

**Endorsement #1**

**DEDUCTIBLE ENDORSEMENT**

The deductible specified below shall be deducted from the actual cash value (ACV) loss of the property.

For all covered perils, a \$1,500 deductible shall apply per occurrence per scheduled line item except:

For the peril of earthquake, a \$10,000 deductible shall apply per scheduled line item.

**Endorsement #2**

**SPECIAL DEDUCTIBLE ENDORSEMENT**

Effective Date:

Attached to and forming a part  
of Policy #:

Issued to:

In consideration of the premium charged, it is understood and agreed that the occurrence deductible specified in endorsement #1, is changed to **\$5,000** per occurrence per scheduled line item, and applies to each covered loss.

For the peril of earthquake, a **\$10,000** deductible shall apply per scheduled line item.

**Endorsement 2A**

**SPECIAL AGGREGATE DEDUCTIBLE ENDORSEMENT**

Effective Date:

Attached to and forming a part  
of Policy #:

Issued to:

In consideration of the premium charged, it is understood and agreed that the occurrence deductible specified in endorsement #1, is changed to **\$5,000** per occurrence per scheduled line item, and applies to each covered loss.

It is further understood and agreed that the maximum aggregated deductible shall be **\$50,000** per occurrence for any one single covered loss (excluding Named Windstorm loss).

### Endorsement #3

#### INCLUSION OF SPECIFIED ITEMS

**A.** Animals while inside building are covered for the perils of fire, lightning, wind, hail, smoke, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, vandalism or malicious mischief, if the building contents are scheduled.

**B.** Outdoor signs are covered if specifically scheduled or attached to a building.

**C.** Pools, fences, yard fixtures, playground equipment, lawn sprinklers, gazebos, covered picnic areas, piers, docks, wharves, beach or diving platforms are covered, if specifically scheduled (except for such property at locations in Mobile and Baldwin counties which are on or within 1,000 ft. of the coast).

**D.** Watercraft, including motors, farm equipment, tractors and any other equipment, not including passenger cars, are covered while located inside buildings where building contents are scheduled, unless insured elsewhere as a specifically scheduled item or specifically covered on another insurance policy.

**E.** Metal smokestacks and radio or TV antennas are covered if specifically scheduled, or attached to an insured building.

**F.** Subject to the restrictions applying to freezing and vandalism or malicious mischief, permission is granted for vacancy or unoccupancy of scheduled buildings with no time limitation on specifically scheduled items, provided the property is properly secured, dry and safe, and maintained to prevent damage.

**G.** This policy does not cover theft or attempted theft but does cover burglary damage to or from the building where there is forced entry evidence on the exterior of the building at the point of entry.

**H.** Canopies and walkway covers that are a permanent part of the structure of an insured building(s), unless otherwise excluded by this policy, are covered for an amount not exceeding loss in the aggregate of **\$1,000** per occurrence per scheduled building, unless insured elsewhere as a specifically scheduled item.

**I.** Transmission lines and related equipment, underground cables, utility poles, transmission and distribution service centers which include all utility services (water, gas, telephone, electrical, other) providing service to more than one building, structure, or other service centers must be specifically scheduled to be insured (above or below ground level from point of original source of service to the building or structure). Service to only one building is limited to 100 feet from a scheduled building or structure.

**Endorsement #4**

**FABRIC CANOPIES AND AWNINGS ENDORSEMENT**

Effective Date:

In consideration of the additional premium charged, under Special Building and Personal Property Form, Section III, Item E is changed to read:

“Metal smokestacks and radio or television antennas, including their lead-in wiring, masts or towers are not covered against loss caused by ice, snow, sleet, windstorm, or hail.”

It is also agreed that when the fabric covering of an awning or canopy reaches the age of five (5) years, this endorsement will no longer apply and the exclusions of ice, snow, sleet, windstorm or hail will apply. Submission of documentation verifying the age of the fabric covering will also be required in the event a loss occurs when this endorsement is in effect.

**I hereby certify that I have read and understand the above:**

Insured  
Name

Position or Title

Date

Risk Management Division  
Name

Position or Title

Date

**Endorsement #5**

**EXTERIOR GLASS**

In consideration of the premium charged, exterior glass is covered only for the perils of fire, lightning, windstorm, hail, aircraft, vehicles, burglary, discharge from fire protection or building service equipment, explosion, riot or civil commotion.

## **Endorsement #6**

### **BASIS OF LOSS SETTLEMENT**

**A.** In consideration of the premium charged, all losses are to be adjusted on the basis of replacement cost less depreciation for age, usage, and/or betterment at the time of loss.

The most the SIF will pay for loss or damage to covered property, in any one occurrence, at any one location, will be the least of the following:

The actual adjusted amount of loss covered by this policy, less applicable deductible(s)

or

115% of the reported values for each scheduled building and its contents, covered by this policy, less applicable deductible(s)

Settlement shall not exceed the amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after such loss. In the instance where more than one like structure is insured under a single item number, it is understood and agreed that the total amount of coverage for that item number is divided equally between the multiple like structures.

There will be no allowance for any increased cost or repair or construction by reason of any ordinance or law regulating construction or repair. There will be no compensation for loss resulting from interruption of business or manufacture. In any event, settlement shall not exceed the interest of the insured or the scheduled amount of insurance per building.

**B.** All references to replacement costs are deleted.

**Endorsement #7**

**SEEPAGE AND/OR POLLUTION AND/OR CONTAMINATION EXCLUSION;  
DEBRIS REMOVAL AND COST OF CLEAN UP EXTENSION;  
AUTHORITIES EXCLUSION  
SEEPAGE AND/OR POLLUTION AND/OR CONTAMINATION EXCLUSION**

Notwithstanding any provision in the Policy to which this Endorsement is attached, this Policy does not insure against loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever. NEVERTHELESS, if fire is not excluded from this Policy and a fire arises directly or indirectly from seepage and/or pollution and/or contamination, any loss or damage insured under this Policy arising directly from that fire shall (subject to the terms, conditions and limitations of the Policy) be covered.

However, if the insured property is the subject of direct physical loss or damage for which Underwriters have paid or agreed to pay, then this Policy (subject to its terms, conditions and limitations) insures against direct physical loss or damage to the property insured hereunder caused by resulting seepage and/or pollution and/or contamination.

The insured shall give notice to the Underwriters of intent to claim NO LATER THAN 12 MONTHS AFTER THE DATE OF THE ORIGINAL PHYSICAL LOSS OR DAMAGE.

**DEBRIS REMOVAL AND COST OF CLEAN UP EXTENSION**

Notwithstanding the provisions of the preceding exclusion in this Endorsement or any provision respecting seepage and/or pollution and/or contamination, and/or debris removal and/or cost of clean up in the Policy to which this Endorsement is attached, in the event of direct physical loss or damage to the property insured hereunder, this Policy (subject otherwise to its terms, conditions and limitations, including but not limited to any applicable deductible) also insures, within the sum insured:

**A.** Expenses reasonably incurred in removal of debris of the property insured hereunder destroyed or damaged from the premises of the insured; and/or

**B.** Cost of clean up, at the premises of the insured, made necessary as a result of such direct physical loss or damage; PROVIDED that this Policy does not insure against the costs of decontamination or removal of water, soil or any other substance on or under such premises.

It is a condition precedent to recovery under this extension that Underwriters shall have paid or agreed to pay for direct physical loss or damage to the property insured hereunder unless such payment is precluded solely by the operation of any deductible and that the insured shall give notice to the Underwriters of intent to claim for cost of removal of debris or cost of clean up NO LATER THAN 12 MONTHS AFTER THE DATE OF SUCH PHYSICAL LOSS OR DAMAGE.



## **Endorsement #7**

### **AUTHORITIES EXCLUSION**

Notwithstanding any of the preceding provisions of this Endorsement, except in respect of certain specific coverage(s) provided elsewhere in the Policy to which this Endorsement is attached, this Policy does not insure against loss, damage, costs, expenses, fines or penalties incurred or sustained by or imposed on the Assured at the order of any Government Agency, Court or other Authority arising from any cause whatsoever.

Nothing in this Endorsement shall override any radioactive contamination exclusion clause in the Policy to which this Endorsement is attached.

**Endorsement #8**

**EXTRA EXPENSE ENDORSEMENT**

Effective Date: As Indicated on the Declaration

Attached to and forming a part of Policy.

**Amount of Extra Expense Coverage: As Indicated on Declaration**

In consideration of the additional premium charged, it is agreed that coverage is afforded for **Extra Expense** incurred (over and above normal operating expenses) as the result of a loss covered under the State Insurance Fund Policy. This Policy is hereby amended with respect to Extra Expense coverage:

Page 8, Section IV - Extensions of Coverage - Item D:

The amount of “\$1,000” is changed to read “**the amount of Extra Expense coverage purchased.**”

**LIMITS**

As Indicated on Declaration

The recovery periods and the percentages recoverable are shown below. The time element limitations may be waived upon agreement by both parties.

**RECOVERY PERIOD**

**2 Years from Date of Loss**

**PERCENT RECOVERABLE**

**10 % of RCV/STA value of scheduled effected/damaged building by location**

All other conditions of the Policy remain unchanged.

**Endorsement #9**

**STATE OF ALABAMA FINANCE DEPARTMENT  
DIVISION OF RISK MANAGEMENT  
STATE INSURANCE FUND**

**ELECTRONIC DATA PROCESSING  
EQUIPMENT COVERAGE SUMMARY**

EFFECTIVE DATE:

EXPIRATION DATE:

INSURED:

LOSS PAYEE:

**IF TWO LIMITS OF INSURANCE APPEAR, ONLY THE LARGER LIMIT WILL APPLY**

<b><u>COVERAGE</u> <u>SCHEDULED</u> <u>LOCATION</u></b>	<b><u>COVERED</u> <u>PROPERTY</u> <u>EQUIPMENT,</u> <u>DATA, &amp; MEDIA</u></b>	<b><u>LIMIT OF</u> <u>INSURANCE</u> <u>Replacement</u> <u>Cost Value</u></b>	<b><u>INCREASED</u> <u>LIMITS OF</u> <u>INSURANCE</u> <u>OR \$</u></b>
	<b>EXTRA EXPENSE</b>	<b>\$10,000</b>	<b>OR \$</b>
	<b>NEWLY ACQUIRED EQUIPMENT</b>	<b>\$500,000</b>	<b>OR \$</b>
<b>NEWLY ACQUIRED LOCATIONS</b>	<b>EQUIPMENT DATA &amp; MEDIA EXTRA EXPENSE</b>	<b>\$500,000 Combined \$10,000</b>	<b>OR \$ OR \$ OR \$</b>
<b>PROPERTY IN TRANSIT</b>	<b>EQUIPMENT DATA &amp; MEDIA EXTRA EXPENSE</b>	<b>\$50,000 \$10,000 \$10,000</b>	<b>OR \$ OR \$ OR \$</b>
<b>BACKUP LOCATION</b>	<b>EQUIPMENT DATA &amp; MEDIA</b>	<b>\$50,000 Combined</b>	<b>OR \$</b>
<b>TEMPORARY LOCATION</b>	<b>EQUIPMENT DATA &amp; MEDIA</b>	<b>\$500,000 Combined</b>	<b>OR \$</b>
<b>DEBRIS REMOVAL</b>	<b>EQUIPMENT DATA &amp; MEDIA</b>	<b>\$10,000</b>	<b>OR \$</b>
<b>BUSINESS INCOME COMPUTER VIRUS</b>	<b>DAILY AMOUNT DEDUCTIBLE DATA &amp; MEDIA</b>	<b>See Schedule \$ \$</b>	<b>LIMIT OF OR DAY(S)</b>

**DECLARATIONS**

**Page 1 of 2**

**Endorsement #9**

**VALUES**

**EDP equipment is listed on SIF schedule as item(s)  
Statement of values on file with the Division of Risk Management  
Business Income coverage applicable where scheduled**

**OTHER INSURANCE**

**When Electronic Data Processing Equipment Coverage is made available under this endorsement, coverage under the State Insurance Fund standard policy is totally withdrawn with respect to any duplication of coverage that may exist.**

**DEDUCTIBLE**

**\$ 5,000** As respects losses resulting from breakdown.

**\$ 5,000** As respects "loss" by a covered cause of loss resulting from corrosion, rust, dampness, or dryness of atmosphere, or extremes of temperature.

**\$ 5,000** As respects loss covered by theft, except burglary.

**\$ 1,000** As respects loss caused by burglary.

**\$ 1,000** As respects all other losses.

**DECLARATIONS**

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# ELECTRONIC DATA PROCESSING INSURANCE

The State Insurance Fund (SIF) has established this coverage to protect your computer equipment, data and media from a variety of losses including extra expense and business income.

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## **WHAT THIS AGREEMENT COVERS**

SIF will protect covered property against risks of direct physical loss unless excluded in the Exclusion-Losses We Will Not Cover section. SIF will also cover Extra Expense and Business Income when indicated in the Coverage Summary.

When we use the word “loss” in this agreement we also mean damage.

### **Limits of Coverage**

The limits that apply to computer equipment, data and media, extra expense coverage and business income coverage are shown in the Coverage Summary. These limits are the most we will pay under these coverages no matter how many protected persons are involved or how many claims are made involving one event. Separate limits are shown for each location and each type of coverage.

Items in transit are covered up to the transit limit shown in the Coverage Summary. This limit also applies to newly acquired equipment being moved to a covered location as well as covered property being moved to a new location. If no transit limit is shown, there is no coverage while items are in transit.

There are two limits that apply to the business income coverage. The “each working day limit” is the most we will pay per 24-hour day, when you would normally conduct business. The “total limit” is the total we will pay for each interruption at any one location. If no business income limit is shown, there is no business income coverage.

### **Where Coverage Applies**

SIF will cover losses that occur at the locations shown in the Coverage Summary, or while in transit within the United States of America, Puerto Rico or Canada, or between any of these places.

### **Property Covered**

The description of covered property and limit of coverage are shown in the Coverage Summary. In this section we explain what is included under the listed coverages.

Computer Equipment. SIF will cover computer equipment you own, rent or for which you are legally responsible.

*Computer Equipment* means a network of machine components capable of accepting information, processing it according to plan and producing the desired results. It includes air conditioning, fire protection equipment and electrical equipment used exclusively in your computer operations. However, it does not include data and media.

Data And Media. SIF will cover data and media you own or for which you are legally responsible.

*Data* means facts, concepts or instructions in a form usable for communications, interpretation or processing by automatic means. It includes computer programs.

*Media* means materials on which data is recorded, such as magnetic tapes or disk packs.

Coverage For Checks. If you are a financial institution, we will cover the replacement of the following items as data when they are in the form indicated:

- A. Checks that are cashed or deposited. Coverage begins when their face value has been encoded on them.
- B. Other documents. Coverage begins when the code numbers that apply have been encoded on them.

### **Property Not Covered**

We will not cover the following property:

- A. Data or media which cannot be replaced with others of the same kind or quality, unless insured for a specific amount per article;
- B. Program supportive documentation such as flow charts, record formats or narrative descriptions except as they are converted to data form and then only in that form;
- C. Accounts, bill, valuable papers;
- D. Records, abstracts, deeds, manuscripts; or
- E. Other documents except as they are converted to data form and then only in that form.

### **Extra Expense**

SIF will cover extra expense necessary to continue your computer operations.

*Extra expense* is any operating expense over and above what it would normally cost to conduct your computer operations.

SIF will pay for actual loss up to the limit of coverage when the following conditions are met:

- A. The expense is necessary to continue your normal computer operations.
- B. The expense results from direct damage to any of the following:

### **Endorsement #9**

1. Your computer equipment, data and media; or



2. The building housing your computer operations or other property in the building or within 1,000 feet of it, if the damage prevents you from using your computer facilities.

### **Business Income**

SIF will cover loss of business income resulting from the interruption of your computer operation caused by damage to or destruction of any of the following:

- A. Your computer equipment, data, media, or
- B. The building housing your computer operations or other property in the building or within 1,000 feet of it, if the damage prevents you from using your computer facilities.

*Business income* means the net income, which is the net profit or loss before income taxes, that would have been earned or incurred and continuing normal operating expenses that are incurred. This includes payroll. Business income includes the net income attributable to prototypes, project research and development documentation.

*Prototype* means the first or original model of a new type of design.

*Project research and development documentation* means written, printed, or otherwise inscribed documents, plans, and/or records directly associated with your research and development operations.

### **ADDITIONAL BENEFITS**

All the following benefits are in addition to the limits of coverage shown on the Coverage Summary.

#### **Newly Acquired Equipment**

SIF will cover additional computer equipment you acquire while this agreement is in effect.

SIF will increase your computer equipment coverage limit up to an additional **\$500,000** to cover newly acquired equipment at any location shown on the Coverage Summary.

**You must report the additional value of all newly acquired equipment to us within 60 days of acquiring it or the additional limit ends at that time.** An additional premium will be due from the day the equipment was acquired. While newly acquired equipment is in transit, the transit limit applies.

If equipment, data or media we cover at a location in the Coverage Summary is moved to a new location, SIF will automatically cover these items at your new location.

SIF will cover newly acquired equipment, data and media up to a combined limit of **\$500,000** at any newly acquired location not shown in the Coverage Summary.

**You must report the moving of Insured property or the acquisition of any new location within 60 days of moving or acquiring as your coverage at the new location will end at that time.**

While equipment, data or media is in transit to a new location, the transit limit applies.

### **Backup Location Coverage**

SIF will cover your data and media up to **\$50,000** at any one backup location. If you need a higher limit, it must be specifically shown on the Coverage Summary for each location.

To qualify for this additional coverage, each backup location must be in a separate building at least 100 feet away from your main computer operation.

### **Temporary Location**

SIF will cover your computer equipment, data and media for up to **\$500,000** for direct physical loss while temporarily within the premises of others for purposes other than storage.

This coverage extension is provided for a maximum of 60 days while at any temporary location.

### **Halon and Carbon Dioxide Discharge**

SIF will pay the cost to refill halon or carbon dioxide extinguishing systems which protect your computer operations when they discharge as intended to control a loss covered by this agreement.

In addition, SIF will cover the cost to refill these systems should they accidentally discharge.

SIF will not cover any loss that happens at the time of installation, testing, repair or recharging of the halon or carbon dioxide system.

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### **Removal Coverage**

SIF will cover your computer equipment, data, media and computer programs while they are away from a covered location at a safe place because of imminent danger of loss. SIF will also cover those items while they are being moved to and from the safe place. The separate transit limit does not apply. However, you must tell us within ten (10) days after you move this equipment for this coverage to apply.

### **Debris Removal**

If your equipment, data or media is damaged or destroyed by a covered cause of loss, we will pay the cost of removing its debris.

### **Interruption by a Civil Authority**

A civil authority such as a fire department may delay access to your covered location because property adjacent to your location is damaged or destroyed. If the damage is caused by a covered cause of loss and we insure Extra Expense or Business Income, SIF will pay your necessary expense or business income for up to two (2) consecutive weeks while access is denied.

### **Burglary**

SIF will cover loss caused by burglary only if the building where the loss occurs is locked and there is physical evidence of forced entry on the exterior of the building.

### **BREAKDOWN COVERAGE**

SIF will cover insured property for loss caused by mechanical or electrical breakdown. If you insure business income, SIF will also cover such loss when caused by breakdown damage to computer equipment, data or media from these causes. However, SIF will not cover extra expense or business income losses that result from the breakdown of any other property such as a boiler.

A special breakdown deductible applies to mechanical and electrical breakdown as well as certain other causes of loss. This deductible is shown on the Endorsement #9 and is described in the Deductible section of this form.

**Mechanical Breakdown.** SIF will cover loss or damage to your covered computer equipment, data and media inside your building or within 1,000 feet of it caused by mechanical breakdown or malfunction of your computer equipment.

*An example of a covered mechanical breakdown would be a head crash.*

**Electrical Breakdown.** SIF will cover short-circuit, blow-out, electrical or magnetic injury or disturbance or other electrical damage to:

- A. Covered computer equipment, including wiring.
- B. Covered data and media.

This includes any accidental erasure of data caused by electrical or magnetic injury, or operator or programmer error. In order to be covered, the cause of the electrical damage must occur within your building or within 1,000 feet of it.

However, SIF will not cover any breakdown or malfunction loss caused by any change in the electrical power supply, such as interruption, power surge or brown-out, if the change originates more than 1,000 feet from the building containing your computer equipment, unless this agreement is amended in writing by us. SIF will consider providing breakdown coverage beyond 1,000 feet for an additional premium if you have implemented the proper controls.

## **EXCLUSIONS – LOSSES SIF WILL NOT COVER**

### **Dishonesty**

SIF will not cover any loss caused by any fraudulent, dishonest or criminal action committed by you or by a partner, director, officer, trustee, agent or employee of yours. Nor will SIF cover dishonest acts of anyone entrusted with covered property. But this exclusion will not apply to acts of destruction other than theft by an employee of yours.

### **Wear – Tear – Deterioration**

SIF will not cover loss caused by:

- A. Wear and tear; or
- B. Gradual deterioration.

### **War and Government Seizure**

- A. War (declared or undeclared);
- B. Warlike action by a military force, including anything done to hinder or defend against an actual or expected attack by any government, sovereign or other authority using military personnel or other agents;
- C. Invasion or insurrection;
- D. Rebellion, revolution or civil war;
- E. Seizure of power, or

### **Endorsement #9**

- F. Anything done to hinder or defend against these actions.

SIF will not cover seizure or destruction of your property under quarantine of custom's regulations, or confiscation by any government or public authority, nor will SIF cover illegal transportation or trade.

### **Nuclear Activity**

SIF will not cover loss caused directly or indirectly by nuclear reaction, nuclear radiation, or radio active contamination. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. However, if loss or damage by fire results, SIF will pay for that resulting damage, if it would otherwise be covered under this agreement.

### **Design Errors or Faulty Materials**

SIF will not cover loss caused by errors in design or faulty materials. However, SIF will cover loss to your insured equipment, data or media by a covered cause of loss which results from errors in design or use of faulty material in the development, manufacture or installation of that equipment, data or media.

For example: *SIF will not pay to replace a defective part supplied by the manufacturer. However, SIF will pay for other damage that results from use of that defective part.* The special breakdown deductible applies to these covered losses.

### **Damage During Service or Repair**

SIF will not cover loss to equipment, data or media which results while they are being worked on, repaired or serviced. SIF will cover loss which results from that work, repair or service.

For example: *SIF will not pay to replace a disk drive which is damaged while being serviced. However, SIF will pay the other damage that results from use of that damaged part.* The special breakdown deductible applies to these covered losses.

### **Delay – Loss of Market**

SIF will not cover any loss caused by delay or loss of market.

### **Programming Errors**

SIF will not cover any extra expense or business income loss caused by programming errors or incorrectly instructing the machine.

This exclusion does not apply to loss caused by acts of computer hackers, computer viruses, trojan horses, worms, logic bombs or other malicious software.

### **Ordinances, Regulations or Laws**

SIF will not cover loss caused directly or indirectly by the enforcement of any ordinance, regulation or law governing:

- A. The use, construction, repair or demolition of any property;
- B. The prevention, control, clean up or restoration of pollution damage; or
- C. The presence of hazardous substances.

This includes removal of debris. Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. But this exclusion will not apply to property destroyed by a civil authority in order to stop the actual spread of fire, such as establishing a fire break.

### **Strikes**

SIF will not cover any increase in loss due to delay caused by strikers or anyone else at the site of your damaged business who interfere with your efforts to fix the damage or resume your normal operations.

However, SIF will cover an increase in business income loss when a strike on another person's premises prevents you from resuming business.

*For example: you have ordered material to repair your building after it has been damaged by a fire. You can not get the material because there is a strike at the manufacturer's plant. This prevents you from resuming business and increases your loss. SIF will cover this increase.*

### **Cancellation of Contracts**

SIF will not cover any increase in loss that is caused by the suspension, lapse or cancellation of any lease, license, contract or order.

### **Loss of Documents**

SIF will not cover any increase in loss that is caused by the suspension, lapse or cancellation of any lease, license, contract or order.

### **Disappearance – Inventory Loss**

SIF will not cover loss of property that just disappears or that you find missing when you take inventory.

## **RULES FOR LOSS ADJUSTMENT COMPUTER, DATA AND MEDIA**

When a loss occurs, SIF will consider the following factors in determining what we will pay:

- A.** Deductible.
- B.** Other Insurance.

We may take over any of the damaged or destroyed property at its agreed or appraised value. Or we can choose to repair, rebuild or replace the property ourselves provided we give you notice within 30 days after we receive your proof of loss. But you agree that you will not merely abandon this property to us.

### **Computer Equipment is Insured for Replacement Cost**

SIF will pay the cost of repairing or replacing the damaged property without deduction for depreciation.

However, SIF will not pay more than the smallest of the following:

- A.** The limit of coverage that applies to the computer.
- B.** The amount you actually spend in repairing the damage, or the amount it would cost to replace the damaged property at the time of the loss with new property of equal performance, capacity or function.
- C.** If replacement with new property of equal performance, capacity or function is not possible, its replacement by property having the nearest higher performance, capacity or function to the property lost, destroyed or damaged.

What SIF Will Pay for Data and Media Losses:

*Data.* SIF will pay the actual cost of reproducing the data, up to the limit of coverage that applies, provided you actually replace or reproduce it. This includes the additional expense to reproduce data under adverse circumstances if it is necessary to continue your normal computer operations. However, we will not cover data which can not be replaced due to the lack of backup support documentation, source code or records. Data may be scheduled in the Coverage Summary for a specific value per item. If so, we will pay up to that amount for each item.

*Normal computer operations* means the operations that would have existed if no damage had occurred.

*Media.* SIF will pay the actual cost of either repairing or replacing the media with material or similar kind and quality, up to the limit of coverage that applies.

What SIF Will Pay for Extra Expense Losses:

SIF will pay your necessary extra expenses up to the limit of coverage and time limit that applies. However, SIF will not pay more than the actual extra expense you incur.

SIF will pay for these necessary extra expenses from the date of the damage for as long as it should reasonably take to repair or replace damaged computer equipment, data, media or the building housing your computer operations or other property in the building.

If you secure property to use temporarily until you resume your normal operations, SIF will subtract its remaining value when we figure the total amount of your loss.

You agree to resume your normal operations as soon as possible.

What SIF Will Pay for Business Income Losses:

What we will pay for a covered loss depends on the business income deductible, the limit shown on the Coverage Summary for Business Income loss and whether your computer operations are totally or partially suspended.

SIF will deduct the amount of the Business Income deductible from our payment. If your deductible is a length of time, SIF will consider your business interruption loss to begin after the length of time in business days or hours has elapsed.

*Total Suspension.* If the property damage causes a complete suspension of your computer operations, SIF will pay a fixed amount for each 24-hour day when you would have normally conducted business. This is the amount shown on the Coverage Summary for each working day. SIF will cover your loss for as long as it should reasonably take to repair or replace the damaged property, but we will not pay more than the total limit shown on the Coverage Summary.

However, when it is possible for you to resume some operations and the suspension becomes only partial, SIF will pay the remaining interruption as explained in the next section.

*Partial Suspension.* If the property damage causes a partial suspension of your computer operation, SIF will pay up to a percentage of your limit for each working day at the covered location. This percentage will be equal to the value of your lost income divided by your normal income. By normal income we mean what your income would have been had no loss occurred. For example: *fire damage at a covered location causes you to suspend some of your operations. Because of the suspension you lose \$50,000 in income. Normally, for the same period your income would have been \$300,000. Your limit for each working day is \$6,000.*

*(lost income/normal income) \* working day limit = what SIF will pay per working day*

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**Endorsement #9**

$\$50,000 = 1/6 \times \$6,000 = \$1,000$



\$300,000

SIF will cover your loss for as long as it should reasonably take to repair or replace the damaged property. However, SIF will not pay more than the limit of coverage that applies.

*Reducing Your Loss.* If you can reduce your business income loss by resuming operations at the affected location or by making use of other property at other locations, you must do so.

SIF will pay any expenses you have that are necessary to reduce your loss (except expenses for putting out a fire). But SIF will not pay those expenses that exceed the amount by which they reduce the loss.

### **Deductibles**

Your deductible(s) are shown in Declarations Page 2 of 2. You will first pay up to this amount for all losses caused by any one event covered under this agreement except for Breakdown Coverage or Business Income. SIF will pay anything over this amount up to the applicable limits of your coverage.

#### **Special Breakdown Deductible**

A special deductible of \$5,000 is shown for breakdown coverage in Declarations Page 2 of 2. This deductible amount applies to losses which result from mechanical or electrical breakdowns as explained in the Breakdown Coverage section. It also applies to losses resulting from errors in design, use of faulty materials or coverage under the Damage During Service or Repair Exclusion. This deductible does not apply to losses caused by fire, lightning or explosion.

#### **Special Burglary Deductible**

A special deductible of \$1,000 is shown for burglary in Declarations Page 2 of 2. This deductible applies to losses by burglary but only if the building where the loss occurs is locked at the time of loss and there is physical evidence of forced entry on the exterior of the building.

#### **Special Business Income Deductible**

SIF also shows a special deductible for business income if you have purchased this coverage in Declarations Page 1 of 2. This deductible applies to losses which result from an interruption of business, and may be either a dollar amount or a time limit. The time limit is shown in business days or hours.

*Business day* means a day, ending at midnight, that you are normally open for business.

The first business day or hour begins at the time of loss. The day ends at midnight. However, if the loss occurs after the business has closed for the day, we will consider the first day or hour to be the next day or hour on which you would normally be open for business.

#### Other Loss Deductible(s)

All other loss deductibles are shown on Declarations Page 2 of 2.

#### **Other Insurance**

Other insurance may be available to cover your loss. If so, what SIF will pay depends on the type of other insurance and the property covered. In any case, we will subtract the amount of the deductible from our payment and SIF will not pay more than the limit of coverage that applies. This is how it works:

#### Other Computer Insurance

If other computer insurance covers a loss to equipment, data or media and the loss is also covered under this agreement, this agreement is excess insurance. This means SIF will pay only after the other data processing insurance is exhausted. But if the other insurance also pays only as excess, SIF will share the loss with them.

#### Other Property Insurance

If insurance other than data processing insurance covers a loss to equipment, data or media and the loss is also covered under this agreement, this agreement is primary insurance. This means SIF will pay your covered loss up to the limit of coverage that applies. Any loss over that limit will be the responsibility of the other insurance.

#### Other Extra Expense or Business Income Insurance

If any other insurance covers an extra expense or business income loss that is covered under this agreement, this agreement is excess insurance. This means SIF will pay only after the other insurance is exhausted. If the other insurance also pays only as excess, SIF will share the loss with the other company.

#### **OTHER RULES FOR THIS AGREEMENT**

#### **Insurance for Your Benefit**

This insurance is for your benefit. No third party having temporary possession of your property, such as a transportation company, can benefit directly or indirectly from it.

#### **Adjusting Losses**

If there is a covered loss to your property, SIF will adjust the loss with you. If there is a covered loss to someone else's property, SIF will adjust the loss with you for the owner's account.

## **Report to Police**

When either a loss or occurrence takes place, the named insured shall give notice to the proper police authority as whether this loss or occurrence is due to a violation of a law.

## **Who SIF Will Pay for Loss to Equipment**

If the Coverage Summary identifies a person or organization to receive payments for loss to equipment, SIF will adjust the loss with you. However, payment will be made to you and the person or organization named, based on the financial interest each has in the covered property.

## **Preserving Your Rights**

You must do all you can to preserve any rights you have to recover your loss from others. If you do anything to impair these rights, SIF will not pay for your loss. You must not enter into an agreement to waive subrogation. However, you can accept ordinary bills of lading from a shipper, even if they limit the carrier's liability for losses.

## **Expenses for Reducing Loss**

When a covered loss occurs, you must do everything possible to protect the property from further damage. Keep a record of your expenses. SIF will pay our share of reasonable and necessary expenses incurred to reduce the loss or protect the covered property from further damage. SIF will figure our share and your share of these expenses in the same proportion as each of us will benefit from them.

## **Inspection of Property and Operations**

SIF and any person or organization making inspections on the SIF's behalf shall be permitted but not obligated to inspect the named insured's property and operations at any time. Neither the right of the SIF and any person or organization to make such inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the named insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

## **Endorsement #10**

### **REPLACEMENT COST VALUE COVERAGE ENDORSEMENT**

It is hereby agreed that replacement cost coverage of like kind and quality is afforded for all buildings and contents as listed on the Statement of Values on file with the State Insurance Fund. It is also hereby agreed that all buildings & structures and contents are to be insured at 100% of their replacement values and that these values must be agreed to by the State Insurance Fund and the insuring agency via a written Statement of Values.

It is also agreed that any individual piece of machinery or equipment valued at \$50,000 or greater shall be specifically listed on a separate schedule. These building and contents values will be automatically increased annually, at renewal date, by an appropriate valuation index utilized by the State Insurance Fund.

The most the SIF will pay for loss or damage for covered property, in any one occurrence, for any one building and its contents, will be the least of the following:

The actual adjusted amount of loss covered by this policy, less applicable deductible(s) OR  
115% of the reported values for each scheduled building and its contents, covered by this policy, less applicable deductible(s)

Further, settlement will be the least of the following amounts:

- 1) the cost to repair the damaged property
- 2) the cost to replace the damaged property with property of comparable material, quality and use
- 3) the policy limit shown on the Statement of Values on file with the State Insurance Fund

Basis of Loss Settlement, Endorsement #6, is amended as follows:

We will pay Replacement Cost for destruction or damage when the damaged property is actually repaired or replaced. Repair or replacement of the damaged building, structure and contents must be completed within two (2) years of its date of loss. The destruction or damage will be adjusted on an actual cash value basis until repair or replacement is complete.

You will determine the value of the destroyed property at Replacement Cost at the time of loss or damage, except as provided below. Replacement Cost means the cost to replace with property of comparable material and quality and used for the same purpose, without deduction for depreciation.

The following are not subject to Replacement Cost valuation:

- 1) Manuscripts, works of art, antiques, or rare articles, including paintings, pictures, statuary, marbles, bronzes, porcelains, and bric-a-brac or any similar property of a fine arts nature.
- 2) Obsolete, vacant, and unoccupied property: Obsolete, vacant, and unoccupied property is property that has no functional or use value.

All other conditions of the Policy remain unchanged.

**Page 1 of 1**

**Endorsement #11B**

**MAJOR EQUIPMENT COVERAGE ENDORSEMENT**

Effective Date:

Attached to and forming a part of Policy #:

Issued to:

It is hereby agreed that replacement cost coverage of like kind and quality is afforded for all personal property as listed on the Statement of Values on file with the State Insurance Fund. However, any individual piece of machinery or equipment valued at \$50,000 or greater shall be specifically listed on a separate schedule and subject to the following valuation provision(s):

The following VALUATION Loss Condition applies to the item(s) of personal property listed in the above Schedule:

1. If you contract for repair or replacement, of the loss or damage, to restore the item(s) of personal property shown in the above Schedule, for the same use, within 180 days of the loss or damage, unless we and you otherwise agree, we will pay the smallest of the following:
  - a. The Limit of Insurance shown in the above Schedule as applicable to the lost or damaged item(s) of personal property;
  - b. The cost to replace, on the same site, the lost or damaged item(s) of personal property with the most closely equivalent property available; or
  - c. The amount you actually spend that is necessary to repair or replace the lost or damaged item(s) of personal property.
2. If you do not make a claim under paragraph 1, we will pay the smallest of the following:
  - a. The Limit of Insurance shown in the above Schedule as applicable to the lost or damaged item(s) of personal property;
  - b. The "market value" of the lost or damaged item(s) of personal property at the time of loss;  
or
  - c. The amount it would cost to repair or replace that part of the item(s) of personal property that is lost or damaged with material of like kind and quality less allowance for physical deterioration and depreciation.
  - d. The cost to replace unrepairable electrical or mechanical equipment, including computer equipment, with equipment that is the most functionally equivalent to that damaged or destroyed, even if such equipment has technological advantages and/or represents an improvement in function and/or forms part of a program of system enhancement.

The following DEFINITION is added:

"Market Value," as used in this endorsement, means the price which the property might be expected to realize if offered for sale in a fair market.

**Page 1 of 1**

**Endorsement #12**

**BUILDERS RISK COVERAGE ENDORSEMENT**

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

Throughout this endorsement the words “you” and “your” refer to the Named Insured shown on the Declarations Page of this Endorsement. The words “we,” “us,” and “our” refer to the State of Alabama, Division of Risk Management, State Insurance Fund, providing this insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to Section G. - DEFINITIONS:

## **A. COVERAGE**

We will pay for the direct physical loss of or damage to Covered Property at the premises described on the Declarations Page of the Endorsement caused by or resulting from any Covered Cause of Loss.

### **1. Covered Property**

*Covered Property*, as used in this Coverage Part, means the following type of property for which a Limit of Insurance is shown on the Declarations Page of the Endorsement:

*Building Under Construction*, meaning the building or structure described on the Declarations Page of the Endorsement while in the course of construction, including:

- a.** foundations;
- b.** if intended to become a permanent part of the building or structure described in the Declarations Page, the following property located in or on the building or structure or within 100 feet of its premises:
  - (1)** fixtures, machinery, and equipment used to service the building; and
  - (2)** your building materials and supplies used for construction;
- c.** if not covered by other insurance, temporary structures built or assembled on site including cribbing, scaffolding, and construction forms.

### **2. Property Not Covered** Covered Property does not include:

- a.** land (including land on which the property is located) or water;
- b.** the following property when outside of building:
  - (1)** lawns, trees, shrubs, or plants;
  - (2)** radio or television antennas, including their lead-in wiring, masts or tower; or
  - (3)** signs (other than signs attached to buildings).

**3. Covered Causes of Loss** See applicable Causes of Loss Form as shown on the Declarations Page of the Endorsement

## **Endorsement #12**

### **4. Additional Coverage**

#### **a. Debris Removal**

- (1)** We will pay your expenses to remove debris of Covered

Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:

- (a) the date of direct physical loss or damage; or
  - (b) the end of the policy period.
- (2) The most we will pay under this Additional Coverage is 25% of:
- (a) the amount we pay for the direct physical loss of or damage to Covered Property; plus
  - (b) the deductible in this endorsement applicable to that loss of damage.
- (3) This Additional Coverage does not apply to cost to:
- (a) extract “pollutants” from land or water; or
  - (b) remove, restore, or replace polluted land or water.

**b. Preservation of Property**

If it is necessary to move Covered Property from the described premises to preserve from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to the property

- (1) while it is being moved or while temporarily stored at another location;
- (2) only if the loss or damage occurs within 10 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 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 release, discharge, or dispersal 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 earlier of:

- (1) the date of direct physical loss or damage; or
- (2) the end of the policy period.

The most we will pay for each location under this Additional Coverage is **\$10,000** for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

**Endorsement #12**

**e. Strikes, Riots, and Civil Commotions Clause**

It is hereby declared and agreed that this Insurance covers loss directly caused by strikers, locked-out workmen, or persons taking part in labor disturbances or riots or civil

commotions, or caused by vandalism, sabotage or malicious mischief, but warranted free from any claim for delay, detention, or loss of use and subject to the exclusions in the wording.

## **5. Building Materials and Supplies of Others**

**a.** You may extend the insurance provided by the **Coverage Form** to apply to building materials and supplies that are:

- (1) owned by others;
- (2) in your care, custody, or control;
- (3) located in or on the building described in the Declarations, or within 100 feet of its premises; and
- (4) intended to become a permanent part of the building.

**b.** 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 property of others will only be for the account of the owner of the property.

This Extension is additional insurance.

## **B. EXCLUSIONS**

See applicable Causes of Loss Form as shown on the Declarations Page of the Endorsement.

## **C. LIMITS OF INSURANCE**

The most the SIF will pay for loss or damage to covered property, in any one occurrence, at any one location, will be the least of the following:

The actual adjusted amount of loss covered by this policy, less applicable deductible(s) or 115% of the reported values for each scheduled building and its contents, covered by this policy, less applicable deductible(s)

The most we will pay for loss or damage to outdoor signs attached to buildings is **\$1,000** per sign in any one occurrence.

The limits applicable to the Coverage Extension and the Fire Department Service Charge and Pollutant Clean Up and Removal Additional Coverage are in addition to the Limits of Insurance:

1. Preservation of Property; or
2. Debris Removal; but if:

**a.** the sum of direct physical loss or damage and debris removal expenses exceeds the Limit of Insurance; or

**b.** the debris removal expense exceeds the amount payable under the 25% limitation in the Debris Removal Additional Coverage, we will pay up to an additional **\$5,000** for each location any one occurrence under the Debris Removal Additional Coverage.

## **Endorsement #12**

## **D. DEDUCTIBLE**

We will not pay for loss or damage in any one occurrence until the amount of loss or



damage exceeds the Deductible shown on the Declarations Page of the Endorsement. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

## **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. Resolutions of Disagreements Between Department of Finance and Person in Charge of State Property as to value of Property, Premium Rates, etc.**

In the event a disagreement arises between the Department of Finance and any person or persons in charge of any State property as to its true value or the amount payable under the claim for loss or the proper premium rate or rates, the matter in disagreement shall be determined by a third person to be agreed upon by the Director of Finance on the one hand and the person or persons disagreeing with him on the other hand. In case of inability to agree on such third person, the Governor shall appoint a third person to determine the question, and his decision thereon shall be binding on all parties concerned. (Acts 1923, No. 593, p. 769; Code 1923, Section 8552; Acts 1936-37, Ex. Sess., No. 219, p. 260; Acts 1939, No. 112, p. 144; code 1940. T. 28, Section 326.)

**3. Duties in the Event of Loss or Damage** You must see that the following are done in the event of loss or damage to Covered Property:

- a.** notify the police if a law may have been broken;
- b.** give us prompt notice of the loss or damage. Include a description of the property involved;
- c.** as soon as possible, give us a description of how, when, and where the loss or damage occurred;
- d.** take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance;
- e.** at our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values, and amount of loss claimed;
- f.** permit us to inspect the property and records proving the loss or damage. Also permit us to take samples of damaged property for inspection, testing, and analysis;

## **Endorsement #12**

- g.** if requested, permit us to question you under oath at such times as

- may be reasonably required about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed;
- h.** send us a signed, sworn statement 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;
  - i.** cooperate with us in the investigation or settlement of the claim.

#### **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 the lost or damaged property;
  - (2)** pay the cost of repairing or replacing the lost or damaged property;
  - (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.
- b.** We will give notice of our intentions within 30 days after we receive the sworn statement of loss.
- c.** We will not pay you more than your financial interest in the Covered Property.
- d.** We may adjust losses with the owners of the 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.
- e.** We may elect to defend you against suits arising from claims of owners of property. We do this at our expense.
- f.** We will pay for covered loss or damage within 30 days after we receive the sworn statement of loss, if:
  - (1)** you have complied with all of the terms of this Coverage Part; and
  - (2) (a)** we have reached agreement with you on the amount of loss; or
  - (b)** An appraisal award has been made.

#### **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 to repair the recovered property, subject to the Limit of Insurance.

**6. Valuation** We will determine the value of Covered Property at cost of replacement as of the time of loss or damage.

#### **Endorsement #12**

#### **F. ADDITIONAL CONDITIONS**

The following conditions apply in addition to the Common Property Conditions and the

## Commercial Property Conditions.

### 1. Mortgage Holders

- a. The term “mortgage holder” includes trustee.
  - b. We will pay for covered loss of or damage to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as interest may appear.
  - c. The mortgage holder has the right to receive loss payment even if the mortgage holder 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 mortgage holder will still have the right to receive loss payment if the mortgage holder:
    - (1) pays any premium due under this Coverage Part at our request if you have failed to do so;
    - (2) submits a signed, sworn statement 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 mortgage holder.
- All of the terms of this Coverage Part will then apply directly to the mortgage holder.
- e. If we pay the mortgage holder 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 mortgage holder’s rights under the mortgage will be transferred to us to the extent of the amount we pay, and
    - (2) the mortgage holder’s right to recover the full amount of the mortgage holder’s claim will not be impaired.
  - f. If we cancel this endorsement, we will give written notice to the mortgage holder 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 endorsement, we will give written notice to the mortgage holder at least 10 days before the expiration date of this endorsement.

### 2. Other Insurance

- a. If at the time of the loss there is other insurance written in the name of the Insured upon the same plan, terms, conditions, and provisions as contained in this policy, herein referred to as Contributing Insurance, the State Insurance Fund shall be liable for no

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#### **Endorsement #12**

greater portion of any loss than the amount of insurance under this policy bears to the whole amount of insurance covering such loss.

- b. If at the time of loss there is other insurance other than that as described in a. above, the State Insurance Fund shall not be liable for any loss hereunder until:
  - (1) the liability of such other insurance has been exhausted; and

(2) then only for such amount as may exceed the amount due for such other insurance, whether collectable or not.

**3. Waiver or Rights of Recovery Against Others** You may not waive your rights to recover damages from an architect, engineer, or building trades contractor or subcontractor with respect to the described premises except as agreed to in writing by us.

This provision supersedes any provisions to the contrary in the **TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US** Commercial Property Condition.

#### **4. When Coverage Ceases**

The insurance provided by this Coverage Endorsement will end when one of the following first occurs:

- a. this endorsement expires or is cancelled;
- b. the property is accepted by the purchaser;
- c. your interest in the property ceases;
- d. you abandon the construction with no intention to complete it;
- e. unless we specify otherwise in writing:
  - (1) 90 days after construction is complete; or
  - (2) when any building described in the Declarations is:
    - (a) occupied in whole or in part; or
    - (b) put to its intended use.

#### **G. DEFINITIONS**

“Pollutants” means any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and wastes. Waste includes materials to be recycled, reconditioned, or reclaimed.

#### **H. PERMISSION TO OCCUPY**

Notwithstanding anything herein to the contrary, permission is hereby granted to the insured to occupy and use the property and/or project in part thereof for which it is intended until final acceptance of the property as defined elsewhere herein.

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#### **Endorsement #12**

#### **I. VALUATION CLAUSE**

Cost of Replacement.

#### **CAUSES OF LOSS -SPECIAL FORM**

Words and phrases that appear in quotation marks have special meaning. Refer to Section E. - DEFINITIONS.

#### **A. COVERED CAUSES OF LOSS**

When Special is shown on the Declarations Page of the Endorsement, Covered Causes of Loss means **RISK OF DIRECT PHYSICAL LOSS** unless the loss is:

1. excluded in Section B., EXCLUSIONS; or
2. limited in Section C., LIMITATIONS.

## **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 the sequence to the loss.

### **a. Ordinance or Law**

The enforcement of 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 the debris.

### **b. Earth Movement**

(1) Any earth movement (other than sinkhole collapse or earthquake), such as a landslide, mine subsidence, or earth sinking, rising, or shifting.

But if loss or damage by fire or explosion results, we will pay for that resulting loss or damage.

(2) Volcanic eruption, explosion, or effusion. But if loss or damage by fire, building glass breakage, or volcanic action results, we will pay for that resulting loss or damage. 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.

All volcanic eruptions that occur within any 168 hour period will constitute a single occurrence. If more than one earthquake shock shall occur within any period of 72 hours during the term of this endorsement, such earthquake shocks shall be deemed a single occurrence.

## **Endorsement #12**

### **c. Governmental Action**

Seizure or destruction of property by order of government authority.

But we will pay for 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 loss or damage by fire results, we will pay for that resulting loss or damage.

**e. Power Failure**

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if loss or damaged by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

**f. War and Military Action**

(1) War, including undeclared or civil war.

(2) Warlike action by a military force, including action in hindering and defending against an actual or expected attack, by any government, sovereign, or 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, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not.

(2) Mudslide or mudflow.

(3) Water that backs up from a sewer or drain. Or

(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.

But if loss or damage by fire, explosion, or sprinkler leakage results, we will pay for that resulting loss or damage.

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances, or wires;

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**Endorsement #12**

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, corrosion, fungus, 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) Insects, birds, rodents, or other animals.

(6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. Or

(7) The following causes of loss to personal property:

- (a) dampness or dryness of atmosphere;
- (b) changes in or extremes of temperatures; or
- (c) marring or scratching

But if loss or damage by the “specified causes of loss” or building glass breakage results, we will pay for that resulting loss or damage.

(d) explosion of steam boilers, steam pipes, steam engines, or steam turbines owned or leased by you, or operated under your control. But if loss or damage by fire of combustion explosion results, we will pay for that resulting loss or damage. 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;

(e) continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more;

(f) 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:

- (i) you do your best to maintain heat in the building or structure; or
- (ii) you drain the equipment and shut off the supply if the heat is not maintained;

(g) dishonest or criminal act by you, any of your partners, employees, directors, trustees, authorized representatives, or anyone to whom you entrust the property for any purpose

- (i) acting alone or in collusion with others; or
- (ii) whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees.

(h) 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;

(i) rain, snow, ice, or sleet damage to personal property in the open; or

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### Endorsement #12

(j) release, discharge, or dispersal or “pollutants” unless the release, discharge, or dispersal is itself caused by any of the “specified causes of loss.” But if loss or damage by the “specified causes of loss” results, we will pay for the resulting damage caused by the “specified causes of loss.”

**3.** We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss of damage.

**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 of the described premises.

**C. LIMITATIONS**

**1. We will not pay for loss of or damage to:**

- 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 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 roofs 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 in the building or structure;
- d.** building materials and supplies not attached as part of the building or structure, unless held for sale by you, caused by or resulting from theft, except as provided in C.5a. below;
- e.** property that is missing, but there is no physical evidence to show what happened to it, such as shortage disclosed on taking inventory;

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**Endorsement #12**

- f.** gutters and downspouts caused by or resulting from weight of snow, ice, or sleet; or
- g.** property that has been transferred to a person or to a place outside the described premises on the bases of unauthorized instruction.

**2. We will not pay more for loss of or damage to glass that is part of a building or structure than \$100 for each plate, pane, multiple plate insulating unit, radiant, or solar heating panel, jalousie, louver, or shutter. We will not pay more than \$500 for all loss of or damage to building glass that occurs at any one time. This limitation does not apply to loss or damage by the “specified causes of loss,” or vandalism.**

**3. We will not pay for loss or damage to the following types of property unless caused by the “specified causes of loss” or building glass breakage:**

- a.** valuable papers and records, such as books of account, manuscripts, abstracts, drawings, card index systems, film, tape disc, drum, cell, or other data processing, recording, or storage media, and other records;
- b.** animals, and then only if they are killed or their destruction is made necessary;



c. fragile articles such as glassware, statuary, marble, chinaware, and porcelains, if broken. The restriction does not apply to:

- (1) glass that is part of a building or structure;
- (2) containers of property held for sale; or
- (3) photographic or scientific instrument lenses.

d. builders machinery, tools, and equipment you own or that are entrusted to you, while away from the premises described in the Declarations, except as provided in paragraph **C.5.b.** below.

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

- 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 metal. 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, and letters of credit.

**5. Builders Risk Coverage Endorsement Limitations** The following provisions apply only to the Builders Risk Coverage Endorsement:

- a. Limitation **1.d.** is replaced by the following:
  - d. Building materials and supplies not attached as part of the building or structure caused by or resulting from theft.
- b. Limitation **3.d.** is replaced by the following:
  - d. Builders machinery, tools, and equipment you own or that are entrusted to you.

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## **Endorsement #12**

### **D. ADDITIONAL COVERAGE EXTENSIONS**

**1. Property in Transit.** The 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 road bed.
- (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 the loss or damage under this **Extension** is **\$1,000**.

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, which 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.

We will not pay the cost to repair any defect that caused the loss or damage; 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.

#### **E. DEFINITIONS**

“*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.

**1. 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:

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#### **Endorsement #12**

- a. the cost of filling sinkholes; or
  - b. sinking or collapse of land into man-made underground cavities.
- 2. Falling objects** does not include loss or damage to:
- a. personal property in the open; or
  - b. 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.
- 3. Water damage** means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam

**Endorsement #15**

**MISCELLANEOUS PROPERTY COVERAGE ENDORSEMENT**

It is agreed that when **Miscellaneous Property** is a scheduled line item on the insurance schedule, with the total value of all such items stated under each location, coverage will apply according to the following terms:

**Definition** - Miscellaneous Property is owned free-standing, non-mobile, anchored, real property not intended for occupancy and not connected to any utilities with a replacement value of \$10,000 or less.

1. The limit of coverage for any single item shall be \$10,000 (including contents) and will not apply to items which are otherwise excluded from coverage or required to be scheduled under another endorsement.
2. Contents covered in each eligible building may include but is not limited to, walk-behind lawn mowers, weed trimmers, blowers, lawn & garden hand tools, ladders, miscellaneous hand tools, garden hoses, and broadcast spreaders that are used on premises.

3. The deductible applicable to this policy will apply to Miscellaneous Property separately for each insured location on a per occurrence basis.

4. The limit the SIF will pay under this endorsement for all loss or damage to covered property, in any one occurrence, at any one location, will be the least of the following:

The actual adjusted amount of loss covered by this policy, less applicable deductible

Or,

115% of the scheduled miscellaneous property values, covered by this policy, less applicable deductible

5. Adjustment of claims under this endorsement will be based upon replacement cost. We will pay the least of the following amounts:

a) The cost to repair the damaged property

b) The cost to replace the damaged property with property of comparable material, quality and use

Or,

c) The \$10,000 limit of coverage provided for any one item covered under this endorsement

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**Endorsement #17**

## **PROTECTION AND PRESERVATION OF PROPERTY COVERAGE ENDORSEMENT**

Effective Date:

Attached to and forming a part of Policy #:

Issued to:

In consideration of the premium charged, it is understood and agreed that in case of actual or imminent physical loss or damage of the type insured by this Policy, the expenses incurred by the Insured in taking reasonable and necessary actions for the temporary protection and preservation of Covered Property shall be added to the total physical loss or damage otherwise recoverable under the Policy, subject to the applicable amount of insurance for the subject location and Retention Amount(s).

**Endorsement #18**

**ORDINANCE OR LAW COVERAGE**

Effective Date:

Attached to and forming a part of Policy #:

Issued to:

**SCHEDULE**

All buildings insured under this policy which are insured subject to the Replacement Cost Value Coverage endorsement.

**LIMITS OF INSURANCE**

Loss Payable under each of coverages A, B, or C shall not exceed 10% of the loss otherwise payable under this policy before the application of this ordinance or law coverage.

**A. COVERAGE**

- 1. Coverage A - Coverage for Loss to the Undamaged Portion of the Building.**

In the event of insured loss to an insured building this insurance will pay for loss to the undamaged portion of the building caused by enforcement of any ordinance or law that:

- a. Requires the demolition of parts of the same property not damaged by an insured peril.
- b. Regulates the construction or repair of buildings, or establishes zoning or land use requirements at described premises; and
- c. Is in force at the time of loss.

### **2. Coverage B - Demolition Cost Coverage.**

In the event of insured loss to an insured building, this insurance will pay the cost to demolish and clear the site of undamaged parts of the property caused by enforcement of buildings, zoning or land use ordinance or law.

### **3. Coverage C - Increased Cost of Construction Coverage.**

In the event of insured loss to an insured building, this insurance will pay for the increased cost to repair, rebuild or construct the property caused by enforcement of building, zoning or land use ordinance or law.

If the property is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use ordinance or law.

However, we will not pay for the increased cost of construction if the building is not repaired or replaced.

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## **Endorsement #18**

### **B. Pollutants Exclusion**

This insurance will not pay for the cost associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way respond to, or assess the effects of “pollutants.”

### **C. Limitation - Coverage A**

Under Coverage A - Coverage for Loss to the Undamaged Portion of the Building:

If the property is repaired or replaced, this insurance will not pay more for loss or damage to insured property, including loss caused by enforcement of an ordinance or law, than the amount actually spent to repair, rebuild or reconstruct the building, nor for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured.

### **D. Limitation - Coverage B**

This insurance will not pay more under Coverage B - Demolition Cost Coverage than the amount actually spent to demolish and clear the site of the described premises.

### **E. Limitation - Under Coverage C:**

1. Under Coverage C – Increased Cost of Construction:

- a. Until the property is actually repaired or replaced, and
- b. Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years.

2. If the ordinance or law requires relocation to another premises, the most this insurance will pay under Coverage C is the increased cost of construction at the new premises.

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

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**Endorsement #19**

**BUSINESS INCOME COVERAGE FORM  
(WITHOUT EXTRA EXPENSE)**

Various provisions in this policy restrict coverage. Read the entire endorsement 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 Endorsement. The words “we,” “us” and “our” refer to the SIF (State Insurance Fund) providing this insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION G - DEFINITIONS.

**A. COVERAGE**

Coverage is provided as described below for one or more of the following options for which a Limit of Insurance is shown on the Property Schedule:

- (i) Business Income including “Rental Value.”
- (ii) Business Income other than “Rental Value.”
- (iii) “Rental Value.”

If option (i) above is selected, the term Business Income will include “Rental Value.” If option (iii) above is selected, the term Business Income will mean “Rental Value” only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your “operations” during the “period of restoration.” The suspension must be caused by direct physical loss of or damage to property at the premises described on the Property Schedule, including personal property in the open (or in a vehicle) within 100 feet, caused by or resulting from any Covered Cause of Loss.

**1. Business Income** means the:

- a.** Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b.** continuing normal operating expenses incurred, including payroll.

**2. Covered Causes of Loss** See applicable Causes of Loss Form as shown on the Property Schedule.

**3. Additional Coverages**

- a. Expenses to Reduce Loss.** We will pay any necessary expenses you incur, except the cost of extinguishing a fire, to reduce the amount of loss under this Coverage Form. 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 Form.

The Additional Condition, Coinsurance, does not apply to this Additional Coverage.



**b. Civil Authority.** We will pay for the actual loss of Business Income you sustain caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss. This coverage will apply for a period of up to two consecutive weeks from the date of that action.

**c. Alterations and New Buildings.** We will pay for the actual loss of Business Income you sustain due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) new buildings or structures, whether complete or under construction;
- (2) alterations or additions to existing buildings or structures; and
- (3) machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and
  - (a) used in the construction, alternations or additions; or
  - (b) incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of “operations,” the “period of restoration” will begin on the date “operations” would have begun if the direct physical loss or damage had not occurred.

**d. Extended Business Income.** We will pay for the actual loss of Business Income you incur during the period that:

- (1) begins on the date property (except “finished stock”) is actually repaired, rebuilt or replaced and “operations” are resumed; and
- (2) ends on the earlier of:
  - (a) the date you could restore your “operations,” with reasonable speed, to the condition that would have existed if no direct physical loss or damage occurred; or
  - (b) 30 consecutive days after the date determined in (1) above.

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

**4. Coverage Extension** If a Coinsurance percentage of 50% or more is shown on the Property Schedule, you may extend the insurance provided by this Coverage Part as follows:

#### **Newly Acquired Locations**

- a.** You may extend your Business Income Coverage to apply to property at any location you acquire other than fairs or exhibitions.
- b.** The most we will pay for loss under this Extension is 10% of the Limit of Insurance for Business Income shown on the Property Schedule, but not more than \$100,000 at each location.

- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
- (1) this policy expires;
  - (2) 30 days expire after you acquire or begin to construct the property; or
  - (3) you report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

This Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

## **B. EXCLUSIONS**

See applicable Causes of Loss Form as shown on the Property Schedule.

## **C. LIMITS OF INSURANCE**

The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown on the Property Schedule.

The limit applicable to the Coverage Extension is in addition to the Limit of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Alterations and New Buildings;
2. Civil Authority;
3. Extended Business Income;
4. Expenses to Reduce Loss.

## **D. LOSS CONDITIONS**

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

**1. Appraisal** If we and you disagree on the amount of Net Income and operating expense 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 amount of Net Income and operating expense or 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.

**2. Duties in the event of loss.** You must see that the following are done in the event of loss:

- a. notify the police if a law may have been broken;
- b. give us prompt notice of the direct physical loss or damage. Include a description of the property involved;
- c. as soon as possible, give us a description of how, when and where the direct physical loss or damage occurred;
- d. take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs for consideration in the settlement of the claim. This will not increase the Limit of Insurance;
- e. permit us to inspect the property and records proving the loss. Also permit us to take samples of damaged property for inspection, testing and analysis;
- f. if requested, permit us to question you under oath at such times as may be reasonably required about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed;
- g. send us a signed, sworn statement 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;
- h. cooperate with us in the investigation or settlement of the claim;
- i. resume all or part of your "operations" as quickly as possible.

**3. Limitation - Electronic Media And Records** We will not pay for any loss of Business Income caused by direct physical loss of or damage to Electronic Media and Records after the longer of:

- a. 60 consecutive days from the date of direct physical loss or damage; or
- b. the period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild or replace, with reasonable speed and similar quality, other property at the described premises due to loss or damage caused by the same occurrence.

Electronic Media and Records are:

- (1) electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;
- (2) data stored on such media; or
- (3) programming records used for electronic data processing or electronically controlled equipment.

Example No. 1: A Covered Cause of Loss damages a computer on June 1. It takes until September 1 to replace the computer, and until October 1 to restore the data that was lost when the damage occurred. We will only pay for the Business Income loss sustained during the period June 1 – September 1 is not covered.

Example No. 2: A Covered Cause of Loss results in the loss of data processing programming records on August 1. The records are replaced on October 15. We will only pay for the Business Income loss sustained during the period August 1–September 29 (60 consecutive days). Loss during the period September 30–October 15 is not covered.

**4. Loss Determination** The amount of Business Income loss will be determined based on:

- a. the Net Income of the business before the direct physical loss or damage occurred;
- b. the likely Net Income of the business if no loss or damage occurred;
- c. the operating expenses, including payroll expenses, necessary to resume “operations” with the same quality of service that existed just before the direct physical loss or damage; and
- d. other relevant sources of information, including:
  - (1) your financial records and accounting procedures;
  - (2) bills, invoices and other vouchers; and
  - (3) deeds, liens or contracts.

**5. Loss Payment** We will pay for covered loss within 30 days after we receive the sworn statement of loss, if:

- a. you have complied with all of the terms of this Coverage part; and
- b. (1) we have reached agreement with you on the amount of loss; or  
(2) an appraisal award has been made.

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

## **E. OPTIONAL COVERAGES**

If shown on the Property Schedule, the following Optional Coverages apply separately to each item.

### **1. Maximum Period of Indemnity**

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income is the lesser of:
  - (1) the amount of loss sustained during the 120 days immediately following the direct physical loss or damage; or
  - (2) the Limit of Insurance shown in the Declarations.

### **2. Monthly Limit of Indemnity**

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.

**b.** The most we will pay for loss of Business Income in each period of 30 consecutive days after the direct physical loss or damage is:

(1) the Limit of Insurance, multiplied by

(2) the fraction shown in the Declarations for this Optional Coverage.

Example:

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

The fraction shown on the Property Schedule for this Optional Coverage is 1/4

The most we will pay for loss in each period of 30 consecutive days is:  $\$120,000 * 1/4 = \$30,000$

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

Days 1–30 \$40,000

Days 31–60 20,000

Days 61–90 30,000

\$90,000

We will pay:

Days 1–30 \$30,000

Days 31–60 20,000

Days 61–90 30,000

\$80,000

The remaining \$10,000 is not covered.

### **3. Agreed Value**

**a.** To activate this Optional Coverage:

(1) a Business Income Report/ Work Sheet must be made a part of this policy and must show financial data for your “operations:”

(a) during the 12 months prior to the date of the Work Sheet; and

(b) estimated for the 12 months immediately following the inception of this Optional Coverage;

(2) an Agreed Value must be shown on the Property Schedule or on the Work Sheet.

The Agreed Value should be at least equal to:

(a) the Coinsurance percentage shown on the Property Schedule; multiplied by

(b) the amount of Net Income and Operating Expenses for the following 12 months you report on the Work Sheet.

**b.** The Additional Condition, Coinsurance, is suspended until:

(1) 12 months after the effective date of this Optional Coverage; or

(2) the expiration date of this policy; whichever occurs first

c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:

- (1) within 12 months of the effective date of this Optional Coverage; or
- (2) when you request a change in your Business Income Limit of Insurance.

d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more than the amount of loss multiplied by:

- (1) the Business Income Limit of Insurance; divided by
- (2) the Agreed Value.

Example:

When: The Limit of Insurance is \$100,000

The Agreed Value is \$200,000

The amount of loss is \$80,000

Step 1:  $\$10,000 / \$200,000 = .50$

Step 2:  $.50 * \$80,000 = \$40,000$

We will pay \$40,000.

The remaining \$40,000 is not covered.

**4. Extended Period of Indemnity** Under paragraph A.3.d., Extended Business Income, the number “30” in subparagraph (2)(b) is replaced by the number shown on the Property Schedule for this Optional Coverage.

**G. DEFINITIONS**

**1. “Finished Stock”** means stock you have manufactured.

“Finished stock” also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income on the Property Schedule.

“Finished stock” does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

**2. “Operations”** means:

- a. your business activities occurring at the described premises; and
- b. the tenantability of the described premises, if coverage for Business Income including “Rental Value” or “Rental Value” applies.

**3. “Period of Restoration”** means the period of time that:

- a. begins with the date of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

- b.** ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality;

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

- 1) regulates the construction, use or repair, or requires the tearing down of any property; or
- 2) requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of “pollutants.”

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

**4. “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.

**5. “Rental Value”** means the:

- a.** total anticipated rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you; and

- b.** amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations; and

- c.** fair rental value of any portion of the described premises which is occupied by you.

## Endorsement 19A

### **BUSINESS INCOME COVERAGE FOR EDUCATIONAL INSTITUTIONS (WITHOUT EXTRA EXPENSE)**

Various provisions in this policy restrict coverage. Read the entire endorsement 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 Endorsement. The words “we,” “us” and “our” refer to the SIF (State Insurance Fund) providing this insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION G - DEFINITIONS.

#### **A. COVERAGE**

Coverage is provided as described below for one or more of the following options for which a Limit of Insurance is shown on the Property Schedule:

- (i) Business Income including “Rental Value.”
- (ii) Business Income other than “Rental Value.”
- (iii) “Rental Value.”

If option (i) above is selected, the term Business Income will include “Rental Value.” If option (iii) above is selected, the term Business Income will mean “Rental Value” only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your “operations” during the “period of restoration.” The suspension must be caused by direct physical loss of or damage to property at the premises described on the Property Schedule, including personal property in the open (or in a vehicle) within 100 feet, caused by or resulting from any Covered Cause of Loss.

#### **1. Business Income** means the:

- a.** Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b.** continuing normal operating expenses incurred, including payroll.

**2. Covered Causes of Loss** See applicable Causes of Loss Form as shown on the Property Schedule.

#### **3. Additional Coverages**

- a. Expenses to Reduce Loss.** We will pay any necessary expenses you incur, except the cost of extinguishing a fire, to reduce the amount of loss under this Coverage Form. 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 Form.

The Additional Condition, Coinsurance, does not apply to this Additional Coverage.



**b. Civil Authority.** We will pay for the actual loss of Business Income you sustain caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss. This coverage will apply for a period of up to two consecutive weeks from the date of that action.

**a. Alterations and New Buildings.** We will pay for the actual loss of Business Income you sustain due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) new buildings or structures, whether complete or under construction;
- (2) alterations or additions to existing buildings or structures; and
- (3) machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and
  - (a) used in the construction, alternations or additions; or
  - (b) incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of “operations,” the “period of restoration” will begin on the date “operations” would have begun if the direct physical loss or damage had not occurred.

**b. Extended Business Income.** We will pay for the actual loss of Business Income you incur during the period that:

- (1) begins on the date property (except “finished stock”) is actually repaired, rebuilt or replaced and “operations” are resumed; and
- (2) ends on the earlier of:
  - (a) the date you could restore your “operations,” with reasonable speed, to the condition that would have existed if no direct physical loss or damage occurred; or
  - (b) 30 consecutive days after the date determined in (1) above.

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

### **Newly Acquired Locations**

- a.** You may extend your Business Income Coverage to apply to property at any location you acquire other than fairs or exhibitions.
- b.** The most we will pay for loss under this Extension is 10% of the Limit of Insurance for Business Income shown on the Property Schedule, but not more than \$100,000 at each location.
- c.** Insurance under this Extension for each newly acquired location will end when any of the following first occurs:

- (1) this policy expires;
- (2) 30 days expire after you acquire or begin to construct the property; or
- (3) you report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

This Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

## **B. EXCLUSIONS**

See applicable Causes of Loss Form as shown on the Property Schedule.

## **C. LIMITS OF INSURANCE**

The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown on the Property Schedule.

The limit applicable to the Coverage Extension is in addition to the Limit of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Alterations and New Buildings;
2. Civil Authority;
3. Extended Business Income;
4. Expenses to Reduce Loss.

## **D. LOSS CONDITIONS**

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

**1. Appraisal** If we and you disagree on the amount of Net Income and operating expense 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 amount of Net Income and operating expense or 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.

**2. Duties In The Event Of Loss** You must see that the following are done in the event of loss:

- a. notify the police if a law may have been broken;

- b. give us prompt notice of the direct physical loss or damage. Include a description of the property involved;
- c. as soon as possible, give us a description of how, when and where the direct physical loss or damage occurred;
- d. take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs for consideration in the settlement of the claim. This will not increase the Limit of Insurance;
- e. permit us to inspect the property and records proving the loss. Also permit us to take samples of damaged property for inspection, testing and analysis;
- f. if requested, permit us to question you under oath at such times as may be reasonably required about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed;
- g. send us a signed, sworn statement 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;
- h. cooperate with us in the investigation or settlement of the claim;
- i. resume all or part of your "operations" as quickly as possible.

**3. Limitation - Electronic Media And Records** We will not pay for any loss of Business Income caused by direct physical loss of or damage to Electronic Media and Records after the longer of:

- a. 60 consecutive days from the date of direct physical loss or damage; or
- b. the period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild or replace, with reasonable speed and similar quality, other property at the described premises due to loss or damage caused by the same occurrence.

Electronic Media and Records are:

- (1) electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;
- (2) data stored on such media; or
- (3) programming records used for electronic data processing or electronically controlled equipment.

Example No. 1:

A Covered Cause of Loss damages a computer on June 1. It takes until September 1 to replace the computer, and until October 1 to restore the data that was lost when the damage occurred. We will only pay for the Business Income loss sustained during the period June 1 – September 1. Loss during the period September 2 – October 1 is not covered.

Example No. 2:

A Covered Cause of Loss results in the loss of data processing programming records on August 1. The records are replaced on October 15. We will only pay for the Business Income loss sustained during the period August 1–September 29 (60 consecutive days). Loss during the period September 30–October 15 is not covered.

**4. Loss Determination** The amount of Business Income loss will be determined based on:

- a. the Net Income of the business before the direct physical loss or damage occurred;
- b. the likely Net Income of the business if no loss or damage occurred;
- c. the operating expenses, including payroll expenses, necessary to resume “operations” with the same quality of service that existed just before the direct physical loss or damage; and
- d. other relevant sources of information, including:
  - (1) your financial records and accounting procedures;
  - (2) bills, invoices and other vouchers; and
  - (3) deeds, liens or contracts.

**5. Loss Payment** We will pay for covered loss within 30 days after we receive the sworn statement of loss, if:

- a. you have complied with all of the terms of this Coverage part; and
- b. (1) we have reached agreement with you on the amount of loss; or  
(2) an appraisal award has been made.

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

## **E. OPTIONAL COVERAGES**

If shown on the Property Schedule, the following Optional Coverages apply separately to each item.

### **1. Maximum Period of Indemnity**

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income is the lesser of:
  - (1) the amount of loss sustained during the 120 days immediately following the direct physical loss or damage; or
  - (2) the Limit of Insurance shown in the Declarations.

## 2. Monthly Limit of Indemnity

**a.** The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.

**b.** The most we will pay for loss of Business Income in each period of 30 consecutive days after the direct physical loss or damage is:

(1) the Limit of Insurance, multiplied by

(2) the fraction shown in the Declarations for this Optional Coverage.

### Example:

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

The fraction shown on the Property Schedule for this Optional Coverage is 1/4

The most we will pay for loss in each period of 30 consecutive days is:  $\$120,000 * 1/4 = \$30,000$

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

Days 1–30 \$40,000

Days 31–60 20,000

Days 61–90 30,000

\$90,000

We will pay:

Days 1–30 \$30,000

Days 31–60 20,000

Days 61–90 30,000

\$80,000

The remaining \$10,000 is not covered.

## 3. Agreed Value

**a.** To activate this Optional Coverage:

(1) a Business Income Report/ Work Sheet must be made a part of this policy and must show financial data for your “operations:”

(a) during the 12 months prior to the date of the Work Sheet; and

(b) estimated for the 12 months immediately following the inception of this Optional Coverage;

(2) an Agreed Value must be shown on the Property Schedule or on the Work Sheet.

The Agreed Value should be at least equal to:

(a) the Coinsurance percentage shown on the Property Schedule; multiplied by

(b) the amount of Net Income and Operating Expenses for the following 12 months you report on the Work Sheet.

**b.** The Additional Condition, Coinsurance, is suspended until:

- (1) 12 months after the effective date of this Optional Coverage; or
  - (2) the expiration date of this policy;
- whichever occurs first.

**c.** We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:

- (1) within 12 months of the effective date of this Optional Coverage; or
- (2) when you request a change in your Business Income Limit of Insurance.

**d.** If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more than the amount of loss multiplied by:

- (1) the Business Income Limit of Insurance; divided by
- (2) the Agreed Value.

Example:

When: The Limit of Insurance is \$100,000

The Agreed Value is \$200,000

The amount of loss is \$80,000

Step 1:  $\$10,000 / \$200,000 = .50$

Step 2:  $.50 * \$80,000 = \$40,000$

We will pay \$40,000. The remaining \$40,000 is not covered.

**4. Extended Period of Indemnity** Under paragraph A.3.d., Extended Business Income, the number “30” in subparagraph (2)(b) is replaced by the number shown on the Property Schedule for this Optional Coverage.

**G. DEFINITIONS**

**1. “Finished Stock”** means stock you have manufactured.

“Finished stock” also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income on the Property Schedule.

“Finished stock” does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

**2. “Operations”** means:

a. your business activities occurring at the described premises, which generate tuition and related fees from students, including fees from room, board, laboratories and other similar sources and

b. the tenantability of the described premises, if coverage for Business Income including “Rental Value” or “Rental Value” applies.

“Operations” does not include:

- 1) Bookstores;
- 2) Athletic events;
- 3) Activity related to research grants; or
- 4) Business activities other than those which generate tuition and related fees from students.

**3. “Period of Restoration”** means the period of time that:

**a.** begins:

- 1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or
- 2) Immediately after the time of direct physical loss or damage for Extra Expense coverage; and

caused by or resulting from any Covered Cause of Loss at the described premises; and

**c.** ends on the earlier of:

- 1) The day before the opening of the next school term following the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
- 2) The date when the school term is resumed at a new permanent location.

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

- 1) regulates the construction, use or repair, or requires the tearing down of any property; or
- 2) requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of “pollutants.”

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

**4. “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.

**5. “Rental Value”** means the:

**a.** total anticipated rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you; and

**b.** amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations; and

**c.** fair rental value of any portion of the described premises which is occupied by you.

Endorsement # 19B

Effective: 10/1/15

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**BUSINESS INCOME CHANGES –  
HIGHER-EDUCATIONAL INSTITUTIONS**

**2 & 4 Year Colleges and Universities**

This endorsement modifies insurance provided under the following:

SIF PROPERTY POLICY  
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM  
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM

**SCHEDULE**

<b>Premises No.</b>	<b>Description of Each School Term In An Annual Period</b>	<b>Limited Coverage</b>	<b>Extension of Recovery Period Option</b> _____ months
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OR

As shown or indicated on schedule

A. The Definition of "Period of Restoration" is replaced by the following:

**3.** "Period of Restoration" means the period of time that:

**a.** Begins:

**(1)** 72 hours after the time of direct physical loss or damage for Business Income coverage; or

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

**b.** Ends on the earlier of:

**(1)** The day before the opening of the next school term following the date when, with reasonable speed and similar quality, the property at the described premises should be repaired, rebuilt or replaced; or

**(2)** The date when the school term is resumed at a new permanent location. "Period of Restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

**a.** Regulates the construction, use or repair, or requires the tearing down of any property;



or

**b.** Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".  
The expiration date of this policy will not cut short the "period of restoration".

**B.** The Additional Coverage -Extended Business Income is replaced by the following. However, if the Extension of Recovery Period Option applies, in accordance with Section C. of this endorsement, then the Extended Business Income Coverage does not apply.

**d.** Extended Business Income

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you sustain during the school term following the date the property is actually repaired, rebuilt or replaced, if that date is 60 days or less before the scheduled opening of the next school term.

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

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

**C.** If the Extension of Recovery Period Option is indicated as applicable in the Schedule, then the following applies (instead of the Extended Business Income Coverage in Section B. of this endorsement):  
**EXTENSION OF RECOVERY PERIOD**

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you sustain during the number of months (as indicated in the Schedule) following the end of the "period of restoration".

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

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

**D.** If Limited Coverage is indicated by an "X" or other notation in the Schedule, the Definition of "Operations" is replaced by the following:

"Operations" means:

**a.** Your business activities, occurring at the described premises, which generate tuition and related fees from students, including fees from room, board, laboratories and other similar sources.

"Operations" does not include:

(1) Bookstores;

(2) Athletic events;

(3) Activity related to research grants; or

(4) Business activities other than those which generate tuition and related fees from students.

**b.** The tenant ability of the described premises, if coverage for Business Income including "Rental Value" or "Rental Value" applies.

**Endorsement #20**

**PREMISES LIGHTNING PROTECTION SYSTEM(S)**

We acknowledge the installation of a UL (Underwriters Laboratories) lightning protection system approved by us on the building premises.

You agree to maintain this system(s), for which we have granted a 5% premium credit for the scheduled building to which this endorsement is attached, in working order and to let us know promptly of any change, including removal, made to the system(s).

If the system is removed or otherwise taken out of service, the credit will be rescinded and the 5% added back to the premium charged.

## **Endorsement #21**

### **VACANCY ENDORSEMENT**

All other Policy coverage and endorsement provisions relating to Vacancy or Unoccupancy are replaced by the following:

#### **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 sub-lessee and used by the lessee or sub-lessee 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" or "unoccupied" for more than 60 consecutive days before that loss or damage occurs:

(1) The SIF 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, even if there is evidence of forcible entry; or (f) Attempted theft or burglary.

(2) There is no coverage for a scheduled property that is vacant or unoccupied for 60 consecutive days unless the SIF has been notified and an agreed amount of coverage applied to that property, not to exceed salvage value.

#### **c. Definitions**

1. "Unoccupied" means the building contains contents that pertain to the occupancy of the building but the operations and activities usual to the occupancy of the building have been suspended. A building that is temporarily unoccupied due to seasonal usage, such as a school building, will not be considered unoccupied for purposes of this endorsement.

2. "Vacant" means the building contains no contents that pertain to the operations or activities customary to the occupancy of the building.

## **Endorsement #22**

### **OFF PREMISES MAINTENANCE EQUIPMENT ENDORSEMENT**

It is understood and agreed that, if an amount for this coverage is listed on the Schedule and a premium paid, that **Section I - Property Covered, B - Personal Property of the Insured, is amended** as follows:

We will extend coverage for property, outside of the building where it is normally kept and more than 100' from said premises, which is owned by you and is used to maintain or service your buildings, structures, or premises, including but not limited to:

- a) Lawnmowers
- b) Lawn Tractors
- c) Fertilizer supplies and equipment
- d) Irrigation equipment

All other terms and conditions of the coverage document remain in effect.

## **Endorsement #23**

### **STATED VALUE COVERAGE (STA)**

Buildings and structures that are covered for Stated Value will be indicated on the Property Schedule by the STA designation.

The limit of coverage for these items will be an agreed upon amount which will serve as the policy limit for that item. This limit will be reflected on the Schedule. Covered losses to items designated as Stated Value will be subject to a scheduled limit less any applicable deductibles.

The most the SIF will pay for loss or damage for covered property, in any one occurrence, for any one building and its contents, will be the least of the following:

- 1) the cost to repair the damaged property
- 2) the cost to replace the damaged property with property of comparable material, quality and use
- 3) the policy limit shown on the property schedule or, where applicable, Statement of Values on file with the State Insurance Fund.

It is further agreed that in the event of partial loss or damage to insured property, the SIF will withhold 25% of the Stated Value Limit or the Repair or Replacement cost, whichever is less, until repair or replacement of the damaged property is completed.

**Endorsement #24**

**SALVAGE VALUE COVERAGE (SAL)**

Buildings that are covered for salvage value will be indicated on the Property Schedule by the SAL designation.

The limit of coverage for these items will be calculated at 5% of the Replacement Cost Value (RCV). This limit will be reflected on the Schedule.

Covered losses to items designated as salvage value will be subject to a maximum limit of 5% of RCV less any applicable deductibles.

Partial losses will be adjusted at Actual Cash Value (ACV).

In no case will the amount paid exceed the limit of 5% of RCV as shown on the Schedule.

It is further provided that there will be no coverage for any loss or damage to the contents located in a building covered for salvage value.

## **Endorsement #26**

### **ARCHITECTS AND OTHER PROFESSIONAL SERVICE FEES**

As there is no coverage under the Standard Policy of the State Insurance Fund (the "Fund") for the fees for the services of architects, engineers, constructions managers and other similar providers, the Fund hereby agrees, in return for a premium paid to provide coverage as described below. No other payments for the described coverage are due under any other part of the policy.

Coverage under this endorsement is not an additional amount of insurance but will be included within the policy limit for the building being repaired or replaced.

1. Coverage for architects, design professionals and any other persons involved in the creation of plans, engineering specifications or other documents needed in planning and repair or replacement of a covered building will be covered under the following terms.
  - a. This coverage will be provided for building structures that equal or exceed \$100,000 in value and are covered for either Stated Amount (STA) or Replacement Cost Value (RCV) coverage.
  - b. The amount of coverage provided will be a maximum of 7.5% of the actual covered cost to repair or replace the damaged building per scheduled location, as determined by the Fund, subject to a limit of \$500,000.
  
2. Coverage for persons hired to manage or oversee a building project or any portion thereof, whose services are not included within the services provided by the contractor in charge of the project will be covered as follows.
  - a. This coverage will be provided for building structures that equal or exceed \$100,000 in value and are covered for Stated Amount (STA) or Replacement Cost Value (RCV) coverage.
  - b. The amount of coverage provided will be a maximum of 7.5% of the actual covered cost to repair or replace the damaged building per scheduled location, as determined by the Fund, subject to a limit of \$500,000.
  - c. Any amount paid under this coverage part will be deducted from the Overhead figure allowed in the contractor's bid for repair or replacement.

In no event will the coverage for Parts 1 and 2 of this endorsement exceed a total of 7.5% of the actual cost to repair or replace the damaged building.

If a claim is made for this coverage, the involved architects and engineers must cooperate with the SIF's adjustment process. If the architect or engineer fails to provide all necessary documentation and work breakdowns necessary for the proper adjustment of the loss, the SIF will not be liable for any fees until such documentation is received.

**Endorsement #27**

**Effective: 10/1/18**

**EDUCATION BUILDING GAP & GAP PLUS COVERAGE  
ENDORSEMENT**

**ALABAMA DEPARTMENT OF EDUCATION (K-12) &  
THE ALABAMA COMMUNITY COLLEGE SYSTEM**

In consideration of an additional premium charged to the named SIF program participants, it is agreed that the RCV and STA coverage is afforded for the designated buildings as listed on the Statement of Values Schedule on file with the State Insurance Fund (SIF). It is also agreed that all designated buildings & structures are to be insured at 100% of their replacement values and that these values must be agreed to by the SIF and the insuring entity/participant via a written Statement of Values.

**What this endorsement covers for GAP & GAP Plus**

**GAP** Coverage under this endorsement falls into two categories.

*Construction Type Upgrade* - This coverage allows you to insure a Covered Building so that, following a total loss, you may rebuild the structure with a construction type that is better than the one that it had when it was destroyed. The construction types that are eligible for this upgrade are ISO-1 (Frame), ISO-2 (Masonry) and ISO-3 (Prefab or Metal). These types are eligible for an upgrade to ISO-4 level construction.

*Increased Square Footage Upgrade* – Unless specified and purchased additionally, this coverage allows you to insure a building for a 10% increased amount of square footage. This upgrade can be purchased in 5% increase increments to a maximum of 25%.

**Loss Trigger**

This coverage is triggered when a Covered Building is destroyed by a covered peril, as defined by the SIF, to such an extent that it is a total loss. For purposes of this endorsement a building which is damaged so that the cost of repair, as determined by the Division of Risk Management, is 80% or more of the insured amount shall be considered a total loss.

**Property Covered**

Coverage only applies to Buildings designated on the Statement of Values Schedule as having upgrade coverage under this endorsement.

**Basis of Loss Settlement**

The most the SIF will pay for loss or damage in any one occurrence, for any Covered Building, will be the greater of the following:

The actual adjusted amount necessary to replace the Covered Building, less applicable deductible(s)

**OR**

**Page 1 of 2**



The policy limit shown on the Statement of Values on file with the SIF, less applicable deductible(s) where the Division of Risk Management and program adjuster will determine the replacement cost of the destroyed property at the time of loss based upon previous upgrades selected. Replacement cost means the cost to replace with property using materials and quality appropriate to the upgrade purchased and, if applicable, the increased square footage. The replacement cost calculation will assume construction of the building used for similar use and occupancy as the one destroyed.

Following a total loss, we will pay the Actual Cash Value (depreciated cost) of the destroyed building until the replacement has been completed. Replacement of the damaged building must be completed within two (2) years of its date of loss.

The following are not subject to coverage under this endorsement:

- 1) **Obsolete property:** Obsolete property is property that has no functional use or value and is obsolete.
- 2) **Unoccupied property:** Unoccupied property means the building contains contents that pertain to the occupancy of the building but the operations and activities usual to the occupancy of the building have been suspended. A building that is temporarily unoccupied due to seasonal usage, such as a school building, will not be considered unoccupied for purposes of this endorsement.
- 3) **Vacant Property:** Vacant Property means the building contains no contents that pertain to the operations or activities customary to the occupancy of the building.
- 4) **Properties not scheduled for GAP & GAP plus** where no premiums have been received.

**Gap Plus** coverage provides insurance for damages and expenses that are normally not covered by insurance such as new site preparation, underground wiring, plumbing, paving and landscaping. Building damages must exceed 80% of the insured building value as determined by SIF's adjusters, engineers and other experts. The maximum amount of coverage allowed for Gap Plus coverage is 10% of the destroyed building's scheduled and insured value.

### **General Conditions**

All other terms and conditions of the policy to which this endorsement is attached remain unchanged.

# **University Flood Coverage Extension Endorsement**

## **I. UNIVERSITIES AND LOCATIONS COVERED**

The following universities and locations are solely covered under this policy extension:

- A) University of Alabama – all locations except any located in Mobile or Baldwin counties
- B) University of Alabama Birmingham – all locations except any located in Mobile or Baldwin counties
- C) Auburn University – all locations except any located in Mobile or Baldwin counties
- D) Auburn University Montgomery – all locations except any located in Mobile or Baldwin counties

## **II. PERILS INSURED AGAINST**

This coverage extension insures against direct loss by Flood.

Flood, meaning a general and temporary condition of partial or complete inundation of normally dry land areas due to:

- A) The overflow of inland or tidal waters;
- B) The unusual or rapid accumulation or runoff of surface waters from any source; or
- C) Mudslides or mudflows which are caused by flooding. A mudslide or mudflow involves a river of liquid and flowing mud on the surface of normally dry land areas as when earth is carried by a current of water and deposited along the path of the current.

All flooding in a continuous or protracted event occurring within a 72 hour time frame will constitute a single flood occurrence.

## **III. OTHER PROVISIONS**

The following exclusions and limitations apply to coverage under this policy extension:

- A) If you request and we provide an increase in the stated Limit of Insurance for Flood, the increase will not apply to loss or damage from any Flood that begins before or within 72 hours after your request was made.  
  
If the Flood is due to the overflow of inland or tidal waters, then the Flood is considered to begin when the water first overflows its banks.
- B) We will not pay for loss or damage caused by or resulting from destabilization of land arising from the accumulation of water in subsurface land areas.
- C) Under this Coverage Part, land is not covered property, nor is the cost of excavations, grading, backfilling or filling. Therefore, coverage under this policy does not include the cost of restoring or remediating land due to the collapse or sinking of land caused by or resulting from Flood. However, coverage under this policy includes damage to the covered portions of the building and to covered personal property, caused by collapse or sinking of land along the shore of a body of water as the result of erosion or undermining caused by waves or currents of water which exceed the cyclical levels and cause Flood.

## **University Flood Coverage Extension Endorsement**

- D)** We do not cover loss or damage by Flood to personal property in the open except to the extent that such coverage, if any, is specified in the Flood Coverage Schedule or in the Declarations.
- E)** Property Not Covered is amended and supplemented as follows with respect to Flood Coverage:
- (1)** Property Not Covered includes any building or other property that is not eligible for flood insurance pursuant to the provisions of the Coastal Barrier Resources Act, 16 U.S.C. 3501 et seq. and the Coastal Barrier Improvement Act of 1990, Pub. L. 101-591, 16 U.S.C. 3501 et seq.
  - (2)** Property Not Covered includes boat houses and open structures, and any property in or on the foregoing, if the structure is located on or over a body of water.
  - (3)** If bulkheads, pilings, piers, wharves, docks, or retaining walls that are not part of a building, have been removed from Property Not Covered and added as Covered Property by separate endorsement, this Flood Coverage Endorsement does not apply to such property.
  - (4)** The following are removed from Property Not Covered and are therefore Covered Property:
    - (a)** Foundations below the lowest basement floor or the subsurface of the ground; and
    - (b)** Underground pipes, flues and drains.
- F)** We will not pay for loss or damage caused by sewer back-up or overflow unless such back-up or overflow results from Flood and occurs within 72 hours after the flood recedes.

## **IV. ADDITIONAL COVERAGES AND COVERAGE EXTENSIONS**

### **DEBRIS REMOVAL**

- A)** 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 Flood. However, we will not pay to remove deposits of mud or earth from the grounds of the described premises.
- B)** We will also pay the expense to remove debris of Covered Property that has floated or been hurled off the described premises by Flood.
- C)** This coverage for Debris Removal, as set forth in E.1.a. and E.1.b. above, does not increase the applicable Limit of Insurance for Flood. Therefore, the most we will pay for the total of debris removal and loss or damage to Covered Property is the Limit of Insurance for Flood that applies to the Covered Property at the affected described premises covered under this coverage extension.

## **University Flood Coverage Extension Endorsement**

### **NEWLY ACQUIRED AND CONSTRUCTED PROPERTY**

With respect to Flood Coverage, the Coverage Extension for Newly Acquired or Constructed Property is amended by adding the following:

- A) With respect to Flood Coverage, this Coverage Extension does not apply to any building or structure that is not fully enclosed by walls and roof.
- B) With respect to a building or structure covered under this Coverage Extension, the amounts of coverage stated in the Coverage Extension do not apply to Flood Coverage. Instead, the most we will pay for all loss or damage to property covered under this Coverage Extension is 10% of the total of all Limits of Insurance for Flood Coverage as provided under this endorsement. Such coverage does not increase the Limit of Insurance for Flood.

### **FOUNDATIONS AND EXCAVATIONS**

When this coverage extension covers Buildings, it shall also cover direct loss to the following items by the peril of Flood:

- A) Cost of excavations, grading or filling;
- B) Foundations of buildings, machinery, boilers or engines which foundations are below the undersurface of the lowest basement floor, or where there is no basement, below the surface of the around;
- C) Pilings, piers, pipes, flues and drains which are underground;
- D) Pilings which are below the low water mark.

### **V. LIMIT PROVISIONS**

In consideration of the premium charged, it is hereby agreed that coverage is afforded due to loss from peril of flood, subject and limited to the following terms and conditions:

- A) The maximum amount for loss due to flood in any one occurrence or in any one policy year is \$150,000,000 (one hundred fifty million dollars) – applicable to all Non Zone A locations, subject to the provisions contained in paragraphs two and four of this policy.
- B) The maximum amount for loss due to flood in any one occurrence or in any one policy year is \$10,000,000 (ten million dollars) – applicable to all Zone A locations whether identified or not, subject to the provisions contained in paragraphs two and four of this policy. This Zone A sublimit is part of and not in addition to the maximum \$150,000,000 total limit.
- C) In the event of a flood and resultant insured loss, all payable claims shall be paid as per special loss payable provisions stipulated below, if the total claims payable do not exceed one hundred million dollars (except ten million dollars for Zone A) and provided no previous claims during the same policy year had been paid due to a previous flood in the same policy year.

## **University Flood Coverage Extension Endorsement**

If, however, the claims payable for loss due to an flood either exceed the maximum of \$150,000,000, except \$10,000,000 for Zone A locations, aggregate annual coverage or exceed whatever aggregate is remaining after a previous flood or previous floods in the same policy year, then, in such event, the claims will be paid on a prorated basis, as per special loss payable provisions stipulated below.

- D)** It is further understood and agreed that flood and/or storm surge as a part of a Named Storm is to be considered a Named Storm and not flood.

### **VI. DEDUCTIBLE PROVISIONS**

It is understood and agreed that the deductible applicable in the event of a flood and the resultant damage shall be \$3,500,000 per occurrence, applied to each covered loss.

### **VII. SPECIAL LOSS PAYABLE PROVISIONS**

Payment for any insured loss shall be paid directly to the underlying covered state entity at the direction of the above Named Insured (State of Alabama; Department of Finance; Division of Risk management). The above Named Insured shall have the right to initiate, negotiate and settle any claims at their discretion.

### **VII. COMPANIES PARTICIPATION**

The limit of insurance provided by the policy to which this endorsement is attached is in proportion to their percentage of coverage in the All Risk program. (i.e. if Company ABC has a 5% part of a \$50,000,000 layer then their limit of coverage for flood shall be \$2,500,000 part of \$50,000,000)

## **Inland Marine Endorsement**

### **A. COVERAGE**

We will pay for direct physical loss of or damage to Covered Property from any of the Covered Causes of Loss.

#### **1. Covered Property**

Covered Property, as used in this Coverage Part, means "Scheduled Property".

#### **2. Covered Causes of Loss**

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS OR DAMAGE except those causes of loss listed in the Exclusions or for which 'No Coverage' is shown as the applicable Limit of Insurance in the Declarations.

#### **3. Coverage Extensions**

We will pay for loss or damage from a Covered Cause of Loss for each of the following Coverage Extensions:

##### **a. Newly Acquired Property**

If during the policy period you acquire a financial interest in property of the type already covered by this policy we will cover the property for up to 90 days. You will report the property within 90 days from the date acquired and will pay any additional premium due. If you do not report the property, we will not pay for loss of or damage to the property.

The most we will pay in any one loss or damage under this Coverage Extension is \$25,000.

##### **b. Fire Protective Systems**

If your fire protective equipment discharges accidentally or to control a Covered Cause of Loss, we will pay for your expense to:

- (1) Recharge or refill your fire protective systems; and
- (2) Replace or repair faulty valves or controls which caused the discharge.

The most we will pay in any one loss or damage under this extension is \$75,000.

##### **c. Valuable Papers and Records**

We will pay your costs to research, replace, or restore lost or damaged valuable papers and records, including those which are on computer software, for which there are no duplicates.

The most we will pay for loss of or damage to this property is \$50,000.

But we will not pay for loss of or damage to accounts, bills, deeds, evidences of debt, currency, money, notes or securities.

## **Inland Marine Endorsement**

### **4. Additional Coverages**

#### **a. Debris Removal**

(1) We will pay for your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period.

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

(2) The most we will pay under this Additional Coverage is 25% of the amount we pay for direct loss of or damage to Covered Property plus the deductible in this Coverage Part applicable to that loss or damage. Any payment is included within and will not increase the applicable Limit of Insurance.

But, if the debris removal expense exceeds the amount calculated above, or if the sum of our payments for direct loss or damage and debris removal exceeds the applicable Limit of Insurance shown elsewhere in this Coverage Part, we will pay up to \$75,000 in any one occurrence as an additional amount of insurance.

(3) We will not pay for your expense to extract "pollutants" from land or water, or to remove, restore, or replace polluted land or water under this Additional Coverage.

#### **b. Fire Department Service Charge**

We will pay your legal liability for Fire Department Service Charges when the fire department is called to save or protect Covered Property from a Covered Cause of Loss.

The most we will pay under this Additional Coverage is \$25,000 in any one occurrence. No deductible applies to this Additional Coverage.

#### **c. Pollutant Clean Up and Removal**

(1) We will pay your expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss to Covered Property 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 the loss or damage.

(2) 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.

(3) The most we will pay under this Additional Coverage is \$25,000 for the sum of all such expenses arising out of Covered Cause of Loss to Covered Property occurring during each separate 12 month period of this policy.

## **Inland Marine Endorsement**

### **d. Inventory, Appraisals, and Loss Adjustment Expenses**

We will pay the reasonable expenses you incur at our request to assist us in determination of the amount of the covered loss or damage, including the extra wages necessarily incurred by your employees for preparing inventories and other loss or damage information for completion of your proof of loss or damage.

But we will not pay for:

- (1) Expenses to prove that the loss or damage is covered;
- (2) Expenses incurred under the Appraisal section of the Commercial Inland Marine Conditions;
- (3) Expenses incurred for examinations under oath, even if required by us;
- (4) Expenses incurred for public adjusters or any legal fees.

The most we will pay for loss or damage under this Additional Coverage is \$5,000.

### **e. Reward Coverage**

We will reimburse you for reward(s) expense you have incurred leading to:

- (1) The successful return of undamaged stolen articles to a law enforcement agency; or
- (2) The arrest and conviction of any person(s) who have damaged or stolen any Covered Property.

We will pay 25% of the covered loss, prior to the application of any Deductible and recovery, up to a maximum of \$2,500 in any one occurrence for the reward payments you make. These reward payments must be documented. The amount payable is in addition to the Limits of Insurance shown in the Declarations. No Deductible applies to this Additional Coverage.

## **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 or damage.

### **a. 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 Form.

### **b. Nuclear Hazard**

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the direct loss or damage caused by that fire if the fire would be covered under this Coverage Form.



## **Inland Marine Endorsement**

### **c. 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.

2. We will not pay for loss or damage caused by or resulting from any of the following:

#### **a. Delay, loss of use or loss of market.**

#### **b. Dishonest or criminal acts by you, any of your partners, directors, trustees or officers:**

- (1) Acting alone or in collusion with others; or
- (2) Whether or not occurring during the hours of employment.

#### **c. Shortage found when taking inventory.**

**d. 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 loss or damage by any of the "specified causes of loss" results, we will pay for that resulting loss or damage caused by the "specified causes of loss".

3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

**a. Hidden or latent defect, mechanical breakdown or failure** (including rupture or bursting caused by centrifugal force), or any quality in the property that causes it to damage or destroy itself.

#### **b. Electrical breakdown or failure.**

#### **c. Wear and tear, gradual deterioration.**

### **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. But in the event coverage for loss or damage is provided under the Coverage Extensions or Additional Coverages, the Limits of Insurance stated within the specific Coverage Extension or Additional Coverage will apply as additional amounts of insurance, unless otherwise stated within the Coverage Extension or Additional Coverage.

## **Inland Marine Endorsement**

If a title for a Limit of Insurance appears in quotations in the Declarations, that limit has a special meaning and may act to reduce or eliminate coverage under some circumstances. Refer to Section F - Definitions.

### **D. DEDUCTIBLE**

We will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage exceeds the applicable Deductible shown in the Declarations. We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit of Insurance. If a title for a Deductible appears in quotations in the Declarations, that Deductible has a special meaning and may act to reduce or eliminate coverage under some circumstances. Refer to Section F - Definitions.

The applicable Deductible shown in the Declarations applies to the Coverage Extensions and Additional Coverages unless otherwise stated in the Coverage Extension or Additional Coverage.

### **E. ADDITIONAL COVERAGE CONDITIONS**

The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions.

#### **1. Where Coverage Applies**

We cover property that is in:

- a. The United States of America;
- b. Puerto Rico; or
- c. Canada.

But we do not cover property in transit to or from Hawaii or Puerto Rico.

#### **2. Coinsurance**

The Limit of Insurance for each item shown in the Declarations must equal at least 80% of its actual cash value at the time of loss or damage or you will incur a penalty. The penalty is that we will pay only the proportion of any loss of or damage to each item that the Limit of Insurance for the item bears to 80% of its actual cash value at the time of loss or damage.

#### **3. Valuation**

In the event of loss or damage, the value of Covered Property at the time of loss or damage will be determined as follows:

a. The value of Covered Property you own will be the least of the following:

- (1) The actual cash value of that property; But in the event of partial loss or damage, not exceeding 20% of the Limit of Insurance applicable to the Covered Property, no depreciation will be applied in the settlement of the claim. This provision only applies to property that is less than 10 years old at the time of loss or damage;
- (2) The cost of reasonably restoring that property to its condition immediately before loss or damage; or
- (3) The cost of replacing that property with substantially identical property.

## **Inland Marine Endorsement**

b. The value of Covered Property for which you are legally liable will be the amount of your legal liability, not to exceed the replacement cost.

### **F. DEFINITIONS**

**1. "Basic Deductible"** means the Deductible applicable in any one occurrence of loss or damage unless a more specific Deductible for the applicable loss or damage is shown in the Declarations or elsewhere in the policy. When a percentage (%) is shown in any Deductible Schedule, we will calculate the applicable dollar amount of the deductible by multiplying the applicable percentage shown in that Deductible Schedule by the applicable deductible basis shown in that Deductible Schedule. In no event will the applicable deductible be less than any applicable minimum, or more than any applicable maximum, amount shown in the Declarations or Deductible Schedule.

**2. "Earth movement"** means any movement of the earth (other than "sinkhole collapse"), including but not limited to:

- a. Earthquake;
- b. Landslide;
- c. Earth sinking, rising or shifting; or
- d. Volcanic eruption, explosion or effusion; all whether naturally occurring or due to man-made or other artificial causes.

**3. "Earth Movement Annual Aggregate Limit of Insurance"** means the most we will pay for all covered "earth movement" occurrences in any one policy year.

Each policy year:

- a. Begins with the inception date or anniversary date of this policy, and
- b. Ends at the next anniversary date or the expiration date of this policy.

**4. "Earth Movement Deductible"** means the Deductible applicable in any one occurrence of loss or damage from "earth movement".

a. When a percentage (%) is shown in the Declarations, we will calculate the dollar amount of the deductible by multiplying the applicable percentage shown in the Declarations by the value, at the time of loss or damage, of the property that has sustained loss or damage.

b. When a percentage (%) is shown in any Deductible Schedule, we will calculate the applicable dollar amount of the deductible by multiplying the applicable percentage shown in that Deductible Schedule by the applicable deductible basis shown in that Deductible Schedule.

In no event will the applicable deductible be less than any applicable minimum, or more than any applicable maximum, amount shown in the Declarations or Deductible Schedule.

**5. "Earth Movement Limit of Insurance"** means the most we will pay for loss or damage in any one occurrence caused directly or indirectly by "earth movement", regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

## **Inland Marine Endorsement**

But if loss or damage by fire, explosion or "volcanic action" results from "earth movement", the "Earth Movement Limit of Insurance" will not apply to the resulting loss or damage. Instead, we will pay up to the applicable Limit of Insurance shown in the Declarations that would otherwise apply to loss or damage by fire, explosion or "volcanic action".

We will also pay up to such applicable Limit of Insurance for loss or damage by building glass breakage resulting from volcanic eruption, explosion or effusion.

All "earth movement" that occurs within any 168 – hour period will constitute a single occurrence. The expiration of this policy will not reduce the 168 - hour period.

Any payment under the "Earth Movement Limit of Insurance" is included within and will not increase the applicable Limit of Insurance shown elsewhere in this policy.

### **6. "Flood" means:**

- a. Surface water, waves, tides, tidal waves, tsunami, overflow of any body of water, or their spray, all whether driven by wind or not;
  - b. Mudslide or mudflow;
  - c. Water that backs up from a sewer or drain; or
  - d. Water under the ground surface pressing on, or flowing or seeping through:
    - (1) Foundations, walls, floors or paved surfaces;
    - (2) Basements, whether paved or not; or
    - (3) Doors, windows or other openings;
- all whether naturally occurring or due to man-made or other artificial causes.

**7. "Flood Annual Aggregate Limit of Insurance"** means the most we will pay for all covered "flood" occurrences in any one policy year.

Each policy year:

- a. Begins with the inception date or anniversary date of this policy, and
- b. Ends at the next anniversary date or the expiration date of this policy.

**8. "Flood Deductible"** means the Deductible applicable in any one occurrence of loss or damage from "flood".

a. When a percentage (%) is shown in the Declarations, we will calculate the dollar amount of the deductible by multiplying the applicable percentage shown in the Declarations by the value, at the time of loss or damage, of the property that has sustained loss or damage.

b. When a percentage (%) is shown in any Deductible Schedule, we will calculate the applicable dollar amount of the deductible by multiplying the applicable percentage shown in that Deductible Schedule by the applicable deductible basis shown in that Deductible Schedule.

In no event will the applicable deductible be less than any applicable minimum, or more than any applicable maximum, amount shown in the Declarations or Deductible Schedule.

## **Inland Marine Endorsement**

**9. "Flood Limit of Insurance"** means the most we will pay for loss or damage in any one occurrence caused directly or indirectly by "flood", regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

But if loss or damage by fire, explosion, or leakage or discharge from an automatic sprinkler system results from "flood", the "Flood Limit of Insurance" will not apply to the resulting loss or damage. Instead, we will pay up to the applicable Limit of Insurance shown in the Declarations that would otherwise apply to loss or damage by fire, explosion, or leakage or discharge from an automatic sprinkler system. Any payment under the "Flood Limit of Insurance" is included within and will not increase the applicable Limit of Insurance shown elsewhere in this policy.

**10. "Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste. Waste includes materials to be recycled, reconditioned or reclaimed.

**11. "Scheduled Property"** means items listed in the Declarations owned by you or for which you are legally liable. "Scheduled Property" does not mean contraband, or property in the course of illegal transit or trade.

**12. "Sinkhole collapse"** means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. "Sinkhole collapse" does not mean the cost of filling sinkholes or the sinking or collapse of land into man-made underground cavities.

**13. "Specified causes of loss"** means fire; lightning; explosion; "windstorm"; 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. 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 personal 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.

b. "Water damage" means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

**14. "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.

"Volcanic action" does not mean the cost to remove ash, dust or particles that do not cause direct physical loss or damage. All volcanic eruptions that occur within any 168 - hour period will constitute a single occurrence.

## **Inland Marine Endorsement**

**15. "Windstorm"** means wind or hail.

**16. "Windstorm Deductible"** means the Deductible applicable in any one occurrence of loss or damage caused directly or indirectly by "windstorm".

If loss or damage by rain, snow, sand or dust occurs and that loss or damage would not have occurred but for the "windstorm", such loss or damage will be considered to be caused by a "windstorm" occurrence.

a. When a percentage (%) is shown in the Declarations, we will calculate the dollar amount of the deductible by multiplying the applicable percentage shown in the Declarations by the value, at the time of loss or damage, of the property that has sustained loss or damage.

b. When a percentage (%) is shown in any Deductible Schedule, we will calculate the applicable dollar amount of the deductible by multiplying the applicable percentage shown in that Deductible Schedule by the applicable deductible basis shown in that Deductible Schedule. In no event will the applicable deductible be less than any applicable minimum, or more than any applicable maximum, amount shown in the Declarations or Deductible Schedule. The "Windstorm Deductible" does not apply to property in transit.