

BUILDING AND PERSONAL PROPERTY COVERAGE PART

"We" cover direct physical loss to covered property at the premises described on the "declarations" caused by a covered peril.

PROPERTY COVERED

"We" cover the following types of property for which a "limit" is shown on the "declarations".

BUILDING PROPERTY

This means buildings and structures described on the "declarations", including:

1. completed additions;
2. fixtures, machinery, and equipment which are a permanent part of the described building or structure;
3. outdoor fixtures;
4. personal property owned by "you" and used to maintain or service the described building or structure or its premises, including air-conditioning equipment; fire extinguishing apparatus; floor coverings; and appliances for refrigerating, cooking, dish washing, and laundering;
5. if not covered by other insurance;
 - a. additions under construction, alterations, and repairs to the building or structure; and
 - 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.

BUSINESS PERSONAL PROPERTY

This means "your" business personal property located in or on the buildings or structures described on the "declarations" or in the open (or in vehicles) within 100 feet of the described premises or within 100 feet of the building or structure that houses the described premises, whichever distance is greater.

Unless otherwise specified on the "declarations", this includes:

1. "your" interest in personal property of others to the extent of "your" labor, material, and services;
2. "your" use interest as tenant in improvements to the described building or structure. Improvements are fixtures, alterations, installations, or additions:

- a. to a building or structure "you" occupy but do not own; and
 - b. made or acquired at "your" expense and which cannot be legally removed by you; and
3. leased personal property which "you" have a contractual responsibility to insure, unless otherwise insured by the Commercial Property Coverage under Personal Property of Others.

PERSONAL PROPERTY OF OTHERS

This means personal property of others:

1. that is in "your" care, custody, or control; and
2. located in or on the buildings or structures described on the "declarations" or in the open (or in vehicles) within 100 feet of the described premises or within 100 feet of the building or structure that houses the described premises, whichever distance is greater.

However, "our" payment for loss to personal property of others is only for the benefit of the owners of the personal property.

PROPERTY EXCLUDED AND LIMITATIONS

1. **Animals** -- "We" do not cover animals, including birds and fish. This does not apply to animals that are owned by others and boarded by "you" or that "you" own and hold for sale. However, coverage is provided for such animals only to the extent that the animals are killed by or the destruction of the animals is made necessary by:
 - a. a covered peril, when the Fire Perils Part, Basic Perils Part, or the Broad Perils Part applies; or
 - b. a "specified peril" or the breakage of building glass when the Special Perils Part applies.
2. **Antennas, Awnings, Canopies, Fences, and Signs** -- Except as provided under Supplemental Coverages, "we" do not cover outdoor:
 - a. radio, television, satellite, dish-type, or other antennas including their masts, towers, and lead-in wiring;

- b. awnings or canopies of fabric or slat construction or their supports;
 - c. fences; or
 - d. signs, other than signs attached to buildings.
3. **Contraband** -- "We" do not cover contraband or property in the course of illegal transportation or trade.
4. **Electronic Information** -- Except as provided under Supplemental Coverages, "we" do not cover "electronic information".
5. **Foundations, Retaining Walls, Piling, Piers, Wharves, or Docks** -- "We" do not cover foundations which are below the lowest basement floor or below ground level if there is no basement; retaining walls that are not part of buildings or structures; or pilings, piers, wharves, or docks.
6. **Land; Water; Growing Crops or Lawns; Cost of Excavation, Grading, or Filling; Paved Surfaces; or Underground Pipes, Flues, or Drains** -- "We" do not cover:
- a. land, including land on which the property is located;
 - b. underground or surface water;
 - c. growing crops or lawns, other than vegetative roof covering.
 - d. cost of excavations, grading, or filling;
 - e. paved outdoor surfaces, including driveways, parking lots, roads, bridges, and walks; or
 - f. underground pipes, flues, and drains.
7. **Money and Securities** -- "We" do not cover accounts, bills, currency, food stamps, or other evidences of debt, lottery tickets not held for sale, money, notes, or securities.
8. **Property More Specifically Insured** -- "We" do not cover property which is more specifically insured in whole or in part by any other insurance. "We" do cover the amount in excess of the amount due from the more specific insurance.
9. **Trees, Shrubs, and Plants** -- Except as provided under Supplemental Coverages, "we" do not cover trees; shrubs; plants; and grain, hay, straw, or other

crops, when outdoors. However, "we" do cover vegetative roof covering and trees, shrubs, and plants "you" own and hold for sale.

10. **Valuable Papers and Records -- Research Cost--** Except as provided under Supplemental Coverages, "we" do not cover the cost to research, replace, or restore the information on valuable papers and records.

11. **Vehicles, Aircraft, and Watercraft** -- Except as provided under the Supplemental Coverage for trailers, "we" do not cover vehicles or self-propelled machines (including aircraft or watercraft and their motors, equipment, and accessories) that are:

- a. required to be licensed for use on public roads; or
- b. operated principally away from the described premises.

"We" do cover vehicles or self-propelled machines "you" manufacture, process, warehouse, or hold for sale. However, this does not include autos "you" hold for sale. "We" also cover rowboats or canoes out of water at the described premises.

ADDITIONAL COVERAGES

1. **Debris Removal** -- "We" cover the cost to remove the debris of covered property and the debris of other property that is caused by a covered peril. However, this coverage does not include costs to:
- a. extract "pollutants" from land or water;
 - b. remove, restore, or replace polluted land or water;
 - c. remove the debris of property that is "your" property or that is in "your" care, custody, or control, but that is not covered property under the "terms" of this policy;
 - d. remove the debris of property that is described under Property Excluded and Limitations; or
 - e. remove earthen material, including ground, soil, mud, or sediments, that has washed or flowed onto the grounds surrounding the described premises.

"We" do not pay any more under this coverage than 25% of the sum of the deductible plus the amount "we" pay for the direct physical loss. "We" do not pay more for loss to property and debris removal combined than the "limit" for the damaged property.

However, "we" pay an additional amount of debris removal expense up to \$25,000 when the debris removal expense exceeds 25% of the sum of the deductible plus the amount "we" pay for direct physical loss or when the amount "we" pay direct physical loss combined with the debris removal cost exceeds the "limit" for the damaged property.

"We" do not pay any expenses unless they are reported to "us" in writing within 180 days from the date of direct physical loss to covered property.

2. **Emergency Removal** -- "We" cover loss to covered property while moved or being moved from the described premises for preservation from loss caused by a covered peril. "We" pay for any direct physical loss to that property. This coverage applies for up to 10 days after the property is first moved. This does not increase the "limit".
3. **Fire Department Service Charges** -- "We" pay up to \$1,000 to cover "your" liability for fire department service charges that "you" have assumed by contract or agreement prior to the loss or "your" liability for volunteer fire department service charges.

This coverage is limited to charges incurred when a fire department is called to save or protect covered property from a covered peril.

In the event that both a volunteer fire department and a contract fire department respond to a call to save or protect covered property from a covered peril, the amount of coverage available for the volunteer fire department's services will be at least \$250. However, this does not increase the "limit" for this coverage.

No deductible applies.

This is an additional "limit".

4. **Pollutant Clean Up and Removal** -- "We" 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 a covered peril that occurs during the policy period.

"We" pay the cost of testing, evaluating, observing, or recording the existence, level, or effects of "pollutants" only when the expense of extracting the "pollutants" is covered by this Additional Coverage.

The most "we" pay for each described premises is \$10,000 for the sum of all such expenses arising out of a covered peril occurring during each separate 12 month period of this policy. The expenses are paid only if they are reported to "us" in writing within 180 days from the date the covered peril occurs.

This is an additional "limit".

PERILS COVERED

See the applicable Perils Part shown on the "declarations".

SUPPLEMENTAL COVERAGES

If a Coinsurance percentage of 80% or more is shown on the "declarations", "we" provide the following supplemental coverages.

Unless otherwise stated, each supplemental coverage:

- a. applies for loss caused by a covered peril;
 - b. applies to property located in or on the buildings or structures described on the "declarations" or in the open (or in vehicles) within 100 feet of the described premises or within 100 feet of the building or structure that houses the described premises, whichever distance is greater.
 - c. is an additional amount of coverage; and
 - d. is not subject to and not considered in applying coinsurance.
1. The following supplemental coverages apply when a "limit" is shown on the "declarations" for either Building Property or Business Personal Property.
 - a. **Antennas, Awnings, Canopies, Fences, and Signs** -- "We" pay up to \$1,000 for "your" outdoor:
 - 1) radio, television, satellite, dish-type, or other antennas including their masts, towers, and lead-in wiring;
 - 2) awnings or canopies of fabric or slat construction or their supports;
 - 3) fences; or
 - 4) signs.

"We" only cover direct physical loss caused by aircraft, civil commotion, explosion, fire, lightning, or riot, including debris removal expense.

- b. **Property Off Premises** -- "We" pay up to \$10,000 for covered property while temporarily at a location that "you" do not own, control, rent, or lease.

This coverage also applies to covered property at a fair or exhibition or in a storage facility leased to "you", but only if the storage facility was leased to "you" after the beginning of the most current policy period.

This coverage does not include property:

- 1) in or on a vehicle; or
- 2) in the care, custody, or control of "your" salesperson.

2. The following supplemental coverages apply only when a "limit" is shown on the "declarations" for Building Property.

- a. **Increased Costs -- Ordinance or Law** -- "We" pay up to \$10,000 or 5% of the "limit" for the damaged building, whichever is less, to cover the increased costs of a covered loss, including debris removal expense, resulting from the enforcement of any ordinance, law, or decree that regulates or requires the construction, use, or repair of the damaged property.

The ordinance, law, or decree must be in force at the time of loss. However, this Supplemental Coverage does not apply to any costs required to comply with an ordinance, law, or decree that required "your" compliance before the loss (whether or not the building had been damaged) but that "you" failed to comply with.

This Supplemental Coverage does not apply to:

- 1) loss or increased cost caused by the enforcement of any ordinance, law, or decree that regulates or requires the repair, replacement, remodeling, rehabilitation, or razing of property due to the existence of or any activity of bacteria, "pollutants", or "fungus or related perils"; or
- 2) costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of bacteria, "pollutants", or "fungus or related perils".

Under Perils Excluded, Ordinance or Law does not apply to this Supplemental Coverage.

- b. **Newly Acquired Buildings** -- "We" cover your buildings or structures being built or that "you" acquire during the policy period.

This coverage applies for 30 days after construction is started or for 30 days from the date "you" acquire the building or structure; or until "you" report the newly acquired property to us; whichever occurs first. This coverage does not extend beyond the end of the policy period.

"You" must pay any additional premium due from the date construction is started or the date "you" acquire the property.

"We" pay up to 25% of the "limit" shown on the "declarations" for Building Property but not exceeding \$250,000 for each building or structure.

- c. **Trees, Shrubs, and Plants** -- "We" pay up to \$1,000 for "your" outdoor trees, shrubs, and plants not held for sale. "We" only cover loss caused by aircraft, civil commotion, explosion, fire, lightning, or riot. This coverage is limited to \$250 on any one tree, shrub, or plant, including debris removal. This Supplemental Coverage does not apply to vegetative roof covering.

3. The following supplemental coverages apply only when a "limit" is shown on the "declarations" for Business Personal Property.

- a. **Condominium Units** -- If the described premises is a condominium unit that "you" own, "we" cover the fixtures, improvements, and alterations within "your" unit.

"We" pay up to 10% of the "limit" shown on the "declarations" for Business Personal Property but not exceeding \$20,000 for each building or structure.

This is not an additional amount of coverage.

- b. **Extra Expenses** -- "We" pay up to \$1,000 for the necessary extra expenses that "you" incur in order to continue as nearly as practical "your" normal business following loss by a covered peril. This applies when the damage is to property located in or on the buildings or structures described on the "declarations" or in the open (or in vehicles) within 100 feet of the described premises or within 100 feet of the building or structure that houses the described premises, whichever distance is greater.

"We" cover "your" extra expenses for the time it should reasonably take to resume "your" normal business, but not longer than the time it should reasonably take to rebuild, repair, or replace the property that has incurred the loss.

"We" do not cover the normal cost of repair, replacement, or restoration of property. "We" cover expenses in excess of normal that "you" necessarily incur to reduce loss, but only to the extent they reduce the loss under this coverage.

"We" do not cover the cost of research or other extra expense necessary to reproduce, replace, or restore "electronic information" or lost information on lost or damaged valuable papers and records.

"We" cover expenses in excess of normal that "you" necessarily incur to reduce loss, but only to the extent that they reduce the loss under this coverage.

- c. **Electronic Information** -- "We" pay up to \$2,500 on an annual aggregate basis to restore or replace "electronic information". The "limit" for this Supplemental Coverage applies to loss that occurs in any one policy period, regardless of the number of occurrences, premises, or locations. When loss or damage to "electronic information" is not restored or replaced, the value of the loss or damage will be based on the cost of blank media of similar kind or quality.

This Supplemental Coverage includes loss or damage caused by "computer virus" or "computer hacking".

However, this Supplemental Coverage does not apply to loss or damage caused by or resulting from the manipulation of the computer system by any employee, temporary employee, leased employee, volunteer, or person or entity retained by "you" to perform services for computer systems.

When the Broad Perils Part applies, this Supplemental Coverage is provided only for loss or damage caused by a covered peril, the Additional Coverage for Collapse, or "computer hacking" or "computer virus".

When the Special Perils Part applies, this Supplemental Coverage is provided only for loss or damage caused by a "specified peril",

the Additional Coverage for Collapse, or "computer hacking" or "computer virus".

- d. **Personal Property -- Acquired Locations** -- "We" cover "your" business personal property at locations that "you" acquire, other than fairs or exhibitions.

This coverage applies for 30 days from the date "you" acquire the location or until "you" report the acquired location to us, whichever occurs first. This coverage does not extend beyond the end of the policy period.

"You" must pay any additional premium due from that date "you" acquire the location.

"We" pay up to 10% of the "limit" shown on the "declarations" for Business Personal Property but not exceeding \$100,000 for each location.

- e. **Personal Property In Storage On Premises** -- "We" cover "your" business personal property in a portable storage unit located within 100 feet of the described premises or within 100 feet of the building or structure that houses the described premises, whichever distance is greater.

This coverage ends 90 days after the date that the storage unit has been placed on or adjacent to the described premises, as described above.

"We" pay up to \$10,000 under this Supplemental Coverage. However, this coverage does not increase the "limit" for Business Personal Property.

- f. **Personal Property of Others** -- "We" pay up to \$2,500, at each described premises, for personal property of others in "your" care, custody, or control. This coverage is only for the benefit of the owners of the personal property.

This Supplemental Coverage also applies to personal effects owned by you, "your" officers, "your" partners, or "your" employees. However, "we" do not pay for loss caused by the theft of such personal effects.

- g. **Property in Transit** -- "We" cover "your" business personal property (other than property in the care, custody, or control of "your" salesperson) in transit more than 100 feet from the described premises in vehicles "you" own, lease, or operate.

"We" only cover direct physical loss caused by civil commotion; collision with another vehicle or object, other than the road bed; explosion; fire; hail; lightning; overturn or upset of the vehicle; riot; vandalism; or windstorm.

This coverage also includes loss of an entire package, case, or bale from within a locked part of "your" vehicle caused by theft. Theft must be proven by visible marks of forced entry.

When the Fire Perils Part, Basic Perils Part, or Broad Perils Part applies, "we" pay up to \$1,000 under this Supplemental Coverage.

When the Special Perils Part applies, "we" pay up to \$5,000 under this Supplemental Coverage.

- h. **Non-Owned Trailers On Premises –** "We" pay up to \$5,000 for trailers that "you" use in "your" business, but that are owned by others.

This Supplemental Coverage applies only to damage or loss for which you are responsible under a written contract and only to trailers that are:

- 1) in "your" custody, care, or control;
- 2) located within 100 feet of the described premises or within 100 feet of the building or structure that houses the described premises, whichever distance is greater; and
- 3) neither connected to a self-propelled vehicle at the time of loss nor in the process of being connected to or detached from a self-propelled vehicle at the time of loss.

- i. **Valuable Papers and Records -- Research Cost --** "We" pay up to \$2,500 for the cost of research or other expenses necessary to reproduce, replace, or restore lost information on lost or damaged valuable papers and records for which duplicates do not exist. This Supplemental Coverage does not apply to "electronic information".

When the Broad Perils Part applies, this Supplemental Coverage is provided only for valuable papers and records damaged by a covered peril or the Additional Coverage for Collapse.

When the Special Perils Part applies, this Supplemental Coverage is provided only for valuable papers and records damaged by a "specified peril" or the Additional Coverage for Collapse.

LIMITED FUNGUS AND RELATED PERILS COVERAGE

1. Subject to the Limited Fungus and Related Perils Coverage Aggregate Limit, "we" pay for direct physical loss to covered property, caused by or consisting of "fungus or related perils":
 - a. when the Fire Perils Part, Basic Perils Part, or Broad Perils Part applies and the "fungus or related perils" is the direct result of a covered peril that occurs during the policy period; or
 - b. when the Special Perils Part applies and the "fungus or related perils" is the direct result of a "specified peril" that occurs during the policy period.

This coverage applies only if all reasonable steps were taken to protect the property at and after the time of the occurrence.

This coverage does not apply to vegetative roof covering.

2. The Limited Fungus and Related Perils Coverage Aggregate Limit is \$15,000 unless a different Limited Fungus and Related Perils Coverage Aggregate Limit is shown on the "declarations".

The Limited Fungus and Related Perils Coverage Aggregate Limit also applies to any cost or expense to:

- a. clean up, contain, treat, detoxify, or neutralize "fungus or related perils" on covered property or remove "fungus or related perils" from covered property;
- b. remove and replace those parts of covered property if doing so is necessary to gain access to "fungus or related perils"; and
- c. test for the existence or level of "fungus or related perils" following the repair, replacement, restoration, or removal of damaged property if it is reasonable to believe that "fungus or related perils" are present.

The Limited Fungus and Related Perils Coverage Aggregate Limit is the most that "we" pay for each consecutive annual period and for any remaining period of less than 12 months, beginning with the inception date of this policy as shown on the "declarations". If however, the policy period is extended for an additional period of less than 12 months, this additional period will be considered part of the preceding annual period for the purpose of determining the "limit".

The Limited Fungus and Related Perils Coverage Aggregate Limit applies regardless of the number of claims made. Unless separate Limited Fungus and Related Perils Coverage Aggregate Limits are shown for each premises or building described on the "declarations", the Limited Fungus and Related Perils Coverage Aggregate Limit applies regardless of the number of premises or buildings insured under this policy.

The Limited Fungus and Related Perils Coverage Aggregate Limit is the most that "we" pay even if "fungus or related perils" that are the direct result of a specific occurrence recur or continue to exist during this or any future policy period.

This coverage does not increase the "limits" shown for any property, expense, or assessment covered.

3. The limitations set forth by this coverage do not apply to:
 - a. "fungus or related perils" that result from fire or lightning;
 - b. the Additional Coverage provided for Emergency Removal;
 - c. collapse caused by hidden decay, to the extent that such loss is covered when the Broad Perils Part or the Special Perils Part applies; or
 - d. coverage that may be provided by endorsement to this policy for spoilage of "perishable stock".
4. The "terms" of this coverage do not apply to loss or damage to covered property that is not caused, in total or in part, by "fungus or related perils" except to the extent that "fungus or related perils" increase the amount of loss. When "fungus or related perils" increase the amount of loss, that increased amount is subject to the "terms" of this coverage.

WHAT MUST BE DONE IN CASE OF LOSS

1. **Notice** -- In case of a loss, "you" must:
 - a. give "us" or "our" agent prompt notice including a description of the property involved ("we" may request written notice);
 - b. give notice to the police when the act that causes the loss is a crime; and
 - c. give notice to the credit card company if the loss involves a credit card.
2. **Protect Property** -- "You" must take all reasonable steps to protect covered property at and after an insured loss to avoid further loss. "We" pay the reasonable costs incurred by "you" for necessary repairs or emergency measures performed solely to protect covered property from further damage by a covered peril if a covered peril has already caused a loss to covered property. However, "we" do not pay for such repairs or emergency measures performed on property which has not been damaged by a covered peril. This does not increase "our" "limit".
3. **Proof of Loss** -- "You" must send us, within 60 days after "our" request, a signed, sworn proof of loss. This must include the following information:
 - a. the time, place, and circumstances of the loss;
 - b. other policies of insurance that may cover the loss;
 - c. "your" interest and the interests of all others in the property involved, including all mortgages and liens;
 - d. changes in title or occupancy of the covered property during the policy period;
 - e. detailed estimates for repair or replacement of covered property;
 - f. available plans and specifications of buildings or structures;
 - g. detailed estimates of any covered loss of income and expenses; and
 - h. an inventory of damaged and undamaged covered personal property showing in detail the quantity, description, cost, actual cash value, and amount of the loss. "You" must attach to the inventory copies of all bills, receipts, and related

documents that substantiate the inventory. An inventory of undamaged personal property is not required if the total claim for a loss is less than \$10,000 and less than 5% of the total "limit".

4. **Examination Under Oath** -- "You" must submit to examination under oath in matters connected with the loss as often as "we" reasonably request and give "us" sworn statements of the answers. If more than one person is examined, "we" have the right to examine and receive statements separately and not in the presence of the others.
 5. **Records** -- "You" must produce records, including tax returns and bank microfilms of all cancelled checks, relating to value, loss, and expense and permit copies and extracts to be made of them as often as "we" reasonably request.
 6. **Damaged Property** -- "You" must exhibit the damaged and undamaged property as often as "we" reasonably request and allow "us" to inspect or take samples of the property.
 7. **Volunteer Payments** -- "You" must not, except at "your" own expense, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses except as respects protecting property from further damage.
 8. **Abandonment** -- "We" do not have to accept any abandonment of property.
 9. **Cooperation** -- "You" must cooperate in performing all acts required by the Commercial Property Coverage.
4. **Merchandise Sold** -- The value of merchandise that "you" have sold but not delivered is based on the selling price less all discounts and unincurred expenses.
 5. **Valuable Papers and Records** -- The value of valuable papers and records is based on the cost of blank materials, and the labor to transcribe or copy the records when there is a duplicate. This does not apply to "electronic information".
 6. **Tenant's Improvements** -- The value of tenant's improvements losses is based on the actual cash value if repaired or replaced at "your" expense within a reasonable time.

The value of tenant's improvements losses is based on a portion of "your" original cost if not repaired or replaced within a reasonable time. This portion is determined as follows:
 - a. Divide the number of days from the date of the loss to the expiration date of the lease by the number of days from the date of installation to the expiration date of the lease; and
 - b. Multiply the figure determined in 6.a. above by the original cost.If "your" lease contains a renewal option, the expiration of the lease in this procedure is replaced by the expiration of the renewal option period. Tenant's improvements losses are not covered if repaired or replaced at another's expense.

VALUATION

1. **Actual Cash Value** -- When replacement cost is not shown on the "declarations" for covered property, the value is based on the actual cash value at the time of the loss (with a deduction for depreciation), except as provided in paragraphs 2. through 9. below.
2. **Limited Replacement Cost** -- When the "limit" for Building Property satisfies the coinsurance requirement, "we" pay up to \$2,500 to cover the cost to repair or replace "your" buildings or structures. This applies only when the total loss does not exceed \$2,500. This provision does not apply to awnings; canopies; floor coverings; appliances for refrigerating, ventilating, cooking, dishwashing, or laundering; or outdoor equipment or furniture.
3. **Glass** -- The value of glass is based on the cost of safety glazing material where required by code, ordinance, or law.
7. **Pair or Set** -- The value of a lost or damaged article which is part of a pair or set is based on a reasonable proportion of the value of the entire pair or set. The loss is not considered a total loss of the pair or set.
8. **Loss to Parts** -- The value of a lost or damaged part of an item that consists of several parts when it is complete is based on the value of only the lost or damaged part or the cost to repair or replace it.
9. **Replacement Cost** -- When replacement cost is shown on the "declarations" for covered property, the value is based on replacement cost without any deduction for depreciation.

This replacement cost provision does not apply to objects of art, rarity, or antiquity; property of others (unless specifically shown on the "declarations"); or paragraphs 3. through 8. above.

The replacement cost is limited to the cost of repair or replacement with similar materials on the same site and used for the same purpose. The payment shall not exceed the amount "you" spend to repair or replace the damaged or destroyed property.

Except as provided under Limited Replacement Cost, replacement cost valuation does not apply until the damaged or destroyed property is repaired or replaced. "You" may make a claim for actual cash value of the loss before repair or replacement takes place, and later for the replacement cost if "you" notify "us" of "your" intent within six months of whichever is the latest:

- a. the last date on which "you" received a payment for the actual cash value; or
- b. the date of entry of a final order by a court declaring "your" right to full replacement cost.

The following provision is added when an entry on the "declarations" indicates that replacement cost applies to Personal Property Of Others.

Valuation -- Personal Property Of Others --
 Subject to the "limit" for Personal Property Of Others or the replacement cost of the covered property, whichever is less, the value of property in "your" care, custody, or control will not exceed the amount of "your" liability for such property if such liability has been established by written contract.

HOW MUCH WE PAY

- 1. Insurable Interest -- "We" do not cover more than "your" insurable interest in any property.
- 2. Deductible -- "We" pay only that part of "your" loss over the deductible amount stated on the "declarations" in any one occurrence. The deductible applies to the loss before application of any coinsurance or reporting provision.
- 3. **Loss Settlement Terms** -- Subject to paragraphs 1., 2., 4., 5., and 6. under How Much We Pay, "we" pay the lesser of:
 - a. the amount determined under Valuation;
 - b. the cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practicable; or
 - c. the "limit" that applies to covered property.

- 4. **Coinsurance** -- When a coinsurance percentage is shown on the "declarations", "we" only pay a part of the loss if the "limit" is less than the value of the covered property at the time of the loss multiplied by the coinsurance percentage shown for it on the "declarations". "Our" part of the loss is determined using the following steps:
 - a. Multiply the value of the covered property at the time of the loss by the coinsurance percentage;
 - b. Divide the "limit" for covered property by the figure determined in 4.a. above; and
 - c. Multiply the total amount of loss, after the application of any deductible, by the figure determined in 4.b. above.

The most "we" pay is the amount determined in 4.c. above or the "limit", whichever is less. We do not pay any remaining part of the loss.

If there is more than one "limit" shown on the "declarations" for this Coverage Part, this procedure applies separately to each "limit".

If there is only one "limit" shown on the "declarations" for this Coverage Part, this procedure applies to the total of all covered property to which the "limit" applies.

Example -- Underinsurance

Value of covered property	\$100,000
Coinsurance	80%
Limit	\$60,000
Loss	\$21,000
Deductible	\$1,000

Step a.: $\$100,000 \times 80\% = \$80,000$ (minimum "limit" needed to meet coinsurance requirements)

Step b.: $\$60,000 \div \$80,000 = .75$

Step c.: $\$21,000 - \$1,000 = \$20,000$
 $\$20,000 \times .75 = \$15,000$

"We" pay no more than \$15,000. "We" do not pay the remaining \$6,000.

Example -- Sufficient Insurance

Value of covered property	\$100,000
Coinsurance	80%
Limit	\$80,000
Loss	\$21,000
Deductible	\$1,000

- Step a.: $\$100,000 \times 80\% = \$80,000$ (minimum "limit" needed to meet coinsurance requirements)
- Step b.: $\$80,000 \div \$80,000 = 1.00$
- Step c.: $\$21,000 - \$1,000 = \$20,000$
 $\$20,000 \times 1.00 = \$20,000$

"We" pay no more than \$20,000 in excess of the deductible. No penalty applies.

Example -- Blanket Limit

Value of covered property	
Building at Location 1.	\$75,000
Building at Location 2.	\$75,000
Personal Property at Location 2.	\$50,000
Total Value of covered property	\$200,000
Coinsurance Limit	80%
Loss	\$128,000
Building at Location 2.	\$20,000
Personal Property at Location 2.	\$11,000
Total Loss	\$31,000
Deductible	\$1,000

- Step a.: $\$200,000 \times 80\% = \$160,000$ (minimum "limit" needed to meet coinsurance requirements)
- Step b.: $\$128,000 \div \$160,000 = .80$
- Step c.: $\$31,000 - \$1,000 = \$30,000$
 $\$30,000 \times .80 = \$24,000$

"We" pay no more than \$24,000. "We" do not pay the remaining \$7,000.

5. **Insurance Under More Than One Coverage** -- If more than one coverage of this policy insures the same loss, "we" pay no more than the actual claim or loss sustained.
6. **Insurance Under More Than One Policy** -- "You" may have another policy subject to the same plan, "terms", conditions, and provisions as this policy. If "you" do, "we" pay "our" share of the covered loss. "Our" share is the proportion that the applicable "limit" under this policy bears to the "limit" of all policies covering on the same basis.

If there is another policy covering the same loss, other than that described above, "we" pay only for the amount of covered loss in excess of the amount due from that other policy, whether "you" can collect on it or not. But "we" do not pay more than the applicable "limit".

LOSS PAYMENT

1. **Our Options** -- "We" may:
- a. pay the value of the loss;
 - b. pay the cost of repairing or replacing the loss;
 - c. rebuild, repair, or replace with property of equivalent kind and quality, to the extent practicable; or
 - d. take all or any part of the damaged property at the agreed or appraised value.

"We" must give "you" notice of "our" intentions within 30 days after "we" have received a satisfactory proof of loss.

2. **Your Losses** -- "We" adjust all losses with "you". Payment is made to "you" unless another loss payee is named in the policy. A covered loss is payable 30 days after a satisfactory proof of loss is received, and:
- a. the amount of the loss has been agreed to in writing;
 - b. an appraisal award has been filed with us; or
 - c. a final judgment has been entered.
3. **Property of Others** -- Losses to property of others may be adjusted with and paid to:
- a. "you" on behalf of the owner; or
 - b. the owner.

If "we" pay the owner, "we" do not have to pay "you". "We" may also choose to defend any suits arising from the owners at "our" expense.

OTHER CONDITIONS

In addition to the policy "terms" which are contained in other sections of the Commercial Property Coverage, the following conditions apply.

1. **Appraisal** -- If "you" and "we" do not agree on the amount of the loss or the actual cash value of covered property, either party may demand that these amounts be determined by appraisal.

If either makes a written demand for appraisal, each selects a competent, independent appraiser and notifies the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, "you" or "we" can ask a judge of a court of record in the state where the property is located to select an umpire.

The appraisers then determine and state separately the amount of each loss.

The appraisers also determine the actual cash value of covered property items at the time of the loss, if requested.

A written agreement is binding on all parties. If the appraisers fail to agree within a reasonable time, they submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three is binding on all parties.

If "you" make the written demand for an appraisal, each appraiser is paid by the party selecting that appraiser, and other expenses of the appraisal and the compensation of the umpire are paid equally by "you" and "us".

However, if "we" make the written demand for an appraisal, "we" pay the reasonable cost for "your" appraiser and "your" portion of the cost of the umpire.

Under no circumstance will an appraisal be used to interpret policy "terms", determine causation, or determine whether or not a loss is covered under this policy. If there is an appraisal, "we" retain "our" right to deny the claim.

2. **Mortgage Provisions** -- If a mortgagee (mortgage holder) is named in this policy, loss to Building Property shall be paid to the mortgagee and "you" as their interest appears. If more than one mortgagee is named, they shall be paid in order of precedence.

The insurance for the mortgagee continues in effect even when "your" insurance may be void because of "your" acts, neglect, or failure to comply with the coverage "terms". The insurance for the mortgagee does not continue in effect if the mortgagee is aware of changes in ownership or substantial increase in risk and does not notify "us".

If "we" cancel this policy, "we" notify the mortgagee at least 10 days before the effective date of cancellation if "we" cancel for "your" nonpayment of premium, or 30 days before the effective date of cancellation if "we" cancel for any other reason.

"We" may request payment of the premium from the mortgagee, if "you" fail to pay the premium.

If "we" pay the mortgagee for a loss where "your" insurance may be void, the mortgagee's right to collect that portion of the mortgage debt from "you" then belongs to us. This does not affect the mortgagee's right to collect the remainder of the mortgage debt from "you". As an alternative, "we" may pay the mortgagee the remaining principal and accrued interest in return for a full assignment of the mortgagee's interest and any instruments given as security for the mortgage debt.

If "we" choose not to renew this policy, "we" give written notice to the mortgagee at least 10 days before the expiration date of this policy.

3. **Recoveries** -- If "we" pay "you" for the loss and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:
 - a. "You" must notify "us" promptly if "you" recover property or receive payment.
 - b. "We" must notify "you" promptly if "we" recover property, or receive payment.
 - c. Any recovery expenses incurred by either are reimbursed first.
 - d. "You" may keep the recovered property but "you" must refund to "us" the amount of the claim paid, or any lesser amount to which "we" agree.
 - e. If the claim paid is less than the agreed loss due to a deductible or other limiting term of this policy any recovery is pro rated between "you" and "us" based on "our" respective interest in the loss.

4. **Vacancy -- Unoccupancy** -- "We" do not pay for loss caused by attempted theft, breakage of building glass, sprinkler leakage (unless "you" have protected the system against freezing), theft, vandalism, or water damage occurring while the building or structure has been:
- a. vacant for more than 60 consecutive days; or
 - b. unoccupied for more than:
 - 1) 60 consecutive days; or
 - 2) the usual or incidental unoccupancy period for the described premises;
- whichever is longer.

The amount "we" pay for any loss that is not otherwise excluded is reduced by 15%.

Unoccupied means that the customary activities or operations of the described occupancy are suspended, but business personal property has not been removed.

Property is vacant when the occupants of a building or structure have moved, leaving the building or structure empty or containing limited business personal property. If "you" are the owner or general lessee, the building or structure is considered vacant when 30% or less of the total square footage is occupied as intended. If "you" are the tenant, the building or structure is considered vacant when the area rented to "you" does not contain enough business personal property to conduct "your" customary activities or operations. Buildings or structures that are under construction or being renovated are not considered vacant.

Buildings or structures under construction are not considered vacant or unoccupied.