



# COMMERCIAL PROPERTY COVERAGE

## AGREEMENT

The policy, subject to all of its *terms*, provides insurance against accidental direct physical loss of or damage to covered property directly resulting from any covered cause of loss, and other described coverages during the policy period, in return for payment of the required premium. It consists of this Agreement, the Declarations, the General Policy Provisions, Causes Of Loss form(s) indicated in the Declarations and any other forms or endorsements made part of it, including any required state endorsement(s). The Declarations include any Supplemental Declarations.

It is important that *you* read each part of the policy carefully to understand the coverage provided and *your* obligations as well as *our* obligations under the policy. Each coverage is subject to all policy *terms* relating to that coverage including the *terms* applicable to the entire policy, unless stated otherwise. Coverage A-Building and Coverage B-*Business* Property as described in this policy, apply only if an amount of insurance is shown for the coverage in the Declarations or are added by endorsement.

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## GENERAL POLICY PROVISIONS

### A. DEFINITIONS

The following definitions apply to this policy:

1. The words *you* and *your* refer to the person or entity named in the Declarations and the words *we*, *us* and *our* refer to the insurance company providing this insurance named in the Declarations.
2. *Business* means a trade, profession or other occupation including farming, all whether full time, part time or occasional.
3. *Electronic data* means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software on hard or floppy disks, CD-ROMs, DVDs, tapes, drives, cells, smart phones, tablets, data processing devices or any other depositories of computer software which are used with electronically controlled equipment. The phrase, computer programs, refers to a set of related electronic instructions which direct the operations and functions of a computer or device connected to it. These electronic instructions thereby enable the computer or connected device to receive, process, store, retrieve, or send material. *Electronic data* does not include:
  - a. *Your stock* of prepackaged software; or
  - b. *Electronic data* which is combined with, and operates or controls, a building's elevator, lighting, heating, ventilation, air conditioning or security system.
4. *Employee* means a person who is engaged in a service usual to *your business* operations and for 30 days after their termination, to whom *you* directly pay salary, wages or commission. *You* have the exclusive

right to direct this person in the performance of their work.

This definition includes:

- a. A person leased from a labor firm under a written contract;
- b. A temporary person hired to fill a short-term or seasonal need;
- c. A consultant who was formerly an **employee**, director, partner, member, manager, representative or trustee while performing services for **your business**; and
- d. Any intern or student while performing services for **your business**, whether paid or not paid by **your business**, but coverage is excluded when any such person has care, custody or control of **your** property outside **your business** premises.

This definition excludes:

- a. Any broker, factor, commission merchant, consignee, independent contractor or other agent or representative; or
  - b. Any member or manager of a limited liability company, director or trustee except while performing acts that are usual to an **employee**.
5. **Fungus** means any type or form of microorganism in the kingdom Fungi, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by any form of fungi.
6. **Insured** means the person or entity named in the Declarations or **your** legal representative. However, **your** legal representative is an **insured** only with respect to property covered by this insurance. Each person listed in the Declarations is a separate **insured** under this policy, but this does not increase the amount of insurance under this policy.
7. **Insured premises** means:
- a. If **you** own the building described in the Declarations, the **insured premises** means the building and the grounds at that location described in the policy; and
  - b. If, at the location described in the policy, **you** lease or rent the entire building or a portion of the building, **insured premises** means the parts of the described premises which are used or occupied exclusively by **you** including access ways.
8. **Media** means data processing, recording or storage material on which the information is recorded or stored and it includes, but is not limited to, films, tapes, disks, drives, drums or cells. It does not include the information recorded on the **media**.
9. **Money** means:
- a. Currency, coins and bank notes in current use and having a face value;
  - b. Bullion; and
  - c. Travelers checks, register checks and **money** orders held for sale to the public.
10. **Pollutant** 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.
11. **Securities** means all negotiable and non-negotiable instruments or contracts representing either **money** or other property and includes revenue and other stamps, tokens and tickets in current use. However, **securities** do not include **money** or lottery tickets held for sale.
12. **Sprinkler leakage** means loss or damage caused by leakage or discharge of water or other substances from within an automatic sprinkler or fire suppression system.
13. **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. All **stock** sold but not delivered will be valued at the price at which it is sold less any discounts or expenses not incurred.
14. **Terms** as used in this policy means provisions, limitations, exclusions, definitions and conditions.
15. **Theft** means any act of stealing.
16. **Unmanned aircraft** means an aircraft that is not:
- a. Designed;
  - b. Manufactured; or
  - c. Modified after manufacture;
- to be operated with a human pilot aboard. **Unmanned aircraft** include aircraft commonly referred to as drones.

## B. PRINCIPAL COVERAGES - COVERAGE A-BUILDING AND COVERAGE B-BUSINESS PROPERTY

We provide coverage for accidental direct physical loss or damage from a covered cause of loss at the *insured premises* that is not otherwise modified, limited or excluded in this policy, when an amount of insurance is shown in the Declarations.

### Coverage A-Building:

This policy covers the building(s) or structure(s) on the *insured premises* described in the Declarations which includes:

1. Completed additions and attached extensions;
2. Permanent fixtures, machinery and equipment forming a part of or pertaining to the services of the building or its premises;
3. **Business** property owned by **you** used to maintain or service the building or structure, or its premises, including:
  - a. Fire extinguishing apparatus;
  - b. Floor coverings;
  - c. Outdoor furniture; and
  - d. Refrigerating, ventilating, cooking, dishwashing and laundering appliances or equipment;
4. If not covered by other insurance:
  - a. Additions under construction, alterations and repairs to the building or structure; and
  - b. Materials, equipment, supplies and temporary structures on or within 100 feet of the *insured premises* used for making additions, alterations or repairs to the building or structure; and
5. If **you** own the building, Coverage A-Building also includes:
  - a. Awnings, canopies and their supports; and
  - b. Storm doors, sashes and screens.

When on the *insured premises* and specifically scheduled in the Declarations, Coverage A-Building also covers:

1. Antennas (outdoor), satellite antennas, their lead-in wiring, accessories, masts, towers, dish receivers and cable television receptors;
2. Fences;
3. Pools, piers, docks, wharves, bulkheads, seawalls, pilings and pilasters;
4. Retaining walls;
5. Silos;
6. Solar panels, any related solar electrical generating fixtures, machinery and equipment not affixed to or forming a part of a building or structure; and
7. Wind turbines, windmills, wind pumps, metal smokestacks and utility poles.

### Coverage A-Building Does Not Cover:

Limited coverage for some of these types of property may be included in the Incidental Coverages.

1. Driveways, parking lots, sidewalks, patios, any other paved surfaces or bridges;
2. Exterior signs whether attached to, detached from, or forming a part of a building or structure;
3. Foundations which are below the under surface of the lowest floor or below ground level if there is no basement, cost of excavations, grading or filling;
4. Land, including land on which the property is located;
5. Personal property in apartments or rooms furnished by the *insured* as landlord, except for personal property of the landlord used to maintain or service the building;
6. Property which is more specifically insured in whole or in part by any other insurance except for the excess of the amount due, whether **you** can collect it or not, from that other insurance;
7. Trees, plants, shrubs or lawns;
8. Underground pipes, flues or drains;
9. Vehicles, self-propelled vehicles designed for use on public roads, aircraft, *unmanned aircraft*, watercraft including motors, equipment or accessories; or
10. Water, either underground or surface water.

### Coverage B-Business Property:

This policy covers **your business** property in or on the building(s) or structure(s) described in the Declarations or in the open, in a vehicle, or temporarily placed in a portable storage unit, within 100 feet of the **insured premises**. This includes:

1. Furniture and fixtures;
2. Leased property used in **your business** you are under written contract to insure;
3. Machinery and equipment not servicing the building;
4. **Stock**;
5. **Your** interest in the property of others to the extent of the labor, materials or services furnished or arranged by **you** on such property;
6. **Your** financial interest as a tenant for any 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; and
7. All other **business** property owned by **you** and used in **your business**.

### Coverage B-Business Property Does Not Cover:

Limited coverage for some of these types of property may be included in the Incidental Coverages.

1. Accounts, bills, **money** or deeds;
2. Animals, unless held as **your stock** within a building, or owned by others and boarded by **you**;
3. Antennas (outdoor), satellite antennas, their lead-in wiring, accessories, masts, towers, dish receivers or cable television receptors;
4. Automobiles;
5. Awnings, canopies or their supports if **you** own the building;
6. Bullion or manuscripts;
7. **Business** property away from the **insured premises**;
8. Contraband or property in the course of illegal transportation or trade;
9. **Electronic data**;
10. Electronic devices, accessories or antennas that may be operated from the electrical system of a motorized vehicle, farm equipment or watercraft. This includes films, tapes, wires, discs, records or other **media** for use with such devices;
11. Evidences of debt;
12. Exterior signs whether attached to, detached from, or forming a part of a building or structure;
13. Fences;
14. Household or personal property;
15. Leased property, except leased property **you** are under written contract to insure;
16. Loss due to **business** interruption or delay;
17. Loss from credit card receipts, debit card receipts, food stamps, **securities** or negotiable instruments;
18. Personal property while airborne or waterborne;
19. Pools, piers, docks, wharves, bulkheads, seawalls, pilings or pilasters;
20. Property of others;
21. Property which is more specifically insured in whole or in part by any other insurance except for the excess of the amount due, whether **you** can collect it or not, from that other insurance;
22. Recreational vehicles, including equipment or accessories;
23. Retaining walls;
24. Silos;
25. Solar panels, any related solar electrical generating fixtures, machinery or equipment;
26. Standing crops;
27. The cost to research, replace or restore the information on valuable papers or records, including those which exist on electronic or magnetic **media**;
28. Trees, plants, shrubs or lawns unless they are held as **your stock**;
29. Vehicles or self-propelled vehicles designed for use on public roads, aircraft, **unmanned aircraft** or watercraft, including motors, equipment or accessories; or
30. Wind turbines, windmills, wind pumps, metal smokestacks or utility poles.

## C. INCIDENTAL COVERAGES

This policy also provides Incidental Coverages. Unless otherwise indicated, these Incidental Coverages are in addition to the amount of insurance stated for the Principal Coverages.

1. **Business Credit Card, Debit Card, Forgery And Counterfeit Money**-We pay up to \$500 per occurrence but no more than \$1,000 per policy period for loss sustained by an *insured* when such *insured*:

- a. Becomes legally obligated to pay for the unauthorized use of credit cards or debit cards issued or registered in the *insured's* name;
- b. Suffers a loss through the forgery or alteration of checks, drafts, certificates of deposit or notes including negotiable orders of withdrawal; or
- c. Accepts in good faith counterfeit United States currency.

We do not pay for loss if:

- a. The *insured* has not complied with the *terms* under which the credit card or debit card was issued;
- b. The loss is caused by the dishonesty of an *insured*; or
- c. The loss occurs while a person, not an *insured*, has possession of the credit card or debit card with an *insured's* permission.

2. **Business Property Of Others And Customer Goods**-This coverage applies only when an 80% or higher coinsurance provision is shown in the Declarations, or if the type of policy in the Declarations is indicated as Businessowners.

We pay up to \$2,500 per occurrence for accidental direct physical loss or damage to *business* property of others or to customer goods in *your* care, custody or control while on the *insured premises* provided that:

- a. The coverage applies only if the loss or damage is caused by a covered cause of loss on *your* policy; and
- b. The coverage is for the benefit of the owners of *business* property or the owners of customer goods.

3. **Electronic Data**-We pay up to \$2,500 per policy period for the cost to replace *electronic data* which has been corrupted or destroyed by a covered cause of loss. The covered causes of loss for *electronic data* coverage include a virus, harmful code or similar instruction introduced into or enacted on a computer system. The covered causes of loss do not include manipulation of data by an *employee* or repair technician. When *electronic data* cannot be restored or replaced, the loss will be valued at the cost of replacement of the *media* on which the *electronic data* was stored, with blank *media* of identical or substantially similar type. When loss or damage to *electronic data* commences in one policy year and continues into another policy year, all loss or damage is considered to be sustained in the policy year in which the loss or damage commenced.

4. **Exterior Signs**-We pay up to \$2,500 per occurrence for accidental direct physical loss or damage to exterior signs *you* own or that are in *your* care, custody or control, or that *you* are responsible for as a result of a written contract. Coverage applies whether exterior signs are attached to, or detached from, a building or structure that is located at the *insured premises*. Exterior Signs coverage is provided for the causes of loss contained in *your* policy either for Coverage A-Building or for Coverage B-*Business* Property, whichever applies.

5. **Non-Owned Detached Trailers**-This coverage applies only when an 80% or higher coinsurance provision is shown in the Declarations, or if the type of policy in the Declarations is indicated as Businessowners.

We pay up to \$2,500 per policy period for accidental direct physical loss or damage to non-owned detached trailers provided that:

- a. Such trailer is utilized in the conduct of *your business*;
- b. Such trailer is in *your* care, custody or control at the *insured premises*; and
- c. *You* are obligated to pay for loss or damage to such trailer in a written contract.

We will not pay for loss or damage that takes place:

- a. While such trailer is attached to any motor vehicle or motorized vehicle, whether or not such vehicle is moving at the time; or
- b. While such trailer is being connected or disconnected, or if such trailer becomes accidentally disconnected from any motor vehicle or motorized vehicle.

This coverage is excess to any other insurance covering such trailers, even if the insurance is not

collectible.

6. **Outdoor Property**-This coverage applies only when an 80% or higher coinsurance provision is shown in the Declarations, or if the type of policy in the Declarations is indicated as Businessowners.

**We** pay for accidental direct physical loss or damage to **your** fences, radio and television antennas, satellite dishes, trees, plants, shrubs and lawns that are not **stock**, including the cost of debris removal, resulting from the following causes of loss, when these are covered causes of loss in **your** policy:

- a. Fire Or Lightning;
- b. Explosion;
- c. Riot Or Civil Commotion;
- d. Aircraft;
- e. Vandalism; or
- f. Vehicles not owned or operated by an **insured**, an **employee** or any occupant of the **insured premises**.

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

7. **Removal-**

- a. **Emergency Removal-We** cover Emergency Removal as follows:

- 1) If **you** remove covered property from the **insured premises** to preserve it from damage from a covered cause of loss, **we** pay for any loss or damage while the property is being removed and transported. Once removed from the **insured premises**, such property is covered against accidental direct physical loss or damage from a covered cause of loss for a period up to 10 days. This coverage does not extend past the expiration date of the policy.
- 2) **We** pay up to \$250 towing charge for emergency removal to move a covered mobile structure endangered by a covered cause of loss.

- b. **Debris Removal-We** cover the cost of removing debris of covered property caused by a covered cause of loss under this policy. This coverage does not include costs to:

- 1) Extract **pollutants** from land or water; or
- 2) Remove, restore or replace polluted land or water.

**We** will not pay any more under this debris removal coverage than 25% of the amount **we** pay for the direct loss or damage.

**We** will not pay any more for loss to property and debris removal combined than the amount of insurance for the property.

**We** will not pay any expenses unless they are reported to **us** within 180 days of the accidental direct physical loss or damage to covered property.

No deductible applies to this coverage.

8. **Valuable Papers And Records**-This coverage applies only when an 80% or higher coinsurance provision is shown in the Declarations, or if the type of policy in the Declarations is indicated as Businessowners.

**We** pay up to \$2,500 at each **insured premises** per policy period, for accidental direct physical loss or damage to **your** valuable papers and records that are not **electronic data**, and for which duplicates do not exist, from a covered cause of loss. **We** cover the replacement or restoration of **your** written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages and manuscripts.

9. **While Away From The Insured Premises**-This coverage applies only when an 80% or higher coinsurance provision is shown in the Declarations, or if the type of policy in the Declarations is indicated as Businessowners.

**We** pay up to 5% of the Coverage B-**Business** Property amount of insurance, up to \$10,000 per occurrence, for accidental direct physical loss or damage to **your** covered property from a covered cause of loss while it is temporarily away from the **insured premises**:

- a. At locations **you** do not own, operate or lease; or
- b. At any fair, trade show or exhibition.

This Incidental Coverage does not apply to property:

- a. In or on a vehicle;
- b. At any off premises job site where **you** are conducting operations; or

- c. In the care, custody or control of **your** salespeople, unless the property is in such care, custody or control at a fair, trade show or exhibition.

## D. EXCLUSIONS AND LIMITATIONS THAT APPLY

For exclusions, limitations and property not covered which may affect **your** coverage, see Principal Coverages, Incidental Coverages, the applicable Cause Of Loss form(s) and other endorsements added to **your** policy. Coverage for some excluded or limited causes of loss may be available elsewhere in **your** policy at an additional cost.

## E. HOW MUCH WE PAY FOR LOSS OR CLAIM

Settlement of property losses covered by this policy will be made in accordance with the following provisions:

1. **Settlement**-Covered property losses will be settled on the basis of the lesser of the following amounts:
  - a. The applicable amount of insurance;
  - b. The amount of **your** financial interest in the property;
  - c. The actual cash value of the property at the time of loss;
  - d. The cost of repairing or replacing the lost or damaged property with materials of equivalent kind and quality to the extent practicable;
  - e. The amount computed after applying the deductible or other limitation applicable to the loss; or
  - f. For manufactured homes only at **your** option - The amount equal to the difference between the actual cash value of the property immediately before the loss and its actual cash value immediately after the loss.

2. **Coinsurance**-If a coinsurance percentage applicable to a particular building or to **business** property is shown in the Declarations, then the following provisions apply:

**We** require that **you** maintain a minimum amount of insurance when a coinsurance percentage is shown in the Declarations. If there is more than one building or **business** property designated in the Declarations as having coinsurance applicable, then the minimum insurance requirement applies separately to each building or **business** property.

The minimum amount of insurance required is the actual cash value of the covered property at the time of loss multiplied by the coinsurance percentage.

If the amount of insurance at the time of loss is less than the minimum amount of insurance required, **we** will pay only a part of the loss. **Our** part of the loss will be determined by dividing the amount of insurance on the property by the minimum amount of insurance required, and is subject to the Settlement provision.

Coinsurance will be applied prior to application of any deductible.

**EXAMPLE**-If **you** do not maintain the required amount of insurance:

a. Actual cash value at the time of loss	\$100,000
b. Coinsurance percentage shown in the Declarations	80%
c. Minimum amount of insurance required (\$100,000 x 80%)	\$ 80,000
d. Amount of insurance shown in the Declarations for Coverage A-Building	\$ 60,000
e. Amount of loss	\$ 20,000
f. Deductible	\$1,000

In this example, **we** would pay **you** \$14,000. **We** arrive at this payment figure as follows:

- 1) **Our** part of the loss is 75%. (d. amount of insurance \$60,000 divided by c. amount of insurance required \$80,000).
- 2) \$20,000 loss is then multiplied by the 75% figure computed in 1) above, less \$1,000 deductible, to arrive at the part of the loss **we** will pay.

**Note:** Under Coverage A-Building and Coverage B-**Business** Property, the Incidental Coverages described in this policy form will not be considered in determining the actual cash value when applying the Coinsurance provision.

3. **Replacement Cost**-If a Replacement Cost endorsement is attached to this policy, then losses to buildings or **business** property designated on that form will be settled in accordance with the provisions contained in that form.
4. **Loss To A Pair Or Set**-If there is loss to an article which is part of a pair or set, **we** are only liable for a

reasonable proportion of the value of the entire pair or set, and the loss is not considered a total loss of the pair or set.

5. **Glass**-Replacement of building glass will be made with safety glazing material if required by law.
6. **Tenant's Improvements And Betterments**-Will be valued at one of the following:
  - a. Actual cash value of the property if repaired or replaced at **your** expense within 180 days from the date the loss or damage was sustained.
  - b. A portion of **your** original cost if **you** do not make repairs. **We** will determine the proportionate value in the following manner:
    - 1) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
    - 2) Divide the amount determined in 1) 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.

- c. Nothing if others pay for repairs or replacement.
7. **Deductible**-**We** pay the net amount after first applying the coinsurance provision and then applying the deductible. The deductible applies to the following:
  - a. Coverage A-Building;
  - b. Coverage B-**Business** Property;
  - c. Incidental Coverages; and
  - d. All additional property coverages added by endorsement, unless otherwise stated.

The deductible applies to all covered causes of loss unless otherwise stated in the Declarations or any endorsement. **We** pay only that part of the loss over the deductible stated in the Declarations or endorsement. Not more than one deductible applies per loss. If more than one deductible can apply to a loss, then the higher applicable deductible will apply, unless otherwise stated in the Declarations or an endorsement.

8. **Insurance Under More Than One Coverage**-If more than one coverage in this policy insures the same loss, **we** pay no more than the actual claim, loss or damage sustained.
9. **Insurance Under More Than One Policy**
  - a. **You** may have other insurance subject to the same plan, **terms**, conditions and provisions as the insurance under this policy. If **you** do, **we** will pay **our** share of the covered loss or damage. **Our** share is the proportion that the applicable amount of insurance under this policy bears to the amount of insurance of all insurance covering on the same basis.
  - b. If there is other insurance covering the same loss or damage, other than that described in a. 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 amount of insurance.
10. **Restoration Of Amount Of Insurance**-Unless otherwise stated in this policy, any loss **we** pay under this policy does not reduce the amount of insurance applying to a later loss.
11. **Special Replacement Cost Provision Coverage A-Building Losses**-In the event of loss to a building or structure covered under this policy, when the full cost of repair or replacement is less than \$2,000, the coverage of this policy is extended to cover the full cost of repair or replacement without deduction for depreciation. This provision excludes carpeting, cloth awnings, air conditioners, domestic appliances and outdoor equipment, all whether permanently attached to the building or structure, or not.

**We** will not be liable under this Special Replacement Cost Provision Coverage A-Building Losses:

  - a. Unless and until the damaged property is actually repaired or replaced on the same premises, and in no event, unless repair or replacement is completed within two years after such loss or damage has taken place; or
  - b. Unless the whole amount of insurance applicable to the building or structure for which claim is made is equal to or in excess of the amount produced by multiplying the coinsurance percentage applicable, specified in the Declarations, by the actual cash value of such property at the time of the loss.
12. **Vacancy Provision**-This vacancy provision will apply as follows:
  - a. When this policy is issued to the owner or lessee of an entire building, the building will be considered vacant when 25% or less of its total square footage is used by any combination of the

- building owner, lessee or sublessee to transact ordinary operations.
- b. When this policy is issued to a tenant as it relates to the tenant's interest in covered property, building means the floor space rented or leased to the tenant. This building will be considered vacant when it does not contain enough **business** property to transact ordinary operations.
  - c. When loss or damage is sustained to a building that is deemed vacant as set forth in the provisions above for 60 or more consecutive days:
    - 1) There will be no coverage for claims resulting from vandalism, **sprinkler leakage**, breakage of glass, accidental discharge of water or steam, attempted **theft** or **theft**;
    - 2) For any other covered causes of loss, **we** will reduce the amount **we** would otherwise pay for the loss by 15%. The 15% reduction does not apply to property written as:
      - a) Vacant property;
      - b) Property under construction; or
      - c) Property under renovation.

## F. PAYMENT OF LOSS OR CLAIM

1. In the event of loss or damage to property covered under this policy, **we** will take one of the following actions at **our** option:
  - a. Pay for the loss or damage;
  - b. Rebuild, repair or replace with property of equivalent kind and quality, to the extent practicable; or
  - c. Take all or any part of damaged property at the agreed or appraised value. Any property paid for or replaced will become **our** property.

**We** will give notice of **our** intent to take one such action within 30 days after receipt of a duly executed proof of loss.

2. **Your Property-We** will adjust all losses with **you**. A covered loss will be payable after a satisfactory proof of loss is received, and the amount of the loss has been established either by written agreement with **you** or the filing of an appraisal award with **us**. Payment will be made to **you** unless another loss payee is named in the policy.
3. **Property Of Others**-Losses to property of others may be adjusted with **you**. **We** reserve the right to adjust with and pay to the owners. Payment to the owners satisfies **our** obligation to **you** for loss to this property.
4. **Liens For Unpaid Taxes**-When there are liens for unpaid taxes against covered property, **we** are required by the Insurance Law to deduct the claim of any tax district from the amount **we** pay **you** for a loss by fire.

To the extent **we** pay any tax district the amount certified as **your** unpaid taxes, **we** are no longer obligated to pay this amount to **you**.

**Our** payment of such claim to the tax district within 30 days of the receipt of a certificate of lien will be considered by **you** and **us** that such claim was valid and properly paid.

## G. WHAT YOU MUST DO IN CASE OF LOSS

1. **Notice**-The following notice provisions apply:
  - a. When **you** become aware of anything that indicates there might be a claim under this policy, **you** must:
    - 1) Promptly give **us** or **our** agent notice (in writing if requested by **us** or **our** agent); and
    - 2) Promptly notify the police when the act causing the loss is also a violation of law.
  - b. The notice to **us** must state:
    - 1) **Your** name, the kind of policy, policy number and the time, place and circumstances of the loss; and
    - 2) Names and addresses of any potential witnesses.
2. **Protect Property-You** must take all reasonable steps to protect covered property at and after a covered loss to avoid further damage. **We** pay for repairs which are reasonable and necessary to protect the property from further damage, provided **you** keep an accurate record of such expenses. These payments do not increase the amount of insurance otherwise applicable to the loss.
3. **Cooperation-You** must cooperate with **us** in performing all acts required by this policy.

4. **Volunteer Payments-You** must not, except at **your** own cost, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses.
5. **Proof Of Loss-You** must submit to **us** a proof of loss (signed and sworn to by **you** if requested by **us** or **our** agent) within 60 days after the loss or accident containing the following information:
  - a. The time, place and circumstances of loss;
  - b. **Your** interest and the interests of all others in the property involved, including all mortgages and liens on the covered property;
  - c. Other policies of insurance that may cover the loss on the property;
  - d. Changes in title or occupancy of the property during the policy period;
  - e. Available plans and specifications of buildings or structures;
  - f. Detailed estimates for repair of the damage; and
  - g. If requested, an inventory of damaged property showing in detail the quantity, description, cost, actual cash value and amount of loss. **You** must attach to the inventory copies of all bills, receipts and related documents that substantiate the inventory.
6. **Additional Duties-You** must:
  - a. If requested, submit to examination under oath at such times as may be reasonably required about any matter relating to this insurance or **your** claim, including **your** books and records. In such event, **your** answers must be signed;
  - b. Exhibit the damaged property as often as **we** reasonably request;
  - c. Produce records, including tax returns and bank reproductions of all canceled checks, relating to value, loss and expenses. Permit copies and extracts to be made of them as often as **we** reasonably request; and
  - d. Assist in enforcing any right of recovery which **you** may have against any party causing the loss.

## H. POLICY CONDITIONS

In addition to the policy **terms** which are contained in other sections of this policy, the following conditions also apply.

1. **Assignment**-Assignment of this policy is not valid without **our** written consent.
2. **Change, Modification Or Waiver Of Policy Terms**-Only **you** are authorized to request a waiver or change to any **terms** of this policy. A waiver or change of any **terms** of this policy must be issued by **us** in a written endorsement to be valid.

**Our** request for an appraisal or examination under oath does not waive any of **our** rights.

If **we** adopt any revision of forms or endorsements during a policy period which would broaden coverage under this policy without additional premium, the broadened coverage will automatically apply to this policy. If this policy is issued on a continuous basis with no specified expiration date, **we** may substitute or add, upon any anniversary date, forms or endorsements which are authorized for use on this policy in accordance with **our** manual rules in effect at the time.

3. **Conformity With Statute-Terms** of this policy in conflict with the statutes of the state where the **insured premises** described in the Declarations are located are amended to conform to such statutes.
4. **Misrepresentation, Concealment Or Fraud**-The coverage contained in this policy is void if before or after a loss:
  - a. An **insured** has willfully concealed or misrepresented:
    - 1) Any material fact or circumstance concerning this insurance; or
    - 2) An **insured's** interest herein; or
  - b. There has been fraud or false swearing by an **insured** regarding any matter relating to this insurance or the subject thereof.

However, no misrepresentation will be considered to be material unless **our** knowledge of the facts misrepresented would have caused **us** to refuse to issue the policy.

5. **Inspection-We** are permitted but not obligated to inspect **your** property and operations. **Our** inspection or any resulting advice or report does not warrant that **your** property or operations are safe or healthful or are in compliance with any law, rule or regulation.
6. **Policy Premium**-If this policy is issued without a specified expiration date, it may be continued by payment of the required premium for the next annual period. The premium must be paid to **us** on or before each anniversary date. The policy expires on any anniversary date that the premium has not been

received by *us*. Premium is subject to adjustment on the basis of the rates in effect at each anniversary date.

7. **Premium Due After Policy Expiration**-If the final premium for coverage under this policy is determined at or after the expiration of the policy, any additional premium payable to *us* is due on the date shown on *our* invoice.
8. **Recoveries**-If *we* pay an *insured* for loss under this policy, and lost or damaged property is recovered or payment is made by those responsible for the loss, the following provisions apply:
  - a. The *insured* must notify *us* or *we* will notify the *insured* promptly if either recovers property or receives payment.
  - b. Any proper expenses incurred by either party in making the recovery are reimbursed first.
  - c. The *insured* may keep recovered property by refunding to *us* the amount of the claim paid or any lesser amount to which *we* agree.
  - d. If the claim paid is less than the agreed loss due to a deductible, special amount of insurance or other limiting *terms* of the policy, any recovery will be prorated between the *insured* and *us* based on *our* respective interests in the loss.
9. **Subrogation**-
  - a. Any payment *we* make to any person or organization under this policy that has a right to recover from another, transfers those rights to *us* to the extent of *our* payment. The *insured* must do everything necessary to secure *our* rights and must do nothing after the loss to impair them.
  - b. *You* may waive *your* right of recovery in writing before a loss occurs without voiding the coverage.
  - c. If *we* pay a loss to or on behalf of an *insured* and the *insured* recovers damages from another person for the same loss, the *insured* will hold the amount recovered in trust for *us* and will reimburse *us* as provided under Recoveries.
10. **Suit Against Us**- No suit to recover for any property claim may be brought against *us* unless:
  - a. The *terms* of this policy have been fully complied with; and
  - b. The suit is commenced within two years after the inception of the loss which means the date on which the accidental direct physical loss or damage occurs.
11. **Abandonment Of Property**-*We* may take the property or any part of it at the agreed or appraised value, but an *insured* may not abandon the covered property to *us* unless *we* specifically agree.
12. **Appraisal**-If *you* and *we* do not agree on the actual cash value or replacement cost, the extent of the loss or damage, or the amount of the loss or damage; then either party may make written demand for an appraisal of the loss. Each party will select a competent, unbiased appraiser and notify the other party of the appraiser chosen within 20 days of receipt of the written demand.

If either party fails to proceed with such appraisal after a written demand is made by *you* or *us*, then either party has the right to apply to a court of competent jurisdiction for an order to be issued that directs the party who failed to proceed with the appraisal to comply with the demand for the appraisal of the loss. When this event occurs, each party will select a competent, unbiased appraiser and notify the other party of the appraiser chosen within 20 days of the order.

The two appraisers will select a competent, unbiased umpire. If the two appraisers are unable to agree upon an umpire within 15 days, either appraiser may ask a judge of a court of competent jurisdiction to select an umpire. The two appraisers will each state separately the actual cash value or replacement cost, the extent of the loss or damage, and the amount of the loss or damage. If the appraisers fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding on all parties to the contract.

Each party will pay its selected appraiser and will incur the other expenses of the appraisal and umpire equally.

An appraisal cannot determine whether the policy actually provides coverage for any portion of the claimed loss or damage. As such, *we* reserve *our* right to deny any claim that has been subject to appraisal.
13. **No Benefit To Bailee**-Insurance under this policy will not directly or indirectly benefit any carrier or anyone else who assumes custody of covered property.
14. **Secured Party Coverage**-Applies only to coverage on *business* property.

This entire clause is void unless the name of a secured party is inserted in the Declarations. This clause applies only to the interest of a secured party and does not affect the *insured's* rights or duties under the policy.

If a secured party is named in this policy, any loss payable on property subject to the security interest will be payable to the secured party and **you** as interests may appear. If there is more than one security interest in the same property, the order of payment will be the same as their order of priority.

If **we** deny **your** claim, that denial will not apply to a valid claim of a secured party if such party has:

- a. Notified **us** of any change in ownership, occupancy or substantial change in risk of which the secured party became aware;
- b. Paid any premium due under the policy on demand if **you** have not made such payment; and
- c. Submitted a signed, sworn proof of loss within 60 days if an **insured** has failed to do so.

The Appraisal and **Suit Against Us** conditions, and the How Much **We** Pay For Loss Or Claim provision apply to the secured party. If the policy is canceled by **us**, the secured party will be notified at least 10 days before the date cancellation takes effect. If **we** pay the secured party for any loss for which **we** have denied payment to **you**:

- a. **We** are subrogated to all the rights of the secured party granted under the security agreement; or
- b. At **our** option **we** may pay the secured party the remaining amount due on the security agreement plus interest and receive a full assignment of the security agreement and any **securities** held as collateral for the agreement.

However, the secured party's interest is not covered for conversion, embezzlement or secretion by an **insured** in possession of the encumbered property, unless specifically insured against and premium paid for such.

15. **Mortgage Clause**-This provision applies only to coverage on buildings.

This entire clause is void unless the name of the mortgagee, otherwise known as the mortgage holder, which also includes a trustee under a trust deed, is inserted in the Declarations. This clause applies only to the mortgagee or trustee, and does not affect **your** rights or duties under this policy.

- a. **We** will pay for loss or damage to buildings to each mortgagee shown in the Declarations and to **you** as interests may appear. If more than one mortgagee is named in the Declarations, they will be paid in order of priority.
- b. The mortgagee is entitled to receive loss payment even if the mortgagee has started foreclosure or other similar proceedings on the building or structure.
- c. The insurance for the mortgagee continues in effect even when **your** coverage has been denied because of **your** acts, neglect or failure to comply with policy **terms** provided that the mortgagee:
  - 1) Pays any premium due under this policy at **our** request insofar as **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) Notifies **us** of any change in ownership, occupancy or substantial change in risk known to the mortgagee.

If all of these conditions are met, then the **terms** of this policy will apply directly to the mortgagee.

- d. If **we** pay the mortgagee for a loss where **your** coverage has been denied as a result of **your** acts, neglect or failure to comply with policy **terms** then:
  - 1) The mortgagee's rights under the mortgage will be transferred to **us** to the extent of the amount **we** pay; and
  - 2) The mortgagee's right to recover the remainder of the mortgage debt from **you** will not be impaired. At **our** option, **we** may pay the mortgagee the remaining principal and accrued interest in return for a full assignment of the mortgagee's interest and any instruments given as security for the mortgage debt.
- e. If **we** cancel this policy, **we** will give written notice to the mortgagee at least:
  - 1) 10 days before the effective date of cancellation if **we** cancel for nonpayment of premium; or
  - 2) 30 days before the effective date of cancellation if **we** cancel for any other reason.
- f. If **you** cancel this policy, **we** will give written notice to the mortgagee and as it relates to the interest of the mortgagee only, and cancellation will become effective on the later date of the following:
  - 1) The effective date when **you** cancel the coverage; or
  - 2) 10 days after **we** provide notice to the mortgagee.
- g. If **we** do not renew this policy, **we** will give written notice to the mortgagee at least 10 days before the expiration of this policy.
- h. If **you** do not renew this policy, **we** will give written notice to the mortgagee as it relates to the interest of the mortgage only, and nonrenewal will become effective on the later date of the

following:

- 1) The expiration date of the policy; or
  - 2) 10 days after *we* provide notice to the mortgagee.
16. **Written Estimate**-When *you* have a claim of damage to real property pending, *we* will at *your* request, furnish *you* or *your* representative designated in writing, a copy of any written estimate of the cost of damages to *your* real property that *we* prepared or had prepared on *our* behalf. *We* will respond within 30 days after the request or preparation, whichever is later, and *we* will show all real property deductions under consideration in the estimate. *We* are not required to provide an estimate unless *we* prepared one or had one prepared for *us*.