisdiction such time limitation is unenforceable, then the period within which such action or proceeding

must be commenced shall be the shortest period of time permitted by the laws of such jurisdiction.

SECTION VIII – GENERAL CONDITIONS

A. ASSIGNMENT

You may not assign this Policy without our prior written consent.

B. CANCELLATION

This Policy may be cancelled by the **First Named Insured** at any time by surrendering this Policy to us or by mailing or delivering to us written notice stating when thereafter such cancellation shall take effect. We may cancel this Policy by giving the **First Named Insured** written notice stating when, not less than 90 days thereafter, or 10 days thereafter for nonpayment of premium, such cancellation shall be effective.

We shall pay return premium to the **First Named Insured** on a pro-rata basis if we cancel and on a short rate basis (meaning 90% of the unearned premium) if the **First Named Insured** cancels.

Payment or tender of any unearned premium by us shall not be a condition precedent to the effectiveness of cancellation, but such payment shall be made as soon as practicable.

If any specific state amendatory endorsement provides less than 90 days notice of cancellation for reasons other than nonpayment of premium, where permitted by law, we shall provide the 90 days notice set forth herein.

C. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Policy is voidable by us if you, whether before or after a loss, have willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof or have committed any act of fraud, attempted fraud or false swearing concerning any matter relating to this insurance or the subject thereof.

D. CONFORMANCE TO STATUTE

Any provisions of this Policy which are in conflict with statutes applicable to this Policy are understood, declared and acknowledged by us to be amended to conform to such statutes.

E. DIVISIBLE CONTRACT

Subject to the CONCEALMENT, MISREPRESENTATION OR FRAUD Subsection of the GENERAL CONDITIONS Section, if any **covered location** includes two or more buildings or the contents of two or more buildings, the breach of any condition of this Policy with respect to any one of the insured buildings or contents contained within any one insured building, shall not prejudice your right to recover for direct physical loss or damage by a **covered cause of loss** occurring in any other insured building or contents contained within any other insured building if, at the time of such loss or damage, a breach of condition does not exist with respect to such other building or contents.

F. ECONOMIC AND TRADE SANCTIONS

We shall not be deemed to provide cover and we shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose us, our parent company or our ultimate controlling

entity to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or the United States of America.

G. FIRST NAMED INSURED

If this Policy insures more than one person or organization, the **First Named Insured** is authorized to act on behalf of all other insureds with respect to such insureds' rights, obligations, and duties under this Policy including, but not limited to, the giving and receiving of notices under this Policy. Payment of loss or return premium under this Policy to the **First Named Insured** shall satisfy our obligations with respect to all insureds under this Policy.

H. GOVERNING LAW

Any interpretation of this Policy or issue relating to its construction, validity or operation shall be determined by the laws of the United States or of any applicable state in the United States. The parties will submit to the exclusive jurisdiction of the applicable court within the United States.

I. INCREASE IN HAZARD

This Policy will not apply to any loss at a **covered location** to the extent that such loss is a result of or in connection with a material increase in hazard over which you have control or knowledge. Any material increase in hazard at one or more **covered locations** will not affect coverage at other **covered locations** where, at the time of loss or damage, the increase in hazard does not exist.

J. INSPECTION

We shall be permitted, but not obligated, to inspect **covered property** at all reasonable times during the policy period. Neither our right to make inspections nor the making thereof nor any report thereon shall constitute any undertaking by us, on behalf of or for the benefit of you or others, to determine or warrant that such **covered property** is safe or healthful or that such **covered property** complies with any law, rule, regulation, code, engineering or industry standard.

K. LIBERALIZATION

If we adopt a standard revision to our Property Performance Policy that would broaden the coverage under this Policy within 45 days prior to the inception date of this Policy or during the policy period of this Policy and if no additional premium is required for such revision, then the broadened coverage will immediately apply to this Policy.

L. MORTGAGEHOLDERS

1. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown on the Declarations in their order of precedence, as their interests may appear.
2. Any such mortgageholder has the right to receive loss payment even if the mortgageholder has commenced foreclosure or similar action on the building or structure.
3. If we deny your claim because of your acts or because you have failed to comply with the terms of this Policy, any such mortgageholder will nevertheless have the right to receive loss payment if such mortgageholder:

- a. Pays the premium due under this Policy at our request if you have failed to do so;
- b. Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- c. Has notified us of any change in ownership, occupancy, or substantial change in risk known to the mortgageholder.

All of the terms of this Policy will then apply directly to the mortgageholder.

- 4. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Policy:
 - a. The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
 - b. The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- 5. If we cancel this Policy, we will give written notice to the mortgageholder at least:
 - a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.

M. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of **covered property** will benefit from this insurance.

N. OTHER INSURANCE/EXCESS INSURANCE/UNDERLYING INSURANCE

In the event there is other insurance covering loss or damage insured under this Policy, then this Policy shall apply only as excess and in no event as contributory insurance (unless this Policy is specifically written to be contributory insurance), and then only after all such other insurance has been exhausted, whether or not such insurance is collectible. You may purchase excess insurance over the limits provided by this Policy, and underlying insurance on all or any part of the deductibles of this Policy.

O. PRESERVATION OF PROPERTY

In case of imminent loss or damage, you must make reasonable efforts to protect property from such loss or damage.

P. REINSTATEMENT OF LIMITS

Except for any **covered cause of loss** which is subject to an Annual Aggregate limit of liability or Annual Aggregate sublimit of liability, payment of a claim will not reduce the amount payable under this Policy for any subsequent covered loss.

Q. RECOVERY FROM OTHER PARTIES

No loss or damage in whole or in part shall be paid hereunder to the extent you have collected such loss or damage from others.

R. SALVAGE AND RECOVERIES

All salvages, recoveries, and payments, excluding proceeds from subrogation and underlying insurance recovered or received prior to a loss settlement under this Policy, shall reduce the loss accordingly.

S. SUSPENSION

Upon the discovery of a dangerous condition with respect to **covered equipment**, our representative may immediately suspend the insurance against loss from an **accident** to such **covered equipment** or any part thereof by notifying your representative at the **covered location** of such dangerous condition. Upon such notification, coverage shall cease with respect to such **covered equipment**. Written notice of the suspension will also be mailed or delivered to you at the address of the **First Named Insured**. The insurance so suspended may be reinstated by us, but only by an endorsement to this Policy. You shall be entitled to a pro-rata return of the unearned portion of the premium paid for such suspended insurance.

T. TITLES

The titles in this Policy are solely for reference and shall not in any way affect the provisions to which they relate.

SECTION IX – DEFINITIONS

1. **Accident** means a fortuitous event that causes direct physical loss or damage to **covered equipment**. The event must be one of the following:
 - a. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
 - b. Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
 - c. Explosion of steam boilers, steam pipes, steam engines or steam turbines, except explosion of accumulated gases or unconsumed fuel;
 - d. Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
 - e. Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.
2. **Aircraft or vehicle impact** means physical contact by:
 - a. An aircraft including a drone, spacecraft, satellite, self-propelled missile, or objects falling therefrom; or
 - b. A vehicle or an object thrown up, by, or from a vehicle.
3. **Cloud computing service** means a service: (i) in the business of storing, managing and processing **electronic data** for which your company has a written contract and (ii) that provides

access to and use of: software and/or a network of remote servers hosted away from your **covered location** to store, manage or process such data. **Cloud computing service** does not include a **data, voice or video service**.

4. **Collapse** means an abrupt falling down or caving in of a building or structure or any part of a building or structure.
5. **Corruption, erasure or alteration** means **electronic data** that has been corrupted, destroyed or deleted such that the **electronic data** can no longer be accessed or used for its intended purpose.
6. **Covered cause(s) of loss** means a peril or other type of loss, not otherwise excluded under this Policy.
7. **Covered equipment** means the following:
 - a. Equipment that generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
 - b. Equipment which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

The following is not **covered equipment**:

- a. Structure, foundation, cabinet, compartment or air supported structure or building;
 - b. Insulating or refractory material;
 - c. Sewer piping, underground vessels or piping, or piping forming a part of a sprinkler system;
 - d. Water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
 - e. Vehicle or any equipment mounted on a vehicle;
 - f. Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
 - g. Dragline, excavation or construction equipment;
 - h. Equipment manufactured by you for sale.
8. **Covered location** means:
- a. The location(s) as specified in the most recent Statement of Locations and Values on file with us;
 - b. A **miscellaneous unnamed location**; or
 - c. A location which is covered in accordance with the ERRORS OR OMISSIONS Additional Coverage or the NEWLY ACQUIRED PROPERTY Additional Coverage,
in the **coverage territory**.
9. **Coverage territory** means the coverage territory as shown in Item 4. of the Declarations.

10. **Covered property** means property as described in the COVERED PROPERTY Subsection of the INSURING AGREEMENT AND COVERED PROPERTY Section, which is not otherwise excluded under the PROPERTY NOT COVERED Section.

11. **Cyber peril(s)** means **unauthorized access, unauthorized use, malicious code and magnetic damage to electronic data.**

12. **Cyber period of indemnity** means the period of time:

- a. With respect to the Electronic Data - Standard Perils Additional Coverage, beginning with the **material interruption** and ending when your **electronic data** could be restored in accordance with the VALUATION Section with exercise of due diligence and dispatch;
- b. With respect to the Electronic Data - Cyber Perils Additional Coverage, beginning the number of hours shown as the Cyber Waiting Period in Item 7.B.4.a. of the Declarations after the **material interruption** and ending when your **electronic data** could be restored in accordance with the VALUATION Section with exercise of due diligence and dispatch;
- c. With respect to the Electronic Equipment Additional Coverage, beginning when your electronic equipment, including electronic devices, electronic components or electronic storage media is rendered useless for its intended purpose and ending when such equipment could be repaired or replaced in accordance with the VALUATION Section with exercise of due diligence and dispatch;
- d. With respect to the Denial of Service Attack Additional Coverage, beginning the number of hours shown as the Cyber Waiting Period in Item 7.B.4.c. of the Declarations after the **material interruption** and ending when you could restore access to **your computer system** to the same or similar conditions that existed prior to the time of the loss with exercise of due diligence and dispatch;

but in no event for longer than the number of days shown as the Maximum Cyber Period of Indemnity in Item 7.B. of the Declarations after: (i) the **material interruption** with respect to Subsection a. above, (ii) the Cyber Waiting Period is exhausted in accordance with Subsections b. and d. above, or (iii) such electronic equipment is rendered useless with respect to Subsection c. above.

This period of time shall not be cut short by the end of the policy period.

13. **Data, voice or video service** means a service that allows you to transmit and receive data, voice or video, whether directly or indirectly through a third party service provider, such as an internet service provider or telecommunications provider. **Data, voice or video service** does not include a **cloud computing service.**

14. **Defined peril** means fire; lightning; explosion; **windstorm or hail; smoke; aircraft or vehicle impact; riot, strike or civil commotion; vandalism and malicious mischief; collapse;** or leakage from fire protection equipment. **Defined peril** also includes **equipment breakdown,** provided that **equipment breakdown** is covered under this Policy.

15. **Denial of service attack** means an attack that sends an excessive volume of **electronic data** to computer hardware, software or any components thereof which prevents those who are authorized to do so from gaining access to or using such computer hardware, software or any components thereof.

16. **Electronic data** means data, messages, information, coding, programs, instructions or software in a form suitable for communications, storage, or processing by electronic, electromechanical,

electromagnetic data processing or electronically controlled production equipment. **Electronic data** does not include electronic storage media.

17. Fine arts means paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; antique furniture; antique jewelry; bric-a-brac; porcelains; and similar property of rarity, historical value, or artistic merit, excluding automobiles, coins, stamps, furs, jewelry, precious stones, precious metals, watercraft, aircraft and **money**.

Fine arts does not include any item which would qualify as **valuable papers and records**.

18. Finished goods means stock manufactured or processed by you which is in final packaging and ready for shipment or sale.

19. First Named Insured means the Named Insured first shown in Item 1. of the Declarations.

20. Fungus, mold or spore means:

- a. **Fungus** including, but not limited to, any of the plants or organisms belonging to the major group fungi, lacking chlorophyll, and including **mold**, yeast, rusts, mildews, smuts and mushrooms;
- b. **Mold** including, but not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and **fungi** that produce **mold**; and/or
- c. **Spore** including, but not limited to, any dormant or reproductive body produced by or arising or emanating out of any **fungus, mold**, mildew, plants, organisms or microorganisms.

21. Magnetic damage to electronic data means the **corruption, erasure or alteration** of **electronic data** through magnetism. However, no coverage is provided for loss or damage to **electronic data** arising out of directed-energy weapons or electromagnetic weapons or through deterioration of the storage media or data for any reason.

22. Malicious code means any unauthorized code designed to cause **corruption, erasure or alteration** of **electronic data**.

23. Material interruption means the date and time of the actual and measurable interruption or suspension of your business operations, services or production directly caused by: (i) **corruption, erasure or alteration** of your **electronic data** or (ii) **denial of service attack** that prevents access to or use of **your computer system**, whichever is applicable. Such **material interruption** must first occur during the policy period.

24. Miscellaneous unnamed location(s) means a location, building or part of a building owned, rented or leased by you that is not reported on the Statement of Locations and Values on file with us.

25. Money means:

- a. Currency, coins, bank notes, bullion, traveler checks, registered checks, money orders, and
- b. Negotiable and non negotiable instruments or contracts representing money including: tokens, tickets, revenue stamps and other stamps (whether represented by actual stamps or unused value in a meter), and evidence of debt issued in connection with credit card or charge cards that are issued to you.

26. Named supplier/customer means those named suppliers and/or named customers shown on the Schedule of Named Suppliers/Customers on file with us.

27. New Madrid Earthquake Zone means the following counties (unless otherwise stated) within the following states of the United States of America:

- a. Arkansas: Clay, Craighead, Crittenden, Cross, Greene, Jackson, Lawrence, Randolph, Sharp, Mississippi, Poinsett;
- b. Illinois: Alexander, Massac, Pulaski, Union, Williamson, Johnson, Pope, Saline, Jackson, Franklin, Perry, Hardin, Randolph, Monroe, St. Clair, Washington, Clinton, Bond, Madison, Jefferson;
- c. Indiana: Posey, Vanderburgh, Gibson, Warrick, Pike;
- d. Kentucky: Ballard, Carlisle, Fulton, Graves, Hickman, Livingston, McCracken, Marshall, Calloway;
- e. Mississippi: Desoto, Tunica, Marshall, Tate, Coahoma, Bolivar;
- f. Missouri: Bollinger, Butler, Cape Girardeau, Dunklin, Mississippi, New Madrid, Pemiscot, Scott, Stoddard, St. Louis, St. Francois, St. Charles, Jefferson, Franklin, Warren, Washington, Iron, Wayne, Reynolds, Madison, St. Genevieve, Perry and the City of St. Louis;
- g. Tennessee: Crockett, Dyer, Haywood, Lake, Lauderdale, Obion, Shelby, Tipton, Gibson, Madison, Fayette, Hardeman.

28. Occurrence means any one **accident**, loss, disaster, casualty, incident or series of **accidents**, losses, disasters, casualties or incidents, including all resultant or concomitant insured losses, not otherwise excluded by this Policy and with respect to:

- a. **Terrorism** (to the extent **terrorism** is covered), arises out of the same or related purpose or cause; or
- b. Covered perils other than **terrorism**, arises out of a single event or originating cause.

The **occurrence** must occur during the policy period.

When the term applies to loss or losses from the perils of **windstorm or hail, named storm, riot, strike or civil commotion, vandalism and malicious mischief, earth movement, flood or terrorism**, to the extent any such peril(s) are covered, all losses arising from such peril(s) occurring during a continuous period of 72 hours shall be deemed to be a single **occurrence**. You may elect the moment at which the 72 hour period shall be deemed to have commenced, which shall not be earlier than the time when the first loss occurs to the **covered property**, but no two such 72 hour periods shall overlap.

If the **occurrence** commences during this policy period, then we shall treat the entire **occurrence** as occurring during this policy period.

29. Ordinary payroll means payroll expenses for your employees other than officers, executives, department managers and employees under contract (other than under collective bargaining agreements).

Ordinary payroll includes employee benefits, FICA, Medicare payments, union dues, and workers' compensation premiums.

30. Outdoor property means outdoor: (i) lawns (including fairways, greens and tees), trees, shrubs, plants, and (ii) walkways, roadways, patios or other paved surfaces, including the fill beneath such paved surfaces.

31. Pacific Northwest Earthquake Zone means:

- a. The following counties within Washington state: Clallam, Jefferson, King, Kitsap, Mason, Pierce, San Juan, Skagit, Snohomish, Thurston and Whatcom; and
- b. The geographic area of British Columbia, Canada (including Vancouver Island and other Canadian islands) that is south of 50° north latitude and west of 120° west longitude.

32. Period of indemnity means:

a. Business Income Option #1 (Gross Profits):

- i. With respect to business operations, services and production (except as set forth in Subsection a.ii. below), the period of time that:
 - (a) (i) Begins on the date and time of the loss or damage to the **covered property** or property of the type insured as described in the INSURING AGREEMENT Subsection of the TIME ELEMENT COVERAGES Section;
 - (ii) With respect to the CONTINGENT TIME ELEMENT Additional Time Element Coverage, begins on the date and time of the loss or damage to the property of the applicable supplier or applicable customer; or
 - (iii) With respect to the ROYALTIES Additional Time Element Coverage, begins on the date and time of the loss or damage to the property of the party with whom you have a royalty, licensing fee, or commission agreement; and
- (b) Ends no later than the number of months shown as the Maximum Operations Period of Indemnity in Item **8.B.** of the Declarations during which sales are directly affected by covered loss or damage.
- ii. With respect to new buildings, additions or alterations in the course of construction, the period of time that:
 - (a) Begins on the anticipated date of substantial completion had there been no such loss or damage to **covered property**; and
 - (b) Ends no later than the number of months shown as the Maximum Construction Period of Indemnity in Item **8.C.** of the Declarations during which sales are directly affected by covered loss or damage.

This period of time shall not be cut short by the end of the policy period.

b. Business Income Option #2 (Gross Earnings):

- i. With respect to business operations, services and production (except as set forth in Subsection b.ii. below), the period of time that:
 - (a) (i) Begins on the date and time of the loss or damage to **covered property** or property of the type insured as described in the INSURING AGREEMENT Subsection of the TIME ELEMENT COVERAGES Section;

- (ii) With respect to the CONTINGENT TIME ELEMENT Additional Time Element Coverage, begins on the date and time of the loss or damage to the property of the applicable supplier or applicable customer; or
 - (iii) With respect to the ROYALTIES Additional Time Element Coverage, begins on the date and time of the loss or damage to the property of the party with whom you have a royalty, licensing fee, or commission agreement; and
- (b) Ends on the earlier of:
- (i) The date when such property could be repaired, rebuilt or replaced with materials of like kind, size, capacity and quality to the same or equivalent physical operating conditions with the exercise of due diligence and dispatch, including any additional time to meet the applicable and covered **law or ordinance** requirements, if any; or
 - (ii) The date when the business is resumed at a new permanent location.
- ii. With respect to new buildings, additions or alterations in the course of construction, the period of time that:
- (a) Begins on the anticipated date of substantial completion had there been no such loss or damage to **covered property**; and
 - (b) Ends on the earlier of:
 - (i) The date of substantial completion with the exercise of due diligence and dispatch to repair or rebuild the **covered property** with materials of like kind, size, capacity and quality; or
 - (ii) The date when the business is resumed at a new permanent location.
- iii. The **period of indemnity** does not include any additional time:
- (a) Required for staffing or training employees, except the reasonable and necessary additional time needed to train employees, not to exceed 30 consecutive days;
 - (b) Resulting from your inability to procure, due to the same **covered cause of loss**, suitable **raw materials** and/or supplies to replace those physically lost or damaged; or
 - (c) Due to your inability to resume production or business operations or services regardless of the reason.

This period of time shall not be cut short by the end of the policy period.

33. Perishable goods means personal property:

- a. Maintained under controlled conditions for their preservation, and
- b. Susceptible to loss or damage if the controlled conditions are not maintained.

34. Policy Limit means the limit of liability shown in Item 6. of the Declarations.

35. Pollutants or contaminants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste, which after its release

can cause or threaten damage to human health or human welfare or causes or threatens damage, deterioration, loss of value, marketability or loss of use to property insured hereunder, including, but not limited to, bacteria, virus, or hazardous substances. Waste includes materials to be recycled, reconditioned or reclaimed. **Pollutants or contaminants** do not include **fungus, mold or spore**.

36. Processing water means water used directly in your business process that is contained within any enclosed tank, piping system or any other processing equipment.

37. Railroad rolling stock means railcars, excluding locomotives.

38. Raw materials means materials and supplies in the state in which you receive them for conversion by you into **finished goods**.

39. Rental value period means the period of time that:

- a. Begins on the date and time of the loss or damage to **covered property** held for rental to others at a **covered location**; and
- b. Ends on the earlier of:
 - i. The date when such property could be repaired, rebuilt or replaced with materials of like kind, size, capacity and quality to the same or equivalent physical operating conditions with the exercise of due diligence and dispatch, including any additional time to meet the applicable and covered **law or ordinance** requirements, if any; or
 - ii. The date when the business is resumed at a new permanent location.

This period of time shall not be cut short by the end of the policy period.

40. Riot, strike or civil commotion means riot or civil commotion including, but not limited to:

- a. Acts of striking employees while occupying a **covered location**; and
- b. Pilferage or looting occurring at the time and place of a riot or civil commotion.

41. Selling price means the price, less discounts and charges, at which goods and merchandise would have been sold to your regular customers had no loss occurred.

42. Smoke means sudden and accidental release of smoke. **Smoke** does not include loss or damage caused by smoke from agricultural smudging or industrial operations.

43. Tier 1 High Hazard Wind Zone (Consisting of Texas to North Carolina, Hawaii, Puerto Rico and U.S. Virgin Islands) means the following wind zone:

Alabama	Counties of Baldwin and Mobile;
Georgia	Counties of Bryan, Camden, Chatham, Glynn, Liberty and McIntosh;
Hawaii	Entire State;
Louisiana	Parishes of Assumption, Calcasieu, Cameron, Iberia, Jefferson, Lafourche, Livingston, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John the Baptist, St. Martin (South), St. Mary, St. Tammany, Tangipahoa, Terrebonne and Vermilion;

Mississippi	Counties of Hancock, Harrison and Jackson;
North Carolina	Counties of Beaufort, Bertie, Brunswick, Camden, Carteret, Chowan, Columbus, Craven, Currituck, Dare, Hyde, Jones, New Hanover, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Tyrrell and Washington;
Puerto Rico	Entire Territory;
South Carolina	Counties of Beaufort, Berkeley, Charleston, Colleton, Dorchester, Georgetown, Hampton, Horry and Jasper;
Texas	Counties of Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Harris, Jackson, Jefferson, Kenedy, Kleberg, Liberty, Matagorda, Newton, Nueces, Orange, Refugio, San Patricio, Victoria and Willacy; and
U.S. Virgin Islands	Entire territory, including St. Croix, St. John and St. Thomas.

44. Tier 1 High Hazard Wind Zone (Consisting of Virginia to Maine) means the following wind zone:

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

45. Tier 1 High Hazard Wind Zone (Florida) means the entire state of Florida.

46. Tier 2 High Hazard Wind Zone means the following wind zone:

Georgia	Counties of Brantley, Charlton, Effingham, Long and Wayne;
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Louisiana	Parishes of Acadia, Ascension, East Baton Rouge, Iberville, Jefferson Davis, Lafayette, St. Martin (North), Washington and West Baton Rouge;
Mississippi	Counties of George, Pearl River and Stone;
North Carolina	Counties of Bladen, Duplin, Gates, Hertford, Lenoir, Martin and Pitt;
South Carolina	Counties of Florence, Marion and Williamsburg; and
Texas	Counties of Bee, Brooks, Fort Bend, Goliad, Hardin, Hidalgo, Jasper, Jim Wells and Wharton.

- 47. Unauthorized access** means the gaining of access to computer hardware, software or any components thereof by an unauthorized person.
- 48. Unauthorized use** means the use of computer hardware, software or any components thereof by any person in an unauthorized manner.
- 49. Unnamed supplier/customer** means suppliers and/or customers, other than any **named supplier/customer**.
- 50. Your computer system** means your computer hardware, device, software or any components thereof that are used to store, process or access your **electronic data**, while your **electronic data** is located at a **covered location**, on your mobile electronic device or your electronic storage media anywhere in the world.
- 51. Your service provider's computer system** means your service provider's computer hardware, device, software or any components thereof that are used to store, process or access your service provider's **electronic data**, while your service provider's **electronic data** is located at your service provider's location (not including a satellite) anywhere in the world.
- 52. Valuable papers and records** means:
- Books, manuscripts, abstracts, maps and drawings; film and other photographically produced records, such as slides and microfilm;
 - Legal and financial agreements such as deeds and mortgages;
 - Addressograph plates;
 - Any data stored on printouts or punched cards;
 - Any paper, record or recording, in any form, that is irreplaceable due to the nature of the recording; and
 - Account receivable records.

Valuable papers and records does not include **fine arts, money or electronic data**.

- 53. Vandalism and malicious mischief** means willful or malicious damage to, or destruction of **covered property** or with respect to the Electronic Data – Standard Perils Additional Coverage, such willful or malicious damage to, or destruction of **covered property** resulting in **corruption, erasure or alteration of electronic data**.

54. Windstorm or hail means the direct action of wind or the direct action of hail, whether accompanied by wind or not. However, **windstorm or hail** does not mean:

- a. Loss or damage caused by or resulting from frost or cold weather, ice (other than hail), snow or sleet, whether driven by wind or not;
- b. Loss or damage to the interior of any building or structure, or the property inside the building or structure, caused by rain, snow, sand or dust, whether driven by wind or not, unless the building or structure first sustains wind or hail damage to its roof or walls through which the rain, snow, sand or dust enters; or
- c. Loss or damage caused when weight of snow, rainwater, ice or sleet is a contributing factor to the fall or **collapse** of a building or structure or any part thereof.

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