

TAPS & BOURBON ON TERRACE, LLC	:	COURT OF COMMON PLEAS
	:	PHILADELPHIA COUNTY
v.	:	
	:	JULY TERM, 2020
THOSE CERTAIN UNDERWRITERS	:	
AT LLOYDS, LONDON	:	NO. 00375
And	:	
MAIN LINE INSURANCE OFFICES, INC.	:	COMMERCE PROGRAM
	:	
	:	JURY TRIAL DEMANDED

ORDER

AND NOW, this ____ day of _____, 2020, upon consideration of Defendant Certain Underwriters at Lloyds, London Subscribing to Policy No. DTW-ISC-2017-0061 (improperly identified as “Those Certain Underwriters at Lloyd’s, London”) Preliminary Objections to Plaintiff’s Amended Complaint, and any response thereto, it is hereby ORDERED and DECREED, that said Preliminary Objections are SUSTAINED. It is further ORDERED and DECREED that all claims for relief set forth in Plaintiff’s Amended Complaint against Defendant Certain Underwriters at Lloyds, London Subscribing to Policy No. DTW-ISC-2017-0061 (improperly identified as “Those Certain Underwriters at Lloyd’s, London”), are hereby DISMISSED with prejudice.

BY THE COURT:

J.

ZARWIN, BAUM, DeVITO, KAPLAN, SCHAER & TODDY, P.C.

BY: THEODORE M. SCHAER, ESQUIRE

IDENTIFICATION NO.: 49580

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TAPS & BOURBON ON TERRACE, LLC	:	COURT OF COMMON PLEAS
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MAIN LINE INSURANCE OFFICES, INC.	:	COMMERCE PROGRAM
	:	
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**PRELIMINARY OBJECTIONS TO PLAINTIFF’S AMENDED COMPLAINT
ON BEHALF OF DEFENDANT CERTAIN UNDERWRITERS AT LLOYD’S, LONDON
SUBSCRIBING TO POLICY NO. DTW-ISC-2017-0061
*(improperly identified as “Those Certain Underwriters at Lloyd’s, London”)***

Defendant Certain Underwriters at Lloyds, London Subscribing to Policy No. DTW-ISC-2017-0061 (improperly identified as “Those Certain Underwriters at Lloyd’s, London”) by and through its counsel, Zarwin, Baum, DeVito, Kaplan, Schaer & Toddy, P.C., hereby raises Preliminary Objections to Plaintiff’s Amended Complaint, and in support thereof avers as follows:

1. Plaintiff Taps & Bourbon on Terrace, LLC is a restaurant and bar located in Philadelphia, Pennsylvania.

2. Defendant Certain Underwriters at Lloyds, London Subscribing to Policy No. DTW-ISC-2017-0061 (improperly identified as “Those Certain Underwriters at Lloyd’s, London”) (hereafter “Lloyds”) issued a policy of property insurance to Plaintiff, Policy No. DTW-ISC-2017-0061.

3. Plaintiff has filed an Amended Complaint asserting claims for breach of contract and bad faith against Defendant Lloyds. See Plaintiff’s Amended Civil Action Complaint with Exhibits attached hereto as Exhibit “A”.

4. Plaintiff has attached a copy of the at issue provisions of the Policy as an exhibit to the Amended Complaint. See Plaintiff’s Praecipe to Attach Exhibit to Amended Civil Action Complaint attached hereto as Exhibit “B”.

5. Plaintiff’s breach of contract and bad faith claims are premised on Lloyds alleged improper denial of insurance coverage under Policy No. DTW-ISC-2017-0061 (hereafter the “Policy”).

6. Specifically, Plaintiff has sought coverage for loss of income and extra expenses incurred as a result of the coronavirus and the resulting Executive Order restricting Plaintiff’s on-site operations, and permitting only carry-out, delivery and drive-through operations.

7. Plaintiff has alleged that as a result of the Executive Order it suspended its operations resulting in a loss of business income, and that Plaintiff also incurred extra expense as a result of cleaning and disinfecting of surfaces. See Exhibit “A” at ¶¶ 18 and 19.

8. Plaintiff seeks “Business Income Loss and Extra Expense benefits” under the Policy. See Exhibit “A” at ¶ 20.

9. Defendant Lloyd's has denied Plaintiff's claim for coverage citing the lack of "direct physical loss or damage" required for coverage to attach, as well as various exclusions contained in the Policy including, but not limited to, a virus exclusion applicable to all coverages.

10. Defendant Lloyd's is filing the instant Preliminary Objections seeking a demurrer for Plaintiff's failure to state a claim upon which relief can be granted, as a result of the lack and/or exclusion of coverage for Plaintiff's claims under the Policy.

PRELIMINARY OBJECTIONS ON THE BASIS OF DEMURRER

11. Preliminary Objections may be filed to a complaint or amendment thereof on the basis of legal insufficiency or demurrer. Pa. R.C.P. 1028(a)(4).

12. In ruling upon a preliminary objection in the nature of a demurrer, the court must accept as true all well-pleaded allegations of material fact and all inferences reasonably deductible therefrom. *S. Union Twp. v. Dep't of Entvl. Prot.*, 839 A.2d 1179, 1185 (Pa. Commw. Ct. 2003) aff'd 854 A.2d 476 (Pa. 2004). However, the court need not accept as true conclusions of law, unwarranted inferences, argumentative allegations, or expressions of opinion. *Id.*

13. A demurrer does not admit the pleader's conclusions of law. *Eden Roc Country Club v. Mullhauser*, 204 A.2d 465 (Pa. 1964).

14. The test is whether it is clear from all of the facts pleaded that the pleader will be unable to prove facts legally sufficient to establish his or her right to relief. *S. Union Twp. v. Dep't of Entvl. Prot.*, 839 A.2d at 1185. Of course, where the complaint shows on its face that the claim is devoid of merit, the demurrer should be sustained. *Greenberg v. Aetna Insurance Co.*, 235 A.2d 576 (Pa. 1967).

CONSTRUCTION OF INSURANCE POLICIES AS A MATTER OF LAW

15. In Pennsylvania, the proper construction of an insurance policy is a matter of law. *Fisher v. Harleysville Ins. Co.*, 621 A.2d 158 (Pa. Super. 1993). The Court rather than a jury interprets an insurance contract. *Madison Cont. Co. v. Harleysville Mut. Ins. Co.*, 735 A.2d 100 (Pa. 1999).

16. In interpreting an insurance policy, the Court must ascertain the intent of the parties as manifested by the language of the written agreement. *Harleysville Ins. Co. v. Aetna Casualty and Surety Ins. Co.*, 795 A.2d 383 (Pa. 2002). Words of common usage are to be construed in their natural plain and ordinary meaning. *Madison Cont. Co. v. Harleysville Mut. Ins. Co.*, *supra*.

17. When policy language is clear and unambiguous, the Court is required to give effect to the language of the contract. *Harleysville Ins. Co. v. Aetna Casualty and Surety Ins. Co.*, *supra*. Where a provision of an insurance policy is ambiguous, the provision is to be construed against the drafter. *Madison Cont. Co. v. Harleysville Mut. Ins. Co.*, *supra*.

PLAINTIFF’S CLAIM IS NOT COVERED UNDER THE POLICY AS THERE IS NO “DIRECT PHYSICAL LOSS OF OR DAMAGE TO” ITS PROPERTY

18. The Policy in clear unambiguous terms requires “direct physical loss” or “damage to” property before a loss is covered.

19. The BUILDING AND PERSONAL PROPERTY COVERAGE FORM, form CP 00 10 06 07 of the Policy states:

A. Coverage

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

3. Covered Causes of Loss

See applicable Causes of Loss Form as shown in the Declarations.

B. Exclusions And Limitations

See applicable Causes of Loss Form as shown in the Declarations.

See Exhibit "B" at form CP 00 10 06 07 (emphasis added); see also BUILDING AND PERSONAL PROPERTY COVERAGE FORM, form CP 00 10 06 07 of the Policy, attached hereto separately as Exhibit "C".

20. The BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM, form CP 00 30 06 07 of the Policy states:

A. Coverage

1. Business Income

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 premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a *Covered Cause of Loss*.

2. Extra Expense

b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no *direct physical loss or damage to* property caused by or resulting from a *Covered Cause of Loss*.

3. Covered Causes of Loss, Exclusions And Limitations

See applicable Causes of Loss Form as shown in the Declarations.

See Exhibit “B” at form CP 00 30 06 07 (emphasis added); see also BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM, form CP 00 30 06 07 of the Policy, attached hereto separately as Exhibit “D”.

21. The applicable Causes of Loss Form as shown in the Declarations is the CAUSES OF LOSS – SPECIAL FORM, form CP 10 30 06 07 of the Policy. See Exhibit “B” at form DTWGL-A00003, see also Declaration Page including Schedule of Forms and Endorsements, forms DTWGL-A00001 and DTWGL-A00003 of the Policy, attached hereto separately as Exhibit “E”.

22. The CAUSES OF LOSS – SPECIAL FORM, form CP 10 30 06 07 of the Policy states:

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means *Risks Of Direct Physical Loss* ...

See Exhibit “B” at form CP 10 30 06 07 (emphasis added); see also CAUSES OF LOSS – SPECIAL FORM, form CP 10 30 06 07 of the Policy, attached hereto separately as Exhibit “F”.

23. Accordingly, pursuant to the plain, clear and unambiguous terms of the Policy, there must be “direct physical loss” or “damage to” property for coverage to be triggered.

24. Plaintiff has not alleged a direct physical loss or damage to property in the Amended Complaint that triggers trigger coverage under the Policy.

25. Rather Plaintiff has merely alleged temporary closure in response to the Executive Order, and the disinfecting/cleaning of surfaces. See Exhibit “A” at ¶¶ 18 and 19.

26. There is no allegation that the virus was in fact ever found to be physically present at the premises, let alone that it caused a loss of or damage to property.

27. The phrase “direct physical loss or damage” unambiguously requires some form of actual, physical damage to the insured premises or property to trigger loss of business income and extra expense coverage. See *Malaube, LLC v. Greenwich Ins. Co.*, 2020 U.S. Dist. LEXIS 156027, *16-18 (U.S.D.C. SD. Fla, August 26, 2020) citing *Newman Myers Kreines Gross Harris, P.C. v. Great Northern Ins. Co.*, 17 F. Supp. 3d 323, 331 (S.D.N.Y. 2014).

28. The modifiers "direct" and "physical," mean the alleged damage *must be actual*. *Malaube, LLC v. Greenwich Ins. Co.*, *supra*, at *19-20 citing *Homeowners Choice Prop. & Cas. v. Miguel Maspons*, 211 So. 3d 1067, 1069 (Fla. 3rd DCA 2017); *see also Vazquez v. Citizens Prop. Ins. Corp.*, 2020 Fla. App. LEXIS 3573, 2020 WL 1950831, at *3 (Fla. 3rd DCA Mar. 18, 2020) ("Consistent with this plain meaning, the trial court determined that the 'insured loss' is the property that was actually damaged."); *Columbiaknit, Inc. v. Affiliated FM Ins. Co.*, 1999 U.S. Dist. LEXIS 11873, 1999 WL 619100, at *7 (D. Or. Aug. 4, 1999) (holding that a policyholder could not recover under a policy requiring "physical loss" unless the claimed mold physically and demonstrably damaged the insured property); *MRI Healthcare Ctr. of Glendale, Inc.*, 187 Cal. App. 4th at 779 ("A direct physical loss contemplates an actual change in insured property then in a satisfactory state, occasioned by accident or other fortuitous event directly upon the property causing it to become unsatisfactory for future use or requiring that repairs be made to make it so.") (internal quotation marks and citation omitted); *Mastellone v. Lightning*

Rod Mut. Ins. Co., 175 Ohio App. 3d 23, 42, 2008- Ohio 311, 884 N.E.2d 1130 (Ohio Ct. App. 2008).

29. The need to clean is insufficient to satisfy the requirement of actual damage. *Malaube, LLC v. Greenwich Ins. Co.*, *supra*, at *20-22 citing *Mama Jo's Inc. v. Sparta Ins. Co.*, 2020 U.S. App. LEXIS 26103, 2020 WL 4782369, at *1 (11th Cir. Aug. 18, 2020) (upholding summary judgment in favor of insurer on insured's cleaning claim because "an item or structure that merely needs to be cleaned has not suffered a 'loss' which is both 'direct' and 'physical.'"); *see also Universal Image Prods., Inc. v. Fed. Ins. Co.*, 475 F. App'x 569, 573 (6th Cir. 2012) ("[C]leaning . . . expenses . . . are not tangible, physical losses, but economic losses."); *MRI Healthcare Ctr. of Glendale, Inc.*, 187 Cal. App. 4th at 779 ("A direct physical loss 'contemplates an actual change in insured property.'"); *AFLAC Inc. v. Chubb & Sons, Inc.*, 260 Ga. App. 306, 307, 581 S.E.2d 317 (2003) (same).

30. This conclusion is further supported by the fact that loss of business income under the Policy is covered only during a "period of restoration", specifically the BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM, form CP 00 30 06 07 of the Policy states:

A. Coverage

1. Business Income

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 premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss.

See Exhibit "B" at form CP 00 30 06 07 (emphasis added); see also Exhibit "D".

31. The term “period of restoration” is defined in the Policy as follows:

F. Definitions

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 date when the property at the described premises should be **repaired, rebuilt or replaced** with reasonable speed and similar quality; or
- (2) The date when business is resumed at a new permanent location.

See Exhibit “B” (emphasis added); see also Exhibit “D”.

32. This definition not only specifies it begins only after “direct physical loss or damage” but specifies it ends when property is “repaired, rebuilt or replaced” or the business must be moved to an entirely new location, clearly emphasizing that something more than cleaning is contemplated and required for this coverage to be applicable. *Malaube, LLC v. Greenwich Ins. Co.*, *supra*, at *25 (“The words ‘repair’ and ‘replace’ contemplate physical damage to the insured premises as opposed to loss of use of it.”) citing *Newman Myers Kreines Gross Harris, P.C.*, 17 F. Supp. 3d 323, 332 (S.D.N.Y. 2014); see also *Philadelphia Parking Auth.*, 385 F. Supp. 2d

280, 287 (S.D.N.Y. 2005) ("Rebuild, 'repair' and 'replace' all strongly suggest that the damage contemplated by the Policy is physical in nature.").

33. Plaintiff is not entitled to coverage under the Property, or Business Interruption and Extra Expense, coverage parts of the Policy. *Malaube, LLC v. Greenwich Ins. Co., supra* ; see also *Diesel Barbershop, LLC v. State Farm Lloyds*, 2020 U.S. Dist. LEXIS 147276 (U.S.D.C. W.D. Tex., August 13, 2020); *10E, LLC v. Travelers Indem. Co. of Connecticut*, 2020 U.S. Dist. LEXIS 165252 (U.S.D.C. C.D. Cal., September 2, 2020); *Turek Enters. v. State Farm Mut. Auto. Ins. Co.*, 2020 U.S. Dist. LEXIS 161198 (U.S.D.C. E.D. Mich., September 3, 2020); *Pappy's Barber Shops, Inc. v. Farmers Grp., Inc.*, 2020 U.S. Dist. LEXIS 166808 (U.S.D.C. S.D. Cal., September 11, 2020); *Mudpie, Inc. v. Travelers Cas. Ins. Co.*, 2020 U.S. Dist. LEXIS 168385 (U.S.D.C. N.D. Cal., September 14, 2020); *Sandy Point Dental, PC v. Cincinnati Ins. Co.*, 2020 U.S. Dist. LEXIS 171979 (U.S.D.C. N.D. Ill., September 21, 2020).

**PLAINTIFF’S CLAIM IS NOT COVERED UNDER THE POLICY’S
CIVIL AUTHORITY PROVISION DUE TO THE
LACK OF A “COVERED CAUSE OF LOSS”, “DAMAGE TO PROPERTY”**

34. Plaintiff seeks Civil Authority coverage for its alleged business interruption and extra expenses.

35. Civil Authority coverage is provided for in the BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM, form CP 00 30 06 07 of the Policy, and states

5. Additional Coverages

a. Civil Authority

In this Additional Coverage – Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a *Covered Cause of Loss* causes *damage to property* other than property at the described premises, we will pay for the

actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, ***provided that both of the following apply:***

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

See Exhibit “B” (emphasis added); see also Exhibit “D”.

36. A plain reading of this section demonstrates that a “covered cause of loss” as well as “damage to property” are required, although the damage must be to property “other than at the described premises”.

37. Plaintiff’s Amended Complaint fails to identify any damage to property, including outside of the insured premises.

38. Moreover, for civil authority coverage to apply the Policy requires that “access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage”.

39. Plaintiff’s Amended Complaint does not allege damage outside the premises, let alone a prohibition of access to an area surrounding any such damage.

40. Finally, for civil authority coverage to apply the Policy also requires that “the action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage”.

41. Once again, damage to property is required, and no damage to property is alleged in Plaintiff’s Amended Complaint.

42. Plaintiff is not entitled to coverage under the Civil Authority coverage of the Policy. *Diesel Barbershop, LLC v. State Farm Lloyds*, 2020 U.S. Dist. LEXIS 147276 (U.S.D.C. W.D. Tex., August 13, 2020); *10E, LLC v. Travelers Indem. Co. of Connecticut*, 2020 U.S. Dist. LEXIS 165252 (U.S.D.C. C.D. Cal., September 2, 2020); *Turek Enters. v. State Farm Mut. Auto. Ins. Co.*, 2020 U.S. Dist. LEXIS 161198 (U.S.D.C. E.D. Mich., September 3, 2020); *Pappy’s Barber Shops, Inc. v. Farmers Grp., Inc.*, 2020 U.S. Dist. LEXIS 166808 (U.S.D.C. S.D. Cal., September 11, 2020); *Mudpie, Inc. v. Travelers Cas. Ins. Co.*, 2020 U.S. Dist. LEXIS 168385 (U.S.D.C. N.D. Cal., September 14, 2020); *Sandy Point Dental, PC v. Cincinnati Ins. Co.*, 2020 U.S. Dist. LEXIS 171979 (U.S.D.C. N.D. Ill., September 21, 2020).

**PLAINTIFF’S CLAIM IS EXCLUDED UNDER THE POLICY
DUE TO THE “EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA”**

43. Even if Plaintiff were found to have sufficiently pled a direct physical loss or damage to property to trigger coverage under the Property, Business Interruption and Extra Expense, or Civil Authority coverages of Policy, such coverage is excluded pursuant to the EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA, form CP 01 40 07 06 of the Policy, which states:

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

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

- A. The exclusion set forth in Paragraph **B.** applies to *all coverage under all forms and endorsements* that comprise this Coverage Part or Policy, *including but not limited to forms or endorsements that cover property damage* to buildings or personal property *and forms or endorsements that cover business income, extra expense or action of civil authority.*
- B. *We will not pay for loss or damage caused by or resulting from any virus*, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease.

However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.

- C. With respect to any loss or damage subject to the exclusion in Paragraph **B.**, *such exclusion supersedes any exclusion relating to "pollutants".*

See Exhibit "B" at form CP 01 40 07 06 (emphasis added); see also EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA, form CP 01 40 07 06 of the Policy, attached hereto separately as Exhibit "G".

44. The EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA, form CP 01 40 07 06 of the Policy expressly states it applies to “all coverage forms” including coverages for “property damage”, “business income”, “extra expense” and “action of civil authority”.

45. Plaintiff’s claim is clearly based on “loss or damage caused by or resulting from [a] virus”.

46. In fact, Plaintiff concedes this point in its Amended Complaint wherein it acknowledges that the Executive Order was:

based, in part on a declaration by the World Health Organization and the Centers for Disease Control and Prevention that the *virus* had created a “public health emergency of international concern”

See Exhibit “A” at ¶ 16 (emphasis added).

47. Plaintiff asserts in its Amended Complaint that the EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA was removed from the Policy under the RESTAURANT PLATINUM ENHANCEMENT ENDORSEMENT, form DTWCP-D00010 of the Policy. See Exhibit “A” at ¶ 12.

48. Besides being a conclusion of law and not a statement of fact, this assertion is clearly false based on a plain reading of the Policy language.

49. Specifically, the only references to removal or modification of exclusions contained in the RESTAURANT PLATINUM ENHANCEMENT ENDORSEMENT, form DTWCP-D00010 of the Policy, are as follows:

- At Subsection A.1.c. addressing “Additional Coverages” for “Accounts Receivable”;
- At Subsection A.3.d. addressing “Additional Coverages” for “Employee Dishonesty”;
- At Subsection B.4.c. addressing “Additional Coverages” for “Outdoor Signs”; and

- At Subsection B.10.f. addressing “Additional Coverages” for “Valuable Papers and Records (Other Than Electronic Data)”.

See Exhibit “B” at form DTWCP-D00010; see also RESTAURANT PLATINUM ENHANCEMENT ENDORSEMENT, form DTWCP-D00010 of the Policy, attached hereto separately at Exhibit “H”.

50. Plaintiff’s Amended Complaint does not allege any claims or breach of contract for denial of claims for “Accounts Receivable”, “Employee Dishonesty”, “Outdoor Signs” or “Valuable Papers and Records (Other Than Electronic Data)” coverage. Plaintiff’s losses as set forth in the Amended Complaint cannot be reasonably construed to fall under any of these Additional Coverages.

51. Moreover, the RESTAURANT PLATINUM ENHANCEMENT ENDORSEMENT, form DTWCP-D00010 of the Policy, addresses changes to the BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM, form CP 00 30 06 07 of the Policy, only at subsection C. which contains no changes to exclusions whatsoever under any coverages. See Exhibit “B”; see also Exhibit “H”.

52. Accordingly, a plain reading of the Policy demonstrates that the stand-alone EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA, form CP 01 40 07 06 of the Policy, is not removed or altered by any other provision of the Policy.

53. When interpreting and applying insurance exclusions, Pennsylvania Courts apply “but for” causation. *Manufacturers Casualty Ins. Co. v. Goodville Mut. Casualty Co.*, 170 A.2d 571, 573 (Pa. 1961) (“Construed strictly against the insurer, ‘arising out of’ means casually connected with, not proximately caused by. ‘But for’ causation, i.e., a cause and result relationship, is enough to satisfy this provision of the policy”); see also *McCabe v. Old Republic Ins. Co.*, 228

A.2d 901, 903 (Pa. 1967); *Madison Constr. Co. v. Harleysville Mut. Ins. Co.*, 735 A.2d 100, 109-110 (Pa. 1999).

54. While the stand-alone Exclusion of Loss Due to Virus or Bacteria does not use the phrase “arising out of” it does use the equally, if not more clear and unambiguous language “caused by or resulting from”. See Exhibit “B”; see also Exhibit “H”.

55. As the Pennsylvania Supreme Court has explicitly held that the term “arising out of” is clear and unambiguous and indicates “but for” or “cause and result” relationship, there is no legitimate basis to argue or conclude that the phrase “caused by or resulting from” has any meaning other than a “but for” or “cause and result” relationship. Words of common usage are to be construed in their natural plain and ordinary meaning. *Madison Cont. Co. v. Harleysville Mut. Ins. Co.*, 735 A.2d 100 (Pa. 1999).

56. In the instant matter it is clear that Plaintiff’s averments of fact in the Amended Complaint can be construed only to assert an alleged loss that would not exist “but for” a virus, in other words there is clearly a causal relationship between the claimed loss and a virus. See Exhibit “A” at ¶ 16.

57. The Executive Order attached to Plaintiff’s Amended Complaint, clearly states it is in response to “a novel coronavirus (“COVID-19”)”. See Exhibit “A” at Exhibit 2.

58. Plaintiff’s Amended Complaint asserts no basis unrelated to a virus for the temporary closure of its business or cessation of its operations, or the extra expenses of cleaning, other than the coronavirus.

59. Accordingly, the virus exclusion by its plain unambiguous terms precludes coverage under the Property, Business Interruption and Extra Expense, and Civil Authority coverages of the Policy. See *Diesel Barbershop, LLC v. State Farm Lloyds*, 2020 U.S. Dist. LEXIS 147276

(U.S.D.C. W.D. Tex., August 13, 2020) (granting insurer’s motion to dismiss based on finding that virus exclusion precluded coverage for closure of restaurant by government orders in response to coronavirus); *Turek Enters. v. State Farm Mut. Auto. Ins. Co.*, 2020 U.S. Dist. LEXIS 161198 (U.S.D.C. E.D. Mich., September 3, 2020) (same).

**THERE IS NO COVERAGE FOR FOOD CONTAMINATION
DUE TO A LACK OF “AN INCIDENCE OF FOOD POISONING” OF A PATRON**

60. Plaintiff’s Amended Complaint makes reference to the Policy’s coverage for “Food Contamination” contained in the RESTAURANT PLATINUM ENHANCEMENT ENDORSEMENT, form DTWCP-D00010 of the Policy. See Exhibit “A” at ¶ 14.

61. The Policy’s coverage for “Food Contamination” contained in the RESTAURANT PLATINUM ENHANCEMENT ENDORSEMENT, form DTWCP-D00010 of the Policy, states:

1. Food Contamination

a. If your business at the described premises is ordered closed by the Board of Health or any other governmental authority as a result of the discovery or suspicion of food contamination, we will pay:

- (1)** The actual loss of Business Income you sustain due to the necessary “suspension” of your “operations; and
- (2)** The following Extra Expenses:
 - (a)** To clean your equipment as required by the Board of Health or any other governmental authority;
 - (b)** To replace food which is, or is suspected to be, contaminated;
 - (c)** Necessary medical tests or vaccinations for your “employees”; and
 - (d)** The cost of additional advertising to restore your reputation.

c. *Food contamination means an incidence of food poisoning to one or more of your patrons* as a result of:

- (1)** *Tainted food you purchased;*
- (2)** *Food which has been unintentionally stored, handled or prepared improperly; or*
- (3)** *A communicable disease transmitted through one or more of your “employees”.*

See Exhibit “B”; see also Exhibit “H” at subsections C.1.a. and C.1.c.

62. Plaintiff’s Amended Complaint does not allege any discovery or suspicion of “an incidence of food poisoning to one or more of [Plaintiff’s] patrons” as a result of tainted food, improperly stored/handled/prepared food, or a communicable disease transmitted from its employees.

63. Accordingly, pursuant to a plain reading of the Policy there is no coverage owed under the Food Contamination coverage.

**THERE IS NO BREACH OF CONTRACT BECAUSE
PLAINTIFF’S CLAIM IS NOT COVERED / IS EXCLUDED FROM COVERAGE**

64. As set forth above, the denial of coverage was proper, as the Plaintiff’s claim is not covered due to a lack of “direct physical loss or damage” to property, is excluded due to a stand-alone virus exclusion, and fails to meet the requirements for food contamination coverage.

65. Accordingly, there is no breach of contract and Plaintiff’s claims for breach of contract must be dismissed.

THERE CAN BE NO BAD FAITH FOR A PROPER DENIAL OF COVERAGE

66. Plaintiff’s Amended Complaint asserts a claim for bad faith on the basis of an alleged improper denial of coverage. See Exhibit “A”.

67. However, as set forth above, the denial of coverage was proper, as the claim is either not covered due to a lack of “direct physical loss or damage” to property, or alternatively the claim is excluded due to a stand-alone virus exclusion.

68. Where it is claimed only that an insurer was guilty of bad faith in its denial of coverage and it is later determined that the insurer’s position was correct, the courts have not hesitated to dismiss bad faith claims as a matter of law.” See e.g. *T.A. v. Allen*, 868 A.2d 594

(Pa. Super. 2005) (holding that bad faith claims premised upon insurer's failure to defend or settle claim could not be maintained where court had determined that insurer had no duty to defend).

69. Accordingly, there is no bad faith and Plaintiff's claims for bad faith must be dismissed.

WHEREFORE, it is respectfully requested that this Honorable Court enter an order in the form proposed dismissing, with prejudice, all claims against Defendant Certain Underwriters at Lloyd's, London Subscribing to Policy No. DTW-ISC-2017-0061 set forth in Plaintiff's Amended Complaint.

Respectfully submitted,

**ZARWIN, BAUM, DeVITO, KAPLAN,
SCHAER & TODDY, P.C.**

BY: /s/ *Noah Shapiro*

**THEODORE M. SCHAER, ESQUIRE
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*Attorney for Certain Underwriters at Lloyd's,
London Subscribing to Policy No. DTW-ISC-
2017-0061 (improperly identified as "Those
Certain Underwriters at Lloyd's, London")*

ZARWIN, BAUM, DeVITO, KAPLAN, SCHAER & TODDY, P.C.

BY: THEODORE M. SCHAER, ESQUIRE

IDENTIFICATION NO.: 49580

BY: NOAH S. SHAPIRO, ESQUIRE

IDENTIFICATION NO.: 206483

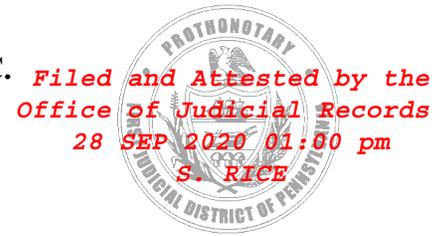
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Attorney for Certain Underwriters at Lloyds, London Subscribing to Policy No. DTW-ISC-2017-0061 (improperly identified as “Those Certain Underwriters at Lloyd’s, London”)



TAPS & BOURBON ON TERRACE, LLC	:	COURT OF COMMON PLEAS
	:	PHILADELPHIA COUNTY
v.	:	
	:	JULY TERM, 2020
THOSE CERTAIN UNDERWRITERS	:	
AT LLOYDS, LONDON	:	NO. 00375
And	:	
MAIN LINE INSURANCE OFFICES, INC.	:	COMMERCE PROGRAM
	:	
	:	JURY TRIAL DEMANDED

**MEMORANDUM OF LAW IN SUPPORT OF
PRELIMINARY OBJECTIONS TO PLAINTIFF’S AMENDED COMPLAINT
ON BEHALF OF DEFENDANT CERTAIN UNDERWRITERS AT LLOYD’S, LONDON
SUBSCRIBING TO POLICY NO. DTW-ISC-2017-0061
(improperly identified as “Those Certain Underwriters at Lloyd’s, London”)**

I. MATTER BEFORE THE COURT:

The Preliminary Objections to Plaintiff’s Amended Complaint on behalf of Defendant Underwriters at Lloyds, London Subscribing to Policy No. DTW-ISC-2017-0061 (improperly identified as “Those Certain Underwriters at Lloyd’s, London”).

II. QUESTION PRESENTED:

Does Plaintiff’s Amended Complaint fail to state a claim upon which relief can be granted as a result of a lack of coverage under the Policy?

Suggested Answer: Yes

III. FACTS:

Plaintiff Taps & Bourbon on Terrace, LLC is a restaurant and bar located in Philadelphia, Pennsylvania. Defendant Certain Underwriters at Lloyds, London Subscribing to Policy No. DTW-ISC-2017-0061 (improperly identified as “Those Certain Underwriters at Lloyd’s, London”) (hereafter “Lloyds”) issued a policy of property insurance to Plaintiff, Policy No. DTW-ISC-2017-0061.

Plaintiff has filed an Amended Complaint asserting claims for breach of contract and bad faith against Defendant Lloyds.¹ Plaintiff has attached a copy of the at issue provisions of the Policy as an exhibit to the Amended Complaint.² Plaintiff’s breach of contract and bad faith claims are premised on Lloyds alleged improper denial of insurance coverage under Policy No. DTW-ISC-2017-0061 (hereafter the “Policy”).

Specifically, Plaintiff has sought coverage for loss of income and extra expenses incurred as a result of the coronavirus and the resulting Executive Order restricting Plaintiff’s on-site operations, and permitting only carry-out, delivery and drive-through operations. Plaintiff has alleged that as a result of the Executive Order it suspended its operations resulting in a loss of business income, and that Plaintiff also incurred extra expense as a result of cleaning and disinfecting of surfaces.³ Plaintiff seeks “Business Income Loss and Extra Expense benefits” under the Policy.⁴

Defendant Lloyd’s has denied Plaintiff’s claim for coverage citing the lack of “direct physical loss or damage” required for coverage to attach, as well as various exclusions contained in the Policy including, but not limited to, a virus exclusion applicable to all coverages.

¹ See Plaintiff’s Amended Civil Action Complaint with Exhibits attached hereto as Exhibit “A”.

² See Plaintiff’s Praecipe to Attach Exhibit to Amended Civil Action Complaint attached hereto as Exhibit “B”.

³ See Exhibit “A” at ¶¶ 18 and 19.

⁴ See Exhibit “A” at ¶ 20.

Defendant Lloyd's is filing the instant Preliminary Objections seeking a demurrer for Plaintiff's failure to state a claim upon which relief can be granted, as a result of the lack and/or exclusion of coverage for Plaintiff's claims under the Policy.

IV. LAW / ARGUMENT:

a. Preliminary Objections on The Basis of Demurrer:

Preliminary Objections may be filed to a complaint or amendment thereof on the basis of legal insufficiency or demurrer.⁵ In ruling upon a preliminary objection in the nature of a demurrer, the court must accept as true all well-pleaded allegations of material fact and all inferences reasonably deductible therefrom.⁶ However, the court need not accept as true conclusions of law, unwarranted inferences, argumentative allegations, or expressions of opinion. *Id.* A demurrer does not admit the pleader's conclusions of law.⁷

The test is whether it is clear from all of the facts pleaded that the pleader will be unable to prove facts legally sufficient to establish his or her right to relief.⁸ Of course, where the complaint shows on its face that the claim is devoid of merit, the demurrer should be sustained.⁹

b. Construction of Insurance Policies as A Matter of Law:

In Pennsylvania, the proper construction of an insurance policy is a matter of law.¹⁰ The Court rather than a jury interprets an insurance contract.¹¹ In interpreting an insurance policy, the Court must ascertain the intent of the parties as manifested by the language of the written

⁵ Pa. R.C.P. 1028(a)(4).

⁶ *S. Union Twp. v. Dep't of Entvl. Prot.*, 839 A.2d 1179, 1185 (Pa. Commw. Ct. 2003) aff'd 854 A.2d 476 (Pa. 2004).

⁷ *Eden Roc Country Club v. Mullhauser*, 204 A.2d 465 (Pa. 1964).

⁸ *S. Union Twp. v. Dep't of Entvl. Prot.*, 839 A.2d at 1185.

⁹ *Greenberg v. Aetna Insurance Co.*, 235 A.2d 576 (Pa. 1967).

¹⁰ *Fisher v. Harleysville Ins. Co.*, 621 A.2d 158 (Pa. Super. 1993).

¹¹ *Madison Cont. Co. v. Harleysville Mut. Ins. Co.*, 735 A.2d 100 (Pa. 1999).

agreement.¹² Words of common usage are to be construed in their natural plain and ordinary meaning.¹³ When policy language is clear and unambiguous, the Court is required to give effect to the language of the contract.¹⁴ Where a provision of an insurance policy is ambiguous, the provision is to be construed against the drafter.¹⁵

c. Plaintiff's Claim is Not Covered Under The Policy Because There Is No "Direct Physical Loss Of or Damage To" Its Property:

The Policy in clear unambiguous terms requires "direct physical loss" or "damage to" property before a loss is covered.

The BUILDING AND PERSONAL PROPERTY COVERAGE FORM, form CP 00 10 06 07 of the Policy states:

A. Coverage

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

3. Covered Causes of Loss

See applicable Causes of Loss Form as shown in the Declarations.

B. Exclusions And Limitations

See applicable Causes of Loss Form as shown in the Declarations.¹⁶

¹² *Harleysville Ins. Co. v. Aetna Casualty and Surety Ins. Co.*, 795 A.2d 383 (Pa. 2002).

¹³ *Madison Cont. Co. v. Harleysville Mut. Ins. Co.*, *supra*.

¹⁴ *Harleysville Ins. Co. v. Aetna_Casualty and Surety Ins. Co.*, *supra*.

¹⁵ *Madison Cont. Co. v. Harleysville Mut. Ins. Co.*, *supra*.

¹⁶ See Exhibit "B" at form CP 00 10 06 07 (emphasis added); see also BUILDING AND PERSONAL PROPERTY COVERAGE FORM, form CP 00 10 06 07 of the Policy, attached hereto separately as Exhibit "C".

The BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM, form

CP 00 30 06 07 of the Policy states:

A. Coverage

1. Business Income

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 premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a *Covered Cause of Loss*.

2. Extra Expense

b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no *direct physical loss or damage to* property caused by or resulting from a *Covered Cause of Loss*.

3. Covered Causes of Loss, Exclusions And Limitations

See applicable Causes of Loss Form as shown in the Declarations.¹⁷

¹⁷ See Exhibit "B" at form CP 00 30 06 07 (emphasis added); see also BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM, form CP 00 30 06 07 of the Policy, attached hereto separately as Exhibit "D".

The applicable Causes of Loss Form as shown in the Declarations is the CAUSES OF LOSS – SPECIAL FORM, form CP 10 30 06 07 of the Policy.¹⁸ The CAUSES OF LOSS – SPECIAL FORM, form CP 10 30 06 07 of the Policy states:

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means *Risks Of Direct Physical Loss* ...¹⁹

Accordingly, pursuant to the plain, clear and unambiguous terms of the Policy, there must be “direct physical loss” or “damage to” property for coverage to be triggered.

Plaintiff has not alleged a direct physical loss or damage to property in the Amended Complaint that triggers trigger coverage under the Policy. Rather Plaintiff has merely alleged temporary closure in response to the Executive Order, and the disinfecting/cleaning of surfaces.²⁰ There is no allegation that the virus was in fact ever found to be physically present at the premises, let alone that it caused a loss of or damage to property. The phrase “direct physical loss or damage” unambiguously requires some form of actual, physical damage to the insured premises or property to trigger loss of business income and extra expense coverage.²¹

¹⁸ See Exhibit “B” at form DTWGL-A00003, see also Declaration Page including Schedule of Forms and Endorsements, forms DTWGL-A00001 and DTWGL-A00003 of the Policy, attached hereto separately as Exhibit “E”.

¹⁹ See Exhibit “B” at form CP 10 30 06 07 (emphasis added); see also CAUSES OF LOSS – SPECIAL FORM, form CP 10 30 06 07 of the Policy, attached hereto separately as Exhibit “F”.

²⁰ See Exhibit “A” at ¶¶ 18 and 19.

²¹ *Malaube, LLC v. Greenwich Ins. Co.*, 2020 U.S. Dist. LEXIS 156027, *16-18 (U.S.D.C. SD. Fla, August 26, 2020) citing *Newman Myers Kreines Gross Harris, P.C. v. Great Northern Ins. Co.*, 17 F. Supp. 3d 323, 331 (S.D.N.Y. 2014).

The modifiers "direct" and "physical," mean the alleged damage *must be actual*.²²

Cleaning is insufficient to satisfy the requirement of actual damage.²³

This conclusion is further supported by the fact that loss of business income under the Policy is covered only during a “period of restoration”. Specifically the BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM, form CP 00 30 06 07 of the Policy states:

A. Coverage

1. Business Income

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 premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss.²⁴

²² *Malaube, LLC v. Greenwich Ins. Co.*, *supra*, at *19-20 citing *Homeowners Choice Prop. & Cas. v. Miguel Maspons*, 211 So. 3d 1067, 1069 (Fla. 3rd DCA 2017); see also *Vazquez v. Citizens Prop. Ins. Corp.*, 2020 Fla. App. LEXIS 3573, 2020 WL 1950831, at *3 (Fla. 3rd DCA Mar. 18, 2020) ("Consistent with this plain meaning, the trial court determined that the 'insured loss' is the property that was actually damaged."); *Columbiaknit, Inc. v. Affiliated FM Ins. Co.*, 1999 U.S. Dist. LEXIS 11873, 1999 WL 619100, at *7 (D. Or. Aug. 4, 1999) (holding that a policy holder could not recover under a policy requiring "physical loss" unless the claimed mold physically and demonstrably damaged the insured property); *MRI Healthcare Ctr. of Glendale, Inc.*, 187 Cal. App. 4th at 779 ("A direct physical loss contemplates an actual change in insured property then in a satisfactory state, occasioned by accident or other fortuitous event directly upon the property causing it to become unsatisfactory for future use or requiring that repairs be made to make it so.") (internal quotation marks and citation omitted); *Mastellone v. Lightning Rod Mut. Ins. Co.*, 175 Ohio App. 3d 23, 42, 2008- Ohio 311, 884 N.E.2d 1130 (Ohio Ct. App. 2008).

²³ *Malaube, LLC v. Greenwich Ins. Co.*, *supra*, at *20-22 citing *Mama Jo's Inc. v. Sparta Ins. Co.*, 2020 U.S. App. LEXIS 26103, 2020 WL 4782369, at *1 (11th Cir. Aug. 18, 2020) (upholding summary judgment in favor of insurer on insured's cleaning claim because "an item or structure that merely needs to be cleaned has not suffered a 'loss' which is both 'direct' and 'physical.'"); see also *Universal Image Prods., Inc. v. Fed. Ins. Co.*, 475 F. App'x 569, 573 (6th Cir. 2012) ("[C]leaning . . . expenses . . . are not tangible, physical losses, but economic losses."); *MRI Healthcare Ctr. of Glendale, Inc.*, 187 Cal. App. 4th at 779 ("A direct physical loss 'contemplates an actual change in insured property.'"); *AFLAC Inc. v. Chubb & Sons, Inc.*, 260 Ga. App. 306, 307, 581 S.E.2d 317 (2003) (same).

²⁴ See Exhibit "B" at form CP 00 30 06 07 (emphasis added); see also Exhibit "D".

The term “period of restoration” is defined in the Policy as follows:

F. Definitions

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 date when the property at the described premises should be **repaired, rebuilt or replaced** with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.²⁵

This definition not only specifies it begins only after “direct physical loss or damage” but specifies it ends when property is “repaired, rebuilt or replaced” or the business must be moved to an entirely new location, clearly emphasizing that something more than cleaning is contemplated and required for this coverage to be applicable.²⁶

²⁵ See Exhibit “B” (emphasis added); see also Exhibit “D”.

²⁶ *Malaube, LLC v. Greenwich Ins. Co.*, *supra*, at *25 (“The words ‘repair’ and ‘replace’ contemplate physical damage to the insured premises as opposed to loss of use of it.”) citing *Newman Myers Kreines Gross Harris, P.C.*, 17 F. Supp. 3d 323, 332 (S.D.N.Y. 2014); see also *Philadelphia Parking Auth.*, 385 F. Supp. 2d 280, 287 (S.D.N.Y. 2005) (“‘Rebuild,’ ‘repair’ and ‘replace’ all strongly suggest that the damage contemplated by the Policy is physical in nature.”).

Accordingly, Plaintiff is not entitled to coverage under the Property, or Business Interruption and Extra Expense, coverage parts of the Policy.²⁷

d. Plaintiff's Claim Is Not Covered Under The Policy's Civil Authority Coverage Provision Due To The Lack of A "Covered Cause of Loss" and/or "Damage to Property":

Plaintiff seeks Civil Authority coverage for its alleged business interruption and extra expenses.

Civil Authority coverage is provided for in the BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM, form CP 00 30 06 07 of the Policy, and states

5. Additional Coverages

a. Civil Authority

In this Additional Coverage – Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

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

- (1) *Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage*, and the described premises are within that area but are not more than one mile from the damaged

²⁷ *Malaube, LLC v. Greenwich Ins. Co.*, *supra* ; see also *Diesel Barbershop, LLC v. State Farm Lloyds*, 2020 U.S. Dist. LEXIS 147276 (U.S.D.C. W.D. Tex., August 13, 2020); *10E, LLC v. Travelers Indem. Co. of Connecticut*, 2020 U.S. Dist. LEXIS 165252 (U.S.D.C. C.D. Cal., September 2, 2020); *Turek Enters. v. State Farm Mut. Auto. Ins. Co.*, 2020 U.S. Dist. LEXIS 161198 (U.S.D.C. E.D. Mich., September 3, 2020); *Pappy's Barber Shops, Inc. v. Farmers Grp., Inc.*, 2020 U.S. Dist. LEXIS 166808 (U.S.D.C. S.D. Cal., September 11, 2020); *Mudpie, Inc. v. Travelers Cas. Ins. Co.*, 2020 U.S. Dist. LEXIS 168385 (U.S.D.C. N.D. Cal., September 14, 2020); *Sandy Point Dental, PC v. Cincinnati Ins. Co.*, 2020 U.S. Dist. LEXIS 171979 (U.S.D.C. N.D. Ill., September 21, 2020).

property; *and*

- (2) ***The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage***, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.²⁸

A plain reading of this section demonstrates that a “covered cause of loss” as well as “damage to property” are required, although the damage must be to property “other than at the described premises”. Plaintiff’s Amended Complaint fails to identify any damage to property, including outside of the insured premises. Moreover, for civil authority coverage to apply the Policy requires that “access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage”. Plaintiff’s Amended Complaint does not allege damage outside the premises, let alone a prohibition of access to an area surrounding any such damage. Finally, for civil authority coverage to apply the Policy also requires that “the action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage”. Once again, damage to property is required, and no damage to property is alleged in Plaintiff’s Amended Complaint. Plaintiff is not entitled to coverage under the Civil Authority coverage of the Policy.²⁹

²⁸ See Exhibit “B” (emphasis added); see also Exhibit “D”.

²⁹ *Diesel Barbershop, LLC v. State Farm Lloyds*, 2020 U.S. Dist. LEXIS 147276 (U.S.D.C. W.D. Tex., August 13, 2020); *10E, LLC v. Travelers Indem. Co. of Connecticut*, 2020 U.S. Dist. LEXIS 165252 (U.S.D.C. C.D. Cal., September 2, 2020); *Turek Enters. v. State Farm Mut. Auto. Ins. Co.*, 2020 U.S. Dist. LEXIS 161198 (U.S.D.C. E.D. Mich., September 3, 2020); *Pappy's Barber Shops, Inc. v. Farmers Grp., Inc.*, 2020 U.S. Dist. LEXIS 166808 (U.S.D.C. S.D. Cal., September 11, 2020); *Mudpie, Inc. v. Travelers Cas. Ins. Co.*, 2020 U.S. Dist. LEXIS 168385 (U.S.D.C. N.D. Cal., September 14, 2020); *Sandy Point Dental, PC v. Cincinnati Ins. Co.*, 2020 U.S. Dist. LEXIS 171979 (U.S.D.C. N.D. Ill., September 21, 2020).

e. **Plaintiff's Claim Is Excluded Under to Policy Due to The "Exclusion Of Loss Due to Virus or Bacteria":**

Even if Plaintiff were found to have sufficiently pled a direct physical loss or damage to property to trigger coverage under the Property, Business Interruption and Extra Expense, or Civil Authority coverages of Policy, such coverage is excluded pursuant to the EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA, form CP 01 40 07 06 of the Policy, which states:

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

**EXCLUSION OF LOSS DUE TO VIRUS
OR BACTERIA**

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY**

- A. The exclusion set forth in Paragraph **B.** applies to *all coverage under all forms and endorsements* that comprise this Coverage Part or Policy, *including but not limited to forms or endorsements that cover property damage* to buildings or personal property *and* forms or endorsements that cover *business income, extra expense or action of civil authority.*
- B. *We will not pay for loss or damage caused by or resulting from any virus*, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease.

However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.

C. With respect to any loss or damage subject to the exclusion in Paragraph **B.**, *such exclusion supersedes any exclusion relating to "pollutants"*.³⁰

The EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA, form CP 01 40 07 06 of the Policy expressly states it applies to “all coverage forms” including coverages for “property damage”, “business income”, “extra expense” and “action of civil authority”. Plaintiff’s claim is clearly based on “loss or damage caused by or resulting from [a] virus”. In fact, Plaintiff concedes this point in its Amended Complaint wherein it acknowledges that the Executive Order was:

based, in part on a declaration by the World Health Organization and the Centers for Disease Control and Prevention that the *virus* had created a “public health emergency of international concern”³¹

Plaintiff asserts in its Amended Complaint that the EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA was removed from the Policy under the RESTAURANT PLATINUM ENHANCEMENT ENDORSEMENT, form DTWCP-D00010 of the Policy.³² Besides being a conclusion of law and not a statement of fact, this assertion is clearly false based on a plain reading of the Policy language.

Specifically, the only references to removal or modification of exclusions contained in the RESTAURANT PLATINUM ENHANCEMENT ENDORSEMENT, form DTWCP-D00010 of the Policy, are as follows:

- At Subsection A.1.c. addressing “Additional Coverages” for “Accounts Receivable”;
- At Subsection A.3.d. addressing “Additional Coverages” for “Employee Dishonesty”;
- At Subsection B.4.c. addressing “Additional Coverages” for “Outdoor Signs”; and

³⁰ See Exhibit “B” at form CP 01 40 07 06 (emphasis added); see also EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA, form CP 01 40 07 06 of the Policy, attached hereto separately as Exhibit “G”.

³¹ See Exhibit “A” at ¶ 16 (emphasis added).

³² See Exhibit “A” at ¶ 12.

- At Subsection B.10.f. addressing “Additional Coverages” for “Valuable Papers and Records (Other Than Electronic Data)”.³³

Plaintiff’s Amended Complaint does not allege any claims or breach of contract for denial of claims for “Accounts Receivable”, “Employee Dishonesty”, “Outdoor Signs” or “Valuable Papers and Records (Other Than Electronic Data)” coverage. Plaintiff’s losses as set forth in the Amended Complaint cannot be reasonably construed to fall under any of these Additional Coverages.

Moreover, the RESTAURANT PLATINUM ENHANCEMENT ENDORSEMENT, form DTWCP-D00010 of the Policy, addresses changes to the BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM, form CP 00 30 06 07 of the Policy, only at subsection C. which contains no changes to exclusions whatsoever under any coverages.³⁴

Accordingly, a plain reading of the Policy demonstrates that the stand-alone EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA, form CP 01 40 07 06 of the Policy, is not removed or altered by any other provision of the Policy.

When interpreting and applying insurance exclusions, Pennsylvania Courts apply “but for” causation.³⁵ While the stand-alone Exclusion of Loss Due to Virus or Bacteria does not use the phrase “arising out of” it does use the equally, if not more clear and unambiguous language “caused by or resulting from”.³⁶ As the Pennsylvania Supreme Court has explicitly held that the

³³ See Exhibit “B” at form DTWCP-D00010; see also RESTAURANT PLATINUM ENHANCEMENT ENDORSEMENT, form DTWCP-D00010 of the Policy, attached hereto separately at Exhibit “H”.

³⁴ See Exhibit “B”; see also Exhibit “H”.

³⁵ *Manufacturers Casualty Ins. Co. v. Goodville Mut. Casualty Co.*, 170 A.2d 571, 573 (Pa. 1961) (“Construed strictly against the insurer, ‘arising out of’ means casually connected with, not proximately caused by. ‘But for’ causation, i.e., a cause and result relationship, is enough to satisfy this provision of the policy”); see also *McCabe v. Old Republic Ins. Co.*, 228 A.2d 901, 903 (Pa. 1967); *Madison Constr. Co. v. Harleysville Mut. Ins. Co.*, 735 A.2d 100, 109-110 (Pa. 1999).

³⁶ See Exhibit “B”; see also Exhibit “H”.

term “arising out of” is clear and unambiguous and indicates “but for” or “cause and result” relationship, there is no legitimate basis to argue or conclude that the phrase “caused by or resulting from” has any meaning other than a “but for” or “cause and result” relationship. Words of common usage are to be construed in their natural plain and ordinary meaning.³⁷

In the instant matter it is clear that Plaintiff’s averments of fact in the Amended Complaint can be construed only to assert an alleged loss that would not exist “but for” a virus, in other words there is clearly a causal relationship between the claimed loss and a virus.³⁸ The Executive Order attached to Plaintiff’s Amended Complaint, clearly states it is in response to “a novel coronavirus (“COVID-19”).³⁹ Plaintiff’s Amended Complaint asserts no basis unrelated to a virus for the temporary closure of its business or cessation of its operations, or the extra expenses of cleaning, other than the coronavirus. Accordingly, the virus exclusion by its plain unambiguous terms precludes coverage under the Property, Business Interruption and Extra Expense, and Civil Authority coverages of the Policy.⁴⁰

f. There Is No Coverage For Food Contamination Due To A Lack Of “An Incidence Of Food Poisoning” Of A Patron:

Plaintiff’s Amended Complaint makes reference to the Policy’s coverage for “Food Contamination” contained in the RESTAURANT PLATINUM ENHANCEMENT ENDORSEMENT, form DTWCP-D00010 of the Policy.⁴¹

³⁷ *Madison Cont. Co. v. Harleysville Mut. Ins. Co.*, 735 A.2d 100 (Pa. 1999).

³⁸ See Exhibit “A” at ¶ 16.

³⁹ See Exhibit “A” at Exhibit 2.

⁴⁰ See *Diesel Barbershop, LLC v. State Farm Lloyds*, 2020 U.S. Dist. LEXIS 147276 (U.S.D.C. W.D. Tex., August 13, 2020) (granting insurer’s motion to dismiss based on finding that virus exclusion precluded coverage for closure of restaurant by government orders in response to coronavirus); *Turek Enters. v. State Farm Mut. Auto. Ins. Co.*, 2020 U.S. Dist. LEXIS 161198 (U.S.D.C. E.D. Mich., September 3, 2020) (same).

⁴¹ See Exhibit “A” at ¶ 14.

The Policy's coverage for "Food Contamination" contained in the RESTAURANT PLATINUM ENHANCEMENT ENDORSEMENT, form DTWCP-D00010 of the Policy, states:

1. Food Contamination

- a.** If your business at the described premises is ordered closed by the Board of Health or any other governmental authority as a result of the discovery or suspicion of food contamination, we will pay:
- (1)** The actual loss of Business Income you sustain due to the necessary "suspension" of your "operations"; and
 - (2)** The following Extra Expenses:
 - (a)** To clean your equipment as required by the Board of Health or any other governmental authority;
 - (b)** To replace food which is, or is suspected to be, contaminated;
 - (c)** Necessary medical tests or vaccinations for your "employees"; and
 - (d)** The cost of additional advertising to restore your reputation.

- c. *Food contamination means an incidence of food poisoning to one or more of your patrons as a result of:***
- (1) *Tainted food you purchased;***
 - (2) *Food which has been unintentionally stored, handled or prepared improperly; or***
 - (3) *A communicable disease transmitted through one or more of your "employees".***⁴²

Plaintiff's Amended Complaint does not allege any discovery or suspicion of "an incidence of food poisoning to one or more of [Plaintiff's] patrons" as a result of tainted food, improperly stored/handled/prepared food, or a communicable disease transmitted from its employees. Accordingly, pursuant to a plain reading of the Policy there is no coverage owed under the Food Contamination coverage.

⁴² See Exhibit "B"; see also Exhibit "H" at subsections C.1.a. and C.1.c.

g. There Is No Breach of Contract Because Plaintiff's Claim Is Not Covered / Is Excluded From Coverage:

As set forth above, the denial of coverage was proper, as the Plaintiff's claim is not covered due to a lack of "direct physical loss or damage" to property, is excluded due to a stand-alone virus exclusion, and fails to meet the requirements for food contamination coverage. Accordingly, there is no breach of contract and Plaintiff's claims for breach of contract must be dismissed.

h. There Can Be No Bad Faith For A Proper Denial of Coverage:

Plaintiff's Amended Complaint asserts a claim for bad faith on the basis of an alleged improper denial of coverage.⁴³ However, as set forth above, the denial of coverage was proper, as the claim is either not covered due to a lack of "direct physical loss or damage" to property, or alternatively the claim is excluded due to a stand-alone virus exclusion. Where it is claimed only that an insurer was guilty of bad faith in its denial of coverage and it is later determined that the insurer's position was correct, the courts have not hesitated to dismiss bad faith claims as a matter of law."⁴⁴ Accordingly, there is no bad faith and Plaintiff's claims for bad faith must be dismissed.

⁴³ See Exhibit "A".

⁴⁴ See e.g. *T.A. v. Allen*, 868 A.2d 594 (Pa. Super. 2005) (holding that bad faith claims premised upon insurer's failure to defend or settle claim could not be maintained where court had determined that insurer had no duty to defend).

V. **RELIEF REQUESTED:**

WHEREFORE, it is respectfully requested that this Honorable Court enter an order in the form proposed dismissing, with prejudice, all claims against Defendant Certain Underwriters at Lloyd's, London Subscribing to Policy No. DTW-ISC-2017-0061 set forth in Plaintiff's Amended Complaint.

Respectfully submitted,

**ZARWIN, BAUM, DeVITO, KAPLAN,
SCHAER & TODDY, P.C.**

BY: /s/ *Noah Shapiro*

**THEODORE M. SCHAER, ESQUIRE
NOAH S. SHAPIRO, ESQUIRE**
*Attorney for Certain Underwriters at Lloyd's,
London Subscribing to Policy No. DTW-ISC-
2017-0061 (improperly identified as "Those
Certain Underwriters at Lloyd's, London")*

Filed and Attested by the
Office of Judicial Records
28 SEP 2020 01:50 pm
S. RICE

The seal of the Prothonotary, Judicial District of Pennsylvania, is circular. It features a central figure, likely a personification of Justice or a similar allegorical figure, holding a scale and a sword. The text "PROTHONOTARY" is at the top, and "JUDICIAL DISTRICT OF PENNSYLVANIA" is at the bottom.

EXHIBIT "A"

WHEELER, DIULIO & BARNABEI, P.C.

BY: Jonathan Wheeler, Esquire
Attorney I.D. No.: 12649
One Penn Center - Suite 1270
1617 JFK Boulevard
Philadelphia, PA 19103
Phone: (215) 568-2900
Email: jwheeler@wdblegal.com



TAPS & BOURBON ON TERRACE, LLC
177 Markle Street
Philadelphia, PA 19127

vs

Those Certain
UNDERWRITERS AT LLOYDS, LONDON
500 Mamaroneck Avenue
Suite 320
Harrison, NY 10528

and

MAIN LINE INSURANCE OFFICES, INC.
23 Paoli Pike
P.O. 247
Paoli, PA 19301

COURT OF COMMON PLEAS
PHILADELPHIA COUNTY

JULY TERM, 2020

NO. 00375

**JURY TRIAL DEMANDED
COMMERCE PROGRAM**

CIVIL ACTION COMPLAINT

NOTICE

You have been sued in court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this complaint and notice are served, by entering a written appearance personally or by attorney and filing in writing with the court your defenses or objections to the Claims set forth against you. You are warned that if you fail to do so the case may proceed without you and a judgment may be entered against you by the court without further notice for any money claimed in the complaint or for any other claim or relief requested by the plaintiff. You may lose money or property or other rights important to you.

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER, GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP.

PHILADELPHIA BAR ASSOCIATION
Lawyer Referral Service
1101 Market St., 11th Floor
Philadelphia, PA 19107-2911
Telephone: 215-238-6333
Fax: 215-238-1159

AVISO

Le han demandado a usted en la corte. Si usted quiere defenderse de estas demandas expuestas en las paginas siguientes, usted tiene veinte (20) dias de plazo al partir de la fecha de la demanda y la notificacion. Hace falta ascntar una comparencia escrita o en persona o con un abogado y entregar a la corte en forma escrita sus defensas o sus objeciones a las demandas en contra de su persona. Sea avisado que si usted no se defiende, la corte tomara medidas y puede continuar la demanda en contra suya sin previo aviso o notificacion. Ademas, la corte puede decidir a favor del demandante y requiere que usted cumpla con todas las provisiones de esta demanda. Usted puede perder dinero o sus propiedades u otros derechos importantes para usted.

LLEVE ESTA DEMANDA A UN ABOGADO IMMEDIATAMENTE. SI NO TIENE ABOGADO O SI NO TIENE EL DINERO SUFICIENTE DE PAGAR TAL SERVICIO. VAYA EN PERSONA O LLAME POR TELEFONO A LA OFICINA CUYA DIRECCION SE ENCUENTRA ESCRITA ABAJO PARA AVERIGUAR DONDE SE PUEDE CONSEGUIR ASISTENCIA LEGAL.

ASOCIACION DE LICENCIADOS DE FILADELFIA
Servicio De Referencia E Informacion Legal
1101 Market Street, 11th Floor
Filadelfia, Pennsylvania 19107
(215) 238-6333

WHEELER, DiULIO & BARNABEI, P.C.

BY: Jonathan Wheeler, Esquire
Attorney I.D. No.: 12649
One Penn Center - Suite 1270
1617 JFK Boulevard
Philadelphia, PA 19103
Phone: (215) 568-2900
Email: jwheeler@wdblegal.com

Attorney for Plaintiff(s)

TAPS & BOURBON ON TERRACE, LLC
177 MARKLE STREET
PHILADELPHIA, PA 19127

COURT OF COMMON PLEAS
PHILADELPHIA COUNTY

vs

JULY TERM, 2020

THOSE CERTAIN
UNDERWRITERS AT LLOYDS, LONDON
500 MAMARONECK AVENUE
SUITE 320
HARRISON, NY 10528

NO. 00375

and

**JURY TRIAL DEMANDED
COMMERCE PROGRAM**

MAIN LINE INSURANCE OFFICES, INC.
23 PAOLI PIKE
P.O. 247
PAOLI, PA 19301

AMENDED CIVIL ACTION COMPLAINT

Taps & Bourbon on Terrace, LLC (Hereafter "Taps & Bourbon"), by their attorneys, Wheeler, DiUlio & Barnabei, P.C., file this Complaint against Those certain Underwriters at Lloyds, London ("Lloyds") and Main Line Insurance Offices, Inc ("Main Line") as follows:

THE PARTIES:

1. Taps & Bourbon is a limited liability company duly created under and pursuant to

the laws of the Commonwealth of Pennsylvania which maintain its principal place of business at the address set forth above.

2. Lloyds is an unincorporated syndicate of Underwriters #1991 which is licensed to issue surplus policies of insurance in the Commonwealth of Pennsylvania which maintains its principal place of business for that purpose at the address set forth above. Lloyds regularly conducts business and issues policies of insurance in the City and County of Philadelphia.

3. At all times material hereto, Lloyds was acting by and through its duly authorized agents, servants, workmen or employees, including, but not limited to Triton Claim Management LLC ("Triton") and its representatives Mark Lobel ("Lobel") and John J. Fleming, III ("Fleming") who acted at all times material hereto within their authority as authorized representatives of Lloyds.

4. Main Line is a corporate entity duly organized and existing under the laws of the Commonwealth of Pennsylvania which is licensed to issue policies of insurance and maintains its principal place of business for that purpose at the address set forth above. Main Line regularly issues policies of insurance and conducts business in the City of Philadelphia.

5. At all times material hereto, Main Line was acting by and through its duly authorized agents, servants, workmen or employees who acted at all times material hereto within their authority as authorized representatives of Main Line.

JURISDICTION AND VENUE

6. Jurisdiction and venue are properly laid in the Court of Common Pleas of Philadelphia, since both Lloyds and Main Line regularly conduct business and issue policies of insurance in Philadelphia and material events giving rise to this action took place in Philadelphia.

This action is properly before the Commerce Court since the dispute arises from a commercial transaction between business entities.

THE POLICY

7. Policy No. DTW-ISC-2017-0061 issued by Lloyds through its agent, Main Line, provides coverage for the Restaurant Premises owned by Taps & Bourbon at 177 Markle Street, Philadelphia, PA 19127 (hereafter the “Premises”) under terms and conditions set forth in language copy-written by the Insurance Services Office, Inc. (“ISO”) which provides standard forms for insurance companies including Lloyds. A true and correct copy of the Declarations page for the policy identifying its insuring provisions is attached hereto and incorporated herein as Exhibit 1.

8. In consideration for the premium paid, the policy provides coverage for Business Interruption and Extra Expense in the amount of \$100,000 subject to a 1/6 monthly limit of \$ 16,666.66.

9. The Policy includes ISO Form CP 00 10 06 07 which states:

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

10. The Policy includes ISO “Special” Cause of Loss form (CP 10 30 06 06 07) which states that:

“**COVERED CAUSE OF LOSS** “ ... means Risks of Direct Physical Loss unless the loss is: 1. Excluded in Section **B**, Exclusions; or 2. Limited in Section **C**, Limitations; that follow.”

11. The Policy includes ISO form Endorsement CP 01 40 07 06 which states:

“B. We will not pay for loss or damage caused by or resulting from any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease.”

12. However, this Exclusion is removed from the Policy under the ISO **Restaurant and Platinum Enhancement Endorsement** (DTWCP-D000 10 (09/18) which states:

“With regard to this Additional Coverage, the **CAUSES OF LOSS-- SPECIAL FORM CP 10 30**, Paragraph **B. Exclusions** is amended to delete all of the exclusions except for the following: (list of Exclusions which does NOT include the Virus Exclusion).”

13. The Policy includes ISO Form CP 00 30 06 07 **BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM** which states:

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

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

damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.”

14. The Policy includes ISO Form DTWCP-D00010 (09/18) which provides Coverage for Food Contamination which states:

1. Food Contamination

- a) If your business at the described premises is ordered closed by the Board of Health or any other governmental authority as a result of the discovery or suspicion of food contamination, we will pay:
 - 1) The actual loss of Business Income you sustain due to the necessary “suspension” of your “operations;”

STATEMENT OF FACTS:

15. In March 2020, the United States was struck with an insidious invisible disease identified as SARS-CoV-2 and COVID-19 (hereafter “Disease”) which caused an unprecedented Pandemic and afflicted millions of people, raising serious concerns among the general public as to its spread and containment.

16. On March 19, 2020, Pennsylvania Governor Tom Wolf issued an Executive Order closing all “businesses that are not life sustaining” effective March 21, 2020 based, in part on a declaration by the World Health Organization and the Centers for Disease Control and Prevention that the virus had created a “public health emergency of international concern” and had been declared by the U.S. Department of Health and Human Services Secretary to “create a public health emergency.” A true and Correct copy of this Executive Order is attached hereto and incorporated

herein as Exhibit 2.

17. In his Order, Governor Wolf declared a “disaster emergency throughout the Commonwealth of Pennsylvania” and ordered the closure of all “non-life sustaining businesses” for “...the prevention and suppression of disease.”

18. Pursuant to this Executive Order, Taps & Bourbon immediately closed the Restaurant Premises insured under the Lloyds Policy and ceased all business operations.

19. As a result of this closure Business Income from this location ceased and Taps & Bourbon has spent and incurred substantial Extra Expenses to maintain these premises to minimize the suspension of operations and continue business when possible. This includes periodic maintenance to disinfect these premises and clean surfaces potentially infected with the disease.

20. Claims for Business Income Loss and Extra Expense benefits under the Policy were submitted to Lloyds through its agent Main Line (Exhibit 3), which acknowledged receipt of the claims and assigned a date of loss for these claims as March 16, 2020 (Exhibit 4).

21. Thereafter, Taps & Bourbon has done and performed all things required under the terms of the Policy.

22. Despite Taps & Bourbon’s performance in accordance with the contract terms, Lloyds, through its representative, Fleming, sent correspondence dated June 2, 2020 denying Taps & Bourbon’s claims for Business Interruption and Extra Expense. A copy of this letter is attached hereto as Exhibits 5.

23. Fleming sent this letter denying coverage and benefits owed under the Policy without conducting any investigation whatsoever and in spite of the clear policy language granting coverage for these losses to Taps & Bourbon.

24. Fleming's letter misstates the "Covered Cause of Loss" set forth in the Policy and conflates the Ordinance or Law exclusion with the Civil Authority coverage as a pretext to deny coverage.

25. Fleming mistakenly attempts to invoke the Hazardous Materials exclusion as a pretext to deny coverage, despite the fact that it is clear that this exclusion does not appear as an excluded Cause of Loss in the ISO "Covered Cause of Loss" form and the disease identified as SARS-CoV-2 and COVID-19 does not meet the Policy's definition of "pollution."

26. Fleming's assertion that there has been no direct physical damage to insured property (even though this is not required under the "Causes of Loss" provision of the Policies) is plainly untrue since the pandemic has been declared to constitute a "Disaster Emergency" which has affected all property located in the Commonwealth of Pennsylvania, including the premises insured under the Lloyds Policy. This is especially true since the Cause of Loss under the Policy is "...Risk of Direct Physical Loss."

27. Fleming's assertion that the Policy does not cover the acts of Government authority to close Taps & Bourbon's businesses because of the pandemic causing "dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss" is plainly untrue since the "Disaster Emergency" is clearly set forth in Governor Wolf's Order as the cause of the closures.

28. Fleming's denial of Coverage completely ignores the **Restaurant and Platinum Enhancement Endorsement** (DTWCP-D000 10 (09/18) removes "Virus" as an exclusion to coverage under the Policy

29. As a direct result of Lloyds' denial of coverage and benefits, Taps & Bourbon has

suffered damages and losses in an amount in excess of the limits of the Lloyds Policy.

COUNT I
TAPS & BOURBON v. LLOYDS - BREACH OF CONTRACT AND DUTY OF GOOD
FAITH AND FAIR DEALING

30. Taps & Bourbon incorporates by reference herein the averments set forth above, as fully as those same were here set forth at length.

31. The Policy issued by Lloyds to Taps & Bourbon is a contract of adhesion and any ambiguity in its terms or doubts with regard to the application of coverage are to be resolved in favor of the policyholder and coverage granted in accordance with the reasonable expectations of the policyholder.

32. Taps & Bourbon reasonable believed and relied on the terms of the Policy to afford coverage and benefits in the event that the businesses were closed as a result of the damage to the premises and acts of civil authority in response to a disease pandemic such as occurred here.

33. Lloyds has breached its contract of insurance and violated its duty of good faith and fair dealing by denying coverage and benefits to Taps & Bourbon which are clearly owed under the terms of the Policies.

34. As the direct and foreseeable result of Lloyds' breach of contract and its duty of good faith and fair dealing, Taps & Bourbon have been deprived of the benefit of its bargained for benefits due and owing as a result of its covered loss, including, but not limited to Loss of Business Income, Extra Expenses and from its business operations. In addition, Taps & Bourbon has suffered other consequential damages by reason of damage to its business operations for an amount in excess of the coverage set forth in the Lloyds' Policy, including, but not limited to damage to its

business operations, reduction in the value, and profitability of its business operations and assets, a diminution of its cash reserves and credit standing, as well as its ability to exist in a competitive business environment.

WHEREFORE, Taps & Bourbon demands judgment against Lloyds for an amount in excess of \$50,000.00 together with interest, costs of suit, counsel fees and such other relief as the Court may deem equitable and just.

COUNT II
TAPS & BOURBON v LLOYDS - BAD FAITH VIOLATION OF 42 Pa §8371

35. Taps & Bourbon incorporate by reference herein the averments set forth above, as fully as those same were here set forth at length.

36. Lloyds has engaged in bad faith conduct with respect to its adjustment of Plaintiffs' covered loss, in violation of 42 Pa. C.S.A §8371 et seq.

37. In furtherance of its bad faith and wrongful denial and refusal to pay benefits for Taps & Bourbon's covered loss, Lloyds, acting by and through its duly authorized agents, servants, workmen or employees, including, but not limited to, Fleming, has engaged in the following conduct:

- a) by sending correspondence dated June 2, 2020, true and correct copie of which is attached hereto, made part hereof, and marked Exhibits 5 , falsely representing that Taps & Bourbon's losses, caused by perils insured against under the Policies were not entitled to benefits due and owing under the Policy;
- b) by refusing to reconsider and afford benefits and coverage under the Policies despite the inaccuracy of its position and persisting in its refusal to afford coverage and pay benefits which it knew were due and owing;

- c) in failing to complete a prompt and thorough investigation of Taps & Bourbon's claim before representing that such a claim is not covered under the Policy;
- d) in failing to pay Taps & Bourbon's covered loss in a prompt and timely manner;
- e) in failing to objectively and fairly evaluate Taps & Bourbon's claim;
- f) in asserting policy defenses without a reasonable basis in fact;
- g) in flatly misrepresenting pertinent facts or policy provisions relating to coverages at issue and placing unduly restrictive interpretations on the Policy and/or claim forms;
- h) in unreasonably withholding policy benefits;
- i) in acting unreasonably and unfairly in response to Taps & Bourbon's claim;
- j) in unnecessarily and unreasonably compelling Taps & Bourbon to institute this lawsuit to obtain policy benefits for a covered loss, that Lloyds should have paid promptly and without the necessity of litigation.

38. As the direct and proximate result of Lloyds' Bad Faith misconduct, as aforesaid, Taps & Bourbon has been required to retain counsel and incur the costs of this lawsuit.

39. For the reasons set forth above, Lloyds' Bad Faith actions in violation of 42 Pa. C.S.A. §8371, have rendered Lloyds liable for statutory damages including interest from the date the claim was made in an amount equal to the prime rate of interest plus three percent, court costs, attorney's fees, punitive damages, and such other compensatory and/or consequential damages as are permitted by law.

WHEREFORE, Taps & Bourbon demand judgment against Lloyds for an amount in excess of \$50,000.00 together with interest, costs of suit, counsel fees, punitive damages and such

other relief as the Court may deem equitable and just.

COUNT III
FEGLEY v MAIN LINE - NEGLIGENT BREACH OF CONTRACT

40. Taps & Bourbon incorporate by reference herein the averments set forth in the preceding paragraphs of this Complaint as fully as those same were here set forth at length.

41. Prior to the issuance of the Policy, Mario DiNenna spoke at length with Chris Oidtman at Main Line and they discussed the insurance needs for Taps & Bourbon. Chris Oidtman advised Mario that he was an expert in obtaining insurance coverage for this type of business and would obtain for Taps & Bourbon all of the necessary insurance coverage needed. Since then, Main Line has served as Taps & Bourbon's insurance agent, broker and consultant and, by virtue of this relationship, is intimately familiar with Taps & Bourbon's business operations and insurance needs.

42. By reason of Main Line's representation of its expertise in obtaining insurance coverage for this type of business; its continuing role as the insurance agent, broker and consultant for Taps & Bourbon and its familiarity with its business operations and insurance needs, a special relationship existed between Taps & Bourbon and Main Line. Main Line knew that Taps & Bourbon trusted and relied on it to provide the necessary insurance coverage against all reasonably anticipated risks of loss.

43. By reason of its background and experience as insurance agent and consultant for Taps & Bourbon, Main Line knew, or in the exercise of reasonable care should have known, that diseases such as SARS-CoV-2 and COVID-19, created a grave risk of pandemic and resulting catastrophic losses to Taps & Bourbon's business operations as a result the risk of possible

contamination of Taps & Bourbon's premises and the actions of civil authority to prevent, contain and suppress the disease..

44. Despite this knowledge, and the existence of available insurance coverage to specifically insure against risk of loss from a pandemic, Main Line failed to advise, assist and provide Taps & Bourbon with this necessary and available specific coverage.

45. If, as claimed by Lloyds, there is no coverage for the losses suffered by Taps & Bourbon as a result of this pandemic, Main Line's negligent failure to advise, assist and provide Taps & Bourbon with the necessary pandemic coverage is the direct and proximate cause of its losses and damages as set forth above.

46. Main Line promised, for a good and valuable consideration to advise, assist and procure for Taps & Bourbon insurance coverage for its business operations yet negligently failed to do so.

47. The direct, factual and proximate cause of Main Line's failure to obtain necessary insurance coverage for Taps & Bourbon's business operations was the carelessness and negligence of Main Line, acting through its employees and agents consisting as follows:

- a) in failing to advise Taps & Bourbon of the availability of pandemic insurance coverage for their business operations;
- b) in failing to procure the necessary insurance coverage to protect Taps & Bourbon's business operations from a reasonably anticipated risk of loss;
- c) in failing to advise Taps & Bourbon of its failure to obtain necessary insurance coverage for its business operations so that it could take the necessary steps to protect its business operations;
- d) in failing to warn and advise Taps & Bourbon that in the event of a

- pandemic, which caused closure of its business operations, there was a likelihood that Lloyds would deny coverage which would necessitate retaining counsel to enforce the terms of the contract with resulting expense and delay in the payment of benefits;
- e) in failing to advise, assist and counsel Taps & Bourbon to obtain necessary insurance coverage in accordance with the prevailing standard of care for insurance agents and brokers.
 - f) in obtaining a Policy of insurance for Taps & Bourbon which included a Exclusion for Virus which it knew was a reasonably likely risk of loss;
 - g) In failing to advise Taps & Bourbon of the Virus exclusion in its policy; the effect this could have on the benefit payable in the event of loss; and the availability of insurance coverage without a virus exclusion.

48. As the direct, factual and proximate result of Main Line's failure to perform its duties as insurance agent, broker and consultant for Taps & Bourbon, Plaintiff has suffered a loss of insurance benefits for Business Interruption, Extra Expense and loss of Rental Income; as well as consequential damage to its business operations, reduction in the value, and profitability of its business operations and assets, a diminution of its cash reserves and credit standing, as well as its ability to exist in a competitive business environment.

WHEREFORE, Taps & Bourbon demands judgment against Main Line for compensatory damages in an amount in excess of \$50,000.00 together with damages for delay and such other relief as the Court deems equitable and just.

WHEELER, DiULIO & BARNABEI, P.C.

BY: /s/ Jonathan Wheeler
JONATHAN WHEELER, ESQUIRE
Attorney for Plaintiff(s)

Civil Action Complaint

VERIFICATION

The undersigned hereby states that it is the Plaintiff in this action and that the statements of fact made in the foregoing document are true and correct to the best of his information and belief. The undersigned understands that the statements herein are made subject to the penalties of 18 Pa. Cons. Stat. Ann. 4904 relating to unsworn falsification to authorities.

DATE: 7/6/2020

TAPS & BOURBON ON TERRACE, LLC



By: MARIO DENENNA

EXHIBIT "1"

Case ID: 200700375

Case ID: 200700375

Case ID: 200700375

Control No.: 20093025

This Declaration Page is attached to and forms part of Policy provisions

Previous No. Authority Ref. No B6991ISC2017S01 Policy No. DTW-ISC-2017-0061

Affidavit / Surplus Lines #:

1. Name and address of the Insured
Taps & Bourbon on Terrace LLC
177 Markle St Philadelphia, PA 19127
DBA: Taps & Bourbon
The insurer which has issued this insurance is not licensed by the Pennsylvania Insurance Department and is subject to limited regulation. This insurance is NOT covered by the Pennsylvania Property and Casualty Insurance Guaranty Association.

2. Name and address of the Agent
Main Line Insurance Office Inc
23 Paoli Pike
PO Box 247
Paoli, PA 19301

3. Effective from 11/1/2019 to 11/1/2020 both days at 12:01 a.m. standard time at location of the risk.

4. This evidences that insurance has been placed with certain UNDERWRITERS AT LLOYD'S, LONDON. 100%
Syndicate #: 1991 Syndicate Name: DTW1991 (Coverys Managing Agency Ltd.) Risk Participation: 100%

5. Coverage:

LIABILITY PREMIUM	\$6,100
LIQUOR PREMIUM	\$ included
LIABILITY ENDORSEMENTS PREMIUM	\$200
PROPERTY PREMIUM	\$4,800
PROPERTY ENDORSEMENTS PREMIUM	\$1,000
TRIA PREMIUM	\$0
TOTAL PREMIUM	\$12,100
POLICY FEE	\$300.00
INSPECTION FEE	\$250.00
SURPLUS LINES TAXES	\$363.00
SURPLUS LINES STAMPING FEES	\$20.00
TOTAL POLICY COST	\$13,033.00

6. Forms attached hereto and special conditions:
See Schedule DTW-A00003 (01/17) – Schedule of Forms and Endorsements

7. Service of Suit may be made upon:
See DTW1991 Policy Provisions ISCPOLPROV12 17

8. In the event of a claim under the insurance described in this Policy, please notify the following:
See DTW1991 Policy Provisions ISCPOLPROV12 17

Dated at:

Sunday,
December 8,
2019

By Matt Grossberg
Correspondent – Matthew Grossberg
Insurance Strategies Consulting, LLC.
500 Mamaroneck Ave, Suite 320 Harrison, New York 10528
Telephone # 973-285-3263

DTW-A00001 (01/17)

Case ID: 200700375

Case ID: 200700375

Case ID: 200700375

Control No.: 20093025

Schedule of Forms And Endorsements

DTW-A00001	Commercial Lines Policy Common Policy Declarations
DTW-A00003	Schedule Of Forms And Endorsements
ISCPolProv12 17	ISCPolProv
IL 02 46 09 07	PENNSYLVANIA CHANGES – CANCELLATION AND NONRENEWAL
LMA 9073	Pennsylvania Surplus Lines Notice
IL 00 17 11 98	COMMON POLICY CONDITIONS
LMADTW-001	MOLD EXCLUSION ENDORSEMENT
CG 21 49 09 99	TOTAL POLLUTION EXCLUSION ENDORSEMENT
DTWGL-B00001	Supplemental Declarations Commercial General Liability
IL 00 21 09 08	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT
CG 00 01 04 13	COMMERCIAL GENERAL LIABILITY COVERAGE FORM
DTWGL-B00003	CLASSIFICATION LIMITATION
DTWGL-B00004	EXCLUSION – PUNITIVE OR EXEMPLARY DAMAGES
DTWGL-B00006	EXCLUSION – INJURY TO PERFORMERS AND ENTERTAINERS
DTWGL-B00007	CROSS SUITS ENDORSEMENT
DTWGL-B00008	EXCLUSION OF NUCLEAR, BIOLOGICAL AND CHEMICAL INJURY OR DAMAGE
DTWGL-B00009	COMMERCIAL GENERAL LIABILITY AMENDATORY ENDORSEMENT
CG 00 68 05 09	RECORDING AND DISTRIBUTION OF MATERIAL OR INFORMATION IN VIOLATION OF LAW EXCLUSION
CG 21 32 05 09	COMMUNICABLE DISEASE EXCLUSION
CG 21 36 03 05	EXCLUSION - NEW ENTITIES
CG 21 39 10 93	CONTRACTUAL LIABILITY LIMITATION
CG 21 44 07 98	LIMITATION OF COVERAGE TO DESIGNATED PREMISES OR PROJECT
CG 21 47 12 07	EMPLOYMENT-RELATED PRACTICES EXCLUSION
CG 21 65 12 04	TOTAL POLLUTION EXCLUSION WITH A BUILDING HEATING, COOLING AND DEHUMIDIFYING EQUIPMENT EXCEPTION AND A HOSTILE FIRE EXCEPTION
CG 21 67 12 04	FUNGI OR BACTERIA EXCLUSION
CG 21 75 01 15	EXCLUSION OF CERTIFIED ACTS OF TERRORISM AND EXCLUSION OF OTHER ACTS OF TERRORISM COMMITTED OUTSIDE THE UNITED STATES
CG 24 07 01 96	PRODUCTS/COMPLETED OPERATIONS HAZARD REDEFINED
DTWGL-B00010	EXCLUSION – SECURITY SERVICES PROVIDED BY OTHERS
DTWGL-B00011	EXCLUSION – VALET PARKING
DTWGL-B00012	EXCLUSION – TOTAL FIREWORKS/PYROTECHNICS
DTWGL-B00014	EXCLUSION – CANINE
DTWGL-B00015	SEXUAL ABUSE AND/OR MISCONDUCT EXCLUSION
DTWGL-B00016	ANTI-STACKING ENDORSEMENT

DTWGL-A00003 01/17

Case ID: 200700375

Case ID: 200700375

Case ID: 200700375
Control No.: 20093025

DTWGL-B00017	EXCLUSION – WORKER INJURY
DTWGL-B00018	EXCLUSION – INDEPENDENT CONTRACTORS
DTWGL-B00019	FIELD OF ENTERTAINMENT-LIMITATION OF COVERAGE
DTWGL-B00020	EXCLUSION – MECHANICAL RIDES, SLIDES, ATHLETIC EVENTS AND COMPETITION(S)
DTWGL-B01345	AMUSEMENT DEVICES EXCLUSION
DTWGL-R01148	BINDING ARBITRATION
DTWGL-B00022	EXCLUSION – DISCRIMINATION
DTWGL-B00024	HAZARDOUS MATERIALS EXCLUSION
DTWGL-B00025	PREMIUM BASIS ENDORSEMENT
DTWGL-B00037	EXCLUSION – STUNT ACTIVITY
DTWGL-B00026	CONTRACTOR OR SUBCONTRACTOR LIMITATION
DTWGL-B01328	DESIGNATED PROMOTIONS EXCLUSION
DTWGL-B00040	Assault and Battery Coverage Limitation (Including Sub-Limits)
DTWGL-C00001	Supplemental Declarations Liquor Liability
CG 00 33 12 07	LIQUOR LIABILITY COVERAGE FORM
DTWGL-C00002	LIMITATION OF COVERAGE TO INSURED PREMISES
DTWCP-D00001	Supplemental Declarations Commercial Property
CP 00 10 06 07	BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CP 00 90 07 88	COMMERCIAL PROPERTY CONDITIONS
CP 03 21 10 12	WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE
DTWGL-B00101	EXCLUSION - FIREARMS
CP 01 40 07 06	EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA
DTWCP-D00010	RESTAURANT PLATINUM ENHANCEMENT ENDORSEMENT
CP 10 30 06 07	CAUSES OF LOSS – SPECIAL FORM
IL 09 35 07 02	EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES
IL 09 53 01 15	EXCLUSION OF CERTIFIED ACTS OF TERRORISM
DTWCP-D00002	HAZARDOUS MATERIALS EXCLUSION
CP 00 30 06 07	BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
DTWCP-D00008	Protective Safeguards
LMA5219	TRIA not purchased clause

DTWGL-A00003 01/17

Case ID: 200700375

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Control No.: 20093025

SUPPLEMENTAL DECLARATIONS

Commercial General Liability

LIMITS OF INSURANCE						
General Aggregate Limit (Other Than Products-Completed Operations)	\$2,000,000.00					
Products-Completed Operations Occurrence Limit	\$1,000,000.00					
Products-Completed Operations Aggregate Limit	\$2,000,000					
Personal and Advertising Injury Limit	\$1,000,000					
Each Occurrence Limit	\$1,000,000					
Damage to Premise Rented to You	\$250,000.00 Any One Fire					
Medical Payments	\$5,000.00					
(See Policy Endorsements For Applicable Sub-Limits)						
BUSINESS DESCRIPTION AND LOCATION OF PREMISES						
Form of Business:						
Restaurant						
Business Description:						
Location of All Premises You Own, Rent, or Occupy:						
Prem. No.	Bldg. No.	Location Address	City	State	Zip	
1	1	177 Markle St	Philadelphia	PA	19127	
See DTW-A00005 (12/16) if Applicable.						
PREMIUM						
Location No.	Classification	Class Code	Premium Basis	Exposure Value	Rate	Premium
1	Restaurants— with Sale of Alcoholic Beverages that are 30% or More of But Less Than 75% of the Total Annual Receipts of the Restaurants— without Dance Floor	16916	Gross Receipts	600,000	\$9.50	\$5,700.00
1	Contractual Liability	NA	Flat Charge	1	\$200.00	\$200.00
1	Apartment Buildings	60010	Units	2	\$200.00	\$400.00
Total Premium: \$6,300						

SUPPLEMENTAL DECLARATIONS

LIQUOR LIABILITY

Limits of Insurance	
Each Common Cause Limit	\$1,000,000
Aggregate Limit	\$ 2,000,000
<u>(See Policy Endorsements For Applicable Sub-Limits)</u>	

Description of Business
Form of Business: Restaurant Bar Tavern

Business Description:

Location Number	Address of All Premises You Own, Rent, or Occupy	Premium Base
1	177 Markle St	Included in DTWGL-B0001

Total Premium: Included in CGL premium see form DTWGL-B0001

Endorsements
See Form DTW-A00002 (01/17) – Schedule of Forms and Endorsements

THESE DECLARATIONS, TOGETHER WITH THE COMMON POLICY CONDITIONS AND COVERAGE FORM(S) AND ANY ENDORSEMENT(S), COMPLETE THE ABOVE NUMBERED POLICY.

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

Policy Number: DTW-ISC-2017-0061

Certain Underwriters at Lloyd's, London

SUPPLEMENTAL DECLARATIONS

Commercial Property

BUSINESS DESCRIPTION:									
DESCRIPTION OF PREMISES									
Prem. No.	Bldg. No.	Location Address	City	State	Zip				
1	1	177 Markle St	Philadelphia	PA	19127				
COVERAGES PROVIDED – Insurance at the described premises applies only for the Coverages for which limit of insurance is shown.									
Prem. No.	Bldg. No.	Coverage	Limits of Insurance	Premium	Cause of Loss	Coins.	Monthly Limit	*Deductible	**Valuation
1	1	Building value	\$1,000,000	\$4,000	See Form CP 10 30	90		\$2,500	RC
		Tenants I & B		\$0	See Form CP 10 30	90		\$2,500	RC
		BI Value	\$100,000	\$400	See Form CP 10 30		1/6	72 hrs.	RC
		Loss of Rents		\$0	See Form CP 10 30		1/6	72 hrs.	RC
		Content Value	\$100,000	\$400	See Form CP 10 30	90		\$2,500	RC
		Other Structural Value		\$0	See Form CP 10 30	90		\$0	RC
		Ordinance & Law Coverage A & Premium Charge	\$0	\$0					
		Ordinance & Law Coverage B	\$0						
		Ordinance & Law Coverage C	\$0						
* See Applicable Endorsements									
** RC = Replacement Cost; AC = Actual Cash Value;									
BPP = Business Personal Property; I&B = Improvements & Betterments									
FORMS AND ENDORSEMENTS – Made part of this Coverage Part at time of issue. See Form DTW-A00002 (01/17) – Schedule of Forms and Endorsements									
TOTAL PREMIUM FOR THIS COVERAGE: \$4,800									

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

DTWCP-D00001 (01/17)

Case ID: 200700375

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Control No.: 20093025

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROTECTIVE SAFEGUARDS

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

SCHEDULE*

Prem. No.	Bldg. No.	Protective Symbols Applicable
<p>Describe any "P-9": U.L. approved automatic extinguishing system under semi-annual contract</p>		
<p>* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.</p>		

A. The following is added to the:
 Commercial Property Conditions
 General Conditions in the

PROTECTIVE SAFEGUARDS

1. As a condition of this insurance, you are required to maintain the protective devices or services listed in the Schedule above.
2. The protective safeguards to which this endorsement applies are identified by the following symbols:

"P-1" Automatic Sprinkler System, including related supervisory services.

Automatic Sprinkler System means:

- a. Any automatic fire protective or extinguishing system, including connected:
 - (1) Sprinklers and discharge nozzles;
 - (2) Ducts, pipes, valves and fittings;

- (3) Tanks, their component parts and supports; and
 - (4) Pumps and private fire protection mains.
- b. When supplied from an automatic fire protective system:
- (1) Non-automatic fire protective systems; and
 - (2) Hydrants, standpipes and outlets.
- "P-2" Automatic Fire Alarm**, protecting the entire building, that is:
- a. Connected to a central station; or
 - b. Reporting to a public or private fire alarm station.
- "P-3" Security Service**, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.
- "P-4 Service Contract** with a privately owned fire department providing fire protection service to the described premises.
- "P-9"** The protective system described in the Schedule.

EXHIBIT “2”

Case ID: 200700375

Case ID: 200700375

Case ID: 200700375

Control No.: 20093025



ORDER OF

**THE GOVERNOR OF THE COMMONWEALTH OF PENNSYLVANIA REGARDING THE
CLOSURE OF ALL BUSINESSES THAT ARE NOT LIFE SUSTAINING**

WHEREAS, the World Health Organization and the Centers for Disease Control and Prevention ("CDC") have declared a novel coronavirus ("COVID-19") a "public health emergency of international concern," and the U.S. Department of Health and Human Services ("HHS") Secretary has declared that COVID-19 creates a public health emergency; and

WHEREAS, as of March 6, 2020, I proclaimed the existence of a disaster emergency throughout the Commonwealth pursuant to 35 Pa. C.S. § 7301(c); and

WHEREAS, I am charged with the responsibility to address dangers facing the Commonwealth of Pennsylvania that result from disasters. 35 Pa. C.S. § 7301(a); and

WHEREAS, in addition to general powers, during a disaster emergency I am authorized specifically to control ingress and egress to and from a disaster area and the movement of persons within it and the occupancy of premises therein; and suspend or limit the sale, dispensing, or transportation of alcoholic beverages, firearms, and combustibles. 35 Pa. C.S. § 7301(f); and

WHEREAS, in executing the extraordinary powers outlined above, I am further authorized during a disaster emergency to issue, amend and rescind executive orders, proclamations and regulations and those directives shall have the force and effect of law. 35 Pa. C.S. § 7301(b); and

WHEREAS, in addition to my authority, my Secretary of Health has the authority to determine and employ the most efficient and practical means for the prevention and suppression of disease. 71 P.S. § 532(a), 71 P.S. 1403(a); and

WHEREAS, these means include isolation, quarantine, and any other control measure needed. 35 P.S. § 521.5.

NOW THEREFORE, pursuant to the authority vested in me and my Administration by the laws of the Commonwealth of Pennsylvania, I do hereby ORDER and PROCLAIM as follows:

Section 1: Prohibition on Operation of Businesses that are not Life Sustaining

All prior orders and guidance regarding business closures are hereby superseded.

No person or entity shall operate a place of business in the Commonwealth that is not a life sustaining business regardless of whether the business is open to members of the public. This prohibition does not apply to virtual or telework operations (e.g., work from home), so long as social distancing and other mitigation measures are followed in such operations.

Life sustaining businesses may remain open, but they must follow, at a minimum, the social distancing practices and other mitigation measures defined by the Centers for Disease Control to protect workers and patrons. A list of life sustaining businesses that may remain open is attached to and incorporated into this Order.

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Enforcement actions will be taken against non-life sustaining businesses that are out of compliance effective March 21, 2020, at 12:01 a.m.

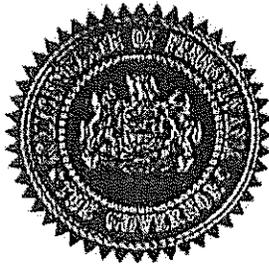
Section 2: Prohibition on Dine-In Facilities including Restaurants and Bars

All restaurants and bars previously have been ordered to close their dine-in facilities to help stop the spread of COVID-19.

Businesses that offer carry-out, delivery, and drive-through food and beverage service may continue, so long as social distancing and other mitigation measures are employed to protect workers and patrons. Enforcement actions will be taken against businesses that are out of compliance effective March 19, 2020, at 8 p.m.

Section 3: Effective Date and Duration

This order is effective immediately and will remain in effect until further notice.



GIVEN under my hand and the Seal of the Governor, at the city of Harrisburg, on this nineteenth day of March two thousand twenty, the year of the commonwealth the two hundred and forty-fourth.

Tom Wolf
TOM WOLF
Governor

Case ID: 200700375

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EXHIBIT “3”

Case ID: 200700375

Case ID: 200700375

Case ID: 200700375

Control No.: 20093025



PROPERTY LOSS NOTICE

DATE (MM/DD/YYYY)
05/01/2020

AGENCY Main Line Insurance Office Inc 23 Paoli Pike PO Box 247 Paoli PA 19301-0247	INSURED LOCATION CODE	DATE OF LOSS AND TIME 03/16/2020 12:00	<input checked="" type="checkbox"/> AM <input type="checkbox"/> PM
	PROPERTY / HOME POLICY		
CONTACT NAME: Frank Root PHONE (A.C. No., Ext): (610) 647-5015 FAX (A.C. No.): (610) 647-2777 E-MAIL ADDRESS: froot@mainlineinsurance.com CODE: SUBCODE: AGENCY CUSTOMER ID: 00025815	CARRIER Lloyds, ISC	NAIC CODE	
	POLICY NUMBER DTW-ISC-2017-0061	LINE OF BUSINESS	
	FLOOD POLICY		
	CARRIER	NAIC CODE	
	WIND POLICY		
	CARRIER	NAIC CODE	
	POLICY NUMBER		

INSURED			INSURED'S MAILING ADDRESS		
NAME OF INSURED (First, Middle, Last) Taps & Bourbon on Terrace LLC, DBA: Taps & Bourbon			177 Markle St		
DATE OF BIRTH	FEIN (if applicable)	MARITAL STATUS / CIVIL UNION (if applicable)	Philadelphia PA 19127		
PRIMARY PHONE # (610) 396-7048	<input type="checkbox"/> HOME <input checked="" type="checkbox"/> BUS <input type="checkbox"/> CELL	SECONDARY PHONE # <input type="checkbox"/> HOME <input type="checkbox"/> BUS <input type="checkbox"/> CELL	PRIMARY E-MAIL ADDRESS: realeststatelogistics@hotmail.com		
NAME OF SPOUSE (First, Middle, Last) (if applicable)			SPOUSE'S MAILING ADDRESS (if applicable)		
DATE OF BIRTH	FEIN (if applicable)	MARITAL STATUS / CIVIL UNION (if applicable)			
PRIMARY PHONE #	<input type="checkbox"/> HOME <input type="checkbox"/> BUS <input type="checkbox"/> CELL	SECONDARY PHONE #	PRIMARY E-MAIL ADDRESS:		
			SECONDARY E-MAIL ADDRESS:		

CONTACT <input checked="" type="checkbox"/> CONTACT INSURED			CONTACT'S MAILING ADDRESS		
NAME OF CONTACT (First, Middle, Last) Taps & Bourbon on Terrace LLC			177 Markle St		
PRIMARY PHONE # (610) 396-7048	<input type="checkbox"/> HOME <input checked="" type="checkbox"/> BUS <input type="checkbox"/> CELL	SECONDARY PHONE # <input type="checkbox"/> HOME <input type="checkbox"/> BUS <input type="checkbox"/> CELL	Philadelphia PA 19127		
WHEN TO CONTACT			PRIMARY E-MAIL ADDRESS: realeststatelogistics@hotmail.com		
			SECONDARY E-MAIL ADDRESS:		

LOSS				POLICE OR FIRE DEPARTMENT CONTACTED	
LOCATION OF LOSS STREET: 177 Markle St				REPORT NUMBER	
CITY, STATE, ZIP: Philadelphia PA 19127					
COUNTRY:					
DESCRIBE LOCATION OF LOSS IF NOT AT SPECIFIC STREET ADDRESS:					
KIND OF LOSS	<input type="checkbox"/> FIRE <input type="checkbox"/> THEFT	<input type="checkbox"/> LIGHTNING <input type="checkbox"/> HAIL	<input type="checkbox"/> FLOOD <input type="checkbox"/> WIND	<input checked="" type="checkbox"/> Property	PROBABLE AMOUNT ENTIRE LOSS
DESCRIPTION OF LOSS & DAMAGE (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)					
Coronavirus Pandemic caused unsafe outside conditions which led the Governor of Pennsylvania to order people to shelter in place and business's to either change the way they do business or to close causing significant business loss					
REPORTED BY Mario Dinnenno				REPORTED TO Chris Oldtman	

REMARKS (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Applicable in Alabama: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution, fines, or confinement in prison, or any combination thereof.

Applicable in Alaska: A person who knowingly and with intent to injure, defraud, or deceive an insurance company files a claim containing false, incomplete, or misleading information may be prosecuted under state law.

Applicable in Arizona: For your protection Arizona law requires the following statement to appear on this form. Any person who knowingly presents a false or fraudulent claim for payment of a loss is subject to criminal and civil penalties.

Applicable in Arkansas: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

Applicable in California: For your protection California law requires the following to appear on this form. Any person who knowingly presents false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

Applicable in Colorado: It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable for insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

Applicable in Delaware: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, files a statement of claim containing any false, incomplete or misleading information is guilty of a felony.

Applicable in the District of Columbia: WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.

Applicable in Florida: Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

Applicable in Hawaii: Any person who intentionally or knowingly misrepresents or conceals material facts, opinions, intention, or law to obtain or attempt to obtain coverage, benefits, recovery, or compensation commits the offense of insurance fraud which is a crime punishable by fines or imprisonment or both.

Applicable in Idaho: Any person who knowingly, and with intent to defraud or deceive any insurance company, files a statement containing any false, incomplete or misleading information is guilty of a felony.

Applicable in Indiana: A person who knowingly and with intent to defraud an insurer files a statement of claim containing any false, incomplete, or misleading information commits a felony.

Applicable in Kansas: Any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written, electronic, electronic impulse, facsimile, magnetic, oral, or telephonic communication or statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act.

Applicable in Kentucky: Any person who knowingly and with intent to defraud any insurance company or other person files a statement of claim containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.

Applicable in Louisiana: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

Applicable in Maine: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines or denial of insurance benefits.

Applicable in Maryland: Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

Applicable in Michigan: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

Applicable in Minnesota: A person who files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime.

Applicable in Nevada: Pursuant to NRS 686A.291, any person who knowingly and willfully files a statement of claim that contains any false, incomplete or misleading information concerning a material fact is guilty of a category D felony.

Applicable in New Hampshire: Any person who, with a purpose to injure, defraud or deceive any insurance company, files a statement of claim containing any false, incomplete or misleading information is subject to prosecution and punishment for insurance fraud as provided in RSA 638:20.

Applicable in New Jersey: Any person who knowingly files a statement of claim containing any false or misleading information is subject to criminal and civil penalties.

Applicable in New Mexico: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.

Applicable in New York: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation.

Applicable in Ohio: Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.

Applicable in Oklahoma: WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

Applicable in Oregon: Any person who knowingly and with intent to defraud or solicit another to defraud the insurer by submitting an application containing a false statement as to any material fact may be violating state law.

Applicable in Pennsylvania: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

Applicable in Puerto Rico: Any person who knowingly and with the intention of defrauding presents false information in an insurance application, or presents, helps, or causes the presentation of a fraudulent claim for the payment of a loss or any other benefit, or presents more than one claim for the same damage or loss, shall incur a felony and, upon conviction, shall be sanctioned for each violation by a fine of not less than five thousand dollars (\$5,000) and not more than ten thousand dollars (\$10,000), or a fixed term of imprisonment for three (3) years, or both penalties. Should aggravating circumstances (be) present, the penalty thus established may be increased to a maximum of five (5) years, if extenuating circumstances are present, it may be reduced to a minimum of two (2) years.

Applicable in Rhode Island: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

Applicable in Tennessee: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

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

Applicable in Virginia: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

Applicable in Washington: It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.

Applicable in West Virginia: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.

CONTACT NAMES

Name	Responsibility	Phone Number
Mario Dinenna	Claim Contact	(610)398-7048

EXHIBIT "4"

Case ID: 200700375

Case ID: 200700375

Case ID: 200700375

Control No.: 20093025



INSURED ACKNOWLEDGEMENT LETTER

CENTRALIZED MAIL ADDRESS:
P.O. Box 527
Alpharetta, Georgia 30009-0527

May 04, 2020

Email: realeststatelogistics@hotmail.com

CENTRALIZED EMAIL:
claims@tritonclaims.com

Taps & Bourbon on Terrace LLC
Attn: Mario Dinenna
177 Markle Street
Philadelphia, PA 19127

Re:	Claim Number	:	DTW120014
	Carrier	:	DTW1991 Syndicate
	Policy Number	:	DTW-ISC-2017-0061
	Insured	:	Taps & Bourbon on Terrace LLC
	Date of Loss	:	03/16/2020

Dear Mario Dinenna,

This letter will acknowledge receipt of your notification regarding the above referenced claim.

If you have any questions, or any further claim information, please do not hesitate to contact us.

Please refer to our claim number assigned above in all calls and correspondence.

Thank you for your cooperation.

Cordially yours,

Triton Claim Management, LLC

Mark Lobel
Direct #: (561) 718-3866
E-mail: mlobel@tritonclaims.com

Cc: Main Line Insurance Office Inc.
Attn: Frank Root
Email: froot@mainlineinsurance.com

Please Note: In order to keep our staff safe during the COVID-19 crisis and further to comply with various orders or suggestions from governmental authorities as to remaining closed during that time, Triton Claim Management, LLC has closed all of our offices. Because all staff are working remotely, we expect to send all documents via e-mail until further notice. Regular mail and other deliveries may be delayed during this time; accordingly, please e-mail copies of anything you send by regular mail or by overnight or other delivery. Kindly send all documents in your matter or case to the e-mail addresses for any of the Triton Claim Management, LLC employees who have communicated with you by e-mail. We appreciate your cooperation in this regard. All general inquiries may be emailed to: claims@tritonclaims.com. Stay safe!

Case ID: 200700375

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EXHIBIT "5"

Case ID: 200700375

Case ID: 200700375

Case ID: 200700375

Control No.: 20093025



DECLINATION OF COVERAGE

June 2, 2020

VIA EMAIL TO: realestatelogistics@hotmail.com
VIA: 1ST CLASS MAIL & USPS PRIORITY MAIL
WITH TRACKING #:

CENTRALIZED MAIL ADDRESS:
P.O. Box 527
Alpharetta, Georgia 30009-0527

CENTRALIZED EMAIL:
claims@tritonclaims.com

Taps and Bourbon on Terrace, LLC d/b/a "Taps and Bourbon"
177 Markle Street
Philadelphia, Pennsylvania 19172

For the attention of: Robert Spohn, Member

Re:	Claim #:	DTW120014
	Underwriters:	DTW1991 Syndicate @ Lloyd's, London
	Insured:	Taps and Bourbon on Terrace LLC d/b/a " <u>Taps and Bourbon</u> "
	Policy #:	DTW-ISC-2017-0061
	Date of Loss:	March 16, 2020
	Loss Location:	177 Markle St., Philadelphia, Pennsylvania

Dear Mr. Spohn:

At the direction of DTW1991 Syndicate @ Lloyd's, London ("Underwriters"), we are writing on behalf of Underwriters with respect to an insurance claim submitted by Taps and Bourbon on Terrace LLC in connection with the recent outbreak of coronavirus/COVID-19. Underwriters understands that Taps and Bourbon on Terrace LLC is seeking coverage for the impact on business during the period of time the insured location is affected by an order of civil authority issued in connection with the recent outbreak of the COVID-19 virus and Coronavirus Pandemic caused unsafe outside conditions which led the Governor of Pennsylvania to order people to shelter in place and businesses to either change the way they do business or to close causing significant business loss.

Underwriters has reviewed the claim presented in conjunction with the terms of the Policy. Based on the information provided and supplemental information provided by a preliminary survey, Underwriters has concluded that the Policy does not provide coverage for the loss of revenue associated with the civil authority closure of Taps and Bourbon on Terrace LLC.

Underwriters issued Commercial Property Policy No. DTW-ISC-2017 -0061 to Taps and Bourbon on Terrace LLC, effective November 1, 2019 to November 1, 2020 ("Policy"). The insuring agreement of the Business Income (And Extra Expense) Coverage Form (CP 00 30 06 07) provides:

A. "COVERAGE

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 a "premises" at which a Limit of Insurance is shown on the Declarations for Business Income. The loss or damage must be directly caused by a "covered cause of loss". We will not pay more than the applicable Limit of Insurance shown on the Declarations for Business Income at that "premises"; . . ."

Case ID: 200700375

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Control No.: 20093025

As a preliminary matter, there does not appear to be any claim for direct physical loss of or damage to property at Taps and Bourbon on Terrace LLC premises. In any event, the presence of the COVID-19 virus does not constitute "direct physical loss or damage" to property.

Moreover, the Policy excludes coverage for loss or damage caused by viruses as set forth in the Exclusion of Loss Due to Virus or Bacteria Endorsement (CP 01 40 07 06):

"EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY**

- A. The exclusion set forth in Paragraph B, applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B. We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.

However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy; . . ."

As set forth above there is no coverage for any loss or damage claimed as the result of "any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease." As the COVID-19 virus is the cause of the Taps and Bourbon on Terrace LLC 's claim for loss of business income, there is no coverage under the Policy.

The Policy also contains an exclusion for loss or damage caused by Hazardous Materials. DTWCP-D00002 (01/17) provides as follows:

"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.

Hazardous Materials

- (1) The actual, alleged or threatened discharge, dispersal, seepage, migration, installation, use, release or escape of "hazardous materials" at any time.
- (2) Any loss, cost or expense arising out of any:
 - (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "hazardous materials"; or
 - (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of "hazardous materials".

This exclusion applies whether or not such "hazardous material(s)" has any function in your business, operations, premises, site or location; . . ."

The Policy defines "Hazardous materials" to mean "pollutants", and materials that are radioactive, corrosive, oxidizers, asphyxiants, biohazardous, toxic, pathogen or allergen substances and organisms, lead, asbestos, silica and materials containing them.

Since the COVID-19 virus is a pathogenic organism within the definition of "hazardous materials," the policy covers neither loss or damage caused directly or indirectly by either the COVID-19 virus itself, nor loss or damage caused by any request, demand, order or statutory or regulatory requirement Taps and Bourbon on Terrace LLC clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, the COVID-19 virus.

The Policy also contains an exclusion for loss or damage caused by the enforcement of or compliance with any ordinance or law that regulates the use of property (CP 10 30 06 07) (Page 1 of 10) as follows:

a. "Ordinance Or Law

- (1) The enforcement of or compliance with any ordinance or law:
 - (a) Regulating the construction, use or repair of any property; or
 - (b) Regulating the tearing down of any property, including the cost of removing its debris.
- (2) This exclusion, Ordinance Or Law, applies whether the loss results from:
 - (a) An ordinance or law that is enforced even if the property has not been damaged; or
 - (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property or removal of its debris, following a physical loss to that property; . . ."

As Taps and Bourbon on Terrace LLC's claim for loss of business income is due to the enforcement of or compliance with a law or ordinance regulating the use of property, there is also no coverage under the Policy.

We understand Taps and Bourbon on Terrace LLC is also seeking coverage under the Civil Authority provision, which is set forth in Section 5, Additional Coverages of the Business Income (And Extra Expense) Coverage form (CP 00 30 06 07) (Page 2 of 9) as follows:

"5. Additional Coverages

a. Civil Authority

In this Additional Coverage, Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

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

(1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property;

and

(2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property; . . ."

We note in order for coverage to apply under the Civil Authority Additional Coverage there must be an action of civil authority that prohibits access to the described premises because of "damage to property" by a Covered Cause of Loss. Moreover, the action of civil authority must prohibit access to the described premises due to property damage occurring not more than one mile from the described premises.

The presence of the COVID-19 virus does not constitute "damage to property" and, in any event, it does not appear that the order of civil authority affecting Taps and Bourbon on Terrace LLC resulted from any "damage to property" within the distance limit of one mile from the described premises. Significantly, as addressed above, the presence of the COVID-19 virus is excluded as a cause of loss; accordingly, the order of civil authority affecting Taps and Bourbon on Terrace LLC does not result from a covered cause of loss.

Underwriters also understands that the Insured is making a claim for food and/or beverage spoilage due to the recent outbreak the COVID-19 virus. It is reported prepped food, produce, dairy and baked goods were lost due to expiration as the result of the mandated closure.

Underwriters has reviewed the potential claim presented in conjunction with the terms of the Policy. Based on the information provided, Underwriters has concluded the Policy does not provide coverage for the spoilage claim associated with the outbreak of COVID-19 for the following reasons.

The Policy's **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**" (CP 00 10 06 07) insuring agreement provides coverage for "direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss."

The Policy's **CAUSES OF LOSS – SPECIAL FORM** (CP 10 30 06 07) (Page 1 of 10) defines "Covered Causes of Loss" as "direct physical loss unless the loss is excluded or limited in this policy." Underwriters notes, that the Policy excludes certain causes of loss including those discussed below.

As noted above, the Policy contains an Exclusion for Loss Due to Virus or Bacteria Endorsement (CP 01 40 07 06). This provision excludes coverage for any loss or damage claimed as the result of "any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease." As the COVID-19 virus is the cause of the Insured's claim for food and/or beverage spoilage, there is no coverage under the Policy.

The Policy's Ordinance Or Law Exclusion (CP 10 30 06 07) cited above also applies to exclude coverage for the Insured's claim for food and/or beverage spoilage because the spoilage claim was caused by the "enforcement of or compliance with any ordinance or law" that "regulates the construction, use or repair of any property." Notably, the Ordinance Or Law Exclusion applies to bar coverage "regardless of any other cause or event that contributes concurrently or in any sequence to the loss."

The Policy's "Definitions" defines "Fungus" as "any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi." Also, this "Fungus" exclusion is modified by the above-cited Exclusion of Loss Due to Virus or Bacteria (CP 01 40 07 06) to remove reference to the term "bacteria" as follows:

D. "The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:

1. Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and
2. Additional Coverage – Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage; .

"

As the spoilage of the food and/or beverage products is also caused directly or indirectly by the "presence, growth, proliferation, spread or any activity" of any fungus, including mold or mildew, or rot, there is no coverage under the Policy. Moreover, all loss or damage caused by fungus, mold or mildew, or rot is excluded "regardless of any other cause or event that contributes concurrently or in any sequence to the loss."

For the foregoing reasons, Underwriters has concluded that the Policy does not provide coverage for the claimed loss of revenue or any extra expenses resulting from the order of civil authority affecting your business, or for the claim for food and/or beverage spoilage. If you have any other information bearing on this loss that you would like Underwriters to consider, please forward it to us at your earliest convenience and it will be reviewed without prejudice to the parties' respective rights. Moreover, if you have any questions concerning this letter and Underwriters position as set forth above, we will be pleased to discuss them with you.

We also direct your attention to the Commercial Property Conditions Section of the Policy (CP 00 90 07 88), which provides that any action against the insurer must be commenced within 2 years after the date on which the direct physical loss or damage occurred.

RIGHT TO REVIEW

If you believe your claim is wrongfully denied or are aggrieved by our decision, you have the right to a review by the Pennsylvania Department of Insurance, Consumer Services, Philadelphia Regional Office, Room 1701, State Office Building, 1400 Spring Garden Street, Philadelphia, Pennsylvania 19130, P: 215/560-2630, F: 215/560-2648.

Please be advised that this letter should not be considered a waiver or variance of any of the Policy's terms or conditions. Additionally, this letter in no way restricts or limits Underwriters from relying upon and asserting any other facts or grounds that are or may become available to it. All rights are reserved.

If you have any additional information, documentation, or other proofs, please submit for Underwriters' further consideration.

Waiving no rights or defenses of Underwriters, we remain,

Very Truly Yours,
For and on behalf of:
DTW Syndicate 1991 @ Lloyd's, London
By, Triton Claim Management, LLC

John J. Fleming, III
As Authorized Representative
Phone #: (800) 537-8023 x 6909
DID #: (678) 728-6909
E-mail: claims@tritonclaims.com

cc: [VIA EMAIL TO: froot@mainlineinsurance.com](mailto:froot@mainlineinsurance.com)
Main Line Insurance Office, Inc.
For the attention of: Frank Root

[VIA EMAIL TO: jwheeler@wdlegal.com](mailto:jwheeler@wdlegal.com)
For the attention of: Jonathan Wheeler, Esq.

DTW120014 Declination of Coverage 02 June 2020

Please Note: In order to keep our staff safe during the COVID-19 crisis and further to comply with various orders or suggestions from governmental authorities as to remaining closed during that time, Triton Claim Management, LLC has closed all of our offices. Because all staff are working remotely, we expect to send all documents via e-mail until further notice. Regular mail and other deliveries may be delayed during this time; accordingly, please e-mail copies of anything you send by regular mail or by overnight or other delivery. Kindly send all documents in your matter or case to the e-mail addresses for any of the Triton Claim Management, LLC employees who have communicated with you by e-mail. We appreciate your cooperation in this regard. All general inquiries may be emailed to: claims@tritonclaims.com. Stay safe!

Case ID: 200700375

Case ID: 200700375

Case ID: 200700375

Control No.: 20093025

EXHIBIT “B”

WHEELER, DiULIO & BARNABEI, P.C.

BY: Jonathan Wheeler, Esquire
Attorney I.D. No.: 12649
One Penn Center - Suite 1270
1617 JFK Boulevard
Philadelphia, PA 19103
Phone: (215) 568-2900
Email: jwheeler@wdblegal.com



TAPS & BOURBON ON TERRACE, LLC	:	COURT OF COMMON PLEAS OF
177 MARKLE STREET	:	PHILADELPHIA COUNTY
PHILADELPHIA, PA 19127	:	
	:	
vs	:	JULY TERM, 2020
	:	
THOSE CERTAIN	:	
UNDERWRITERS AT LLOYDS, LONDON	:	NO.: 00375
500 MAMARONECK AVENUE	:	
SUITE 320	:	
HARRISON, NY 10528	:	
	:	
	:	
	:	

PRAECIPE TO ATTACH EXHIBIT TO AMENDED CIVIL ACTION COMPLAINT

TO THE PROTHONOTARY:

Kindly substitute the attached Exhibit (1) to the Amended Civil Action Complaint filed in the above-captioned matter.

WHEELER, DiULIO & BARNABEI, P.C.

BY: /s/ Jonathan Wheeler
JONATHAN WHEELER, ESQUIRE
Attorney for Plaintiff(s)

Dated: September 8, 2020

EXHIBIT “1”

Case ID: 200700375

Case ID: 200700375

Case ID: 200700375

Control No.: 20093025

This Declaration Page is attached to and forms part of Policy provisions

Previous No. Authority Ref. No B6991ISC2017S01 Policy No. DTW-ISC-2017-0061

Affidavit / Surplus Lines #:

1. Name and address of the Insured
Taps & Bourbon on Terrace LLC
177 Markle St Philadelphia, PA 19127
The insurer which has issued this insurance is not licensed by the Pennsylvania Insurance Department and is subject to limited regulation. This insurance is NOT covered by the Pennsylvania Property and Casualty Insurance Guaranty Association.

DBA: Taps & Bourbon

2. Name and address of the Agent
Main Line Insurance Office Inc
23 Paoli Pike
PO Box 247
Paoli, PA 19301

3. Effective from 11/1/2019 to 11/1/2020 both days at 12:01 a.m. standard time at location of the risk.

4. This evidences that insurance has been placed with certain UNDERWRITERS AT LLOYD'S, LONDON. 100%

Syndicate #: 1991 Syndicate Name: DTW1991 (Coverys Managing Agency Ltd.) Risk Participation: 100%

5. Coverage:

LIABILITY PREMIUM	\$6,100
LIQUOR PREMIUM	\$ included
LIABILITY ENDORSEMENTS PREMIUM	\$200
PROPERTY PREMIUM	\$4,800
PROPERTY ENDORSEMENTS PREMIUM	\$1,000
TRIA PREMIUM	\$0
TOTAL PREMIUM	\$12,100
POLICY FEE	\$300.00
INSPECTION FEE	\$250.00
SURPLUS LINES TAXES	\$363.00
SURPLUS LINES STAMPING FEES	\$20.00
TOTAL POLICY COST	\$13,033.00

6. Forms attached hereto and special conditions:
See Schedule DTW-A00003 (01/17) - Schedule of Forms and Endorsements

7. Service of Suit may be made upon:
See DTW1991 Policy Provisions ISCPOLPROV12 17

8. In the event of a claim under the insurance described in this Policy, please notify the following:

See DTW1991 Policy Provisions ISCPOLPROV12 17

Dated at:

Sunday,
December 8,
2019

By Matthew Grossberg
Correspondent - Matthew Grossberg
Insurance Strategies Consulting, LLC.
500 Mamaroneck Ave, Suite 320 Harrison, New York 10528
Telephone # 973-285-3263

Schedule of Forms And Endorsements

DTW-A00001	Commercial Lines Policy Common Policy Declarations
DTW-A00003	Schedule Of Forms And Endorsements
ISCPolProv12 17	ISCPolProv
IL 02 46 09 07	PENNSYLVANIA CHANGES – CANCELLATION AND NONRENEWAL
LMA 9073	Pennsylvania Surplus Lines Notice
IL 00 17 11 98	COMMON POLICY CONDITIONS
LMADTW-001	MOLO EXCLUSION ENDORSEMENT
CG 21 49 09 99	TOTAL POLLUTION EXCLUSION ENDORSEMENT
DTWGL-B00001	Supplemental Declarations Commercial General Liability
IL 00 21 09 08	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT
CG 00 01 04 13	COMMERCIAL GENERAL LIABILITY COVERAGE FORM
DTWGL-B00003	CLASSIFICATION LIMITATION
DTWGL-B00004	EXCLUSION – PUNITIVE OR EXEMPLARY DAMAGES
DTWGL-B00006	EXCLUSION – INJURY TO PERFORMERS AND ENTERTAINERS
DTWGL-B00007	CROSS SUITS ENDORSEMENT
DTWGL-B00008	EXCLUSION OF NUCLEAR, BIOLOGICAL AND CHEMICAL INJURY OR DAMAGE
DTWGL-B00009	COMMERCIAL GENERAL LIABILITY AMENDATORY ENDORSEMENT
CG 00 68 05 09	RECORDING AND DISTRIBUTION OF MATERIAL OR INFORMATION IN VIOLATION OF LAW EXCLUSION
CG 21 32 05 09	COMMUNICABLE DISEASE EXCLUSION
CG 21 36 03 05	EXCLUSION - NEW ENTITIES
CG 21 39 10 93	CONTRACTUAL LIABILITY LIMITATION
CG 21 44 07 98	LIMITATION OF COVERAGE TO DESIGNATED PREMISES OR PROJECT
CG 21 47 12 07	EMPLOYMENT-RELATED PRACTICEEXCLUSION
CG 21 65 12 04	TOTAL POLLUTION EXCLUSION WITH A BUILDING HEATING, COOLING AND DEHUMIDIFYING EQUIPMENT EXCEPTION AND A HOSTILE FIRE EXCEPTION
CG 21 67 12 04	FUNGI OR BACTERIA EXCLUSION
CG 21 75 01 15	EXCLUSION OF CERTIFIED ACTS OF TERRORISM AND EXCLUSION OF OTHER ACTS OF TERRORISM COMMITTED OUTSIDE THE UNITEDSTATES
CG 24 07 01 96	PRODUCTS/COMPLETED OPERATIONS HAZARD REDEFINED
DTWGL-B00010	EXCLUSION – SECURITY SERVICES PROVIDED BY OTHERS
DTWGL-B00011	EXCLUSION – VALET PARKING
DTWGL-B00012	EXCLUSION – TOTAL FIREWORKS/PYROTECHNICS
DTWGL-B00014	EXCLUSION – CANINE
DTWGL-B00015	SEXUAL ABUSE AND/OR MISCONDUCT EXCLUSION
DTWGL-B00016	ANTI-STACKING ENDORSEMENT

DTWGL-A00003 01/17

Case ID: 200700375

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Control No.: 20093025

DTWGL-B00017	EXCLUSION – WORKER INJURY
DTWGL-B00018	EXCLUSION – INDEPENDENT CONTRACTORS
DTWGL-B00019	FIELD OF ENTERTAINMENT-LIMITATION OF COVERAGE
DTWGL-B00020	EXCLUSION – MECHANICAL RIDES, SLIDES, ATHLETIC EVENTS AND COMPETITION(S)
DTWGL-B01345	AMUSEMENT DEVICES EXCLUSION
DTWGL-B01148	BINDING ARBITRATION
DTWGL-B00022	EXCLUSION – DISCRIMINATION
DTWGL-B00024	HAZARDOUS MATERIALS EXCLUSION
DTWGL-B00025	PREMIUM BASIS ENDORSEMENT
DTWGL-B00037	EXCLUSION – STUNT ACTIVITY
DTWGL-B00026	CONTRACTOR OR SUBCONTRACTOR LIMITATION
DTWGL-B01328	DESIGNATED PROMOTIONS EXCLUSION
DTWGL-B00040	Assault and Battery Coverage Limitation (Including Sub-Limits)
DTWGL-C00001	Supplemental Declarations Liquor Liability
CG 00 33 12 07	LIQUOR LIABILITY COVERAGE FORM
DTWGL-C00002	LIMITATION OF COVERAGE TO INSURED PREMISES
DTWCP-D00001	Supplemental Declarations Commercial Property
CP 00 10 06 07	BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CP 00 90 07 88	COMMERCIAL PROPERTY CONDITIONS
CP 03 21 10 12	WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE
DTWGL-B00101	EXCLUSION - FIREARMS
CP 01 40 07 06	EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA
DTWCP-D00010	RESTAURANT PLATINUM ENHANCEMENT ENDORSEMENT
CP 10 30 06 07	CAUSES OF LOSS – SPECIAL FORM
IL 09 35 07 02	EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES
IL 09 53 01 15	EXCLUSION OF CERTIFIED ACTS OF TERRORISM
DTWCP-D00002	HAZARDOUS MATERIALS EXCLUSION
CP 00 30 06 07	BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
DTWCP-D00008	Protective Safeguards
LMA5219	TRIA not purchased clause

Policy Number: DTW-ISC-2017-0061

Certain Underwriters at Lloyd's, London

SUPPLEMENTAL DECLARATIONS

Commercial Property

BUSINESS DESCRIPTION:									
DESCRIPTION OF PREMISES									
Prem. No.	Bldg. No.	Location/Address	City	State	Zip				
1	1	177 Markle St	Philadelphia	PA	19127				
COVERAGES PROVIDED – Insurance at the described premises applies only for the Coverages for which limit of insurance is shown.									
Prem. No.	Bldg. No.	Coverage	Limits of Insurance	Premium	Cause of Loss	Coins.	Monthly Limit	*Deductible	**Valuation
1	1	Building value	\$1,000,000	\$4,000	See Form CP 10 30	90		\$2,500	RC
		Tenants I & B		\$0	See Form CP 10 30	90		\$2,500	RC
		BI Value	\$100,000	\$400	See Form CP 10 30		1/6	72 hrs.	RC
		Loss of Rents		\$0	See Form CP 10 30		1/6	72 hrs.	RC
		Content Value	\$100,000	\$400	See Form CP 10 30	90		\$2,500	RC
		Other Structural Value		\$0	See Form CP 10 30	90		\$0	RC
		Ordinance & Law Coverage A & Premium Charge	\$0	\$0					
		Ordinance & Law Coverage B	\$0						
		Ordinance & Law Coverage C	\$0						
* See Applicable Endorsements									
** RC = Replacement Cost; AC = Actual Cash Value;									
BPP = Business Personal Property; I&B = Improvements & Betterments									
FORMS AND ENDORSEMENTS – Made part of this Coverage Part at time of issue. See Form DTW-A00002 (01/17) – Schedule of Forms and Endorsements									
TOTAL PREMIUM FOR THIS COVERAGE: \$4,800									

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

DTWCP-D00001 (01/17)

Case ID: 200700375

Case ID: 200700375

Case ID: 200700375

Control No.: 20093025

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

- A. The exclusion set forth in Paragraph B. applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B. We will not pay for loss or damage caused by or resulting from any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease.
However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.
- C. With respect to any loss or damage subject to the exclusion in Paragraph B., such exclusion supersedes any exclusion relating to "pollutants".
- D. The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:
1. Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and
 2. Additional Coverage – Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- E. The terms of the exclusion in Paragraph B., or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

CAUSES OF LOSS – SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section G., Definitions.

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means Risks Of Direct Physical Loss unless the loss is:

1. Excluded in Section B., Exclusions; or
2. Limited in Section C., Limitations; that follow.

B. Exclusions

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

a. Ordinance Or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (1) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in b.(1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (2) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

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

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

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

g. Water

- (1) Flood, surface water, waves, 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 or overflows from a sewer, drain or sump; 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 Water, as described in g.(1) through g.(4) above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

h. "Fungus", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- 1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or
- 2. To the extent that coverage is provided in the Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions B.1.a. through B.1.h. apply whether or not the loss event results in widespread damage or affects a substantial area.

- 2. We will not pay for loss or damage caused by or resulting from any of the following:
 - a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:
 - (1) Electrical or electronic wire, device, appliance, system or network; or
 - (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or micro-waves.

But if fire results, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market.
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d. (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.
- (7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching.

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or
 - (2) You drain the equipment and shut off the supply if the heat is not maintained.
- h. Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
 - (1) Acting alone or in collusion with others; or
 - (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.
- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j. Rain, snow, ice or sleet to personal property in the open.

k. Collapse, including any of the following conditions of property or any part of the property:

- (1) An abrupt falling down or caving in;
- (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
- (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, k., does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage – Collapse; or
- (b) To collapse caused by one or more of the following:
 - (i) The "specified causes of loss";
 - (ii) Breakage of building glass;
 - (iii) Weight of rain that collects on a roof; or
 - (iv) Weight of people or personal property.

l. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, l., does not apply to damage to glass caused by chemicals applied to the glass.

m. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.

b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
 - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;
- of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

(1) Any loss caused by or resulting from:

- (a) Damage or destruction of "finished stock"; or
- (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

(2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.

(3) Any increase of loss caused by or resulting from:

- (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.

(4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

(5) Any other consequential loss.

b. Leasehold Interest Coverage Form

(1) Paragraph B.1.a., Ordinance Or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

- (a) Your cancelling the lease;
- (b) The suspension, lapse or cancellation of any license; or
- (c) Any other consequential loss.

c. Legal Liability Coverage Form

(1) The following exclusions do not apply to insurance under this Coverage Form:

- (a) Paragraph B.1.a., Ordinance Or Law;
- (b) Paragraph B.1.c., Governmental Action;
- (c) Paragraph B.1.d., Nuclear Hazard;
- (d) Paragraph B.1.e., Utility Services; and
- (e) Paragraph B.1.f., War And Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

5. Additional Exclusion

The following provisions apply only to the specified property.

LOSS OR DAMAGE TO PRODUCTS

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
 - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
 - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
 - d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

 - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
 - (2) Business Income Coverage or Extra Expense Coverage.
 - e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
 - f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
 - a. Animals, and then only if they are killed or their destruction is made necessary.
 - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass; or
 - (2) Containers of property held for sale.
 - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

 - (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
 - (2) To Business Income Coverage or to Extra Expense Coverage.
3. The special limit shown for each category, a. through d., is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:
 - a. \$2,500 for furs, fur garments and garments trimmed with fur.
 - b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, buillon, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - c. \$2,500 for patterns, dies, molds and forms.
 - d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, C.3., does not apply to Business Income Coverage or to Extra Expense Coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:
 - a. Results in discharge of any substance from an automatic fire protection system; or
 - b. Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

D. Additional Coverage – Collapse

The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse as described and limited in D.1. through D.7.

1. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:
 - a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
 - b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
 - c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
 - d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
 - (1) A cause of loss listed in 2.a. or 2.b.;
 - (2) One or more of the "specified causes of loss";
 - (3) Breakage of building glass;
 - (4) Weight of people or personal property; or
 - (5) Weight of rain that collects on a roof.

3. This Additional Coverage – Collapse does not apply to:

- a. A building or any part of a building that is in danger of falling down or caving in;
- b. A part of a building that is standing, even if it has separated from another part of the building; or
- c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
- b. Awnings, gutters and downspouts;
- c. Yard fixtures;
- d. Outdoor swimming pools;
- e. Fences;
- f. Piers, wharves and docks;
- g. Beach or diving platforms or appurtenances;
- h. Retaining walls; and
- i. Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in 2.a. through 2.d., we will pay for loss or damage to that property only if:

- (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
- (2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

- a. The collapse of personal property was caused by a cause of loss listed in 2.a. through 2.d.;
- b. The personal property which collapses is inside a building; and
- c. The property which collapses is not of a kind listed in 4., regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph 5. does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage – Collapse does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
7. This Additional Coverage – Collapse will not increase the Limits of Insurance provided in this Coverage Part.
8. The term Covered Cause of Loss includes the Additional Coverage – Collapse as described and limited in D.1. through D.7.

E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in E.2. and E.6. only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
 - a. A "specified cause of loss" other than fire or lightning; or
 - b. Flood, if the Flood Coverage Endorsement applies to the affected premises.
2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
 - a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
 - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under E.2. of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

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

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss Form or under the Additional Coverage – Collapse.
6. The following, 6.a. or 6.b., applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

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

2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension, F.3., does not increase the Limit of Insurance.

G. Definitions

- 1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.

b. Falling objects does not include loss or damage to:

- (1) Personal property in the open; or
- (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

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

A. Coverage

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

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, A.1., and limited in A.2., Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. **Building**, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;

(b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. **Your Business Personal Property** located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property – Separation Of Coverage form:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

c. **Personal Property Of Others** that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;

- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to your "stock" of prepackaged software;
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
- (c) Rowboats or canoes out of water at the described premises; or
- (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers;

- q. The following property while outside of buildings:
- (1) Grain, hay, straw or other crops;
 - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See applicable Causes Of Loss Form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (3) and (4), we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
 - (a) Extract "pollutants" from land or water; or
 - (b) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
 - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.
- (4) We will pay up to an additional \$10,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
- (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$10,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

EXAMPLE #1

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500
	(\$50,000 - \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000
	(\$10,000 is 20% of \$50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

EXAMPLE #2

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 - \$500)
Debris Removal Expense:	\$ 30,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 10,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: $\$80,000 (\$79,500 + \$500) \times .25 = \$20,000$; capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$30,000) exceeds 25% of the loss payable plus the deductible (\$30,000 is 37.5% of \$80,000), and because the sum of the loss payable and debris removal expense ($\$79,500 + \$30,000 = \$109,500$) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$10,000, the maximum payable under Paragraph (4). Thus the total payable for debris removal expense in this example is \$20,500; \$9,500 of the debris removal expense is not covered.

b. Preservation Of Property

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

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000, unless a higher limit is shown in the Declarations, 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 discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

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

e. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e.(3) through e.(9) of this Additional Coverage.
- (3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.

- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
- (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.
- (5) Under this Additional Coverage, we will not pay for:
- (a) The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
 - (b) Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.
- (6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of: \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

- (7) With respect to this Additional Coverage:
- (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced, at the same or another premises; and

- (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the same premises.

- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the new premises.

- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion, to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.

- (9) The costs addressed in the Loss Payment and Valuation Conditions, and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Additional Coverage, as stated in e.(6) of this Additional Coverage, is not subject to such limitation.

f. Electronic Data

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.

(3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:

- (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
- (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
- (c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
- (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

(4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

(2) Your Business Personal Property

(a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

- (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;
- (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or
- (iii) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or

(b) This Extension does not apply to:

- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers And Records (Other Than Electronic Data)

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

d. Property Off-premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c) At any fair, trade show or exhibition.

- (2) This Extension does not apply to property:
 - (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

f. Non-owned Detached Trailers

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
 - (a) The trailer is used in your business;
 - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
 - (c) You have a contractual responsibility to pay for loss or damage to the trailer.

- (2) We will not pay for any loss or damage that occurs:
 - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

C. Limits Of Insurance

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

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage:

- 1. Fire Department Service Charge;
- 2. Pollutant Clean-up And Removal;
- 3. Increased Cost Of Construction; and
- 4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

EXAMPLE #1

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$	250
Limit of Insurance – Building #1:	\$	60,000
Limit of Insurance – Building #2:	\$	80,000
Loss to Building #1:	\$	60,100
Loss to Building #2:	\$	90,000

The amount of loss to Building #1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building #1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building #1:

\$ 60,100
<u>– 250</u>
\$ 59,850 Loss Payable – Building #1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building #2. Loss payable for Building #2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:
\$59,850 + \$80,000 = \$139,850

EXAMPLE #2

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example #1.

Loss to Building #1:	\$ 70,000
(Exceeds Limit of Insurance plus Deductible)	
Loss to Building #2:	\$ 90,000
(Exceeds Limit of Insurance plus Deductible)	
Loss Payable – Building #1:	\$ 60,000
(Limit of Insurance)	
Loss Payable – Building #2:	\$ 80,000
(Limit of Insurance)	
Total amount of loss payable:	\$ 140,000

E. Loss Conditions

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties in the Event Of Loss Or Damage

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

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (8) Cooperate with us in the investigation or settlement of the claim.

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

4. Loss Payment

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

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

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

- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

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

6. Vacancy

a. Description Of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

(i) Rented to a lessee or 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 for more than 60 consecutive days before that loss or damage occurs:

(1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

(a) Vandalism;

(b) Sprinkler leakage, unless you have protected the system against freezing;

(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

(2) With respect to Covered Causes of Loss other than those listed in b.(1)(a) through b.(1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

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

a. At actual cash value as of the time of loss or damage, except as provided in b., c., d. and e. below.

b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value even when attached to the building:

- (1) Awnings or floor coverings;
 - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
 - (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety-glazing material if required by law.
- e. Tenants' Improvements and Betterments at:
- (1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
 - (3) Nothing if others pay for repairs or replacement.

F. Additional Conditions

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

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

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

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

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

EXAMPLE #1 (UNDERINSURANCE)

When: The value of the property is:	\$ 250,000
The Coinsurance percentage for it is:	80%
The Limit of Insurance for it is:	\$ 100,000
The Deductible is:	\$ 250
The amount of loss is:	\$ 40,000

Step (1): $\$250,000 \times 80\% = \$200,000$

(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

EXAMPLE #2 (ADEQUATE INSURANCE)

When: The value of the property is:	\$ 250,000
The Coinsurance percentage for it is:	80%
The Limit of Insurance for it is:	\$ 200,000
The Deductible is:	\$ 250
The amount of loss is:	\$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 (\$250,000 x 80%). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

EXAMPLE #3

When: The value of the property is:	
Building at Location #1:	\$ 75,000
Building at Location #2:	\$ 100,000
Personal Property at Location #2:	<u>\$ 75,000</u>
	\$ 250,000
The Coinsurance percentage for it is:	90%
The Limit of Insurance for Buildings and Personal Property at Locations #1 and #2 is:	\$ 180,000
The Deductible is:	\$ 1,000
The amount of loss is:	
Building at Location #2:	\$ 30,000
Personal Property at Location #2:	<u>\$ 20,000</u>
	\$ 50,000

Step (1): $\$250,000 \times 90\% = \$225,000$

(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 \div \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

2. Mortgageholders

- The term mortgageholder includes trustee.
- We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

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

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

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

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

- If we cancel this policy, we will give written notice to the mortgageholder at least:
 - (1) 10 days before the effective date of cancellation if we cancel for your non-payment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

EXAMPLE

If: The applicable Limit of Insurance is: \$ 100,000
 The annual percentage increase is: 8%
 The number of days since the beginning of the policy year (or last policy change) is: 146
 The amount of increase is:
 $\$100,000 \times .08 \times 146 \div 365 =$ \$ 3,200

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Cover-age Form.
- b. This Optional Coverage does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
 - (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

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

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

- (3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
 - (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:
- (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in e.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

4. Extension Of Replacement Cost To Personal Property Of Others

- a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph 3.b.(1) of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.
- b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

H. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

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RESTAURANT, BAR AND TAVERN ENHANCEMENT ENDORSEMENT

Coverage	Comments	Restaurant Enhancement
BUILDING AND PERSONAL PROPERTY COVERAGE FORM – ADDITIONAL COVERAGES		
Accounts Receivable		\$50,000
Debris Removal		25% + \$50,000
Employee Dishonesty		\$50,000
Fire Department Service Charge		\$25,000
Fire Extinguisher Systems Expense including Automatic Cooking Protection Systems	No Deductible	\$25,000
Forgery or Alteration		\$25,000
Lost Key Consequential Loss	\$100 Deductible	\$5,000
Money and Securities		\$25,000 IN / \$10,000 OUT
Reward Payment	N/A in New York	\$10,000
Utility Services – Direct Damage, including Spoilage	Bldg/BPP Deductible	\$25,000
BUILDING AND PERSONAL PROPERTY COVERAGE FORM – COVERAGE EXTENSIONS		
Extended Computer Coverage		\$50,000 HW / \$50,000 SW
Computers in transit or off-premises		\$25,000
Artificially Generated Electrical Current	Within limits	Included
Newly Acquired or Constructed Property	90 days	\$250,000 Bldg. & BPP
Outdoor Property		\$25,000 (\$1,000 tree/shrub)
Outdoor Signs		\$25,000
Personal Effects / Property of Others		\$50,000
Including Checkroom Theft	\$250 Deductible	\$2,500 ITEM / \$10,000 AGG
Property in Transit	BPP Deductible	\$25,000
Property Off Premises	BPP Deductible	\$25,000
Sewers and Drains - Back Up		\$100,000
Tenant Glass		Included if lease requires
Valuable Papers and Records		\$50,000
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM – COVERAGE EXTENSIONS		
Food Contamination	24 hr Deductible	\$25,000 BI / \$25,000 EE
Utility Services – Time Element	24 hr deductible or BI or COL deductible, whichever is longest	\$25,000 per location (up to maximum of \$100,000 for any one "named storm" regardless of # of locations)
\$1,000 deductible applies unless stated elsewhere in the endorsement.		
<p><i>If there is a Deductible or "period of restoration" that applies to a specific Cause of Loss that is covered within your policy, that specific Cause of Loss Deductible or "period of restoration" supersedes any Deductible or "period of restoration" within this endorsement. This includes, but is not limited to, a Deductible or "period of restoration" for windstorm, earth movement, earthquake or flood.</i></p>		

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

RESTAURANT PLATINUM ENHANCEMENT ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE)
CAUSES OF LOSS – SPECIAL FORM

If there is a Deductible or "period of restoration" that applies to a specific Cause of Loss that is covered within your policy, that specific Cause of Loss Deductible or "period of restoration" supersedes any Deductible or "period of restoration" within this endorsement. This includes, but is not limited to, a Deductible or "period of restoration" for windstorm, earth movement, earthquake or flood.

A. BUILDING AND PERSONAL PROPERTY COVERAGE FORM CP 00 10, Paragraph A. Coverages, Subparagraph 4. Additional Coverages is amended to add the following coverages. Unless specifically addressed elsewhere within this endorsement, the Deductible that applies to these Additional Coverages is \$1,000 each occurrence. Unless otherwise indicated, the amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are in addition to the Limits of Insurance shown in the Declarations.

1. Accounts Receivable

- a. If your records of accounts receivable are lost or damaged by a Covered Cause of Loss, we will pay:
 - (1) All amounts due from your customers that you are unable to collect;
 - (2) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
 - (3) Collection expenses that are in excess of your normal collection expenses that are made necessary by the loss; and
 - (4) Other reasonable expenses that you incur to re-establish your records of accounts receivable.
- b. The BUILDING AND PERSONAL PROPERTY COVERAGE FORM, Paragraph A.2.a. Property Not Covered is amended to read:
Accounts, bills, currency, food stamps or other evidences of debt, "money", notes or "securities", except as provided within this Additional Coverage. Lottery tickets held for sale are not "securities".
- c. With regard to this Additional Coverage, the CAUSES OF LOSS – SPECIAL FORM CP 10 30, Paragraph B. Exclusions is amended to delete all of the exclusions except for the following:
 - (1) B.1.c.
 - (2) B.1.d.
 - (3) B.1.f.
 - (4) B.2.f.
 - (5) B.2.g.
 - (6) B.3.
- d. With regard to this Additional Coverage, the following is added under Paragraph B. Exclusions, of the CAUSES OF LOSS – SPECIAL FORM CP 10 30:
We will not pay for loss or damage caused directly or indirectly by or resulting from:
 - (1) Alteration, falsification, concealment, or destruction of records of accounts receivable done to conceal the wrongful giving, taking, or withholding of "money", "securities", or

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other property. This exclusion applies only to the extent of the wrongful giving, taking or withholding.

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- (2) Bookkeeping, accounting, or billing errors or omissions.
- (3) Electrical or magnetic injury, disturbance, or erasure of electronic recordings. But we will pay for direct loss or damage caused by lightning.
- (4) Errors in machine programming or instructions to machines.
- (5) Operator or programmer error.
- (6) Unauthorized instructions to transfer property to any person or to any place.
- (7) Computer-Related Losses - The failure, malfunction or inadequacy of:
 - (a) Any of the following, whether belonging to any Insured or to others:
 - (i) "Computer" hardware, including microprocessors;
 - (ii) "Computer" application software;
 - (iii) "Computer" operating systems and related software;
 - (iv) "Computer" networks;
 - (v) Microprocessors ("computer" chips) not part of any "computer" system; or
 - (vi) Any other computerized or electronic equipment or components; or
 - (b) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph (7)(a) above;due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times.
- (8) Computer Advice Or Consultation - Any advice, consultation, design, evaluation, inspection, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Exclusion (7) above.

We will not pay for loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

- e. If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss, the following method will be used:
 - (1) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss occurs; and
 - (2) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.
- f. The following will be deducted from the total amount of accounts receivable, however that amount is established:
 - (1) The amount of the accounts for which there is no loss or damage;
 - (2) The amount of the accounts that you are able to reestablish or collect;
 - (3) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (4) All unearned interest and service charges.
- g. The most we will pay in any one occurrence at each described premises is \$50,000.

2. Debris Removal

The BUILDING AND PERSONAL PROPERTY COVERAGE FORM, Paragraph A. Coverage, Subparagraph 4.a.(4) Debris Removal is revised from \$10,000 to \$50,000 as the most we will pay.

3. Employee Dishonesty

- a. We will pay for direct loss to Your Business Personal Property and "money" and "securities" resulting from dishonest acts committed by any of your "employees" acting alone or in collusion with other persons (except you or your partners, "members" or "managers") with the manifest intent to:
 - (1) Cause you to sustain loss or damage; and also
 - (2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other "employee" benefits earned in the normal course of employment) for:
 - (a) Any "employee"; or
 - (b) Any other person or organization.
- b. We will extend the coverage provided to comply with certain provisions of the Employee Retirement Income Security Act (ERISA). However, coverage is provided only when you own, control or operate the "Employee Benefit Plan" and the "Employee Benefit Plan" is

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shown in the Declarations. Any payment we make for loss sustained will be made to the "Employee Benefit Plan" sustaining the loss.

- c. The **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Paragraph A.2.a. **Property Not Covered** is amended to read:
Accounts, bills, currency, food stamps or other evidences of debt, "money", notes or "securities", except as provided within this Additional Coverage. Lottery tickets held for sale are not "securities".
- d. With regard to this Additional Coverage, the **CAUSES OF LOSS – SPECIAL FORM CP 10 30**, Paragraph **B. Exclusions** is amended to delete all of the exclusions except for the following:
(1)B.1.c
(2)B.1.d.
(3)B.1.f.
(4)B.2.i.
- e. The following **Exclusions** are added:
This insurance does not cover:
(1) Loss or damage resulting from any dishonest or criminal act that you or any of your partners, "members", officers, "managers", directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose commit whether acting alone or in collusion with other persons.
(2) Loss or damage caused by an "employee" if the "employee" had also committed "theft" or any other dishonest act prior to the effective date of this policy and you or any of your partners, "members", officers, "managers", directors or trustees, not in collusion with the "employee", learned of that "theft" or dishonest act prior to the policy period shown in the Declarations.
(3) Loss or damage resulting from the unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, process methods or customer lists; or the unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information, or similar non-public information.
(4) Fees, costs and expenses incurred by you which are related to any legal action.
(5) Loss or damage when the only proof of which as to its existence or amount is an inventory computation or a profit and loss computation.
(6) Loss or damage resulting from trading, whether in your name or in a genuine or fictitious account.
(7) Loss or damage resulting from the fraudulent or dishonest signing, issuing, canceling or failing to cancel, a warehouse receipt or any papers connected with it.
- f. All loss caused by one or more "employee" or involving a single act or series of related acts is considered one occurrence.
- g. We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance accumulates from year to year or period to period.
- h. We will pay only for covered loss sustained during the policy period and discovered no later than one year from the end of the policy expiration.
- i. If you discover a loss during the policy period that you (or any predecessor in interest) sustained during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Additional Coverage, provided:
(1) This Additional Coverage became effective at the time of cancellation or termination of the prior insurance; and
(2) The loss would have been covered by this Additional Coverage had it been in effect when the acts or events causing the loss were committed or occurred.
(3) This coverage is provided within, and not in addition to, the Limit of Insurance applying to this Additional Coverage and is limited to the lesser of the amount recoverable under:
(a) This Additional Coverage as of its effective date; or
(b) The prior insurance, had it remained in effect.
- j. The most we will pay for loss or damage in any one occurrence is \$50,000.

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4. **Fire Department Service Charge**
The **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Paragraph A. Coverage, Subparagraph 4.c. **Fire Department Service Charge** is revised from \$1,000 to \$25,000 as the most we will pay.
5. **Fire Extinguisher Systems Expense – Including Automatic Cooking Protection Systems**
 - a. We will pay for the cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged on or within 1,000 feet of the described premises.
 - b. We will pay for loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguisher or a fire extinguishing system.
 - c. We will pay for loss or damage to Covered Property caused by the accidental discharge of fire suppressant chemicals from an automatic extinguishing system over your cooking equipment, including the cost to recharge the automatic extinguishing system after accidental discharge.
 - d. No coverage will apply if the fire extinguishing system is discharged during installation or testing.
 - e. A Deductible does not apply to this Additional Coverage.
 - f. The most we will pay in any one occurrence at each described premises is \$25,000.
6. **Forgery Or Alteration**
 - a. We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are made or drawn by or drawn upon you or made or drawn by one acting as your agent, or that are purported to have been so made or drawn.
 - b. We will pay for loss resulting directly from "forgery" or alteration of written instruments required in conjunction with any credit, debit or charge card issued to you or any "employee" for business purposes.
 - c. For the purpose of this Additional Coverage, we will consider electronically or mechanically reproduced facsimile signatures the same as handwritten signatures.
 - d. If you are sued for refusing to pay any instrument covered in Paragraph a. or b. above, on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense.
 - e. The following exclusion is added:
Non-Compliance with Credit, Debit, or Charge Card Issuer's Requirements
We will not pay for loss arising from any credit, debit or charge card if you have not complied fully with the provisions, conditions or other terms under which the card was issued.
 - f. The **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Paragraph A.2.a. **Property Not Covered** is amended to read:
Accounts, bills, currency, food stamps or other evidences of debt, "money", notes or "securities", except as provided within this Additional Coverage. Lottery tickets held for sale are not "securities".
 - g. All loss caused by one or more persons or involving a single act or series of related acts is considered one occurrence.
 - h. The most we will pay for any loss in any one occurrence, including legal expenses, is \$25,000.
7. **Lost Key Consequential Loss**
 - a. If a master or grand master key is lost or damaged by a Covered Cause of Loss, including "theft", we will pay for the actual cost of keys, the cost of adjusting locks to accept new keys, or the cost of new locks, if required, of like kind and quality including the cost of their installation.
 - b. This coverage does not apply to keys left in the possession of former employees.
 - c. The most we will pay in any one occurrence at each described premises is \$5,000.
 - d. A Deductible of \$100 applies.
8. **Money And Securities**
 - a. We will pay for loss of "money" and "securities" used in your business resulting directly from "theft", disappearance; or destruction, while:

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- (1) In or on the described premises, or within a bank or savings institution; or
 - (2) Anywhere outside the premises.
 - b. We will not pay for loss:
 - (1) Resulting from accounting or arithmetical errors or omissions;
 - (2) Due to the giving or surrendering of property in any exchange or purchase; or
 - (3) Of property contained in any "money"-operated device unless the amount of "money" deposited in it is recorded by a continuous reading instrument in the device.
 - c. You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.
 - d. All loss caused by one or more persons or involving a single act or series of related acts is considered one occurrence.
 - e. The most we will pay for loss or damage in any one occurrence at each described premises is \$25,000 inside the premises and \$10,000 outside the premises.
- 9. Reward Payment (This Additional Coverage does not apply in the state of New York)**
- a. We will reimburse you for rewards paid as follows:
 - (1) Up to \$10,000 to an eligible person for information leading to the arrest and conviction of any person or persons committing a crime resulting in loss to Covered Property from a Covered Cause of Loss. However we will pay no more than the lesser of the following amounts:
 - (a) Actual cash value of the Covered Property at the time of loss or damage, but not more than the amount required to repair or replace it; or
 - (b) The amount determined by the loss settlement procedure applicable to the Covered Property under the **Loss Payment Condition**.
 - (2) Up to \$10,000 to an eligible person for the return of stolen Covered Property, when the loss is caused by "theft". However, we will pay no more than the lesser of the following amounts:
 - (a) Actual cash value based on the condition of the Covered Property at the time it is returned, but not more than the amount required to repair or replace it; or
 - (b) The amount determined by the loss settlement procedure applicable to the returned Covered Property under the **Loss Payment Condition**.
 - b. This Additional Coverage applies subject to the following conditions:
 - (1) An eligible person means that person designated by a law enforcement agency as being the first to voluntarily provide the information leading to the arrest and conviction or return of the stolen Covered Property and who is not:
 - (a) You or any family member;
 - (b) Your "employee" or any of his or her family members;
 - (c) An "employee" of a law enforcement agency;
 - (d) An "employee" of a business engaged in property protection;
 - (e) Any person who had custody of the Covered Property at the time the "theft" was committed; or
 - (f) Any person involved in the crime.
 - (2) No reward will be reimbursed unless and until the persons committing the crime are convicted or the Covered Property is returned.
 - c. We will reimburse you up to the amount of the reward, for a maximum of \$10,000 in any one occurrence at each described premises.
- 10. Utility Services – Direct Damage (Including Spoilage and Overhead Transmission Lines)**
- a. We will pay for loss or damage to Covered Property caused by an interruption in utility service to the described premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss.
 - b. We will not pay for loss or damage that is covered elsewhere in this policy for the same loss or damage.
 - c. This coverage does not apply to loss to electronic data, including destruction or corruption of electronic data. Electronic data has the meaning described under **Property Not Covered – Electronic Data**.
 - d. Utility Services includes the following:
 - (1) Water supply services meaning pumping stations and water mains supplying water to the described premises;

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- (2) Communication supply services meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as communication transmission lines, optic fiber transmission lines, coaxial cables, microwave radio relays (except satellites), excluding overhead transmission lines; and
- (3) Power supply services meaning the following types of property supplying electricity, steam or gas to the described premises:
 - (a) Utility generating plants;
 - (b) Switching stations;
 - (c) Substations;
 - (d) Transformers; and
 - (e) Transmission lines, excluding overhead transmission lines.
- e. The **CAUSES OF LOSS – SPECIAL FORM CP 10 30, Paragraph B, Exclusions** is amended to delete e. **Utility Services** to the extent that the exclusion would conflict with the provisions of this Additional Coverage.
- f. This Additional Coverage is not subject to the terms of the Utility Services Exclusion, to the extent that such exclusion would conflict with the provisions of this Additional Coverage.
- g. The most we will pay in any one occurrence at each described premises is \$25,000.
- h. This limit is part of and not in addition to the Limits of Insurance for your Covered Property.
- i. The Deductible applicable to your Building or Business Personal Property applies.

B. BUILDING AND PERSONAL PROPERTY COVERAGE FORM CP 00 10, Paragraph A. Coverages, Subparagraph 5. Coverage Extensions is amended to add the following extensions of coverage. Unless specifically addressed elsewhere within this endorsement, the Deductible that applies to these Coverage Extensions is \$1,000 each occurrence. Unless otherwise indicated, the amounts of insurance stated in the following Coverage Extensions apply in accordance with the terms of such coverages and are part of, not in addition to, the Limits of Insurance shown in the Declarations as applicable to the described premises.

1. Extended Computer Coverage

In addition to the coverage for loss or damage to "computer" equipment and electronic data provided within this policy, the following additional Limits of Insurance apply:

- a. We will pay up to \$50,000 in any one occurrence at each described premises for loss or damage to your "computers; and
- b. We will pay up to \$50,000 in any one occurrence at each described premises for loss or damage to your electronic data.
- c. Coverage provided by this extension includes loss or damage to "computers" due to artificially generated electrical current if such loss or damage is caused by or results from:
 - (1) An occurrence that took place within 1,000 feet of the described premises; or
 - (2) Interruption of electric power supply, power surge, blackout or brownout if the cause of such occurrence took place within 1,000 feet of the described premises. However, this does not apply if your policy provides this coverage elsewhere.
- d. The following additional Exclusions are added to the **CAUSES OF LOSS – SPECIAL FORM CP 10 30, Paragraph B, Exclusions**:
 - (1) **Errors Or Omissions**
Errors or omissions in processing, recording or storing electronic data on "computers". However, we will pay for direct loss or damage caused by resulting fire or explosion if these causes of loss would otherwise be covered by this policy.
 - (2) **Electrical Disturbance**
Electrical or magnetic injury, disturbance or erasure of electronic recordings. However, we will pay for direct loss or damage caused by lightning.
 - (3) **Computer-Related Losses**
Whether belonging to any insured or to others, the failure, malfunction or inadequacy of:
 - (a) "Computer" hardware, including microprocessors;
 - (b) "Computer" application software;
 - (c) "Computer" operating systems and related software;
 - (d) "Computer" networks;
 - (e) Microprocessors ("computer" chips) not part of any "computer" system;
 - (f) Any other computerized or electronic equipment or components; or
 - (g) Any other products or any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed above as Computer-Related Losses,

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due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times.

(4) Computer Advice Or Consultation

Any advice, consultation, design, evaluation, inspection, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in d. (3) above.

- e. If an excluded Cause of Loss described in d. (2) through d. (4) above results in a "specified cause of loss", we will pay for the resulting loss or damage caused by the "specified cause of loss". However, we will not pay for repair, replacement or modification of any items in d. (3) above to correct any deficiencies or change any features.

2. Newly Acquired Or Constructed Property

The **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Paragraph A.5.a. **Newly Acquired Or Constructed Property** is deleted and replaced by the following:

a. Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (1) Your new buildings while being built on the described premises; and
- (2) Buildings you acquire at locations, other than the described premises, intended for:
 - (a) Similar use as the building described in the Declarations; or
 - (b) Use as a warehouse.

b. Your Business Personal Property:

If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

- (1) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;
- (2) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or
- (3) Business personal property that you newly acquire, located at the described premises.

c. Limit of Insurance

The most we will pay for loss or damage under this Coverage Extension at each described premises is \$250,000.

d. Period of Coverage

With respect to insurance on or at each newly acquired or constructed property coverage will end when any of the following first occurs:

- (1) This policy expires; or
- (2) 90 days expire after you acquire the property or begin construction of that part of the building that would qualify as Covered Property; or
- (3) With respect to "computers", when specific insurance at the newly acquired premises is obtained; or
- (4) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as Covered Property.

3. Outdoor Property

The **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Paragraph A.5.e. **Outdoor Property** is deleted and replaced by the following:

- a. You may extend the insurance provided by this Coverage Form to apply to the following outdoor property located on the described premises:

- (1) Fences and retaining walls that are not a part of a building. The most we will pay in any one occurrence at each described premises is \$25,000.
- (2) Outdoor radios, televisions, satellites, satellite dishes or other antennas, including their masts, towers and lead-in and support wiring. The most we will pay in any one occurrence at each described premises is \$25,000.
- (3) Trees, shrubs, plants and lawns. This does not apply to "stock". The most we will pay in any one occurrence at each described premises is \$25,000, but not to exceed \$1,000 for any one item.

Debris removal expense is included in (1) through (3) above.

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- b. Loss or damage covered by this Coverage Extension, must be caused by or resulting from one of the following Causes of Loss if they are Covered Causes of Loss:
- (1) Fire;
 - (2) Lightning;
 - (3) Explosion;
 - (4) Riot or civil commotion; or
 - (5) Aircraft.
4. **Outdoor Signs**
- a. We will pay for direct physical loss or damage to all outdoor signs at the described premises:
 - (1) Owned by you; or
 - (2) Owned by others in your care, custody or control.
 - b. The **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Paragraph A.2. **Property Not Covered**, Subparagraph q.(2) is amended to include:
Signs except as provided in this Coverage Extension.
 - c. With regard to this Additional Coverage, the **CAUSES OF LOSS – SPECIAL FORM CP 10 30**, Paragraph B. **Exclusions** is amended to delete all of the exclusions except for the following:
 - (1)1.c.
 - (2)1.d.
 - (3)1.f.
 - (4)2.d.(1)
 - (5)2.d.(2)
 - (6)2.d.(6)
 - (7)2.h.
 - (8)2.l.
 - (9)2.m.
 - (10)3.c.(4)
 - d. The **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Paragraph C. **Limits Of Insurance** is amended to show that the most we will pay for loss or damage to Outdoor Signs in any one occurrence at each described premises is \$25,000. The amount we will pay under this Coverage Extension is in addition to the Limits of Insurance shown in the Declarations.
5. **Personal Effects And Property Of Others**
- The **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Paragraph A.5.b. **Personal Effects And Property Of Others** is deleted and replaced by the following:
- a. You may extend the insurance that applies to Your Business Personal Property to apply to:
 - (1) Personal effects owned by you, your officers, your partners or "members", your "managers" or your "employees". This Extension of Coverage does not apply to loss or damage by "theft".
 - (2) Personal property of others in your care, custody or control.
The most we will pay for loss or damage under (1) and (2) above in any one occurrence at each described premises is \$50,000.
 - (3) Personal property checked with you by your guests, customers, or "members" by "theft" or attempted "theft" within a checkroom on the described premises, subject to the following:
 - (a) Exclusion B.2.i. in the **CAUSES OF LOSS – SPECIAL FORM CP 10 30** does not apply to this coverage.
 - (b) The most we will pay for loss or damage for checkroom "theft" in any one occurrence at each described premises is \$10,000, subject to a maximum limit of \$2,500 any one item.
 - (c) A Deductible of \$250 will apply to each occurrence.
 - (d) Personal Effects and Property Of Others is valued on the same basis as Your Business Personal Property, but we will not pay more than the amount for which you are legally liable.
 - b. Our payment for loss or damage to personal property of others will only be for the account of the owner of the property.

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6. **Property In Transit**
- a. The **CAUSES OF LOSS - SPECIAL FORM CP 10 30**, Paragraph F. **Additional Coverage Extensions**, Subparagraph 1.c. **Property In Transit** is revised from \$5,000 to \$25,000 as the most we will pay.
 - b. Your Business Personal Property Deductible applies.
7. **Property Off Premises**
- The **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Paragraph A.5.d. **Property Off Premises** is deleted and replaced by the following:
- a. You may extend the insurance provided by this Coverage Form to apply to your Covered Property while away from the described premises, while:
 - (1) Temporarily at a location you do not own, lease or operate;
 - (2) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (3) At any fair, trade show or exhibition.This extension also applies to "computers" while such property is in the course of transit or is located at a premises you do not own, lease or operate for not more than 90 days.
 - b. This insurance does not apply to property:
 - (1) In or on a vehicle, except for "computers"; or
 - (2) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
 - c. The **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Paragraph A.2. **Property Not Covered** is amended to include:
 - (1) Property in storage away from the premises shown in the Declarations, except as provided in this Coverage Extension; and
 - (2) Property while on exhibition at fairs or on the premises of any national or international exposition, except as provided in this Coverage Extension.
 - d. The most we will pay for loss or damage in any one occurrence is \$25,000.
 - e. The Deductible applicable to Your Business Personal Property applies.
8. **Sewers And Drains – Back Up**
- a. The Covered Causes of Loss are extended to include loss or damage caused by or resulting from water that backs up from a sewer or drain. Back up of sewers and drains means direct physical loss to Covered Property caused by water which backs up through sewers or drains or water which enters into and overflows from within a sump pump well, or other type of system designed to remove subsurface water which is drained from the foundation area.
 - b. With regard to this coverage, the **CAUSES OF LOSS - SPECIAL FORM CP 10 30**, Paragraph B. g. **Water** is amended to delete Subparagraph (3) of the Exclusion.
 - c. The most we will pay for direct physical loss caused by back up of sewers and drains is \$100,000 in any one occurrence at each described premises.
9. **Tenant Glass**
- a. You may extend Your Business Personal Property coverage to apply to loss or damage to building glass resulting from or caused by a Covered Cause of Loss.
 - b. This Coverage Extension applies when you are a tenant and have a contractual responsibility to insure the building glass. However, we will not pay for loss or damage under this Coverage Extension when such contract also requires you to insure the building.
 - c. Building glass is considered the glass that is part of the building or structure, including solar heating panels, glass building blocks, skylights, glass doors and windows and their encasement frames, alarm tape, lettering and ornamentation. It does not include art glass, half tone screens, lenses, memorial windows, mosaic art, rotogravure screens or any stained glass.
10. **Valuable Papers And Records (Other Than Electronic Data)**
- The **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Paragraph A.5.c. **Valuable Papers And Records (Other Than Electronic Data)** is deleted and replaced by the following:

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- a. You may extend the insurance that applies to Your Business Personal Property to direct physical loss or damage caused by or resulting from a Covered Cause of Loss to valuable papers and records that you own, or that are in your care, custody or control.
- b. We will pay the cost to research lost information on valuable papers and records for which duplicates do not exist.
- c. We will pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and when there is a duplicate, for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance of Your Business Personal Property and therefore coverage of such costs is not additional insurance.
- d. This Coverage Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under **Property Not Covered – Electronic Data**.
- e. Coverage is limited to the "specified causes of loss" and Collapse as defined in the **CAUSES OF LOSS – SPECIAL FORM CP 10 30**.
- f. With regard to this Additional Coverage, the **CAUSES OF LOSS – SPECIAL FORM CP 10 30**, Paragraph **B. Exclusions** is amended to delete all of the exclusions except for the following:
 - (1) **B.1.c.**
 - (2) **B.1.d.**
 - (3) **B.1.f.**
 - (4) **B.2.f.**
 - (5) **B.2.g.**
 - (6) **B.3.**
- g. With regard to this Additional Coverage, the following are added under Paragraph **B. Exclusions** of the **CAUSES OF LOSS – SPECIAL FORM CP 10 30**:
 - (1) **Computer-Related Losses** - The failure, malfunction or inadequacy of:
 - (a) Any of the following, whether belonging to any insured or to others:
 - (i) "Computer" hardware, including microprocessors;
 - (ii) "Computer" application software;
 - (iii) "Computer" operating systems and related software;
 - (iv) "Computer" networks;
 - (v) Microprocessors ("computer" chips) not part of any "computer" system; or
 - (vi) Any other computerized or electronic equipment or components; or
 - (b) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph (1) (a) above; due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times.
 - (2) **Computer Advice Or Consultation** - Any advice, consultation, design, evaluation, inspection, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph (1) above.
- h. We will not pay for property held as samples or for delivery after sale or property in storage away from the premises shown in the Declarations.
- i. The most we will pay is \$50,000 in any one occurrence at each described premises. Except as addressed in c. above, this Extension of Coverage is an additional Limit of Insurance and not subject to the Limits of Insurance on the Declarations.

C. BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM CP 00 30, Paragraph A. Coverages, Subparagraph 6. Coverage Extensions is amended to add the following extensions of coverage. Unless specifically addressed herein, the Deductibles and "periods of restoration" that apply to these Coverage Extensions are those applicable to the described premises. Unless otherwise indicated, the amounts of insurance stated in the following Coverage Extensions apply in accordance with the terms of such coverages and are part of, not in addition to, the Limits of Insurance shown in the Declarations as applicable to the described premises.

1. Food Contamination

- a. If your business at the described premises is ordered closed by the Board of Health or any other governmental authority as a result of the discovery or suspicion of food contamination, we will pay:

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- (1) The actual loss of Business Income you sustain due to the necessary "suspension" of your "operations"; and
 - (2) The following Extra Expenses:
 - (a) To clean your equipment as required by the Board of Health or any other governmental authority;
 - (b) To replace food which is, or is suspected to be, contaminated;
 - (c) Necessary medical tests or vaccinations for your "employees"; and
 - (d) The cost of additional advertising to restore your reputation.
 - b. This Coverage Extension for Business Income and the cost of additional advertising will begin twenty-four hours after you receive notice of closing from the Board of Health or any other governmental authority and will apply for a period of up to 90 consecutive days after such coverage begins.
 - c. Food contamination means an incidence of food poisoning to one or more of your patrons as a result of:
 - (1) Tainted food you purchased;
 - (2) Food which has been unintentionally stored, handled or prepared improperly; or
 - (3) A communicable disease transmitted through one or more of your "employees".
 - d. We will not pay any fines or penalties levied against you by the Board of Health or any other governmental authority as a result of the discovery or suspicion of food contamination at the described premises.
 - e. The Deductible does not apply.
 - f. The most we will pay in any one occurrence is:
 - (1) \$25,000 for Extra Expense; and
 - (2) \$25,000 for Business Income.The limits we will pay under this coverage are in addition to the Limits of Insurance shown in the Declarations.
2. **Utility Services – Time Element (excluding Overhead Transmission Lines)**
- a. Your Business Income and Extra Expense, as provided and limited in the applicable Coverage Form, is extended to apply to a "suspension" of "operations" at the described premises caused by an interruption in utility services to that premises.
 - b. The interruption in utility services must result from direct physical loss by a Covered Cause of Loss to a utility service, not on the described premises.
 - c. We will not pay for loss or damage to electronic data, including destruction or corruption of electronic data. The term electronic data has the meaning set forth in the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM, Paragraph A.2. Property Not Covered.**
 - d. Utility Services includes the following:
 - (1) Water supply services meaning pumping stations and water mains supplying water to the described premises;
 - (2) Communication supply services meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as communication transmission lines, optic fiber transmission lines, coaxial cables, microwave radio relays (except satellites), excluding overhead transmission lines; and
 - (3) Power supply services meaning the following types of property supplying electricity, steam or gas to the described premises:
 - (a) Utility generating plants;
 - (b) Switching stations;
 - (c) Substations;
 - (d) Transformers; and
 - (e) Transmission lines, excluding overhead transmission lines.
 - e. The "period of restoration" begins after the longest time period of the following:
 - (1) 24 hours after the time of direct physical loss or damage to the off-premises property to which this Coverage Extension applies;
 - (2) The "period of restoration" applicable to the described premises;
 - (3) The "period of restoration" applicable to the Cause of Loss.
 - f. The **CAUSES OF LOSS – SPECIAL FORM CP 10 30, Paragraph B. Exclusions** is amended to delete e. **Utility Services** to the extent that the exclusion would conflict with the provisions of this Additional Coverage.
 - g. The most we will pay in any one occurrence at each described premises is \$25,000. The most we will pay in any one "named storm", regardless of the number of described premises

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involved, is \$100,000.

D. With regard to this endorsement, the following **DEFINITIONS** are added:

1. "Computer" means:
 - a. Your programmable electronic equipment that is used to store, retrieve and process electronic data. It includes their component parts and dedicated air conditioning, fire suppression equipment and electrical equipment used exclusively in your "computer" operations; and
 - b. Associated peripheral equipment that provides communication, including input and output functions such as printing or auxiliary functions such as electronic data transmission."Computer" does not mean electronic data and media.
2. "Counterfeit money" means an imitation of "money" that is intended to deceive and to be taken as genuine.
3. "Employee":
 - a. "Employee" means any natural person:
 - (1) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to "theft" or any dishonest act committed by the "employee";
 - (2) Who you compensate directly by salary, wages or commissions; and
 - (3) Who you have the right to direct and control while performing services for you;
 - b. Any natural person who is furnished temporarily to you:
 - (1) To substitute for a permanent "employee" as defined in Paragraph a. who is on leave; or
 - (2) To meet seasonal or short-term work load conditions;while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the described premises.
 - c. Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph b.;
 - d. Any natural person who is a former "employee", partner, "member", "manager", director or trustee retained as a consultant while performing services for you;
 - e. Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the described premises.
 - f. Any "employee" of an entity merged or consolidated with you prior to the effective date of this policy; or
 - g. Any of your "managers", directors or trustees while:
 - (1) Performing acts within the scope of the usual duties of an "employee"; or
 - (2) Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.

"Employee" does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraphs a. through g. above; or

4. "Employee Benefit Plan" means any welfare or pension benefit plan shown in the Declarations that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.
With regard to covered "Employee Benefit Plans" the definition of "employee" is extended to include any natural person who is:
 - a. A trustee, officer, "employee", administrator, or a "manager", except an administrator or a "manager" who is an independent contractor; and
 - b. Your director or trustee while that person is handling funds or other property of any "Employee Benefit Plan".
5. "Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any person.
6. "Manager" means a person serving in a directorial capacity for a limited liability company.
7. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".

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8. "Money" means currency, coins and bank notes in current use and having a face value; and traveler's checks, register checks and money orders held for sale to the public. The value will be at its face value or its equivalent (if from a country other than the United States of America) based on exchange rates in effect when the loss occurred.
9. "Named Storm" means a weather-related event involving wind that has been assigned a formal name by the National Hurricane Center, National Weather Service, World Meteorological Association, or any other generally recognized scientific or meteorological association that provides formal names for public use and reference. A "named storm" includes hurricanes, tropical depressions, and tropical storms. A "named storm" begins at the time a Watch or Warning is issued by any of the aforementioned entities for the area in which the affected premises are located, and ends 72 hours after the termination of the last Watch or Warning issued for that area by the same entity.
10. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:
 - a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued to you;
but does not include "money".
11. "Theft" means the unlawful taking of property to the deprivation of the Insured.

COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other Insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

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

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

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

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.

**I. TRANSFER OF RIGHTS OF RECOVERY
AGAINST OTHERS TO US**

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

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

This will not restrict your insurance.

COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

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

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

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

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.

**I. TRANSFER OF RIGHTS OF RECOVERY
AGAINST OTHERS TO US**

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

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

This will not restrict your insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE

This endorsement modifies insurance provided under the following:

- BUILDERS RISK COVERAGE FORM
- BUILDING AND PERSONAL PROPERTY COVERAGE FORM
- CONDOMINIUM ASSOCIATION COVERAGE FORM
- CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
- STANDARD PROPERTY POLICY
- TOBACCO SALES WAREHOUSES COVERAGE FORM

SCHEDULE

Premises Number	Building Number	Windstorm Or Hail Deductible Percentage – Enter 1%, 2% Or 5%
1	1	1%

The Windstorm or Hail Deductible, as shown in the Schedule and set forth in this endorsement, applies to covered loss or damage caused directly or indirectly by Windstorm or Hail. This Deductible applies to each occurrence of Windstorm or Hail.

Nothing in this endorsement implies or affords coverage for any loss or damage that is excluded under the terms of the Water Exclusion or any other exclusion in this policy. If this policy is endorsed to cover Flood under the Flood Coverage Endorsement (or if you have a flood insurance policy), a separate Flood Deductible applies to loss or damage attributable to Flood, in accordance with the terms of that endorsement or policy.

As used in this endorsement, the terms "specific insurance" and "blanket insurance" have the following meanings: Specific insurance covers each item of insurance (for example, each building or personal property in a building) under a separate Limit of Insurance. Blanket insurance covers two or more items of insurance (for example, a building and personal property in that building, or two buildings) under a single Limit of Insurance. Items of insurance and corresponding Limit(s) Of Insurance are shown in the Declarations.

WINDSTORM OR HAIL DEDUCTIBLE CALCULATIONS

A. Calculation Of The Deductible – All Policies

1. A Deductible is calculated separately for, and applies separately to:
 - a. Each building that sustains loss or damage;
 - b. The personal property at each building at which there is loss or damage to personal property; and
 - c. Personal property in the open.

If there is damage to both a building and personal property in that building, separate deductibles apply to the building and to the personal property.

2. We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any of the following: Coinsurance Condition; Agreed Value Optional Coverage; or any provision in a Value Reporting Form relating to full reporting or failure to submit reports.

3. When property is covered under the Coverage Extension for Newly Acquired Or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at time of loss. The applicable percentage for Newly Acquired Or Constructed Property is the highest percentage shown in the Schedule for any described premises.

B. Calculation Of The Deductible – Specific Insurance Other than Builders' Risk

1. Property Not Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the Limit(s) of Insurance applicable to the property that has sustained loss or damage.

2. Property Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used is the latest value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the full value(s) of the property on the report dates, we will determine the deductible amount as a percentage of the full value(s) as of the report dates.
- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the applicable Limit(s) of Insurance.

C. Calculation Of The Deductible – Blanket Insurance Other Than Builders' Risk

1. Property Not Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used is that shown in the most recent Statement of Values on file with us.

2. Property Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of that property as of the time of loss or damage.

D. Calculation Of The Deductible – Builders' Risk Insurance

1. Builders' Risk Other Than Reporting Form

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the actual cash value(s) of that property as of the time of loss or damage.

2. Builders' Risk Reporting Form

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used is the actual cash value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the actual cash value(s) of the property on the report date, we will determine the deductible amount as a percentage of the actual cash value(s) as of the report date.
- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the actual cash value(s) of the property as of the time of loss or damage.

Examples – Application Of Deductible

Example 1 – Specific Insurance (B.1.)

The amount of loss to the damaged building is \$60,000.

The value of the damaged building at time of loss is \$100,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the Coinsurance requirement is \$80,000 (80% of \$100,000).

The actual Limit of Insurance on the damaged building is \$70,000.

The Deductible is 1%.

Step (1): $\$70,000 \div \$80,000 = .875$

Step (2): $\$60,000 \times .875 = \$52,500$

Step (3): $\$70,000 \times 1\% = \700

Step (4): $\$52,500 - \$700 = \$51,800$

The most we will pay is \$51,800. The remainder of the loss, \$8,200, is not covered due to the Coinsurance penalty for inadequate insurance (Steps (1) and (2)) and the application of the Deductible (Steps (3) and (4)).

Example 2 – Specific Insurance (B.1.)

The amounts of loss to the damaged property are \$60,000 (Building) and \$40,000 (Personal Property in building).

The value of the damaged building at time of loss is \$100,000. The value of the personal property in that building is \$80,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limits of Insurance needed to meet the Coinsurance requirement are \$80,000 (80% of \$100,000) for the building and \$64,000 (80% of \$80,000) for the personal property.

The actual Limits of Insurance on the damaged property are \$80,000 on the building and \$64,000 on the personal property (therefore, no Coinsurance penalty).

The Deductible is 2%.

Building

Step (1): $\$80,000 \times 2\% = \$1,600$

Step (2): $\$60,000 - \$1,600 = \$58,400$

Personal Property

Step (1): $\$64,000 \times 2\% = \$1,280$

Step (2): $\$40,000 - \$1,280 = \$38,720$

The most we will pay is \$97,120. The portion of the total loss not covered due to application of the Deductible is \$2,880.

Example 3 – Blanket Insurance (C.1.)

The sum of the values of Building 1 (\$500,000), Building 2 (\$500,000) and Building 3 (\$1,000,000), as shown in the most recent Statement of Values on file with us, is \$2,000,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the Coinsurance requirement is \$1,800,000 (90% of \$2,000,000).

The actual Blanket Limit Of Insurance covering Buildings 1, 2, and 3, shown in the Declarations, is \$1,800,000 (therefore, no Coinsurance penalty).

Buildings 1 and 2 have sustained damage; the amounts of loss to these buildings are \$40,000 (Building 1) and \$20,000 (Building 2).

The Deductible is 2%.

Building 1

Step (1): $\$500,000 \times 2\% = \$10,000$

Step (2): $\$40,000 - \$10,000 = \$30,000$

Building 2

Step (1): $\$500,000 \times 2\% = \$10,000$

Step (2): $\$20,000 - \$10,000 = \$10,000$

The most we will pay is \$40,000. The portion of the total loss not covered due to application of the Deductible is \$20,000.

Example 4 – Blanket Insurance (C.1.)

The sum of the values of Building 1 (\$500,000), Building 2 (\$500,000), Personal Property at Building 1 (\$250,000) and Personal Property at Building 2 (\$250,000), as shown in the most recent Statement of Values on file with us, is \$1,500,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the Coinsurance requirement is \$1,350,000 (90% of \$1,500,000).

The actual Blanket Limit Of Insurance covering Buildings 1 and 2 and Personal Property at Buildings 1 and 2, shown in the Declarations, is \$1,350,000. Therefore, there is no Coinsurance penalty.

Building 1 and Personal Property at Building 1 have sustained damage; the amounts of loss are \$95,000 (Building) and \$5,000 (Personal Property).

The Deductible is 5%.

Building

Step (1): $\$500,000 \times 5\% = \$25,000$

Step (2): $\$95,000 - \$25,000 = \$70,000$

Personal Property

Step (1): $\$250,000 \times 5\% = \$12,500$

The loss, \$5,000, does not exceed the Deductible.

The most we will pay is \$70,000. The remainder of the building loss, \$25,000, is not covered due to application of the Deductible. There is no loss payment for the personal property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - FIREARMS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART

The following is added to:

SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions and SECTION I – COVERAGES, COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY, 2. Exclusions of the COMMERCIAL GENERAL LIABILITY COVERAGE FORM and SECTION I – LIQUOR LIABILITY COVERAGE 2. Exclusions of the LIQUOR LIABILITY COVERAGE FORM

In consideration of the premium charged this insurance does not apply to, and there is no duty on us to defend you for, "bodily injury", "property damage", "personal injury", "advertising injury", medical payments or any injury, loss or damages, including consequential injury, disease or illness, alleged disease or illness, "suit", expense or any other damages, for past, present or future claims arising out of the ownership, rental, maintenance, use or misuse of any firearms.

For the sake of clarity, where this insurance does not apply and there is no duty on us to defend you, there is also no coverage and no duty on us to defend any additional insured.

All other terms and conditions of this policy remain unchanged.

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

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

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

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

A. Coverage

1. Business Income

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.

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

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

- (1) Business Income Including "Rental Value".
- (2) Business Income Other Than "Rental Value".
- (3) "Rental Value".

If option (1) above is selected, the term Business Income will include "Rental Value". If option (3) 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 premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of the site at which the described premises are located.

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

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

2. Extra Expense

- a. Extra Expense Coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income Coverage applies at that premises.
- b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- (1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.
- (2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

4. Additional Limitation -- Interruption Of Computer Operations

- a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage -- Interruption Of Computer Operations.
- b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage -- Interruption Of Computer Operations.
- c. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage -- Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

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

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

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

Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
- (2) When your Civil Authority Coverage for Business Income ends;

whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur 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, alterations 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" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

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

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
 - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 30 consecutive days after the date determined in (1)(a) above.

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

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

(2) "Rental Value"

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

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

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

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

d. Interruption Of Computer Operations

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation – Interruption Of Computer Operations.
- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss.

(3) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:

(a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage – Interruption Of Computer Operations is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.

(b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage – Interruption Of Computer Operations includes Collapse as set forth in that form.

(c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage – Interruption Of Computer Operations.

(d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.

(4) The most we will pay under this Additional Coverage – Interruption of Computer Operations is \$2,500 for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.

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

6. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

NEWLY ACQUIRED LOCATIONS

a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.

b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$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.

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

B. Limits Of Insurance

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

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

1. Alterations And New Buildings;
2. Civil Authority;
3. Extra Expense; or
4. Extended Business Income.

The amounts of insurance stated in the Interruption Of Computer Operations Additional Coverage and the Newly Acquired Locations Coverage Extension apply in accordance with the terms of those coverages and are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

C. 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

a. You must see that the following are done in the event of loss:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (7) Cooperate with us in the investigation or settlement of the claim.
- (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

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

3. Loss Determination

- a. The amount of Business Income loss will be determined based on:
- (1) The Net Income of the business before the direct physical loss or damage occurred;
 - (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
 - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
 - (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.
- b. The amount of Extra Expense will be determined based on:
- (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
 - (2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

- (1) Business Income loss, other than Extra Expense, 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.
 - (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

D. Additional Condition

COINSURANCE

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any Business Income loss if the Limit of Insurance for Business Income is less than:

1. The Coinsurance percentage shown for Business Income in the Declarations; times
2. The sum of:
 - a. The Net Income (Net Profit or Loss before income taxes), and
 - b. Operating expenses, including payroll expenses,that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

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

- Step (1): Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;
- Step (2): Divide the Limit of Insurance for the described premises by the figure determined in Step (1); and
- Step (3): Multiply the total amount of loss by the figure determined in Step (2).

We will pay the amount determined in Step (3) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

- (1) Prepaid freight – outgoing;
- (2) Returns and allowances;
- (3) Discounts;
- (4) Bad debts;
- (5) Collection expenses;
- (6) Cost of raw stock and factory supplies consumed (including transportation charges);
- (7) Cost of merchandise sold (including transportation charges);
- (8) Cost of other supplies consumed (including transportation charges);
- (9) Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- (10) Power, heat and refrigeration expenses that do not continue under contract (if Form CP 15 11 is attached);
- (11) All ordinary payroll expenses or the amount of payroll expense excluded (if Form CP 15 10 is attached); and
- (12) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion – not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

EXAMPLE #1 (UNDERINSURANCE)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000

The Coinsurance percentage is: 50%

The Limit of Insurance is: \$ 150,000

The amount of loss is: \$ 80,000

Step (1): $\$400,000 \times 50\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$150,000 \div \$200,000 = .75$

Step (3): $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

EXAMPLE #2 (ADEQUATE INSURANCE)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000

The Coinsurance percentage is: 50%

The Limit of Insurance is: \$ 200,000

The amount of loss is: \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$400,000 \times 50\%$). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

This condition does not apply to Extra Expense Coverage.

E. Optional Coverages

If shown as applicable in the Declarations, 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 the total of Business Income loss and Extra Expense is the lesser of:

(1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; 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 beginning of the "period of restoration" is:

(1) The Limit of Insurance, multiplied by

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

EXAMPLE

When:	The Limit of Insurance is:	\$ 120,000
	The fraction shown in the Declarations for this Optional Coverage is:	1/4
	The most we will pay for loss in each period of 30 consecutive days is:	\$
	(\$120,000 x 1/4 = \$30,000)	30,000
	If, in this example, the actual amount of loss is:	
	Days 1-30:	\$
	Days 31-60:	\$
	Days 61-90:	\$
		\$
	We will pay:	
	Days 1-30:	90,000
	Days 31-60:	\$
	Days 61-90:	\$
		\$ 80,000

The remaining \$10,000 is not covered.

3. Business Income Agreed Value a.

To activate this Optional Coverage:

(1) A Business Income Report/Work Sheet must be submitted to us 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) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:

(a) The Coinsurance percentage shown in the Declarations; 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 of any loss 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): $\$100,000 \div \$200,000 = .50$

Step (2): $.50 \times \$80,000 = \$40,000$

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

4. Extended Period Of Indemnity

Under Paragraph A.5.c., **Extended Business Income**, the number 30 in Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

F. 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 in the Declarations.

"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 tenability 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:
 - (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 date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.

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

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

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

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 Business Income that consists of:
 - a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and
 - b. Continuing normal operating expenses incurred in connection with that premises, including:
 - (1) Payroll; and
 - (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.
6. "Suspension" means:
 - a. The slowdown or cessation of your business activities; or
 - b. That a part or all of the described premises is rendered untenable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

EXHIBIT “C”

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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

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

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

A. Coverage

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

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, A.1., and limited in A.2., Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

- a. **Building**, meaning the building or structure described in the Declarations, including:
- (1) Completed additions;
 - (2) Fixtures, including outdoor fixtures;
 - (3) Permanently installed:
 - (a) Machinery and
 - (b) Equipment;
 - (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
 - (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;

- (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

- b. **Your Business Personal Property** located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property – Separation Of Coverage form:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

c. **Personal Property Of Others** that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. **Property Not Covered**

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;

- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to your "stock" of prepackaged software;
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
- (c) Rowboats or canoes out of water at the described premises; or
- (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers;

q. The following property while outside of buildings:

- (1) Grain, hay, straw or other crops;
- (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See applicable Causes Of Loss Form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

(1) Subject to Paragraphs (3) and (4), we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

(2) Debris Removal does not apply to costs to:

- (a) Extract "pollutants" from land or water; or
- (b) Remove, restore or replace polluted land or water.

(3) Subject to the exceptions in Paragraph (4), the following provisions apply:

(a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

(b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

(4) We will pay up to an additional \$10,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

(a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

(b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$10,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

EXAMPLE #1

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500
	(\$50,000 - \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000
	(\$10,000 is 20% of \$50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

EXAMPLE #2

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 - \$500)
Debris Removal Expense:	\$ 30,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 10,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000; capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$30,000) exceeds 25% of the loss payable plus the deductible (\$30,000 is 37.5% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$30,000 = \$109,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$10,000, the maximum payable under Paragraph (4). Thus the total payable for debris removal expense in this example is \$20,500; \$9,500 of the debris removal expense is not covered.

b. Preservation Of Property

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

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000, unless a higher limit is shown in the Declarations, 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 discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

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

e. Increased Cost Of Construction

(1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.

(2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e.(3) through e.(9) of this Additional Coverage.

(3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.

- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
- (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.
- (5) Under this Additional Coverage, we will not pay for:
- (a) The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
 - (b) Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.
- (6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of: \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

- (7) With respect to this Additional Coverage:
- (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced, at the same or another premises; and

- (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the same premises.
 - (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion, to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment and Valuation Conditions, and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Additional Coverage, as stated in e.(6) of this Additional Coverage, is not subject to such limitation.

f. Electronic Data

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.

(3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:

- (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
- (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
- (c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
- (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

(4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

(2) Your Business Personal Property

(a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

- (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;
- (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or
- (iii) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or

- (b) This Extension does not apply to:
- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
 - (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers And Records (Other Than Electronic Data)

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

d. Property Off-premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c) At any fair, trade show or exhibition.

- (2) This Extension does not apply to property:
 - (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

f. Non-owned Detached Trailers

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
 - (a) The trailer is used in your business;
 - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
 - (c) You have a contractual responsibility to pay for loss or damage to the trailer.

- (2) We will not pay for any loss or damage that occurs:
 - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

C. Limits Of Insurance

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

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage:

- 1. Fire Department Service Charge;
- 2. Pollutant Clean-up And Removal;
- 3. Increased Cost Of Construction; and
- 4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

EXAMPLE #1

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$	250
Limit of Insurance – Building #1:	\$	60,000
Limit of Insurance – Building #2:	\$	80,000
Loss to Building #1:	\$	60,100
Loss to Building #2:	\$	90,000

The amount of loss to Building #1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building #1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building #1:

\$ 60,100
<u>- 250</u>

\$ 59,850 Loss Payable – Building #1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building #2. Loss payable for Building #2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:
\$59,850 + \$80,000 = \$139,850

EXAMPLE #2

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example #1.

Loss to Building #1:	\$ 70,000
(Exceeds Limit of Insurance plus Deductible)	
Loss to Building #2:	\$ 90,000
(Exceeds Limit of Insurance plus Deductible)	
Loss Payable – Building #1:	\$ 60,000
(Limit of Insurance)	
Loss Payable – Building #2:	\$ 80,000
(Limit of Insurance)	
Total amount of loss payable:	\$ 140,000

E. Loss Conditions

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

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

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

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

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

3. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:
- (1) Notify the police if a law may have been broken.
 - (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
 - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
 - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
 - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
 - (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (8) Cooperate with us in the investigation or settlement of the claim.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
- (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.
- We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.
- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
 - c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
 - d. We will not pay you more than your financial interest in the Covered Property.
 - e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
 - f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
 - g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

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

6. Vacancy

a. Description Of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

(i) Rented to a lessee or 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 for more than 60 consecutive days before that loss or damage occurs:

(1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

(a) Vandalism;

(b) Sprinkler leakage, unless you have protected the system against freezing;

(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

(2) With respect to Covered Causes of Loss other than those listed in b.(1)(a) through b.(1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

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

a. At actual cash value as of the time of loss or damage, except as provided in b., c., d. and e. below.

b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value even when attached to the building:

- (1) Awnings or floor coverings;
 - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
 - (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety-glazing material if required by law.
- e. Tenants' Improvements and Betterments at:
- (1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.if your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
 - (3) Nothing if others pay for repairs or replacement.

F. Additional Conditions

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

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

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

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

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

EXAMPLE #1 (UNDERINSURANCE)

When: The value of the property is:	\$ 250,000
The Coinsurance percentage for it is:	80%
The Limit of insurance for it is:	\$ 100,000
The Deductible is:	\$ 250
The amount of loss is:	\$ 40,000

Step (1): $\$250,000 \times 80\% = \$200,000$

(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

EXAMPLE #2 (ADEQUATE INSURANCE)

When: The value of the property is:	\$ 250,000
The Coinsurance percentage for it is:	80%
The Limit of Insurance for it is:	\$ 200,000
The Deductible is:	\$ 250
The amount of loss is:	\$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$250,000 \times 80\%$). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$39,750 ($\$40,000$ amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

EXAMPLE #3

When: The value of the property is:	
Building at Location #1:	\$ 75,000
Building at Location #2:	\$ 100,000
Personal Property at Location #2:	<u>\$ 75,000</u>
	\$ 250,000
The Coinsurance percentage for it is:	90%
The Limit of Insurance for Buildings and Personal Property at Locations #1 and #2 is:	\$ 180,000
The Deductible is:	\$ 1,000
The amount of loss is:	
Building at Location #2:	\$ 30,000
Personal Property at Location #2:	<u>\$ 20,000</u>
	\$ 50,000

Step (1): $\$250,000 \times 90\% = \$225,000$

(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 \div \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

2. Mortgageholders

- The term mortgageholder includes trustee.
- We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

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

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

- If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

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

- If we cancel this policy, we will give written notice to the mortgageholder at least:
 - (1) 10 days before the effective date of cancellation if we cancel for your non-payment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

EXAMPLE

If: The applicable Limit of Insurance is: \$ 100,000
 The annual percentage increase is: 8%
 The number of days since the beginning of the policy year (or last policy change) is: 146
 The amount of increase is:
 $\$100,000 \times .08 \times 146 \div 365 =$ \$ 3,200

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
 - (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

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

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

- (3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
 - (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:
- (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in e.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

4. Extension Of Replacement Cost To Personal Property Of Others

- a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph 3.b.(1) of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.
- b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

H. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

EXHIBIT “D”

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

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

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

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

A. Coverage

1. Business Income

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.

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

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

- (1) Business Income Including "Rental Value".
- (2) Business Income Other Than "Rental Value".
- (3) "Rental Value".

If option (1) above is selected, the term Business Income will include "Rental Value". If option (3) 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 premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of the site at which the described premises are located.

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

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

2. Extra Expense

a. Extra Expense Coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income Coverage applies at that premises.

b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- (1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.
- (2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

4. Additional Limitation -- Interruption Of Computer Operations

- a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage -- Interruption Of Computer Operations.
- b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage -- Interruption Of Computer Operations.
- c. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage -- Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

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

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

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

Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
- (2) When your Civil Authority Coverage for Business Income ends;

whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur 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, alterations 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" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

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

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
 - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 30 consecutive days after the date determined in (1)(a) above.

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

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

(2) "Rental Value"

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

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

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

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

d. Interruption Of Computer Operations

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation – Interruption Of Computer Operations.
- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss.

(3) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:

(a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage – Interruption Of Computer Operations is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.

(b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage – Interruption Of Computer Operations includes Collapse as set forth in that form.

(c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage – Interruption Of Computer Operations.

(d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.

(4) The most we will pay under this Additional Coverage – Interruption of Computer Operations is \$2,500 for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.

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

6. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

NEWLY ACQUIRED LOCATIONS

a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.

b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$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.

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

B. Limits Of Insurance

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

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

1. Alterations And New Buildings;
2. Civil Authority;
3. Extra Expense; or
4. Extended Business Income.

The amounts of insurance stated in the Interruption Of Computer Operations Additional Coverage and the Newly Acquired Locations Coverage Extension apply in accordance with the terms of those coverages and are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

C. 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

a. You must see that the following are done in the event of loss:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (7) Cooperate with us in the investigation or settlement of the claim.
 - (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

- a. The amount of Business Income loss will be determined based on:
- (1) The Net Income of the business before the direct physical loss or damage occurred;
 - (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
 - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
 - (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.
- b. The amount of Extra Expense will be determined based on:
- (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
 - (2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

- (1) Business Income loss, other than Extra Expense, 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.
 - (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

D. Additional Condition

COINSURANCE

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any Business Income loss if the Limit of Insurance for Business Income is less than:

1. The Coinsurance percentage shown for Business Income in the Declarations; times
2. The sum of:
 - a. The Net Income (Net Profit or Loss before income taxes), and
 - b. Operating expenses, including payroll expenses,that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

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

Step (1): Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;

Step (2): Divide the Limit of Insurance for the described premises by the figure determined in Step (1); and

Step (3): Multiply the total amount of loss by the figure determined in Step (2).

We will pay the amount determined in Step (3) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

- (1) Prepaid freight – outgoing;
- (2) Returns and allowances;
- (3) Discounts;
- (4) Bad debts;
- (5) Collection expenses;
- (6) Cost of raw stock and factory supplies consumed (including transportation charges);
- (7) Cost of merchandise sold (including transportation charges);
- (8) Cost of other supplies consumed (including transportation charges);
- (9) Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- (10) Power, heat and refrigeration expenses that do not continue under contract (if Form CP 15 11 is attached);
- (11) All ordinary payroll expenses or the amount of payroll expense excluded (if Form CP 15 10 is attached); and
- (12) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion – not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

EXAMPLE #1 (UNDERINSURANCE)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000
The Coinsurance percentage is: 50%
The Limit of Insurance is: \$ 150,000
The amount of loss is: \$ 80,000

Step (1): $\$400,000 \times 50\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$150,000 \div \$200,000 = .75$

Step (3): $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

EXAMPLE #2 (ADEQUATE INSURANCE)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000
The Coinsurance percentage is: 50%
The Limit of Insurance is: \$ 200,000
The amount of loss is: \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$400,000 \times 50\%$). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

This condition does not apply to Extra Expense Coverage.

E. Optional Coverages

If shown as applicable in the Declarations, 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 the total of Business Income loss and Extra Expense is the lesser of:

(1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; 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 beginning of the "period of restoration" is:

(1) The Limit of Insurance, multiplied by

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

EXAMPLE

When:	The Limit of Insurance is:	\$ 120,000
	The fraction shown in the Declarations for this Optional Coverage is:	1/4
	The most we will pay for loss in each period of 30 consecutive days is:	\$
	(\$120,000 x 1/4 = \$30,000)	30,000
	If, in this example, the actual amount of loss is:	
	Days 1-30:	\$
	Days 31-60:	\$
	Days 61-90:	\$
		\$
	We will pay:	
	Days 1-30:	90,000
	Days 31-60:	\$
	Days 61-90:	\$
		\$ 80,000

The remaining \$10,000 is not covered.

3. Business Income Agreed Value a.

To activate this Optional Coverage:

(1) A Business Income Report/Work Sheet must be submitted to us 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) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:

(a) The Coinsurance percentage shown in the Declarations; 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 of any loss 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): $\$100,000 \div \$200,000 = .50$

Step (2): $.50 \times \$80,000 = \$40,000$

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

4. Extended Period Of Indemnity

Under Paragraph A.5.c., **Extended Business Income**, the number 30 in Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

F. 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 in the Declarations.

"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:
- Your business activities occurring at the described premises; and
 - The tenability 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:
- Begins:
 - 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
 - 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
 - Ends on the earlier of:
 - The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - The date when business is resumed at a new permanent location.

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

- Regulates the construction, use or repair, or requires the tearing down, of any property; or
- 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 Business Income that consists of:
- Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and
 - Continuing normal operating expenses incurred in connection with that premises, including:
 - Payroll; and
 - The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.
6. "Suspension" means:
- The slowdown or cessation of your business activities; or
 - That a part or all of the described premises is rendered untenable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

EXHIBIT “E”

This Declaration Page is attached to and forms part of Policy provisions

Previous No. Authority Ref. No B6991ISC2017S01 Policy No. DTW-ISC-2017-0061

Affidavit / Surplus Lines #:

1. Name and address of the Insured
Taps & Bourbon on Terrace LLC
177 Markle St Philadelphia, PA 19127
The insurer which has issued this insurance is not licensed by the Pennsylvania Insurance Department and is subject to limited regulation. This insurance is NOT covered by the Pennsylvania Property and Casualty Insurance Guaranty Association.

DBA: Taps & Bourbon

2. Name and address of the Agent
Main Line Insurance Office Inc
23 Paoli Pike
PO Box 247
Paoli, PA 19301

3. Effective from 11/1/2019 to 11/1/2020 both days at 12:01 a.m. standard time at location of the risk.

4. This evidences that insurance has been placed with certain UNDERWRITERS AT LLOYD'S, LONDON, 100%

Syndicate #: 1991 Syndicate Name: DTW1991 (Coverys Managing Agency Ltd.) Risk Participation: 100%

5. Coverage:

LIABILITY PREMIUM	\$6,100
LIQUOR PREMIUM	\$ included
LIABILITY ENDORSEMENTS PREMIUM	\$200
PROPERTY PREMIUM	\$4,800
PROPERTY ENDORSEMENTS PREMIUM	\$1,000
TRIA PREMIUM	\$0
TOTAL PREMIUM	\$12,100
POLICY FEE	\$300.00
INSPECTION FEE	\$250.00
SURPLUS LINES TAXES	\$363.00
SURPLUS LINES STAMPING FEES	\$20.00
TOTAL POLICY COST	\$13,033.00

6. Forms attached hereto and special conditions:
See Schedule DTW-A00003 (01/17) – Schedule of Forms and Endorsements

7. Service of Suit may be made upon:
See DTW1991 Policy Provisions ISCPOLPROV12 17

8. In the event of a claim under the insurance described in this Policy, please notify the following:

See DTW1991 Policy Provisions ISCPOLPROV12 17

Dated at:

Sunday,
December 8,
2019

By Matt Grossberg
Correspondent – Matthew Grossberg
Insurance Strategies Consulting, LLC.
500 Mamaroneck Ave, Suite 320 Harrison, New York 10528
Telephone # 973-285-3263

Schedule of Forms And Endorsements

DTW-A00001	Commercial Lines Policy Common Policy Declarations
DTW-A00003	Schedule Of Forms And Endorsements
ISCPolProv12 17	ISCPolProv
IL 02 46 09 07	PENNSYLVANIA CHANGES -- CANCELLATION AND NONRENEWAL
LMA 9073	Pennsylvania Surplus Lines Notice
IL 00 17 11 98	COMMON POLICY CONDITIONS
LMADTW-001	MOLD EXCLUSION ENDORSEMENT
CG 21 49 09 99	TOTAL POLLUTION EXCLUSION ENDORSEMENT
DTWGL-B00001	Supplemental Declarations Commercial General Liability
IL 00 21 09 08	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT
CG 00 01 04 13	COMMERCIAL GENERAL LIABILITY COVERAGE FORM
DTWGL-B00003	CLASSIFICATION LIMITATION
DTWGL-B00004	EXCLUSION -- PUNITIVE OR EXEMPLARY DAMAGES
DTWGL-B00006	EXCLUSION -- INJURY TO PERFORMERS AND ENTERTAINERS
DTWGL-B00007	CROSS SUITS ENDORSEMENT
DTWGL-B00008	EXCLUSION OF NUCLEAR, BIOLOGICAL AND CHEMICAL INJURY OR DAMAGE
DTWGL-B00009	COMMERCIAL GENERAL LIABILITY AMENDATORY ENDORSEMENT
CG 00 68 05 09	RECORDING AND DISTRIBUTION OF MATERIAL OR INFORMATION IN VIOLATION OF LAW EXCLUSION
CG 21 32 05 09	COMMUNICABLE DISEASE EXCLUSION
CG 21 36 03 05	EXCLUSION - NEW ENTITIES
CG 21 39 10 93	CONTRACTUAL LIABILITY LIMITATION
CG 21 44 07 98	LIMITATION OF COVERAGE TO DESIGNATED PREMISES OR PROJECT
CG 21 47 12 07	EMPLOYMENT-RELATED PRACTICESEXCLUSION
CG 21 65 12 04	TOTAL POLLUTION EXCLUSION WITH A BUILDING HEATING, COOLING AND DEHUMIDIFYING EQUIPMENT EXCEPTION AND A HOSTILE FIRE EXCEPTION
CG 21 67 12 04	FUNGI OR BACTERIA EXCLUSION
CG 21 75 01 15	EXCLUSION OF CERTIFIED ACTS OF TERRORISM AND EXCLUSION OF OTHER ACTS OF TERRORISM COMMITTED OUTSIDE THE UNITEDSTATES
CG 24 07 01 96	PRODUCTS/COMPLETED OPERATIONS HAZARD REDEFINED
DTWGL-B00010	EXCLUSION -- SECURITY SERVICES PROVIDED BY OTHERS
DTWGL-B00011	EXCLUSION -- VALET PARKING
DTWGL-B00012	EXCLUSION -- TOTAL FIREWORKS/PYROTECHNICS
DTWGL-B00014	EXCLUSION -- CANINE
DTWGL-B00015	SEXUAL ABUSE AND/OR MISCONDUCT EXCLUSION
DTWGL-B00016	ANTI-STACKING ENDORSEMENT

DTWGL-A00003 01/17

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Control No.: 20093025

DTWGL-B00017	EXCLUSION – WORKER INJURY
DTWGL-B00018	EXCLUSION – INDEPENDENT CONTRACTORS
DTWGL-B00019	FIELD OF ENTERTAINMENT-LIMITATION OF COVERAGE
DTWGL-B00020	EXCLUSION – MECHANICAL RIDES, SLIDES, ATHLETIC EVENTS AND COMPETITION(S)
DTWGL-B01345	AMUSEMENT DEVICES EXCLUSION
DTWGL-B01148	BINDING ARBITRATION
DTWGL-B00022	EXCLUSION – DISCRIMINATION
DTWGL-B00024	HAZARDOUS MATERIALS EXCLUSION
DTWGL-B00025	PREMIUM BASIS ENDORSEMENT
DTWGL-B00037	EXCLUSION – STUNT ACTIVITY
DTWGL-B00026	CONTRACTOR OR SUBCONTRACTOR LIMITATION
DTWGL-B01328	DESIGNATED PROMOTIONS EXCLUSION
DTWGL-B00040	Assault and Battery Coverage Limitation (Including Sub-Limits)
DTWGL-C00001	Supplemental Declarations Liquor Liability
CG 00 33 12 07	LIQUOR LIABILITY COVERAGE FORM
DTWGL-C00002	LIMITATION OF COVERAGE TO INSURED PREMISES
DTWCP-D00001	Supplemental Declarations Commercial Property
CP 00 10 06 07	BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CP 00 90 07 88	COMMERCIAL PROPERTY CONDITIONS
CP 03 21 10 12	WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE
DTWGL-B00101	EXCLUSION - FIREARMS
CP 01 40 07 06	EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA
DTWCP-D00010	RESTAURANT PLATINUM ENHANCEMENT ENDORSEMENT
CP 10 30 06 07	CAUSES OF LOSS – SPECIAL FORM
IL 09 35 07 02	EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES
IL 09 53 01 15	EXCLUSION OF CERTIFIED ACTS OF TERRORISM
DTWCP-D00002	HAZARDOUS MATERIALS EXCLUSION
CP 00 30 06 07	BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
DTWCP-D00008	Protective Safeguards
LMA5219	TRIA not purchased clause

Policy Number: DTW-ISC-2017-0061

Certain Underwriters at Lloyd's, London

SUPPLEMENTAL DECLARATIONS

Commercial Property

BUSINESS DESCRIPTION:									
DESCRIPTION OF PREMISES									
Prem. No.	Bldg. No.	Location/Address	City	State	Zip				
1	1	177 Markie St	Philadelphia	PA	19127				
COVERAGES PROVIDED – Insurance at the described premises applies only for the Coverages for which limit of insurance is shown.									
Prem. No.	Bldg. No.	Coverage	Limits of Insurance	Premium	Cause of Loss	Coins.	Monthly Limit	*Deductible	**Valuation
1	1	Building value	\$1,000,000	\$4,000	See Form CP 10 30	90		\$2,500	RC
		Tennis I & B		\$0	See Form CP 10 30	90		\$2,500	RC
		BI Value	\$100,000	\$400	See Form CP 10 30		1/6	72 hrs.	RC
		Loss of Rents		\$0	See Form CP 10 30		1/6	72 hrs.	RC
		Content Value	\$100,000	\$400	See Form CP 10 30	90		\$2,500	RC
		Other Structural Value		\$0	See Form CP 10 30	90		\$0	RC
		Ordinance & Law Coverage A & Premium Charge	\$0	\$0					
		Ordinance & Law Coverage B	\$0						
		Ordinance & Law Coverage C	\$0						
<p>* See Applicable Endorsements ** RC = Replacement Cost; AC = Actual Cash Value; BPP = Business Personal Property; I&B = Improvements & Betterments</p>									
<p>FORMS AND ENDORSEMENTS – Made part of this Coverage Part at time of issue. See Form DTW-A00002 (01/17) – Schedule of Forms and Endorsements</p>									
<p>TOTAL PREMIUM FOR THIS COVERAGE: \$4,800</p>									

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

DTWCP-D00001 (01/17)

Case ID: 200700375

Case ID: 200700375

Case ID: 200700375

Control No.: 20093025

EXHIBIT “F”

CAUSES OF LOSS – SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section G., Definitions.

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means Risks Of Direct Physical Loss unless the loss is:

1. Excluded in Section B., Exclusions; or
2. Limited in Section C., Limitations; that follow.

B. Exclusions

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

a. Ordinance Or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (1) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in b.(1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (2) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

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

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

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

g. Water

- (1) Flood, surface water, waves, 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 or overflows from a sewer, drain or sump; 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 Water, as described in g.(1) through g.(4) above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

h. "Fungus", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or
2. To the extent that coverage is provided in the Additional Coverage - Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions B.1.a. through B.1.h. apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:
 - a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:
 - (1) Electrical or electronic wire, device, appliance, system or network; or
 - (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or micro-waves.

But if fire results, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market.
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d. (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.
- (7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching.

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or
 - (2) You drain the equipment and shut off the supply if the heat is not maintained.
- h. Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
 - (1) Acting alone or in collusion with others; or
 - (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.
- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j. Rain, snow, ice or sleet to personal property in the open.

k. Collapse, including any of the following conditions of property or any part of the property:

- (1) An abrupt falling down or caving in;
- (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
- (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, k., does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage - Collapse; or
- (b) To collapse caused by one or more of the following:
 - (i) The "specified causes of loss";
 - (ii) Breakage of building glass;
 - (iii) Weight of rain that collects on a roof; or
 - (iv) Weight of people or personal property.

l. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, l., does not apply to damage to glass caused by chemicals applied to the glass.

m. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.

b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance;

of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

a. **Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form**

We will not pay for:

(1) Any loss caused by or resulting from:

- (a) Damage or destruction of "finished stock"; or
- (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

(2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.

(3) Any increase of loss caused by or resulting from:

- (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.

(4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

(5) Any other consequential loss.

b. Leasehold Interest Coverage Form

(1) Paragraph B.1.a., Ordinance Or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

- (a) Your cancelling the lease;
- (b) The suspension, lapse or cancellation of any license; or
- (c) Any other consequential loss.

c. Legal Liability Coverage Form

(1) The following exclusions do not apply to insurance under this Coverage Form:

- (a) Paragraph B.1.a., Ordinance Or Law;
- (b) Paragraph B.1.c., Governmental Action;
- (c) Paragraph B.1.d., Nuclear Hazard;
- (d) Paragraph B.1.e., Utility Services; and
- (e) Paragraph B.1.f., War And Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

5. Additional Exclusion

The following provisions apply only to the specified property.

LOSS OR DAMAGE TO PRODUCTS

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
 - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
 - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
 - d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

 - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
 - (2) Business Income Coverage or Extra Expense Coverage.
 - e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
 - f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
 - a. Animals, and then only if they are killed or their destruction is made necessary.
 - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass; or
 - (2) Containers of property held for sale.
 - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

 - (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
 - (2) To Business Income Coverage or to Extra Expense Coverage.
3. The special limit shown for each category, a. through d., is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:
 - a. \$2,500 for furs, fur garments and garments trimmed with fur.
 - b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - c. \$2,500 for patterns, dies, molds and forms.
 - d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, C.3., does not apply to Business Income Coverage or to Extra Expense Coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:

- a. Results in discharge of any substance from an automatic fire protection system; or
- b. Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

D. Additional Coverage – Collapse

The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse as described and limited in D.1. through D.7.

1. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:
 - a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
 - b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
 - c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
 - d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
 - (1) A cause of loss listed in 2.a. or 2.b.;
 - (2) One or more of the "specified causes of loss";
 - (3) Breakage of building glass;
 - (4) Weight of people or personal property; or
 - (5) Weight of rain that collects on a roof.

3. This Additional Coverage – Collapse does not apply to:

- a. A building or any part of a building that is in danger of falling down or caving in;
- b. A part of a building that is standing, even if it has separated from another part of the building; or
- c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
- b. Awnings, gutters and downspouts;
- c. Yard fixtures;
- d. Outdoor swimming pools;
- e. Fences;
- f. Piers, wharves and docks;
- g. Beach or diving platforms or appurtenances;
- h. Retaining walls; and
- i. Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in 2.a. through 2.d., we will pay for loss or damage to that property only if:

- (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
- (2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

- a. The collapse of personal property was caused by a cause of loss listed in 2.a. through 2.d.;
- b. The personal property which collapses is inside a building; and
- c. The property which collapses is not of a kind listed in 4., regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph 5. does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage – Collapse does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
7. This Additional Coverage – Collapse will not increase the Limits of Insurance provided in this Coverage Part.
8. The term Covered Cause of Loss includes the Additional Coverage – Collapse as described and limited in D.1. through D.7.

E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in E.2. and E.6. only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
 - a. A "specified cause of loss" other than fire or lightning; or
 - b. Flood, if the Flood Coverage Endorsement applies to the affected premises.
2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
 - a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
 - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under E.2. of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.
4. The coverage provided under this Limited Coverage does not increase the applicable Limit of insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of insurance on the affected Covered Property.
 If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.
5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss Form or under the Additional Coverage – Collapse.
6. The following, 6.a. or 6.b., applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

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

2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension, F.3., does not increase the Limit of Insurance.

G. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.

b. Falling objects does not include loss or damage to:

- (1) Personal property in the open; or
- (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

EXHIBIT “G”

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY**

- A. The exclusion set forth in Paragraph B. applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B. We will not pay for loss or damage caused by or resulting from any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease.
- However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.
- C. With respect to any loss or damage subject to the exclusion in Paragraph B., such exclusion supersedes any exclusion relating to "pollutants".
- D. The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:
1. Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and
 2. Additional Coverage – Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- E. The terms of the exclusion in Paragraph B., or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

EXHIBIT “H”

COMMERCIAL PROPERTY

RESTAURANT, BAR AND TAVERN ENHANCEMENT ENDORSEMENT

Coverage	Comments	Restaurant Enhancement
BUILDING AND PERSONAL PROPERTY COVERAGE FORM - ADDITIONAL COVERAGES		
Accounts Receivable		\$50,000
Debris Removal		25% + \$50,000
Employee Dishonesty		\$50,000
Fire Department Service Charge		\$25,000
Fire Extinguisher Systems Expense including Automatic Cooking Protection Systems	No Deductible	\$25,000
Forgery or Alteration		\$25,000
Lost Key Consequential Loss	\$100 Deductible	\$5,000
Money and Securities		\$25,000 IN / \$10,000 OUT
Reward Payment	N/A in New York	\$10,000
Utility Services - Direct Damage, including Spoilage	Bldg/BPP Deductible	\$25,000
BUILDING AND PERSONAL PROPERTY COVERAGE FORM - COVERAGE EXTENSIONS		
Extended Computer Coverage		\$50,000 HW / \$50,000 SW
Computers in transit or off-premises		\$25,000
Artificially Generated Electrical Current	Within limits	Included
Newly Acquired or Constructed Property	90 days	\$250,000 Bldg. & BPP
Outdoor Property		\$25,000 (\$1,000 tree/shrub)
Outdoor Signs		\$25,000
Personal Effects / Property of Others		\$50,000
Including Checkroom Theft	\$250 Deductible	\$2,500 ITEM / \$10,000 AGG
Property in Transit	BPP Deductible	\$25,000
Property Off Premises	BPP Deductible	\$25,000
Sewers and Drains - Back Up		\$100,000
Tenant Glass		Included if lease requires
Valuable Papers and Records		\$50,000
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM - COVERAGE EXTENSIONS		
Food Contamination	24 hr Deductible	\$25,000 BI / \$25,000 EE
Utility Services - Time Element	24 hr deductible or BI or COL deductible, whichever is longest	\$25,000 per location (up to maximum of \$100,000 for any one "named storm" regardless of # of locations)
<i>\$1,000 deductible applies unless stated elsewhere in the endorsement.</i>		
<i>If there is a Deductible or "period of restoration" that applies to a specific Cause of Loss that is covered within your policy, that specific Cause of Loss Deductible or "period of restoration" supersedes any Deductible or "period of restoration" within this endorsement. This includes, but is not limited to, a Deductible or "period of restoration" for windstorm, earth movement, earthquake or flood.</i>		

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

RESTAURANT PLATINUM ENHANCEMENT ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE)
CAUSES OF LOSS – SPECIAL FORM

If there is a Deductible or "period of restoration" that applies to a specific Cause of Loss that is covered within your policy, that specific Cause of Loss Deductible or "period of restoration" supersedes any Deductible or "period of restoration" within this endorsement. This includes, but is not limited to, a Deductible or "period of restoration" for windstorm, earth movement, earthquake or flood.

A. BUILDING AND PERSONAL PROPERTY COVERAGE FORM CP 00 10, Paragraph A. Coverages, Subparagraph 4. Additional Coverages is amended to add the following coverages. Unless specifically addressed elsewhere within this endorsement, the Deductible that applies to these Additional Coverages is \$1,000 each occurrence. Unless otherwise indicated, the amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are in addition to the Limits of Insurance shown in the Declarations.

1. Accounts Receivable

- a. If your records of accounts receivable are lost or damaged by a Covered Cause of Loss, we will pay:
 - (1) All amounts due from your customers that you are unable to collect;
 - (2) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
 - (3) Collection expenses that are in excess of your normal collection expenses that are made necessary by the loss; and
 - (4) Other reasonable expenses that you incur to re-establish your records of accounts receivable.
- b. The BUILDING AND PERSONAL PROPERTY COVERAGE FORM, Paragraph A.2.a. Property Not Covered is amended to read:
Accounts, bills, currency, food stamps or other evidences of debt, "money", notes or "securities", except as provided within this Additional Coverage. Lottery tickets held for sale are not "securities".
- c. With regard to this Additional Coverage, the CAUSES OF LOSS – SPECIAL FORM CP 10 30, Paragraph B. Exclusions is amended to delete all of the exclusions except for the following:
 - (1) B.1.c.
 - (2) B.1.d.
 - (3) B.1.f.
 - (4) B.2.f.
 - (5) B.2.g.
 - (6) B.3.
- d. With regard to this Additional Coverage, the following is added under Paragraph B. Exclusions, of the CAUSES OF LOSS – SPECIAL FORM CP 10 30:
We will not pay for loss or damage caused directly or indirectly by or resulting from:
 - (1) Alteration, falsification, concealment, or destruction of records of accounts receivable done to conceal the wrongful giving, taking, or withholding of "money", "securities", or

COMMERCIAL PROPERTY

other property. This exclusion applies only to the extent of the wrongful giving, taking or withholding.

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- (2) Bookkeeping, accounting, or billing errors or omissions.
- (3) Electrical or magnetic injury, disturbance, or erasure of electronic recordings. But we will pay for direct loss or damage caused by lightning.
- (4) Errors in machine programming or instructions to machines.
- (5) Operator or programmer error.
- (6) Unauthorized instructions to transfer property to any person or to any place.
- (7) Computer-Related Losses - The failure, malfunction or inadequacy of:
 - (a) Any of the following, whether belonging to any Insured or to others:
 - (i) "Computer" hardware, including microprocessors;
 - (ii) "Computer" application software;
 - (iii) "Computer" operating systems and related software;
 - (iv) "Computer" networks;
 - (v) Microprocessors ("computer" chips) not part of any "computer" system; or
 - (vi) Any other computerized or electronic equipment or components; or
 - (b) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph (7)(a) above;due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times.
- (8) Computer Advice Or Consultation - Any advice, consultation, design, evaluation, inspection, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Exclusion (7) above.

We will not pay for loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

- e. If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss, the following method will be used:
 - (1) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss occurs; and
 - (2) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.
- f. The following will be deducted from the total amount of accounts receivable, however that amount is established:
 - (1) The amount of the accounts for which there is no loss or damage;
 - (2) The amount of the accounts that you are able to reestablish or collect;
 - (3) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (4) All unearned interest and service charges.
- g. The most we will pay in any one occurrence at each described premises is \$50,000.

2. Debris Removal

The **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Paragraph A. Coverage, Subparagraph 4.a.(4) **Debris Removal** is revised from \$10,000 to \$50,000 as the most we will pay.

3. Employee Dishonesty

- a. We will pay for direct loss to Your Business Personal Property and "money" and "securities" resulting from dishonest acts committed by any of your "employees" acting alone or in collusion with other persons (except you or your partners, "members" or "managers") with the manifest intent to:
 - (1) Cause you to sustain loss or damage; and also
 - (2) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other "employee" benefits earned in the normal course of employment) for:
 - (a) Any "employee"; or
 - (b) Any other person or organization.
- b. We will extend the coverage provided to comply with certain provisions of the Employee Retirement Income Security Act (ERISA). However, coverage is provided only when you own, control or operate the "Employee Benefit Plan" and the "Employee Benefit Plan" is

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shown in the Declarations. Any payment we make for loss sustained will be made to the "Employee Benefit Plan" sustaining the loss.

- c. The **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Paragraph **A.2.a. Property Not Covered** is amended to read:
Accounts, bills, currency, food stamps or other evidences of debt, "money", notes or "securities", except as provided within this Additional Coverage. Lottery tickets held for sale are not "securities".
- d. With regard to this Additional Coverage, the **CAUSES OF LOSS – SPECIAL FORM CP 10 30**, Paragraph **B. Exclusions** is amended to delete all of the exclusions except for the following:
(1) **B.1.c**
(2) **B.1.d**
(3) **B.1.f**
(4) **B.2.l**
- e. The following **Exclusions** are added:
This insurance does not cover:
(1) Loss or damage resulting from any dishonest or criminal act that you or any of your partners, "members", officers, "managers", directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose commit whether acting alone or in collusion with other persons.
(2) Loss or damage caused by an "employee" if the "employee" had also committed "theft" or any other dishonest act prior to the effective date of this policy and you or any of your partners, "members", officers, "managers", directors or trustees, not in collusion with the "employee", learned of that "theft" or dishonest act prior to the policy period shown in the Declarations.
(3) Loss or damage resulting from the unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, process methods or customer lists; or the unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information, or similar non-public information.
(4) Fees, costs and expenses incurred by you which are related to any legal action.
(5) Loss or damage when the only proof of which as to its existence or amount is an inventory computation or a profit and loss computation.
(6) Loss or damage resulting from trading, whether in your name or in a genuine or fictitious account.
(7) Loss or damage resulting from the fraudulent or dishonest signing, issuing, canceling or failing to cancel, a warehouse receipt or any papers connected with it.
- f. All loss caused by one or more "employee" or involving a single act or series of related acts is considered one occurrence.
- g. We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance accumulates from year to year or period to period.
- h. We will pay only for covered loss sustained during the policy period and discovered no later than one year from the end of the policy expiration.
- i. If you discover a loss during the policy period that you (or any predecessor in interest) sustained during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Additional Coverage, provided:
(1) This Additional Coverage became effective at the time of cancellation or termination of the prior insurance; and
(2) The loss would have been covered by this Additional Coverage had it been in effect when the acts or events causing the loss were committed or occurred.
(3) This coverage is provided within, and not in addition to, the Limit of Insurance applying to this Additional Coverage and is limited to the lesser of the amount recoverable under:
(a) This Additional Coverage as of its effective date; or
(b) The prior insurance, had it remained in effect.
- j. The most we will pay for loss or damage in any one occurrence is \$50,000.

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4. **Fire Department Service Charge**
The **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Paragraph A. Coverage, Subparagraph 4.c. **Fire Department Service Charge** is revised from \$1,000 to \$25,000 as the most we will pay.
5. **Fire Extinguisher Systems Expense – Including Automatic Cooking Protection Systems**
- a. We will pay for the cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged on or within 1,000 feet of the described premises.
 - b. We will pay for loss or damage to Covered Property if such loss or damage is the result of an accidental discharge of chemicals from a fire extinguisher or a fire extinguishing system.
 - c. We will pay for loss or damage to Covered Property caused by the accidental discharge of fire suppressant chemicals from an automatic extinguishing system over your cooking equipment, including the cost to recharge the automatic extinguishing system after accidental discharge.
 - d. No coverage will apply if the fire extinguishing system is discharged during installation or testing.
 - e. A Deductible does not apply to this Additional Coverage.
 - f. The most we will pay in any one occurrence at each described premises is \$25,000.
6. **Forgery Or Alteration**
- a. We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are made or drawn by or drawn upon you or made or drawn by one acting as your agent, or that are purported to have been so made or drawn.
 - b. We will pay for loss resulting directly from "forgery" or alteration of written instruments required in conjunction with any credit, debit or charge card issued to you or any "employee" for business purposes.
 - c. For the purpose of this Additional Coverage, we will consider electronically or mechanically reproduced facsimile signatures the same as handwritten signatures.
 - d. If you are sued for refusing to pay any instrument covered in Paragraph a. or b. above, on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense.
 - e. The following exclusion is added:
Non-Compliance with Credit, Debit, or Charge Card Issuer's Requirements
We will not pay for loss arising from any credit, debit or charge card if you have not complied fully with the provisions, conditions or other terms under which the card was issued.
 - f. The **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Paragraph A.2.a. **Property Not Covered** is amended to read:
Accounts, bills, currency, food stamps or other evidences of debt, "money", notes or "securities", except as provided within this Additional Coverage. Lottery tickets held for sale are not "securities".
 - g. All loss caused by one or more persons or involving a single act or series of related acts is considered one occurrence.
 - h. The most we will pay for any loss in any one occurrence, including legal expenses, is \$25,000.
7. **Lost Key Consequential Loss**
- a. If a master or grand master key is lost or damaged by a Covered Cause of Loss, including "theft", we will pay for the actual cost of keys, the cost of adjusting locks to accept new keys, or the cost of new locks, if required, of like kind and quality including the cost of their installation.
 - b. This coverage does not apply to keys left in the possession of former employees.
 - c. The most we will pay in any one occurrence at each described premises is \$5,000.
 - d. A Deductible of \$100 applies.
8. **Money And Securities**
- a. We will pay for loss of "money" and "securities" used in your business resulting directly from "theft", disappearance; or destruction, while:

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- (1) In or on the described premises, or within a bank or savings institution; or
 - (2) Anywhere outside the premises.
 - b. We will not pay for loss:
 - (1) Resulting from accounting or arithmetical errors or omissions;
 - (2) Due to the giving or surrendering of property in any exchange or purchase; or
 - (3) Of property contained in any "money"-operated device unless the amount of "money" deposited in it is recorded by a continuous reading instrument in the device.
 - c. You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.
 - d. All loss caused by one or more persons or involving a single act or series of related acts is considered one occurrence.
 - e. The most we will pay for loss or damage in any one occurrence at each described premises is \$25,000 inside the premises and \$10,000 outside the premises.
- 9. Reward Payment (This Additional Coverage does not apply in the state of New York)**
- a. We will reimburse you for rewards paid as follows:
 - (1) Up to \$10,000 to an eligible person for information leading to the arrest and conviction of any person or persons committing a crime resulting in loss to Covered Property from a Covered Cause of Loss. However we will pay no more than the lesser of the following amounts:
 - (a) Actual cash value of the Covered Property at the time of loss or damage, but not more than the amount required to repair or replace it; or
 - (b) The amount determined by the loss settlement procedure applicable to the Covered Property under the **Loss Payment Condition**.
 - (2) Up to \$10,000 to an eligible person for the return of stolen Covered Property, when the loss is caused by "theft". However, we will pay no more than the lesser of the following amounts:
 - (a) Actual cash value based on the condition of the Covered Property at the time it is returned, but not more than the amount required to repair or replace it; or
 - (b) The amount determined by the loss settlement procedure applicable to the returned Covered Property under the **Loss Payment Condition**.
 - b. This Additional Coverage applies subject to the following conditions:
 - (1) An eligible person means that person designated by a law enforcement agency as being the first to voluntarily provide the information leading to the arrest and conviction or return of the stolen Covered Property and who is not:
 - (a) You or any family member;
 - (b) Your "employee" or any of his or her family members;
 - (c) An "employee" of a law enforcement agency;
 - (d) An "employee" of a business engaged in property protection;
 - (e) Any person who had custody of the Covered Property at the time the "theft" was committed; or
 - (f) Any person involved in the crime.
 - (2) No reward will be reimbursed unless and until the persons committing the crime are convicted or the Covered Property is returned.
 - c. We will reimburse you up to the amount of the reward, for a maximum of \$10,000 in any one occurrence at each described premises.
- 10. Utility Services – Direct Damage (Including Spoilage and Overhead Transmission Lines)**
- a. We will pay for loss or damage to Covered Property caused by an interruption in utility service to the described premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss.
 - b. We will not pay for loss or damage that is covered elsewhere in this policy for the same loss or damage.
 - c. This coverage does not apply to loss to electronic data, including destruction or corruption of electronic data. Electronic data has the meaning described under **Property Not Covered – Electronic Data**.
 - d. Utility Services includes the following:
 - (1) Water supply services meaning pumping stations and water mains supplying water to the described premises;

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- (2) Communication supply services meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as communication transmission lines, optic fiber transmission lines, coaxial cables, microwave radio relays (except satellites), excluding overhead transmission lines; and
- (3) Power supply services meaning the following types of property supplying electricity, steam or gas to the described premises:
 - (a) Utility generating plants;
 - (b) Switching stations;
 - (c) Substations;
 - (d) Transformers; and
 - (e) Transmission lines, excluding overhead transmission lines.
- e. The **CAUSES OF LOSS – SPECIAL FORM CP 10 30, Paragraph B, Exclusions** is amended to delete e. **Utility Services** to the extent that the exclusion would conflict with the provisions of this Additional Coverage.
- f. This Additional Coverage is not subject to the terms of the Utility Services Exclusion, to the extent that such exclusion would conflict with the provisions of this Additional Coverage.
- g. The most we will pay in any one occurrence at each described premises is \$25,000.
- h. This limit is part of and not in addition to the Limits of Insurance for your Covered Property.
- i. The Deductible applicable to your Building or Business Personal Property applies.

B. BUILDING AND PERSONAL PROPERTY COVERAGE FORM CP 00 10, Paragraph A. Coverages, Subparagraph 5. Coverage Extensions is amended to add the following extensions of coverage. Unless specifically addressed elsewhere within this endorsement, the Deductible that applies to these Coverage Extensions is \$1,000 each occurrence. Unless otherwise indicated, the amounts of insurance stated in the following Coverage Extensions apply in accordance with the terms of such coverages and are part of, not in addition to, the Limits of Insurance shown in the Declarations as applicable to the described premises.

1. Extended Computer Coverage

In addition to the coverage for loss or damage to "computer" equipment and electronic data provided within this policy, the following additional Limits of Insurance apply:

- a. We will pay up to \$50,000 in any one occurrence at each described premises for loss or damage to your "computers; and
- b. We will pay up to \$50,000 in any one occurrence at each described premises for loss or damage to your electronic data.
- c. Coverage provided by this extension includes loss or damage to "computers" due to artificially generated electrical current if such loss or damage is caused by or results from:
 - (1) An occurrence that took place within 1,000 feet of the described premises; or
 - (2) Interruption of electric power supply, power surge, blackout or brownout if the cause of such occurrence took place within 1,000 feet of the described premises. However, this does not apply if your policy provides this coverage elsewhere.
- d. The following additional Exclusions are added to the **CAUSES OF LOSS – SPECIAL FORM CP 10 30, Paragraph B. Exclusions**:
 - (1) **Errors Or Omissions**
Errors or omissions in processing, recording or storing electronic data on "computers". However, we will pay for direct loss or damage caused by resulting fire or explosion if these causes of loss would otherwise be covered by this policy.
 - (2) **Electrical Disturbance**
Electrical or magnetic injury, disturbance or erasure of electronic recordings. However, we will pay for direct loss or damage caused by lightning.
 - (3) **Computer-Related Losses**
Whether belonging to any insured or to others, the failure, malfunction or inadequacy of:
 - (a) "Computer" hardware, including microprocessors;
 - (b) "Computer" application software;
 - (c) "Computer" operating systems and related software;
 - (d) "Computer" networks;
 - (e) Microprocessors ("computer" chips) not part of any "computer" system;
 - (f) Any other computerized or electronic equipment or components; or
 - (g) Any other products or any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed above as Computer-Related Losses,

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due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times.

(4) Computer Advice Or Consultation

Any advice, consultation, design, evaluation, inspection, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in d. (3) above.

- e. If an excluded Cause of Loss described in d. (2) through d. (4) above results in a "specified cause of loss", we will pay for the resulting loss or damage caused by the "specified cause of loss". However, we will not pay for repair, replacement or modification of any items in d. (3) above to correct any deficiencies or change any features.

2. Newly Acquired Or Constructed Property

The BUILDING AND PERSONAL PROPERTY COVERAGE FORM, Paragraph A.5.a. Newly Acquired Or Constructed Property is deleted and replaced by the following:

a. Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (1) Your new buildings while being built on the described premises; and
- (2) Buildings you acquire at locations, other than the described premises, intended for:
 - (a) Similar use as the building described in the Declarations; or
 - (b) Use as a warehouse.

b. Your Business Personal Property:

If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

- (1) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;
- (2) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or
- (3) Business personal property that you newly acquire, located at the described premises.

c. Limit of Insurance

The most we will pay for loss or damage under this Coverage Extension at each described premises is \$250,000.

d. Period of Coverage

With respect to insurance on or at each newly acquired or constructed property coverage will end when any of the following first occurs:

- (1) This policy expires; or
- (2) 90 days expire after you acquire the property or begin construction of that part of the building that would qualify as Covered Property; or
- (3) With respect to "computers", when specific insurance at the newly acquired premises is obtained; or
- (4) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as Covered Property.

3. Outdoor Property

The BUILDING AND PERSONAL PROPERTY COVERAGE FORM, Paragraph A.5.e. Outdoor Property is deleted and replaced by the following:

- a. You may extend the insurance provided by this Coverage Form to apply to the following outdoor property located on the described premises:

- (1) Fences and retaining walls that are not a part of a building. The most we will pay in any one occurrence at each described premises is \$25,000.
- (2) Outdoor radios, televisions, satellites, satellite dishes or other antennas, including their masts, towers and lead-in and support wiring. The most we will pay in any one occurrence at each described premises is \$25,000.
- (3) Trees, shrubs, plants and lawns. This does not apply to "stock". The most we will pay in any one occurrence at each described premises is \$25,000, but not to exceed \$1,000 for any one item.

Debris removal expense is included in (1) through (3) above.

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- b. Loss or damage covered by this Coverage Extension, must be caused by or resulting from one of the following Causes of Loss if they are Covered Causes of Loss:
 - (1) Fire;
 - (2) Lightning;
 - (3) Explosion;
 - (4) Riot or civil commotion; or
 - (5) Aircraft.

4. Outdoor Signs

- a. We will pay for direct physical loss or damage to all outdoor signs at the described premises:
 - (1) Owned by you; or
 - (2) Owned by others in your care, custody or control.
- b. The **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Paragraph **A.2. Property Not Covered**, Subparagraph **q.(2)** is amended to include:
Signs except as provided in this Coverage Extension.
- c. With regard to this Additional Coverage, the **CAUSES OF LOSS – SPECIAL FORM CP 10 30**, Paragraph **B. Exclusions** is amended to delete all of the exclusions except for the following:
 - (1)1.c.
 - (2)1.d.
 - (3)1.f.
 - (4)2.d.(1)
 - (5)2.d.(2)
 - (6)2.d.(6)
 - (7)2.h.
 - (8)2.i.
 - (9)2.m.
 - (10)3.c.(4)
- d. The **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Paragraph **C. Limits Of Insurance** is amended to show that the most we will pay for loss or damage to Outdoor Signs in any one occurrence at each described premises is \$25,000. The amount we will pay under this Coverage Extension is in addition to the Limits of Insurance shown in the Declarations.

5. Personal Effects And Property Of Others

The **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Paragraph **A.5.b. Personal Effects And Property Of Others** is deleted and replaced by the following:

- a. You may extend the insurance that applies to Your Business Personal Property to apply to:
 - (1) Personal effects owned by you, your officers, your partners or "members", your "managers" or your "employees". This Extension of Coverage does not apply to loss or damage by "theft".
 - (2) Personal property of others in your care, custody or control.
The most we will pay for loss or damage under (1) and (2) above in any one occurrence at each described premises is \$50,000.
 - (3) Personal property checked with you by your guests, customers, or "members" by "theft" or attempted "theft" within a checkroom on the described premises, subject to the following:
 - (a) Exclusion B.2.i. in the **CAUSES OF LOSS – SPECIAL FORM CP 10 30** does not apply to this coverage.
 - (b) The most we will pay for loss or damage for checkroom "theft" in any one occurrence at each described premises is \$10,000, subject to a maximum limit of \$2,500 any one item.
 - (c) A Deductible of \$250 will apply to each occurrence.
 - (d) Personal Effects and Property Of Others is valued on the same basis as Your Business Personal Property, but we will not pay more than the amount for which you are legally liable.
- b. Our payment for loss or damage to personal property of others will only be for the account of the owner of the property.

6. **Property In Transit**
 a. The **CAUSES OF LOSS - SPECIAL FORM CP 10 30**, Paragraph F. **Additional Coverage Extensions**, Subparagraph 1.c. **Property In Transit** is revised from \$5,000 to \$25,000 as the most we will pay.
 b. Your Business Personal Property Deductible applies.
7. **Property Off Premises**
 The **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Paragraph A.5.d. **Property Off Premises** is deleted and replaced by the following:
 a. You may extend the insurance provided by this Coverage Form to apply to your Covered Property while away from the described premises, while:
 (1) Temporarily at a location you do not own, lease or operate;
 (2) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 (3) At any fair, trade show or exhibition.
 This extension also applies to "computers" while such property is in the course of transit or is located at a premises you do not own, lease or operate for not more than 90 days.
 b. This insurance does not apply to property:
 (1) In or on a vehicle, except for "computers"; or
 (2) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
 c. The **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Paragraph A.2. **Property Not Covered** is amended to include:
 (1) Property in storage away from the premises shown in the Declarations, except as provided in this Coverage Extension; and
 (2) Property while on exhibition at fairs or on the premises of any national or international exposition, except as provided in this Coverage Extension.
 d. The most we will pay for loss or damage in any one occurrence is \$25,000.
 e. The Deductible applicable to Your Business Personal Property applies.
8. **Sewers And Drains – Back Up**
 a. The Covered Causes of Loss are extended to include loss or damage caused by or resulting from water that backs up from a sewer or drain. Back up of sewers and drains means direct physical loss to Covered Property caused by water which backs up through sewers or drains or water which enters into and overflows from within a sump pump well, or other type of system designed to remove subsurface water which is drained from the foundation area.
 b. With regard to this coverage, the **CAUSES OF LOSS - SPECIAL FORM CP 10 30**, Paragraph B. g. **Water** is amended to delete Subparagraph (3) of the Exclusion.
 c. The most we will pay for direct physical loss caused by back up of sewers and drains is \$100,000 in any one occurrence at each described premises.
9. **Tenant Glass**
 a. You may extend Your Business Personal Property coverage to apply to loss or damage to building glass resulting from or caused by a Covered Cause of Loss.
 b. This Coverage Extension applies when you are a tenant and have a contractual responsibility to insure the building glass. However, we will not pay for loss or damage under this Coverage Extension when such contract also requires you to insure the building.
 c. Building glass is considered the glass that is part of the building or structure, including solar heating panels, glass building blocks, skylights, glass doors and windows and their encasement frames, alarm tape, lettering and ornamentation. It does not include art glass, half tone screens, lenses, memorial windows, mosaic art, rotogravure screens or any stained glass.
10. **Valuable Papers And Records (Other Than Electronic Data)**
 The **BUILDING AND PERSONAL PROPERTY COVERAGE FORM**, Paragraph A.5.c. **Valuable Papers And Records (Other Than Electronic Data)** is deleted and replaced by the following:

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- a. You may extend the insurance that applies to Your Business Personal Property to direct physical loss or damage caused by or resulting from a Covered Cause of Loss to valuable papers and records that you own, or that are in your care, custody or control.
- b. We will pay the cost to research lost information on valuable papers and records for which duplicates do not exist.
- c. We will pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and when there is a duplicate, for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance of Your Business Personal Property and therefore coverage of such costs is not additional insurance.
- d. This Coverage Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under **Property Not Covered – Electronic Data**.
- e. Coverage is limited to the "specified causes of loss" and Collapse as defined in the **CAUSES OF LOSS – SPECIAL FORM CP 10 30**.
- f. With regard to this Additional Coverage, the **CAUSES OF LOSS – SPECIAL FORM CP 10 30**, Paragraph **B. Exclusions** is amended to delete all of the exclusions except for the following:
 - (1) **B.1.c.**
 - (2) **B.1.d.**
 - (3) **B.1.f.**
 - (4) **B.2.f.**
 - (5) **B.2.g.**
 - (6) **B.3.**
- g. With regard to this Additional Coverage, the following are added under Paragraph **B. Exclusions** of the **CAUSES OF LOSS – SPECIAL FORM CP 10 30**:
 - (1) Computer-Related Losses - The failure, malfunction or inadequacy of:
 - (a) Any of the following, whether belonging to any insured or to others:
 - (i) "Computer" hardware, including microprocessors;
 - (ii) "Computer" application software;
 - (iii) "Computer" operating systems and related software;
 - (iv) "Computer" networks;
 - (v) Microprocessors ("computer" chips) not part of any "computer" system; or
 - (vi) Any other computerized or electronic equipment or components; or
 - (b) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph (1) (a) above; due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times.
 - (2) Computer Advice Or Consultation - Any advice, consultation, design, evaluation, inspection, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph (1) above.
- h. We will not pay for property held as samples or for delivery after sale or property in storage away from the premises shown in the Declarations.
- i. The most we will pay is \$50,000 in any one occurrence at each described premises. Except as addressed in c. above, this Extension of Coverage is an additional Limit of Insurance and not subject to the Limits of Insurance on the Declarations.

C. BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM CP 00 30, Paragraph A. Coverages, Subparagraph 6. Coverage Extensions is amended to add the following extensions of coverage. Unless specifically addressed herein, the Deductibles and "periods of restoration" that apply to these Coverage Extensions are those applicable to the described premises. Unless otherwise indicated, the amounts of insurance stated in the following Coverage Extensions apply in accordance with the terms of such coverages and are part of, not in addition to, the Limits of Insurance shown in the Declarations as applicable to the described premises.

1. Food Contamination

- a. If your business at the described premises is ordered closed by the Board of Health or any other governmental authority as a result of the discovery or suspicion of food contamination, we will pay:

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- (1) The actual loss of Business Income you sustain due to the necessary "suspension" of your "operations"; and
 - (2) The following Extra Expenses:
 - (a) To clean your equipment as required by the Board of Health or any other governmental authority;
 - (b) To replace food which is, or is suspected to be, contaminated;
 - (c) Necessary medical tests or vaccinations for your "employees"; and
 - (d) The cost of additional advertising to restore your reputation.
 - b. This Coverage Extension for Business Income and the cost of additional advertising will begin twenty-four hours after you receive notice of closing from the Board of Health or any other governmental authority and will apply for a period of up to 90 consecutive days after such coverage begins.
 - c. Food contamination means an incidence of food poisoning to one or more of your patrons as a result of:
 - (1) Tainted food you purchased;
 - (2) Food which has been unintentionally stored, handled or prepared improperly; or
 - (3) A communicable disease transmitted through one or more of your "employees".
 - d. We will not pay any fines or penalties levied against you by the Board of Health or any other governmental authority as a result of the discovery or suspicion of food contamination at the described premises.
 - e. The Deductible does not apply.
 - f. The most we will pay in any one occurrence is:
 - (1) \$25,000 for Extra Expense; and
 - (2) \$25,000 for Business Income.The limits we will pay under this coverage are in addition to the Limits of Insurance shown in the Declarations.
2. **Utility Services – Time Element (excluding Overhead Transmission Lines)**
- a. Your Business Income and Extra Expense, as provided and limited in the applicable Coverage Form, is extended to apply to a "suspension" of "operations" at the described premises caused by an interruption in utility services to that premises.
 - b. The interruption in utility services must result from direct physical loss by a Covered Cause of Loss to a utility service, not on the described premises.
 - c. We will not pay for loss or damage to electronic data, including destruction or corruption of electronic data. The term electronic data has the meaning set forth in the **BUILDING AND PERSONAL PROPERTY COVERAGE FORM, Paragraph A.2. Property Not Covered.**
 - d. Utility Services includes the following:
 - (1) Water supply services meaning pumping stations and water mains supplying water to the described premises;
 - (2) Communication supply services meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as communication transmission lines, optic fiber transmission lines, coaxial cables, microwave radio relays (except satellites), excluding overhead transmission lines; and
 - (3) Power supply services meaning the following types of property supplying electricity, steam or gas to the described premises:
 - (a) Utility generating plants;
 - (b) Switching stations;
 - (c) Substations;
 - (d) Transformers; and
 - (e) Transmission lines, excluding overhead transmission lines.
 - e. The "period of restoration" begins after the longest time period of the following:
 - (1) 24 hours after the time of direct physical loss or damage to the off-premises property to which this Coverage Extension applies;
 - (2) The "period of restoration" applicable to the described premises;
 - (3) The "period of restoration" applicable to the Cause of Loss.
 - f. The **CAUSES OF LOSS – SPECIAL FORM CP 10 30, Paragraph B. Exclusions** is amended to delete e. **Utility Services** to the extent that the exclusion would conflict with the provisions of this Additional Coverage.
 - g. The most we will pay in any one occurrence at each described premises is \$25,000. The most we will pay in any one "named storm", regardless of the number of described premises

COMMERCIAL PROPERTY

involved, is \$100,000.

D. With regard to this endorsement, the following DEFINITIONS are added:

1. "Computer" means:
 - a. Your programmable electronic equipment that is used to store, retrieve and process electronic data. It includes their component parts and dedicated air conditioning, fire suppression equipment and electrical equipment used exclusively in your "computer" operations; and
 - b. Associated peripheral equipment that provides communication, including input and output functions such as printing or auxiliary functions such as electronic data transmission."Computer" does not mean electronic data and media.
2. "Counterfeit money" means an imitation of "money" that is intended to deceive and to be taken as genuine.
3. "Employee":
 - a. "Employee" means any natural person:
 - (1) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to "theft" or any dishonest act committed by the "employee";
 - (2) Who you compensate directly by salary, wages or commissions; and
 - (3) Who you have the right to direct and control while performing services for you;
 - b. Any natural person who is furnished temporarily to you:
 - (1) To substitute for a permanent "employee" as defined in Paragraph a. who is on leave; or
 - (2) To meet seasonal or short-term work load conditions;while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the described premises.
 - c. Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph b.;
 - d. Any natural person who is a former "employee", partner, "member", "manager", director or trustee retained as a consultant while performing services for you;
 - e. Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the described premises.
 - f. Any "employee" of an entity merged or consolidated with you prior to the effective date of this policy; or
 - g. Any of your "managers", directors or trustees while:
 - (1) Performing acts within the scope of the usual duties of an "employee"; or
 - (2) Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.

"Employee" does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraphs a. through g. above; or

4. "Employee Benefit Plan" means any welfare or pension benefit plan shown in the Declarations that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.
With regard to covered "Employee Benefit Plans" the definition of "employee" is extended to include any natural person who is:
 - a. A trustee, officer, "employee", administrator, or a "manager", except an administrator or a "manager" who is an independent contractor; and
 - b. Your director or trustee while that person is handling funds or other property of any "Employee Benefit Plan".
5. "Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any person.
6. "Manager" means a person serving in a directorial capacity for a limited liability company.
7. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".

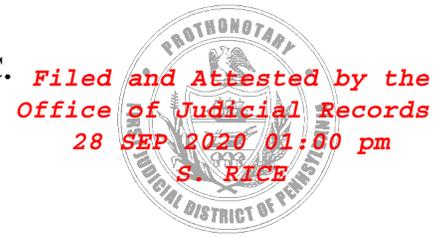
COMMERCIAL PROPERTY

8. "Money" means currency, coins and bank notes in current use and having a face value; and traveler's checks, register checks and money orders held for sale to the public. The value will be at its face value or its equivalent (if from a country other than the United States of America) based on exchange rates in effect when the loss occurred.
9. "Named Storm" means a weather-related event involving wind that has been assigned a formal name by the National Hurricane Center, National Weather Service, World Meteorological Association, or any other generally recognized scientific or meteorological association that provides formal names for public use and reference. A "named storm" includes hurricanes, tropical depressions, and tropical storms. A "named storm" begins at the time a Watch or Warning is issued by any of the aforementioned entities for the area in which the affected premises are located, and ends 72 hours after the termination of the last Watch or Warning issued for that area by the same entity.
10. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:
 - a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued to you; but does not include "money".
11. "Theft" means the unlawful taking of property to the deprivation of the Insured.

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TAPS & BOURBON ON TERRACE, LLC	:	COURT OF COMMON PLEAS
	:	PHILADELPHIA COUNTY
v.	:	
	:	JULY TERM, 2020
THOSE CERTAIN UNDERWRITERS	:	
AT LLOYDS, LONDON	:	NO. 00375
And	:	
MAIN LINE INSURANCE OFFICES, INC.	:	COMMERCE PROGRAM
	:	
	:	JURY TRIAL DEMANDED

CERTIFICATE OF SERVICE

I, Noah S. Shapiro, hereby certify that on this 28th day of September a true and correct copy of the foregoing Preliminary Objections to Plaintiff's Amended Complaint, supporting Memorandum, Exhibits and proposed Order was served through the court's electronic filing system on all counsel of record.

ZARWIN, BAUM, DeVITO, KAPLAN,
SCHAEER & TODDY, P.C.

BY: /s/ Noah Shapiro

NOAH S. SHAPIRO, ESQUIRE
*Attorney for Certain Underwriters at Lloyd's,
London Subscribing to Policy No. DTW-ISC-
2017-0061 (improperly identified as "Those
Certain Underwriters at Lloyd's, London")*