

## EQUIPMENT INSURANCE BINDER

Issue Date: November 6, 2024  
Austin Cowart  
Fisher Brown Bottrell Insurance  
Phone: 850-432-7474  
Email:  
Fax: (850) 438-4678

Policy Number: FBP2381689

### Named Insured

Bay Point Improvement Association, Inc.

### Term

Policy Effective Date	November 5, 2024
Policy Expiration Date	November 5, 2025
Binder Expiration Date	December 5, 2024

### Equipment Breakdown Coverage

Equipment Breakdown Limit	\$518,889
Business Income Limit	Excluded
Additional Limits, Deductibles, Other Conditions	See Attached

### Data Compromise and Identity Recovery Coverage

Data Compromise Coverage Limit	\$50,000
Identity Recovery Coverage Limit	\$15,000

### Premium and Commission Summary

Total Premium including Taxes and Surcharges	\$446.42
Commission	18%

This insurance binder is for the HSB TechAdvantage™ Equipment Breakdown Coverage Form. This binder is based upon information on file with the company as of the issue date. It is subject to adjustment or rescission should any information on file change. Thank you for the opportunity to provide you with coverage for this account. We appreciate your business.

Sincerely,  
Candace Wines

Production Underwriter  
(484) 891-4766  
candace\_wines@hsb.com

The Hartford Steam Boiler Inspection and Insurance Company  
**EQUIPMENT INSURANCE BINDER, continued**

**EQUIPMENT BREAKDOWN COVERAGE**

Policy Effective Date: November 5, 2024

Binder Expiration Date: December 5, 2024

Policy Number: FBP2381689

Named Insured/Applicant: Bay Point Improvement Association, Inc.

Location(s): Per Statement of Values submitted on October 24, 2024

Total of 6 locations

**Covered Cause of Loss**

Accident	Included
Electronic Circuitry Impairment	Included

Coverage Applies To: All Locations

Coverages	Limits
Equipment Breakdown Limit	\$518,889
Property Damage	Included
Business Income	Excluded
Extra Expense	\$250,000
Civil Authority	Included
Contingent Business Income	Excluded
Data Restoration	\$250,000
Demolition	\$250,000
Expediting Expenses	\$250,000
Green	\$250,000
Hazardous Substances	\$250,000
Mold	\$250,000
Newly Acquired Locations	Included for PD Only
Off Premises Equipment Breakdown	\$250,000
Ordinance or Law	\$250,000
Perishable Goods	\$100,000
Public Relations	Excluded
Service Interruption	\$250,000

**Deductibles**

Combined, All Coverages	\$1,000
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## EQUIPMENT INSURANCE BINDER, continued

### Other Conditions

Newly Acquired Locations: 90 Days  
 Interruption of Service Waiting Period: 24 Hours  
 Covered Services as defined under "interruption of service" includes "cloud computing service".

## ADDITIONAL INSURANCE COVERAGE

### Data Compromise Coverage

Coverages	Limits	
Response Expenses	\$50,000	Annual Aggregate
Legal and Forensic Information		any one "Personal Data Compromise"
Technology Review	\$5,000	
Defense and Liability	\$50,000	Annual Aggregate
<b>Deductibles</b>		
Response Expenses	\$1,000	each "Personal Data Compromise"
Defense and Liability	\$1,000	each "Data Compromise Suit"

### Identity Recovery Coverage

Coverages	Limits	
Expense Reimbursement Coverage	\$15,000	Annual Aggregate per "Identity Recovery Insured"
Lost Wages and Child and Elder Care	\$5,000	
Miscellaneous Unnamed Costs	\$1,000	
<b>Deductibles</b>		
Expense Reimbursement Coverage	\$250	each "Identity Recovery Insured"

**EQUIPMENT INSURANCE BINDER, continued****Terrorism Risk Insurance Act Disclosure****Applicable Premium**

The portion of your annual premium that is attributable to coverage for acts of terrorism is \$0, and does not include any charges for the portion of losses covered by the United States government under the Act.

**Informational Notice**

The following notice does not change your coverage under this policy, but is provided for your information in compliance with the Terrorism Risk Insurance Act, as amended.

Coverage for acts of terrorism is included in your policy. You are hereby notified that under the Terrorism Risk Insurance Act, as amended in 2015, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term “act of terrorism” means any act or acts that are certified by the Secretary of the Treasury—in consultation with the Secretary of Homeland Security, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019 and 80% beginning on January 1, 2020, of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers’ liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

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## EQUIPMENT INSURANCE COVERAGE HIGHLIGHTS

Equipment Breakdown covers the physical and financial damage that can result from an accidental equipment breakdown. Hartford Steam Boiler's Equipment Breakdown insurance is among the broadest in the industry, and our newest coverages included in HSB TechAdvantage™ are among the first of their kind. We offer a broad range of coverages and insure many types of equipment that other companies exclude. The highlights below summarize HSB's Equipment Breakdown and Technology coverages. Refer to the quoted policy for all coverage details, terms and exclusions.

### HSB TECHADVANTAGE™ Equipment Breakdown and Technology Highlights

- **Property Damage** - cost to repair or replace damaged equipment
- **Off Premises Equipment Breakdown** - coverage for portable equipment taken off-site
- **Business Income** - business income lost due to an interruption caused by a breakdown
- **Extra Expense** - cost to maintain normal operations (e.g. equipment rental)
- **Expediting Expenses** - costs to make temporary repairs and expedite permanent repairs or replacement
- **Perishable Goods** - loss due to spoilage, including contamination by refrigerant, caused by a breakdown
- **Data Restoration** - cost to restore data that is lost or damaged due to a breakdown
- **Green Coverage** - pays for repair or replacement with environmentally friendly options

### HSB TECHADVANTAGE™ Selected Coverage Highlights

- **Microelectronics Coverage** – A groundbreaking new coverage that responds to modern technology embedded in all types of equipment. A second cause of loss is added for microelectronics failures when physical damage is not detectable or when firmware or software failure causes non-physical damage. Triggered when covered equipment suddenly stops functioning as it had been and that equipment or a part containing electronic circuitry must be replaced. No special sublimits or deductibles – pays just as if there had been an equipment breakdown accident.
- **Cloud Computing Service Interruption** – Adds cloud computing services to service interruption coverage – pays for business interruption and extra expense when insured's service provider experiences an outage due to an accident.
- **Service Interruption Data Restoration** – Adds data restoration coverage for data lost when there is a covered service interruption, such as a loss of electrical power, due to an accident (triggering outage must exceed applicable waiting period). Data may be at the insured location or in the custody of the insured's cloud computing service provider.
- **Off-Premises Business Income, Extra Expense and Data Restoration Coverage** – Extends payment for off-premises equipment breakdown to include business income, extra expense and data restoration, in addition to physical damage.
- **Public Relations Coverage** – Pays for public relations assistance to help manage a reputation that may be damaged by an interruption of business – applies if there is a covered loss of business income.

### Coverage Benefits

- Covers a wide range of types of equipment including new technologies
- HSB provides market leading jurisdictional inspection service for boilers and pressure vessels as an integral element of our Equipment Breakdown policies to help insureds prevent loss and comply with local inspection requirements, where applicable. With inspectors across the United States, we can service clients' inspection needs in a timely manner
- HSB Inspection Hot Line toll-free at 1-800-333-4677 (1-800-333-INSP)
- [HSB Client Connection](#) offers agents access to a secure, password-protected portion of HSB's web site for policy related information
- HSB's claim service can help insureds reduce down time, recover faster from loss and keep operations up and running

**The Hartford Steam Boiler Inspection and Insurance Company**  
P.O. Box 61509 • King of Prussia, Pennsylvania 19406-0909  
Tel: 1-800-472-1866 • Fax: 1-800-298-4084  
Customer\_Solution\_Center@hsb.com



Hartford Steam Boiler

Fisher Brown Bottrell Insurance  
19 West Garden St., Suite 300  
Pensacola, FL 32502

11/13/2024

**Bay Point Improvement Association, Inc.**  
**FBP2381689**  
**New Business**

Dear Producer:

We would like to thank you for choosing The Hartford Steam Boiler Inspection and Insurance Company.

For your information, we offer an on-line self-service policy management tool, HSB Client Connection "My Policies", that provides you with the ability to electronically request and track policy changes and view important policy information including billing details and policy documents.

We appreciate your business. If you have any questions or require additional service, please contact HSB Customer Solutions.

Sincerely,

A handwritten signature in black ink, appearing to read "Matthew Forman", with a long horizontal line extending to the right.

*Matthew Forman*  
*Senior Vice President - Operations*

*\*In the event you need to fax information to HSB, for your convenience, the reverse side of this letter can be used as a Fax Cover Letter.*

**Self Service:** [www.hsb.com/clientconnect](http://www.hsb.com/clientconnect)  
**To Report a Claim:** 888-472-5677 (Tel); 888-329-5677 (Fax); [New\\_Loss@hsb.com](mailto:New_Loss@hsb.com)  
**Inspection Service:** 800-333-4677 (Tel); [NSCInsp\\_Hotline@hsb.com](mailto:NSCInsp_Hotline@hsb.com)

\*\*\*\*COVERAGE IS NOT BOUND UNTIL CONFIRMED BY THE COMPANY\*\*\*\*

To: **Policy Services Department**

No. of Pages:  
(including this page)

Fax #: **1-800-298-4084**

From:

Fisher Brown Bottrell Insurance  
9400853

Date:

Effective Date of Change:

Named Insured: Bay Point Improvement Association, Inc.

Policy No.: FBP2381689

Change Name Insured to:

Change Mailing Address to:

Additional Interest:

Action:  Add  Revise  Delete

Type:  Additional Insured  Loss Payee  1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> (circle one) Mortgagee

Name:

Address:

Acct. No.:

Locations:

Action:  Revise  Delete

Information: Loc. No. Address/City/State/Zip

Action:  Add (Loss History Attached):

<u>Address/City/State/Zip</u>	<u>Building Value - \$</u>	<u>Contents Value - \$</u>	<u>Business Income Value - \$</u>	<u>Occupancy</u>
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**Cancellation Request** *(Lost Policy Release must be attached)*

Reason for Cancellation:

Additional Instructions:

# Premium Invoice

**The Hartford Steam Boiler Inspection and Insurance Company**  
P.O. Box 70658, Chicago, IL 60673-0658

If you have any questions about this bill, please call 1-800-472-1866.

Producer:  
Fisher Brown Bottrell Insurance  
19 West Garden St., Suite 300  
Pensacola, FL 32502

Invoice Date: 11/13/2024

Insured:  
**Bay Point Improvement Association, Inc.**

Policy Number .....FBP2381689  
Policy Term.....11/05/2024 to 11/05/2025  
Transaction Effective Date.....11/05/2024  
Type of Transaction .....New Policy

Premium..... \$442.00  
Total Surcharge/Taxes (+)..... \$4.42

**Total Surcharge and Tax Breakdown:**

FIGA Assessment Surcharge \$4.42

**Please submit payment with a copy of this invoice to the address below. Make checks payable to Hartford Steam Boiler.**

Hartford Steam Boiler  
P.O. Box 70658  
Chicago, IL 60673-0658

Amount Enclosed: \$ \_\_\_\_\_



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## HSB TechAdvantage™ Common Policy Declarations

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Presented by: **Fisher Brown Bottrell Insurance**  
(850)432-7474

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To report a claim - Call 1-888-HSB-LOSS (472-5677); Fax 1-888-329-5677.  
For questions and information about your policy – Call 1-800-472-1866.

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Issue Date..... 11/13/2024

Policy Number ..... FBP2381689

Named Insured:  
**Bay Point Improvement Association, Inc.**

Mailing Address..... PO Box 27089  
Panama City, FL 32411

Policy Period..... 11/05/2024 to 11/05/2025 at 12:01 A.M.  
Standard Time at the above Mailing Address

Annual Premium .....\$442.00  
Taxes and Surcharges.....\$4.42  
Premium including Taxes and Surcharges.....\$446.42

Taxes and Surcharges: For a complete breakdown of Taxes and Surcharges, refer to the last page of this  
Declarations.

Notices: Your policy may contain a Notice to Policyholders. State-specific notices are  
contained in the applicable `State Changes' documents, attached at the end of  
your policy. Other notices may appear at the beginning of your policy.

## Common Policy Declarations

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Named Insured:  
 Bay Point Improvement Association, Inc.

Policy Number ..... FBP2381689

Effective Date ..... 11/05/2024

Issue Date..... 11/13/2024

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This policy is made up of these Declarations and the following forms:

Description	Form No.		
Equipment Breakdown Coverage Part Declarations No. 1	TEC	EBCDEC	07/2015
Schedule of Locations	EFB	SCHLOCS	11/2014
Agreement and Conditions		6670	07/2015
HSB TechAdvantage™ Equipment Breakdown Coverage Form		TEC150	07/2015
Terrorism Risk Insurance Act Disclosure	END	EBTRIA	06/2024
Florida Changes	TEC	FL	07/2015
Data Compromise Coverage and Identity Recovery Coverage Schedule	DC-IDR	SCH	01/2012
Data Compromise Coverage	TEC	DC	07/2015
Identity Recovery Coverage	TEC	IDR	07/2015

## Common Policy Declarations

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Named Insured:  
Bay Point Improvement Association, Inc.

Policy Number ..... FBP2381689

Effective Date ..... 11/05/2024

Issue Date..... 11/13/2024

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### Tax and Surcharge Breakdown

FIGA Assessment Surcharge	\$4.42
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# Equipment Breakdown Coverage Part Declarations No. 1

Named Insured:  
 Bay Point Improvement Association, Inc.

Policy Number ..... FBP2381689

Effective Date ..... 11/05/2024

Issue Date..... 11/13/2024

These coverages apply to any location listed on the Schedule of Locations for Equipment Breakdown Coverage Part Declarations No. 1.

## Covered Cause of Loss

Accident..... Included  
 Electronic Circuitry Impairment..... Included

The Covered Cause of Loss for this Equipment Breakdown Coverage always includes “accident.”  
 If indicated as Included above, the Covered Cause of Loss for this Equipment Breakdown Coverage also includes “electronic circuitry impairment.”

Coverages	Limits
Equipment Breakdown Limit.....	\$518,889
Property Damage.....	Included
Business Income.....	Excluded
Extra Expense.....	\$250,000
Civil Authority.....	Included
Contingent Business Income.....	Excluded
Data Restoration.....	\$250,000
Demolition.....	\$250,000
Expediting Expense.....	\$250,000
Green.....	\$250,000
Hazardous Substances.....	\$250,000
Mold.....	\$250,000
Newly Acquired Locations.....	Included for Property Damage
Off Premise Equipment Breakdown.....	\$250,000
Ordinance or Law.....	\$250,000
Perishable Goods.....	\$100,000
Public Relations.....	Excluded
Service Interruption.....	\$250,000

# Equipment Breakdown Coverage Part Declarations No. 1

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Named Insured:  
Bay Point Improvement Association, Inc.

Policy Number ..... FBP2381689

Effective Date ..... 11/05/2024

Issue Date..... 11/13/2024

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## Deductibles

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Combined..... \$1,000.00

## Other Conditions

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Interruption of Service Waiting Period: 24 Hours  
Newly Acquired Locations 90 Days  
Covered Services as defined under "interruption of  
service" includes "cloud computing service".

# Schedule of Locations

Named Insured:  
Bay Point Improvement Association, Inc.

Policy Number ..... FBP2381689

Effective Date ..... 11/05/2024

Issue Date..... 11/13/2024

<b>Location Number</b>	<b>Coverage Part Declarations Number</b>	<b>Location Address</b>
1	1	Bay Point Improvement Association, Inc. 4000 Marriott Dr Panama City, FL 32411
2	1	4100 Marriott Dr Panama City, FL 32411
3	1	3123 Thomas Dr Panama City, FL 32408
4	1	3701 Bay Point Rd Panama City, FL 32408
5	1	3704 Dragon Ridge Rd Panama City, FL 32408
6	1	3704 Jan Cooley Dr Panama City, FL 32408

## Agreement and Conditions

**The Hartford Steam Boiler  
Inspection and Insurance Company**

One State Street  
Hartford, Connecticut 06102-5024

Claims Telephone Number: 1-888-472-5677

Claims Fax Number: 1-888-329-5677

Claims Email: New\_Loss@hsb.com

Inspection Service Telephone Number: 1-800-333-4677

Inspection Service Email: NSCInsp\_Hotline@hsb.com

## Insuring Agreement

In return for payment of the premium and subject to all terms of the policy, we agree with you to provide the insurance as stated in this policy.

In Witness Whereof, the Company identified on the Declarations has caused this policy to be signed by its President and Corporate Secretary at Hartford, Connecticut.



Greg Barats  
President and Chief Executive Officer



Nancy C. Onken  
Corporate Secretary

# General Conditions

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## I. COMMON POLICY CONDITIONS

### A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is canceled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

### B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

### C. EXAMINATION OF YOUR BOOKS AND RECORDS

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

### D. INSPECTIONS AND SURVEYS

1. We have the right to:
  - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and
  - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

### E. PREMIUMS

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

### F. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

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

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

## II. CALCULATION OF PREMIUM

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



### III. REPORT OF VALUES

You must report insurable values to us at least once a year.

### IV. ADJUSTMENT OF PREMIUM

- A. The premium charged at the inception of each policy year is an advance premium. When we receive updated insurable values from you or when we determine updated insurable values through an audit or claim adjustment, we will determine an adjusted premium for this insurance.
- B. If the adjusted premium is less than the advance premium, we will return the excess premium to you. Such excess premium will not exceed 75% of the advance premium.
- C. If the adjusted premium is greater than the advance premium, we will charge the additional premium based on your reports of value.

### V. JOINT OR DISPUTED LOSS AGREEMENT

- A. This condition is intended to facilitate payment of insurance proceeds when:
  - 1. Both a commercial property policy and this equipment breakdown policy are in effect;
  - 2. Damage occurs to Covered Property that is insured by the commercial property policy and this equipment breakdown policy; and
  - 3. There is disagreement between the insurers as to whether there is coverage or as to the amount of the loss to be paid, if any, by each insurer under its own policies.
- B. The provisions of this condition apply only if all of the following requirements are met:
  - 1. The commercial property policy carried by the Named Insured, insuring the Covered Property, contains a similar provision at the time of the loss or damage, with substantially the same requirements, procedures and conditions as contained in this condition;
  - 2. There is a Joint Loss or Disputed Loss as defined below; and
  - 3. The total amount of the loss is agreed to by you, the commercial property insurer(s) and us.
- C. Joint Loss and Disputed Loss are defined as follows:
  - 1. Joint Loss means that there is damage to

property that is Covered Property under both the commercial property policy and this policy and both the commercial property insurer(s) and we admit to some liability for payment under the respective policies.

- 2. Disputed Loss means that there is damage to property that is Covered Property under both the commercial property policy and this policy and the commercial property insurer(s) and we agree that there is some liability under one policy or the other, but disagree about which policy is liable for the loss.
- D. If the requirements listed in paragraph B. above are satisfied, we and the commercial property insurer(s) will make payments to the extent, and in the manner, described as follows:
  - 1. We will pay, after your written request, the entire amount of loss that we have agreed as being covered, if any, by this equipment breakdown policy and one-half (1/2) the amount of the loss that is in disagreement.
  - 2. The commercial property insurer(s) will pay, after your written request, the entire amount of loss that they have agreed as being covered, if any, by the commercial property policy and one-half (1/2) the amount of loss that is in disagreement.
  - 3. Payments by the insurers of the amounts that are in disagreement, as described in paragraphs 1. and 2., do not alter, waive or surrender any rights of any insurer against any other with regard to the portion of the loss for which each insurer is liable.
  - 4. The amount in disagreement to be paid by us under this condition shall not exceed the amount payable under the equivalent loss agreement(s) of the commercial property policy.
  - 5. The amount to be paid under this condition shall not exceed the amount we would have paid had no commercial property policy been in effect at the time of loss. In no event will we pay more than the applicable Equipment Breakdown Limit shown in the Declarations.
  - 6. Acceptance by you of sums paid under this condition does not alter, waive or surrender any other rights against us.

E. Arbitration

1. The commercial property insurer(s) and we agree to submit our differences to arbitration within 90 days after payment of the loss under the terms of this condition.
2. You agree to cooperate with any arbitration procedures.
3. There will be three arbitrators: one will be appointed by us, and another will be appointed by the commercial property insurer(s). The two arbitrators will select a third arbitrator. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. A decision agreed to by two of the three arbitrators will be binding on both parties. Judgment on any award can be entered in any court that has jurisdiction.

F. Final Settlement Between Insurers

The insurer(s) found responsible for the greater percentage of the ultimate loss must return the excess contribution to the other insurer(s). In addition, the insurer(s) found responsible for the greater portion of the loss must pay liquidated damages to the other insurer(s) on the amount of the excess contribution of the other insurer(s). Liquidated damages are defined as interest from the date the insured invokes this agreement to the date the insurer(s) that contributed the excess amount is reimbursed. The interest is calculated at 1.5 times the highest prime rate from the money rates column of the Wall Street Journal during the period of the liquidated damages. Arbitration expenses are not a part of the excess contribution for which liquidated damages are calculated. Arbitration expenses will be apportioned between insurers on the same basis that the ultimate loss is apportioned.

# HSB TechAdvantage™

## Equipment Breakdown Coverage Form

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

Throughout this policy, the words “you” and “your” refer to the Named Insured shown in the Declarations. The words “we,” “us” and “our” refer to the Company providing this Insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to Section G - DEFINITIONS. Examples are shown for illustrative purposes only and do not represent predicted or expected outcomes.

### A. COVERAGE

This Equipment Breakdown Coverage provides insurance for a Covered Cause of Loss as defined in A.1. below. In the event of a Covered Cause of Loss, we will pay for loss as described in A.2. below.

#### 1. Covered Cause of Loss

##### a. “Accident” and “Electronic Circuitry Impairment”

The following applies when Electronic Circuitry Impairment is shown as Included in the Declarations:

The Covered Cause of Loss for this Equipment Breakdown Coverage is an “accident” or “electronic circuitry impairment.” Without an “accident” or “electronic circuitry impairment” there is no Equipment Breakdown Coverage.

##### b. “Accident” Only

The following applies when Electronic Circuitry Impairment is shown as Not Included in the Declarations:

The Covered Cause of Loss for this Equipment Breakdown Coverage is an “accident.” Without an “accident,” there is no Equipment Breakdown Coverage.

#### 2. Coverages Provided

This section lists the coverages that may apply in the event of a Covered Cause of Loss. Each coverage is subject to a specific limit as shown in the Declarations. See paragraph C.2. for details.

These coverages apply only to the direct result of a Covered Cause of Loss. For each coverage, we will pay only for that portion of the loss, damage or expense that is solely attributable to the Covered Cause of Loss.

##### a. Property Damage

We will pay for physical damage to “covered property” that is at a location

indicated in the Declarations at the time of the Covered Cause of Loss. When Electronic Circuitry Impairment is shown as Included in the Declarations, we will consider “electronic circuitry impairment” to be physical damage to “covered equipment.”

##### b. Business Income

- (1) We will pay your actual loss of “business income” during the “period of restoration” that results directly from the necessary total or partial interruption of your business.
- (2) We will also pay any necessary expenses you incur during the “period of restoration” to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
- (3) We will consider the actual experience of your business before the Covered Cause of Loss and the probable experience you would have had without the Covered Cause of Loss in determining the amount of our payment.

##### c. Extra Expense

We will pay the reasonable and necessary “extra expense” to operate your business during the “period of restoration.”

##### d. Civil Authority

We will pay for your loss and expense as defined under Business Income and Extra Expense coverages that results from a civil authority prohibiting access to a location indicated in the Declarations due solely to a Covered Cause of Loss that causes damage to property within one mile of such

location, provided that such action is taken in response to dangerous physical conditions resulting from the Covered Cause of Loss, or to enable a civil authority to have unimpeded access to the damaged property.

**e. Contingent Business Income**

We will pay for your loss and expense as defined under Business Income and Extra Expense coverages that results from:

- (1) An “interruption of supply”; or
- (2) An “accident” at an “anchor location” that has been open for business for at least six months prior to the “accident” and is located within one mile of your scheduled location.

**f. Course of Construction**

This coverage is automatically included and does not need to be indicated in the Declarations.

- (1) You will notify us promptly of any expansion or rehabilitation of any location indicated in the Declarations.
- (2) All coverages applicable to any location indicated in the Declarations are extended to an expansion or rehabilitation of that location.
- (3) This coverage begins at the time you begin the expansion or rehabilitation project.
- (4) We will charge you additional premium for newly acquired equipment from the date the equipment is installed.

**g. Data Restoration**

- (1) We will pay for your reasonable and necessary cost to research, replace or restore lost “data.”
- (2) We will pay for your reasonable and necessary cost to research, replace or restore “data” that is lost as the result of an “interruption of service.”
- (3) Coverage under g.(2) above applies to “data” stored in “covered equipment.”
- (4) If “cloud computing services” is indicated in the Declarations as a Covered Service, coverage under

g.(2) above also applies to “data” stored in the equipment of a “cloud computing services” provider with whom you have a contract.

- (5) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of g.(1) and g.(2) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Data Restoration limit.

**h. Demolition**

- (1) This coverage applies if a Covered Cause of Loss damages a building that is “covered property” and the loss is increased by an ordinance or law that:
  - (a) Requires the demolition of a building that is otherwise repairable;
  - (b) Is in force at the time of the Covered Cause of Loss; and
  - (c) Is not addressed under Hazardous Substances coverage or Mold coverage.
- (2) We will pay for the following additional costs to comply with such ordinance or law:
  - (a) Your actual and necessary cost to demolish and clear the site of the undamaged parts of the building; and
  - (b) Your actual and necessary cost to reconstruct the undamaged parts of the building.
- (3) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no such ordinance or law been in force at the time of the Covered Cause of Loss.
- (4) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of h.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Demolition limit.

**i. Expediting Expenses**

With respect to your damaged “covered property,” we will pay the reasonable extra cost to:

- (1) Make temporary repairs; and
- (2) Expedite permanent repairs or permanent replacement.

**j. Green**

(1) With respect to “covered property,” we will pay for additional costs you incur:

- (a) To repair damaged property using equipment, materials and service firms required or recommended by a Recognized Environmental Standards Program, if repair is the least expensive option as described in Section E. LOSS CONDITIONS, 10. Valuation, paragraph a.;
- (b) To replace damaged property using equipment, materials and service firms required or recommended by a Recognized Environmental Standards Program, if replacement is the least expensive option as described in Section E. LOSS CONDITIONS, 10. Valuation, paragraph a.;
- (c) To dispose of damaged property or equipment, if practicable, through a recycling process; and
- (d) To flush out reconstructed space with up to 100% outside air using new filtration media.

As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage in the absence of this Green coverage.

(2) With respect to any building that is “covered property” which, at the time of the Covered Cause of Loss was certified by a Recognized Environmental Standards Program, we will pay for costs you incur:

- (a) To prevent a lapse of such certification;
- (b) To reinstate the certification or

replace it with an equivalent certification;

- (c) For an engineer authorized by a Recognized Environmental Standards Program to oversee the repair or replacement of the damaged “covered property”; and
- (d) For a Professional Engineer to commission or recommission your damaged mechanical, electrical, or electronic building systems.

(3) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of j.(1) and (2) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Green limit.

(4) This Green coverage is subject to the following provisions:

- (a) This coverage applies in addition to any coverage that may apply under Section E. LOSS CONDITIONS, 10. Valuation, paragraph d. Environmental, Safety and Efficiency Improvements, or any other applicable coverage.
- (b) This coverage only applies to “covered property” that must be repaired or replaced as a direct result of a Covered Cause of Loss.
- (c) This coverage does not apply to any property or equipment that is valued on an Actual Cash Value basis under this policy.

(5) As used in this Green coverage, Recognized Environmental Standards Program means one of the following:

- (a) The United States Environmental Protection Agency ENERGY STAR® program;
- (b) The U.S. Green Building Council LEED® program;
- (c) The Green Building Initiative

GREEN GLOBES® program;  
or

- (d) Any nationally or internationally recognized environmental standards program that is designed to achieve energy savings and related objectives of the type included in the programs listed above.

**k. Hazardous Substances**

- (1) We will pay for the additional cost to repair or replace “covered property” because of contamination by a “hazardous substance.” This includes the additional expenses to clean up or dispose of such property. This does not include contamination of “perishable goods” by refrigerant, including but not limited to ammonia, which is addressed in Perishable Goods, A.2.p.(3).
- (2) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no “hazardous substance” been involved.
- (3) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of k.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Hazardous Substances limit.

**l. Mold**

- (1) We will pay for the additional cost to repair or replace “covered property” because of contamination by mold, fungus, mildew or yeast, including any spores or toxins created or produced by or emanating from such mold, fungus, mildew or yeast, resulting from a Covered Cause of Loss. This includes the additional costs to clean up or dispose of such property. This does not include “spoilage” of personal property that is “perishable goods” to the extent that such “spoilage” is covered under Perishable Goods coverage.

- (2) As used in this Mold coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no mold, fungus, mildew, yeast, spores or toxins been involved.
- (3) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of l.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Mold limit.
- (4) We will also pay the cost of testing performed after repair or replacement of the damaged “covered property” is completed only to the extent that there is reason to believe there is the presence of mold, fungus, mildew, yeast, spores or toxins.

**m. Newly Acquired Locations**

- (1) You will notify us promptly of any newly acquired location that you have purchased or leased during the Policy Period.
- (2) All coverages applicable to any scheduled location under this Equipment Breakdown Coverage are extended to a newly acquired location that you have purchased or leased during the Policy Period.
- (3) This coverage begins at the time you acquire the property. As respects newly constructed properties, we will only consider them to be acquired by you when you have fully accepted the completed project.
- (4) This coverage ends when any of the following first occurs:
  - (a) This Policy expires;
  - (b) The number of days specified in the Declarations for this coverage expires after you acquire the location;
  - (c) The location is incorporated into the regular coverage of this policy; or
  - (d) The location is incorporated into the regular coverage of another

Equipment Breakdown policy you have.

- (5) If limits or deductibles vary by location, the highest limits and deductibles will apply to newly acquired locations. However, the most we will pay for loss, damage or expense arising from any “one equipment breakdown” is the amount shown as the Newly Acquired Locations limit in the Declarations.
- (6) We will charge you additional premium for newly acquired locations from the date you acquire the property.

**n. Off Premises Equipment Breakdown**

- (1) We will pay for physical damage to transportable “covered equipment” that, at the time of the Covered Cause of Loss, is not at a location indicated in the Declarations.
- (2) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of n.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Off Premises Equipment Breakdown limit.
- (3) We will also pay for your loss and expense as defined under Data Restoration coverage that is the result of n.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Off Premises Equipment Breakdown limit.

**o. Ordinance or Law**

- (1) This coverage applies if a Covered Cause of Loss damages a building that is “covered property” and the loss is increased by an ordinance or law that:
  - (a) Regulates the construction or repair of buildings, including “building utilities”;
  - (b) Is in force at the time of the Covered Cause of Loss; and
  - (c) Is not addressed under

Demolition coverage, Hazardous Substances coverage, or Mold coverage.

- (2) We will pay for the following additional costs to comply with such ordinance or law:
  - (a) Your actual and necessary cost to repair the damaged portions of the building;
  - (b) Your actual and necessary cost to reconstruct the damaged portions of the building; and
  - (c) Your actual and necessary cost to bring undamaged portions of the building into compliance with the ordinance or law.
- (3) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no such ordinance or law been in force at the time of the Covered Cause of Loss.
- (4) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of o.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Ordinance or Law limit.

**p. Perishable Goods**

- (1) We will pay for physical damage to “perishable goods” due to “spoilage.”
- (2) We will also pay for physical damage to “perishable goods” due to “spoilage” that is the result of an “interruption of service.”
- (3) We will also pay for physical damage to “perishable goods” due to contamination from the release of refrigerant, including but not limited to ammonia.
- (4) We will also pay any necessary expenses you incur during the “period of restoration” to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would

have been payable under this Perishable Goods coverage.

**q. Public Relations**

- (1) This coverage only applies if you have sustained an actual loss of “business income” covered under this policy.
- (2) We will pay for your reasonable costs for professional services to create and disseminate communications, when the need for such communications arises directly from the interruption of your business. This communication must be directed to one or more of the following:
  - (a) The media;
  - (b) The public; or
  - (c) Your customers, clients or members.
- (3) Such costs must be incurred during the “period of restoration” or up to 30 days after the “period of restoration” has ended.

**r. Service Interruption**

We will pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of an “interruption of service.”

**B. EXCLUSIONS**

We will not pay for any excluded loss, damage or expense, even though any other cause or event contributes concurrently or in any sequence to the loss, damage or expense.

1. We will not pay for loss, damage or expense caused directly or indirectly by any of the following, whether or not caused by or resulting from a Covered Cause of Loss.

**a. Fire and Explosion**

- (1) Fire, including smoke from a fire.
- (2) Combustion explosion. This includes, but is not limited to, a combustion explosion of any steam boiler or other fired vessel.
- (3) Any other explosion, except as specifically provided in the definition of “accident.”

**b. Ordinance or Law**

The enforcement of, or change in, any ordinance, law, regulation, rule or ruling

regulating or restricting repair, replacement, alteration, use, operation, construction or installation, except as specifically provided in A.2.h., k., l. and o. (Demolition, Hazardous Substances, Mold and Ordinance or Law coverages).

**c. Earth Movement**

Earth movement, whether natural or human-made, including but not limited to earthquake, shock, tremor, subsidence, landslide, rock fall, earth sinking, sinkhole collapse or tsunami.

**d. Nuclear Hazard**

Nuclear reaction, detonation or radiation, or radioactive contamination, however caused.

**e. War and Military Action**

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, political violence or action taken by governmental authority in hindering or defending against any of these.

**f. Water**

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow; or
- (3) Water that backs up or overflows from a sewer, drain or sump.

However, if electrical “covered equipment” requires drying out because of the above, we will pay for the amount you actually expend to dry out such equipment, subject to the applicable Property Damage limit and Direct Coverage deductible. We will not pay more than the Actual Cash Value of the affected electrical “covered equipment.” We will not pay to replace such equipment or for any other loss, damage or expense.

**g. Failure to Protect Property**

Your failure to use all reasonable means to protect “covered property” from damage



following a Covered Cause of Loss.

**h. Fines**

Fine, penalty or punitive damage.

**i. Mold**

Mold, fungus, mildew or yeast, including any spores or toxins created or produced by or emanating from such mold, fungus, mildew or yeast. This includes, but is not limited to, costs arising from clean-up, remediation, containment, removal or abatement of such mold, fungus, mildew, yeast, spores or toxins, except as specifically covered under Mold coverage. However, this exclusion does not apply to “spoilage” of personal property that is “perishable goods” to the extent that such “spoilage” is covered under Perishable Goods coverage.

**j. Vandalism**

Vandalism, meaning a willful and malicious act that causes damage or destruction.

2. We will not pay for a Covered Cause of Loss caused by or resulting from any of the following causes of loss:

- a. Lightning.
- b. Windstorm or Hail. However, this exclusion does not apply when:
  - (1) “Covered equipment” located within a building or structure suffers a Covered Cause of Loss that results from wind-blown rain, snow, sand or dust; and
  - (2) The building or structure did not first sustain wind or hail damage to its roof or walls through which the rain, snow, sand or dust entered.
- c. Collision or any physical contact caused by a “vehicle.” This includes damage by objects falling from aircraft. However, this exclusion does not apply to any unlicensed “vehicles” which you own or which are operated in the course of your business.
- d. Riot or Civil Commotion.
- e. Leakage or discharge of any substance from an automatic sprinkler system, including collapse of a tank that is part of the system.
- f. Volcanic Action.
- g. An electrical insulation breakdown test.

h. A hydrostatic, pneumatic or gas pressure test.

i. Water or other means intended to extinguish a fire, even when such an attempt is unsuccessful.

j. Elevator collision.

3. We will not pay for a Covered Cause of Loss caused by or resulting from any of the following perils, if such peril is a covered cause of loss under another coverage part or policy of insurance you have, whether collectible or not, and without regard to whether or not the other coverage part or policy of insurance provides the same coverage or scope of coverage as this policy.

- a. Falling Objects.
- b. Weight of Snow, Ice or Sleet.
- c. Water Damage, meaning discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance containing water or steam.
- d. Collapse.
- e. Breakage of Glass.
- f. Freezing caused by cold weather.
- g. Discharge of molten material from equipment, including the heat from such discharged material.

4. Exclusions 2. and 3. do not apply if all of the following are true:

- a. The excluded peril occurs away from any location indicated in the Declarations and causes an electrical surge or other electrical disturbance;
- b. Such surge or disturbance is transmitted through utility service transmission lines to an indicated location;
- c. At the indicated location, the surge or disturbance results in a Covered Cause of Loss to “covered equipment” that is owned or operated under the control of you or your landlord; and
- d. The loss, damage or expense caused by such surge or disturbance is not a covered cause of loss under another coverage part or policy of insurance you have, whether collectible or not, and without regard to whether or not the other coverage part or policy of insurance provides the same coverage or scope of coverage as this policy.

5. With respect to Business Income, Extra Expense and Service Interruption, we will also not pay for:
  - a. Loss associated with business that would not or could not have been carried on if the Covered Cause of Loss had not occurred;
  - b. Loss caused by your failure to use due diligence and dispatch and all reasonable means to resume business;
  - c. That part of any loss that extends beyond or occurs after the “period of restoration.” This includes, but is not limited to:
    - (1) “Business income” that would have been earned after the “period of restoration,” even if such loss is the direct result of the suspension, lapse or cancellation of a contract during the “period of restoration”; and
    - (2) “Extra expense” to operate your business after the “period of restoration,” even if such loss is contracted for and paid during the “period of restoration.”
  - d. Any increase in loss resulting from an agreement between you and your customer or supplier. This includes, but is not limited to, contingent bonuses or penalties, late fees, demand charges, demurrage charges and liquidated damages.
6. With respect to Civil Authority, Contingent Business Income, Off Premises Equipment Breakdown, Service Interruption, paragraph (2) of Data Restoration and paragraph (2) of Perishable Goods, we will also not pay for a Covered Cause of Loss caused by or resulting from any of the perils listed in Exclusion 3. above, whether or not such peril is a covered cause of loss under another coverage part or policy of insurance you have.
7. With respect to Data Restoration coverage, we will also not pay to reproduce:
  - a. Software programs or operating systems that are not commercially available; or
  - b. “Data” that is obsolete, unnecessary or useless to you.
8. With respect to Demolition and Ordinance or Law coverages, we will also not pay for:
  - a. Increased demolition or reconstruction costs until they are actually incurred; or
  - b. Loss due to any ordinance or law that:
    - (1) You were required to comply with

before the loss, even if the building was undamaged; and

- (2) You failed to comply with; whether or not you were aware of such non-compliance.

## C. LIMITS OF INSURANCE

Any payment made under this Equipment Breakdown Coverage will not be increased if more than one insured is shown in the Declarations or if you are comprised of more than one legal entity.

### 1. Equipment Breakdown Limit

The most we will pay for loss, damage or expense arising from any “one equipment breakdown” is the amount shown as the Equipment Breakdown Limit in the Declarations.

### 2. Coverage Limits

- a. The limit of your insurance under each of the coverages listed in A.2. from loss, damage or expense arising from any “one equipment breakdown” is the amount indicated for that coverage in the Declarations. These limits are a part of, and not in addition to, the Equipment Breakdown Limit. If an amount of time is shown, coverage will continue for no more than that amount of time immediately following the Covered Cause of Loss. If a coverage is shown as “Included,” that coverage is provided up to the remaining amount of the Equipment Breakdown Limit. If no limit is shown in the Declarations for a coverage, or if a coverage is shown as Excluded in the Declarations, that coverage will be considered to have a limit of \$0.
- b. Loss arising from any “one equipment breakdown” may continue to be present or recur in a later policy period. This includes, but is not limited to, loss arising from mold, fungus, mildew or yeast as covered under Mold coverage. In such a case, the most we will pay for all loss, damage or expense arising out of any “one equipment breakdown” is the coverage limit applicable at the time of the Covered Cause of Loss.
- c. If two or more coverage limits apply to the same loss or portion of a loss, we will pay only the smallest of the applicable limits for that loss or portion of the loss. This means that if:

- (1) You have a loss under one of the coverages listed in A.2.; and
- (2) All or part of the loss is not covered because the applicable coverage is Excluded or has a limit that is less than the amount of your loss,

we will not pay the remaining amount of such loss under any other coverage.

#### **EXAMPLE 1**

Property Damage Limit: \$7,000,000

Business Income Limit: \$1,000,000

Newly Acquired Locations Limit: \$500,000

There is a Covered Cause of Loss at a newly acquired location that results in a Property Damage loss of \$200,000 and a Business Income loss of \$800,000.

We will pay \$500,000, because the entire loss is subject to the Newly Acquired Locations Limit of \$500,000.

#### **EXAMPLE 2**

Property Damage Limit: \$7,000,000

Business Income Limit: \$500,000

Hazardous Substances Limit: \$25,000

There is a Covered Cause of Loss that results in a loss of \$100,000. If no "hazardous substance" had been involved, the property damage loss would have been \$10,000 and the business income loss would have been \$20,000. The presence of the "hazardous substance" increased the loss by \$70,000 (increasing the clean up and repair costs by \$30,000 and increasing the business income loss by \$40,000).

We will pay \$55,000 (\$10,000 property damage plus \$20,000 business income plus \$25,000 hazardous substances).

### **D. DEDUCTIBLES**

#### **1. Deductibles for Each Coverage**

- a. Unless the Declarations indicate that your deductible is combined for all coverages, multiple deductibles may apply to any "one equipment breakdown."
- b. We will not pay for loss, damage or expense under any coverage until the amount of the covered loss or damage exceeds the deductible amount indicated for that coverage in the Declarations. We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit indicated in the Declarations.
- c. If deductibles vary by type of "covered equipment" and more than one type of

"covered equipment" is involved in any "one equipment breakdown," only the highest deductible for each coverage will apply.

- d. The following applies when a deductible is expressed as a function of the horsepower rating of a refrigerating or air conditioning system. If more than one compressor is used with a single system, the horsepower rating of the largest motor or compressor will determine the horsepower rating of the system.

#### **2. Direct and Indirect Coverages**

- a. Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the Declarations.
- b. Unless more specifically indicated in the Declarations:
  - (1) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss, regardless of where such coverage is provided in this Equipment Breakdown Coverage; and
  - (2) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this Equipment Breakdown Coverage.

#### **EXAMPLE**

A Covered Cause of Loss results in covered losses as follows:

\$100,000 Total Loss (all applicable coverages)

\$ 35,000 Business Income Loss (including \$2,000 of business income loss payable under Data Restoration coverage)

\$ 5,000 Extra Expense Loss

In this case, the Indirect coverages loss totals \$40,000 before application of the Indirect Coverage Deductible. The Direct coverages loss totals the remaining \$60,000 before application of the Direct Coverage Deductible.

#### **3. Application of Deductibles**

##### **a. Dollar Deductibles**

We will not pay for loss, damage or expense resulting from any "one equipment breakdown" until the amount of loss, damage or expense exceeds the applicable deductible or deductibles shown in the Declarations. We will then pay the amount

of loss, damage or expense in excess of the applicable deductible or deductibles, subject to the applicable limits shown in the Declarations.

**b. Time Deductibles**

If a time deductible is shown in the Declarations, we will not be liable for any loss occurring during the specified number of hours or days immediately following the Covered Cause of Loss. If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

**c. Multiple of Average Daily Value (ADV) Deductibles**

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the “business income” that would have been earned during the period of interruption had no Covered Cause of Loss occurred, divided by the number of working days in that period. The ADV applies to the “business income” value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the “period of restoration.”

The number indicated in the Declarations will be multiplied by the ADV as determined above. The result will be used as the applicable deductible.

**EXAMPLE**

Business is interrupted, partially or completely, for 10 working days. If there had been no Covered Cause of Loss, the total “business income” at the affected location for those 10 working days would have been \$5,000. The Indirect Coverages Deductible is 3 Times ADV.

$$\$5,000 / 10 = \$500 \text{ ADV}$$

$$3 \times \$500 = \$1,500 \text{ Indirect Coverages Deductible}$$

**d. Percentage of Loss Deductibles**

If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any

applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated Minimum Deductible, the Minimum Deductible will be the applicable deductible.

**E. LOSS CONDITIONS**

The following conditions apply in addition to the Common Policy Conditions:

**1. Abandonment**

There can be no abandonment of any property to us.

**2. Brands and Labels**

a. If branded or labeled merchandise that is “covered property” is damaged by a Covered Cause of Loss, but retains a salvage value, you may:

- (1) Stamp the word SALVAGE on the merchandise or its containers if the stamp will not physically damage the merchandise; or
- (2) Remove the brands or labels, if doing so will not physically damage the merchandise. You must re-label the merchandise or its containers to comply with the law.

b. We will pay for any reduction in value of the salvage merchandise resulting from either of the two actions listed in 2.a. above, subject to all applicable limits.

c. We will also pay the reasonable and necessary expenses you incur to perform either of the two actions described in 2.a. above. We will pay for such expenses to the extent that they do not exceed the amount recoverable from salvage.

d. If a Brands and Labels Limit is shown on the Declarations, we will not pay more than the indicated amount for coverage under this Condition.

**3. Coinsurance - Business Income Coverage**

a. Unless otherwise shown in the Declarations, Business Income coverage is subject to coinsurance. This means that we will not pay the full amount of any “business income” loss if the “business income actual annual value” is greater than the “business income estimated annual value” at the affected location at the time of the Covered Cause of Loss. Instead, we will determine the most we will pay using the following steps:

- (1) Divide the “business income estimated annual value” by the “business income actual annual value” at the time of the Covered Cause of Loss;
- (2) Multiply the total amount of the covered loss of “business income” by the amount determined in paragraph (1) above;
- (3) Subtract the applicable deductible from the amount determined in paragraph (2) above;

The resulting amount, or the Business Income Limit, whichever is less, is the most we will pay. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

- b. Coinsurance applies separately to each insured location.
- c. If you report a single “business income estimated annual value” for more than one location, without providing information on how that amount should be distributed among the locations, we will distribute the amount evenly among all applicable locations.

#### **EXAMPLE 1 (Underinsurance)**

When:

The “business income actual annual value” at the location of loss at the time of the Covered Cause of Loss is \$200,000.

The “business income estimated annual value” shown in the Declarations for the location of loss is \$100,000.

The actual loss of “business income” resulting from the Covered Cause of Loss is \$40,000.

The Business Income limit is \$100,000.

The Business Income deductible is \$5,000.

Step 1:  $\$100,000 / \$200,000 = .5$

Step 2:  $\$40,000 \times .5 = \$20,000$

Step 3:  $\$20,000 - \$5,000 = \$15,000$

The total “business income” loss recovery, after deductible, would be \$15,000. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

We will also charge you an additional premium in recognition of the actual “business income annual value.”

#### **EXAMPLE 2 (Adequate insurance)**

When:

The “business income actual annual value” at the location of loss at the time of the Covered Cause of Loss is \$200,000.

The “business income estimated annual value” shown in the Declarations for the location of loss is \$200,000.

The actual loss of “business income” resulting from the Covered Cause of Loss is \$40,000.

The Business Income limit is \$100,000.

The Business Income deductible is \$5,000.

Step 1:  $\$200,000 / \$200,000 = 1$

Step 2:  $\$40,000 \times 1 = \$40,000$

Step 3:  $\$40,000 - \$5,000 = \$35,000$

The total “business income” loss recovery, after deductible, would be \$35,000.

#### **4. Coinsurance - Coverages other than Business Income**

Coverages other than Business Income may be subject to coinsurance if so indicated in the Declarations. If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of the property subject to the coverage at the time of the Covered Cause of Loss times the Coinsurance percentage shown for it in the Declarations is greater than the applicable limit.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of the property subject to the coverage at the time of the Covered Cause of Loss by the Coinsurance percentage;
- (2) Divide the applicable limit by the amount determined in step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the amount determined in step (2); and
- (4) Subtract the deductible from the amount determined in step (3).

We will pay the amount determined in step (4) or the applicable limit, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

- b. Coinsurance applies separately to each insured location.

**EXAMPLE 1 (Underinsurance)**

When:

The actual value of “perishable goods” at the location of loss at the time of the Covered Cause of Loss is \$200,000.

The Perishable Goods limit is \$100,000 @ 80% coinsurance.

The loss under Perishable Goods coverage resulting from the Covered Cause of Loss is \$60,000.

The Perishable Goods deductible is \$5,000.

Step 1:  $\$200,000 \times 80\% = \$160,000$

Step 2:  $\$100,000/\$160,000 = .625$

Step 3:  $\$60,000 \times .625 = \$37,500$

Step 4:  $\$37,500 - \$5,000 = \$32,500$

The total Perishable Goods loss recovery, after deductible, would be \$32,500. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

**EXAMPLE 2 (Adequate insurance)**

When:

The actual value of “perishable goods” at the location of loss at the time of the Covered Cause of Loss is \$100,000.

The Perishable Goods limit is \$100,000 @ 80% coinsurance.

The loss under Perishable Goods coverage resulting from the Covered Cause of Loss is \$60,000.

The Perishable Goods deductible is \$5,000.

Step 1:  $\$100,000 \times 80\% = \$80,000$

Step 2:  $\$100,000/\$80,000 = 1.25$

Coinsurance does not apply.

Step 3:  $\$60,000 - \$5,000 = \$55,000$

The total Perishable Goods loss recovery, after deductible, would be \$55,000.

**5. Defense**

We have the right, but are not obligated, to defend you against suits arising from claims of owners of property in your care, custody or control. When we do this, it will be at our expense.

**6. Duties in the Event of Loss or Damage**

You must see that the following are done in the event of loss or damage:

- a. Give us a prompt notice of the loss or damage, including a description of the property involved.
- b. You must reduce your loss, damage or expense, if possible, by:
  - (1) Protecting property from further damage. We will not pay for your failure to protect property, as stated in Exclusion B.1.g.;
  - (2) Resuming business, partially or completely at the location of loss or at another location;
  - (3) Making up lost business within a reasonable amount of time. This includes working extra time or overtime at the location of loss or at another location. The reasonable amount of time does not necessarily end when the operations are resumed;
  - (4) Using merchandise or other property available to you;
  - (5) Using the property or services of others; and
  - (6) Salvaging the damaged property.
- c. Allow us a reasonable time and opportunity to examine the property and premises before repair or replacement is undertaken or physical evidence of the Covered Cause of Loss is removed. But you must take whatever measures are necessary for protection from further damage.
- d. Make no statement that will assume any obligation or admit any liability, for any loss, damage or expense for which we may be liable, without our consent.
- e. Promptly send us any legal papers or notices received concerning the loss, damage or expense.
- f. As often as may be reasonably required, permit us to inspect your property, premises and records. Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- g. If requested, permit us to examine you and any of your agents, employees and representatives under oath. We may examine any insured under oath while not in the presence of any other insured. Such examination:

- (1) May be at any time reasonably required;
  - (2) May be about any matter relating to this insurance, your loss, damage or expense, or your claim, including, but not limited to, your books and records; and
  - (3) May be recorded by us by any methods we choose.
- h. Send us a signed, sworn proof of loss containing the information we request. You must do this within 60 days after our request.
  - i. Cooperate with us in the investigation and settlement of the claim.

**7. Errors and Omissions**

- a. We will pay your loss covered by this Equipment Breakdown coverage if such loss is otherwise not payable solely because of any of the following:
  - (1) Any error or unintentional omission in the description or location of property as insured under this policy;
  - (2) Any failure through error to include any premises owned or occupied by you at the inception of this policy; or
  - (3) Any error or unintentional omission by you that results in cancellation of any premises insured under this policy.
- b. No coverage is provided as a result of any error or unintentional omission by you in the reporting of values or the coverage you requested.
- c. It is a condition of this coverage that such errors or unintentional omissions shall be reported and corrected when discovered. The policy premium will be adjusted accordingly to reflect the date the premises should have been added had no error or omission occurred.
- d. If an Errors and Omissions Limit is indicated in the Declarations, we will not pay more than the indicated amount for coverage under this Condition.

**8. Proving Your Loss**

It is your responsibility, at your own expense, to provide documentation to us:

- a. Demonstrating that the loss, damage or expense is the result of a Covered Cause of

Loss covered under this Equipment Breakdown Coverage; and

- b. Calculating the dollar amount of the loss, damage and expense that you claim is covered.

Your responsibility in 8.a. above is without regard to whether or not the possible Covered Cause of Loss occurred at your premises or involved your equipment.

**9. Salvage and Recoveries**

When, in connection with any loss under this Equipment Breakdown Coverage, any salvage or recovery is received after the payment for such loss, the amount of the loss shall be refigured on the basis on which it would have been settled had the amount of salvage or recovery been known at the time the loss was originally determined. Any amounts thus found to be due either party from the other shall be paid promptly.

**10. Valuation**

We will determine the value of “covered property” as follows:

- a. Except as specified otherwise, our payment for damaged “covered property” will be the smallest of:
  - (1) The cost to repair the damaged property;
  - (2) The cost to replace the damaged property on the same site; or
  - (3) The amount you actually spend that is necessary to repair or replace the damaged property.
- b. The amount of our payment will be based on the most cost-effective means to replace the function, capacity and remaining useful life of the damaged property. This may include the use of generic, used or reconditioned parts, equipment or property.
- c. Except as described in d. below, you must pay the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.

**d. Environmental, Safety and Efficiency Improvements**

If “covered equipment” requires replacement due to a Covered Cause of Loss, we will pay your additional cost to replace with equipment that we agree is better for the environment, safer for people or more energy or water efficient than the

equipment being replaced, subject to the following conditions:

- (1) We will not pay more than 150% of what the cost would have been to replace with like kind and quality;
  - (2) We will not pay to increase the size or capacity of the equipment;
  - (3) This provision only applies to Property Damage coverage;
  - (4) This provision does not increase any of the applicable limits;
  - (5) This provision does not apply to any property valued on an Actual Cash Value basis; and
  - (6) This provision does not apply to the replacement of component parts.
- e. The following property will be valued on an Actual Cash Value basis:
- (1) Any property that does not currently serve a useful or necessary function for you;
  - (2) Any “covered property” that you do not repair or replace within 24 months after the date of the Covered Cause of Loss; and
  - (3) Any “covered property” for which Actual Cash Value coverage is specified in the Declarations.
- Actual Cash Value includes deductions for depreciation.
- f. If any one of the following conditions is met, property held for sale by you will be valued at the sales price as if no loss or damage had occurred, less any discounts and expenses that otherwise would have applied:
- (1) The property was manufactured by you;
  - (2) The sales price of the property is less than the replacement cost of the property; or
  - (3) You are unable to replace the property before its anticipated sale.
- g. Except as specifically provided for under Data Restoration coverage, “data” and “media” will be valued on the following basis:
- (1) For mass-produced and commercially available software, at the replacement cost.

- (2) For all other “data” and “media,” at the cost of blank “media” for reproducing the records. We will not pay for “data” representing financial records based on the face value of such records.

h. Air conditioning or refrigeration equipment that utilizes a refrigerant containing CFC (chlorofluorocarbon) substances will be valued at the cost to do the least expensive of the following:

- (1) Repair or replace the damaged property and replace any lost CFC refrigerant;
- (2) Repair the damaged property, retrofit the system to accept a non-CFC refrigerant and charge the system with a non-CFC refrigerant; or
- (3) Replace the system with one using a non-CFC refrigerant.

In determining the least expensive option, we will include any associated Business Income or Extra Expense loss. If option (2) or (3) is more expensive than (1), but you wish to retrofit or replace anyway, we will consider this better for the environment and therefore eligible for valuation under paragraph d., Environmental, Safety and Efficiency Improvements. In such case, 10.d.(1) above is amended to read: “We will not pay more than 150% of what the cost would have been to repair or replace with like kind and quality.”

## F. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Policy Conditions:

### 1. Additional Insured

If a person or organization is designated in this Equipment Breakdown Coverage as an additional insured, we will consider them to be an insured under this Equipment Breakdown Coverage only to the extent of their interest in the “covered property.”

### 2. Bankruptcy

The bankruptcy or insolvency of you or your estate will not relieve you or us of any obligation under this Equipment Breakdown Coverage.

### 3. Concealment, Misrepresentation or Fraud

We will not pay for any loss and coverage will be void if you or any additional insured at any



time:

- a. Intentionally cause or allow loss, damage or expense in order to collect on insurance; or
- b. Intentionally conceal or misrepresent a material fact concerning:
  - (1) This Equipment Breakdown Coverage;
  - (2) The “covered property”;
  - (3) Your interest in the “covered property”;
  - (4) A claim under this Equipment Breakdown Coverage.

#### **4. Jurisdictional Inspections**

It is your responsibility to comply with any state or municipal boiler and pressure vessel regulations. If any “covered equipment” that is “covered property” requires inspection to comply with such regulations, at your option we agree to perform such inspection.

#### **5. Legal Action Against Us**

No one may bring a legal action against us under this Equipment Breakdown Coverage unless:

- a. There has been full compliance with all the terms of this Equipment Breakdown Coverage; and
- b. The action is brought within two years after the date of the Covered Cause of Loss; or
- c. We agree in writing that you have an obligation to pay for damage to “covered property” of others or until the amount of that obligation has been determined by final judgment or arbitration award. No one has the right under this policy to bring us into an action to determine your liability.

#### **6. Liberalization**

If we adopt any standard form revision for general use that would broaden the coverage under this Equipment Breakdown Coverage without additional premium, the broadened coverage will apply to this Equipment Breakdown Coverage commencing on the date that such revision becomes effective in the jurisdiction where the Covered Cause of Loss occurs.

#### **7. Loss Payable**

- a. We will pay you and the loss payee shown in the Declarations for loss covered by this Equipment Breakdown Coverage, as

interests may appear. The insurance covers the interest of the loss payee unless the loss results from conversion, secretion or embezzlement on your part or on the part of the loss payee.

- b. We may cancel the policy as allowed by the Cancellation Condition. Cancellation ends this agreement as to the loss payee's interest. If we cancel, we will mail you and the loss payee the same advance notice.
- c. If we make any payment to the loss payee, we will obtain their rights against any other party.

#### **8. Maintaining Your Property and Equipment**

It is your responsibility to appropriately maintain your property and equipment. We will not pay your costs to maintain, operate, protect or enhance your property or equipment, even if such costs are to comply with our recommendations or prevent loss, damage or expense that would be covered under this policy.

#### **9. Mortgage Holders and Lender's Loss Payable**

- a. We will pay for direct damage to “covered property” due to a Covered Cause of Loss to “covered equipment” to you and each Mortgage Holder and Lender Loss Payee shown in the Declarations in their order of precedence, as interests in the “covered property” may appear.
- b. The Mortgage Holder and Lender Loss Payee have the right to receive loss payment even if they have started foreclosure or similar action on the “covered property.”
- c. If we deny your claim because of your acts or because you have failed to comply with the terms of this Equipment Breakdown Coverage, the Mortgage Holder and Lender Loss Payee will still have the right to receive loss payment, provided the Mortgage Holder and Lender Loss Payee does all of the following:
  - (1) Pays any premium due under this Equipment Breakdown Coverage at our request if you have failed to do so;
  - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so;
  - (3) Has notified us of any change in

ownership or material change in risk known to the mortgage holder; and

- (4) Has complied with all other terms and conditions of this Policy.

All of the terms of this Equipment Breakdown Coverage will then apply directly to the Mortgage Holder and Lender Loss Payee.

- d. If we pay the Mortgage Holder and Lender Loss Payee for any loss and deny payment to you because of your acts or because you have failed to comply with the terms of this Equipment Breakdown Coverage:

- (1) The rights of the Mortgage Holder and Lender Loss Payee will be transferred to us to the extent of the amount we pay; and
- (2) The rights of the Mortgage Holder and Lender Loss Payee to recover the full amount of their claim will not be impaired.

At our option, we may pay to the Mortgage Holder and Lender Loss Payee the whole principal on the debt plus any accrued interest. In this event, the mortgage or debt will be transferred to us and you will pay your remaining mortgage or debt to us.

- e. If we cancel this policy, we will give written notice to the Mortgage Holder and Lender Loss Payee at least:
  - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
  - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- f. If we elect not to renew this policy, we will give written notice to the Mortgage Holder and Lender Loss Payee at least 10 days before the expiration date of this policy.
- g. If we suspend coverage, it will also be suspended as respects the Mortgage Holder and Lender Loss Payee. We will give written notice of the suspension to the Mortgage Holder and Lender Loss Payee.

## 10. Other Insurance

If there is other insurance that applies to the same loss, damage or expense, this Equipment Breakdown Coverage shall apply only as excess insurance after all other applicable insurance has been exhausted.

## 11. Policy Period, Coverage Territory

Under this Equipment Breakdown Coverage:

- a. The Covered Cause of Loss must occur during the Policy Period, but expiration of the policy does not limit our liability.
- b. The Covered Cause of Loss must occur within the following Coverage Territory:
  - (1) The United States of America (including its territories and possessions);
  - (2) Puerto Rico; and
  - (3) Canada.
- c. As respects Off Premises Equipment Breakdown coverage only, the Covered Cause of Loss may occur in any country except one in which the United States has imposed sanctions, embargoes or similar restrictions on the provision of insurance.

## 12. Privilege to Adjust with Owner

In the event of loss, damage or expense involving property of others in your care, custody or control, we have the right to settle the loss, damage or expense with respect to such property with the owner of the property. Settlement with owners of that property will satisfy any claim of yours.

## 13. Suspension

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

- a. Your last known address; or
- b. The address where the "covered equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "covered equipment."

If we suspend your insurance, you will get a pro rata refund of premium for that "covered equipment" for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

## 14. Transfer of Rights of Recovery Against Others to Us

If any person or organization to or for whom we make payment under this Equipment Breakdown Coverage has rights to recover damages from

another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

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

## G. DEFINITIONS

### 1. "Accident"

- a. "Accident" means a fortuitous event that causes direct physical damage to "covered equipment." The event must be one of the following:
  - (1) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
  - (2) Artificially generated electrical current, including electrical arcing, that damages electrical devices, appliances or wires;
  - (3) Explosion, other than combustion explosion, of steam boilers, steam piping, steam engines or steam turbines;
  - (4) An event inside steam boilers, steam pipes, steam engines or steam turbines that damages such equipment;
  - (5) An event inside hot water boilers or other water heating equipment that damages such equipment; or
  - (6) Bursting, cracking or splitting.
- b. None of the following is an "accident," however caused and without regard to whether such condition or event is normal and expected or unusual and unexpected. However, if an event as defined under 1.a. above results from any of the following, it will be considered an "accident."
  - (1) Depletion, deterioration, rust, corrosion, erosion, settling or wear and tear;
  - (2) Any gradually developing condition;

- (3) Any defect, programming error, programming limitation, computer virus, malicious code, loss of "data," loss of access, loss of use, loss of functionality or other condition within or involving "data" or "media" of any kind;
- (4) Contamination by a "hazardous substance"; or
- (5) Misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.

2. "**Anchor Location**" means a location, operated by others, upon which you depend to attract customers to your scheduled location.

3. "**Boilers and Vessels**" means:

- a. Boilers;
- b. Steam piping;
- c. Piping that is part of a closed loop used to conduct heat from a boiler;
- d. Condensate tanks; and
- e. Unfired vessels which, during normal usage, operate under vacuum or pressure, other than the weight of contents.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

4. "**Building Utilities**" means "covered equipment" permanently mounted on or in a building and used to provide any of the following services within the building: heating, ventilating, air conditioning, electrical power, hot water, elevator or escalator services, central vacuum, natural gas service or communications. "Building utilities" does not include personal property or equipment used in manufacturing or processing.

5. "**Buried Vessels or Piping**" means any piping or vessel buried or encased in the earth, concrete or other material, whether above or below grade, or in an enclosure which does not allow access for inspection and repair.

6. "**Business Income**" means the sum of:

- a. The Net Income (net profit or loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal and necessary operating expenses incurred, including employee payroll.

7. **“Business Income Actual Annual Value”** means the “business income” for the current fiscal year that would have been earned had no Covered Cause of Loss occurred.

In calculating the “business income actual annual value,” we will take into account the actual experience of your business before the Covered Cause of Loss and the probable experience you would have had without the Covered Cause of Loss.

8. **“Business Income Estimated Annual Value”** means the anticipated “business income” reported to us and shown in the Declarations. If no value is shown in the Declarations, the “business income estimated annual value” will be the most recent report of anticipated “business income” values on file with us.

9. **“Cloud Computing Services”** means professional, on-demand, self-service data storage or data processing services provided through the Internet or over telecommunications lines. This includes services known as IaaS (infrastructure as a service), PaaS (platform as a service), SaaS (software as a service) and NaaS (network as a service). This includes business models known as public clouds, community clouds and hybrid clouds. “Cloud computing services” include private clouds if such services are owned and operated by a third party.

**10. “Covered Equipment”**

- a. “Covered equipment” means the following:

- (1) Unless specified otherwise in the Declarations:
  - (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.

“Covered equipment” may utilize conventional design and technology or new or newly commercialized design and technology.

- (2) Except as specifically provided for under Civil Authority, Contingent Business Income, Off Premises Equipment Breakdown, Service Interruption, paragraph (2) of Data Restoration and paragraph (2) of Perishable Goods, such equipment

must be at a location indicated in the Declarations and must be owned or leased by you, or operated under your control.

- b. None of the following is “covered equipment”:

- (1) Structure, including but not limited to the structural portions of buildings and towers and scaffolding;
- (2) Foundation;
- (3) Cabinet, compartment, conduit or ductwork;
- (4) Insulating or refractory material;
- (5) “Buried vessels or piping”;
- (6) Waste, drainage or sewer piping;
- (7) Piping, valves or fittings forming a part of a sprinkler or fire suppression system;
- (8) Water piping that is not part of a closed loop used to conduct heat or cooling from a boiler or a refrigeration or air conditioning system;
- (9) “Vehicle” or any equipment mounted on a “vehicle”;
- (10) Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
- (11) Dragline, excavation or construction equipment;
- (12) Equipment manufactured by you for sale; or
- (13) “Data.”

**11. “Covered Property”**

- a. “Covered Property” means property that you own or property that is in your care, custody or control and for which you are legally liable. Such property must be at a location indicated in the Declarations except as provided under Off Premises Equipment Breakdown coverage.

- b. None of the following is “covered property”:

- (1) Accounts, bills, currency, deeds or other evidences of debt, money, notes or securities;
- (2) Fine arts, jewelry, furs or precious stones;
- (3) Precious metal, unless forming a part of “covered equipment”;

- (4) Animals;
- (5) Contraband, or property in the course of illegal transportation or trade;
- (6) Land (including land on which the property is located), water, trees, growing crops or lawns; or
- (7) Shrubs or plants, unless held indoors for retail sale.

**12. “Data”** means information or instructions stored in digital code capable of being processed by machinery.

**13. “Electrical Generating Equipment”**

- a. “Electrical Generating Equipment” means equipment which converts any other form of energy into electricity. This includes, but is not limited to, the following:
  - (1) Boilers used primarily to provide steam for one or more turbine-generator units;
  - (2) Turbine-generators (including steam, gas, water or wind turbines);
  - (3) Engine-generators;
  - (4) Fuel cells or other alternative electrical generating equipment;
  - (5) Electrical transformers, switchgear and power lines used to convey the generated electricity; and
  - (6) Associated equipment necessary for the operation of any of the equipment listed in (1) through (5) above.
- b. “Electrical Generating Equipment” does not mean:
  - (1) Elevator or hoist motors that generate electricity when releasing cable; or
  - (2) Equipment intended to generate electricity solely on an emergency, back-up basis.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

**14. “Electronic circuitry”** means microelectronic components, including but not limited to circuit boards, integrated circuits, computer chips and disk drives.

**15. “Electronic Circuitry Impairment”**

- a. “Electronic circuitry impairment” means a fortuitous event involving “electronic circuitry” within “covered equipment” that causes the “covered equipment” to suddenly lose its ability to function as it had been functioning immediately before such event. This definition is subject to the conditions specified in b., c., and d. below.
- b. We shall determine that the reasonable and appropriate remedy to restore such “covered equipment's” ability to function is the replacement of one or more “electronic circuitry” components of the “covered equipment.”
- c. The “covered equipment” must be owned or leased by you, or operated under your control.
- d. None of the following is an “electronic circuitry impairment”:
  - (1) Any condition that can be reasonably remedied by:
    - (a) Normal maintenance, including but not limited to replacing expendable parts, recharging batteries or cleaning;
    - (b) Rebooting, reloading or updating software or firmware; or
    - (c) Providing necessary power or supply.
  - (2) Any condition caused by or related to:
    - (a) Incompatibility of the “covered equipment” with any software or equipment installed, introduced or networked within the prior 30 days; or
    - (b) Insufficient size, capability or capacity of the “covered equipment.”
  - (3) Exposure to adverse environmental conditions, including but not limited to change in temperature or humidity, unless such conditions result in an observable loss of functionality. Loss of warranty shall not be considered an observable loss of functionality.

16. **“Extra Expense”** means the additional cost you incur to operate your business over and above the cost that you normally would have incurred to operate your business during the same period had no Covered Cause of Loss occurred.

17. **“Hazardous Substance”** means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.

18. **“Interruption of Service”**

- a. “Interruption of service” means a failure or disruption of the normal supply of any of the Covered Services listed in b. and c. below, when such failure or disruption is caused by an “accident” to “covered equipment,” subject to the conditions listed in d. through g. below. The failure or disruption must arise from an “accident” even if the Covered Cause of Loss for this policy includes “electronic circuitry impairment.”
- b. Covered Services are electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, Internet access, telecommunications services, wide area networks and data transmission.
- c. If indicated in the Declarations, Covered Services also includes “cloud computing services.”
- d. The “covered equipment” must either be:
  - (1) Owned by a company with whom you have a contract to supply you with one of the Covered Services; or
  - (2) Used to supply you with one of the Covered Services and located within one mile of a location indicated in the Declarations.
- e. If a Service Interruption Distance Limitation is indicated in the Declarations, the “covered equipment” suffering the “accident” must be located within the indicated distance of any location indicated in the Declarations.
- f. If an Interruption of Service Waiting Period is indicated in the Declarations, no failure or disruption of service will be considered to qualify as an “interruption of service” until the failure or disruption exceeds the indicated number of hours immediately following the “accident.”
- g. “Interruption of service” does not include

any failure or disruption, whether or not arising from or involving an “accident,” in which a supplier could have continued to provide service to the location but chose for any reason to reduce or discontinue service.

19. **“Interruption of Supply”**

- a. “Interruption of Supply” means a failure or disruption of the normal supply of any of the Covered Contingencies listed below, when such failure or disruption is caused by an “accident” to “covered equipment” that is located at a Contingent Business Income supplier or receiver location indicated in the Declarations. If no Contingent Business Income supplier or receiver location is indicated in the Declarations, the “covered equipment” must be owned by a supplier from whom you have received the Covered Contingency for at least six months prior to the “accident” or a receiver to whom you have supplied the Covered Contingency for at least six months prior to the “accident.”
- b. Covered Contingencies are raw materials, intermediate products, finished products, packaging materials and product processing services.

20. **“Media”** means material on which “data” is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.

21. **“One Equipment Breakdown”**

- a. If Electronic Circuitry Impairment is indicated in the Declarations as Included, “one equipment breakdown” means all “accidents” or “electronic circuitry impairments” occurring at the same time from the same event. If an “accident” or “electronic circuitry impairment” causes other “accidents” or “electronic circuitry impairments,” all will be considered “one equipment breakdown.”
- b. If Electronic Circuitry Impairment is indicated in the Declarations as Not Included, “one equipment breakdown” means all “accidents” occurring at the same time from the same event. If an “accident” causes other “accidents,” all will be considered “one equipment breakdown.”

22. **“Ordinary Payroll”** means the Payroll Expenses associated with all employees other than executives, department managers and employees under contract.

As used above, Payroll Expenses means all payroll, employee benefits directly related to payroll, FICA payments you pay, union dues you pay and workers compensation premiums.

“Ordinary payroll” does not include pensions or directors fees.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

**23. “Period of Restoration”**

a. Except as indicated in b. below, “period of restoration” means the period of time that begins at the time of the Covered Cause of Loss and continues until the earlier of:

- (1) The date the “covered equipment” is repaired or replaced; or
- (2) The date on which such equipment could have been repaired or replaced with the exercise of due diligence and dispatch,

plus the number of days, if any, shown in the Declarations for Extended Period of Restoration.

b. Only as respects Civil Authority coverage, “period of restoration” means the period of time that begins at the time access is prohibited by action of civil authority and continues until the earlier of:

- (1) Twenty one (21) days thereafter; or
- (2) The date access is restored.

**24. “Perishable Goods”** means any “covered property” subject to deterioration or impairment as a result of a change of conditions, including but not limited to temperature, humidity or pressure.

**25. “Production Machinery”** means any machine or apparatus that processes or produces a product intended for eventual sale. This includes all component parts of such machine or apparatus and any other equipment used exclusively with such machine or apparatus. However, “production machinery” does not mean any boiler, or fired or unfired pressure vessel.

This term does not appear elsewhere in this coverage form, but may appear in the Declarations.

**26. “Spoilage”** means any detrimental change in state. This includes but is not limited to thawing of frozen goods, warming of refrigerated goods, freezing of fresh goods, solidification of liquid

or molten material and chemical reactions to material in process.

**27. “Vehicle”** means any machine or apparatus that is used for transportation or moves under its own power. “Vehicle” includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.

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

# Terrorism Risk Insurance Act Disclosure

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Named Insured:

Bay Point Improvement Association, Inc.

Policy Number ..... FBP2381689

Effective Date ..... 11/05/2024

Issue Date..... 11/13/2024

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This endorsement is attached to and made part of your policy in response to the disclosure requirements of the Terrorism Risk Insurance Act, as amended.

## **NOTICE OF TERRORISM INSURANCE COVERAGE**

### **Applicable Premium**

The portion of your annual premium that is attributable to coverage for acts of terrorism is \$0, and does not include any charges for the portion of losses covered by the United States government under the Act.

### **Informational Notice**

The following notice does not change your coverage under this policy, but is provided for your information in compliance with the Terrorism Risk Insurance Act, as amended.

Coverage for acts of terrorism is included in your policy. You are hereby notified that the Terrorism Risk Insurance Act, as amended in 2019, defines an act of terrorism in Section 102(1) of the Act: The term “act of terrorism” means any act or acts that are certified by the Secretary of the Treasury — in consultation with the Secretary of Homeland Security, and the Attorney General of the United States — to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 80% beginning on January 1, 2020, of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

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# Florida Changes

## Amendatory Endorsement

This endorsement changes the policy. Please read it carefully.  
These changes apply only to locations covered by the policy that are in the State of Florida.

I. The following modifies the **AGREEMENT AND CONDITIONS**:

A. Section I. **COMMON POLICY CONDITIONS**, A. **CANCELLATION**, paragraphs 2. and 5. are deleted and replaced with the following:

2. a. **Cancellation for policies in effect for 90 days or less:**

If this policy has been in effect for 90 days or less, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, accompanied by the specific reasons for cancellation, at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (2) 20 days before the effective date of cancellation if we cancel for any other reason, except we may cancel immediately if there has been:
  - (a) A material misstatement or misrepresentation; or
  - (b) A failure to comply with underwriting requirements established by the insurer.

b. **Cancellation for policies in effect for more than 90 days:**

If this policy has been in effect for more than 90 days, we may cancel this policy only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) The policy was obtained by a material misstatement;
- (3) There has been a failure to comply with underwriting requirements established by us within 90 days of the effective date of coverage;
- (4) There has been a substantial change in the risk covered by the policy; or
- (5) The cancellation is for all

insureds under such policies for a given class of insureds.

If we cancel this policy for any of these reasons, we will mail or deliver to the first Named Insured written notice of cancellation, accompanied by the specific reasons for cancellation, at least:

- (1) 10 days before the effective date of cancellation if cancellation is for nonpayment of premium; or
- (2) 45 days before the effective date of cancellation if cancellation is for one or more of the reasons stated in paragraphs b.(2) through b.(5) above.

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will mail the refund within 15 working days after the date cancellation takes effect, unless this is an audit policy. If this is an audit policy, then, subject to your full cooperation with us or our producer in securing the necessary data for audit, we will return any premium refund due within 90 days of the date cancellation takes effect. If our audit is not completed within this time limitation, then we will accept your own audit, and any premium refund due will be mailed within 10 working days of receipt of your audit.  
The cancellation will be effective even if we have not made or offered a refund.

B. The following is added to section I. **COMMON POLICY CONDITIONS**:

**NONRENEWAL**

## Florida Changes, continued

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1. If we decide not to renew this policy we will mail or deliver to the first Named Insured written notice of nonrenewal, accompanied by the specific reason for nonrenewal, at least 45 days prior to the expiration of the policy.
2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

- II. The following modifies the **EQUIPMENT BREAKDOWN COVERAGE FORM**:

Section F. **ADDITIONAL CONDITIONS**, 5. **Legal Action Against Us**, paragraph b. is deleted and replaced with the following:

- b. The action is brought within 5 years from the date of the Covered Cause of Loss;  
or

# Data Compromise Coverage and Identity Recovery Coverage Schedule

Named Insured:  
Bay Point Improvement Association, Inc.

Policy Number ..... FBP2381689

Effective Date ..... 11/05/2024

Issue Date..... 11/13/2024

These coverages apply as specified within the Data Compromise Coverage and Identity Recovery Coverage endorsements attached to this policy.

## Data Compromise Coverage

<b>Coverages</b>	<b>Limits</b>
Response Expenses.....	\$50,000 Annual Aggregate
Legal and Forensic Information Technology Review.....	\$5,000 any one "Personal Data Compromise"
Defense and Liability.....	\$50,000 Annual Aggregate

### Deductibles

Response Expenses.....	\$1,000 each "Personal Data Compromise"
Defense and Liability.....	\$1,000 each "Data Compromise Suit"

## Identity Recovery Coverage

Identity Recovery Help Line: 1-800-472-1866

<b>Coverages</b>	<b>Limits</b>
Expense Reimbursement Coverage.....	\$15,000 Annual Aggregate per "Identity Recovery Insured"
Lost Wages and Child and Elder Care.....	\$5,000
Miscellaneous Unnamed Costs.....	\$1,000

### Deductibles

Expense Reimbursement Coverage.....	\$250 each "Identity Recovery Insured"
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## **Data Compromise Coverage and Identity Recovery Coverage Schedule, continued**

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Endorsements modifying the Data Compromise Coverage and Identity Recovery Coverage:

- Any endorsement amending the Named Insured
- Any endorsement adding, deleting or modifying Additional Interests
- Terrorism Risk Insurance Act Disclosure
- Cancellation Condition Endorsement (Credit Rating Trigger)
- Knowledge of Occurrence
- Notice of Cancellation
- Any `State' Changes endorsements
- Cancellation Data Compromise Coverage and Identity Recovery Coverage endorsement

# Data Compromise Coverage

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Named Insured:

Bay Point Improvement Association, Inc.

Policy Number ..... FBP2381689

Effective Date ..... 11/05/2024

Issue Date..... 11/13/2024

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This endorsement changes the policy. Please read it carefully.

The following Data Compromise Coverage is being endorsed onto your policy. The coverage, limits, deductibles and service provided under this endorsement are separate from your Equipment Breakdown coverage. The **Agreement and Conditions** applies to this endorsement. Section F. **ADDITIONAL CONDITIONS**, except for paragraphs 9., 11.a. and 13., of the **Equipment Breakdown Coverage Form** also applies, provided, however, that for the purposes of this endorsement only, wherever the term “Equipment Breakdown Coverage” is used in section F., that term includes this Data Compromise Coverage and wherever the term Covered Cause of Loss is used in section F., the term “personal data compromise” shall be substituted.

## I. DATA COMPROMISE COVERED CAUSE OF LOSS

Any coverage under this endorsement applies only if all of the following conditions are met:

- i) There has been a “personal data compromise”;
- ii) Such “personal data compromise” is first discovered by you during the policy period for which this endorsement is applicable; and
- iii) Such “personal data compromise” is reported to us within a reasonable period of time after it is first discovered by you.

### A. RESPONSE EXPENSES

#### 1. RESPONSE EXPENSES COVERAGE

If all three of the conditions listed above in section **I. DATA COMPROMISE COVERED CAUSE OF LOSS** have been met, then we will provide coverage for the following expenses directly arising from the Data Compromise Covered Cause of Loss:

##### a. Legal and Forensic Information Technology Review

We will pay your necessary and reasonable expenses for the following outside professional services:

- 1) **Legal Services**  
Professional legal counsel review of the “personal data compromise” and how you should best respond to it.
- 2) **Forensic Information Technology Services**  
Professional information technology review if needed to determine, within the constraints of what is possible and reasonable, the nature and extent of the “personal data compromise” and the number and identities of the “affected individuals.”

## Data Compromise Coverage, continued

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b. **Notification to “Affected Individuals”**

We will pay your necessary and reasonable expenses to provide notification of the “personal data compromise” to “affected individuals.”

c. **Services to “Affected Individuals”**

We will pay your necessary and reasonable expenses to provide the following services to “affected individuals”:

1) **Informational Materials**

A packet of loss prevention and customer support information.

2) **Help Line**

A toll-free telephone line for “affected individuals” with questions about the “personal data compromise” or wanting to request the additional services of subparagraphs c. 3) and c. 4), below.

3) **Credit Report and Monitoring**

A credit report and an electronic service that automatically monitors activities affecting an individual's credit records. This service is subject to the “affected individual” enrolling for this service with the designated service provider.

4) **Identity Restoration Case Management**

As respects any “affected individual” who is, or appears to be, a victim of “identity theft” that may reasonably have arisen from the “personal data compromise,” the services of an identity restoration professional who will assist that “affected individual” through the process of correcting credit and other records and, within the constraints of what is possible and reasonable, restoring control over his or her personal identity.

## 2. **RESPONSE EXPENSES LIMITS**

The most we will pay under section **I. DATA COMPROMISE COVERED CAUSE OF LOSS**, paragraph **A. RESPONSE EXPENSES**, item **1. RESPONSE EXPENSES COVERAGE** is the Data Compromise Coverage Response Expenses limit shown in the “schedule.” If a “personal data compromise” is first discovered in one policy period but causes covered expenses in other policy periods, all covered expenses arising from such “personal data compromise” will be subject to the Data Compromise Coverage Response Expenses limit applicable to the policy period when the “personal data compromise” was first discovered.

The Data Compromise Coverage Response Expenses limit is an annual aggregate limit. This amount is the most we will pay for the total of all loss covered under section **I. DATA COMPROMISE COVERED CAUSE OF LOSS**, paragraph **A. RESPONSE EXPENSES**, arising out of all “personal data compromise” events which are first discovered by you during the present annual policy period. This limit applies regardless of the number of “personal data compromise” events occurring during that period.

## Data Compromise Coverage, continued

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The most we will pay under Legal and Forensic Information Technology Review coverage for loss arising from any one “personal data compromise” is the Data Compromise Coverage Legal and Forensic Information Technology Review limit shown in the “schedule.” This limit is part of, and not in addition to, the Data Compromise Coverage Response Expenses limit.

Coverage for Services to “Affected Individuals” is limited to expenses to provide such services for a period of up to 12 months from the date of the notification to the “affected individuals.” Except that coverage for Identity Restoration Case Management services initiated within such 12 months period will continue for a period of up to 12 months from the date such Identity Restoration Case Management services are initiated.

### 3. RESPONSE EXPENSES DEDUCTIBLE

Response Expenses Coverage is subject to the Data Compromise Coverage Response Expenses deductible shown in the “schedule.” You will be responsible for such deductible amount as respects each “personal data compromise” covered under this endorsement.

## B. DEFENSE AND LIABILITY

### 1. DEFENSE AND LIABILITY COVERED CAUSE OF LOSS

If all three of the conditions listed in section **I. DATA COMPROMISE COVERED CAUSE OF LOSS** have been met and all of the following four additional conditions have been met, then we will provide Defense and Liability Coverage:

- i) You have provided notifications and services to “affected individuals” in consultation with us pursuant to section **I. DATA COMPROMISE COVERED CAUSE OF LOSS**, paragraph **A. RESPONSE EXPENSES**, item **1. RESPONSE EXPENSES COVERAGE**;
- ii) You receive notice of a “data compromise suit” brought by one or more “affected individuals”;
- iii) Notice of such “data compromise suit” is received by you within two years of the date that the “affected individuals” are notified of the “personal data compromise”; and
- iv) Such “data compromise suit” is reported to us within a reasonable period of time after the date it is first received by you.

### 2. DEFENSE AND LIABILITY COVERAGE

We will provide coverage for “data compromise defense costs” and “data compromise liability” directly arising from the Defense and Liability Covered Cause of Loss.

## Data Compromise Coverage, continued

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### 3. DEFENSE AND LIABILITY LIMITS

The most we will pay under section **I. DATA COMPROMISE COVERED CAUSE OF LOSS**, paragraph **B. DEFENSE AND LIABILITY**, item **2. DEFENSE AND LIABILITY COVERAGE** is the Data Compromise Coverage Defense and Liability limit shown in the “schedule.” If no limit is shown in the “schedule,” or is shown as Excluded in the “schedule,” then this Defense and Liability Coverage will be considered to have a limit of \$0.

The Data Compromise Coverage Defense and Liability limit is an annual aggregate limit. This amount is the most we will pay for all loss covered under section **I. DATA COMPROMISE COVERED CAUSE OF LOSS**, paragraph **B. DEFENSE AND LIABILITY** arising out of all “personal data compromise” events which are first discovered by you during the present annual policy period. This limit applies regardless of the number of “personal data compromise” events occurring during that period.

If a “personal data compromise” is first discovered in one policy period but causes covered expenses in other policy periods all covered expenses arising from such “personal data compromise” will be subject to the Data Compromise Coverage Defense and Liability limit applicable to the policy period when the “personal data compromise” was first discovered.

### 4. DEFENSE AND LIABILITY DEDUCTIBLE

Defense and Liability Coverage is subject to the Data Compromise Coverage Defense and Liability deductible shown in the “schedule.” You will be responsible for such deductible amount as respects each “data compromise suit” covered under this endorsement.

### 5. DEFENSE AND LIABILITY CONDITIONS

The following additional conditions apply to section **I. DATA COMPROMISE COVERED CAUSE OF LOSS**, paragraph **B. DEFENSE AND LIABILITY** of this endorsement:

#### a. Data Compromise Liability Defense

- 1) We will have the right, but not the duty, to assume the defense of any applicable “data compromise suit” against you. You will give us such information and cooperation as we may reasonably require. In the event we do not assume your defense, we will, nevertheless, have the right to effectively associate with you in the defense and settlement of any “data compromise suit” that appears reasonably likely to involve us, including, but not limited to, the right to effectively associate in the negotiation of a settlement.
- 2) You will not admit liability for, or settle, any “data compromise suit” or incur any defense costs without our prior written consent. However, if you are able to dispose of all “data compromise suits”



## Data Compromise Coverage, continued

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which are subject to one deductible amount for an amount not exceeding the deductible amount (inclusive of defense costs), then our consent will not be required for such claims and suits.

- 3) If you refuse to consent to any settlement recommended by us and acceptable to the claimant, we may then withdraw from your defense (if we have assumed your defense) by tendering control of the defense to you. From that point forward, you will, at your own expense, negotiate or defend such “data compromise suit” independently of us. Our liability will not exceed the amount for which the claim or suit could have been settled if such recommendation was consented to, plus defense costs incurred by us, and defense costs incurred by you with our written consent, prior to the date of such refusal.
- 4) We will not be obligated to pay any damages or defense costs, or to defend or continue to defend any “data compromise suit” if we have assumed your defense, after the Data Compromise Coverage Defense and Liability limit has been exhausted.

### **b. Defense Counsel**

We will only pay for “data compromise defense costs” for services provided by legal counsel approved by us. You must obtain our prior approval for any firm, service or legal counsel whose expenses you want covered as “data compromise defense costs.” We will not unreasonably withhold such approval.

### **c. Duties in the Event of a “Data Compromise Suit”**

- 1) If a “data compromise suit” is brought against you, you must:
  - a) Immediately record the specifics of the “data compromise suit” and the date received;
  - b) Provide us with written notice, as soon as practicable, but in no event more than a reasonable period of time after the date the “data compromise suit” is first received by you;
  - c) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the “data compromise suit”;
  - d) Authorize us to obtain records and other information;
  - e) Cooperate with us in the investigation, settlement or defense of the “data compromise suit”;
  - f) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to you because of loss to which this insurance may also apply; and
  - g) Not take any action, or fail to take any required action, that prejudices your rights or our rights with respect to such “data compromise suit.”

## Data Compromise Coverage, continued

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- 2) You may not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our prior written consent.
- 3) If you become aware of a claim or complaint that may become a “data compromise suit,” you will promptly inform us of such claim or complaint.

### II. EXCLUSIONS, ADDITIONAL CONDITIONS AND DEFINITIONS APPLICABLE TO SECTION I. DATA COMPROMISE COVERED CAUSE OF LOSS, PARAGRAPHS A. RESPONSE EXPENSES AND B. DEFENSE AND LIABILITY

#### A. EXCLUSIONS

The following additional exclusions apply to coverage under this endorsement.

We will not pay for costs arising from any of the following:

1. Your intentional or willful complicity in a “personal data compromise”;
2. Any criminal, fraudulent or dishonest act, error or omission, or any intentional or knowing violation of the law by you;
3. Any “personal data compromise” occurring prior to the first inception of this endorsement;
4. Except as specifically provided under section **I. DATA COMPROMISE COVERED CAUSE OF LOSS**, paragraph **A. RESPONSE EXPENSES**, item **1. RESPONSE EXPENSES COVERAGE**, paragraph a. **Legal and Forensic Information Technology Review**, subparagraph 2) Forensic Information Technology Services, costs to research any deficiency. This includes, but is not limited to, any deficiency in your systems, procedures or physical security that may have contributed to a “personal data compromise”;
5. Costs to correct any deficiency. This includes, but is not limited to, any deficiency in your systems, procedures or physical security that may have contributed to a “personal data compromise”;
6. Any fines or penalties. This includes, but is not limited to, fees or surcharges from affected financial institutions;
7. Any criminal investigations or proceedings;
8. Any extortion or blackmail. This includes, but is not limited to, ransom payments and private security assistance;
9. Any virus or other malicious code that is or becomes named and recognized by the CERT® Coordination Center, McAfee®, Secunia, Symantec or other comparable third party monitors of malicious code activity;
10. Your reckless disregard for the security of “personally identifying information” in your care, custody or control;
11. That part of any “data compromise suit” seeking any non-monetary relief;
12. Nuclear reaction, detonation or radiation, or radioactive contamination, however caused; and

## Data Compromise Coverage, continued

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13. War and Military Action
  - a. War, including undeclared or civil war;
  - b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
  - c. Insurrection, rebellion, revolution, usurped power, political violence or action taken by governmental authority in hindering or defending against any of these.

### **B. ADDITIONAL CONDITIONS**

The following additional conditions apply to coverage under this endorsement.

#### **1. Due Diligence**

You agree to use due diligence to prevent and mitigate costs covered under this endorsement. This includes, but is not limited to, complying with reasonable and industry-accepted protocols for:

- a. Providing and maintaining appropriate physical security for your premises, computer systems and hard copy files;
- b. Providing and maintaining appropriate computer and Internet security;
- c. Maintaining and updating at appropriate intervals backups of computer data;
- d. Protecting transactions, such as processing credit card, debit card and check payments; and
- e. Appropriate disposal of files containing “personally identifying information,” including shredding hard copy files and destroying physical media used to store electronic data.

#### **2. Legal Advice**

We are not your legal advisor. Our determination of what is or is not covered under this endorsement does not represent advice or counsel from us about what you should or should not do.

#### **3. Pre-Notification Consultation**

You agree to consult with us prior to the issuance of notification to “affected individuals.” We assume no responsibility under this endorsement for any services promised to “affected individuals” without our prior agreement. If possible, this pre-notification consultation will also include the designated service provider(s) as agreed to under section **II. EXCLUSIONS, ADDITIONAL CONDITIONS AND DEFINITIONS APPLICABLE TO SECTION I. DATA COMPROMISE COVERED CAUSE OF LOSS, PARAGRAPHS A. RESPONSE EXPENSES AND B. DEFENSE AND LIABILITY**, paragraph **B. ADDITIONAL CONDITIONS**, item **4. Service Providers**. You must provide the following at our pre-notification consultation with you:

## Data Compromise Coverage, continued

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- a. The exact list of “affected individuals” to be notified, including contact information;
- b. Information about the “personal data compromise” that may appropriately be communicated with “affected individuals”; and
- c. The scope of services that you desire for the “affected individuals.” For example, coverage may be structured to provide fewer services in order to make those services available to more “affected individuals” without exceeding the available Data Compromise Coverage Response Expenses limit.

### 4. Service Providers

- a. We will only pay under this endorsement for services that are provided by service providers approved by us. You must obtain our prior approval for any service provider whose expenses you want covered under this endorsement. We will not unreasonably withhold such approval.
- b. Prior to the pre-notification consultation described in section **II. EXCLUSIONS, ADDITIONAL CONDITIONS AND DEFINITIONS APPLICABLE TO SECTION I. DATA COMPROMISE COVERED CAUSE OF LOSS, PARAGRAPHS A. RESPONSE EXPENSES AND B. DEFENSE AND LIABILITY**, paragraph **B. ADDITIONAL CONDITIONS**, item **3. Pre-Notification Consultation** above, you must come to agreement with us regarding the service provider(s) to be used for the notification to “affected individuals” and services to “affected individuals” as described in section **I. DATA COMPROMISE COVERED CAUSE OF LOSS**, paragraph **A. RESPONSE EXPENSES**, item **1. RESPONSE EXPENSES COVERAGE**, subparagraphs b. **Notification to “Affected Individuals”** and c. **Services to “Affected Individuals.”** We will suggest a service provider. If you prefer to use an alternate service provider, our coverage is subject to the following limitations:
  - 1) Such alternate service provider must be approved by us;
  - 2) Such alternate service provider must provide services that are reasonably equivalent or superior in both kind and quality to the services that would have been provided by the service provider we had suggested; and
  - 3) Our payment for services provided by any alternate service provider will not exceed the amount that we would have paid using the service provider we had suggested.

### 5. Services

The following conditions apply as respects any services provided to you or any “affected individual” by us, our designees or any service firm paid for in whole or in part under this endorsement:

## Data Compromise Coverage, continued

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- a. The effectiveness of such services depends on your cooperation and assistance;
- b. All services may not be available or applicable to all individuals. For example, “affected individuals” who are minors or foreign nationals may not have credit records that can be provided or monitored. Service in Canada will be different from service in the United States of America and Puerto Rico in accordance with local conditions;
- c. We do not warrant or guarantee that the services will end or eliminate all problems associated with the covered events; and
- d. You will have a direct relationship with the professional service firms paid for in whole or in part under this coverage. These firms work for you.

### C. DEFINITIONS

With respect to the provisions of this endorsement only, the following definitions are added:

1. **“Affected Individual”** means any person who is your current, former or prospective customer, client, member, owner, director or employee and whose “personally identifying information” is lost, stolen, accidentally released or accidentally published by a “personal data compromise” covered under this endorsement. This definition is subject to the following provisions:
  - a. “Affected individual” does not include any business or organization. Only an individual person may be an “affected individual”;
  - b. An “affected individual” must have a direct relationship with your interests as insured under this policy. The following are examples of individuals who would not meet this requirement:
    - 1) If you aggregate or sell information about individuals as part of your business, the individuals about whom you keep such information do not qualify as “affected individuals.” However, specific individuals may qualify as “affected individuals” for another reason, such as being an employee of yours;
    - 2) If you store, process, transmit or transport records, the individuals whose “personally identifying information” you are storing, processing, transmitting or transporting for another entity do not qualify as “affected individuals.” However, specific individuals may qualify as “affected individuals” for another reason, such as being an employee of yours; or
    - 3) You may have operations, interests or properties that are not insured under this policy. Individuals who have a relationship with you through such other operations, interests or properties do not qualify as “affected individuals.” However, specific individuals may qualify as “affected individuals” for another reason, such as being an employee of the operation insured under this policy;
  - c. An “affected individual” may reside anywhere in the world.

## Data Compromise Coverage, continued

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2. **“Data Compromise Defense Costs”** means expenses resulting solely from the investigation, defense and appeal of any “data compromise suit” against you. Such expenses must be reasonable and necessary. They may be incurred by us or by you with our written consent. They do not include your salaries or your loss of earnings. They do include premiums for any appeal bond, attachment bond or similar bond, but without any obligation to apply for or furnish any such bond.
3. **“Data Compromise Liability”**
  - a. “Data compromise liability” means the following, when they arise from a “data compromise suit”:
    - 1) Damages, judgments or settlements to “affected individuals”;
    - 2) Defense costs added to that part of any judgment paid by us, when such defense costs are awarded by law or court order; and
    - 3) Pre-judgment interest and post-judgment interest on that part of any judgment paid by us.
  - b. “Data compromise liability” does not mean:
    - 1) Damages, judgments or settlements to anyone who is not an “affected individual”;
    - 2) Civil or criminal fines or penalties imposed by law;
    - 3) Punitive or exemplary damages;
    - 4) The multiplied portion of multiplied damages;
    - 5) Taxes; or
    - 6) Matters which may be deemed uninsurable under applicable law.
4. **“Data Compromise Suit”**
  - a. “Data Compromise Suit” means a civil proceeding in which damages to one or more “affected individuals” arising from a “personal data compromise” are alleged. Such proceeding must be brought in the United States of America (including its territories and possessions), Puerto Rico or Canada. “Data compromise suit” includes:
    - 1) An arbitration proceeding in which such damages are claimed and to which you must submit or do submit with our consent;
    - 2) Any other alternative dispute resolution proceeding in which such damages are claimed and to which you submit with our consent; and
    - 3) A written demand for money, when such demand could reasonably result in a civil proceeding as described in this definition.
  - b. “Data compromise suit” does not mean any demand or action brought by or on behalf of someone who is:
    - 1) Your director or officer;
    - 2) Your owner or part-owner; or
    - 3) A holder of your securities;in their capacity as such, whether directly, derivatively, or by class action. “Data compromise suit” will include proceedings brought by such individuals in their capacity as “affected individuals,” but only to the extent that the damages claimed are the same as would apply to any other “affected individual.”
  - c. “Data compromise suit” does not mean any demand or action brought by or on behalf of an organization, business, institution, governmental entity or any other party that is not an “affected individual.”

## Data Compromise Coverage, continued

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5. **“Identity Theft”** means the fraudulent use of “personally identifying information.” This includes fraudulently using such information to establish credit accounts, secure loans, enter into contracts or commit crimes. “Identity theft” does not include the fraudulent use of a business name, d/b/a or any other method of identifying a business activity.
  6. **“Personal Data Compromise”** means the loss, theft, accidental release or accidental publication of “personally identifying information” as respects one or more “affected individuals,” if such loss, theft, accidental release or accidental publication has or could reasonably result in the fraudulent use of such information. This definition is subject to the following provisions:
    - a. At the time of the loss, theft, accidental release or accidental publication, the “personally identifying information” need not be at the insured premises but must be in the direct care, custody or control of:
      - 1) You; or
      - 2) A professional entity with which you have a direct relationship and to which you (or an “affected individual” at your direction) have turned over (directly or via a professional transmission or transportation provider) such information for storage, processing, transmission or transportation of such information.
    - b. “Personal data compromise” includes disposal or abandonment of “personally identifying information” without appropriate safeguards such as shredding or destruction, subject to the following provisions:
      - 1) The failure to use appropriate safeguards must be accidental and not reckless or deliberate; and
      - 2) Such disposal or abandonment must take place during the time period for which this Data Compromise Coverage endorsement is effective.
    - c. “Personal data compromise” includes situations where there is a reasonable cause to suspect that such “personally identifying information” has been lost, stolen, accidentally released or accidentally published, even if there is no firm proof; and
    - d. All incidents of “personal data compromise” that are discovered at the same time or arise from the same cause will be considered one “personal data compromise.”
  7. **“Personally Identifying Information”** means information that could be used to commit fraud or other illegal activity involving the credit or identity of an “affected individual.” This includes, but is not limited to, Social Security numbers or account numbers correlated with names and addresses. “Personally identifying information” does not mean or include information that is otherwise available to the public, such as names and addresses with no correlated Social Security numbers or account numbers.
  8. **“Schedule”** means the Data Compromise Coverage and Identity Recovery Coverage Schedule.
- D.** Any endorsements modifying this Data Compromise Coverage will be identified in the “schedule.”

# Identity Recovery Coverage

Named Insured:  
Bay Point Improvement Association, Inc.

Policy Number ..... FBP2381689

Effective Date ..... 11/05/2024

Issue Date..... 11/13/2024

This endorsement changes the policy. Please read it carefully.

The following Identity Recovery Coverage is being endorsed onto your policy. The coverage, limits, deductibles and service provided under this endorsement are separate from your Equipment Breakdown coverage. The **Agreement and Conditions** applies to this endorsement. Section F. **ADDITIONAL CONDITIONS**, except for paragraphs 9., 11.a. and 13., of the **Equipment Breakdown Coverage Form** also applies, provided, however, that for the purposes of this endorsement only, wherever the term “Equipment Breakdown Coverage” is used in section F., that term includes this Identity Recovery Coverage and wherever the term Covered Cause of Loss is used in section F., the term “identity theft” shall be substituted.

## I. IDENTITY RECOVERY COVERAGE

### A. IDENTITY RECOVERY COVERED CAUSE OF LOSS

Coverage under this endorsement applies only if all of the following conditions are met:

1. There has been an “identity theft” involving the personal identity of an “identity recovery insured” under this policy;
2. Such “identity theft” is first discovered by the “identity recovery insured” during the policy period for which this Identity Recovery Coverage is applicable; and
3. Such “identity theft” is reported to us within a reasonable period of time after it is first discovered by the “identity recovery insured.”

### B. COVERAGE

If all three of the conditions listed above in paragraph A. **IDENTITY RECOVERY COVERED CAUSE OF LOSS** have been met, then we will provide the following to the “identity recovery insured.”

#### 1. Case Management Service

We will provide the services of an “identity recovery case manager” as needed to respond to the “identity theft.”

##### a. Limit

Case Management Service is available as needed for any one “identity theft” for up to 12 months from the inception of the service. Expenses we incur to provide Case Management Service do not reduce the available Expense Reimbursement Coverage limit.

##### b. Deductible

Case Management Service is not subject to a deductible.



## Identity Recovery Coverage, continued

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### 2. Expense Reimbursement Coverage

We will pay for reimbursement of necessary and reasonable “identity recovery expenses” incurred as a direct result of the “identity theft.”

#### a. Limit

Expense Reimbursement Coverage is subject to the Identity Recovery Coverage Expense Reimbursement Coverage limit shown in the “schedule.” The Expense Reimbursement Coverage limit is an annual aggregate limit per “identity recovery insured.” Regardless of the number of claims, this limit is the most we will pay for the total of all loss or expense arising out of all “identity thefts” to any one “identity recovery insured” which are first discovered by the “identity recovery insured” during the present annual policy period. If an “identity theft” is first discovered in one policy period and continues into other policy periods, all loss and expense arising from such “identity theft” will be subject to the Identity Recovery Coverage Expense Reimbursement Coverage limit applicable to the policy period when the “identity theft” was first discovered.

Lost wages as provided under item e. and child, elder care and other dependent expenses as provided under item f. of the definition of “identity recovery expenses” are jointly subject to the Identity Recovery Coverage Lost Wages and Child and Elder Care limit shown in the “schedule.”

Miscellaneous unnamed costs as provided under item g. of the definition of “identity recovery expenses” are subject to the Identity Recovery Coverage Miscellaneous Unnamed Costs limit shown in the “schedule.”

All “identity recovery expenses” are subject to the Expense Reimbursement Coverage limit. Coverage for “identity recovery expenses” is limited to costs and expenses incurred and wages lost within 12 months after the first discovery of the “identity theft” by the “identity recovery insured.”

#### b. Deductible

Expense Reimbursement Coverage is subject to the Identity Recovery Coverage Expense Reimbursement Coverage deductible shown in the “schedule.” Each “identity recovery insured” will be responsible for only one deductible under this Identity Recovery Coverage during any one policy period.

## II. EXCLUSIONS, ADDITIONAL CONDITIONS AND DEFINITIONS

### A. EXCLUSIONS

The following additional exclusions apply to this endorsement.

We do not cover loss or expense arising from any of the following:

1. The theft of a professional or business identity;

## Identity Recovery Coverage, continued

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2. Any fraudulent, dishonest or criminal act by an “identity recovery insured” or any person aiding or abetting an “identity recovery insured,” or by any authorized representative of an “identity recovery insured,” whether acting alone or in collusion with others. However, this exclusion will not apply to the interests of an “identity recovery insured” who has no knowledge of or involvement in such fraud, dishonesty or criminal act;
3. An “identity theft” that is not reported in writing to the police;
4. Nuclear reaction, detonation or radiation, or radioactive contamination, however caused; and
5. War and Military Action
  - a. War, including undeclared or civil war;
  - b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
  - c. Insurrection, rebellion, revolution, usurped power, political violence or action taken by governmental authority in hindering or defending against any of these.

### **B. ADDITIONAL CONDITIONS**

The following additional conditions apply to this endorsement:

#### **1. Identity Recovery Help Line**

For assistance, the “identity recovery insured” should call the Identity Recovery Help Line telephone number shown in the “schedule.”

The Identity Recovery Help Line can provide the “identity recovery insured” with:

- a. Information and advice for how to respond to a possible “identity theft”; and
- b. Instructions for how to submit a service request for Case Management Service and/or a claim form for Expense Reimbursement Coverage.

In some cases, we may provide Case Management Services at our expense to an “identity recovery insured” prior to a determination that a covered “identity theft” has occurred. Our provision of such services is not an admission of liability under the policy. We reserve the right to deny further coverage or service if, after investigation, we determine that a covered “identity theft” has not occurred.

With respect to Expense Reimbursement Coverage, the “identity recovery insured” must send to us receipts, bills or other records that support his or her claim for “identity recovery expenses” within a reasonable period of time after our request.

#### **2. Services**

The following conditions apply as respects any services provided by us or our designees to any “identity recovery insured” under this endorsement:

- a. Our ability to provide helpful services in the event of an “identity theft” depends on the cooperation, permission and assistance of the “identity recovery insured”;

## Identity Recovery Coverage, continued

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- b. All services may not be available or applicable to all individuals. For example, “identity recovery insureds” who are minors or foreign nationals may not have credit records that can be provided or monitored. Service in Canada will be different from service in the United States of America and Puerto Rico in accordance with local conditions; and
- c. We do not warrant or guarantee that our services will end or eliminate all problems associated with an “identity theft” or prevent future “identity thefts.”

### C. DEFINITIONS

With respect to this endorsement only, the following definitions are added:

1. **“Identity Recovery Case Manager”** means one or more individuals assigned by us to assist an “identity recovery insured” with communications we deem necessary for re-establishing the integrity of the personal identity of the “identity recovery insured.” This includes, with the permission and cooperation of the “identity recovery insured,” written and telephone communications with law enforcement authorities, governmental agencies, credit agencies and individual creditors and businesses.
2. **“Identity Recovery Expenses”** means the following when they are reasonable and necessary expenses that are incurred as a direct result of an “identity theft”:
  - a. Costs for re-filing applications for loans, grants or other credit instruments that are rejected solely as a result of an “identity theft”;
  - b. Costs for notarizing affidavits or other similar documents, long distance telephone calls and postage solely as a result of efforts to report an “identity theft” or amend or rectify records as to the “identity recovery insured's” true name or identity as a result of an “identity theft”;
  - c. Costs for credit reports from established credit bureaus;
  - d. Fees and expenses for an attorney approved by us for the following:
    - 1) The defense of any civil suit brought against an “identity recovery insured”;
    - 2) The removal of any civil judgment wrongfully entered against an “identity recovery insured”;
    - 3) Legal assistance for an “identity recovery insured” at an audit or hearing by a governmental agency;
    - 4) Legal assistance in challenging the accuracy of the “identity recovery insured's” consumer credit report;
    - 5) The defense of any criminal charges brought against an “identity recovery insured” arising from the actions of a third party using the personal identity of the “identity recovery insured”;
  - e. Actual lost wages of the “identity recovery insured” for time reasonably and necessarily taken away from work and away from the work premises. Time away from work includes partial or whole work days. Actual lost wages may include payment for vacation days, discretionary days, floating holidays and paid personal days. Actual lost wages does not include sick days or any loss arising from time taken away from self employment.

## Identity Recovery Coverage, continued

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- Necessary time off does not include time off to do tasks that could reasonably have been done during non-working hours;
- f. Actual costs for supervision of children or elderly or infirm relatives or dependants of the “identity recovery insured” during time reasonably and necessarily taken away from such supervision. Such care must be provided by a professional care provider who is not a relative of the “identity recovery insured”; and
  - g. Any other reasonable costs necessarily incurred by an “identity recovery insured” as a direct result of the “identity theft.”
    - 1) Such costs include:
      - a) Costs by the “identity recovery insured” to recover control over his or her personal identity; and
      - b) Deductibles or service fees from financial institutions.
    - 2) Such costs do not include:
      - a) Costs to avoid, prevent or detect “identity theft” or other loss;
      - b) Money lost or stolen; and
      - c) Costs that are restricted or excluded elsewhere in this endorsement.
3. **“Identity Recovery Insured”** means the following:
- a. When the Named Insured under this policy is a sole proprietorship, the “identity recovery insured” is an individual person who is the sole proprietor of the Named Insured at any time during the policy period;
  - b. When the Named Insured under this policy is a partnership, the “identity recovery insureds” are the current partners at any time during the policy period; and
  - c. When the Named Insured under this policy is a corporation or other organization, the “identity recovery insureds” are all individuals having an ownership position of 20% or more of the Named Insured at any time during the policy period. However, if and only if there is no one who has such an ownership position, then the “identity recovery insured” will be:
    - 1) The chief executive of the Named Insured at any time during the policy period; or
    - 2) As respects a religious institution, the senior ministerial employee at any time during the policy period.
- An “identity recovery insured” must always be an individual person. An entity insured under this policy is not an “identity recovery insured.”
4. **“Identity Theft”** means the fraudulent use of the Social Security number or other method of identifying an “identity recovery insured.” This includes fraudulently using the personal identity of an “identity recovery insured” to establish credit accounts, secure loans, enter into contracts or commit crimes. “Identity theft” does not include the fraudulent use of a business name, d/b/a or any other method of identifying a business activity.
5. **“Schedule”** means the Data Compromise Coverage and Identity Recovery Coverage Schedule.

## Identity Recovery Coverage, continued

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- D. Any endorsements modifying this Identity Recovery Coverage will be identified in the “schedule.”

**Excess Liability Insurance  
Policy Declarations**

**This Policy is issued by the stock insurance company listed above (herein "Insurer").**

**UNLESS OTHERWISE PROVIDED IN THE FOLLOWED POLICY, THIS POLICY IS A CLAIMS MADE POLICY WHICH COVERS ONLY CLAIMS FIRST MADE AGAINST THE INSUREDS DURING THE POLICY PERIOD. PLEASE READ THIS POLICY CAREFULLY.**

**Policy No.** G4743516A 002

**Renewal Of** G4743516A 001

**Item 1.** Insured Company Bay Point Improvement Association, Inc.

Principal Address: P.O. BOX 27089  
Panama City, Florida 324117089

**Item 2.** Coverages Provided: Excess Crime

**Item 3.** Followed Policy: CNA-103303-XX (10/22)

Insurer: Continental Casualty Company A CNA Insurance Company

Policy Number 768630593

**Item 4.** Policy Period  
From 12:01 A.M. 11/05/2024 To 12:01 A.M. 11/05/2025  
(Local time at the address shown in Item 1.)

**Item 5.** Premium

\$ <u>1,200</u>	Policy Premium
\$ <u>12.00</u>	<u>Florida Insurance Guaranty Association (FIGA) 2023 Emergency Assessment Surcharge (1.00%)</u>
\$ <u>1,212.00</u>	Total Amount Due

**Item 6.** Limit of Liability/Aggregate Limit:

\$ <u>700,000</u>	Part Of \$ 2,000,000 for all Loss under all Coverages combined.
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**Item 7.** Underlying Policy Limits/Attachment Point:

\$ 2,000,000

**Item 8.** PENDING & PRIOR LITIGATION DATE:

Enter Free Form Text Here

This Policy is intended to follow the Pending & Prior Litigation Exclusion of the Followed Form, subject to the date indicated above.

**Item 9. NOTICE TO INSURER**

**A. Notice of Claim, Wrongful Act or Loss:**

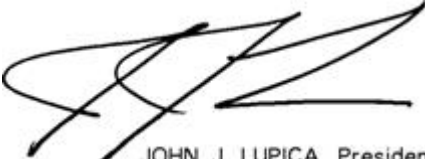
PO Box 5119  
Scranton, PA 18505-0549  
First Notices Fax:  
215.640.5040 or 1.877.746.4671  
General Correspondence Fax:  
1.866.635.5688  
First Notices Email:  
[ChubbClaimsFirstNotice@Chubb.com](mailto:ChubbClaimsFirstNotice@Chubb.com)

**B. All other notices:**

Westchester Specialty Group  
Attention: Professional Liability Dept.  
Royal Centre Two, 11575 Great Oaks Way  
Suite 200  
Alpharetta, GA 30022

**THESE DECLARATIONS, TOGETHER WITH THE COMPLETED AND SIGNED APPLICATION AND THE POLICY FORM ATTACHED HERETO, CONSTITUTE THE INSURANCE POLICY.**

Date: 11/06/2024  
MO/DAY/YR.



JOHN J. LUPICA, President

Authorized Representative

**SIGNATURES**

Named Insured <b>Bay Point Improvement Association, Inc.</b>			Endorsement Number
Policy Symbol <b>DOX</b>	Policy Number <b>G4743516A 002</b>	Policy Period <b>11/05/2024 to 11/05/2025</b>	Effective Date of Endorsement <b>11/05/2024</b>
Issued By (Name of Insurance Company) <b>Westchester Fire Insurance Company</b>			

THE ONLY COMPANY APPLICABLE TO THIS POLICY IS THE COMPANY NAMED ON THE FIRST PAGE OF THE DECLARATIONS.

By signing and delivering the policy to you, we state that it is a valid contract.

- INDEMNITY INSURANCE COMPANY OF NORTH AMERICA** (A stock company)
- BANKERS STANDARD INSURANCE COMPANY** (A stock company)
- ACE AMERICAN INSURANCE COMPANY** (A stock company)
- ACE PROPERTY AND CASUALTY INSURANCE COMPANY** (A stock company)
- INSURANCE COMPANY OF NORTH AMERICA** (A stock company)
- PACIFIC EMPLOYERS INSURANCE COMPANY** (A stock company)
- ACE FIRE UNDERWRITERS INSURANCE COMPANY** (A stock company)
- WESTCHESTER FIRE INSURANCE COMPANY** (A stock company)

436 Walnut Street, P.O. Box 1000, Philadelphia, Pennsylvania 19106-3703



BRANDON PEENE, Secretary



JOHN J. LUPICA, President

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Authorized Representative



## I. INSURING AGREEMENT

In consideration of the payment of the premium and in reliance upon all statements made in the application including the information furnished in connection therewith, and subject to all terms, definitions, conditions, exclusions and limitations of this policy, the Insurer agrees to provide insurance coverage to the Insureds in accordance with the terms, definitions, conditions, exclusions and limitations of the Followed Policy, except as may be modified by endorsement(s) attached hereto and forming part of the policy.

## II. LOSS PAYABLE PROVISION

It is agreed the Insurer shall pay on behalf of the Insured as defined in the Followed Policy for Loss by reason of exhaustion by payments of all Underlying Policy Limits of all underlying policies by the underlying insurers issuing such underlying policies and/or the Insureds, subject to i) the terms and conditions of the Followed Policy as in effect the first day of the Policy Period; ii) the Limit of Liability as stated in Item 6 of the Declarations; and iii) the terms and conditions of, and the endorsements attached to, this Policy. In no event shall this policy grant broader coverage than would be provided by the Followed Policy.

## III. DEFINITIONS

- A. The Terms "Insurer" and "Followed Policy" shall have the meanings attributed to them in the Declarations.
- B. The term "Insureds" means those individuals and entities insured by the Followed Policy.
- C. The term "Policy Period" means the period set forth in Item 4 of the Declarations.
- D. The term "Underlying Policy Limits/Attachment Point" means an amount equal to the aggregate of all limits of liability as set forth in Item 7 of the Declarations for all Underlying Policies, plus the uninsured retention, if any, applicable to the Underlying Policies.

## IV. POLICY TERMS

- A. This policy is subject to the same representations contained in the Application for the Followed Policy and has the same terms, definitions, conditions, exclusions and limitations (except as regards the premium, the limits of liability, the policy period and as may be modified by endorsement) as are contained in the Followed Policy.
- B. If during the Policy Period or any Discovery Period the terms, conditions, exclusions or limitations of the Followed Policy are changed in any manner, the Insureds shall as a condition precedent to their rights to coverage under this policy give to the Insurer written notice of the full particulars thereof and secure the Insurers affirmative consent to such modification before coverage will be effective.
- C. As a condition precedent to their rights under this policy, the Insureds shall give to the Insurer as soon as practicable written notice and the full particulars of the payment of the covered loss that exceeds 50% of the Underlying Policy Limits.
- D. Application of Recoveries: All recoveries or payments recovered or received subsequent to a Loss settlement under this policy shall be applied as if recovered or received prior to such settlement and all necessary adjustments shall then be made between the Insureds and the Insurer, provided always that the foregoing shall not affect the time when Loss under this policy shall be payable.

## SUB-LIMITS OF LIABILITY IN UNDERLYING POLICIES

Named Insured Bay Point Improvement Association, Inc.			Endorsement Number
Policy Symbol DOX	Policy Number G4743516A 002	Policy Period 11/05/2024 to 11/05/2025	Effective Date of Endorsement 11/05/2024
Issued By (Name of Insurance Company) Westchester Fire Insurance Company			

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:**

### EXCESS LIABILITY INSURANCE POLICY

It is agreed that Section II, Loss Payable Provision, is amended by adding the following at the end thereof:

The Insurer shall not make payment under this policy unless and until the Underlying Policy Limits of all underlying policies have been exhausted pursuant to the terms and conditions of the above paragraph. The Insurer shall not be obligated to make payment under this policy because of the existence or exhaustion of any sub-limit of liability in any underlying policy. Notwithstanding any other provision in this policy, the Insurer shall not provide coverage for any risk, exposure, or Loss (whether damages, judgments, settlements, defense costs or expenses, or otherwise) for which coverage is provided by any underlying insurer subject to a sub-limit of liability. This policy shall recognize reduction or exhaustion of the Underlying Policy Limits by reason of the insurers of those limits providing insurance coverage and/or the Insureds paying for such Loss, subject to all other terms, conditions, limitations and exclusions of this policy and the Follow Policy.

All other terms and conditions of this policy remain unchanged.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

Named Insured Bay Point Improvement Association, Inc.			Endorsement Number
Policy Symbol DOX	Policy Number G4743516A 002	Policy Period 11/05/2024 to 11/05/2025	Effective Date of Endorsement 11/05/2024
Issued By (Name of Insurance Company) Westchester Fire Insurance Company			

**Cap On Losses From Certified Acts Of Terrorism**

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

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

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

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

All other terms and conditions of this Policy remain unchanged.

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Authorized Representative

**POLICYHOLDER DISCLOSURE  
NOTICE OF TERRORISM  
INSURANCE COVERAGE**

Coverage for acts of terrorism is included in your policy. You are hereby notified that under the Terrorism Risk Insurance Act, as amended, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act: The term "act of terrorism" means any act or acts that are certified by the Secretary of the Treasury---in consultation with the Secretary of Homeland Security, and the Attorney General of the United States---to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Under your coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Terrorism Risk Insurance Act, as amended. However, your policy may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 80% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

The portion of your term premium that is attributable to coverage for acts of terrorism is   , and does not include any charges for the portion of losses covered by the United States government under the Act.



## **Chubb Producer Compensation Practices & Policies**

Chubb believes that policyholders should have access to information about Chubb's practices and policies related to the payment of compensation to brokers and independent agents. You can obtain that information by accessing our website at <http://www.chubbproducercompensation.com> or by calling the following toll-free telephone number: 1-866-512-2862.

## TRADE OR ECONOMIC SANCTIONS ENDORSEMENT - FLORIDA

Named Insured Bay Point Improvement Association, Inc.			Endorsement Number
Policy Symbol DOX	Policy Number G4743516A 002	Policy Period 11/05/2024 to 11/05/2025	Effective Date of Endorsement 11/05/2024
Issued By (Name of Insurance Company) Westchester Fire Insurance Company			

Insert the policy number. The remainder of the information is to be completed only when this endorsement is issued subsequent to the preparation of the policy.

### THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This insurance may not apply to the extent that trade or economic sanctions or similar laws or regulations prohibit us from providing insurance, including, but not limited to, the payment of claims. All other terms and conditions of policy remain unchanged.

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Authorized Agent

## Questions About Your Insurance?

Answers to questions about your insurance, coverage information, or assistance in resolving complaints can be obtained by calling Chubb, Customer Support Service Department, at 1-800-352-4462.

## U.S. Treasury Department's Office Of Foreign Assets Control ("OFAC") Advisory Notice to Policyholders

This Policyholder Notice shall not be construed as part of your policy and no coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

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

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

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

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

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





## IMPORTANT INFORMATION

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### FOR OUR FLORIDA POLICY HOLDERS

As a result of legislation which was signed into law effective July 1, 2013, commercial insurers are permitted to deliver insurance policies electronically in Florida. Electronic transmission of a policy constitutes delivery of the policy under Florida statute 627.421 unless the insured communicates in writing or electronically to the insurer that it does not agree to electronic delivery.

The purpose of this notice is to inform you that you have the right to receive your policy via United States mail rather than via electronic transmission by notifying us that you do not agree to electronic delivery.

To request delivery of your policy by United States mail or if you have any questions, please contact your CNA independent agent or broker.

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# IMPORTANT INFORMATION

## NOTICE - OFFER OF TERRORISM COVERAGE; DISCLOSURE OF PREMIUM

**THIS NOTICE DOES NOT FORM A PART OF THE POLICY, GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.**

As used herein, 1) "we" means the insurer listed on the Declarations or the Certificate of Insurance, as applicable; and 2) "you" means the first person or entity named on the Declarations or the Certificate of Insurance, as applicable.

You are hereby notified that under the Terrorism Risk Insurance Act, as extended and reauthorized ("Act"), you have a right to purchase insurance coverage of losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, subject to all applicable policy provisions. The Terrorism Risk Insurance Act established a federal program within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks.

This Notice is designed to alert you to coverage restrictions and to certain terrorism provisions in the policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply.

### CHANGE IN THE DEFINITION OF A CERTIFIED ACT OF TERRORISM

The Act applies when the Secretary of the Treasury certifies that an event meets the definition of an act of terrorism. Originally, the Act provided that to be certified, an act of terrorism must cause losses of at least five million dollars and must have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest to coerce the government or population of the United States. However, the 2007 reauthorization of the Act removed the requirement that the act of terrorism must be committed by or on behalf of a foreign interest, and now certified acts of terrorism may encompass, for example, a terrorist act committed against the United States government by a United States citizen, when the act is determined by the federal government to be "a certified act of terrorism."

In accordance with the Act, we are required to offer you the ability to purchase coverage for losses resulting from an act of terrorism that is certified under the federal program. The other provisions of this policy, including nuclear, war or military action exclusions, will still apply to such an act.

### DISCLOSURE OF FEDERAL PARTICIPATION IN PAYMENT OF TERRORISM LOSSES

The Department of the Treasury will pay a share of terrorism losses insured under the federal program. Beginning in 2020, the federal share equals 80% of that portion of the amount of such insured losses that exceeds the applicable insurer retention.

### LIMITATION ON PAYMENT OF TERRORISM LOSSES

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

Further, this coverage is subject to a limit on our liability pursuant to the federal law where, if aggregate insured losses attributable to terrorist acts certified under the Act exceed \$100 billion in a calendar year (January 1 through December 31) and we have met our insurer deductible under the Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion. In such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

### CONFIRMATION OF ACCEPTANCE OF COVERAGE

In accordance with the Act, we offered you coverage for losses resulting from an act of terrorism that is certified under the federal program. This notice confirms that you have chosen to accept our offer of coverage for certified acts of terrorism. The policy's other provisions, including nuclear, war or military action exclusions, will still apply to such an act. The premium charge for terrorism coverage, if any, is shown separately on the Declarations or the Certificate of Insurance, as applicable.



COMMUNITY ASSOCIATION POLICY  
DECLARATIONS - FLORIDA

**NOTICE:**

THE LIABILITY COVERAGE PARTS PROVIDE CLAIMS MADE COVERAGE, WHICH APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. THE LIMIT OF LIABILITY TO PAY JUDGMENTS OR SETTLEMENT AMOUNTS SHALL BE REDUCED AND MAY BE EXHAUSTED BY PAYMENT OF DEFENSE COSTS. PLEASE READ THIS POLICY CAREFULLY.

NAMED INSURED AND ADDRESS		NAMED ENTITY AND PHYSICAL ADDRESS	
Item 1. Bay Point Improvement Association, Inc. c/o RCAM 11212 FRONT BEACH ROAD  Panama City, FL 32407		4000 Marriott Drive Suite C Panama City, FL 32411	
POLICY NUMBER		INSURER	
768630593		Continental Casualty Company CNA Center, 151 North Franklin Street Chicago, IL 60606	
<b>Policy Premium:</b>	\$4,070.00		
<b>Surcharge/Tax/Assessment:</b>			
FL Insurance Guaranty Association Emergency Assessment (1.0000%):	\$27.76		
<b>Total Amount Due:</b>	\$4,097.76		

Item 2. **Policy period:** 11/05/2024 to 11/05/2025 12:01 a.m. local time per address Item 1.

Item 3. Notices:

**Claims** or Circumstance:

CNA – Claims Reporting  
P.O. Box 8317  
Chicago, IL 60680-8317  
Email: [nfpnewloss@cna.com](mailto:nfpnewloss@cna.com)  
Fax Number: 866-773-7504

**All other notices:**

Ian H. Graham Insurance  
P.O. Box 19640  
Irvine, CA 92623

Item 4. **Extended reporting period**

- a. Period: One Year      Premium: 100% of Policy Premium
- b. Period: Two Year      Premium: 175% of Policy Premium
- c. Period: Three Year      Premium: 225% of Policy Premium

Item 5. **Liability coverage parts:** Association Liability Coverage Part

**Non-liability coverage parts:** Commercial Crime Coverage Part



**COMMUNITY ASSOCIATION POLICY  
DECLARATIONS - FLORIDA**

Item 6. COVERAGE PARTS – Limits of Liability Retentions and Sublimits

**Association Liability Coverage Part**

Maximum Aggregate Limit of Liability:	\$1,000,000
Retention:	per <b>claim</b> : \$5,000
Pending or Prior Litigation Date:	11/05/2024
Wage and Hour Defense Costs Sublimit of Liability (part of Aggregate Limit of Liability):	\$100,000
Immigration Claims Defense Costs of Sublimit of Liability (part of Aggregate Limit of Liability):	\$100,000
Additional Defense Costs Aggregate Limit of Liability:	Defense Costs Outside the Limit of Liability

**Commercial Crime Coverage Part**

	Limit of Liability	Retention
<b>A. Fidelity Coverage</b>		
1. Employee Theft	\$2,000,000	\$10,000
2. Client	\$25,000	\$1,000
3. ERISA Plan	\$2,000,000	\$0
<b>B. Forgery or Alteration Coverage</b>	\$2,000,000	\$10,000
<b>C. Inside and Outside Premises Coverage</b>		
1. Money or Securities	\$2,000,000	\$0
2. Property	\$2,000,000	\$0
3. Damage	\$2,000,000	\$0
<b>D. Transfer Coverage</b>		
1. Computer	\$2,000,000	\$10,000
2. Funds	\$2,000,000	\$10,000
3. Social Engineering Fraud	\$100,000	\$10,000
<b>E. Counterfeit Coverage</b>	\$250,000	\$0

Commercial Crime Coverage Part Coverage Extensions	Sublimit of Liability	
1 Proof of Loss Costs Sublimit	\$5,000	
2 Computer Restoration Costs Sublimit	\$25,000	
3 Record Recovery Costs Sublimit	\$25,000	



COMMUNITY ASSOCIATION POLICY  
DECLARATIONS - FLORIDA

Item 7. ENDORSEMENTS:

- CNA-77863-FL (2/14) Policyholder Notice - Florida
- CNA-81758-XX (1/21) Notice - Offer of Terrorism Coverage Disclosure of Premium
- CNA-103507-FL (10/22) Table of Contents for Community Association Policy General Terms and Conditions
- CNA-103300-XX (10/22) Community Association Policy General Terms and Conditions
- CNA-103302-XX (10/22) Community Association Policy Association Liability Coverage Part
- CNA-103304-XX (10/22) Privacy Event Expense Endorsement
- CNA-103305-XX (10/22) Network Security and Privacy Regulation Proceeding Endorsement
- CNA-103420-XX (10/22) Defense Costs Outside the Limits Endorsement
- CNA-103432-XX (10/22) Public Relations Event Expenses Endorsement
- CNA-81751-XX (3/15) Cap on Losses from Certified Acts of Terrorism Endorsement
- CNA-103435-XX (10/22) Workplace Violence Act Expenses Sublimited Coverage Endorsement
- CNA-103440-XX (10/22) Sublimited Breach of Contract Defense Costs Endorsement
- CNA-103504-FL (10/22) Amendatory Endorsement - Florida
- CNA-108397-XX (3/24) Defense Costs Applicable to Retention Endorsement
- CNA-103509-FL (10/22) Table of Contents for Community Association Policy Commercial Crime Coverage Part
- CNA-103303-XX (10/22) Community Association Policy Commercial Crime Coverage Part
- CNA-103441-XX (10/22) Telephone Toll Fraud Endorsement
- CNA-103505-FL (10/22) Amendatory Endorsement - Florida
- CNA-88892-FL (6/17) Conditional Renewal Endorsement - Florida
- CNA-93283-FL (9/22) Cancellation Endorsement - Florida
- CNA-103427-XX (10/22) Delete Insured Entity Endorsement
- CNA-103503-FL (10/22) Amendatory Endorsement - Florida

These Declarations, along with the completed and signed **application**, the policy, and any written endorsements attached shall constitute the contract between the **insureds** and the Insurer.

Authorized Representative:

Date: 11/05/2024

Agent's Signature:

Date: 11/05/2024



**CONTINENTAL CASUALTY COMPANY**  
**TABLE OF CONTENTS FOR COMMUNITY ASSOCIATION POLICY**  
**GENERAL TERMS AND CONDITIONS FORM CNA103300XX**

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## COMMUNITY ASSOCIATION POLICY GENERAL TERMS AND CONDITIONS

In consideration of the premium, and in reliance upon the **application**, we agree to provide you with the following coverage subject to the terms and conditions of this policy:

### I. PREFACE

A Coverage Part is included within this policy and affords coverage only if the Coverage Part is purchased as indicated by a corresponding limit of liability in the Declarations.

The terms and conditions in each Coverage Part apply only to such Coverage Part and will not apply to any other Coverage Part.

If any provision in the General Terms and Conditions is inconsistent with the terms and conditions of any applicable Coverage Part, the terms and conditions of such Coverage Part will control.

Bolded terms in the policy will have the special meaning set forth in the definitions. The terms “we”, “us”, and “our” mean the Insurer named on the Declarations; the terms “you”, “your”, and “yours” mean any **insured**.

### II. SUPPLEMENTARY BENEFITS

#### A. Mediation Retention Reduction

If, prior to, or within sixty (60) days of the service of suit or the institution of arbitration proceedings, we and the **named insured** agree to use a non-binding alternative dispute resolution process to resolve any **claim** reported to us, and such **claim** is entirely resolved through such process, then we will reduce the Retention applicable to such **claim** by the lesser amount of fifty percent (50%) of such Retention or ten thousand (\$10,000) dollars.

#### B. Proceeding Expenses Reimbursement

If we request an **insured person's** presence at a trial, hearing, deposition, mediation, or arbitration, we will pay up to \$250.00 per day, per **insured person** for reimbursement of costs and expenses incurred in connection with such presence, subject to a maximum of \$2,500 per **claim**, per **policy period**. Such payment will be in addition to the applicable limit of liability and no Retention will apply.

#### C. Pre-Claim Expenses

In the event a **noticed matter** later gives rise to a covered **claim**, then we will credit the **pre-claim expenses** that you have paid up to ten percent (10%) of the applicable Retention for such **claim**.

### III. DEFINITIONS

Any defined word not defined in the General Terms and Conditions will have the meaning assigned to it in the applicable Coverage Part.

**Application** means any signed application, including its warranty and attachments together with any other materials and representations provided to us in connection with the underwriting and negotiating of the terms and conditions of this policy or any other policy of which this policy is an indirect or direct renewal.

**Bodily injury** means any actual or alleged bodily injury, sickness, disease, death, emotional distress or mental anguish of any natural person.

**Change of control** means when: (i) the **named insured** merges into another entity and is no longer the surviving entity; (ii) another person(s) or entity(ies) acquires such an ownership interest in the **named insured** to exercise **management control**; or (iii) the **named insured** emerges from bankruptcy.

**Clean-up costs** mean any fees, costs, or expenses, including legal and professional fees, incurred in testing for, monitoring, cleaning up, removing, containing, treating, neutralizing, detoxifying, or assessing the effects of **pollutants**.

**Extended reporting period** means the additional period of reporting time purchased by an **insured** after termination, cancellation, or non-renewal of this policy within which to report a **claim** subject to the provisions of Section V, Extended Reporting Period for Liability Coverage Parts Only.





## COMMUNITY ASSOCIATION POLICY GENERAL TERMS AND CONDITIONS

**Financial insolvency** means: (i) the appointment by a federal, state or local agency or court of a receiver, conservator, liquidator, trustee, rehabilitator, or similar official, to take control of, supervise, manage, or liquidate an **insured entity** or **outside entity**; (ii) an **insured entity** becoming a debtor in possession under United States bankruptcy law or any equivalent foreign bankruptcy law; or (iii) when an **insured entity** can establish affirmatively it is unable at the present time, or in the future, to pay its debts in the ordinary course of business.

**Independent contractor** means any natural person working for an **insured entity** in the ordinary course of such **insured entity's** business, and in the capacity of an independent contractor, pursuant to a written agreement for services between such **insured entity** and either (i) such natural person; or (ii) any other entity acting on behalf of such natural person.

**Insured entity** means the **named insured** or any **subsidiary**, including any such entity as a debtor in possession under United States bankruptcy law.

**Insured person** will have the meaning designated in the respective Coverage Part.

With respect to any **liability coverage part**, **insured person** will also include: (i) assigns, estates, heirs, legal representatives, or assigns of any **insured person** in their capacity as such, provided such **insured person** is deceased or legally incompetent; or (ii) a spouse or domestic partner of an **insured person** in their capacity as such, or due to legal ownership of property identified as potential recovery relief. There will be no coverage afforded under this policy for any act, error or omission of an estate, heir, legal representative, assign, spouse or domestic partner.

**Liability coverage part** means those Coverage Parts set forth in Item 5 of the Declarations.

**Management control** means:

- (i) owning or controlling more than fifty-percent (50%) of the outstanding securities, shares or equity ownership representing the right to control an entity as evidenced by the present power to elect, designate or appoint the majority of the board of directors, management committee members or management board members; or
- (ii) having the present right, pursuant to written contract or an organizational document, to elect, designate or appoint the majority of the board of directors, management committee members or management board members of an entity.

**Named insured** means the entity set forth in Item 1 of the Declarations.

**Non-liability coverage part** means those Coverage Parts set forth in Item 5 of the Declarations.

**Noticed matter** means any written notice of circumstance which we have accepted under a **liability coverage part**.

**Policy period** means the time period from the inception date to the expiration date of this policy set forth in Item 2 of the Declarations, or any such earlier termination or cancellation date. **Policy period** will also include the **extended reporting period**, if purchased.

**Pollution** means any actual, or threat of, discharge, emission, release, dispersal, escape of, or treatment, removal or disposal of any **pollutants**. **Pollution** also includes any regulation, order, direction, or request to test, monitor, clean up, remove contain, treat or detoxify or neutralize any **pollutants**.

**Pre-claim expenses** mean the reasonable and necessary fees, costs, and expenses incurred by an **insured** in responding to or defending a **noticed matter**, on or after the date we accepted the notice of circumstances and prior to the date the **noticed matter** became a **claim**. **Pre-claim expenses** will not include **overhead expenses** or any fees, costs, or expenses incurred by an **insured** as a result of any **routine examination**. We have the right to determine the reasonableness, necessity, and allocation of the **pre-claim expenses** (including the right to apply any applicable **claim** exclusions to the **pre-claim expenses**).

**Property damage** means any actual or alleged: (i) damage to, or destruction or deterioration of, any tangible property; (ii) loss of use, loss of view, or diminution of value to, any tangible property; or (iii) failure to supervise, repair or maintain any tangible property.

**Related claims** mean all **claims** that are based upon, arising from, or are logically or causally connected by the same, or any related or common, or a series of related or common, facts, circumstances, transactions, or **wrongful acts**.



## COMMUNITY ASSOCIATION POLICY GENERAL TERMS AND CONDITIONS

**Responsible person** means the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, the General Counsel, the Risk Manager or such functionally equivalent positions of the **named insured**.

**Routine examination** means any routine examination, routine inspection, sweep examination, general requests for information, or any other similar reviews, inquiries, or investigations.

**Subsidiary** means any not-for-profit: (i) entity while under the **management control** of an **insured entity**; or (ii) charitable trust, political action committee or foundation while such entity is controlled by the **named insured**.

### IV. LIMIT OF LIABILITY, SUBLIMITS AND RETENTIONS

The maximum aggregate amount we will pay for all **loss** regardless of the number of **claims, insureds**, losses, parties or requests for coverage under each respective Coverage Part is set forth in Item 6 of the Declarations.

Subject to any additional limits of liability for **defense costs** set forth in a Coverage Part, **defense costs** are part of and not in addition to the limit of liability set forth in Item 6 of the Declarations. Our payment of any **defense costs** will erode and may exhaust the applicable limit of liability. Unless indicated otherwise in a Coverage Part, **defense costs** or any sublimited coverage will be part of, and not in addition to, the aggregate limit of liability of such Coverage Part.

Item 6 of the Declarations sets forth any applicable Retention. Any Retention will be uninsured and the responsibility of the **named insured** to pay regardless of the nature or form of the **claim**. We will be liable to pay only that amount of **loss** in excess of any applicable Retention. If there are two Retentions that apply to the same **claim**, we will only apply the higher Retention.

All premiums, limits, Retentions, **loss** and other amounts under this policy are expressed and payable in United States of America currency unless the parties agree in writing otherwise.

### V. EXTENDED REPORTING PERIOD FOR LIABILITY COVERAGE PARTS ONLY

If this policy is terminated, cancelled or non-renewed for any reason other than non-payment of premium or a **change of control**:

- (i) you have the right to elect an **extended reporting period for liability coverage parts** for the additional period(s) and additional premium set forth in Item 4 of the Declarations.  
You must notify us in writing of this election within sixty (60) days after the non-renewal, cancellation, or termination. If you do not elect within this time frame, you will have waived your right to purchase the **extended reporting period**;
- (ii) solely with respect to an **executive** who is a past director or officer at the time of such cancellation or non-renewal, an automatic **extended reporting period for liability coverage parts** will apply at no additional charge for an unlimited period; provided such automatic **extended reporting period** will not apply:
  - (a) to any **claim** arising out of an **employment wrongful act** made against such **executive** if such **executive** was not a director or officer at the time of such **employment wrongful act**; or
  - (b) if any other policy of insurance which is a renewal, replacement or extension (including run-off) of this Policy, covering such **executive** is in effect at the time the **claim** is made, whether or not such policy affords coverage for such **claim**.

A purchased or automatic **extended reporting period** will extend to selected Coverage Parts coverage for a period of time but only to **claims** that are:

- (i) first made during the **extended reporting period**;
- (ii) reported to us according to this policy's notice and reporting requirements; and
- (iii) for **wrongful acts** that occurred prior to the date of such termination, cancellation or non-renewal.

Any premium for an **extended reporting period** will be deemed fully earned at the beginning of the **extended reporting period**. There will be no additional limit of liability for any **extended reporting period**.



## VI. NOTICE AND REPORTING

### A. Reporting a Claim in any Liability Coverage Part

As a condition precedent to our policy obligations, you must provide written notice of a **claim** as soon as reasonably practicable after a **responsible person** first becomes aware of such **claim** but no later than:

- (i) sixty (60) days after the **policy period** expires or terminates, if there is no extended reporting period; or
- (ii) the expiration date of the purchased **extended reporting period**.

### B. Reporting a Notice of Circumstances in any Liability Coverage Part

(i) If during the **policy period** (excluding any **extended reporting period**) you first become aware of circumstances that may give rise to a **claim**, you may elect to submit a written notice of circumstance to us. Such written notice must contain a description of the circumstances, the nature of the **wrongful act**, persons involved and the nature of the relief sought.

(ii) Any subsequent **claim** that is based upon or arises out of a **noticed matter** will be deemed to have first been made in the **policy period** in which we accepted the notice of circumstances.

C. **Non-liability coverage parts** will have their own reporting provisions.

D. Except with respect to any applicable **pre-claim expenses** described in Section II Supplementary Benefits paragraph C we will not provide coverage for fees, costs, or expenses incurred prior to the time a **claim** is noticed, even if such fees, costs, or expenses benefit the defense of a covered **claim**.

### E. Notice Mailing

Written notices of a **claim** or circumstance should be directed to us at the mailing address or email address indicated in Item 3 of the Declarations. A notice on one Coverage Part will be deemed notice to all Coverage Parts. All other notices should be sent to the address(es) or emails set forth in Item 3 of the Declarations.

We will send all correspondence to you at the address set forth in Item 1 of the Declarations.

We will consider the effective date of notice to be the date of mailing with sufficient proof of mailing.

## VII. RELATED CLAIMS

All **related claims** will be treated as one **claim** first made on the date the first of such **related claims** was first made or deemed made according to the provisions of the applicable Coverage Part of this policy.

## VIII. COOPERATION AND CONSENT

You agree:

- (i) to provide us full cooperation, assistance, and any information we may reasonably request when seeking coverage under this policy;
- (ii) to do nothing that may increase our liabilities or prejudice our potential or actual rights of recovery or subrogation;
- (iii) not to incur any **loss**, or any other costs or expenses for which you are seeking coverage under this policy, or admit any liability or assume any contractual obligation, without our prior written consent; and
- (iv) not to accept or consent to any settlement, or make any offer of settlement, or stipulate to any judgment, without our prior written consent; however, our consent will not be required if you can settle the **claim**, including all **related claims** and **loss** (including **defense costs**) for an aggregate amount that does not exceed the Retention.

We will:

- (a) make any settlement of any **claim** that we deem reasonable, provided such settlement is made with your written consent (such consent not be unreasonably withheld);
- (b) have the right to make any reasonable investigation into any **claim** or **noticed matter** that we deem necessary or appropriate;
- (c) not withhold written consent unreasonably; and
- (d) not be liable for any **loss**, or any other costs or expenses for which you are seeking coverage under this policy, or admission of liability, or any contractual obligation unless we have provided prior written consent.



## IX. APPLICATION

In issuing this policy we have relied upon the truthfulness and accuracy of the statements, representations, and information in the **application**, which is incorporated into this policy. The **insureds** represent and acknowledge that the statements contained in the **application** are true, are the basis of this policy, and are deemed material to the acceptance of this risk or the hazard assumed by us under this policy.

If the **application's** statements, representations, and information contain any actual or knowing misrepresentations or omissions which materially affect our acceptance of the risk or the hazard assumed by us under this policy, then the coverage afforded by this policy will be void and of no effect but only with respect to any:

- (i) **insured person** who had actual knowledge of such misrepresentations or omissions;
- (ii) **insured entity** to the extent it provided indemnification, or owed indemnification to any such **insured person** in (i) above; and
- (iii) **insured entity** if such **insured person** referenced in (i) signed the application.

## X. CHANGE OF CONTROL

With respect to any **liability coverage part**:

In the event of a **change of control**, the premium will become fully earned as of the effective date. We will not be liable for any **wrongful act** committed, attempted, or allegedly committed or attempted by any **insured** after the effective date of a **change of control**. We will however, continue to provide coverage until the policy is otherwise cancelled, terminated, or expires, but only for **wrongful acts** by any **insureds** prior to the date of a **change of control**. The extended reporting provision in Section V will not apply to a **change of control** event.

If you notify us in writing at least sixty (60) days prior to the **change of control**, we will provide you with proposed additional terms and conditions for run-off coverage subject to an additional premium and payment by you.

**Non-liability coverage parts** will have specific change of control provisions applicable to such Coverage Part.

## XI. SUBSIDIARY

With respect to any **liability coverage part**:

A **subsidiary** and its **insureds** acquired or created before or during the **policy period** will be afforded coverage for a **claim** arising from **wrongful acts** which occur while that **subsidiary** is under the **management control** of an **insured entity**. There will be no acquisition threshold with respect to any **subsidiary**.

If an **insured entity** ceases **management control** of a **subsidiary** during the **policy period**, coverage will continue until the policy is otherwise terminated or cancelled, but coverage will apply to such **subsidiary** and its **insureds** only for **claims** for **wrongful acts** which occurred prior to such cessation.

## XII. CANCELLATION OR TERMINATION

This policy may only be cancelled or terminated by one of the following events:

- (i) by us, for nonpayment of premium, in which event we will send you a written notice twenty (20) days prior to the effective date of such cancellation;
- (ii) by the **named insured** for any reason if we receive written notice twenty (20) days prior to the date the policy should be cancelled; or
- (iii) the expiration of the **policy period**.

Any returned premium will be computed on a pro rata basis.

## XIII. SUBROGATION AND RECOUPMENT

If we pay any **loss** or other similar cost or expense under this policy, we reserve all rights to subrogation. We will not subrogate against you. You agree that we have the right to recoup any amount paid to you, or on your behalf, if such amount was not owed under this policy.

Any amounts recovered by subrogation or recoupment, less costs expended for the recovery, will be applied to the limit of liability of the applicable Coverage Part.



**COMMUNITY ASSOCIATION POLICY  
GENERAL TERMS AND CONDITIONS**

**XIV. GENERAL POLICY PROVISIONS**

The **named insured** agrees to act on behalf of all **insureds** with respect to:

- (i) providing or receiving any notice, other than on behalf of an **insured** for a covered **claim** brought by or on behalf of the **named insured** against such other **insured**;
- (ii) the payment of any premiums;
- (iii) receiving any applicable return premiums; and
- (iv) agreeing to and acceptance of any endorsements.

This policy, including the **application**, constitutes the entire contract existing between you and us or any of our agents relating to this insurance.

The provisions of this policy cannot be waived or changed except by written endorsement issued to form a part of this policy. We will not be bound by any assignment of interest under this policy unless this assignment is specifically endorsed to the policy.

**XV. REFERENCE TO LAW**

Any reference to United States law will also include United States federal, state and local statutory law, and any rules, regulations and amendments of such law or any such equivalent foreign law.

**XVI. FINANCIAL INSOLVENCY**

**Financial insolvency** will not impact our obligations, rights or defenses under this policy. We will not object to your efforts to obtain relief or stay from any injunction issued as a result of **financial insolvency**.

**XVII. ACTION AGAINST THE COMPANY**

No action may be taken against us unless, as a condition precedent, there has been full compliance with all the terms and conditions of this policy. Further, no person or entity will have any right under this policy to join us as a party to any action against any **insured** to determine such **insured's** liability, nor can we be impleaded by the **insured** or legal representatives of such **insured**.

**XVIII. STATE AMENDATORY INCONSISTENCY STATEMENT**

In the event that there is an inconsistency between the terms and conditions of this policy and any state amendatory endorsement, where permitted by law, we will apply the terms and conditions that are most favorable for you.

**XIX. TERRITORY**

Coverage will apply worldwide. This policy does not provide coverage for any **insured**, transaction, that part of **loss**, or other similar cost or expense that is uninsurable under the laws or regulations of the United States concerning trade or economic sanctions.

IN WITNESS WHEREOF, we have caused this policy to be executed by our Chairman and Secretary, but this policy shall not be binding upon us unless completed by the attachment of the Declarations.

Chairman

Secretary



## COMMUNITY ASSOCIATION POLICY ASSOCIATION LIABILITY COVERAGE PART

In consideration of the premium and subject to the Declarations and the General Terms and Conditions, the parties agree as follows:

### I. INSURING AGREEMENTS

We will pay **loss** on behalf of an **insured** arising from a **claim** against such **insured** first made during the **policy period**.

### II. COVERAGE EXTENSIONS

The following coverage extensions, if subject to a sublimit, are part of, and not in addition to, the aggregate limit of liability set forth in Item 6 of this Coverage Part Declarations.

#### Settlement Retention Credit

Solely with respect to the settlement of a **claim**, if you and the claimant consent to the initial settlement offer, as recommended by us, within thirty (30) days of being made aware of such offer by us, we will reduce the applicable Retention for such **claim** by the lesser amount of ten percent (10%) of the Retention or ten thousand dollars (\$10,000) provided the settlement exceeds the Retention and such Retention has been met by the **named insured**

In the event that one **claim** is eligible for both this Settlement Retention Credit and the Mediation Retention Reduction found in Section II A Supplementary Benefits of the General Terms and Conditions, then the **insured entity** will receive only one such benefit.

### III. DEFINITIONS

Any defined word not defined in this Coverage Part will have the meaning assigned to it in the General Terms and Conditions.

**Applicant** means any applicant or prospective applicant for employment with an **insured entity**.

**Assessments** mean any fees, costs, expenses, dues, funds or other amounts imposed upon, charged to or collected from a resident, property owner or member of an **insured entity** pursuant to either: (i) the governing documents of an **insured entity**; or (ii) any decision by a board, committee or other governing body of an **insured entity**.

**Breach** means an intentional unauthorized access, intrusion, or control over an **insured's** computer system or network by a third party for some illicit purpose.

**Claim** means any:

- (i) written demand (excluding a subpoena) for monetary, non-monetary, injunctive, or declaratory relief including a request for alternative dispute resolution or request to toll or waive a statute of limitations;
- (ii) civil or criminal proceeding commenced by the earlier of: (a) the return of service of a complaint or indictment upon an **insured**; (b) the filing of an indictment or information with respect to an **insured**; or (c) the arrest or detainment of an **insured**; or
- (iii) a formal administrative or regulatory proceeding (excluding an audit), including an **EEOC proceeding** or proceeding by the Office of Federal Contract Compliance Programs, evidenced by a formal notice of charges or a formal notice of investigation,

against an **insured** for a **wrongful act**, committed, attempted, or allegedly committed or attempted, by such **insured** before or during the **policy period** including any appeal therefrom; provided, that a **claim** for an **employment wrongful act** will not include any criminal proceeding, criminal administrative or regulatory proceeding, criminal investigation, or labor or grievance arbitration or proceeding pursuant to a collective bargaining agreement or similar agreement.

**Claim** will also include an **immigration claim**.

Unless specifically stated elsewhere in this Coverage Part, a **claim** will be deemed first made on the earliest of the date on which the **claim** is served upon, or first received by, any **insured**.





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**Conduct** means an **insured's**: (i) gaining of profit or other advantage to which the **insured** was not legally entitled; or (ii) commission of a crime, fraud, or a dishonest act or omission, or willful violation of any law or regulation, provided such conduct was committed with actual knowledge of its wrongful nature or with intent to cause damage and such conduct is established by a final non-appealable adjudication.

**Construction defect** means any actual or alleged defective, faulty or delayed construction or any other matter recognized as a construction defect under common or statutory law, whether or not as a result of: (i) faulty or incorrect design or architectural plans; (ii) improper soil testing; (iii) inadequate or insufficient protection from subsoil, ground water or earth movement or subsidence; (iv) construction, manufacture or assembly of any tangible property; (v) the failure to provide construction related goods or services as represented or to pay for such goods or services; or (vi) the supervision of such activities.

**Contractual liability** means actual or alleged liability voluntarily undertaken by an **insured** in any contract or agreement. **Contractual liability** does not include liability that would be imposed upon an **insured**: (i) in the absence of such contract or agreement; or (ii) pursuant to the **named insured's** declarations, by-laws or similar governing documents, except for any provision in such governing documents providing for an award of attorneys' fees.

**Cyber event** means any actual or alleged:

- (i) **exploit**;
- (ii) **unauthorized access or use**; or
- (iii) **network impairment**.

**Defense costs** mean the reasonable and necessary fees, costs, and expenses, charged by attorneys designated by us, or incurred by an **insured** with our consent in the investigation, defense, or appeal of any covered **claim**, including the premium for appeal, attachment, or similar bonds arising out of a covered judgment. In no event will we be obligated to supply, underwrite or provide collateral for any such bond. **Defense costs** do not include **overhead expenses**.

**Discrimination** means any alleged or actual violation of any United States law or common law which prohibits discrimination.

**EEOC proceeding** means any investigative proceeding before the Equal Employment Opportunity Commission, or an adjudicatory or investigative proceeding before any similar federal, state, or local government body whose purpose is to address any **wrongful employment practice**.

**Employee** means any natural person, who is a past, present, or future full-time, part-time, seasonal or temporary worker, employees leased by, or loaned to, an **insured entity**. **Employee** does not include any **executive**, **independent contractor** or **property manager employee**.

**Employment related benefits** mean perquisites, fringe benefits, deferred compensation, or payments (including insurance premiums and benefit claim payments) in connection with an employee benefit plan, **stock benefits** (or the equivalent value thereof), and any other payment to or for the benefit of an **employee** arising out of the employment relationship. **Employment related benefits** will not include salary, wages, commissions, or non-deferred cash incentive compensation.

**Employment wrongful act** means: (i) any **wrongful employment practice** but only with respect to any **employee** or any **applicant**; (ii) any **wrongful employment practice** but only with respect to any **property manager employee** but solely against an **insured entity**; or (iii) any **third party wrongful act** but only with respect to any **third party**. A **wrongful act** includes any actual or alleged conduct that takes place via electronic communication, including social media and internet websites. **Employment wrongful act** does not include: (a) any **wrongful employment practice** of a **property manager**; or (b) an **immigration wrongful act**.

**ERISA** means any actual or alleged violation of the Employee Retirement Income Security Act of 1974, (including the Consolidated Omnibus Budget Reconciliation Act of 1985) (COBRA).

**Executive** means any:

- (i) past, present, or future duly elected or appointed director or officer, member of the: board of directors, board of managers, board of regents, board of trustees, board of governors trustee, or such functionally equivalent position of the **insured entity**; or



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(ii) holder of such functionally equivalent position to those included in paragraph (i) above in an **outside entity** while serving at the **insured entity's** specific request or direction.

**Executive** does not include any **employee**.

**Exploit** means the **breach** of, or unauthorized or unlawful access to, any **network**, resulting in denial of service, delay to a **network**, or infection of a **network** through malware, spyware, virus or any such similar unauthorized code, application or software.

**Fungi** means any form of fungus, including but not limited to yeast, mold, mildew, rust, smut or mushroom, and any spores, mycotoxins, odors or any other substances, products, or by products produced by, released by, or arising out of the current or past presence of such substances.

**Harassment** means any actual or alleged sexual harassment or other unlawful harassment, including bullying, quid pro quo sexual harassment, or hostile work environment.

**Immigration claim** means any criminal proceeding or criminal investigation against an **insured person**, alleging an **immigration wrongful act**, provided such criminal proceeding or criminal investigation is based upon or arising out of an actual or alleged violation of the Federal Immigration and Nationality Act of 1965.

**Immigration wrongful act** means any actual or alleged hiring, harboring, employment or attempted employment of illegal aliens or alleged illegal aliens committed, attempted, or allegedly committed or attempted by an **insured** in such capacity.

**Insurance benefits** mean medical or insurance benefits to which the claimant allegedly was entitled or would have been entitled had an **insured entity** provided the claimant with a continuation or conversion of insurance.

**Insured** means any **insured person** or any **insured entity**. **Insured** also includes **property manager** entity but solely in the course and scope of their provision of **property management services** to the **named insured** or a **subsidiary**. The status of any **insured** will be determined as of the time or date of the alleged **wrongful act**.

**Insured person** means any duly constituted committee member or volunteer of an **insured entity**, **employee**, **executive**, natural person **property manager**, or **property manager employee** but solely in the course and scope of their provision of **property management services** to the **named insured** or a **subsidiary**. **Insured person** will not include any in-house, or contracted, legal counsel.

**Invasion of privacy** means any actual or alleged failure by an **insured** to secure an **employee's personal information** from unauthorized use or disclosure resulting in injury to such **employee**; provided **invasion of privacy** does not include unauthorized use or disclosure caused by a **cyber event**.

**Loss** means the amount you are legally obligated to pay as a result of a **claim** including compensatory damages, settlements, judgments, pre-judgment and post-judgment interest, and **defense costs**.

**Loss** will also include:

- (i) punitive, exemplary, or multiplied damages if such damages are insurable under the law in the jurisdiction which is most favorable to the **insured** provided that such jurisdiction has a substantial relationship to us, the **insured**, or to the **claim** giving rise to such **loss**;
- (ii) civil fines or penalties assessed against an **insured person** for an unintentional and non-willful violation of law that are insurable under the law to which this policy is construed; and
- (iii) liquidated damages awarded pursuant to the Age Discrimination in Employment Act, the Family Medical Leave Act, or the Equal Pay Act.

**Loss** does not include:

- (a) costs to comply with any order or agreement to provide non-monetary or injunctive relief costs to provide any accommodation under any United States law or common law which prohibits discrimination based on disability; provided this will not apply to **defense costs**;
- (b) any amount representing the return, restitution, or reimbursement of **assessments** or of any other fees, costs, expenses or other amounts paid to or charged by an **insured**, no matter whether claimed as restitution of specific funds, forfeiture, financial loss, set-off or otherwise;
- (c) taxes, fines, or penalties (other than those referenced in (i) or (ii) above);





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- (d) **clean-up costs**;
- (e) compensation earned by the claimant in the course of employment but unpaid by the **insured**, including but not limited to salary, wages, commissions, severance, bonus, carried interest, or incentive compensation;
- (f) amounts not insurable under the law to which this policy is construed;
- (g) attorneys' fees or costs sought or awarded pursuant to any declarations, by-laws or other governing documents of an **insured entity**;
- (h) any amount for which an **insured** is absolved from payment by reason of any covenant, agreement, or court order;
- (i) future salary, wages, or commissions of a claimant who is hired, promoted, or reinstated to employment pursuant to a settlement of, order in, or other resolution of any **claim**;
- (j) amounts incurred or required to remedy, repair or compensate for any damage to tangible property, including loss of use thereof, actually or allegedly caused by any owner's modification, addition or architectural change, regardless if such modifications, additions or changes were made with the approval of any **insured**;
- (k) amounts as a result of an **immigration claim**; provided this will not apply to **defense costs**; or
- (l) **employment related benefits**.

**Microbe** means any non-fungal microorganism or non-fungal colony-form organism that causes infection or disease including but not limited to any spores, mycotoxins, odors or any other substances, products, or by products produced by, released by, or arising out of the current or past presence of microbes.

**Network** means any computer, program, database, server, mainframe, software, hardware, mobile device, applications, storage or back-up devices, or such similar components of a digital telecommunication network that is owned or operated by, or on behalf of, or for the benefit of the **insured entity**. **Network** does not include the internet, telephone company networks, electrical grids, or other public infrastructure network.

**Network impairment** means the disruption, theft, modification, destruction or damage to any **network**, that results in the impairment of the **network** to such an extent that the **insured entity** is substantially unable to conduct normal and customary business operations.

**Non-indemnifiable loss** means any **loss** incurred by an **insured person** that an **insured entity** fails or refuses to pay, advance, or indemnify:

- (i) due to **financial insolvency**; or
- (ii) because such indemnification is not permitted pursuant to law.

**NLRA** means any actual or alleged violation of the National Labor Relations Act, or similar law governing employees' rights and employers' duties with respect to unions, bargaining, strikes, boycotts, picketing, lockouts, or collective activities.

**OSHA** means any actual or alleged violation of the Occupational Safety and Health Act of 1970, or similar law governing workplace safety and health.

**Outside entity** means any entity exempt from federal income tax pursuant to Sections 501(c)(3),(4),(6),(7), and (10) of the Internal Revenue Code, provided such entity: (i) is not an **insured entity**; and (ii) is a community association, joint council, master association or sub-association.

**Overhead expenses** mean the salaries, wages, fees, overhead, or benefit expenses, associated with any **insured**.

**Pending or prior litigation** means any matter, fact, circumstance, situation, transaction, event, action, proceeding, investigation, inquiry, or written demand, commenced against you pending on or prior to the date set forth in Item 6 of the Declarations or any related, same, or essentially related or same matter, fact, circumstance, situation, transaction, event, action, proceeding, investigation, inquiry, or written demand.

**Personal injury** means any:

- (i) wrongful entry or eviction, or other invasion of the right of private occupancy;
- (ii) false arrest or false imprisonment; or
- (iii) malicious prosecution or abuse of process.



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**Personal information** means any nonpublic personal information relating to an identified or identifiable natural person.

**Prior notice** means any matter, fact, circumstance, situation, transaction, event, or **wrongful act** that has been the subject of any notice accepted under any not-for-profit directors and officers liability policy, employment practices liability policy, or comparable policy, coverage section or coverage part of which this Coverage Part is a direct or indirect renewal or replacement, or any related, same, or essentially related or same matter, fact, circumstance, situation, transaction, event, or **wrongful act**.

**Pollutants** mean any substance exhibiting hazardous characteristics as is or may be defined or identified on any list of hazardous substances issued by the United States Environmental Protection Agency or any state or local or foreign counterpart. **Pollutants** also mean, without limitation, any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste (including materials to be recycled, reconditioned or reclaimed), as well as any air emission, odor, waste water, oil or oil products, infectious or medical waste, asbestos, or asbestos products.

**Property manager** means the entity or natural person providing **property management services** to the **named insured** or any **subsidiary**, including any such entity as a debtor in possession under United States bankruptcy law.

**Property manager employee** means any natural person (including any part-time, seasonal, leased or temporary employee, or any duly elected or appointed director or officer, member of the board of directors or board of managers) in the regular service of a **property manager** in the ordinary course of such **property manager's** business, provided such **property manager** governs and directs in the performance of such service.

**Property management services** mean the following property and community association management services provided for a fee pursuant to a written contract in connection with the management of property under the ownership, management or control of the **named insured** or a **subsidiary**:

- (i) development of management plans and budget;
- (ii) oversight of physical maintenance of property;
- (iii) solicitation, evaluation and securing of tenants and management of tenant relations, collection of rent and processing evictions;
- (iv) development, implementation and management of loss control and risk management plans for real property;
- (v) solicitation and negotiation of contracts for sale and leasing of real property;
- (vi) development, implementation and management of contracts and subcontracts (excluding property and liability insurance contracts) necessary to the daily functioning of the property;
- (vii) personnel administration; or
- (viii) record keeping.

**Protected information** means nonpublic proprietary and confidential information of a third-party entity, or any **personal information**.

**Publisher injury** means libel, slander, defamation, plagiarism, or misappropriation of ideas; or infringement of copyright, title, slogan, logo, trademark, tradename, trade dress, service mark, or service name.

**Retaliation** means any actual or alleged retaliatory act by an **insured** against an **employee** arising from such **employee's**:

- (i) **whistleblower activity**;
- (ii) participation, assistance, testimony, or cooperation in any internal or external proceeding or investigation regarding violations of law by an **insured**; or
- (iii) exercise of his/her rights, refusal to violate any law, or opposition to any unlawful practice or activity.

**Sponsor liability** means any actual or alleged: (i) act or omission by an **insured** in their capacity as a sponsor, builder or developer of an **insured entity**; or (ii) misconduct of a sponsor, builder or developer of an **insured entity**, including but not limited to actual or alleged conflicts of interest, self-dealings, or disputes concerning conversion, construction or development.

**Third party** means any natural person who is not an **employee** or **executive**.



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**Third party wrongful act** means any **discrimination** or **harassment** of a **third party** or **applicant** committed, attempted, or allegedly committed or attempted by an **insured** in such capacity.

**Unauthorized access or use** means unauthorized use, theft, collection, disclosure, disruption, modification, deletion or destruction of, or unauthorized access to, any **protected information** or any **network** component.

**Wage and hour** means any actual or alleged violation of any United States law or common law which regulates or governs employment wage, pay, or labor requirements or standards, including but not limited to:

- (i) the calculation, recordkeeping, timing or manner of payment of minimum wages, prevailing pay rates, overtime pay, or other compensation alleged to be due and owing, including the failure to compensate for any unpaid vacation pay, off the clock or remote work, or for employer sponsored activities;
- (ii) failure to provide or enforce legally required meal or rest break periods;
- (iii) the classification of any entity or person for wage and hour purposes;
- (iv) garnishments, withholdings, or other deductions from wages;
- (v) use of federal or state tip credits or maintenance and distribution of tip pools; or
- (vi) reimbursement of work-related expenses or tools to any person providing services or labor to or on behalf of an **insured entity**,

or any such similar practices, policies, or procedures.

**WARN** means any actual or alleged violation of the Workers' Adjustment and Retraining Notification Act, or similar law governing employer notice requirements in advance of lay-offs or facility closings.

**Whistleblower Activity** means the lawful activity of an **insured person**, with respect to any alleged wrongdoing by an **insured**, who causes information to be provided to the attention of, or otherwise assists in an investigation by, a governmental or law enforcement agency, provided such activities are protected by statute with rights and remedies for retaliation recognized under United States law.

**Worker benefits** mean any actual or alleged violation of any United States law governing workers' compensation, unemployment insurance, social security, or disability benefits.

**Workplace tort** means any:

- (i) negligent hiring, training, supervision, or evaluation of **employees**;
- (ii) failure to adopt or enforce adequate workplace or employment policies and procedures;
- (iii) false imprisonment, false arrest, detention, or malicious prosecution;
- (iv) libel, slander, defamation, or humiliation;
- (v) **invasion of privacy**; or
- (vi) wrongful infliction of emotional distress.

**Wrongful act** means any:

- (i) error, misstatement, misleading statement, act, omission, neglect, or breach of duty, (including **personal injury** or **publisher injury**) committed, attempted or allegedly committed, or attempted, by:
  - (a) an **insured person** in his/her capacity as such; or
  - (b) an **insured entity**;
- (ii) matter claimed against an **insured person** solely by reason of his/her status as such; or
- (iii) **employment wrongful act**.

**Wrongful employment decision** means any:

- (i) actual or constructive wrongful dismissal, discharge, or termination of employment;
- (ii) wrongful deprivation of career opportunity, demotion, failure to grant tenure, failure to train, or failure to employ or promote;
- (iii) employment related misrepresentation, including inducement to become or remain employed based on an erroneous job description; or
- (iv) wrongful discipline of **employees**.

**Wrongful employment practice** means any employment related:

- (i) breach of any written employment contract or agreement, including any written contract or agreement concerning severance payments or contractual obligation arising out of any employee handbook, personnel manual, policy statement, or other representation;



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- (ii) **discrimination;**
  - (iii) **harassment;**
  - (iv) **retaliation;**
  - (v) **workplace tort;** or
  - (vi) **wrongful employment decision,**
- committed, attempted, or allegedly committed or attempted by an **insured** in such capacity.

**IV. COVERAGE PART EXCLUSIONS**

We will not cover **loss** in connection with any **claim**:

- A. based upon or arising from, or in any way involving:
  - (i) **bodily injury;** provided this exclusion (i) will not apply to actual or alleged emotional distress, mental anguish or humiliation from an **employment wrongful act**;
  - (ii) **conduct;**
  - (iii) **construction defect;**
  - (iv) **contractual liability;** provided this exclusion (iv): (a) will not apply to **defense costs** in connection with **contractual liability** for a written contract; and (b) is subject to the employment **contractual liability** exclusion in B(vii) below;
  - (v) **cyber event;**
  - (vi) **pending or prior litigation;**
  - (vii) **pollution;**
  - (viii) **prior notice;**
  - (ix) **sponsor liability;**
  - (x) any **wrongful act** by an **insured person** acting in a capacity as directors, officers, trustees, regents, governors or employees (or solely by reason of their status as such) of any entity other than an **insured entity** or an **outside entity**;
  - (xi) failure to maintain or effect insurance; provided this exclusion (xi) will not apply to **defense costs**; or
  - (xii) actual, alleged or threatened:
    - (a) inhalation of, ingestion of, contact with, exposure to, existence of, growth or presence of **fungi** or **microbes**; or
    - (b) failure to detect, report, test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, remediate, dispose of or in any way respond to, assess the effects of or advise of the existence of any **fungi** or **microbes**.
- B. for:
  - (i) **worker benefits;** provided this exclusion (i) will not apply to any **claim** on account of **retaliation**;
  - (ii) **ERISA,** provided this exclusion (ii) will not apply to:
    - (a) Section 510 in a **claim** for an **employment wrongful act**;
    - (b) any **claim** on account of **retaliation**;
  - (iii) **OSHA;** provided this exclusion (iii) will not apply to any **claim** on account of **retaliation**;
  - (iv) **WARN;** provided this exclusion (iv) will not apply to any **claim** on account of **retaliation**;
  - (v) **NLRA;** provided this exclusion (v) will not apply to any **claim** on account of **retaliation**;
  - (vi) **insurance benefits;** provided this exclusion (vi) will not apply to **defense costs**;
  - (vii) any breach of any written employment **contractual liability**, including any severance agreement or golden parachute agreement, or any compensation agreement payable upon the termination of any **employee**; provided, this exclusion (vii) will not apply to **defense costs**; or
  - (viii) **wage and hour;** provided this exclusion (viii) will not apply to **defense costs**. Further provided that the most we will pay for all **defense costs** alleging **wage and hour** is the sublimit of liability set forth in item 6 of the Declarations.
- C. against a **property manager** or **property manager employee** based upon or arising from or in any way involving any:
  - (i) actual or alleged commingling, misappropriation or improper use of, or failure to pay, collect, or safeguard, funds;
  - (ii) actual or alleged advice as to property value;



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- (iii) actual or alleged transfer or failure to transfer funds;
- (iv) actual or alleged notarization certification or acknowledgment of a signature;
- (v) cease and desist order; or
- (vi) actual or alleged failure to give timely notice of claim or loss under any insurance policy;

- D. based upon or arising from or in any way involving any **claim** brought by, or on behalf of, the **insured entity** against a **property manager** or **property manager employee**;
- E. based upon or arising from or in any way involving **property damage**; provided this exclusion E will not apply to decisions by a board, committee or other duly elected or appointed governing body of an **insured entity** to:
  - (i) grant or deny permission to a property owner for that owner to make modifications, additions or architectural changes to such owner's property; or
  - (ii) impose, charge or collect **assessments** as a result of **property damage**.

**V. SPECIFIC LIMIT OF LIABILITY, SUBLIMITS AND RETENTIONS**

A. Limit of Liability and Defense Costs Only Sublimit outside of the Aggregate Limit of Liability

The most we will pay for all **loss** arising from all **claims** is the Maximum Aggregate limit of liability set forth in Item 6 of the Declarations; provided, however, and notwithstanding Section IV, Limit of Liability, Sublimits and Retentions of the General Terms and Conditions, **defense costs** will be in addition to the aggregate limit of liability up to the amount of the additional **defense costs** limit of liability stated in Item 6 of the Declarations. If and when such **defense costs** limit of liability is exhausted by payment of **defense costs**, then any remaining **defense costs** will be applied and erode the Maximum Aggregate limit of liability set forth in Item 6 of the Declarations.

B. Immigration Claims Defense Costs Only Sublimit of Liability

The most we will pay for all **defense costs** from all **immigration claims** is the amount set forth in Item 6 of the Declarations, such sublimited coverage will be part of, and not in addition to, the Maximum Aggregate limit of liability set forth in Item 6 of the Declarations.

**Defense costs** shall be applied in accordance with Section V A above.

C. Retentions and other Sublimits

A single Retention will apply to each **claim**, such Retention will apply only to **loss** other than **defense costs**. There will be no Retention applicable to liability for **non-indemnifiable loss**.

**VI. INDEMNIFICATION**

It is agreed that an **insured entity** will indemnify its **insured persons** to the fullest extent permitted by law.

**VII. DEFENSE OF CLAIMS**

We have the right and duty to defend any **claim** covered by this Coverage Part even if the allegations in the **claim** are groundless, false, or fraudulent. We will have the right to appoint counsel and to make such investigation and defense of a **claim** as it deems necessary. Our duty to defend any **claim** will end, and we will have no further obligation to defend any **claim**, upon the exhaustion of the applicable limit of liability.

**VIII. ALLOCATION**

If a **claim** incurs covered **loss** and uncovered loss because such **claim** includes covered and uncovered parties, or covered and uncovered matters, then the following will apply:

- (i) one hundred percent (100%) of **defense costs** incurred by such **insured** will be considered covered **loss**; and
- (ii) with respect to any loss other than **defense costs** you and we will use our best efforts to determine an allocation between covered **loss** and uncovered loss based on the relative legal and financial exposures of the parties to such matters.



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### IX. OTHER INSURANCE

This Coverage Part will be excess of, and will not contribute with, any other insurance policy, coverage part, or risk transfer or indemnity agreement, including any deductible or retention obligation thereunder, that provides defense or indemnity coverage for any **loss** for which this Coverage Part also provides coverage, unless such other insurance or agreement is written specifically as excess of the limit of liability of this Coverage Part.

This Coverage Part will be specifically excess of any valid and collectible insurance policy: (i) for environmental liability, cyber liability, general liability, professional services liability or employment practices liability; or (ii) written on a duty to defend basis unless such other insurance is written specifically as excess of the limit of liability of this Coverage Part.

With respect to an **executive** serving in his/her capacity as such for an **outside entity**, this Coverage Part will be specifically excess of any insurance or indemnity available to such **insured person** by or on behalf of an **outside entity**.

Notwithstanding the above, this Coverage Part will apply as primary with respect to any personal umbrella or personal directorship liability insurance purchased by an **insured person**.

### X. IMPUTATION

We will not impute:

- (i) the conduct of any **insured person** with respect to **conduct** exclusion IV A(ii) of this Coverage Part; or
  - (ii) the failure to provide us with full cooperation, assistance, or information as required,
- to any other **insured person**, nor will the above impair the rights of any other **insured person** under this Coverage Part.

### XI. PRIORITY OF PAYMENT

The coverage under this Coverage Part is intended principally to benefit the **insured person**. In the event that **non-indemnifiable loss** and any **loss** or payments under a coverage extension are due simultaneously, then we will first pay **non-indemnifiable loss** on behalf of the **insured person**. In all other instances we will pay **loss** as it becomes due.





## PRIVACY EVENT EXPENSE ENDORSEMENT

In consideration of the premium, solely with respect to the Association Liability Coverage Part and the coverage provided by this endorsement, the policy is amended as follows:

I. The following insuring agreement is added to the Association Liability Coverage Part:

Privacy Event Response

We will pay or reimburse the **insured entity** for **privacy event response costs** resulting directly from a **privacy event** the **insured** first **discovered** during the **policy period**.

II. Solely with respect to the coverage afforded by this endorsement Section III, Definitions of the Association Liability Coverage Part is amended to add the following definitions:

**Crisis management expenses** mean the reasonable and necessary fees, costs, and expenses that are incurred by, or on behalf of, an **insured entity** to mitigate negative publicity concerning a **privacy event**. **Crisis management expenses** include fees, costs, and expenses incurred:

- (i) by a **response vendor** law firm, public relations firm, or crisis management firm, to advise the **insured entity**;
- (ii) to manage press coverage, publicity and press relationships, advertising and mailing of materials on behalf of the **insured entity**.

**Cyber terrorism** means any actual or threatened attack by individuals, or group of individuals, against a **network**, in furtherance of social, ideological, religious, or political objectives, with the intent, design, or purpose, in whole or in part, to: (i) cause harm to a **network**; or (ii) intimidate any person or entity in furtherance of such objectives.

**Data breach** means any: (i) unauthorized disclosure, modification, use, or access of **protected information**; (ii) loss, destruction or theft of **protected information**; or (iii) violation or failure to comply with any **data privacy law**.

**Data privacy law** means any law, rule, or regulation in any domestic or international jurisdiction that governs the: (i) use, confidentiality, collection, or control of **protected information**; (ii) implementation of policies or procedures with respect to **protected information**; or (iii) notification of an actual or suspected **data breach** to impacted, or potentially impacted, persons or entities or to the appropriate authorities.

**Discovered** or **discovery** means when a **responsible person** acquired knowledge that would lead a reasonable person to believe a covered loss or covered damage has occurred or will occur, whether or not the amount or details of such loss or damage are known.

**Interrelated security breaches** means all **privacy events** that are based upon, arising from or are logically or causally connected by the same or any related or common, or a series of related or common, facts, circumstances, transactions, or causes.

**IT provider** means any third party entity which provides:

- (i) hosted computer resources including "cloud computing" to the **insured entity**; or
- (ii) information technology services required by the **insured entity** to operate a **network** under such entity's ownership, operation, or control,

pursuant to a written contract between such entity and such **insured entity**. **IT provider** does not include any **insured entity**, any public utility, internet service provider, or securities exchange.

**Network** means any computers, all peripheral or integrated storage, communications input or output devices (including mobile devices), or related network or operating systems, application software or website that are:

- (i) owned, operated by, controlled by or leased by an **insured entity**;
- (ii) owned or operated by the **property manager** entity on behalf of, or for the benefit of, an **insured entity** but solely in the course and scope of its provision of **property management services** to such **insured entity**; or
- (iii) under the ownership, operation, or control of an **IT provider**, or operated on behalf of, or for the benefit of, an **insured entity** by an **IT provider**.



**Personal information** means any private or confidential information in the care, custody, or control of an **insured entity** (or a third party provider acting on behalf of an **insured entity**), provided such information may be used alone or with other information to uniquely identify: (i) a natural person; (ii) any protected health information; or (iii) non-public personally identifiable information as defined in any **data privacy law**.

**Privacy event** means any **security breach** or **data breach**.

**Privacy event response costs** mean reasonable and necessary fees, costs, and expenses incurred by an **insured entity** for services rendered by **response vendors** to:

- (i) retain legal counsel to investigate, respond, and negotiate compliance in response to a **privacy event**;
- (ii) retain a computer forensics firm to investigate the cause of a **privacy event** and the extent of any **protected information** disclosure;
- (iii) provide compulsory and/or voluntary notification to impacted or potentially impacted individuals or entities whose **protected information** may have been subject to a **data breach**;
- (iv) provide notification to any other entity as required by law;
- (v) set up a call center to respond to inquiries about the **privacy event**;
- (vi) provide credit monitoring, identity monitoring, identity restoration or protection services, to impacted, or potentially impacted individuals, in response to the **data breach**; or
- (vii) provide such other mitigation or remediation services in response to a **privacy event**, subject to Section VIII Cooperation and Consent of the General Terms and Conditions.

**Privacy event response costs** also include **crisis management expenses**. **Privacy event response costs** must be incurred within twenty four (24) months of the date you reported the **privacy event** to us, provided that solely with respect to (vi) above, such costs may exceed the twenty four (24) month limit if so required by law.

**Protected information** means: (i) **personal information**; or (ii) any other third party confidential business information in the care, custody, or control of an **insured entity** or a third party provider acting on behalf of an **insured entity**.

**Response vendors** mean: (i) the panel of pre-approved vendors provided by us; or (ii) a qualified vendor that has been approved by us prior to retention.

**Responsible person** also means the Chief Information Officer, Chief Technology Officer, Chief Content Officer, Chief Information Security Officer, Chief Privacy Officer, Data Protection Officer, or such functionally equivalent position of the **named insured**.

**Security breach** means: (i) access to a **network** by an unauthorized person; (ii) use of any **network** in an unauthorized manner; (iii) transmission of malicious code or virus to a **network**; or (iv) denial of service attack on a **network**.

III. Solely with respect to the coverage afforded by this endorsement, Section IV, of the Association Liability Coverage Part Exclusions is amended as follows:

A. Exclusion (v) cyber event is amended by adding the following:

Provided this **cyber event** exclusion will not apply to the coverage afforded by this endorsement.

B. The following exclusions are added:

We will not cover **privacy event response costs** in connection with any **privacy event** based upon or arising from:

- Defects in Data And Software and Network  
any defect of design, implementation, operation, incompatibility or any other fault of data and software or the **insured entity's network**, or any part thereof where such defect or fault is introduced by the **insured entity's**:
  - (i) use of a third party product, including but not limited to software and equipment, in a manner inconsistent with the manufacturer's intended use;
  - (ii) modification of a third party product or integration of components in violation of the manufacturer's warranty or other license terms;
  - (iii) integration of components in a manner inconsistent with any of the components' intended use as established by its manufacturer;





- Deliberate Acts  
any:
  - (i) dishonest, fraudulent, criminal, or malicious act or omission;
  - (ii) commingling, misappropriation, or misuse of funds;
  - (iii) intentional wrongdoing; or
  - (iv) knowing violation of any contract, agreement, statute or regulation,by or on behalf of an **insured**, provided such above conduct is established by a final non-appealable adjudication (excluding a declaratory action or proceeding by, or against us) in the underlying action;
- Force Majeure  
fire, earthquake, flood, smoke, explosion, volcanic eruption, lightning, wind, water, tidal wave, solar flare, landslide, hail, or act of God, regardless of cause;
- Goodwill  
any actual or alleged adverse impact on goodwill or change in value of shares, stock, or securities;
- Governmental Orders  
any actual or alleged requisition, nationalization, confiscation, destruction, or damage to property, by order of any federal, state, local, national, or foreign governmental authority or foreign political authority;
- Property Damage  
direct physical loss of or damage to property;
- Vendor Acts  
unauthorized and deliberate malicious act or omission by a vendor or other third party authorized by the **insured entity** to perform services on the **insured entity's network**;
- War  
any war (declared or otherwise), warlike operation, hostilities, invasion, popular or military uprising or activities, insurrection, rebellion, revolution, or terrorism (whether certified or not) by an individual or group or any action taken by governmental authorities in hindering or defending against any of these; provided this exclusion will not apply to **cyber terrorism**.

IV. Section V, Specific Limit of Liability, Sublimits and Retentions of the Association Liability Coverage Part is amended to include the following:

- A. The most we will pay for all **privacy event response costs** resulting directly from a **privacy event** the **insured** first **discovered** during the **policy period** is \$100,000; such sublimited coverage will be part of, and not in addition to, the Aggregate Limit of Liability set forth in Item 6 of the Declarations.
- B. No Retention will apply to **privacy event response costs**.

V. Section VI, Notice and Reporting of the General Terms and Conditions is amended to add the following:

As a condition precedent to our policy obligations, you must provide written notice of a **privacy event** as soon as practicable after **discovery**.

VI. The following Section is added to the Association Liability Coverage Part:

#### **RELATED SECURITY BREACHES**

All **interrelated security breaches** will be treated as one **security breach** first **discovered** on the date the first of such **interrelated security breaches** was first **discovered**.



In the event the **Insured** has also purchased any other first or third party cyber coverage in the same **policy period**, all interrelated Cyber Incidents will be treated as one Cyber Incident first reported or **discovered** on the date the first of such Cyber Incidents was first **discovered**. A Cyber Incident will include a **privacy event**, extortion demand, electronic theft, network impairment, security breach, data breach, improper destruction or release of personal or confidential information.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



## NETWORK SECURITY AND PRIVACY REGULATION PROCEEDING ENDORSEMENT

In consideration of the premium, solely with respect to the Association Liability Coverage Part, and the coverage provided by this endorsement, the policy is amended as follows:

I. The following insuring agreements are added to the Association Liability Coverage Part:

Network Security and Privacy

We will pay **loss** on behalf of an **insured** arising from a **network claim** first made during the **policy period**.

Privacy Regulation Proceeding

We will pay **privacy regulation fines and redress amounts** and **defense costs** on behalf of an **insured** arising from a **privacy regulation proceeding** first made during the **policy period**.

II. Section III, Definitions of the Association Liability Coverage Part is amended as follows:

A. Solely with respect to the coverage afforded by this endorsement:

- (i) any reference to **claim** (except with respect to the Insuring Agreements and the definition of **claim** and **immigration claim**) in the Association Liability Coverage Part will mean a **network claim**.
- (ii) the definition of **loss** is deleted and replaced with the following:

**Loss** means the amount you are legally obligated to pay as a result of a **network claim** including compensatory damages, settlements, judgments, pre-judgment and post-judgment interest, and **defense costs**.

**Loss** will also include:

- (i) punitive, exemplary, or multiplied damages if such damages are insurable under the law in the jurisdiction which is most favorable to the **insured** provided that such jurisdiction has a substantial relationship to us, the **insured**, or to the **network claim** giving rise to such **loss**;
- (ii) civil fines or penalties assessed against an **insured person** for an unintentional and non-willful violation of law that are insurable under the law to which this policy is construed (including **privacy regulation fines and redress amounts**); and

**Loss** does not include:

- (a) costs to comply with any order or agreement to provide non-monetary or injunctive relief, provided this will not apply to **defense costs**;
- (b) taxes, fines, or penalties (other than those referenced in (i) or (ii) above);
- (c) fees, costs, and expenses paid, incurred, or charged by an **insured**, no matter whether claimed as restitution of specific funds, financial loss, mitigation expenses, set-off amounts or payments in the form of service credits or coupons or other non-cash consideration;
- (d) amounts not insurable under the law to which this policy is construed;
- (e) attorneys' fees or costs sought or awarded pursuant to any declarations, by-laws or other governing documents of an **insured entity**;
- (f) any amount for which an **insured** is absolved from payment by reason of any covenant, agreement, or court order.

- (iii) the definition of **prior notice** is deleted and replaced with the following:

**Prior notice** means any matter, fact, circumstance, situation, transaction, event, or **privacy wrongful act, security wrongful act**, that has been the subject of any notice accepted under any cyber policy or comparable policy, coverage section, or coverage part of which this Coverage Part is a direct or indirect renewal or replacement; or any related, same or essentially related or same matter, fact, circumstance, situation, transaction, event, **privacy wrongful act**, or **security wrongful act**.

B. Solely with respect to the coverage afforded by this endorsement the following definitions are added:



**Cryptocurrency** means any virtual or digital currency in which cryptography or other encryption security techniques are used to regulate the generation of units of currency and/or verify the transfer of funds, operating independently of a central bank.

**Cyber terrorism** means any actual or threatened attack by individuals, or group of individuals, against a **network**, in furtherance of social, ideological, religious, or political objectives, with the intent, design, or purpose, in whole or in part, to: (i) cause harm to a **network**; or (ii) intimidate any person or entity in furtherance of such objectives.

**Data breach** means any: (i) unauthorized disclosure, modification, use, or access of **protected information**; (ii) loss, destruction or theft of **protected information**; or (iii) violation or failure to comply with any **data privacy law**.

**Data privacy law** means any law, rule, or regulation in any domestic or international jurisdiction that governs the: (i) use, confidentiality, collection, or control of **protected information**; (ii) implementation of policies or procedures with respect to **protected information**; or (iii) notification of an actual or suspected **data breach** to impacted, or potentially impacted, persons or entities or to the appropriate authorities.

**IT provider** means any third party entity which provides:

- (i) hosted computer resources including "cloud computing" to the **insured entity**; or
- (ii) information technology services required by the **insured entity** to operate a **network** under such entity's ownership, operation, or control,

pursuant to a written contract between such entity and such **insured entity**. **IT provider** does not include any **insured entity**, any public utility, internet service provider, or securities exchange.

**Network** means any computers, all peripheral or integrated storage, communications input or output devices (including mobile devices), or related network or operating systems, application software or website that are:

- (i) owned, operated by, controlled by or leased by an **insured entity**;
- (ii) owned or operated by the **property manager** entity on behalf of, or for the benefit of, an **insured entity** but solely in the course and scope of its provision of **property management services** to such **insured entity**; or
- (iii) under the ownership, operation, or control of an **IT provider**, or operated on behalf of, or for the benefit of, an **insured entity** by an **IT provider**.

**Network claim** means any:

- (i) written demand (excluding a subpoena) for monetary, non-monetary, injunctive, or declaratory relief including a request for alternative dispute resolution or request to toll or waive a statute of limitations;
- (ii) civil or criminal proceeding commenced by the earlier of: (a) the return of service of a complaint or indictment upon an **insured**; (b) the filing of an indictment or information with respect to an **insured**; or (c) the arrest or detention of an **insured**; or
- (iii) solely with respect to Privacy Regulation Insuring Agreement above, a **privacy regulation proceeding**.

against an **insured** for a **privacy wrongful act** or **security wrongful act**, committed, attempted, or allegedly committed or attempted, by such **insured** before or during the **policy period** including any appeal therefrom.

**Personal information** means any private or confidential information in the care, custody, or control of an **insured entity**, provided such information may be used alone or with other information to uniquely identify: (i) a natural person; (ii) any protected health information; or (iii) non-public personally identifiable information as defined in any **data privacy law**.

**Privacy regulation fines and redress amounts** mean: (i) civil monetary fines or penalties assessed by the arbiter of a **privacy regulation proceeding**; or (ii) equitable amounts you are legally obligated to pay into a fund for the payment of consumer claims as a result of a **privacy regulation proceeding**. **Privacy regulation fines and redress amounts** do not include fines or penalties that are uninsurable under the law to which this policy is construed, or any amount constituting settlement to which we have not consented to in writing.

**Privacy regulation proceeding** means a civil investigative demand, administrative or regulatory investigation or proceeding, or a written request for information by a federal, state, local, or foreign governmental authority, or self-regulating organization, against an **insured** and pertaining to a **privacy wrongful act**.



**Privacy wrongful act** means any actual or alleged:

- (i) act, error or omission by an **insured** (or by a **rogue employee** or a third party provider for whose actions the **insured** is legally liable) that results in a **data breach** on a **network**; or
- (ii) failure by an **insured** to destroy **protected information**.

**Protected information** means: (i) **personal information**; or (ii) any other third party confidential business information in the care, custody, or control of an **insured entity** or a third party provider acting on behalf of an **insured entity**.

**Rogue employee** means an **employee** or **executive** who intentionally acts outside of his/her capacity as such.

**Security breach** means: (i) access to a **network** by an unauthorized person; (ii) use of any **network** in an unauthorized manner; (iii) transmission of malicious code or virus to a **network**; or (iv) denial of service attack on a **network**.

**Security wrongful act** means any actual or alleged:

- (i) act, error, or omission by an **insured** (or by a **rogue employee** or a third party provider for whose actions the **insured** is legally liable) that results in a **security breach**;
- (ii) failure by an **insured** to timely disclose a **security breach**; or
- (iii) act, error, or omission by an **insured** that results in an unscheduled or unplanned inability of an authorized third party user to gain authorized access to a **network**.

**Unauthorized reprogramming** means the unauthorized reprogramming of software (including firmware) which renders the **network** nonfunctional or useless.

III. Solely with respect to the coverage afforded by this endorsement, Section IV, of the Association Liability Coverage Part Exclusions is amended as follows:

A. Section A is amended as follows:

1. exclusion (i) bodily injury is amended to add the following:

Provided this exclusion (i) will not apply to any actual or alleged mental anguish or humiliation made in connection with any **network claim** arising from a **privacy wrongful act**;

2. exclusion (v) cyber event is amended by adding the following:

Provided this **cyber event** exclusion will not apply to the coverage afforded by this endorsement.

B. Section E is amended to add the following:

Provided further that this exclusion will not apply to **unauthorized reprogramming** or any transmission of malicious code or virus to a **network**.

C. The following exclusions are added:

We will not cover **loss** in connection with any **network claim** based upon or arising from:

- Critical Infrastructure Failure  
actual or alleged failure, interruption, disturbance, or outage of critical infrastructure including, but not limited to electrical, gas, water, telecommunications, internet, or any satellite, which is not under your operational control;
- Cryptocurrency  
**cryptocurrency**;
- Force Majeure  
fire, earthquake, flood, smoke, explosion, volcanic eruption, lightning, wind, water, tidal wave, solar flare, landslide, hail, or act of God, regardless of cause;
- Governmental Orders



any actual or alleged requisition, nationalization, confiscation, destruction, or damage to property, by order of any federal, state, local, national, or foreign governmental authority or foreign political authority;

- War  
any war (declared or otherwise), warlike operation, hostilities, invasion, popular or military uprising or activities, insurrection, rebellion, revolution, or terrorism (whether certified or not) by an individual or group or any action taken by governmental authorities in hindering or defending against any of these; provided this exclusion will not apply to **cyber terrorism**.

IV. The coverage afforded by this endorsement does not increase the Maximum Aggregate limit of liability set forth in Item 6 of the Declarations.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



## DEFENSE COSTS OUTSIDE THE LIMITS ENDORSEMENT

In consideration the premium, the policy is amended as follows:

- I. Section IV, Limit of Liability, Sublimits and Retentions of the General Terms and Conditions, is deleted and replaced with the following:

The maximum aggregate amount we will pay for all **loss** (other than **defense costs**) regardless of the number of **claims**, **insureds**, losses, parties or requests for coverage under each respective Coverage Part is set forth in Item 6 of the Declarations.

**Defense costs** are in addition to the applicable limits of liability, our payment of any **defense costs** will not erode or exhaust the applicable limit of liability.

Item 6 of the Declarations sets forth any applicable Retention. Any Retention will be uninsured and the responsibility of the **named insured to** pay regardless of the nature or form of the **claim**. We will be liable to pay only that amount of **loss** in excess of any applicable Retention. If there are two Retentions that apply to the same **claim**, we will only apply the higher Retention.

All premiums, limits, Retentions, **loss** and other amounts under this policy are expressed and payable in United States of America currency unless the parties agree in writing otherwise.

- II. Paragraph (a) of Section VIII, Cooperation and Consent of the General Terms and Conditions is amended by adding the following sentence:

If an **insured**, other than any **property manager**, unreasonably refuses to consent to a settlement or compromise recommended by the Insurer, and acceptable to the claimant, then the applicable limit of liability under this policy shall be reduced to the amount for which the **claim** could have been settled.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



## PUBLIC RELATIONS EVENT EXPENSES ENDORSEMENT

In consideration of the premium, the Association Liability Coverage Part is amended as follows:

I. Section II, Coverage Extensions is amended by adding the following:

- Public Relations Event Expenses

We will reimburse the **named insured** up to \$15,000 per **public relations event**, subject to a maximum of \$50,000 per **policy period**, for reasonable **public relations expenses** incurred by the **named insured** for advisory services provided by a public relations firm to the **named insured** as a result of a **public relations event** which occurs during the **policy period**.

II. Section III, Definitions is amended by the addition of the following new Definitions:

- **Public relations event** means:

- (i) the departure, incapacitation, illness or death of an **executive** or association board member of the **named insured**;
- (ii) the **named insured's** dissolution for any reason other than bankruptcy; or
- (iii) any violent act, kidnapping, sexual assault, criminal firearm use or workplace accident resulting in negative local or national media coverage of the **named insured**.

- **Public relations expenses** mean the reasonable and necessary fees and expenses incurred by the **named insured** for public relations firm advisory services provided to the **named insured** to minimize potential economic or reputational harm in response to a **public relations event**.

**Public relations expenses** do not include **overhead expenses**, expenses incurred prior to any notice submitted to us, or expenses incurred after one hundred and eighty (180) days from the date the **public relations event** was noticed to us.

III. The following new section will be added to this Coverage Part:

Request for Coverage for Public Relations Expenses

If you choose to request coverage for **public relations expenses** you must submit a written notice at the address located in Item 3 of the Declarations. The notice must be sent within sixty (60) days of the **public relations event** and include the date the **public relations event** first occurred, the nature of the **public relations event** and the expenses requested or anticipated.

Should there be a subsequent **claim** that is based upon or arises out of this noticed **public relations event** we will consider that **claim** to have first been made during the **policy period** in which we accepted your first written notice.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.





## CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM ENDORSEMENT

### SCHEDULE

#### COMMERCIAL GENERAL LIABILITY COVERAGE PART

Solely with respect to any Coverage Part set forth in the Schedule, it is understood and agreed as follows:

Whenever used in this endorsement, 1) “we” means the insurer listed on the Declarations or the Certificate of Insurance, as applicable; and 2) “you” means the first person or entity named on the Declarations or the Certificate of Insurance, as applicable.

#### **A. Cap on Certified Terrorism Losses**

“Certified act of terrorism” means an act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States, to be an act of terrorism pursuant to the Terrorism Risk Insurance Act, as extended and reauthorized (the “Act”). The criteria contained in the Act for a “certified act of terrorism” include the following:

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

If aggregate insured losses attributable to terrorist acts certified under the Act exceed \$100 billion in a calendar year (January 1 through December 31) and we have met our insurer deductible under the Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

#### **B. Application of Exclusions**

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



## WORKPLACE VIOLENCE ACT EXPENSES SUBLIMITED COVERAGE ENDORSEMENT

In consideration of the premium, solely with respect to the Association Liability Coverage Part, the policy is amended as follows:

I. Section I, Insuring Agreement is amended to add the following Insuring Agreement:

### Workplace Violence Act Expenses

We will pay **workplace violence act expenses** on behalf of an **insured entity** resulting from any **workplace violence act** first occurring during the **policy period**. The total amount that we will pay for **workplace violence act expenses** will be the sublimit of liability set forth in paragraph IV of this endorsement.

II. Section III, Definitions is amended as follows:

A. The definition of **loss** is amended as follows:

Solely with respect to the coverage provided by this endorsement, **loss** will also include **workplace violence act expenses**.

B. The following definitions are added:

**Premises** means any buildings, facilities or properties occupied by the **named entity, subsidiary or property manager** and in which such **named entity, subsidiary or property manager** conducts its business operations.

**Workplace violence act** means any actual, alleged or threatened, intentional or unlawful deadly force or physical violence by use of a lethal weapon which: (i) occurs on or in the **premises**; and (ii) causes, or could cause, bodily injury or death to an **insured person**.

**Workplace violence act expenses** means the reasonable and necessary fees and expenses (other than **overhead expenses**) incurred by an **named entity, subsidiary or property manager** in connection with a **workplace violence act**. Such **workplace violence act expenses** include:

1. an independent security consultant for the first ninety (90) days after the **workplace violence act** occurred;
2. an independent public relations consultant for the first ninety (90) days after the **workplace violence act** occurred;
3. a counseling seminar for all **employees** of the **named entity, subsidiary or property manager** conducted by an independent consultant within the first ninety (90) after the **workplace violence act** occurred;
4. an independent security guard service for the first fifteen (15) days after the **workplace violence act** occurred; and
5. an independent forensic analyst for the first ninety (90) days after the **workplace violence act** occurred.

III. Section IV, Coverage Part Exclusions is amended to include the following exclusions:

A. We will not cover **loss** in connection with any **claim** based upon or arising from **workplace violence**.

B. We will not be liable to pay any **workplace act expenses** resulting from any **workplace violence act** which:

1. takes place in or at any location other than your workplace;
2. is based upon or arises out of declared or undeclared war, civil war, insurrection, civil commotion, insurrection, rebellion, revolution, military action, invasion, riot, government intervention, expropriation or nationalization; or
3. is based upon or arises out of the use or threat of force or violence occurring for the purpose of demanding money, securities or property.

IV. Section V, Specific Limit of Liability, Sublimits and Retentions is amended to include the following:



Workplace Violence Act Expenses Sublimit of Liability

- A. The most we will pay for all **workplace violence act expenses** for all **workplace violence acts** is \$100,000, such sublimited coverage will be part of, and not in addition to, the Maximum Aggregate Limit of Liability for the Liability Coverage Part set forth in Item 6 of the Declarations.
- B. No Retention will apply to **workplace violence act expense**.
- V. The following new section will be added to this Coverage Part:

Request for Coverage for Workplace Violence Act Expenses

If you choose to request coverage for **workplace violence act expense** you must submit a written notice at the address located in Item 3 of the General Terms and Conditions Declarations. The notice must be sent within sixty (60) days of the **workplace violence act** and include the nature and description of the act, and the date the act first occurred, and the expenses requested or anticipated.

Should there be a subsequent **claim** that is based upon or arises out of this noticed **workplace violence act** we will consider that **claim** to have first been made during the **policy period** in which we accepted your first written notice.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



## SUBLIMITED BREACH OF CONTRACT DEFENSE COSTS ENDORSEMENT

In consideration of the premium, this Association Liability Coverage Part is amended as follows:

- I. The most we will pay for all **defense costs** afforded coverage pursuant to the **contractual liability** exclusion carveback in Exclusion A(iv) in Section IV Coverage Part Exclusions is \$1,000,000 per **claim**. Provided however, in the event the **defense costs** erode the Limits of Liability, then such sublimited coverage will be part of, and not in addition to, the Maximum Aggregate Limit of Liability for the Liability Coverage Part set forth in Item 6 of the Declarations.
- II. Such **defense costs** referenced in paragraph I above will be subject to a Retention of \$5,000 per **claim**.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



### AMENDATORY ENDORSEMENT - FLORIDA

In consideration of the premium, the Association Liability Coverage Part of the policy is amended as follows:

I. The definition of **loss**, set forth in Section III, Definitions is amended by the addition of the following:

Notwithstanding anything to the contrary, any coverage of punitive, exemplary, or multiplied damages do not apply to Florida as they are not insurable in the state of Florida.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



## DEFENSE COSTS APPLICABLE TO RETENTION ENDORSEMENT

In consideration of the premium, Subsection C, Retentions and other Sublimits, of Section V, Specific Limit of Liability, Sublimits and Retentions, of the Association Liability Coverage Part is deleted and replaced with the following:

### C. Retentions and other Sublimits

A single Retention will apply to each **claim**, such Retention will apply to all **loss**. There will be no Retention applicable to liability for **non-indemnifiable loss**.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



**CONTINENTAL CASUALTY COMPANY**  
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COMMUNITY ASSOCIATION POLICY  
COMMERCIAL CRIME COVERAGE PART

I. **INSURING AGREEMENTS**

Coverage provided under the following Insuring Agreements applies to loss or damage which is **discovered** during the **policy period** or during the period of time provided in Section XIII Discovery Period.

A. Fidelity Coverage

We will pay for loss of or damage to **money**, **securities**, or **property** of:

1. Employee Theft  
an **insured entity** committed by an **employee**, whether identified or not, acting alone or in collusion with others, such loss or damage resulting directly from **theft** or **forgery**.
2. Client  
a **client** committed by an **employee**, whether identified or not, provided the **employee** was not acting in collusion with the **client** or its employees, such loss or damage resulting directly from **theft** or **forgery**.
3. ERISA Plan  
a **plan** committed by a **fiduciary**, whether identified or not, acting alone or in collusion with others, such loss or damage resulting directly from **theft** or **forgery**.

B. Forgery or Alteration Coverage

We will pay for direct loss resulting from **forgery** or **alteration** of any **payment instrument**.

C. Inside and Outside Premises Coverage

1. Money or Securities

We will pay for loss of **money** or **securities**:

- (i) inside the **premises**; or
- (ii) **outside the premises**,  
resulting directly from **theft**, actual destruction, or physical disappearance.

2. Property

We will pay for loss of or damage to **property**:

- (i) inside the **premises**; or
- (ii) **outside the premises**,  
resulting directly from an actual or attempted **robbery** or **safe burglary**.

3. Damage

We will pay for damage to the **premises** or its exterior resulting directly from an actual or attempted **robbery** or **safe burglary** provided you own such **premises** or are liable for damage to the **premises**.

D. Transfer Coverage

1. Computer

We will pay for loss of **money**, **securities**, or **property** resulting directly from **computer transfer fraud**.

2. Funds

We will pay for loss of **money** or **securities** resulting directly from **funds transfer fraud**.

3. Social Engineering Fraud

We will pay for loss of **money** or **securities** resulting directly from **social engineering fraud**.

E. Counterfeit Coverage

We will pay for direct loss resulting from **counterfeit fraud**.





## COMMUNITY ASSOCIATION POLICY COMMERCIAL CRIME COVERAGE PART

### II. COVERAGE EXTENSIONS

The following coverage extensions, if subject to a sublimit, are part of and not in addition to, the applicable limit of liability set forth in Item 6 of the Declarations.

#### A. Sublimited Proof of Loss Costs Extension

We will pay **proof of loss costs** resulting directly from loss covered under any Insuring Agreement if such covered loss is in excess of the Retention applicable to such Insuring Agreement. The total amount that we will pay for **proof of loss costs** will be the sublimit of liability set forth in Item 6 of the Declarations for the Commercial Crime Coverage Part.

#### B. Sublimited Computer Restoration Costs Extension

We will pay **computer restoration costs** resulting directly from loss covered under the Fidelity Coverage Insuring Agreements A or the Computer Transfer Coverage Insuring Agreement D1 if such covered loss is in excess of the Retention applicable to such Insuring Agreement. The total amount that we will pay for **computer restoration costs** will be the sublimit of liability set forth in Item 6 of the Declarations for the Commercial Crime Coverage Part.

#### C. Sublimited Record Recovery Costs Extension

We will pay **record recovery costs** resulting directly from loss covered under the Fidelity Coverage Insuring Agreements A or the Inside and Outside Premises Coverage Insuring Agreements C if such covered loss is in excess of the Retention applicable to such Insuring Agreement. The total amount that we will pay for **record recovery costs** will be the sublimit of liability set forth in Item 6 of the Declarations for the Commercial Crime Coverage Part.

#### D. Legal Expense Costs

In addition to the limit of liability set forth in the Declarations, we will pay **legal expense costs** resulting directly from loss covered under the Forgery or Alteration Insuring Agreement B.

### III. DEFINITIONS

Any defined word not defined in this Coverage Part will have the meaning assigned to it in the General Terms and Conditions. When used in this Coverage Part, the terms “you”, “your”, and “yours” mean any **insured entity**.

**Alteration** means the material modification of an original document by a person acting without authority and with the intent to deceive.

**Client** means any unit owner of yours to whom you provide goods or for whom you perform services while under a written contract for a fee; provided such contract does not include the governing documents of an **insured entity** and such fee does not include a standard periodic association membership fee.

**Computer breach** means the unauthorized and intentional use of **corrupt code** by a **third party** without the knowledge, consent, or intervention of you or your **employees**.

**Computer restoration costs** mean reasonable expenses incurred by you to recover or restore your **data**, software or other computer programs from a **computer breach**. **Computer restoration costs** will not include any expenses for computer hardware, or expenses that develop, upgrade, or enhance your **data**, software, or other computer programs, or **overhead expenses**.

**Computer system** means:

- (i) computer hardware,
  - (ii) software; and
  - (iii) all peripheral devices linked through a network,
- that are operated by you and either owned or leased by you and are used to store, collect, transmit, process, maintain, or retrieve your **data**. **Computer system** will include off-line media libraries.



COMMUNITY ASSOCIATION POLICY  
COMMERCIAL CRIME COVERAGE PART

**Computer transfer fraud** means the unlawful taking of **money**, **securities**, or **property** resulting directly from a **computer breach**.

**Communication** means an electronic, telephone or written instruction received by the **insured entity** that directs an **employee** to:

- (i) pay, transfer, or deliver **money** or **securities**, or
- (ii) establish or change the method, destination, or account for payment or delivery of **money** or **securities**; provided such instruction:
  - (a) contains a misrepresentation of a material fact; and
  - (b) is relied upon by an **employee** believing it to be true.

**Corrupt code** means any virus, malware, Trojan horse, worm or other code or software script used for the purpose of: (i) gaining or enabling unauthorized access to a **computer system**; or (ii) entering, deleting, or otherwise changing the instructions, program logic, or **data** of such **computer system**.

**Counterfeit Fraud** means any:

- (i) money order allegedly issued by a post office, express company or financial institution which has been exchanged by you in good faith for merchandise, **money**, or services and such money order is not honored or paid upon presentation; or
- (ii) official paper currency of any country that is counterfeit.

**Cryptocurrency** means any virtual or digital currency in which cryptography or other encryption security techniques are used to regulate the generation of units of currency and/or verify the transfer of funds, operating independently of a central bank.

**Custodian** means any natural person or entity duly authorized by you to have physical custody of **money**, **securities**, or **property**.

**Data** means information contained, processed, or stored in a **computer system**.

**Discovered** or **discovery** means when a **responsible person** acquired knowledge that would lead a reasonable person to believe a covered loss has occurred or will occur, whether or not the amount or details of such loss are known. **Discovery** or **discovered** will not include acquired knowledge of an **executive** participating in a **theft** or **forgery**, whether acting alone or in collusion with an **employee**.

**Employee** means any natural person while in your service (or within the first ninety (90) days immediately following termination of such service):

- (i) on a full-time, part-time, seasonal, leased, or temporary basis, whom you compensate directly by salary, wages, or commissions, and whose service you have the right to direct and control;
- (ii) as an **executive** serving in the scope of the usual duties of an **employee** defined in (i) above; or
- (iii) as a student, intern, or volunteer.

**Employee** will also include:

- (a) former or retired **employees** defined in (i) or (ii) above retained as a consultant for an **insured entity** (as evidenced by written contract);
- (b) any **employee** defined in (i) or (ii) above while on medical, military leave, or any other business leave granted by you;
- (c) any **independent contractor**; provided with respect to the Fidelity Coverage Employee Theft Insuring Agreement A1 such **independent contract** does not include any **employee** listed in paragraph (d) below; or
- (d) solely with respect to the Fidelity Coverage Employee Theft Insuring Agreement A1: (i) the **property manager**; (ii) a **property manager employee**; or (iii) a natural person or entity appointed in writing by an **insured entity** to act as its agent in the capacity as bookkeeper or accountant, while acting on behalf of such **insured entity** in such capacity.

**Employee** does not include any agent, broker, factor, commission merchant, consignee, contractor (other than an **independent contractor**), or other such representative of the same general character.



## COMMUNITY ASSOCIATION POLICY COMMERCIAL CRIME COVERAGE PART

**ERISA** means the Employee Retirement Income Security Act of 1974, (including the Consolidated Omnibus Budget Reconciliation Act of 1985)(COBRA).

**Executive** means your directors, officers, governors, or managing members of a management committee, in-house General Counsel, Risk Manager, or any such functionally equivalent position.

**Forgery** means the actual signing of another person or organization's name with intent to deceive, but does not mean a signature that includes, in whole or in part, one's own name, signed with or without authority, in any capacity for any purpose. Mechanically or electronically produced or reproduced signatures will be treated the same as hand-written signatures.

**Fiduciary** means any natural person who is required to be bonded by the Employee Retirement Income Security Act of 1974 (ERISA).

**Financial Institution** means any bank, savings bank, credit union, or similar depository institution, trust company, stock brokerage firm, or investment firm in which a **transfer account** is maintained.

**Funds transfer fraud** means an unlawful instruction, other than **forgery**, purportedly issued by you, directing a **financial institution** to transfer, pay, or deliver **money** or **securities** from your **transfer account** without your knowledge or consent.

**Insured** means any **insured entity** or any **plan**.

**Legal expense costs** mean reasonable fees, costs, and expenses incurred by you in defending any civil proceeding seeking to enforce payment of any **payment instrument**. **Legal expense costs** do not include **overhead expenses**.

**Money** means currency, coins, bullion, or bank notes having a face value; or travelers' checks, register checks, or money orders held for sale to the public.

**Outside the premises** means being conveyed from one person or place to another by you within the custody of a **custodian**. Such conveyance will be deemed to begin immediately upon receipt by such **custodian** and cease immediately upon delivery.

**Overhead expenses** mean the salaries, wages, fees, overhead, or benefit expenses associated with any **insured**.

**Owner** means any natural person who has an ownership interest in an **insured entity**.

**Partner** means any natural person who:

- (i) has an ownership interest of ten percent (10%) or more in any **insured entity**, or
- (ii) is a partner of any **insured entity** formed as a partnership.

**Payment instrument** means any: (i) checks, drafts, or similar written promises, orders, or directions to pay a sum certain in **money**, that are made or drawn by or drawn upon by you, by anyone acting as your agent or purporting to have been so made or drawn; or (ii) written instrument required in connection with any credit or debit card issued to you or at your request to any **employee**.

**Personal information** means any nonpublic personal information relating to an identified or identifiable natural person.

**Plan** means any employee benefit plan, pension benefit plan, or welfare benefit plan, as each is defined under **ERISA**, sponsored solely by an **insured entity** or sponsored jointly by an **insured entity** and a labor organization, for the benefit of your employees. **Plan** does not include any multi-employer plan.

**Policy period** will not include any **extended reporting period**.

**Premises** means the interior portion of any: (i) building that you occupy in conducting your business; or (ii) building, including the night depository chute, occupied by a **financial institution**.

**Proof of loss costs** mean reasonable expenses, other than **overhead expenses**, incurred by you to establish the amount of a covered loss. **Proof of loss costs** do not include fees or expenses related to the filing of, defense of or proposed civil or criminal litigation or actions.



## COMMUNITY ASSOCIATION POLICY COMMERCIAL CRIME COVERAGE PART

**Property** means any tangible property, other than **money** or **securities** that has intrinsic value. **Property** does not include computer programs or **data**.

**Property manager** means the entity or natural person providing **property management services** to the **named insured** or any **subsidiary**, including any such entity as a debtor in possession under United States bankruptcy law.

**Property manager employee** means any natural person in the regular service of a **property manager** in the ordinary course of such **property manager's** business, provided such **property manager** governs and directs in the performance of such service. Such natural persons include any part-time, seasonal, leased or temporary employee, or any duly elected or appointed director, officer, member of the board of managers or management committee member while performing **property management services** in such capacity.

**Property management services** mean the following services provided for a fee pursuant to a written contract in connection with the management of property under the ownership, management or control of the **insured entity**:

- (i) development of management plans and budget;
- (ii) oversight of physical maintenance of property;
- (iii) solicitation, evaluation and securing of tenants and management of tenant relations, collection of rent and processing evictions;
- (iv) development, implementation and management of loss control and risk management plans for real property;
- (v) solicitation and negotiation of contracts for sale and leasing of real property;
- (vi) development, implementation and management of contracts and subcontracts (excluding property and liability insurance contracts) necessary to the daily functioning of the property;
- (vii) personnel administration; or
- (viii) record keeping.

**Record recovery costs** mean reasonable expenses, other than **overhead expenses**, incurred by you to reproduce information contained in any lost or damaged manuscripts, records, accounts, ledgers, or other similar recordkeeping methods that are lost or damaged for a reason other than a **computer breach**.

**Responsible person** will also mean the President, Director of Human Resources or such functionally equivalent positions of the **insured**, or the person responsible for the purchase and placement of your insurance.

**Robbery** means the unlawful taking of **money**, **securities**, or **property** from a **custodian** by a third party who:  
(i) causes or threatens physical harm to such **custodian**; or (ii) commits an unlawful act in the presence of such **custodian** or any other witness.

**Safe burglary** means the unlawful taking of **money**, **securities**, or **property** from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior. **Safe burglary** will also include the unlawful taking of a safe or vault from within the **premises**.

**Securities** mean negotiable and non-negotiable instruments or contracts representing either **money** or **property**. **Securities** include tokens, tickets, revenue, and other stamps in current use as well as evidences of debt issued in connection with credit or charge cards, which cards are not issued by you. **Securities** do not include **money**.

**Social engineering fraud** means the intentional misleading of an **employee** through the use of a **communication** by a person or entity who is not, but purports to be, an **owner**, **client**, **employee**, or **vendor**.

**Theft** means the unlawful taking of **money**, **securities**, or **property** to the deprivation of: (i) an **insured**; or (ii) solely with respect to the Client Fidelity Coverage Insuring Agreement A2, a **client**.

**Third party** means a natural person other than:

- (i) an **employee**; or
- (ii) a natural person acting in collusion with an **employee**.

**Trading** means any loss as a result of trading in a genuine or fictitious account.

**Transfer account** means an account you maintain at a **financial institution** from which you can initiate the transfer, payment, or delivery of **money** or **securities**.



**COMMUNITY ASSOCIATION POLICY  
COMMERCIAL CRIME COVERAGE PART**

**Vendor** means any person or entity that has provided goods or services to you under a genuine, pre-existing arrangement or other written agreement. **Vendor** does not include any **financial institution**, asset manager, armored motor vehicle company, or such similar entity.

**War** means any: (i) war, including undeclared or civil war; (ii) warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or (iii) insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**IV. COVERAGE PART EXCLUSIONS**

A. Exclusions applicable to all Insuring Agreements

1. This policy does not cover:

(a) Acts

loss or damage resulting from any fraudulent, dishonest or criminal act committed by:

- (i) your **partners** whether acting alone or in collusion with others, provided this exclusion (i) will not apply to the ERISA Plan Fidelity Coverage Insuring Agreement A3;
- (ii) an **employee**, whether acting alone or in collusion with others, except when covered under the Fidelity Coverage Insuring Agreements; or
- (iii) an **employee** who had committed any criminal, fraudulent or dishonest act prior to his/her employment with the **insured entity** involving any property valued at \$25,000 or more, provided that you, or any of your **executives**, had knowledge of such act prior to the inception of this policy.

(b) Advantage

loss by any **insured** to the advantage of any other **insured**.

(c) Authority

loss or damage resulting from seizure or destruction of property by order of governmental authority.

(d) Confidential Information

loss or unauthorized use of confidential information of any kind including trade secrets, patents, processing methods, or customer lists, whether such confidential information is yours or others.

(e) Cryptocurrency

loss of or damage to **cryptocurrency**.

(f) Custody

loss of or damage to **money**, **securities**, or **property** while in the custody of any **custodian**, unless the loss or damage is in excess of the amount you recover under any contract with or insurance carried by such **custodian**.

(g) Data Security Breach Expenses

loss arising from a data security breach including:

- (i) forensic audit expenses;
- (ii) fines, penalties, or expenses to comply with Payment Card Industry Data Security Standard or such similar federal and state laws, statutes, or standards;
- (iii) notification expenses to individuals whose **personal information** may have been stolen, accessed, downloaded or misappropriated while in the **insured entity's** care, custody or control.

(h) Exchanges

loss or damage resulting from the giving or surrendering of **money**, **securities**, or **property** in any exchange or purchase with a **third party**, provided that this exclusion (h) will not apply to otherwise covered loss under the Fidelity Coverage Insuring Agreements A, the Counterfeit Coverage Insuring Agreement E, or otherwise covered loss of **property** under the Computer Transfer Coverage Insuring Agreement D1.

(i) Fire



**COMMUNITY ASSOCIATION POLICY  
COMMERCIAL CRIME COVERAGE PART**

loss or damage resulting from fire, except loss of **money** or **securities**, or damage to any safe or vault in a **safe burglary**.

- (j) Indirect Loss  
loss that is indirect or consequential including:
  - (i) loss of income, profits or revenue;
  - (ii) fines or penalties;
  - (iii) payment of damages for which you are legally liable, except for compensatory damages arising directly from covered loss under this Coverage Part;
  - (iv) legal fees, costs or expenses incurred in defending or prosecuting any legal action, except for **legal expense costs**;
  - (v) fees, costs or expenses incurred in establishing the amount of a covered loss under this Coverage Part, except for **proof of loss costs**; or
  - (vi) costs to reproduce information contained in any lost or damaged property, except for **record recovery costs** or **computer restoration costs**.
- (k) Kidnap/Ransom or Extortion  
loss or damage as a result of kidnap, ransom or other extortion payment (except in a **robbery**) surrendered under threat of bodily harm, or damage to (including loss of use) property (including a **computer system**).
- (l) Known Loss  
loss or damage that an **insured discovered** prior to the inception of this policy.
- (m) Nuclear  
loss or damage resulting from nuclear reaction or radiation, or radioactive contamination, regardless of cause.
- (n) Trading  
loss resulting from any authorized or unauthorized **trading**, whether or not in your name and whether or not in a genuine or fictitious account, provided this exclusion (n) will not apply to direct losses caused by **theft** or **forgery**, committed by an **employee**, which result in improper financial gain to such **employee**.
- (o) War  
loss or damage resulting from **war**.

**B. Exclusions Applicable to Specific Insuring Agreements**

1. This policy does not cover loss or damage under the Inside and Outside Premises Insuring Agreements C:
  - (a) Accounting  
resulting from accounting or arithmetical errors or omissions.
  - (b) Mail  
while the **money** or **securities** is in the mail.
  - (c) Other Coverages  
due to **forgery**, **computer transfer fraud**, **funds transfer fraud**, **social engineering fraud**, or **counterfeit fraud**.
2. This policy does not cover loss under the Forgery or Alteration Coverage Insuring Agreement B caused by or attributable to **computer transfer fraud**, **funds transfer fraud** or **social engineering fraud**.
3. This policy does not cover loss under the Computer Transfer Coverage Insuring Agreement D1 caused by or attributable to **funds transfer fraud** or **social engineering fraud**.
4. This policy does not cover loss under the Funds Transfer Coverage Insuring Agreement D2 caused by or attributable to **computer transfer fraud** or **social engineering fraud**.
5. This policy does not cover loss under the Social Engineering Fraud Transfer Coverage Insuring Agreement D3:





COMMUNITY ASSOCIATION POLICY  
COMMERCIAL CRIME COVERAGE PART

- (a) Contract  
due to the failure of any party to perform under any contract.
- (b) Credit  
due to the extension of any loan, credit, or similar promise to pay.
- (c) Defect  
due to failure, malfunction, inadequacy, or illegitimacy of any product or service.
- (d) Gambling  
due to any gambling, game of chance, lottery, or similar game.
- (e) In Transit  
or damage to **money** or **securities** while in the mail or in the custody of any carrier for hire including any armored vehicle company.
- (f) Investment  
due to investment in any **securities**, or ownership in any entity or real property or similar investment, whether or not such investment is genuine.
- (g) Other Coverages  
caused by or attributable to **computer transfer fraud**, **funds transfer fraud**, or **counterfeit fraud**.
- (h) Payment Card  
due to any party's use or acceptance of any credit card, debit card, or similar payment method, whether genuine or not.

V. **LIMITS OF LIABILITY, SINGLE LOSS AND RETENTIONS**

A. Maximum Limit

Subject to the following Section VI ERISA Plans:

- (i) the most we will pay for each loss or damage regardless of the number of **insureds** or **plans** sustaining the loss or damage is the limit of liability set forth in Item 6 of the Declarations for the Commercial Crime Coverage Part of the Declarations. In the event of more than one **insured** incurring loss or damage, the most we will pay will not exceed the amount we would be liable for if all losses or damages were incurred by one **insured**; and
- (ii) if any loss or damage is covered under more than one Insuring Agreement or Coverage Extension (other than the Legal Expenses Costs Coverage Extension D), the most we will pay will not exceed the largest applicable limit of liability of any applicable Insuring Agreement.
- (iii) if any loss is covered under the Forgery or Alteration Coverage Insuring Agreement B and the Legal Expenses Costs Coverage Extension D, the most we will pay for direct loss resulting from such **forgery** or **alteration** will not exceed the limit of liability set forth in Item 6B of the Declarations for the Commercial Crime Coverage Part.

B. Non-Accumulation of Limit

Our limit of liability will not be cumulative from **policy period** to **policy period** regardless of the number of years this coverage remains in effect or the premiums paid.

C. Single Loss

All loss resulting from any single act, a number of acts, or a series of acts by any **employee(s)** or any other party or parties, and all loss whether such acts occurred before or during the **policy period**, will be treated as a single loss.

D. Retention



## COMMUNITY ASSOCIATION POLICY COMMERCIAL CRIME COVERAGE PART

We will only be liable for that part of loss or damage which exceeds the applicable Retention set forth in Item 6 of the Declarations for the Commercial Crime Coverage Part.

In the event an **insured** receives payment for loss or damage, after applying a retention or deductible, under another policy or bond ("other insurance"), for loss or damage also covered under this Coverage Part, then the applicable Retention for such loss or damage under this Coverage Part will be reduced by the amount of such other retention or deductible paid by you under the other insurance.

### VI. ERISA PLANS

#### A. Conditions

Solely with respect to loss incurred by a **plan** that is covered under the ERISA Plan Fidelity Coverage Insuring Agreement A3:

- (i) payment for all covered loss will be to the **plan** incurring such loss;
- (ii) if two or more **plans** are insured under this policy, any payment made by us for loss:
  - (a) sustained by two or more **plans**; or
  - (b) of commingled **money, securities** or **property** of two or more **plans**, will be shared by each **plan** sustaining the loss in the proportion that the amount of insurance required for each such **plan** under **ERISA** bears to the total of such payments;
- (iii) no Retention will apply to such loss;
- (iv) if such payment is in excess of the amount of coverage required by **ERISA** for such **plan**, such excess will be held for the use and benefit of any other **plan** should such **plan** also discover loss recoverable under this Coverage Part; and
- (v) the definition of **theft** set forth in Section II Definitions above is deleted and replaced with the following:

**Theft** means any fraudulent or dishonest act, including larceny, theft, embezzlement, misappropriation, wrongful abstraction, wrongful conversion, and willful misapplication.

#### B. Limit

If the limit of liability set forth in item 6 of the Declarations for the Commercial Crime Coverage Part is less than or equal to the limit of insurance required under **ERISA** then the limit of liability will be deemed increased to the lesser amount to meet such requirement or:

- (i) \$500,000 if the **plan** does not have any qualified employer securities; or
- (ii) \$1,000,000 if the **plan** includes qualified employer securities.

### VII. NOTICE AND PROOF OF LOSS IN THE EVENT OF LOSS DISCOVERED

As a condition precedent to any obligation to you under this Coverage Part:

#### A. Requirements

upon **discovery** the **named insured** as soon as practicable but no later than one hundred and eighty (180) days after **discovery** must:

- (i) provide written notice to us; and
- (ii) provide written proof of loss or damage with full and sufficient details to establish the loss or damage.

#### B. Conditions

- (i) upon our request the **insured** incurring the loss or damage will:
  - (a) maintain and preserve all records relevant to the loss to allow for verification of and proof;
  - (b) produce records relevant to the loss as reasonably requested by us;
  - (c) submit to an examination under oath;
  - (d) allow us access for examination and inspection of records or relevant other information.
- (ii) you may offer an inventory computation in determining the value of loss claimed, but only where you have established, wholly apart from such computation, that you have sustained a covered loss, caused by an **employee**.





**COMMUNITY ASSOCIATION POLICY  
COMMERCIAL CRIME COVERAGE PART**

**VIII. OWNERSHIP INTERESTS AND PAYMENT OF LOSS**

- A. Covered loss or damage under this Coverage Part is limited to:
- (i) **money, securities, property, or premises** an **insured entity** owns, leases, or holds for others;
  - (ii) **premises** an **insured entity** is legally liable for and was legally liable for prior to the date the loss or damage occurred; or
  - (iii) solely for the purposes of the Client Fidelity Coverage Insuring Agreement A2, **money, securities, or property** owned or held by a **client** for which you or your **client** are legally liable.
- B. Any coverage under this Coverage Part is for the benefit of the **named insured** only and provides no rights or benefits to any other person or organization.
- C. Any payment of loss or damage, other than with respect to a **plan**, under this Coverage Part will be to the **named insured**, or jointly to the **named insured** and any payee as directed by the **named insured**.
- D. In the event of payment of loss or damage by us, you agree to transfer to us all of your rights of recoveries against any person or entity.

**IX. CHANGE OF CONTROL**

In the event of a **change of control** coverage under this Coverage Part will continue until the expiration of the **policy period** unless otherwise cancelled or terminated as described herein.

**X. SUBSIDIARY**

A **subsidiary** and its **plans** acquired or created before or during the **policy period** will be afforded coverage for loss **discovered** during the **policy period**, subject to the following Section XI Liability for Prior Losses or Damages. There will be no acquisition threshold with respect to any **subsidiary**.

**XI. LIABILITY FOR PRIOR LOSSES OR DAMAGES**

Coverage for loss or damages incurred prior to the effective date:

- (i) of this Coverage Part;
- (ii) for any additional **insureds** (pursuant to Section X Subsidiary above); or
- (iii) any coverage added by endorsement;

will be subject to the following:

- (a) if you or any of your predecessor(s) in interest carried a prior bond or policy that afforded coverage for a loss or damage incurred during the period of such prior bond or policy (the "former policy") and the former policy was not issued by us or any of our subsidiaries or affiliates and such loss or damage was first **discovered** before the expiration of the discovery period under the former policy, then no coverage will be available under this Coverage Part, unless the total amount of covered loss or damage exceeds the limit of liability of the former policy. Our limit of liability for any such loss or damage will be in excess of the limit of liability of the former policy and subject to all of the terms and conditions of this Coverage Part.
- (b) if you or any of your predecessor(s) in interest carried a prior bond or policy that afforded coverage for a loss or damage incurred during the period of such prior bond or policy (the "prior policy") and the prior policy was issued by us or any of our subsidiaries or affiliates, then the prior policy will terminate as of the inception of this policy and the prior policy will not cover any loss or damage not **discovered** and noticed to us prior to the inception of this policy. Our limit of liability for such loss or damage will be the applicable limit of liability set forth in Item 6 of the Declarations for the Commercial Crime Coverage Part.
- (c) Section XVI Other Insurance will not apply in the event that paragraphs (a) or (b) directly above apply.



## XII. TERMINATION OF COVERAGE

### A. Employee

Coverage under this Coverage Part will terminate immediately with respect to any **employee** upon **discovery** of any unlawful taking of property or any criminal, fraudulent, or dishonest act, in excess of (\$1,000) one-thousand dollars, committed by such **employee** while employed by the **insured entity**.

### B. Cessation of Subsidiary

Coverage under this Coverage Part will terminate immediately with respect to any **insured entity** on the date that such entity ceases to be a **subsidiary** of the **named insured**.

### C. Liquidation or Dissolution of the Named Insured

Coverage under this Coverage Part will terminate immediately for any loss or damage occurring after the **named insured's** liquidation or dissolution.

### D. Prior Bonds or Policies

Any prior bonds or policies issued by us or any of our subsidiaries or affiliates will terminate, if not already terminated, as of the inception of this policy.

## XIII. DISCOVERY PERIOD

If this policy is cancelled or terminated for reason other than non-payment, we will pay:

- (i) loss or damage to an **insured** if such loss or damage is **discovered** within ninety (90) days after the effective date of cancellation or termination;
- (ii) loss to a **plan** if such loss is **discovered** within one (1) year after the effective date of cancellation or termination.

Provided, any discovery period referenced above will terminate immediately at the inception date of any other insurance policy replacing the insurance afforded under this Coverage Part, regardless of whether the replacement insurance policy provides coverage for such loss.

## XIV. LEGAL PROCEEDINGS

It is agreed that no action may be taken against us earlier than ninety (90) days after a proof of loss has been provided to us or later than two (2) years after **discovery**.

## XV. VALUATION

For purposes of determining valuation for covered loss or damages the following will apply:

- A. **Securities** valuation will be based upon the lesser of the actual market value of the lost, damaged or destroyed **securities** on the day before the loss was **discovered**, or the cost of any lost instrument bond required to issue duplicate **securities**.
- B. **Money** valuation will be based upon the actual face value of the **money** on the date the loss was **discovered**. United States of America currency value of foreign currency will be based on the exchange rate published by the *Wall Street Journal* on the date the loss was **discovered**.
- C. **Property** valuation will be based upon the lesser of the following:
  - (i) actual cash value of the **property** on the date the loss was **discovered**;
  - (ii) cost to repair or replace the **property** (other than precious metals) with that of similar quality and value on the date the proof of loss was submitted;
  - (iii) purchase price paid by you for the **property**.
- D. United States of America currency value of precious metals will be based on the rate published by the *Wall Street Journal* for precious metals on the date the loss was **discovered**.



**COMMUNITY ASSOCIATION POLICY  
COMMERCIAL CRIME COVERAGE PART**

**XVI. OTHER INSURANCE**

This Coverage Part does not apply to loss or damage recoverable or recovered under any other bond, insurance or indemnity. However, if the limit of the other bond, insurance or indemnity is insufficient to cover the entire amount of the loss or damage, this Coverage Part, subject to all of its limits of liability, terms and conditions will apply to that part of the loss or damage in excess of the Retention, and the amount recoverable or received under such other bond, insurance or indemnity.

**XVII. RECOVERIES**

Notwithstanding Section XIII Subrogation and Recoupment of the General Terms and Conditions, in the event that we make any recovery of loss or damage paid by us, such recovery will be distributed as follows:

- (i) to you, until you are fully reimbursed for any loss or damage that you sustain that exceeds the limit of liability and the Retention, if any;
- (ii) then to us, until we are reimbursed for any loss or damage paid by us; and
- (iii) then to you until you are reimbursed for that part of the loss or damage equal to the Retention, if any.

Any recovery to be distributed will not include amounts from:

- (a) insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
- (b) original **securities** after duplicates of the **securities** have been issued.



## TELEPHONE TOLL FRAUD ENDORSEMENT

In consideration of the premium, the Commercial Crime Coverage Part is amended as follows:

- I. Item 6 of the Commercial Crime Coverage Part Declarations is amended to add the following:

### TELEPHONE TOLL FRAUD

- Single Loss Limit of Liability: \$100,000
- Single Loss Retention: \$2,500

- II. Section I, Insuring Agreements is amended to add the following Insuring Agreement

### TELEPHONE TOLL FRAUD

We will pay for loss sustained by an **insured** resulting directly from **telephone toll fraud**.

It is a condition precedent to coverage under this Insuring Agreement that the **insured** provide written notice of the loss at the earliest practicable moment to us, but in no event later than sixty (60) days after the receipt of the first telephone service charge bill from the telephone carrier in which **telephone toll fraud** is documented.

- III. Solely with respect to the coverage provided by this endorsement, Section III, Definitions is amended to add the following definitions:

- **Telephone toll fraud** means the fraudulent infiltration and manipulation of the **insured's telephone system** by a person other than an **employee** which results in the **insured entity** being liable for toll and line charges.
- **Telephone system** means a private branch exchange, voice mail processor, automated callback attendants or **computer system**, which operates in the same manner, and which is:
  - (i) owned or leased by an **insured entity**; and
  - (ii) used for the direction or routing of telephone calls in a voice communication **computer system**.

- IV. Solely with respect to the coverage afforded by this endorsement, Section IV, Coverage Part Exclusions is amended to add the following exclusions:

This policy does not cover:

- loss as a result of a threat:
  - (a) to do bodily harm to any person;
  - (b) to do damage to the premises or **property** of an **insured**;
  - (c) to do damage to a **computer system** operations, or
  - (d) to do damage to a **telephone system**;
- resulting directly or indirectly from the use of a telephone credit, debit, charge, identification or similar card;
- resulting directly or indirectly from the input of **data** into a **computer system** terminal device either on the premises of a customer of the **insured** or under the control of such customer by a person who had authorized access to the customer's authentication mechanism;
- more than thirty (30) days after the last day of the billing cycle shown in the first telephone service charge bill from the telephone carrier in which **telephone toll fraud** is documented.

- V. Solely with respect to the coverage provided by this endorsement, Section VII, Notice and Proof of Loss in the Event of Loss Discovered is amended to add of the following:

After the **insured** discovers an incident of **telephone toll fraud**, the **insured** must take all reasonable steps to curtail the unauthorized use of the **telephone system** and otherwise mitigate the loss by notifying the installer of the **telephone system** and the affected telephone carriers.



All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



### AMENDATORY ENDORSEMENT - FLORIDA

In consideration of the premium, the Commercial Crime Coverage Part of the policy is amended as follows:

I. Section XIV, Legal Proceedings is deleted and replaced with the following:

It is agreed that no action may be taken against us earlier than ninety (90) days after a proof of loss has been provided to us or later than five (5) years after **discovery**.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



## CONDITIONAL RENEWAL ENDORSEMENT-FLORIDA

Wherever used in this endorsement: 1) Insurer means “we”, “us”, “our” or the “Company” as those terms are defined in the policy; and 2) Named Insured means the first person or entity named on the declarations page; and 3) “Insured(s)” means all persons or entities afforded coverage under the policy.

Any cancellation, non-renewal or termination provision(s) in the policy are amended to add the following:

### CONDITIONAL RENEWAL

- I. The Insurer will mail or deliver written notice of the renewal premium to the Named Insured, at the last mailing address known to the Insurer, at least forty-five (45) days in advance.
- II. The Insurer must also mail or deliver a written notice of change in policy terms to the Named Insured, at the last mailing address known to the Insurer, at least forty-five (45) days prior to policy expiration. This notice of change in policy terms will address the modification, addition, or deletion of any term, coverage, duty or condition from the previous policy.
- III. The notice of renewal premium and the notice of change in policy terms must be separate notices, but they must be sent together in one mailing. If there is no change in policy terms, send only the notice of renewal premium.
- IV. If notice is mailed, proof of mailing will be sufficient proof of notice.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



## CANCELLATION ENDORSEMENT - FLORIDA

In consideration of the premium, Section XII Cancellation or Termination of the General Terms and Conditions of the policy is deleted and replaced with the following:

### CANCELLATION OR TERMINATION

This policy may only be cancelled or terminated by one of the following events:

- (i) by us, for nonpayment of premium, in which event we will send you a written notice twenty (20) days prior to the effective date of such cancellation;
- (ii) by the **named insured** for any reason by providing us written notice; or
- (iii) the expiration of the **policy period**.

Any returned premium will be computed on a pro rata basis. The unearned premium is to be mailed within fifteen (15) working days after the effective date of the cancellation.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.





### DELETE INSURED ENTITY ENDORSEMENT

In consideration of the premium, the definition of Insured Entity in Section III, Definitions of the General Terms and Conditions is amended as follows:

**Insured entity** will not include the following entity(ies):

Queensbury, Legend Lakes, Fairways

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



## AMENDATORY ENDORSEMENT - FLORIDA

In consideration of the premium, solely with respect to the General Terms and Conditions, the policy is amended as follows:

I. The following is added to the policy:

If an insured has any questions regarding this policy, please call 1-800-621-2324 for assistance.

II. The definition of **application**, set forth in Section III, Definitions of the General Terms and Conditions is deleted and replaced with the following:

**Application** means any signed application, including its representations and attachments together with any other materials and representations provided to us in connection with the underwriting and negotiating of the terms and conditions of this policy or any other policy of which this policy is an indirect or direct renewal.

III. Section V, Extended Reporting Period For Liability Coverage Parts Only and Section X, Change Of Control are amended to delete the reference to fully earned premium.

IV. The following paragraph is added to the policy:

In any case in which a person and we have agreed in writing to the settlement of a **claim**, we shall tender payment no later than twenty (20) days after such settlement is reached or such other date as the agreement may provide. The tender of payment may be conditioned upon execution by such person of a release mutually agreeable to us and the claimant, but if the payment is not tendered within twenty (20) days, or such other date as the agreement may provide, it shall bear interest at a rate of 12 percent (12%) per year from the date of the agreement; however, if the tender of payment is conditioned upon the execution of a release, the interest shall not begin to accrue until the executed release is tendered to us.

Every judgment or decree for the recovery of money entered in any of the courts of this state against us shall be fully satisfied within sixty (60) days from and after the entry thereof or, in the case of an appeal from such judgment or decree, within sixty (60) days from and after the affirmance of the same by the appellate court.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.

Insured's Name: Bay Point Improvement Association Inc Policy #: CPS8101203

Policy Dates: From: 11/5/2024 To: 11/5/2025

Surplus Lines Agent's Name: Michael Kroll

Surplus Lines Agent's Physical Address: 21550 Oxnard Street, Suite 1100, Woodland Hills, CA 91367

Surplus Lines Agent's License #: W239665

Producing Agent's Name: Robert Hahn

Producing Agent's Physical Address: 7522 Front Beach Road, 2nd Floor Panama City Beach, FL 32407

THIS INSURANCE IS ISSUED PURSUANT TO THE FLORIDA SURPLUS LINES LAW. PERSONS INSURED BY SURPLUS LINES CARRIERS DO NOT HAVE THE PROTECTION OF THE FLORIDA INSURANCE GUARANTY ACT TO THE EXTENT OF ANY RIGHT OF RECOVERY FOR THE OBLIGATION OF AN INSOLVENT UNLICENSED INSURER.

**SURPLUS LINES INSURERS' POLICY RATES AND FORMS ARE NOT APPROVED BY ANY FLORIDA REGULATORY AGENCY.**

Policy Premium: \$3,285.00

SL Agent Policy Fee: \$200.00

Inspection Fee: \$125.00

Other Policy Fees: \_\_\_\_\_

Tax: \$178.34

FLSO Service Fee: \$2.17

EMPA Surcharge: \$4.00

Surplus Lines Agent's Countersignature: 

**THIS POLICY CONTAINS A SEPARATE DEDUCTIBLE FOR HURRICANE OR WIND LOSSES, WHICH MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU.**

**THIS POLICY CONTAINS A CO-PAY PROVISION THAT MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU.**

## Commercial Insurance Binder



To:  
**Contact Name:**  
**Contact Email:**  
**Contact Phone:**

**From:** Amwins Group (Jacksonville, FL)  
**Address:** 10201 Centurion Pkwy N Ste 500  
 Jacksonville FL 32256-4101

**Contact Name:** Harvey Bell  
**Contact Email:** harvey.bell@amwins.com  
**Contact Phone:**  
**License #:**

**Underwritten By:** SCOTTSDALE INSURANCE COMPANY

**A.M. Best rated A (Excellent), FSC XV**

**Commission:** %

**Minimum Earned:** 25%

**Minimum and Advance  
 Premium:**

100%

Thank you for your request to bind coverage for the below referenced account. We appreciate your business and are pleased to bind the following terms.

If the policy is cancelled at the insured's request, including non-payment of premium, there will be a minimum earned premium retained by us. If a policy or inspection fee is applicable to this policy, the fees are fully earned. No flat cancellations.

At the close of each audit period, we will compute the earned premium for that period. If the earned premium is greater than the advance premium paid, an audit premium will be due. There will be no returned premium upon Audit if the estimated exposure is less than shown, unless the Minimum and Advance Premium is less than 100%.

<b>Applicant Name:</b>	BAY POINT IMPROVEMENT ASSOCIATION INC
<b>Policy Period:</b>	11/05/2024 To 11/05/2025
<b>Policy Number:</b>	CPS8101203
<b>Agent Reference Number:</b>	
<b>Renewal of #:</b>	NEW

### Premium Summary

PROPERTY	\$	3,285.00
<b>Sub Total Premium:</b>	<b>\$</b>	<b>3,285.00</b>
Policy Fee	\$	200.00
Inspection Fee	\$	125.00
Surplus Lines Tax	\$	178.34
Stamp Fee	\$	2.17
DEM EMP	\$	4.00
<b>Grand Total:</b>	<b>\$</b>	<b>3,794.51</b>

**Terrorism:** Terrorism coverage has been rejected for an additional premium of \$164.00 plus applicable taxes and fees. Signed rejection required at binding.

# Commercial Property Coverage

## Property Rating Classifications and Premium

4000 MARRIOTT DR PANAMA CITY FL 32408 BAY							
Loc #/ Bldg #	Program / ISO / Class Code / Description	Construction	PC	Year Built	Wind / Hail	Wind/Hail Ded	
1 / 1	HA – 0567 – ALL OTHER OCCUPANCIES	FRAME	03	1986	EX-WIND		
Coverage	Cause of Loss	Valuation	Coinsurance	AOP Ded	Limit	Rate	Premium
BUILDING	SPECIAL	RC	80%	\$5,000	\$50,000	0.50	\$250
BPP	SPECIAL	RC	80%	\$5,000	\$5,000	0.50	\$25

4000 MARRIOTT DR PANAMA CITY FL 32408 BAY							
Loc #/ Bldg #	Program / ISO / Class Code / Description	Construction	PC	Year Built	Wind / Hail	Wind/Hail Ded	
1 / 2	89 – 1190 – PROPERTY IN THE OPEN	FRAME	03		EX-WIND		
Coverage	Cause of Loss	Valuation	Coinsurance	AOP Ded	Limit	Rate	Premium
PIO	SPECIAL	RC	80%	\$5,000	\$22,000	0.50	\$110

4000 MARRIOTT DR PANAMA CITY FL 32408 BAY							
Loc #/ Bldg #	Program / ISO / Class Code / Description	Construction	PC	Year Built	Wind / Hail	Wind/Hail Ded	
1 / 3	89 – 1190 – PROPERTY IN THE OPEN	FRAME	03		EX-WIND		
Coverage	Cause of Loss	Valuation	Coinsurance	AOP Ded	Limit	Rate	Premium
PIO	SPECIAL	RC	80%	\$5,000	\$30,000	0.50	\$150

4000 MARRIOTT DR PANAMA CITY FL 32408 BAY							
Loc #/ Bldg #	Program / ISO / Class Code / Description	Construction	PC	Year Built	Wind / Hail	Wind/Hail Ded	
1 / 4	89 – 1190 – PROPERTY IN THE OPEN	FRAME	03		EX-WIND		
Coverage	Cause of Loss	Valuation	Coinsurance	AOP Ded	Limit	Rate	Premium
PIO	SPECIAL	RC	80%	\$5,000	\$310,000	0.50	\$1,550

4000 MARRIOTT DR PANAMA CITY FL 32408 BAY							
Loc #/ Bldg #	Program / ISO / Class Code / Description	Construction	PC	Year Built	Wind / Hail	Wind/Hail Ded	
1 / 5	HA – 0567 – CONDOMINIUMS ASSOCIATIONS - COMMERCIAL	FRAME	03	2001	EX-WIND		
Coverage	Cause of Loss	Valuation	Coinsurance	AOP Ded	Limit	Rate	Premium
BPP	SPECIAL	RC	80%	\$5,000	\$50,000	0.50	\$250

**Property Rating Classifications and Premium**

3704 DRAGONS RDG PANAMA CITY FL 32408 BAY							
Loc #/ Bldg #	Program / ISO / Class Code / Description	Construction	PC	Year Built	Wind / Hail	Wind/Hail Ded	
2 / 1	89 – 1190 – PROPERTY IN THE OPEN	FRAME	03		EX-WIND		
Coverage	Cause of Loss	Valuation	Coinsurance	AOP Ded	Limit	Rate	Premium
PIO	SPECIAL	RC	80%	\$5,000	\$20,000	0.50	\$100

3704 DRAGONS RDG PANAMA CITY FL 32408 BAY							
Loc #/ Bldg #	Program / ISO / Class Code / Description	Construction	PC	Year Built	Wind / Hail	Wind/Hail Ded	
2 / 2	89 – 1190 – PROPERTY IN THE OPEN	FRAME	03		EX-WIND		
Coverage	Cause of Loss	Valuation	Coinsurance	AOP Ded	Limit	Rate	Premium
PIO	SPECIAL	RC	80%	\$5,000	\$30,000	0.50	\$150

3123 THOMAS DR PANAMA CITY FL 32408 BAY							
Loc #/ Bldg #	Program / ISO / Class Code / Description	Construction	PC	Year Built	Wind / Hail	Wind/Hail Ded	
3 / 1	89 – 1190 – PROPERTY IN THE OPEN	FRAME	03		EX-WIND		
Coverage	Cause of Loss	Valuation	Coinsurance	AOP Ded	Limit	Rate	Premium
PIO	SPECIAL	RC	80%	\$5,000	\$30,000	0.50	\$150

3701 BAY POINT RD PANAMA CITY FL 32408 BAY							
Loc #/ Bldg #	Program / ISO / Class Code / Description	Construction	PC	Year Built	Wind / Hail	Wind/Hail Ded	
4 / 1	89 – 1190 – PROPERTY IN THE OPEN	FRAME	03		EX-WIND		
Coverage	Cause of Loss	Valuation	Coinsurance	AOP Ded	Limit	Rate	Premium
PIO	SPECIAL	RC	80%	\$5,000	\$30,000	0.50	\$150

3704 JAN COOLEY DR PANAMA CITY FL 32408 BAY							
Loc #/ Bldg #	Program / ISO / Class Code / Description	Construction	PC	Year Built	Wind / Hail	Wind/Hail Ded	
5 / 1	89 – 1190 – PROPERTY IN THE OPEN	FRAME	03		EX-WIND		
Coverage	Cause of Loss	Valuation	Coinsurance	AOP Ded	Limit	Rate	Premium
PIO	SPECIAL	RC	80%	\$5,000	\$30,000	0.50	\$150

3704 JAN COOLEY DR PANAMA CITY FL 32408 BAY							
Loc #/ Bldg #	Program / ISO / Class Code / Description	Construction	PC	Year Built	Wind / Hail	Wind/Hail Ded	
5 / 2	89 – 1190 – PROPERTY IN THE OPEN	FRAME	03		EX-WIND		

**Property Rating Classifications and Premium**

Coverage	Cause of Loss	Valuation	Coinsurance	AOP Ded	Limit	Rate	Premium
PIO	SPECIAL	RC	80%	\$5,000	\$20,000	0.50	\$100

**4100 MARRIOTT DR PANAMA CITY FL 32408 BAY**

Loc # / Bldg #	Program / ISO / Class Code / Description	Construction	PC	Year Built	Wind / Hail	Wind/Hail Ded
6 / 1	89 – 1190 – PROPERTY IN THE OPEN	FRAME	03		EX-WIND	

Coverage	Cause of Loss	Valuation	Coinsurance	AOP Ded	Limit	Rate	Premium
PIO	SPECIAL	RC	80%	\$5,000	\$30,000	0.50	\$150

**Commercial Property Additional Coverages**

Loc # / Bldg #	Coverage Description	Form	Limit 1	Limit 2	Deductible	Premium
1 / 1	VANDALISM SUBLIMIT	CFS-63s	\$50,000		\$	\$0
1 / 5	VANDALISM SUBLIMIT	CFS-63s	\$50,000		\$	\$0

**Final Property Premium:**

**\$3,285**

## Forms and Endorsements

### Common Policy

NOTS0381FL 07-09 FLORIDA POLICYHOLDER NOTICE  
NOTX0178CW 03-16 CLAIM REPORTING INFORMATION  
NOTX0423CW 12-20 POLICYHOLDER DISCLOSURE - NOTICE OF TERRORISM INSURANCE COVERAGE  
UTS-COVPG 03-21 COVER PAGE  
OPS-D-1-0117 01-21 COMMON POLICY DECLARATIONS  
UTS-126L 10-93 SCHEDULE OF TAXES, SURCHARGES OR FEES  
UTS-SP-2 12-95 SCHEDULE OF FORMS AND ENDORSEMENTS  
UTS-SP-3 08-96 SCHEDULE OF LOCATIONS  
IL 00 17 11-98 COMMON POLICY CONDITIONS  
IL 09 53 01-15 EXCLUSION OF CERTIFIED ACTS OF TERRORISM  
UTS-29-FL 06-97 CANCELLATION AND NONRENEWAL-FLORIDA  
UTS-496 06-19 MINIMUM EARNED CANCELLATION PREMIUM  
UTS-9g 06-22 SERVICE OF SUIT CLAUSE  
UTS-491 01-19 ASSIGNMENT OF CLAIM BENEFITS

### Commercial Property

UTS-490 11-18 TOTAL OR CONSTRUCTIVE TOTAL LOSS PROVISION  
CPS-SD-1-0219 01-21 COMMERCIAL PROPERTY COVERAGE PART SUPPLEMENTAL DECLARATIONS  
CPS-SD-2 01-21 COMMERCIAL PROPERTY COVERAGE PART EXTENSION OF SUPPLEMENTAL DECLARATIONS  
CP 00 10 10-12 BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CP 00 17 10-12 CONDOMINIUM ASSOCIATION COVERAGE FORM  
CP 00 90 07-88 COMMERCIAL PROPERTY CONDITIONS  
CFS-103-FL 01-16 SEWER OR DRAIN DEFINITION ENDORSEMENT-FLORIDA  
CFS-63s 08-14 VANDALISM SUBLIMIT  
CFS-68s-FL 01-12 CHANGES-FLORIDA  
CP 01 40 07-06 EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA  
CP 10 30 09-17 CAUSES OF LOSS-SPECIAL FORM  
CP 10 54 06-07 WINDSTORM OR HAIL EXCLUSION  
CP 10 75 12-20 CYBER INCIDENT EXCLUSION  
CP 12 11 09-17 BURGLARY AND ROBBERY PROTECTIVE SAFEGUARDS  
1 1 BR-1  
1 5 BR-1  
IL 04 01 02-12 FLORIDA-SINKHOLE LOSS COVERAGE





## **FLORIDA POLICYHOLDER NOTICE**

**SURPLUS LINES INSURERS' POLICY RATES AND FORMS ARE NOT APPROVED BY ANY FLORIDA REGULATORY AGENCY.**



**Scottsdale Insurance Company  
National Casualty Company  
Scottsdale Indemnity Company  
Scottsdale Surplus Lines Insurance Company**

**CLAIM REPORTING INFORMATION**

Your insurance policy has been placed with a Nationwide® insurance company.

Our commitment to you is to provide fast, fair claim service. Promptly reporting an event that could lead to a claim, as required by your policy, helps us fulfill this commitment to you. Please refer to your policy for this and all other terms and conditions.

To report a claim, you may contact us 24 hours a day, 7 days a week, by calling 1-800-423-7675 or via our website at [www.nationwideexcessandsurplus.com](http://www.nationwideexcessandsurplus.com).

Thank you for your business and as always, we appreciate the opportunity to serve you.

**HOW TO REPORT A CLAIM**

Call **1-800-423-7675** or visit our website at [www.nationwideexcessandsurplus.com](http://www.nationwideexcessandsurplus.com).

In order to expedite this process, please be prepared to furnish as much of the following information as possible:

- Your policy number
- Date, time and location of the loss/accident
- Details of the loss/accident
- Name, address and phone number of any involved parties
- If applicable, name of law enforcement agency or fire department along with the incident number

**Please refer to your policy for specific claim reporting requirements.**



Underwritten by: Scottsdale Insurance Company  
Home Office: One Nationwide Plaza • Columbus, Ohio 43215  
Administrative Office: 18700 North Hayden Road • Scottsdale, Arizona 85255  
1-800-423-7675 • A Stock Company

In Witness Whereof, the Company has caused this policy to be executed and attested.

Secretary

President

The information contained herein replaces any similar information contained elsewhere in the policy.

Insured's Name: BAY POINT IMPROVEMENT ASSOCIATION INC Policy #: CPS8101203

Policy Dates: From: 11/05/2024 To: 11/05/2025

Surplus Lines Agent's Name: Michael Kroll

Surplus Lines Agent's Physical Address: 21550 Oxnard Street, Suite 1100, Woodland Hills, CA 91367

Surplus Lines Agent's License #: W239665

Producing Agent's Name: Robert Hahn

Producing Agent's Physical Address: 7522 Front Beach Road, 2nd Floor Panama City Beach, FL 32407

THIS INSURANCE IS ISSUED PURSUANT TO THE FLORIDA SURPLUS LINES LAW. PERSONS INSURED BY SURPLUS LINES CARRIERS DO NOT HAVE THE PROTECTION OF THE FLORIDA INSURANCE GUARANTY ACT TO THE EXTENT OF ANY RIGHT OF RECOVERY FOR THE OBLIGATION OF AN INSOLVENT UNLICENSED INSURER.

**SURPLUS LINES INSURERS' POLICY RATES AND FORMS ARE NOT APPROVED BY ANY FLORIDA REGULATORY AGENCY.**

Policy Premium: \$3,285.00

SL Agent Policy Fee: \$200.00

Inspection Fee: \$125.00

Other Policy Fees: \_\_\_\_\_

Tax: \$178.34

FLSO Service Fee: \$2.17

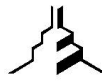
EMPA Surcharge: \$4.00

Surplus Lines Agent's Countersignature: 

**THIS POLICY CONTAINS A SEPARATE DEDUCTIBLE FOR HURRICANE OR WIND LOSSES, WHICH MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU.**

**THIS POLICY CONTAINS A CO-PAY PROVISION THAT MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU.**





SCOTTSDALE INSURANCE COMPANY®

**SCHEDULE OF TAXES, SURCHARGES OR FEES**

Policy No. CPS8101203

Effective Date: 11/05/2024  
12:01 A.M., Standard Time

Named Insured BAY POINT IMPROVEMENT ASSOCIATION  
INC

Agent No. 09017

AMWINS SERVICE FEE	200.00
AMWINS INSPECTION FEE	125.00
SURPLUS LINES TAX	178.34
STAMPING FEE	2.17
DEM EMP	4.00
TOTAL TAXES, SURCHARGES OR FEES:	509.51



### SCCHEDULE OF FORMS AND ENDORSEMENTS

Policy No. CPS8101203 Effective Date 11/05/2024

12:01 A.M. Standard Time

Named Insured BAY POINT IMPROVEMENT ASSOCIATION  
INC Agent No. 09017

#### COMMON POLICY

NOTS0381FL	07-09	FLORIDA POLICYHOLDER NOTICE
NOTX0178CW	03-16	CLAIM REPORTING INFORMATION
NOTX0423CW	12-20	POLICYHOLDER DISCLOSURE - NOTICE OF TERRORISM INSURANCE COVERAGE
UTS-COVPG	03-21	COVER PAGE
OPS-D-1-0117	01-21	COMMON POLICY DECLARATIONS
UTS-126L	10-93	SCHEDULE OF TAXES, SURCHARGES OR FEES
UTS-SP-2	12-95	SCHEDULE OF FORMS AND ENDORSEMENTS
UTS-SP-3	08-96	SCHEDULE OF LOCATIONS
IL 00 17	11-98	COMMON POLICY CONDITIONS
IL 09 53	01-15	EXCLUSION OF CERTIFIED ACTS OF TERRORISM
UTS-29-FL	06-97	CANCELLATION AND NONRENEWAL-FLORIDA
UTS-496	06-19	MINIMUM EARNED CANCELLATION PREMIUM
UTS-9g	06-22	SERVICE OF SUIT CLAUSE
UTS-491	01-19	ASSIGNMENT OF CLAIM BENEFITS

#### COMMERCIAL PROPERTY

UTS-490	11-18	TOTAL OR CONSTRUCTIVE TOTAL LOSS PROVISION
CPS-SD-1-0219	01-21	COMMERCIAL PROPERTY COVERAGE PART SUPPLEMENTAL DECLARATIONS
CPS-SD-2	01-21	COMMERCIAL PROPERTY COVERAGE PART EXTENSION OF SUPPLEMENTAL DECLARATIONS
CP 00 10	10-12	BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CP 00 17	10-12	CONDOMINIUM ASSOCIATION COVERAGE FORM
CP 00 90	07-88	COMMERCIAL PROPERTY CONDITIONS
CFS-103-FL	01-16	SEWER OR DRAIN DEFINITION ENDORSEMENT-FLORIDA
CFS-63s	08-14	VANDALISM SUBLIMIT
CFS-68s-FL	01-12	CHANGES-FLORIDA
CP 01 40	07-06	EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA
CP 10 30	09-17	CAUSES OF LOSS-SPECIAL FORM
CP 10 54	06-07	WINDSTORM OR HAIL EXCLUSION



### SCHEDULE OF FORMS AND ENDORSEMENTS

Policy No. CPS8101203 Effective Date 11/05/2024  
12:01 A.M. Standard Time

Named Insured BAY POINT IMPROVEMENT ASSOCIATION Agent No. 09017  
INC

**COMMERCIAL PROPERTY**

CP 10 75	12-20	CYBER INCIDENT EXCLUSION
CP 12 11	09-17	BURGLARY AND ROBBERY PROTECTIVE SAFEGUARDS
IL 04 01	02-12	FLORIDA-SINKHOLE LOSS COVERAGE





### SCHEDULE OF LOCATIONS

Policy No. CPS8101203 Effective Date 11/05/2024

12:01 A.M. Standard Time

Named Insured BAY POINT IMPROVEMENT ASSOCIATION  
INC Agent No. 09017

Prem. No.	Bldg. No.	Designated Premises (Address, City, State, Zip Code)	Occupancy
1	1	4000 MARRIOTT DR PANAMA CITY FL 32408	OFFICE
1	2	4000 MARRIOTT DR PANAMA CITY FL 32408	Property in the Open
1	3	4000 MARRIOTT DR PANAMA CITY FL 32408	Property in the Open
1	4	4000 MARRIOTT DR PANAMA CITY FL 32408	Property in the Open
1	5	4000 MARRIOTT DR PANAMA CITY FL 32408	SECONDARY OFFICE
2	1	3704 DRAGONS RDG PANAMA CITY FL 32408	Property in the Open
2	2	3704 DRAGONS RDG PANAMA CITY FL 32408	Property in the Open
3	1	3123 THOMAS DR PANAMA CITY FL 32408	Property in the Open
4	1	3701 BAY POINT RD PANAMA CITY FL 32408	Property in the Open
5	1	3704 JAN COOLEY DR PANAMA CITY FL 32408	Property in the Open
5	2	3704 JAN COOLEY DR PANAMA CITY FL 32408	Property in the Open
6	1	4100 MARRIOTT DR PANAMA CITY FL 32408	Property in the Open

## COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

### A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

### B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

### C. Examination Of Your Books And Records

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

### D. Inspections And Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and
- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

### E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

### F. Transfer Of Your Rights And Duties Under This Policy

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

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

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

- BOILER AND MACHINERY COVERAGE PART
- COMMERCIAL INLAND MARINE COVERAGE PART
- COMMERCIAL PROPERTY COVERAGE PART
- CRIME AND FIDELITY COVERAGE PART
- EQUIPMENT BREAKDOWN COVERAGE PART
- FARM COVERAGE PART
- STANDARD PROPERTY POLICY

### SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph C) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

State(s)	Coverage Form, Coverage Part Or Policy
FL	COMMERCIAL PROPERTY COVERAGE PART
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

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

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

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

**B.** The following exclusion is added:

**CERTIFIED ACT OF TERRORISM EXCLUSION**

We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

**C. Exception Covering Certain Fire Losses**

The following exception to the exclusion in Paragraph B. applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

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

#### **D. Application Of Other Exclusions**

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE DATE (12:01 A.M. STANDARD TIME)	NAMED INSURED	AGENT NO.
CPS8101203	11/05/2024	BAY POINT IMPROVEMENT ASSOCIATION INC	09017

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CANCELLATION AND NONRENEWAL—FLORIDA**

The Cancellation Condition is deleted in its entirety and replaced by the following:

**A. Cancellation**

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. If this policy has been in effect for ninety (90) days or less and is not a renewal of a policy we issued, we may cancel by mailing or delivering written notice of cancellation, including the specific reasons for cancellation, to the first Named Insured at least:
  - a. Ten (10) days before the effective date of cancellation, if we cancel for nonpayment of any premium when due; or
  - b. Twenty (20) days before the effective date of cancellation, if we cancel for any other reason, except, we may cancel immediately if there has been:
    - (1) A material misstatement or misrepresentation; or
    - (2) A failure to comply with underwriting requirements established by us.
3. If this policy has been in effect for more than ninety (90) days or is a renewal or continuation of a policy we issued, we may cancel by mailing or

delivering written notice of cancellation, including the specific reasons for cancellation, to the first Named Insured at least:

- a. Ten (10) days before the effective date of cancellation, if we cancel for nonpayment of any premium when due; or
- b. Forty-five (45) days before the effective date of cancellation, if we cancel for any other reason.
4. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
5. Notice of cancellation by us will state the effective date of the cancellation. The policy period will end on that date.
6. If we fail to mail or deliver our written notice of cancellation to the first Named Insured at least forty-five (45) days or twenty (20) days as required in A.2.b. and A.3.b. above, the coverage will remain in effect until forty-five (45) days after the notice is given or until the effective date of replacement coverage obtained by the first Named Insured, whichever occurs first. The premium for the coverage shall remain the same during any such extension period.
7. If this policy is canceled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first

Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.

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

The following Condition is added to the policy and supercedes any other provision to the contrary:

**B. Nonrenewal**

1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal, including the specific reasons for nonrenewal, to the first Named Insured at least forty-five (45) days prior to the expiration of the policy.

2. If notice is mailed, we will mail it to the last mailing address known to us of the first Named Insured. Proof of mailing will be sufficient proof of notice.

3. If we fail to mail or deliver written notice of nonrenewal to the first Named Insured at least forty-five (45) days prior to the effective date of nonrenewal, the coverage will remain in effect until forty-five (45) days after the notice is given or until the effective date of replacement coverage obtained by the first Named Insured, whichever occurs first. The premium for the coverage shall remain the same during any such extension period.

---

AUTHORIZED REPRESENTATIVE

DATE







ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE DATE (12:01 A.M. STANDARD TIME)	NAMED INSURED	AGENT NO.
CPS8101203	11/05/2024	BAY POINT IMPROVEMENT ASSOCIATION INC	09017

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**SERVICE OF SUIT CLAUSE**

It is agreed that in the event of the failure of the Company to pay any amount claimed to be due under this policy, the Company, at the request of the Insured (or reinsured), will submit to the jurisdiction of any court of competent jurisdiction within the United States of America and will comply with all requirements necessary to give the court jurisdiction. All matters which arise will be determined in accordance with the law and practice of the court. In a suit instituted against it under this contract, the Company agrees to abide by the final decision of the court or of any appellate court in the event of an appeal. However, nothing in this endorsement constitutes a waiver of the Company's right to remove an action to a United States District Court or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States.

Pursuant to any statute of any state, territory or district of the United States of America which makes a provision therefor, the Company will designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit, or proceeding instituted by or on behalf of the Insured (or reinsured) or any beneficiary arising out of this contract of insurance (or reinsurance).

The person named below is authorized and directed to accept service of process on behalf of the Company:

CHIEF FINANCIAL OFFICER

DEPARTMENT OF FINANCIAL SERVICES 200 EAST GAINES STREET

TALLAHASSEE, FL 32399-0301

Having accepted service of process on behalf of the Company, the person designated above is authorized to mail the process or a true copy to:

NOT REQUIRED

\_\_\_\_\_/\_\_\_\_\_  
AUTHORIZED REPRESENTATIVE

\_\_\_\_\_  
DATE

Underwritten by: Scottsdale Insurance Company  
 Home Office: One Nationwide Plaza • Columbus, Ohio 43215  
 Administrative Office: 18700 North Hayden Road • Scottsdale, Arizona 85255  
 1-800-423-7675 • A Stock Company

## COMMERCIAL PROPERTY COVERAGE PART SUPPLEMENTAL DECLARATIONS

Policy Number: CPS8101203 Effective Date: 11/05/2024  
 (12:01 A.M. Standard Time)

Named Insured: BAY POINT IMPROVEMENT ASSOCIATION INC Agent Number: 09017

**Item 1. Business Description:** IMPROVEMENT ASSOCIATION

**Item 2. Premises Described:** See Schedule of Locations

**Item 3.** \$500 Deductible unless otherwise indicated.

**Item 4. Coverages Provided:**

Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
1	1	BUILDING	\$ 50,000	SPECIAL	80 %

Construction: FRAME Year Built: 1986 No. of Stories: 1  
 Agreed Value: \_\_\_\_\_ Expires: \_\_\_\_\_  Replacement Cost: \_\_\_\_\_  
 Business Income: Monthly Limit: \_\_\_\_\_ Maximum Period: \_\_\_\_\_ Extended Period: \_\_\_\_\_  
 Policy Deductible: \$5000  Reporting: \_\_\_\_\_  Inflation Guard: \_\_\_\_\_ %

Special Deductibles		
Wind or Hail	Named Storm	Earthquake
Form:	Form:	Form:
Amount:	Amount:	Amount:

Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
1	1	BUSINESS PERSONAL PROPERTY	\$ 5,000	SPECIAL	80 %

Construction: FRAME Year Built: 1986 No. of Stories: 1  
 Agreed Value: \_\_\_\_\_ Expires: \_\_\_\_\_  Replacement Cost: \_\_\_\_\_  
 Business Income: Monthly Limit: \_\_\_\_\_ Maximum Period: \_\_\_\_\_ Extended Period: \_\_\_\_\_  
 Policy Deductible: \$5000  Reporting: \_\_\_\_\_  Inflation Guard: \_\_\_\_\_ %

Special Deductibles		
Wind or Hail	Named Storm	Earthquake
Form:	Form:	Form:
Amount:	Amount:	Amount:



Underwritten by: Scottsdale Insurance Company  
 Home Office: One Nationwide Plaza • Columbus, Ohio 43215  
 Administrative Office: 18700 North Hayden Road • Scottsdale, Arizona 85255  
 1-800-423-7675 • A Stock Company

## COMMERCIAL PROPERTY COVERAGE PART SUPPLEMENTAL DECLARATIONS EXTENSION

Policy Number: CPS8101203 Effective Date: 11/05/2024  
 (12:01 A.M. Standard Time)  
 Named Insured: BAY POINT IMPROVEMENT ASSOCIATION INC Agent Number: 09017

Item 4. Coverages Provided:					
Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
1	3	PIO - ENTRY GATE	\$ 30,000	SPECIAL	80 %
Construction: _____ Year Built: _____ No. of Stories: _____ <input type="checkbox"/> Agreed Value: _____ Expires: _____ <input checked="" type="checkbox"/> Replacement Cost: _____ <input type="checkbox"/> Business Income: Monthly Limit: _____ Maximum Period: _____ Extended Period: _____ Policy Deductible: _____ \$5000 <input type="checkbox"/> Reporting: _____ <input type="checkbox"/> Inflation Guard: _____ %					
Special Deductibles					
Wind or Hail		Named Storm		Earthquake	
Form:		Form:		Form:	
Amount:		Amount:		Amount:	

Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
1	4	PIO - FENCES	\$ 310,000	SPECIAL	80 %
Construction: _____ Year Built: _____ No. of Stories: _____ <input type="checkbox"/> Agreed Value: _____ Expires: _____ <input checked="" type="checkbox"/> Replacement Cost: _____ <input type="checkbox"/> Business Income: Monthly Limit: _____ Maximum Period: _____ Extended Period: _____ Policy Deductible: _____ \$5000 <input type="checkbox"/> Reporting: _____ <input type="checkbox"/> Inflation Guard: _____ %					
Special Deductibles					
Wind or Hail		Named Storm		Earthquake	
Form:		Form:		Form:	
Amount:		Amount:		Amount:	

THIS SUPPLEMENTAL DECLARATIONS AND THE COMMON POLICY DECLARATIONS, TOGETHER  
 WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND ENDORSEMENT(S),  
 IF ANY, COMPLETE THE ABOVE-NUMBERED POLICY.

Underwritten by: Scottsdale Insurance Company  
 Home Office: One Nationwide Plaza • Columbus, Ohio 43215  
 Administrative Office: 18700 North Hayden Road • Scottsdale, Arizona 85255  
 1-800-423-7675 • A Stock Company

## COMMERCIAL PROPERTY COVERAGE PART SUPPLEMENTAL DECLARATIONS EXTENSION

Policy Number: CPS8101203 Effective Date: 11/05/2024  
 (12:01 A.M. Standard Time)  
 Named Insured: BAY POINT IMPROVEMENT ASSOCIATION INC Agent Number: 09017

Item 4. Coverages Provided:					
Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
1	5	BUSINESS PERSONAL PROPERTY	\$ 50,000	SPECIAL	80 %
Construction: <u>FRAME</u> Year Built: <u>2001</u> No. of Stories: <u>1</u>					
<input type="checkbox"/> Agreed Value: _____ Expires: _____ <input checked="" type="checkbox"/> Replacement Cost: _____ <input type="checkbox"/> Business Income: Monthly Limit: _____ Maximum Period: _____ Extended Period: _____ Policy Deductible: <u>\$5000</u> <input type="checkbox"/> Reporting: _____ <input type="checkbox"/> Inflation Guard: _____%					
Special Deductibles					
Wind or Hail		Named Storm		Earthquake	
Form:		Form:		Form:	
Amount:		Amount:		Amount:	

Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
2	1	PIO - GUARD HOUSE	\$ 20,000	SPECIAL	80 %
Construction: _____ Year Built: _____ No. of Stories: _____					
<input type="checkbox"/> Agreed Value: _____ Expires: _____ <input checked="" type="checkbox"/> Replacement Cost: _____ <input type="checkbox"/> Business Income: Monthly Limit: _____ Maximum Period: _____ Extended Period: _____ Policy Deductible: <u>\$5000</u> <input type="checkbox"/> Reporting: _____ <input type="checkbox"/> Inflation Guard: _____%					
Special Deductibles					
Wind or Hail		Named Storm		Earthquake	
Form:		Form:		Form:	
Amount:		Amount:		Amount:	

THIS SUPPLEMENTAL DECLARATIONS AND THE COMMON POLICY DECLARATIONS, TOGETHER  
 WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND ENDORSEMENT(S),  
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## COMMERCIAL PROPERTY COVERAGE PART SUPPLEMENTAL DECLARATIONS EXTENSION

Policy Number: CPS8101203 Effective Date: 11/05/2024  
 (12:01 A.M. Standard Time)  
 Named Insured: BAY POINT IMPROVEMENT ASSOCIATION INC Agent Number: 09017

Item 4. Coverages Provided:					
Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
2	2	PIO - ENTRY GATE	\$ 30,000	SPECIAL	80 %
Construction: _____ Year Built: _____ No. of Stories: _____ <input type="checkbox"/> Agreed Value: _____ Expires: _____ <input checked="" type="checkbox"/> Replacement Cost: _____ <input type="checkbox"/> Business Income: Monthly Limit: _____ Maximum Period: _____ Extended Period: _____ Policy Deductible: _____ \$5000 <input type="checkbox"/> Reporting: _____ <input type="checkbox"/> Inflation Guard: _____ %					
Special Deductibles					
Wind or Hail		Named Storm		Earthquake	
Form:		Form:		Form:	
Amount:		Amount:		Amount:	

Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
3	1	PIO - ENTRY GATE	\$ 30,000	SPECIAL	80 %
Construction: _____ Year Built: _____ No. of Stories: _____ <input type="checkbox"/> Agreed Value: _____ Expires: _____ <input checked="" type="checkbox"/> Replacement Cost: _____ <input type="checkbox"/> Business Income: Monthly Limit: _____ Maximum Period: _____ Extended Period: _____ Policy Deductible: _____ \$5000 <input type="checkbox"/> Reporting: _____ <input type="checkbox"/> Inflation Guard: _____ %					
Special Deductibles					
Wind or Hail		Named Storm		Earthquake	
Form:		Form:		Form:	
Amount:		Amount:		Amount:	

THIS SUPPLEMENTAL DECLARATIONS AND THE COMMON POLICY DECLARATIONS, TOGETHER  
 WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND ENDORSEMENT(S),  
 IF ANY, COMPLETE THE ABOVE-NUMBERED POLICY.

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## COMMERCIAL PROPERTY COVERAGE PART SUPPLEMENTAL DECLARATIONS EXTENSION

Policy Number: CPS8101203 Effective Date: 11/05/2024  
 (12:01 A.M. Standard Time)  
 Named Insured: BAY POINT IMPROVEMENT ASSOCIATION INC Agent Number: 09017

Item 4. Coverages Provided:					
Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
4	1	PIO - ENTRY GATE	\$ 30,000	SPECIAL	80 %
Construction: _____ Year Built: _____ No. of Stories: _____ <input type="checkbox"/> Agreed Value: _____ Expires: _____ <input checked="" type="checkbox"/> Replacement Cost: _____ <input type="checkbox"/> Business Income: Monthly Limit: _____ Maximum Period: _____ Extended Period: _____ Policy Deductible: _____ \$5000 <input type="checkbox"/> Reporting: _____ <input type="checkbox"/> Inflation Guard: _____ %					
Special Deductibles					
Wind or Hail		Named Storm		Earthquake	
Form:		Form:		Form:	
Amount:		Amount:		Amount:	

Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
5	1	PIO - ENTRY GATE	\$ 30,000	SPECIAL	80 %
Construction: _____ Year Built: _____ No. of Stories: _____ <input type="checkbox"/> Agreed Value: _____ Expires: _____ <input checked="" type="checkbox"/> Replacement Cost: _____ <input type="checkbox"/> Business Income: Monthly Limit: _____ Maximum Period: _____ Extended Period: _____ Policy Deductible: _____ \$5000 <input type="checkbox"/> Reporting: _____ <input type="checkbox"/> Inflation Guard: _____ %					
Special Deductibles					
Wind or Hail		Named Storm		Earthquake	
Form:		Form:		Form:	
Amount:		Amount:		Amount:	

THIS SUPPLEMENTAL DECLARATIONS AND THE COMMON POLICY DECLARATIONS, TOGETHER  
 WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND ENDORSEMENT(S),  
 IF ANY, COMPLETE THE ABOVE-NUMBERED POLICY.

Underwritten by: Scottsdale Insurance Company  
 Home Office: One Nationwide Plaza • Columbus, Ohio 43215  
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## COMMERCIAL PROPERTY COVERAGE PART SUPPLEMENTAL DECLARATIONS EXTENSION

Policy Number: CPS8101203 Effective Date: 11/05/2024  
 (12:01 A.M. Standard Time)  
 Named Insured: BAY POINT IMPROVEMENT ASSOCIATION INC Agent Number: 09017

Item 4. Coverages Provided:					
Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
5	2	PIO - GATE HOUSE	\$ 20,000	SPECIAL	80 %
Construction: _____ Year Built: _____ No. of Stories: _____ <input type="checkbox"/> Agreed Value: _____ Expires: _____ <input checked="" type="checkbox"/> Replacement Cost: _____ <input type="checkbox"/> Business Income: Monthly Limit: _____ Maximum Period: _____ Extended Period: _____ Policy Deductible: _____ \$5000 <input type="checkbox"/> Reporting: _____ <input type="checkbox"/> Inflation Guard: _____ %					
Special Deductibles					
Wind or Hail		Named Storm		Earthquake	
Form:		Form:		Form:	
Amount:		Amount:		Amount:	

Prem. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
6	1	PIO - ENTRY GATE	\$ 30,000	SPECIAL	80 %
Construction: _____ Year Built: _____ No. of Stories: _____ <input type="checkbox"/> Agreed Value: _____ Expires: _____ <input checked="" type="checkbox"/> Replacement Cost: _____ <input type="checkbox"/> Business Income: Monthly Limit: _____ Maximum Period: _____ Extended Period: _____ Policy Deductible: _____ \$5000 <input type="checkbox"/> Reporting: _____ <input type="checkbox"/> Inflation Guard: _____ %					
Special Deductibles					
Wind or Hail		Named Storm		Earthquake	
Form:		Form:		Form:	
Amount:		Amount:		Amount:	

THIS SUPPLEMENTAL DECLARATIONS AND THE COMMON POLICY DECLARATIONS, TOGETHER  
 WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND ENDORSEMENT(S),  
 IF ANY, COMPLETE THE ABOVE-NUMBERED POLICY.



# BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

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

## A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

### 1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.** Property Not Covered, if a Limit Of Insurance is shown in the Declarations for that type of property.

**a. Building**, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
  - (a) Machinery; and
  - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
  - (a) Fire-extinguishing equipment;
  - (b) Outdoor furniture;
  - (c) Floor coverings; and
  - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
  - (a) Additions under construction, alterations and repairs to the building or structure;
  - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

### b. Your Business Personal Property

consists of the following property located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
  - (a) Made a part of the building or structure you occupy but do not own; and
  - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

### c. Personal Property Of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

## 2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
  - (1) The lowest basement floor; or
  - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;
- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
  - (1) Are licensed for use on public roads; or
  - (2) Are operated principally away from the described premises.This paragraph does not apply to:
  - (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
  - (c) Rowboats or canoes out of water at the described premises; or
  - (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers; or
- q. The following property while outside of buildings:
- (1) Grain, hay, straw or other crops;
  - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.

### 3. Covered Causes Of Loss

See applicable Causes Of Loss form as shown in the Declarations.

### 4. Additional Coverages

#### a. Debris Removal

- (1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
  - (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
  - (b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;
  - (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;

- (d) Remove property of others of a type that would not be Covered Property under this Coverage Form;
  - (e) Remove deposits of mud or earth from the grounds of the described premises;
  - (f) Extract "pollutants" from land or water; or
  - (g) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
- (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
  - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.
- (4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
  - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) applies, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000.

**(5) Examples**

The following examples assume that there is no Coinsurance penalty.

**Example 1**

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500
	(\$50,000 – \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000
	(\$10,000 is 20% of \$50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

**Example 2**

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 – \$500)
Debris Removal Expense:	\$ 40,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 25,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000, capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$40,000) exceeds 25% of the loss payable plus the deductible (\$40,000 is 50% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$40,000 = \$119,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph (4). Thus, the total payable for debris removal expense in this example is \$35,500; \$4,500 of the debris removal expense is not covered.

**b. Preservation Of Property**

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

**c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for service at each premises described in the Declarations, unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

**d. Pollutant Clean-up And Removal**

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

**e. Increased Cost Of Construction**

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e.(3) through e.(9) of this Additional Coverage.
- (3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
  - (a) You were required to comply with before the loss, even when the building was undamaged; and
  - (b) You failed to comply with.

(5) Under this Additional Coverage, we will not pay for:

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

(6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

(7) With respect to this Additional Coverage:

- (a) We will not pay for the Increased Cost of Construction:
  - (i) Until the property is actually repaired or replaced at the same or another premises; and
  - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the same premises.
- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment and Valuation Conditions and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in **e.(6)** of this Additional Coverage, is not subject to such limitation.

**f. Electronic Data**

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.
  - (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:
    - (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
    - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
    - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
    - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

- (4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

## 5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

### a. Newly Acquired Or Constructed Property

#### (1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
  - (i) Similar use as the building described in the Declarations; or
  - (ii) Use as a warehouse.

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

## (2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:
  - (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or
  - (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

- (b) This Extension does not apply to:
  - (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
  - (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

## (3) Period Of Coverage

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

**b. Personal Effects And Property Of Others**

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

**c. Valuable Papers And Records (Other Than Electronic Data)**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and, therefore, coverage of such costs is not additional insurance.

**d. Property Off-premises**

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
  - (a) Temporarily at a location you do not own, lease or operate;
  - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
  - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
  - (a) In or on a vehicle; or
  - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

**e. Outdoor Property**

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.



Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

**f. Non-owned Detached Trailers**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
  - (a) The trailer is used in your business;
  - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
  - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
  - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
  - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

**g. Business Personal Property Temporarily In Portable Storage Units**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the building or structure described in the Declarations or within 100 feet of the premises described in the Declarations, whichever distance is greater.

- (2) If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.
- (3) Coverage under this Extension:
  - (a) Will end 90 days after the business personal property has been placed in the storage unit;
  - (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to business personal property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.
- (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

**B. Exclusions And Limitations**

See applicable Causes Of Loss form as shown in the Declarations.

**C. Limits Of Insurance**

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

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage:

1. Fire Department Service Charge;
2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

**D. Deductible**

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

**Example 1**

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance – Building 1:	\$ 60,000
Limit of Insurance – Building 2:	\$ 80,000
Loss to Building 1:	\$ 60,100
Loss to Building 2:	\$ 90,000

The amount of loss to Building 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building 1:

$$\begin{array}{r}
 \$ 60,100 \\
 - \quad 250 \\
 \hline
 \end{array}$$

\$ 59,850 Loss Payable – Building 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building 2. Loss payable for Building 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:  
 \$59,850 + \$80,000 = \$139,850

**Example 2**

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example 1.

Loss to Building 1:	\$ 70,000
(Exceeds Limit of Insurance plus Deductible)	
Loss to Building 2:	\$ 90,000
(Exceeds Limit of Insurance plus Deductible)	
Loss Payable – Building 1:	\$ 60,000
(Limit of Insurance)	
Loss Payable – Building 2:	\$ 80,000
(Limit of Insurance)	
Total amount of loss payable:	\$ 140,000

**E. Loss Conditions**

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

**1. Abandonment**

There can be no abandonment of any property to us.

**2. 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 this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

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

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

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

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

- (1) Notify the police if a law may have been broken.

- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
  - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
  - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
  - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
  - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.  
Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
  - (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
  - (8) Cooperate with us in the investigation or settlement of the claim.
- b.** We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

#### 4. Loss Payment

- a.** In the event of loss or damage covered by this Coverage Form, at our option, we will either:
  - (1) Pay the value of lost or damaged property;
  - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
  - (3) Take all or any part of the property at an agreed or appraised value; or
  - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.
- b.** The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- c.** We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d.** We will not pay you more than your financial interest in the Covered Property.
- e.** We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f.** We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g.** We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:
  - (1) We have reached agreement with you on the amount of loss; or
  - (2) An appraisal award has been made.

**h.** A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

## **5. Recovered Property**

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

## **6. Vacancy**

### **a. Description Of Terms**

**(1)** As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:

**(a)** When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

**(b)** When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

**(i)** Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or

**(ii)** Used by the building owner to conduct customary operations.

**(2)** Buildings under construction or renovation are not considered vacant.

### **b. Vacancy Provisions**

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

**(1)** We will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss:

**(a)** Vandalism;

**(b)** Sprinkler leakage, unless you have protected the system against freezing;

**(c)** Building glass breakage;

**(d)** Water damage;

**(e)** Theft; or

**(f)** Attempted theft.

**(2)** With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(f)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

## **7. Valuation**

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

**a.** At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.** and **e.** below.

**b.** If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value, even when attached to the building:

- (1) Awnings or floor coverings;
  - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
  - (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety-glazing material if required by law.
- e. Tenants' Improvements and Betterments at:
- (1) Actual cash value of the lost or damaged property if you make repairs promptly.
  - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
    - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
    - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

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

- (3) Nothing if others pay for repairs or replacement.

**F. Additional Conditions**

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

**1. Coinsurance**

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

**Example 1 (Underinsurance)**

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 100,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

Step (1):  $\$250,000 \times 80\% = \$200,000$   
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2):  $\$100,000 \div \$200,000 = .50$

Step (3):  $\$40,000 \times .50 = \$20,000$

Step (4):  $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

**Example 2 (Adequate Insurance)**

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 200,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ( $\$250,000 \times 80\%$ ). Therefore, the Limit of Insurance in this example is adequate, and no penalty applies. We will pay no more than \$39,750 ( $\$40,000$  amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

**Example 3**

When: The value of the property is:

Building at Location 1:	\$ 75,000
Building at Location 2:	\$ 100,000
Personal Property at Location 2:	<u>\$ 75,000</u>
	\$ 250,000
The Coinsurance percentage for it is:	90%
The Limit of Insurance for Buildings and Personal Property at Locations 1 and 2 is:	\$ 180,000
The Deductible is:	\$ 1,000
The amount of loss is:	
Building at Location 2:	\$ 30,000
Personal Property at Location 2:	<u>\$ 20,000</u>
	\$ 50,000

Step (1):  $\$250,000 \times 90\% = \$225,000$   
 (the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2):  $\$180,000 \div \$225,000 = .80$

Step (3):  $\$50,000 \times .80 = \$40,000$

Step (4):  $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

**2. Mortgageholders**

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
  - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

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

- e. 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 Coverage Part:
  - (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
  - (2) 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.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:
  - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
  - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

**G. Optional Coverages**

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item:

**1. Agreed Value**

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.

- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
  - (1) On or after the effective date of this Optional Coverage; and
  - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

**2. Inflation Guard**

- a. The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
  - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
  - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
  - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

**Example**

If: The applicable Limit of Insurance is: \$ 100,000  
 The annual percentage increase is: 8%  
 The number of days since the beginning of the policy year (or last policy change) is: 146  
 The amount of increase is:  
 $\$100,000 \times .08 \times 146 \div 365 =$  \$ 3,200

**3. Replacement Cost**

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.
- b. This Optional Coverage does not apply to:
  - (1) Personal property of others;
  - (2) Contents of a residence;
  - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or

- (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

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

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

- (3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
- (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:

- (1) The Limit of Insurance applicable to the lost or damaged property;
- (2) The cost to replace the lost or damaged property with other property:
  - (a) Of comparable material and quality; and
  - (b) Used for the same purpose; or
- (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in e.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

#### **4. Extension Of Replacement Cost To Personal Property Of Others**

a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

#### **H. Definitions**

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.



# CONDOMINIUM ASSOCIATION COVERAGE FORM

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

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

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

## A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

### 1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.** Property Not Covered, if a Limit Of Insurance is shown in the Declarations for that type of property.

**a. Building**, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, outside of individual units, including outdoor fixtures;
- (3) Permanently installed:
  - (a) Machinery; and
  - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
  - (a) Fire-extinguishing equipment;
  - (b) Outdoor furniture;
  - (c) Floor coverings; and
  - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering that are not contained within individual units;
- (5) If not covered by other insurance:
  - (a) Additions under construction, alterations and repairs to the building or structure;

(b) Materials, equipment, supplies, and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure; and

(6) Any of the following types of property contained within a unit, regardless of ownership, if your Condominium Association Agreement requires you to insure it:

(a) Fixtures, improvements and alterations that are a part of the building or structure; and

(b) Appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping.

But Building does not include personal property owned by, used by or in the care, custody or control of a unit-owner except for personal property listed in Paragraph **A.1.a.(6)** above.

**b. Your Business Personal Property** located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following:

(1) Personal property owned by you or owned indivisibly by all unit-owners;

(2) Your interest in the labor, materials or services furnished or arranged by you on personal property of others; and

(3) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

But Your Business Personal Property does not include personal property owned only by a unit-owner.

**c. Personal Property Of Others** that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

**2. Property Not Covered**

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
  - (1) The lowest basement floor; or
  - (2) The surface of the ground if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;
- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
  - (1) Are licensed for use on public roads; or
  - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture or warehouse;
- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
- (c) Rowboats or canoes out of water at the described premises; or
- (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers; or

q. The following property while outside of buildings:

- (1) Grain, hay, straw or other crops; or
- (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.

### 3. Covered Causes Of Loss

See applicable Causes Of Loss form as shown in the Declarations.

### 4. Additional Coverages

#### a. Debris Removal

- (1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
  - (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
  - (b) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;
  - (c) Remove property of others of a type that would not be Covered Property under this Coverage Form;
  - (d) Remove deposits of mud or earth from the grounds of the described premises;
  - (e) Extract "pollutants" from land or water; or
  - (f) Remove, restore or replace polluted land or water.

(3) Subject to the exceptions in Paragraph (4), the following provisions apply:

- (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
- (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.
- (4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
  - (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
  - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) applies, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000.

#### (5) Examples

The following examples assume that there is no Coinsurance penalty.

### Example 1

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500
	(\$50,000 – \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000
	(\$10,000 is 20% of \$50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

### Example 2

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 – \$500)
Debris Removal Expense:	\$ 40,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 25,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000, capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$40,000) exceeds 25% of the loss payable plus the deductible (\$40,000 = 50% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$40,000 = \$119,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph (4). Thus, the total payable for debris removal expense in this example is \$35,500; \$4,500 of the debris removal expense is not covered.

### b. Preservation Of Property

If it is necessary for you to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

### c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for service at each premises described in the Declarations unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

### d. Pollutant Clean-up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

**e. Increased Cost Of Construction**

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in **e.(3)** through **e.(9)** of this Additional Coverage.
- (3) The ordinance or law referred to in **e.(2)** of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
  - (a) You were required to comply with before the loss, even when the building was undamaged; and
  - (b) You failed to comply with.
- (5) Under this Additional Coverage, we will not pay for:
  - (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
  - (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

- (6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

- (7) With respect to this Additional Coverage:
  - (a) We will not pay for the Increased Cost of Construction:
    - (i) Until the property is actually repaired or replaced, at the same or another premises; and
    - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
  - (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the same premises.
  - (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.

- (9) The costs addressed in the Loss Payment and Valuation Conditions and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in e.(6) of this Additional Coverage, is not subject to such limitation.

**f. Electronic Data**

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.
- (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:
- (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
- (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
- (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.

- (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

- (4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

**5. Coverage Extensions**

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

**a. Newly Acquired Or Constructed Property**

**(1) Buildings**

You may extend the insurance that applies to Building to apply to:

- (a) Your new buildings while being built on the described premises; and

(b) Buildings you acquire at locations, other than the described premises, intended for:

- (i) Similar use as the building described in the Declarations; or
- (ii) Use as a warehouse.

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

## **(2) Your Business Personal Property**

(a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

- (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or
- (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

(b) This Extension does not apply to:

- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

## **(3) Period Of Coverage**

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

(a) This policy expires;

(b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

## **b. Personal Effects And Property Of Others**

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

## **c. Valuable Papers And Records (Other Than Electronic Data)**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.

- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and, therefore, coverage of such costs is not additional insurance.

**d. Property Off-premises**

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
- (a) Temporarily at a location you do not own, lease or operate;
  - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
  - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
- (a) In or on a vehicle; or
  - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

**e. Outdoor Property**

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;

- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others.

**f. Non-owned Detached Trailers**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
- (a) The trailer is used in your business;
  - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
  - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
- (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
  - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.



**g. Business Personal Property Temporarily In Portable Storage Units**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the described premises.
- (2) If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.
- (3) Coverage under this Extension:
  - (a) Will end 90 days after the business personal property has been placed in the storage unit;
  - (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to business personal property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.
- (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

**B. Exclusions And Limitations**

See applicable Causes Of Loss form as shown in the Declarations.

**C. Limits Of Insurance**

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

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage:

- 1. Fire Department Service Charge;
- 2. Pollutant Clean-up And Removal;
- 3. Increased Cost Of Construction; and
- 4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

**D. Deductible**

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

**Example 1**

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance – Building 1:	\$ 60,000
Limit of Insurance – Building 2:	\$ 80,000
Loss to Building 1:	\$ 60,100
Loss to Building 2:	\$ 90,000

The amount of loss to Building 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building 1:

\$ 60,100  
– 250

\$ 59,850 Loss Payable – Building 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building 2. Loss payable for Building 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:

\$59,850 + \$80,000 = \$139,850

### Example 2

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example 1.

Loss to Building 1:	\$ 70,000
(Exceeds Limit of Insurance plus Deductible)	
Loss to Building 2:	\$ 90,000
(Exceeds Limit of Insurance plus Deductible)	
Loss Payable – Building 1:	\$ 60,000
(Limit of Insurance)	
Loss Payable – Building 2:	\$ 80,000
(Limit of Insurance)	
Total amount of loss payable:	\$ 140,000

### E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

#### 1. Abandonment

There can be no abandonment of any property to us.

#### 2. 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 this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

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

### 3. Duties In The Event Of Loss Or Damage

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

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

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

#### 4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
  - (1) Pay the value of lost or damaged property;
  - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
  - (3) Take all or any part of the property at an agreed or appraised value; or
  - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

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

- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

- g. We will pay for covered loss or damage to Covered Property within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:

- (1) We have reached agreement with you on the amount of loss; or
- (2) An appraisal award has been made.

If you name an insurance trustee, we will adjust losses with you, but we will pay the insurance trustee. If we pay the trustee, the payments will satisfy your claims against us.

- h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

#### 5. Recovered Property

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

#### 6. Unit-owner's Insurance

A unit-owner may have other insurance covering the same property as this insurance. This insurance is intended to be primary and not to contribute with such other insurance.

## 7. Vacancy

### a. Description Of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

(i) Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or

(ii) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

### b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

(1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

(a) Vandalism;

(b) Sprinkler leakage, unless you have protected the system against freezing;

(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

(2) With respect to Covered Causes of Loss other than those listed in b.(1)(a) through b.(1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

## 8. Valuation

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

a. At actual cash value as of the time of loss or damage, except as provided in b. and c. below.

b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property. However, the following property will be valued at the actual cash value, even when attached to the building:

(1) Awnings or floor coverings;

(2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or

(3) Outdoor equipment or furniture.

c. Glass at the cost of replacement with safety-glazing material if required by law.

## 9. Waiver Of Rights Of Recovery

We waive our rights to recover payment from any unit-owner of the condominium that is shown in the Declarations.

## F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

### 1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

(1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;

(2) Divide the Limit of Insurance of the property by the figure determined in Step (1);

- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

**Example 1 (Underinsurance)**

When: The value of the property is: \$ 250,000  
 The Coinsurance percentage for it is: 80%  
 The Limit of Insurance for it is: \$ 100,000  
 The Deductible is: \$ 250  
 The amount of loss is: \$ 40,000

Step (1):  $\$250,000 \times 80\% = \$200,000$   
 (the minimum amount of insurance to meet your Coinsurance requirements)

Step (2):  $\$100,000 \div \$200,000 = .50$

Step (3):  $\$40,000 \times .50 = \$20,000$

Step (4):  $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

**Example 2 (Adequate Insurance)**

When: The value of the property is: \$ 250,000  
 The Coinsurance percentage for it is: 80%  
 The Limit of Insurance for it is: \$ 200,000  
 The Deductible is: \$ 250  
 The amount of loss is: \$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ( $\$250,000 \times 80\%$ ). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$39,750 ( $\$40,000$  amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

**Example 3**

When: The value of the property is:  
 Building at Location 1: \$ 75,000  
 Building at Location 2: \$ 100,000  
 Personal Property at Location 2: \$ 75,000  
 \$ 250,000

The Coinsurance percentage for it is: 90%

The Limit of Insurance for Buildings and Personal Property at Locations 1 and 2 is: \$ 180,000

The Deductible is: \$ 1,000

The amount of loss is:  
 Building at Location 2: \$ 30,000

Personal Property at Location 2: \$ 20,000  
 \$ 50,000

Step (1):  $\$250,000 \times 90\% = \$225,000$   
 (the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2):  $\$180,000 \div \$225,000 = .80$

Step (3):  $\$50,000 \times .80 = \$40,000$

Step (4):  $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

**2. Mortgageholders**

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
  - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

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

- e. 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 Coverage Part:
  - (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
  - (2) 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.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:
  - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
  - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

## G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item:

### 1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.

- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.

- c. The terms of this Optional Coverage apply only to loss or damage that occurs:

- (1) On or after the effective date of this Optional Coverage; and
- (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

## 2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
  - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
  - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
  - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

### Example

If: The applicable Limit of Insurance is: \$ 100,000  
 The annual percentage increase is: 8%  
 The number of days since the beginning of the policy year (or last policy change) is: 146  
 The amount of increase is:  
 $\$100,000 \times .08 \times 146 \div 365 =$  \$ 3,200

## 3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Loss Condition, Valuation, of this Coverage Form.
- b. This Optional Coverage does not apply to:
  - (1) Personal property of others;
  - (2) Contents of a residence; or
  - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac.

Under the terms of this Replacement Cost Optional Coverage, personal property owned indivisibly by all unit-owners, and the property covered under Paragraph **A.1.a.(6)** of this Coverage Form, are not considered to be the personal property of others.

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

If a building is rebuilt at a new premises, the cost described in **e.(2)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

#### **4. Extension Of Replacement Cost To Personal Property Of Others**

- a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

- b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

#### **H. Definitions**

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

## COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

### A. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

### B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

### C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

### D. LEGAL ACTION AGAINST US

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

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

### E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

### F. NO BENEFIT TO BAILEE

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

### G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

### H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
  - a. During the policy period shown in the Declarations; and
  - b. Within the coverage territory.
2. The coverage territory is:
  - a. The United States of America (including its territories and possessions);
  - b. Puerto Rico; and
  - c. Canada.



## **I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US**

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

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

This will not restrict your insurance.

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE DATE (12:01 A.M. STANDARD TIME)	NAMED INSURED	AGENT NO.
CPS8101203	11/05/2024	BAY POINT IMPROVEMENT ASSOCIATION INC	09017

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**SEWER OR DRAIN DEFINITION ENDORSEMENT—FLORIDA**

This insurance modifies insurance provided under the following:

- CAUSES OF LOSS—BASIC FORM**
- CAUSES OF LOSS—BROAD FORM**
- CAUSES OF LOSS—SPECIAL FORM**

Under Section **B. Exclusions**, paragraph **g. Water**, subsection **(3)** the following is added:

For the purpose of this exclusion, “sewer” and “drain” are defined as:

1. “Sewer” means any underground pipe, channel or conduit for carrying water, wastewater or sewage on or away from the premises described in the Declarations;
2. “Drain” means any pipe, channel or conduit for carrying water, wastewater or sewage on or away from the premises described in the Declarations to a “sewer.”

\_\_\_\_\_  
AUTHORIZED REPRESENTATIVE

\_\_\_\_\_  
DATE



ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE DATE (12:01 A.M. STANDARD TIME)	NAMED INSURED	AGENT NO.
CPS8101203	11/05/2024	BAY POINT IMPROVEMENT ASSOCIATION INC	09017

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**VANDALISM SUBLIMIT**

This endorsement modifies insurance provided under the following:

- CAUSES OF LOSS—BASIC FORM**
- CAUSES OF LOSS—BROAD FORM**
- CAUSES OF LOSS—SPECIAL FORM**

**SCHEDULE**

Premises/Building Number	Address
1 / 1	4000 MARRIOTT DR PANAMA CITY FL 32408
	BAY

With respect to the location(s) indicated in the Schedule, the following is added to paragraph 8. of section A. Covered Causes Of Loss of the CAUSES OF LOSS—BASIC FORM and CAUSES OF LOSS—BROAD FORM and to section C. Limitations of the CAUSES OF LOSS—SPECIAL FORM:

The most we will pay for loss or damage by vandalism in any one occurrence is \$ 50,000 or \_\_\_\_\_% of the total limits applicable to the Covered Property at the premises which sustained loss or damage.

This sublimit is part of, and not in addition to, the applicable Building and/or Personal Property Limit of Insurance shown on the Commercial Property Coverage Part Supplemental Declarations.

\_\_\_\_\_/\_\_\_\_\_  
AUTHORIZED REPRESENTATIVE

\_\_\_\_\_  
DATE



ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE DATE (12:01 A.M. STANDARD TIME)	NAMED INSURED	AGENT NO.
CPS8101203	11/05/2024	BAY POINT IMPROVEMENT ASSOCIATION INC	09017

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**VANDALISM SUBLIMIT**

This endorsement modifies insurance provided under the following:

- CAUSES OF LOSS—BASIC FORM**
- CAUSES OF LOSS—BROAD FORM**
- CAUSES OF LOSS—SPECIAL FORM**

**SCHEDULE**

Premises/Building Number	Address
1 / 5	4000 MARRIOTT DR PANAMA CITY FL 32408
	BAY

With respect to the location(s) indicated in the Schedule, the following is added to paragraph 8. of section A. Covered Causes Of Loss of the CAUSES OF LOSS—BASIC FORM and CAUSES OF LOSS—BROAD FORM and to section C. Limitations of the CAUSES OF LOSS—SPECIAL FORM:

The most we will pay for loss or damage by vandalism in any one occurrence is \$ 50,000 or \_\_\_\_\_% of the total limits applicable to the Covered Property at the premises which sustained loss or damage.

This sublimit is part of, and not in addition to, the applicable Building and/or Personal Property Limit of Insurance shown on the Commercial Property Coverage Part Supplemental Declarations.

\_\_\_\_\_  
AUTHORIZED REPRESENTATIVE

\_\_\_\_\_  
DATE

ATTACHED TO AND FORMING A PART OF POLICY NUMBER	ENDORSEMENT EFFECTIVE DATE (12:01 A.M. STANDARD TIME)	NAMED INSURED	AGENT NO.
CPS8101203	11/05/2024	BAY POINT IMPROVEMENT ASSOCIATION INC	09017

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

### CHANGES—FLORIDA

This endorsement modifies insurance provided under the following:

#### COMMERCIAL PROPERTY COVERAGE PART

**A.** When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.

**B.** The following provision applies when a Coinsurance percentage is shown in the Declarations:

Florida law states as follows:

Coinsurance contract: The rate charged in this policy is based upon the use of the coinsurance clause attached to this policy, with the consent of the Insured.

**C.** The following is added:

If windstorm is a Covered Cause of Loss and loss or damage to Covered Property is caused by or results from windstorm, the following exclusion applies in:

1. Broward County;
2. Dade County;
3. Martin County;
4. Monroe County;
5. Palm Beach County; and
6. All the areas east of the west bank of the Intra-Coastal Waterway in the Counties of:
  - a. Indian River; and
  - b. St. Lucie.

#### WINDSTORM EXTERIOR PAINT AND WATER-PROOFING EXCLUSION

We will not pay for loss or damage caused by windstorm to:

1. Paint; or

**2.** Waterproofing material;

applied to the exterior of Buildings unless the Building to which such loss or damage occurs also sustains other loss or damage by windstorm in the course of the same storm event. But such coverage applies only if windstorm is a Covered Cause of Loss.

When loss or damage to exterior paint or waterproofing material is excluded, we will not include the value of paint or waterproofing material to determine:

- a. The amount of the Windstorm or Hail Deductible; or
- b. The value of Covered Property when applying the Coinsurance Condition.

**D.** Sinkhole Collapse Coverage Removed

Sinkhole Collapse coverage is removed as indicated in Paragraphs **D.1.** through **D.4.** ; and coverage for Catastrophic Ground Cover Collapse is added instead as set forth in Paragraph **E.**

1. In the Causes of Loss—Basic Form and in the Standard Property Policy, Sinkhole Collapse is deleted from the Covered Causes of Loss and sinkhole collapse is no longer an exception to the Earth Movement exclusion.
2. In the Causes of Loss—Broad Form, Sinkhole Collapse is deleted from the Covered Causes of Loss and from the Additional Coverage—Collapse; and sinkhole collapse is no longer an exception to the Earth Movement exclusion.
3. In the Causes of Loss—Special Form, sinkhole collapse is deleted from the “specified causes of

loss” and is no longer an exception to the Earth Movement exclusion.

4. In the Mortgageholders Errors And Omissions Coverage Form, sinkhole collapse is deleted from the Covered Causes of Loss under Coverage B and from the “specified causes of loss, and is no longer an exception to the Earth Movement exclusion.

Further, this Coverage Part does not insure against Sinkhole Loss as defined in Florida law unless an endorsement for Sinkhole Loss is made part of this policy. However, if Sinkhole Loss causes Catastrophic Ground Cover Collapse, coverage is provided for the resulting Catastrophic Ground Cover Collapse even if an endorsement for Sinkhole Loss is not made part of this policy.

- E. The following is added to this Coverage Part as a Covered Cause Of Loss. In the Causes Of Loss—Special Form and Mortgageholders Errors And Omissions Coverage Form, the following is also added as a “specified cause of loss.” However, as a “specified cause of loss, the following does not apply to the Additional Coverage—Collapse.

#### **CATASTROPHIC GROUND COVER COLLAPSE**

We will pay for direct physical loss or damage to Covered Property caused by or resulting from catastrophic ground cover collapse, meaning geological activity that results in all of the following:

1. The abrupt collapse of the ground cover;
2. A depression in the ground cover clearly visible to the naked eye;
3. Structural damage to the building, including the foundation; and
4. The insured structure being condemned and ordered to be vacated by the governmental agency authorized by law to issue such an order for that structure.

However, structural damage consisting merely of the settling or cracking of a foundation, structure or building does not constitute loss or damage resulting from a catastrophic ground cover collapse.

The Earth Movement exclusion and the Collapse exclusion do not apply to coverage for Catastrophic Ground Cover Collapse.

Coverage for Catastrophic Ground Cover Collapse does not increase the applicable Limit of Insurance. Regardless of whether loss or damage attributable to catastrophic ground cover collapse also qualifies as Sinkhole Loss or Earthquake (if either or both of those causes of loss are covered under this Coverage Part), only one Limit of Insurance will apply to such loss or damage.

- F. The following applies to the **Additional Coverage—Civil Authority** under the Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form and Extra Expense Coverage Form:

1. The Additional Coverage—Civil Authority includes a requirement that the described premises are not more than one mile from the damaged property. With respect to described premises located in Florida, such one-mile radius does not apply.
2. The Additional Coverage—Civil Authority is limited to a coverage period of up to four weeks. With respect to described premises located in Florida, such four week period is replaced by a three-week period.
3. Civil Authority coverage is subject to all other provisions of that Additional Coverage.

- G. In the event where more than one peril causes damage to covered property and the damage cannot be separated by the cause(s) of loss, we will:

Deduct the amount paid by the other carriers from the amount payable under our policy subject to the policy terms and conditions if a cause of the loss is covered under our policy;

If the cause of loss under our policy is also covered under another policy payment will be prorated among all companies providing coverage for the covered cause(s) of loss; and,

In no event can payments made by all carriers total more than the full replacement cost of the insured building. Payment will be subject to the policy terms and conditions of the policy of the covered property regardless of the number of covered perils or policies covering the property, even if the insured property is totally destroyed by combined perils.

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AUTHORIZED REPRESENTATIVE

DATE

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA**

This endorsement modifies insurance provided under the following:

### COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

- A.** The exclusion set forth in Paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease.  
However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.
- C.** With respect to any loss or damage subject to the exclusion in Paragraph **B.**, such exclusion supersedes any exclusion relating to "pollutants".
- D.** The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:
  - 1.** Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and
  - 2.** Additional Coverage – Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- E.** The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

## CAUSES OF LOSS – SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **G**. Definitions.

### A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

### B. Exclusions

1. We will not pay for 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 that contributes concurrently or in any sequence to the loss.

#### a. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

#### b. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

With respect to coverage for Volcanic Action as set forth in **(5)(a)**, **(5)(b)** and **(5)(c)**, all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

This exclusion applies regardless of whether any of the above, in Paragraphs **(1)** through **(5)**, is caused by an act of nature or is otherwise caused.



**c. Governmental Action**

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

**d. Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination, however caused.

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

**e. Utility Services**

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

**f. War And Military Action**

- (1) War, including undeclared or civil war;

- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**g. Water**

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);

- (2) Mudslide or mudflow;

- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;

- (4) Water under the ground surface pressing on, or flowing or seeping through:

- (a) Foundations, walls, floors or paved surfaces;

- (b) Basements, whether paved or not; or

- (c) Doors, windows or other openings; or

- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

**h. "Fungus", Wet Rot, Dry Rot And Bacteria**

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungus", wet or dry rot or bacteria result from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage, Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria, with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions B.1.a. through B.1.h. apply whether or not the loss event results in widespread damage or affects a substantial area.

**2. We will not pay for loss or damage caused by or resulting from any of the following:**

**a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:**

- (1) Electrical or electronic wire, device, appliance, system or network; or
- (2) Device, appliance, system or network utilizing cellular or satellite technology.

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

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market.**
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.**

**d.(1) Wear and tear;**

(2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

(3) Smog;

(4) Settling, cracking, shrinking or expansion;

(5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

(6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

(7) The following causes of loss to personal property:

- (a) Dampness or dryness of atmosphere;
- (b) Changes in or extremes of temperature; or
- (c) Marring or scratching.

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

**e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.**

**f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.**

**g.** Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

- (1)** You do your best to maintain heat in the building or structure; or
- (2)** You drain the equipment and shut off the supply if the heat is not maintained.

**h.** Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1)** Applies whether or not an act occurs during your normal hours of operation;
- (2)** Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.

**i.** Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

**j.** Rain, snow, ice or sleet to personal property in the open.

**k.** Collapse, including any of the following conditions of property or any part of the property:

- (1)** An abrupt falling down or caving in;
- (2)** Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
- (3)** Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to **(1)** or **(2)** above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, **k.**, does not apply:

- (a)** To the extent that coverage is provided under the Additional Coverage, Collapse; or
- (b)** To collapse caused by one or more of the following:
  - (i)** The "specified causes of loss";
  - (ii)** Breakage of building glass;
  - (iii)** Weight of rain that collects on a roof; or
  - (iv)** Weight of people or personal property.

**i.** Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, **i.**, does not apply to damage to glass caused by chemicals applied to the glass.

**m.** Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

**3.** We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

**a.** Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph **1.** above to produce the loss or damage.

**b.** Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

**c.** Faulty, inadequate or defective:

- (1)** Planning, zoning, development, surveying, siting;
- (2)** Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3)** Materials used in repair, construction, renovation or remodeling; or
- (4)** Maintenance;

of part or all of any property on or off the described premises.

#### 4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

##### a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused by or resulting from:
  - (a) Damage or destruction of "finished stock"; or
  - (b) The time required to reproduce "finished stock".This exclusion does not apply to Extra Expense.
- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (3) Any increase of loss caused by or resulting from:
  - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
  - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.
- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".
- (5) Any other consequential loss.

##### b. Leasehold Interest Coverage Form

- (1) Paragraph **B.1.a.**, Ordinance Or Law, does not apply to insurance under this Coverage Form.
- (2) We will not pay for any loss caused by:
  - (a) Your cancelling the lease;
  - (b) The suspension, lapse or cancellation of any license; or
  - (c) Any other consequential loss.

##### c. Legal Liability Coverage Form

- (1) The following exclusions do not apply to insurance under this Coverage Form:
  - (a) Paragraph **B.1.a.** Ordinance Or Law;
  - (b) Paragraph **B.1.c.** Governmental Action;
  - (c) Paragraph **B.1.d.** Nuclear Hazard;
  - (d) Paragraph **B.1.e.** Utility Services; and
  - (e) Paragraph **B.1.f.** War And Military Action.

- (2) The following additional exclusions apply to insurance under this Coverage Form:

##### (a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

##### (b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

## 5. Additional Exclusion

The following provisions apply only to the specified property:

### Loss Or Damage To Products

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

## C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated:

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
  - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
  - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
  - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
    - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
    - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

- d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

- (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
  - (2) Business Income Coverage or Extra Expense Coverage.
- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
  - f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
  - g. Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:
    - (1) Dampness or dryness of atmosphere or of soil supporting the vegetation;
    - (2) Changes in or extremes of temperature;
    - (3) Disease;
    - (4) Frost or hail; or
    - (5) Rain, snow, ice or sleet.
  2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
    - a. Animals, and then only if they are killed or their destruction is made necessary.
    - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
      - (1) Glass; or
      - (2) Containers of property held for sale.
    - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

      - (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or

(2) To Business Income Coverage or to Extra Expense Coverage.

3. The special limit shown for each category, a. through d., is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are (unless a higher limit is shown in the Declarations):

- a. \$2,500 for furs, fur garments and garments trimmed with fur.
- b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
- c. \$2,500 for patterns, dies, molds and forms.
- d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, C.3., does not apply to Business Income Coverage or to Extra Expense Coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:

- a. Results in discharge of any substance from an automatic fire protection system; or
- b. Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

#### D. Additional Coverage – Collapse

The coverage provided under this Additional Coverage, Collapse, applies only to an abrupt collapse as described and limited in D.1. through D.7.

1. For the purpose of this Additional Coverage, Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:

- a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
- d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

- (1) A cause of loss listed in 2.a. or 2.b.;
- (2) One or more of the "specified causes of loss";
- (3) Breakage of building glass;
- (4) Weight of people or personal property; or
- (5) Weight of rain that collects on a roof.

3. This **Additional Coverage – Collapse** does not apply to:

- a. A building or any part of a building that is in danger of falling down or caving in;
- b. A part of a building that is standing, even if it has separated from another part of the building; or
- c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

- b. Awnings, gutters and downspouts;
  - c. Yard fixtures;
  - d. Outdoor swimming pools;
  - e. Fences;
  - f. Piers, wharves and docks;
  - g. Beach or diving platforms or appurtenances;
  - h. Retaining walls; and
  - i. Walks, roadways and other paved surfaces;
- if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.**, we will pay for loss or damage to that property only if:

- (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
- (2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
- a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.**;
  - b. The personal property which collapses is inside a building; and
  - c. The property which collapses is not of a kind listed in **4.**, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage, Collapse, does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
7. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.
8. The term Covered Cause of Loss includes the Additional Coverage, Collapse, as described and limited in **D.1.** through **D.7.**

**E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria**

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria are the result of one or more of the following causes that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

- a. A "specified cause of loss" other than fire or lightning; or
- b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

- a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
- b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
- c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under **E.2.** of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

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

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph **F.2.** (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss form or under the Additional Coverage, Collapse.
6. The following, **6.a.** or **6.b.**, applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form:
- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
  - b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

## F. Additional Coverage Extensions

### 1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
  - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
  - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
  - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

### 2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.



### 3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension **F.3.** does not increase the Limit of Insurance.

### G. Definitions

- 1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
  - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
    - (1) The cost of filling sinkholes; or
    - (2) Sinking or collapse of land into man-made underground cavities.
  - b. Falling objects does not include loss or damage to:
    - (1) Personal property in the open; or
    - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
  - c. Water damage means:
    - (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and

- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe caused by wear and tear, when the pipe is located off the described premises and is connected to or is part of a potable water supply system or sanitary sewer system operated by a public or private utility service provider pursuant to authority granted by the state or governmental subdivision where the described premises are located.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in **c.(1)** or **c.(2)** of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## WINDSTORM OR HAIL EXCLUSION

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – BASIC FORM  
CAUSES OF LOSS – BROAD FORM  
CAUSES OF LOSS – SPECIAL FORM  
STANDARD PROPERTY POLICY

### SCHEDULE

Premises Number	Building Number
1	1
1	2
1	3

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

With respect to the location(s) indicated in the Schedule, the following provisions apply.

**A.** The following is added to the **Exclusions** section and is therefore **not** a Covered Cause of Loss:

**WINDSTORM OR HAIL**

We will not pay for loss or damage:

1. Caused directly or indirectly by Windstorm or Hail, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage; or
2. Caused by rain, snow, sand or dust, whether driven by wind or not, if that loss or damage would not have occurred but for the Windstorm or Hail.

But if Windstorm or Hail results in a cause of loss other than rain, snow, sand or dust, and that resulting cause of loss is a Covered Cause of Loss, we will pay for the loss or damage caused by such Covered Cause of Loss. For example, if the Windstorm or Hail damages a heating system and fire results, the loss or damage attributable to the fire is covered subject to any other applicable policy provisions.

**B.** The terms of the Windstorm Or Hail exclusion, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this policy.

**C.** Under **Additional Coverage – Collapse**, in the Causes Of Loss – Broad Form, Windstorm or Hail is deleted from Paragraph **2.a**.

**D.** In the Causes Of Loss – Special Form, Windstorm or Hail is deleted from the "specified causes of loss".

**E.** Under **Additional Coverage Extensions – Property In Transit**, in the Causes Of Loss – Special Form, Windstorm or Hail is deleted from Paragraph **b.(1)**.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## WINDSTORM OR HAIL EXCLUSION

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – BASIC FORM  
CAUSES OF LOSS – BROAD FORM  
CAUSES OF LOSS – SPECIAL FORM  
STANDARD PROPERTY POLICY

### SCHEDULE

Premises Number	Building Number
1	4
2	1
2	2

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

With respect to the location(s) indicated in the Schedule, the following provisions apply.

**A.** The following is added to the **Exclusions** section and is therefore **not** a Covered Cause of Loss:

**WINDSTORM OR HAIL**

We will not pay for loss or damage:

1. Caused directly or indirectly by Windstorm or Hail, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage; or
2. Caused by rain, snow, sand or dust, whether driven by wind or not, if that loss or damage would not have occurred but for the Windstorm or Hail.

But if Windstorm or Hail results in a cause of loss other than rain, snow, sand or dust, and that resulting cause of loss is a Covered Cause of Loss, we will pay for the loss or damage caused by such Covered Cause of Loss. For example, if the Windstorm or Hail damages a heating system and fire results, the loss or damage attributable to the fire is covered subject to any other applicable policy provisions.

**B.** The terms of the Windstorm Or Hail exclusion, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this policy.

**C.** Under **Additional Coverage – Collapse**, in the Causes Of Loss – Broad Form, Windstorm or Hail is deleted from Paragraph **2.a**.

**D.** In the Causes Of Loss – Special Form, Windstorm or Hail is deleted from the "specified causes of loss".

**E.** Under **Additional Coverage Extensions – Property In Transit**, in the Causes Of Loss – Special Form, Windstorm or Hail is deleted from Paragraph **b.(1)**.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## WINDSTORM OR HAIL EXCLUSION

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – BASIC FORM  
CAUSES OF LOSS – BROAD FORM  
CAUSES OF LOSS – SPECIAL FORM  
STANDARD PROPERTY POLICY

### SCHEDULE

Premises Number	Building Number
3	1
4	1
5	1

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

With respect to the location(s) indicated in the Schedule, the following provisions apply.

**A.** The following is added to the **Exclusions** section and is therefore **not** a Covered Cause of Loss:

**WINDSTORM OR HAIL**

We will not pay for loss or damage:

1. Caused directly or indirectly by Windstorm or Hail, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage; or
2. Caused by rain, snow, sand or dust, whether driven by wind or not, if that loss or damage would not have occurred but for the Windstorm or Hail.

But if Windstorm or Hail results in a cause of loss other than rain, snow, sand or dust, and that resulting cause of loss is a Covered Cause of Loss, we will pay for the loss or damage caused by such Covered Cause of Loss. For example, if the Windstorm or Hail damages a heating system and fire results, the loss or damage attributable to the fire is covered subject to any other applicable policy provisions.

**B.** The terms of the Windstorm Or Hail exclusion, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this policy.

**C.** Under **Additional Coverage – Collapse**, in the Causes Of Loss – Broad Form, Windstorm or Hail is deleted from Paragraph **2.a**.

**D.** In the Causes Of Loss – Special Form, Windstorm or Hail is deleted from the "specified causes of loss".

**E.** Under **Additional Coverage Extensions – Property In Transit**, in the Causes Of Loss – Special Form, Windstorm or Hail is deleted from Paragraph **b.(1)**.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## WINDSTORM OR HAIL EXCLUSION

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – BASIC FORM  
CAUSES OF LOSS – BROAD FORM  
CAUSES OF LOSS – SPECIAL FORM  
STANDARD PROPERTY POLICY

### SCHEDULE

Premises Number	Building Number
5	2
6	1
1	5

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

With respect to the location(s) indicated in the Schedule, the following provisions apply.

**A.** The following is added to the **Exclusions** section and is therefore **not** a Covered Cause of Loss:

**WINDSTORM OR HAIL**

We will not pay for loss or damage:

1. Caused directly or indirectly by Windstorm or Hail, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage; or
2. Caused by rain, snow, sand or dust, whether driven by wind or not, if that loss or damage would not have occurred but for the Windstorm or Hail.

But if Windstorm or Hail results in a cause of loss other than rain, snow, sand or dust, and that resulting cause of loss is a Covered Cause of Loss, we will pay for the loss or damage caused by such Covered Cause of Loss. For example, if the Windstorm or Hail damages a heating system and fire results, the loss or damage attributable to the fire is covered subject to any other applicable policy provisions.

**B.** The terms of the Windstorm Or Hail exclusion, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this policy.

**C.** Under **Additional Coverage – Collapse**, in the Causes Of Loss – Broad Form, Windstorm or Hail is deleted from Paragraph **2.a**.

**D.** In the Causes Of Loss – Special Form, Windstorm or Hail is deleted from the "specified causes of loss".

**E.** Under **Additional Coverage Extensions – Property In Transit**, in the Causes Of Loss – Special Form, Windstorm or Hail is deleted from Paragraph **b.(1)**.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CYBER INCIDENT EXCLUSION**

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART  
STANDARD PROPERTY POLICY

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

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

**Cyber Incident**

1. Unauthorized access to or use of any computer system (including electronic data).
2. Malicious code, virus or any other harmful code that is directed at, enacted upon or introduced into any computer system (including electronic data) and is designed to access, alter, corrupt, damage, delete, destroy, disrupt, encrypt, exploit, use or prevent or restrict access to or the use of any part of any computer system (including electronic data) or otherwise disrupt its normal functioning or operation.
3. Denial of service attack which disrupts, prevents or restricts access to or use of any computer system, or otherwise disrupts its normal functioning or operation.

**B. Exceptions And Limitations**

**1. Fire Or Explosion**

If a cyber incident as described in Paragraphs **A.1.** through **A.3.** of this exclusion results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

**2. Additional Coverage**

The exclusion in Paragraph **A.** does not apply to the extent that coverage is provided in the:

- a. Additional Coverage – Electronic Data; or
- b. Additional Coverage – Interruption Of Computer Operations.

**3. Electronic Commerce Endorsement**

The exclusion in Paragraph **A.** does not apply to the Electronic Commerce (E-Commerce) endorsement when attached to your policy.

**C. Vandalism**

The following is added to Vandalism, if Vandalism coverage is not otherwise excluded under the Standard Property Policy or the Causes Of Loss – Basic, Broad or Special Forms and if applicable to the premises described in the Declarations:

Vandalism does not include a cyber incident as described in Paragraph **A.**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## BURGLARY AND ROBBERY PROTECTIVE SAFEGUARDS

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

### SCHEDULE

Premises No.	Building No.	Protective Safeguards Symbols Applicable
1	1	BR-1
1	5	BR-1
<b>Describe any "BR-4":</b>		
<b>Additional requirements, if any, for engagement of an automatic burglary alarm or other automatic system listed in this Schedule (other than the requirements of Paragraph A.2.):</b>		
1 1 BR-1		
1 5 BR-1		
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

**A.** The following is added to the Commercial Property Conditions:

**Burglary And Robbery Protective Safeguards**

As a condition of this insurance, you are required to:

1. Maintain the protective safeguards listed in the Schedule, and over which you have control, in complete working order;
2. Actively engage any automatic burglary alarm or other automatic system listed in the Schedule and maintain it in the "on" position during all non-work hours and whenever the premises are unoccupied;

**3.** Actively engage an automatic burglary alarm or other automatic system, or parts thereof, in accordance with any other requirements, if any, indicated in the Schedule; and

**4.** Notify us if you know of any suspension of or impairment in any protective safeguard listed in the Schedule.

However, notification to us of the suspension of or impairment in an automatic burglary alarm or other automatic system listed in the Schedule will not be necessary if you:

- a. Can restore full protection within 48 hours of the suspension or impairment;

- b. Provide at least one watchperson or other means of surveillance at the premises during all non-work hours and whenever the premises are otherwise unoccupied; and
  - c. Provide at least one watchperson or other means of surveillance during work hours if the Schedule requires that the premises or part thereof be protected during work hours.
- B.** The following is added to the **Exclusions** section of the Causes Of Loss – Special Form:

**Burglary And Robbery Protective Safeguards**

We will not pay for loss or damage caused by or resulting from theft if, prior to the theft, you failed to comply with any condition set forth in Paragraph **A**.

- C.** The protective safeguards to which this endorsement applies are identified by the following symbols:
- 1. **"BR-1" Automatic Burglary Alarm**, protecting the entire building, that signals to:
    - a. An outside central station; or
    - b. A police station.

- 2. **"BR-2" Automatic Burglary Alarm**, protecting the entire building, that has a loud sounding gong or siren on the outside of the building.
- 3. **"BR-3" Security Service**, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.
- 4. **"BR-4"** The protective safeguard described in the Schedule.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## FLORIDA – SINKHOLE LOSS COVERAGE

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS (OUTPUT POLICY) COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 FARM COVERAGE PART

### SCHEDULE

Premises Number	Building Number
1	1
1	2
1	3

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

With respect to the location(s) indicated in the Schedule, the following provisions apply:

- A.** When this endorsement is attached to Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** When this endorsement is attached to the Farm Livestock Coverage Form, reference to loss (other than in the term Sinkhole Loss itself) means "loss" as defined in that coverage form.
- C.** The following is added to this Coverage Part as a Covered Cause of Loss. In the forms which address "specified causes of loss", the following is also added as a "specified cause of loss". However, as a "specified cause of loss", the following does not apply to the Additional Coverage – Collapse.

**Sinkhole Loss**, meaning loss or damage to Covered Property when "structural damage" to the covered building, including the foundation, is caused by settlement or systematic weakening of the earth supporting the covered building, only if the settlement or systematic weakening results from contemporaneous movement or raveling of soils, sediments, or rock materials into subterranean voids created by the effect of water on a limestone or similar rock formation.

Coverage for Sinkhole Loss includes stabilization of the building (including land stabilization) and repair to the foundation, provided such work is in accordance with the requirements of Florida Insurance Law and in accordance with the recommendation of a professional engineer and with notice to you. The professional engineer must be selected or approved by us. However, until you enter into a contract for performance of building stabilization or foundation repair in accordance with the recommendations of the professional engineer as set forth in a report from us:

- 1.** We will not pay for underpinning or grouting or any other repair technique performed below the existing foundation of the building; and
- 2.** Our payment for Sinkhole Loss to Covered Property may be limited to the actual cash value of the loss to such property.

You must enter into a contract for the performance of building stabilization and/or foundation repair in accordance with the aforementioned recommendations, within 90 days after we notify you that there is coverage for your Sinkhole Loss. After you have entered into such contract, we will pay the amounts necessary to begin and perform such repairs as the work is performed and the expenses are incurred.

However, if the professional engineer determines, prior to your entering into the aforementioned contract or prior to the start of repair work, that the repairs will exceed the applicable Limit of Insurance, we must either complete the recommended repairs or pay that Limit of Insurance upon such determination. If the aforementioned determination is made during the course of repair work and we have begun making payments for the work performed, we must either complete the recommended repairs or pay only the remaining portion of the applicable Limit of Insurance upon such determination. The most we will pay for the total of all Sinkhole Loss, including building and land stabilization and foundation repair, is the applicable Limit of Insurance on the affected building.

The stabilization and all other repairs to the Covered Property must be completed within 12 months after entering into the contract for the performance of these repairs, unless:

1. There is a mutual agreement between you and us;
2. The claim is involved with the neutral evaluation process;
3. The claim is in litigation; or
4. The claim is under appraisal or mediation.

**D.** Sinkhole Loss does not include:

1. Sinking or collapse of land into man-made underground cavities; or
2. Earthquake.

**E.** With respect to coverage provided by this endorsement, the **Earth Movement** Exclusion and the **Collapse** Exclusion do not apply.

**F.** With respect to a claim for alleged Sinkhole Loss, the following provision is added:

Following receipt by us of a report from a professional engineer or professional geologist on the cause of loss and recommendations for land stabilization and repair of property, or if we deny your claim, we will notify you of your right to participate in a neutral evaluation program administered by the Florida Department of Financial Services (hereinafter referred to as the Department). For alleged Sinkhole Loss to commercial residential or farm residential properties, this program applies instead of any mediation procedure set forth elsewhere in this policy, but does not invalidate the Appraisal Condition.

You or we may file a request with the Department for neutral evaluation; the other party must comply with such request. We will pay reasonable costs associated with the neutral evaluation, regardless of which party makes the request. But if a party chooses to hire a court reporter or stenographer to contemporaneously record and document the neutral evaluation, that party must bear the costs of those services. The neutral evaluator will be selected from a list maintained by the Department. The recommendation of the neutral evaluator will not be binding on you or us.

Participation in the neutral evaluation program does not change your right to file suit against us in accordance with the Legal Action Against Us Condition in this policy, except that the time for filing suit is extended for a period of 60 days following the conclusion of the neutral evaluation process or five years, whichever is later.

**G.** Coverage for Sinkhole Loss under this endorsement does not increase the applicable Limit of Insurance. Even if loss or damage qualifies under, or includes, both Catastrophic Ground Cover Collapse (addressed elsewhere in this Coverage Part) and Sinkhole Loss, only one Limit of Insurance will apply to such loss or damage.

**H. The following provision is added to the Duties In The Event Of Loss Or Damage Loss Condition:**

A claim for Sinkhole Loss, including but not limited to initial, supplemental and reopened claims is barred unless notice of claim is provided to us in accordance with the terms of this policy within two years after you knew or reasonably should have known about the Sinkhole Loss.

**I. The following definitions are added with respect to the coverage provided under this endorsement:**

**1. "Structural damage" means a covered building, regardless of the date of its construction, has experienced the following:**

- a.** Interior floor displacement or deflection in excess of acceptable variances as defined in ACI 117-90 or the Florida Building Code, which results in settlement related damage to the interior such that the interior building structure or members become unfit for service or represent a safety hazard as defined within the Florida Building Code;
- b.** Foundation displacement or deflection in excess of acceptable variances as defined in ACI 318-95 or the Florida Building Code, which results in settlement related damage to the "primary structural members" or "primary structural systems" and that prevents those members or systems from supporting the loads and forces they were designed to support to the extent that stresses in those "primary structural members" or "primary structural systems" exceed one and one-third the nominal strength allowed under the Florida Building Code for new buildings of similar structure, purpose, or location;
- c.** Damage that results in listing, leaning, or buckling of the exterior load bearing walls or other vertical "primary structural members" to such an extent that a plumb line passing through the center of gravity does not fall inside the middle one-third of the base as defined within the Florida Building Code;
- d.** Damage that results in the building, or any portion of the building containing "primary structural members" or "primary structural systems", being significantly likely to imminently collapse because of the movement or instability of the ground within the influence zone of the supporting ground within the sheer plane necessary for the purpose of supporting such building as defined within the Florida Building Code; or

**e.** Damage occurring on or after October 15, 2005, that qualifies as substantial structural damage as defined in the Florida Building Code.

**2.** "Primary structural member" means a structural element designed to provide support and stability for the vertical or lateral loads of the overall structure.

**3.** "Primary structural system" means an assemblage of "primary structural members".

**J.** If we deny your claim for Sinkhole Loss without performing testing under section 627.702, Florida Statutes, you may demand testing by communicating such demand to us in writing within 60 days after you receive our denial of the claim. You are responsible for 50% of the testing costs, or \$2,500, whichever is less. If our professional engineer or geologist provides written certification, pursuant to section 627.7073, that there is sinkhole loss, we will reimburse you for the testing costs.

**K.** You may not accept a rebate from any person performing repairs for Sinkhole Loss covered under this endorsement. If you receive a rebate, coverage under this endorsement is void and you must refund the amount of the rebate to us.

**L.** If we deny your claim for Sinkhole Loss upon receipt of written certification from a professional engineer or geologist, pursuant to section 627.7073, that there is no sinkhole loss or that the cause of the damage was not sinkhole activity, and if the sinkhole claim was submitted without good faith grounds for submitting such claim, you shall reimburse us for 50% of the actual costs of the analyses and services provided under sections 627.7072 and 627.7073, or \$2,500, whichever is less. You are not required to pay such reimbursement unless you requested the analysis and services and we, before ordering the analysis, informed you in writing of the potential for reimbursement and gave you the opportunity to withdraw the claim.

**M.** As a precondition to accepting payment for sinkhole loss, you must file with the county clerk of court, a copy of any sinkhole report regarding your property which was prepared on behalf or at your request. You will bear the cost of filing and recording the sinkhole report.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## FLORIDA – SINKHOLE LOSS COVERAGE

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS (OUTPUT POLICY) COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 FARM COVERAGE PART

### SCHEDULE

Premises Number	Building Number
1	4
1	5
2	1

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

With respect to the location(s) indicated in the Schedule, the following provisions apply:

- A.** When this endorsement is attached to Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** When this endorsement is attached to the Farm Livestock Coverage Form, reference to loss (other than in the term Sinkhole Loss itself) means "loss" as defined in that coverage form.
- C.** The following is added to this Coverage Part as a Covered Cause of Loss. In the forms which address "specified causes of loss", the following is also added as a "specified cause of loss". However, as a "specified cause of loss", the following does not apply to the Additional Coverage – Collapse.

**Sinkhole Loss**, meaning loss or damage to Covered Property when "structural damage" to the covered building, including the foundation, is caused by settlement or systematic weakening of the earth supporting the covered building, only if the settlement or systematic weakening results from contemporaneous movement or raveling of soils, sediments, or rock materials into subterranean voids created by the effect of water on a limestone or similar rock formation.

Coverage for Sinkhole Loss includes stabilization of the building (including land stabilization) and repair to the foundation, provided such work is in accordance with the requirements of Florida Insurance Law and in accordance with the recommendation of a professional engineer and with notice to you. The professional engineer must be selected or approved by us. However, until you enter into a contract for performance of building stabilization or foundation repair in accordance with the recommendations of the professional engineer as set forth in a report from us:

1. We will not pay for underpinning or grouting or any other repair technique performed below the existing foundation of the building; and
2. Our payment for Sinkhole Loss to Covered Property may be limited to the actual cash value of the loss to such property.

You must enter into a contract for the performance of building stabilization and/or foundation repair in accordance with the aforementioned recommendations, within 90 days after we notify you that there is coverage for your Sinkhole Loss. After you have entered into such contract, we will pay the amounts necessary to begin and perform such repairs as the work is performed and the expenses are incurred.

However, if the professional engineer determines, prior to your entering into the aforementioned contract or prior to the start of repair work, that the repairs will exceed the applicable Limit of Insurance, we must either complete the recommended repairs or pay that Limit of Insurance upon such determination. If the aforementioned determination is made during the course of repair work and we have begun making payments for the work performed, we must either complete the recommended repairs or pay only the remaining portion of the applicable Limit of Insurance upon such determination. The most we will pay for the total of all Sinkhole Loss, including building and land stabilization and foundation repair, is the applicable Limit of Insurance on the affected building.

The stabilization and all other repairs to the Covered Property must be completed within 12 months after entering into the contract for the performance of these repairs, unless:

1. There is a mutual agreement between you and us;
2. The claim is involved with the neutral evaluation process;
3. The claim is in litigation; or
4. The claim is under appraisal or mediation.

**D.** Sinkhole Loss does not include:

1. Sinking or collapse of land into man-made underground cavities; or
2. Earthquake.

**E.** With respect to coverage provided by this endorsement, the **Earth Movement** Exclusion and the **Collapse** Exclusion do not apply.

**F.** With respect to a claim for alleged Sinkhole Loss, the following provision is added:

Following receipt by us of a report from a professional engineer or professional geologist on the cause of loss and recommendations for land stabilization and repair of property, or if we deny your claim, we will notify you of your right to participate in a neutral evaluation program administered by the Florida Department of Financial Services (hereinafter referred to as the Department). For alleged Sinkhole Loss to commercial residential or farm residential properties, this program applies instead of any mediation procedure set forth elsewhere in this policy, but does not invalidate the Appraisal Condition.

You or we may file a request with the Department for neutral evaluation; the other party must comply with such request. We will pay reasonable costs associated with the neutral evaluation, regardless of which party makes the request. But if a party chooses to hire a court reporter or stenographer to contemporaneously record and document the neutral evaluation, that party must bear the costs of those services. The neutral evaluator will be selected from a list maintained by the Department. The recommendation of the neutral evaluator will not be binding on you or us.

Participation in the neutral evaluation program does not change your right to file suit against us in accordance with the Legal Action Against Us Condition in this policy, except that the time for filing suit is extended for a period of 60 days following the conclusion of the neutral evaluation process or five years, whichever is later.

**G.** Coverage for Sinkhole Loss under this endorsement does not increase the applicable Limit of Insurance. Even if loss or damage qualifies under, or includes, both Catastrophic Ground Cover Collapse (addressed elsewhere in this Coverage Part) and Sinkhole Loss, only one Limit of Insurance will apply to such loss or damage.

**H. The following provision is added to the Duties In The Event Of Loss Or Damage Loss Condition:**

A claim for Sinkhole Loss, including but not limited to initial, supplemental and reopened claims is barred unless notice of claim is provided to us in accordance with the terms of this policy within two years after you knew or reasonably should have known about the Sinkhole Loss.

**I. The following definitions are added with respect to the coverage provided under this endorsement:**

**1. "Structural damage" means a covered building, regardless of the date of its construction, has experienced the following:**

- a.** Interior floor displacement or deflection in excess of acceptable variances as defined in ACI 117-90 or the Florida Building Code, which results in settlement related damage to the interior such that the interior building structure or members become unfit for service or represent a safety hazard as defined within the Florida Building Code;
- b.** Foundation displacement or deflection in excess of acceptable variances as defined in ACI 318-95 or the Florida Building Code, which results in settlement related damage to the "primary structural members" or "primary structural systems" and that prevents those members or systems from supporting the loads and forces they were designed to support to the extent that stresses in those "primary structural members" or "primary structural systems" exceed one and one-third the nominal strength allowed under the Florida Building Code for new buildings of similar structure, purpose, or location;
- c.** Damage that results in listing, leaning, or buckling of the exterior load bearing walls or other vertical "primary structural members" to such an extent that a plumb line passing through the center of gravity does not fall inside the middle one-third of the base as defined within the Florida Building Code;
- d.** Damage that results in the building, or any portion of the building containing "primary structural members" or "primary structural systems", being significantly likely to imminently collapse because of the movement or instability of the ground within the influence zone of the supporting ground within the sheer plane necessary for the purpose of supporting such building as defined within the Florida Building Code; or

**e.** Damage occurring on or after October 15, 2005, that qualifies as substantial structural damage as defined in the Florida Building Code.

**2.** "Primary structural member" means a structural element designed to provide support and stability for the vertical or lateral loads of the overall structure.

**3.** "Primary structural system" means an assemblage of "primary structural members".

**J.** If we deny your claim for Sinkhole Loss without performing testing under section 627.702, Florida Statutes, you may demand testing by communicating such demand to us in writing within 60 days after you receive our denial of the claim. You are responsible for 50% of the testing costs, or \$2,500, whichever is less. If our professional engineer or geologist provides written certification, pursuant to section 627.7073, that there is sinkhole loss, we will reimburse you for the testing costs.

**K.** You may not accept a rebate from any person performing repairs for Sinkhole Loss covered under this endorsement. If you receive a rebate, coverage under this endorsement is void and you must refund the amount of the rebate to us.

**L.** If we deny your claim for Sinkhole Loss upon receipt of written certification from a professional engineer or geologist, pursuant to section 627.7073, that there is no sinkhole loss or that the cause of the damage was not sinkhole activity, and if the sinkhole claim was submitted without good faith grounds for submitting such claim, you shall reimburse us for 50% of the actual costs of the analyses and services provided under sections 627.7072 and 627.7073, or \$2,500, whichever is less. You are not required to pay such reimbursement unless you requested the analysis and services and we, before ordering the analysis, informed you in writing of the potential for reimbursement and gave you the opportunity to withdraw the claim.

**M.** As a precondition to accepting payment for sinkhole loss, you must file with the county clerk of court, a copy of any sinkhole report regarding your property which was prepared on behalf or at your request. You will bear the cost of filing and recording the sinkhole report.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## FLORIDA – SINKHOLE LOSS COVERAGE

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS (OUTPUT POLICY) COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 FARM COVERAGE PART

### SCHEDULE

Premises Number	Building Number
2	2
3	1
4	1

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

With respect to the location(s) indicated in the Schedule, the following provisions apply:

- A. When this endorsement is attached to Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.
- B. When this endorsement is attached to the Farm Livestock Coverage Form, reference to loss (other than in the term Sinkhole Loss itself) means "loss" as defined in that coverage form.
- C. The following is added to this Coverage Part as a Covered Cause of Loss. In the forms which address "specified causes of loss", the following is also added as a "specified cause of loss". However, as a "specified cause of loss", the following does not apply to the Additional Coverage – Collapse.

**Sinkhole Loss**, meaning loss or damage to Covered Property when "structural damage" to the covered building, including the foundation, is caused by settlement or systematic weakening of the earth supporting the covered building, only if the settlement or systematic weakening results from contemporaneous movement or raveling of soils, sediments, or rock materials into subterranean voids created by the effect of water on a limestone or similar rock formation.

Coverage for Sinkhole Loss includes stabilization of the building (including land stabilization) and repair to the foundation, provided such work is in accordance with the requirements of Florida Insurance Law and in accordance with the recommendation of a professional engineer and with notice to you. The professional engineer must be selected or approved by us. However, until you enter into a contract for performance of building stabilization or foundation repair in accordance with the recommendations of the professional engineer as set forth in a report from us:

1. We will not pay for underpinning or grouting or any other repair technique performed below the existing foundation of the building; and
2. Our payment for Sinkhole Loss to Covered Property may be limited to the actual cash value of the loss to such property.

You must enter into a contract for the performance of building stabilization and/or foundation repair in accordance with the aforementioned recommendations, within 90 days after we notify you that there is coverage for your Sinkhole Loss. After you have entered into such contract, we will pay the amounts necessary to begin and perform such repairs as the work is performed and the expenses are incurred.

However, if the professional engineer determines, prior to your entering into the aforementioned contract or prior to the start of repair work, that the repairs will exceed the applicable Limit of Insurance, we must either complete the recommended repairs or pay that Limit of Insurance upon such determination. If the aforementioned determination is made during the course of repair work and we have begun making payments for the work performed, we must either complete the recommended repairs or pay only the remaining portion of the applicable Limit of Insurance upon such determination. The most we will pay for the total of all Sinkhole Loss, including building and land stabilization and foundation repair, is the applicable Limit of Insurance on the affected building.

The stabilization and all other repairs to the Covered Property must be completed within 12 months after entering into the contract for the performance of these repairs, unless:

1. There is a mutual agreement between you and us;
2. The claim is involved with the neutral evaluation process;
3. The claim is in litigation; or
4. The claim is under appraisal or mediation.

**D.** Sinkhole Loss does not include:

1. Sinking or collapse of land into man-made underground cavities; or
2. Earthquake.

**E.** With respect to coverage provided by this endorsement, the **Earth Movement** Exclusion and the **Collapse** Exclusion do not apply.

**F.** With respect to a claim for alleged Sinkhole Loss, the following provision is added:

Following receipt by us of a report from a professional engineer or professional geologist on the cause of loss and recommendations for land stabilization and repair of property, or if we deny your claim, we will notify you of your right to participate in a neutral evaluation program administered by the Florida Department of Financial Services (hereinafter referred to as the Department). For alleged Sinkhole Loss to commercial residential or farm residential properties, this program applies instead of any mediation procedure set forth elsewhere in this policy, but does not invalidate the Appraisal Condition.

You or we may file a request with the Department for neutral evaluation; the other party must comply with such request. We will pay reasonable costs associated with the neutral evaluation, regardless of which party makes the request. But if a party chooses to hire a court reporter or stenographer to contemporaneously record and document the neutral evaluation, that party must bear the costs of those services. The neutral evaluator will be selected from a list maintained by the Department. The recommendation of the neutral evaluator will not be binding on you or us.

Participation in the neutral evaluation program does not change your right to file suit against us in accordance with the Legal Action Against Us Condition in this policy, except that the time for filing suit is extended for a period of 60 days following the conclusion of the neutral evaluation process or five years, whichever is later.

**G.** Coverage for Sinkhole Loss under this endorsement does not increase the applicable Limit of Insurance. Even if loss or damage qualifies under, or includes, both Catastrophic Ground Cover Collapse (addressed elsewhere in this Coverage Part) and Sinkhole Loss, only one Limit of Insurance will apply to such loss or damage.



**H. The following provision is added to the Duties In The Event Of Loss Or Damage Loss Condition:**

A claim for Sinkhole Loss, including but not limited to initial, supplemental and reopened claims is barred unless notice of claim is provided to us in accordance with the terms of this policy within two years after you knew or reasonably should have known about the Sinkhole Loss.

**I. The following definitions are added with respect to the coverage provided under this endorsement:**

**1. "Structural damage" means a covered building, regardless of the date of its construction, has experienced the following:**

- a.** Interior floor displacement or deflection in excess of acceptable variances as defined in ACI 117-90 or the Florida Building Code, which results in settlement related damage to the interior such that the interior building structure or members become unfit for service or represent a safety hazard as defined within the Florida Building Code;
- b.** Foundation displacement or deflection in excess of acceptable variances as defined in ACI 318-95 or the Florida Building Code, which results in settlement related damage to the "primary structural members" or "primary structural systems" and that prevents those members or systems from supporting the loads and forces they were designed to support to the extent that stresses in those "primary structural members" or "primary structural systems" exceed one and one-third the nominal strength allowed under the Florida Building Code for new buildings of similar structure, purpose, or location;
- c.** Damage that results in listing, leaning, or buckling of the exterior load bearing walls or other vertical "primary structural members" to such an extent that a plumb line passing through the center of gravity does not fall inside the middle one-third of the base as defined within the Florida Building Code;
- d.** Damage that results in the building, or any portion of the building containing "primary structural members" or "primary structural systems", being significantly likely to imminently collapse because of the movement or instability of the ground within the influence zone of the supporting ground within the sheer plane necessary for the purpose of supporting such building as defined within the Florida Building Code; or

**e.** Damage occurring on or after October 15, 2005, that qualifies as substantial structural damage as defined in the Florida Building Code.

**2.** "Primary structural member" means a structural element designed to provide support and stability for the vertical or lateral loads of the overall structure.

**3.** "Primary structural system" means an assemblage of "primary structural members".

**J.** If we deny your claim for Sinkhole Loss without performing testing under section 627.702, Florida Statutes, you may demand testing by communicating such demand to us in writing within 60 days after you receive our denial of the claim. You are responsible for 50% of the testing costs, or \$2,500, whichever is less. If our professional engineer or geologist provides written certification, pursuant to section 627.7073, that there is sinkhole loss, we will reimburse you for the testing costs.

**K.** You may not accept a rebate from any person performing repairs for Sinkhole Loss covered under this endorsement. If you receive a rebate, coverage under this endorsement is void and you must refund the amount of the rebate to us.

**L.** If we deny your claim for Sinkhole Loss upon receipt of written certification from a professional engineer or geologist, pursuant to section 627.7073, that there is no sinkhole loss or that the cause of the damage was not sinkhole activity, and if the sinkhole claim was submitted without good faith grounds for submitting such claim, you shall reimburse us for 50% of the actual costs of the analyses and services provided under sections 627.7072 and 627.7073, or \$2,500, whichever is less. You are not required to pay such reimbursement unless you requested the analysis and services and we, before ordering the analysis, informed you in writing of the potential for reimbursement and gave you the opportunity to withdraw the claim.

**M.** As a precondition to accepting payment for sinkhole loss, you must file with the county clerk of court, a copy of any sinkhole report regarding your property which was prepared on behalf or at your request. You will bear the cost of filing and recording the sinkhole report.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## FLORIDA – SINKHOLE LOSS COVERAGE

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS (OUTPUT POLICY) COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 FARM COVERAGE PART

### SCHEDULE

Premises Number	Building Number
5	1
5	2
6	1

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

With respect to the location(s) indicated in the Schedule, the following provisions apply:

- A. When this endorsement is attached to Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.
- B. When this endorsement is attached to the Farm Livestock Coverage Form, reference to loss (other than in the term Sinkhole Loss itself) means "loss" as defined in that coverage form.
- C. The following is added to this Coverage Part as a Covered Cause of Loss. In the forms which address "specified causes of loss", the following is also added as a "specified cause of loss". However, as a "specified cause of loss", the following does not apply to the Additional Coverage – Collapse.

**Sinkhole Loss**, meaning loss or damage to Covered Property when "structural damage" to the covered building, including the foundation, is caused by settlement or systematic weakening of the earth supporting the covered building, only if the settlement or systematic weakening results from contemporaneous movement or raveling of soils, sediments, or rock materials into subterranean voids created by the effect of water on a limestone or similar rock formation.

Coverage for Sinkhole Loss includes stabilization of the building (including land stabilization) and repair to the foundation, provided such work is in accordance with the requirements of Florida Insurance Law and in accordance with the recommendation of a professional engineer and with notice to you. The professional engineer must be selected or approved by us. However, until you enter into a contract for performance of building stabilization or foundation repair in accordance with the recommendations of the professional engineer as set forth in a report from us:

1. We will not pay for underpinning or grouting or any other repair technique performed below the existing foundation of the building; and
2. Our payment for Sinkhole Loss to Covered Property may be limited to the actual cash value of the loss to such property.

You must enter into a contract for the performance of building stabilization and/or foundation repair in accordance with the aforementioned recommendations, within 90 days after we notify you that there is coverage for your Sinkhole Loss. After you have entered into such contract, we will pay the amounts necessary to begin and perform such repairs as the work is performed and the expenses are incurred.

However, if the professional engineer determines, prior to your entering into the aforementioned contract or prior to the start of repair work, that the repairs will exceed the applicable Limit of Insurance, we must either complete the recommended repairs or pay that Limit of Insurance upon such determination. If the aforementioned determination is made during the course of repair work and we have begun making payments for the work performed, we must either complete the recommended repairs or pay only the remaining portion of the applicable Limit of Insurance upon such determination. The most we will pay for the total of all Sinkhole Loss, including building and land stabilization and foundation repair, is the applicable Limit of Insurance on the affected building.

The stabilization and all other repairs to the Covered Property must be completed within 12 months after entering into the contract for the performance of these repairs, unless:

1. There is a mutual agreement between you and us;
2. The claim is involved with the neutral evaluation process;
3. The claim is in litigation; or
4. The claim is under appraisal or mediation.

**D.** Sinkhole Loss does not include:

1. Sinking or collapse of land into man-made underground cavities; or
2. Earthquake.

**E.** With respect to coverage provided by this endorsement, the **Earth Movement** Exclusion and the **Collapse** Exclusion do not apply.

**F.** With respect to a claim for alleged Sinkhole Loss, the following provision is added:

Following receipt by us of a report from a professional engineer or professional geologist on the cause of loss and recommendations for land stabilization and repair of property, or if we deny your claim, we will notify you of your right to participate in a neutral evaluation program administered by the Florida Department of Financial Services (hereinafter referred to as the Department). For alleged Sinkhole Loss to commercial residential or farm residential properties, this program applies instead of any mediation procedure set forth elsewhere in this policy, but does not invalidate the Appraisal Condition.

You or we may file a request with the Department for neutral evaluation; the other party must comply with such request. We will pay reasonable costs associated with the neutral evaluation, regardless of which party makes the request. But if a party chooses to hire a court reporter or stenographer to contemporaneously record and document the neutral evaluation, that party must bear the costs of those services. The neutral evaluator will be selected from a list maintained by the Department. The recommendation of the neutral evaluator will not be binding on you or us.

Participation in the neutral evaluation program does not change your right to file suit against us in accordance with the Legal Action Against Us Condition in this policy, except that the time for filing suit is extended for a period of 60 days following the conclusion of the neutral evaluation process or five years, whichever is later.

**G.** Coverage for Sinkhole Loss under this endorsement does not increase the applicable Limit of Insurance. Even if loss or damage qualifies under, or includes, both Catastrophic Ground Cover Collapse (addressed elsewhere in this Coverage Part) and Sinkhole Loss, only one Limit of Insurance will apply to such loss or damage.

**H. The following provision is added to the Duties In The Event Of Loss Or Damage Loss Condition:**

A claim for Sinkhole Loss, including but not limited to initial, supplemental and reopened claims is barred unless notice of claim is provided to us in accordance with the terms of this policy within two years after you knew or reasonably should have known about the Sinkhole Loss.

**I. The following definitions are added with respect to the coverage provided under this endorsement:**

**1. "Structural damage" means a covered building, regardless of the date of its construction, has experienced the following:**

- a.** Interior floor displacement or deflection in excess of acceptable variances as defined in ACI 117-90 or the Florida Building Code, which results in settlement related damage to the interior such that the interior building structure or members become unfit for service or represent a safety hazard as defined within the Florida Building Code;
- b.** Foundation displacement or deflection in excess of acceptable variances as defined in ACI 318-95 or the Florida Building Code, which results in settlement related damage to the "primary structural members" or "primary structural systems" and that prevents those members or systems from supporting the loads and forces they were designed to support to the extent that stresses in those "primary structural members" or "primary structural systems" exceed one and one-third the nominal strength allowed under the Florida Building Code for new buildings of similar structure, purpose, or location;
- c.** Damage that results in listing, leaning, or buckling of the exterior load bearing walls or other vertical "primary structural members" to such an extent that a plumb line passing through the center of gravity does not fall inside the middle one-third of the base as defined within the Florida Building Code;
- d.** Damage that results in the building, or any portion of the building containing "primary structural members" or "primary structural systems", being significantly likely to imminently collapse because of the movement or instability of the ground within the influence zone of the supporting ground within the sheer plane necessary for the purpose of supporting such building as defined within the Florida Building Code; or

**e.** Damage occurring on or after October 15, 2005, that qualifies as substantial structural damage as defined in the Florida Building Code.

**2.** "Primary structural member" means a structural element designed to provide support and stability for the vertical or lateral loads of the overall structure.

**3.** "Primary structural system" means an assemblage of "primary structural members".

**J.** If we deny your claim for Sinkhole Loss without performing testing under section 627.702, Florida Statutes, you may demand testing by communicating such demand to us in writing within 60 days after you receive our denial of the claim. You are responsible for 50% of the testing costs, or \$2,500, whichever is less. If our professional engineer or geologist provides written certification, pursuant to section 627.7073, that there is sinkhole loss, we will reimburse you for the testing costs.

**K.** You may not accept a rebate from any person performing repairs for Sinkhole Loss covered under this endorsement. If you receive a rebate, coverage under this endorsement is void and you must refund the amount of the rebate to us.

**L.** If we deny your claim for Sinkhole Loss upon receipt of written certification from a professional engineer or geologist, pursuant to section 627.7073, that there is no sinkhole loss or that the cause of the damage was not sinkhole activity, and if the sinkhole claim was submitted without good faith grounds for submitting such claim, you shall reimburse us for 50% of the actual costs of the analyses and services provided under sections 627.7072 and 627.7073, or \$2,500, whichever is less. You are not required to pay such reimbursement unless you requested the analysis and services and we, before ordering the analysis, informed you in writing of the potential for reimbursement and gave you the opportunity to withdraw the claim.

**M.** As a precondition to accepting payment for sinkhole loss, you must file with the county clerk of court, a copy of any sinkhole report regarding your property which was prepared on behalf or at your request. You will bear the cost of filing and recording the sinkhole report.



# Fisher Brown Bottrell Insurance

P.O. Box 22505  
 Jackson, MS 39225-2505  
 (800)487-2973

Bay Point Improvement Association, Inc.  
 PO Box 27089  
 Panama City, FL 32411

Statement		Amount Paid <input type="text"/>
Account Number	Amount Due	Statement As Of
BAYPOI0-01	\$69,602.87	11/7/2024
Producer: Kenneth A. Christian		
Account Mgr: Ann Craddock		

Invoice #	Trans	Eff Date	Policy Number	Description	Amount	Balance
140721	RENB	11/5/2024	768630593	Renewal of PCKG Effective 11/5/2024	\$4,070.00	\$4,070.00
140721	CFEE	11/5/2024	768630593	Company Fee for PCKG	\$62.76	\$62.76
140752	RENB	11/5/2024	G4743516A002	Renewal of CR-S Effective 11/5/2024	\$1,200.00	\$1,200.00
140752	CFEE	11/5/2024	G4743516A002	Company Fee for CR-S	\$12.00	\$12.00
140777	RENB	11/5/2024	CPS8101203	Renewal of PROP Effective 11/5/2024	\$3,285.00	\$3,285.00
140777	CFEE	11/5/2024	CPS8101203	Company Fee for PROP	\$325.00	\$325.00
140777	SLTX	11/5/2024	CPS8101203	Surplus Lines Tax for PROP	\$184.51	\$184.51
140778	RENB	11/5/2024	PPK2700502000	Renewal of GL-S Effective 11/5/2024	\$53,868.00	\$53,868.00
140778	CFEE	11/5/2024	PPK2700502000	Company Fee for GL-S	\$175.00	\$175.00
140778	SLTX	11/5/2024	PPK2700502000	Surplus Lines Tax for GL-S	\$2,702.15	\$2,702.15
140782	REWR	11/5/2024	FBP2381689	Rewrite of BOIL Effective 11/5/2024	\$446.42	\$446.42
140783	RENB	11/5/2024	TBD	Renewal of UM-S Effective 11/5/2024	\$2,775.00	\$2,775.00
140783	CFEE	11/5/2024	TBD	Terrorism	\$28.00	\$28.00
140783	CFEE	11/5/2024	TBD	Membership Fee	\$441.00	\$441.00
140783	CFEE	11/5/2024	TBD	State Fees Surcharges	\$28.03	\$28.03

Pre-Bill	0-30	31-60	61-90	Over 90	Total Due
\$0.00	\$69,602.87	\$0.00	\$0.00	\$0.00	\$69,602.87

Payment is due upon receipt.

[Click below to make a secure payment via Credit Card or ACH:](https://fbins.appliedpay.com)

<https://fbins.appliedpay.com>

3.5% service fee will be assessed at processing per Credit Card transaction.

\$4 fee will be assessed at processing per ACH transaction.

OR

Make check payable to Fisher Brown Bottrell Insurance and return to the address below:

Fisher Brown Bottrell Insurance

Post Office Box 22505

Jackson, MS 39225-2505