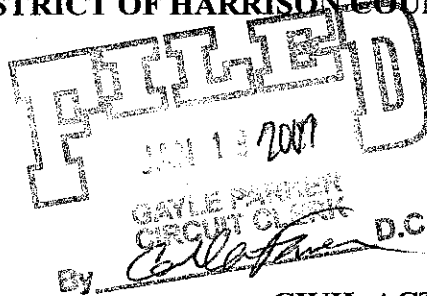


IN THE FIRST JUDICIAL DISTRICT OF HARRISON COUNTY, MISSISSIPPI

DANIEL B. O'KEEFE,
CELESTE A. FOSTER O'KEEFE,
and THE DANCEL GROUP, INC.



PLAINTIFFS

VS.

CIVIL ACTION NO. A2401-06 307

STATE FARM FIRE & CASUALTY
COMPANY and MARSHALL J. ELEUTERIUS

DEFENDANTS

SECOND AMENDED COMPLAINT

[TRIAL BY JURY REQUESTED]

Daniel B. O'Keefe, Celeste A. Foster O'Keefe, and the Dancel Group, Inc. ("Mr. and Mrs. O'Keefe" and/or "Dancel") file this Amended Complaint against State Farm Fire & Casualty Company and Marshall J. Eleuterius. The grounds are:

I. PARTIES

1. Mr. and Mrs. O'Keefe are adult resident citizens of Jackson County, Mississippi, residing at 12804 Cambridge Boulevard, Ocean Springs, Mississippi 39564. Prior to Hurricane Katrina, they were adult resident citizens of Jackson County, Mississippi, residing at 12901 Hanover Drive, Ocean Springs, Mississippi 39564.

2. The Dancel Group, Inc., formerly known as Dancel Visual Communications, Inc., is a Mississippi corporation with its principal place of business located in Harrison County, Mississippi at 10265 Rodriguez Street, D'Iberville, Mississippi 39540.

3. The Defendant State Farm Fire & Casualty Company ("State Farm") is an Illinois corporation, organized and existing in and by virtue of the laws of the State of Illinois, with its principal offices located in Bloomington, Illinois. State Farm can be served with process through the Mississippi Insurance Commissioner and through its registered agent, William E. Pina, 1080 River Oaks Drive, Suite B-100, Flowood, Mississippi 39232-8744.

4. The Defendant Mr. Marshall J. Eleuterius is an agent for State Farm. Mr. Eleuterius, individually, and as an employee/agent of State Farm Insurance can be served with process at 414 Security Square, Gulfport, Mississippi 39057.

II. JURISDICTION AND VENUE

5. Jurisdiction is proper in the First Judicial District of the Harrison County Circuit Court. The amount in controversy exceeds the minimal jurisdictional limits. The insurance policies subject to this litigation were issued in Harrison County, Mississippi. A substantial part of the events giving rise to the claims involved in this litigation occurred within this jurisdiction. The venue is also proper in this court.

III. INSURANCE POLICIES

6. The following insurance policies provided coverage to Mr. and Mrs. O'Keefe and/or Dancel, all of which are subject to this litigation:

- State Farm Business Policy No. 98-33-7526-2 covering Dancel's property and operations in New Orleans, Louisiana;
- State Farm Business Policy No. 99-B5-9935-5 covering Dancel's property and operations in D'Iberville, Mississippi;

- State Farm Homeowner's Policy No. 24-CD-9277-6 covering the O'Keefes' property at 12901 Hanover Drive, Ocean Springs, Mississippi; and

IV. HURRICANE KATRINA

7. On August 24, 2005, Hurricane Katrina formed in the Atlantic Ocean as a tropical depression. The windstorm moved northwest through the Bahamas and gathered strength while moving over the Gulf Stream on August 25, 2005. Katrina became a hurricane a few hours before making landfall in the United States in the vicinity of Dade and Broward Counties in Florida. The storm passed through Florida and into the Gulf of Mexico. It was fueled by high water temperature. On August 28, 2005, Katrina went through a period of rapid intensification, and reached a Category 5 status as the storm approached the mouth of the Mississippi River. Katrina's winds reached a peak intensity of 175 miles per hour with a barometric pressure of 902 mb, one of the lowest barometric pressures ever recorded. In addition to the intensity of the wind activity, Katrina was categorized by its massive size. The Mississippi Gulf Coast was in the northeast quadrant, or the most dangerous area of this historic storm. On August 29, 2005, Hurricane Katrina made landfall on the Mississippi Gulf Coast with catastrophic winds in excess of 125 miles per hour. The property located on the Mississippi Gulf Coast, including the property which is the subject of this litigation, were hit by hurricane-force winds for several hours which resulted in massive wind damage across the entire Gulf Coast of Louisiana, Mississippi, and Alabama.

8. Hurricane Katrina was the most extensive and costly natural windstorm disaster in the history of the United States. On the Mississippi Gulf Coast over 262,000 homes and business structures were destroyed. An additional estimated 77,0000 homes and structures suffered

extensive damage. Tens of thousands of Mississippi residents were left homeless and displaced, including Mr. and Mrs. O'Keefe.

V. DANCEL HISTORY

9. Dancel was formed in 1984, by Daniel O'Keefe and Celeste Foster O'Keefe. Initially, the company was located in New Orleans, Louisiana. All operations of Dancel were originally conducted out of the New Orleans' location. In 1995, Dancel opened an office in D'Iberville, Harrison County, Mississippi. At that time, all insurance coverage of Dancel was provided by State Farm Insurance Company and its agent, Steve Barrios in New Orleans, Louisiana. As Dancel began its Mississippi operations, Mrs. O'Keefe contacted Mr. Barrios and asked that he provide coverage for the Mississippi business. Mr. Barrios indicated that he was unable to provide coverage in Mississippi, but he would have a local agent contact her. Subsequently, Mr. Eleuterius contacted Mrs. O'Keefe. Between 1995 and August 29, 2005, Mr. Eleuterius provided Mr. and Mrs. O'Keefe and/or Dancel with all of their insurance coverage except for a business policy issued by St. Paul Travelers Insurance Company. At all times associated with this Complaint, Mr. Eleuterius was responsible for providing advice and assistance regarding applicable and necessary coverages, and renewing coverage, based on the particular needs of Mr. and Mrs. O'Keefe and Dancel. Mr. and Mrs. O'Keefe and/or Dancel relied on Mr. Eleuterius to provide competent, professional, and accurate advice regarding coverage and to procure appropriate and adequate insurance coverage for their particular needs.

VI. STATE FARM INSURANCE CONTRACTS

10. On August 29, 2005, Mr. and Mrs. O'Keefe's residence located at 12901 Hanover Drive, Ocean Springs, Mississippi 39564 was insured by a policy of insurance issued by State

Farm. The insurance contract was Policy No. 24-CD-9277-6. The O'Keefes are not in possession of a complete and accurate copy of this policy, although Mrs. O'Keefe has requested a copy from State Farm on multiple occasions. State Farm has failed or refused to provide a copy of the policy.

11. Under the terms and conditions of the State Farm homeowners' policy, State Farm insured Mr. and Mrs. O'Keefe for loss of, or damage to, their dwelling and for loss of personal property, as well as other benefits referenced in the contract of insurance. In particular, the policy covered the damage caused by Hurricane Katrina to the O'Keefes' dwelling and personal property. State Farm has failed to pay all of the benefits to which the O'Keefes are entitled under the policy.

12. Mr. Eleuterius was consulted regarding coverage on Mr. and Mrs. O'Keefe's principal dwelling. Mr. Eleuterius instructed Mr. and Mrs. O'Keefe to purchase State Farm Homeowners' policy, but advised against purchasing a federal flood insurance policy, insisting that the O'Keefes' dwelling was not located in a flood zone. Mr. Eleuterius further indicated to Mrs. O'Keefe that there was no need to purchase additional flood insurance, despite its availability, based on the fact that the wind coverage under the policy would be in addition to the flood coverage - i.e. would pick-up where the flood coverage ended and provide coverage for any damage to the O'Keefes' dwelling above and beyond the limits of the flood coverage. The O'Keefes, despite Mr. Eleuterius' advice regarding the federal flood insurance, purchased such a policy. However, they did not purchase any additional flood coverage based on Mr. Eleuterius' representations that the wind coverage under their State Farm Homeowners' policy would "kick in" and pay for any damages above and beyond the flood coverage. Subsequent to the losses

discussed below, Mr. Eleuterius confirmed these representations and warranties to Mrs. O'Keefe. To the extent, if any, that the hurricane damage to the O'Keefes' dwelling and personal property is not covered by the State Farm Homeowner's policy, Mr. Eleuterius is liable to the O'Keefes for his failure to provide accurate advice regarding necessary coverage and his failure to procure adequate insurance coverage for all risks of loss to the O'Keefes' dwelling and personal property.

13. On August 29, 2005, Mr. and Mrs. O'Keefe and/or Dancel were covered by business insurance contracts issued by Defendant State Farm. The insurance contracts were issued under policy numbers: 98-33-7526-2 and 99-B5-9935-5. All premiums for these policies were paid through Dancel. The business insurance contract provided Mr. and Mrs. O'Keefe and/or Dancel with coverage for various risks or perils including interruption of the business operations of Dancel. State Farm agreed to pay Mr. and Mrs. O'Keefe and/or Dancel for loss of business income, as well as other benefits referenced in the insurance contracts. State Farm is equitably estopped from asserting the Dancel was not a covered entity under the insurance contracts. A copy of the business interruption contract policy for Dancel's New Orleans' location is attached as Exhibit "A." The State Farm business policy issued for Dancel's Mississippi location is believed to be identical to the Louisiana policy.

14. Business coverage policy 98-33-7526-2 was issued through State Farm's agent Mr. Barrios and covered business operations in New Orleans, Louisiana. Initially following Hurricane Katrina, State Farm indicated to Mr. and Mrs. O'Keefe and Dancel, that the policy provided interruption business coverage, but that coverage was limited as a result of the mandatory evacuation. State Farm initially indicated that Mr. and Mrs. O'Keefe and/or Dancel could expect to receive payment under this policy of insurance.

15. After the events of Hurricane Katrina, State Farm indicated that the policy on Mr. and Mrs. O'Keefe and/or Dancel's operations in Harrison County, Mississippi (no. 99-B5-9935-5) did not provide for business interruption coverage. Mr. and Mrs. O'Keefe and/or Dancel subsequently informed State Farm that it was providing such business interruption coverage under Policy No. 98-33-7526-2. Caught in 'the horns of its own dilemma,' State Farm subsequently declared that no coverage existed under either Policy No. 98-33-7526-2 or 99-B5-9935-5.

VIII. PROXIMATE CAUSE

16. The hurricane force winds spawned by Hurricane Katrina, when the storm struck the Mississippi Gulf Coast on August 29, 2005, set in motion an unbroken sequence between the risk and perils insured by State Farm and the ultimate losses suffered by Mr. and Mrs. O'Keefe and/or Dancel. The hurricane force winds associated with Hurricane Katrina were the proximate cause and/or a contributing proximate cause of Mr. and Mrs. O'Keefe and/or Dancel's losses. Under the insurance contracts entered into between the parties, State Farm is liable for those losses. Alternatively, State Farm's agent Mr. Eleuterius is liable for the losses due to his negligence in providing advice to Mr. and Mrs. O'Keefe regarding, and properly procuring, necessary and adequate coverage.

IX. BREACH OF CONTRACT AND FRAUD BY STATE FARM

17. As a direct and proximate result of the windstorm associated with Hurricane Katrina, Mr. and Mrs. O'Keefe and/or Dancel sustained covered losses. The losses were timely reported to State Farm. State Farm initiated the claims process, but ultimately advised Mr. and Mrs. O'Keefe and/or Dancel that State Farm would not be responsible for the losses associated with

Hurricane Katrina, despite the fact that their dwelling, personal property, and business interruption were insured by State Farm for hurricane-related damages.

18. State Farm breached its obligations under the policies of insurance listed above, as well as other contracts. State Farm also engaged in a scheme to make the claims and adjusting process difficult and confusing. State Farm, through its agent Mr. Eleuterius and otherwise, made specific representations regarding the nature and extent of coverage provided by the subject insurance contracts upon which Mr. and Mrs. O'Keefe relied.

19. In particular, State Farm, through the actions of its agent Mr. Eleuterius, its actions in accepting premium payments from Dancel, and other actions to be determined, led Mr. and Mrs. O'Keefe and/or Dancel to believe that the subject insurance contracts provide appropriate and adequate coverage for the damages and/or losses to Plaintiffs' dwelling, personal property, and business income. Mr. and Mrs. O'Keefe and Dancel, in reliance on representations by Mr. Eleuterius and State Farm, chose not to procure any other insurance coverage for their home and the business of Dancel. To the extent that State Farm now takes the position that the subject policies do not provide coverage for all of the losses and damages suffered by the Plaintiffs as a result of Hurricane Katrina, such a position constitutes a breach of the insurance contracts, and State Farm's previous actions constituted fraud. State Farm's denials of benefits to Mr. and Mrs. O'Keefe and/or Dancel were made without any arguable basis, and thus constitutes a bad faith breach of contract.

20. The Plaintiffs have suffered extensive destruction of their residential dwelling; a total loss of their personal and business property; as well as a substantial interruption of their business operations. Mr. and Mrs. O'Keefe and/or Dancel have suffered damages that were

insured under the subject contracts of insurance. Under the insurance contracts, State Farm is obligated for all damages sustained by Mr. and Mrs. O'Keefe and/or Dancel to the dwelling; for the loss of personal property; and for the loss of their business and/or business interruption. . Mr. and Mrs. O'Keefe and/or Dancel are entitled to a specific performance of the contract and indemnification from State Farm for all losses they have suffered, including consequential losses occasioned by State Farm's wrongful breach of the contracts existing between the parties.

XI. ERRORS, OMISSIONS, AND NEGLIGENCE OF MARSHALL J. ELEUTERIUS

21. Since 1995 Mr. and Mrs. O'Keefe and/or Dancel have relied on Mr. Eleuterius to procure for them adequate and appropriate insurance coverage for all perils and/or risks associated with both their dwelling and their business operations. Mr. and Mrs. O'Keefe and/or Dancel trusted and relied on Mr. Eleuterius to provide competent and professional information and advice regarding their insurance coverage needs, and to insure they were provided all relevant and accurate information pertaining to their coverages, as well as the limits and/or limitations of their coverage. Mr. Eleuterius breached the duties and obligations owed to Mr. and Mrs. O'Keefe and/or Dancel and was negligent in his failure to procure adequate coverage in the event of a hurricane, windstorm, and/or storm surge. Specifically, and without limitation, Mr. Eleuterius was negligent in the following respects:

- a. He failed to procure appropriate coverage for Mr. and Mrs. O'Keefe's dwelling;
- b. He failed to procure additional flood coverage, or inform Mr. and Mrs. O'Keefe that such additional coverage was available;

- c. He represented to, and assured, Mr. and Mrs. O'Keefe that their personal property was adequately insured based on the fact that their homeowners' policy would pay in addition to, or on top of, applicable flood coverage for any losses sustained;
- d. He failed to offer or procure appropriate and adequate flood insurance for the 10265 Rodriguez Street operations;
- e. Based on State Farm's denial of business interruption coverage, he failed to procure adequate and complete coverage regarding the business operations of Dancel; and
- f. Multiple other breaches of the applicable standard of care and/or negligence, as will be identified during discovery.

XII. INTENTIONAL ACTS/BAD FAITH

22. At present, Mr. and Mrs. O'Keefe and/or Dancel do not know the full extent of State Farm's handling of their claims. Mr. and Mrs. O'Keefe and/or Dancel assert that State Farm engaged in a scheme to wrongfully deny or limit coverage and payments under policies of insurance. State Farm failed to adequately investigate Plaintiffs' claims prior to denying same. State Farm's actions amount to fraud, fraudulent misrepresentation, and/or bad faith conduct toward an insured.

XIII. ACTUAL DAMAGES

23. Mr. and Mrs. O'Keefe and/or Dancel are entitled to full insurance coverage under the contracts of insurance issued by State Farm for damages sustained to their dwelling, personal property, and business operations. Mr. and Mrs. O'Keefe and/or Dancel are entitled to actual damages to cover the loss of their dwelling, actual damages for the loss of their personal

property, actual damages for Dancel's business interruption, and all other damages that are covered under the contracts of insurance, as may later be identified.

XIV. CONSEQUENTIAL DAMAGES

24. As a direct and proximate result of St. Farm's breach of contract and as a result of the negligence of Mr. Eleuterius, Mr. and Mrs. O'Keefe and/or Dancel have suffered, and will continue to suffer, consequential damages including attorneys' fees, expert witness fees, and other costs occasioned by State Farm's breach of contract, and/or Mr. Eleuterius' negligence, for which Mr. and Mrs. O'Keefe and/or Dancel should be reimbursed.

XV. OTHER RELIEF - PUNITIVE DAMAGES

25. Mr. and Mrs. O'Keefe and Dancel pray for other relief as the Court deems appropriate, including, but not limited to an award of punitive damages. State Farm's denials of Mr. and Mrs. O'Keefe and/or Dancel's claims were unreasonable and without arguable basis, and therefore in bad faith. Due to State Farm's bad faith denial of the claims, Mr. and Mrs. O'Keefe and/or Dancel are entitled to recover punitive damages.

XV. REMEDIES

26. Mr. and Mrs. O'Keefe and/or Dancel are entitled to full insurance coverage under the contracts of insurance with State Farm. Mr. and Mrs. O'Keefe and/or Dancel are entitled to the relief set forth in this Complaint, including, but not limited to:

- a. Loss of and/or damage to their dwelling in accordance with the contract of insurance issued by State Farm;
- b. Loss of personal property in accordance with the contract of insurance issued by State Farm;

- c. Loss of business income and/or business interruption in accordance with the contracts of insurance issued by State Farm;
- d. Consequential damages associated with State Farm's breach of contract, including, but not limited to attorneys' fees, and costs of litigation;
- e. If deemed appropriate by the Court, punitive damages in a sum to be determined by the trier of fact;
- f. Prejudgment interest and post-judgment interest; and
- g. Any and all other legal relief as deemed appropriate by the Court.

ACCORDINGLY, Daniel B. O'Keefe and Celeste A. Foster O'Keefe, and the Dancel Group, Inc. request that upon a trial of this case a Judgment will be entered against State Farm Fire and Casualty Insurance Company and Mr. Eleuterius. for the damages to their dwelling, personal property, loss of business and/or business interruption, and all other relief, including consequential damages and other monetary remedies itemized above.

DATED: January 17, 2007.

Respectfully submitted,

**DANIEL B. O'KEEFE, CELESTE A. FOSTER
O'KEEFE, and DANCEL GROUP, INC.**

By: 

One of Their Attorneys

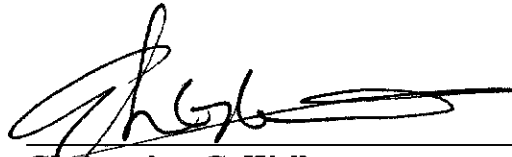
Bobby L. Dallas, MSB No. 5778
Christopher G. Wells, MSB No. 99705
Bryan P. Doyle, MSB No. 100729
SESSUMS, DALLAS & MORRISON, PLLC
Mirror Lake Plaza, Suite 1650
2829 Lakeland Drive
Jackson, Mississippi 39232
Telephone: 601.933.2040
Facsimile: 601.933.2050

CERTIFICATE OF SERVICE

I, **CHRISTOPHER G. WELLS**, do hereby certify that I have this day caused to be delivered via United States Postal Service, first class, postage prepaid, a true and correct copy of the above and foregoing Second Amended Complaint to:

Mr. Dan W. Webb
Ms. Paige C. Bush
Webb Sanders & Williams
Post Office Box 496
Tupelo, Mississippi 38802

THIS the 17 day of January, 2007.



Christopher G. Wells



Important Notice

About Your Policy Declarations Page

Thank you for choosing State Farm® to provide your insurance.

Your Declarations Page and applicable endorsements are enclosed. **PLEASE REVIEW YOUR COVERAGE SELECTIONS CAREFULLY.** If you have any questions concerning the coverage listed on your Declarations Page, or you believe any information is incorrect, please contact your State Farm agent immediately.

By payment of the applicable premium and acceptance of this coverage, you agree to the terms and conditions of the policy and acknowledge that the Declarations Page accurately represents your choices of the types and amounts of coverage desired.

The Declarations Page replaces the Binder you recently received. You should keep the Binder, Declarations Page, and Policy Booklet with your important papers.

Again, thank you for choosing State Farm!

This message is only a general description of coverage and/or coverage changes and is not a statement of contract. All coverages are subject to all policy provisions and applicable endorsements.

STATE FARM FIRE AND CASUALTY COMPANY
STATE FARM GENERAL INSURANCE COMPANY
Home Office: Bloomington, IL 61710-0001

STATE FARM FLORIDA INSURANCE COMPANY
Home Office: Winter Haven, FL 33888-0007

STATE FARM LLOYDS
Home Office: Dallas, TX 75379-9100



ST. LA FARM GENERAL INSURANCE COMPANY
12222 STATE FARM BL, TULSA OK 74146-5402
A STOCK COMPANY WITH HOME OFFICES IN BLOOMINGTON, ILLINOIS

Named Insured and Mailing Address
22-1478-F692 G

O'KEEFE, DANIEL B &
FOSTER, CELESTE A
10265 RODRIGUEZ ST STE A
BILOXI MS 39540-4820

Loan # 100058141
Mortgagee

FIRST BANK & TRUST
ISAOA/ATIMA
909 POYDRAS ST
NEW ORLEANS LA 70112-4000

BUSINESS POLICY - SPECIAL FORM 3

Cov A - Inflation Coverage Index: 148.8
Cov B - Consumer Price Index: 194.6

AUTOMATIC RENEWAL - If the **POLICY PERIOD** is shown as **12 MONTHS**, this policy will be renewed automatically subject to the premiums, rules and forms in effect for each succeeding policy period. If this policy is terminated, we will give you and the Mortgagee/Lienholder written notice in compliance with the policy provisions or as required by law.

Policy Period: 12 Months
Effective Date: SEP 8 2005
Expiration Date: SEP 8 2006

The policy period begins and ends at 12:01 am standard time at the premises location.

Named Insured: Individual

Location of Covered Premises:
1126 ST CHARLES AVE
NEW ORLEANS LA 70130-4332

Requested By: Policyholder

Coverages & Property

Section I	Limits of Insurance
1 Buildings	\$ 159,500
3 Business Personal Property	\$ 7,500
2 Loss of Income - 12 Months	\$ Actual Loss
Section II	
Business Liability	\$ 1,000,000
4 Medical Payments	\$ 5,000
Products-Completed Operations	\$ 2,000,000
(PCO) Aggregate	\$ 2,000,000
General Aggregate (Other Than PCO)	\$ 2,000,000

Occupancy: Mercantile

Deductibles - Section I

\$ 1,000 Basic

In case of loss under this policy, the deductible will be applied to each occurrence and will be deducted from the amount of the loss. Other deductibles may apply - refer to policy.

Forms, Options, and Endorsements

Special Form 3	FP-6103
Mandatory Endorsement	FE-6218.1
Errorism Insurance Cov Notice	FE-6999
Insured Motorist Coverage	FE-6492
Free Debris Removal	FE-6451
Loss Deductible Deletion	FE-6538.1
Policy Endorsement-Business	FE-6464

Policy Premium \$ 1,952.00

Discounts Applied:
Renewal Year
Years in Business
Protective Devices
Claim Record

Continued on Reverse Side of Page

OTHER LIMITS AND EXCLUSIONS MAY APPLY - REFER TO YOUR POLICY

Printed 10/12/2005
Form 8030.2C ASMP
1993

Countersigned 10-20-05
By Steve Barrios Agent
STEVE BARRIOS
(504) 362-3538

If policy consists of this page, any endorsements
and the policy form. PLEASE KEEP THESE TOGETHER.

PROTECTIVE SAFEGUARDS PROVISIONS ENDORSEMENT**SCHEDULE**

Location Number	Building Number	Location (same as in Declarations unless scheduled below)	Protective Safeguards Provisions Applicable (if G., describe system)
01	01		CLAUSE D - LOCAL FIRE ALARM

CONDITIONS.

This insurance will be suspended automatically at the involved location/building if you fail to notify us immediately when you:

1. know of any suspension or impairment in the protective safeguards; or
2. fail to maintain the protective safeguards over which you have control in complete working order.

PROTECTIVE SAFEGUARDS PROVISIONS.**A. AUTOMATIC SPRINKLER PROVISION
(NON-SUPERVISORY)**

The premises are protected by an automatic sprinkler system. If it becomes mandatory to shut off water to a part of the automatic sprinkler system due to breakage, leakage, freezing conditions or the opening of sprinkler heads, notification to us is not necessary if you can restore full protection within 48 hours.

Protection must be restored as promptly as possible.

**B. AUTOMATIC SPRINKLER PROVISION
(SUPERVISORY)**

The premises are protected by an automatic sprinkler system and in connection with the system there is an approved central supervisory service. If it becomes mandatory to shut off water to a part of the automatic sprinkler system due to breakage, leakage, freezing conditions or the opening of sprinkler heads, notification to us is not necessary if you can restore full protection within 48 hours. Protection must be restored as promptly as possible.

C. AUTOMATIC FIRE ALARM PROVISION NO. 1

The entire building is equipped with an approved automatic fire alarm connected to an approved central station or reporting directly to a public police or fire station.

BUSINESS POLICY - SPECIAL FORM 3

TABLE OF CONTENTS

DÉCLARATIONS:	Named Insured	Limits of Insurance	
	Location of Covered Premises	Coverages and Property	
	Policy Period	Deductibles	
			Beginning on Page
AGREEMENT			1
DEFINITIONS			1
SECTION I			
PROPERTY COVERAGES			
	Coverage A - Buildings		2
	Coverage B - Business Personal Property		2
	Property Not Covered		2
	Property Subject To Limitations		3
	Inflation Coverage		4
	Coverage C - Loss Of Income		4
LOSSES INSURED AND LOSSES NOT INSURED			
	Losses Insured		6
	Losses Not Insured		6
EXTENSIONS OF COVERAGE			9
OPTIONAL COVERAGES			
	Optional Coverages		13
	OPTION AR - Accounts Receivable		13
	OPTION ED - Employee Dishonesty		13
	OPTION ES - Exterior Signs		14
	OPTION MB - Mechanical Breakdown		14
	OPTION MO - Money And Securities		16
	OPTION PO - Property Of Others		16
	OPTION TP - Trees, Plants, Lawns And Shrubs		16
	OPTION VP - Valuable Papers And Records		16
DEDUCTIBLES			17
CONDITIONS			17
SECTION II			
COMPREHENSIVE BUSINESS LIABILITY			
	Coverage L - Business Liability		20
	Right And Duty To Defend		20
	Supplementary Payments		21
	Business Liability Exclusions		21
PROPERTY DAMAGE LEGAL LIABILITY			25
MEDICAL PAYMENTS			
	Coverage M - Medical Payments		25
	Medical Payments Exclusions		25
BUSINESS LIABILITY AND MEDICAL PAYMENTS			
NUCLEAR LIABILITY EXCLUSIONS			
	Nuclear Liability Exclusions		26
DESIGNATION OF INSURED			
	Who Is An Insured		27
BUSINESS LIABILITY AND MEDICAL PAYMENTS			
LIMITS OF INSURANCE			
	Limits Of Insurance		28
GENERAL CONDITIONS			29
DEFINITIONS			30
SECTION I AND SECTION II			
COMMON CONDITIONS			34

Includes copyrighted material of State Farm Fire and Casualty Company.
Copyright, State Farm Fire and Casualty Company, 1983.

And also,

Includes copyrighted material of Insurance Services Office with its permission.
Copyright, Insurance Services Office, Inc., 1982, 1983, 1984, 1985, 1986.

AGREEMENT: We agree to provide the insurance described in this policy. You agree to pay premiums when due and comply with the provisions of this policy.

DEFINITIONS: Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations and any other person or organization qualifying as a Named Insured under this policy. Declarations include the policy Declarations, supplemental Declarations pages, any amendments thereto, the most recent renewal notice or certificate, or any endorsement changing any of these. The words "we", "us" and "our" refer to the Company providing this insurance.

Each time the phrase "Specified Causes of Loss" is used in this policy, it refers to all of the following causes:

1. fire;
2. lightning;
3. explosion;
4. windstorm or hail;
5. smoke;
6. aircraft or vehicles;
7. riot or civil commotion;
8. vandalism;
9. leakage from fire extinguishing equipment;
10. sinkhole collapse, meaning the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or similar rock formations but does not include the cost of filling sinkholes;
11. volcanic action, meaning the airborne volcanic blast or airborne shock waves, lava flow, ash, dust or particulate matter resulting from the eruption of a volcano but does not include the cost of removing ash, dust or particulate matter that does not cause accidental direct physical loss to covered property;
12. falling objects, not including loss to:
 - a. personal property in the open; or
 - b. the interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object;
13. weight of snow, ice or sleet;
14. water damage, meaning accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

SECTION I PROPERTY COVERAGES

COVERAGE A - BUILDINGS

When a limit of insurance is shown in the Declarations for Coverage A, we will pay for accidental direct physical loss to buildings at the premises described in the Declarations caused by an insured loss. Buildings, meaning buildings and structures, include the following types of property at the described premises:

1. garages, storage buildings, completed additions, swimming pools, fences, retaining walls and other appurtenant structures;
2. permanently installed fixtures, machinery and equipment;
3. personal property owned by you that is used to maintain or service the buildings or the premises, including:
 - a. fire extinguishing equipment;
 - b. outdoor furniture or fixtures;
 - c. floor coverings; and
 - d. appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
4. additions under construction, alterations and repairs to the buildings if not covered by other insurance;
5. materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the buildings or structures if not covered by other insurance.

COVERAGE B - BUSINESS PERSONAL PROPERTY

When a limit of insurance is shown in the Declarations for Coverage B, we will pay for accidental direct physical loss to business personal property at the premises described in the Declarations caused by an insured loss. Business personal property includes the following types of property located in or on the buildings at the described premises or in the open (or in a vehicle) on or within 100 feet of the described premises:

1. property you own that is used in your business;
2. property of others that is in your care, custody or control. However, this property is not covered for

more than the amount for which you are legally liable, plus the cost of labor, materials or services furnished or arranged by you on property of others; and

3. tenant's improvements and betterments, meaning 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.

Seasonal Automatic Increase. The limit of insurance for Coverage B - Business Personal Property will automatically increase by 25% to provide for seasonal variations. This increase will apply only if the limit of insurance shown for Coverage B in the Declarations is at least 100% of your average monthly values during the lesser of:

1. the 12 months immediately preceding the date the loss occurs; or
2. the period of time you have been in business as of the date the loss occurs.

PROPERTY NOT COVERED

This policy does not cover:

1. aircraft;
2. automobiles, motor trucks and other vehicles subject to motor vehicle registration;
3. watercraft (including motors, equipment and accessories) while afloat;
4. money or securities, except as provided in the Optional Coverages;
5. contraband, or property in the course of illegal transportation or trade;
6. land (including land on which the property is located) or any costs required to replace, rebuild, excavate, grade, backfill, fill, stabilize or otherwise restore the land, except as provided in the Extensions of Coverage;
7. natural water or growing crops;

**SECTION I
PROPERTY
COVERAGES (cont.)**

8. exterior signs, except as provided in the Extensions of Coverage;
 9. animals, except as provided in the Property Subject to Limitations;
 10. the cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media, except as provided in the Extensions of Coverage and Coverage C - Loss of Income;
 11. trees, plants, lawns and shrubs, except as provided in the Extensions of Coverage; or
 12. 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.
- b. bottles or similar containers of property held for sale or sold but not delivered; or
 - c. lenses of photographic or scientific instruments;
3. by theft of the following types of property for more than the limits shown in any one occurrence:
 - 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; and
 - d. \$250 for stamps, tickets and letters of credit;

**PROPERTY SUBJECT
TO LIMITATIONS**

We will not pay for loss:

1. to valuable papers and records, such as books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell or other electronic data processing, recording or storage media, and other records, caused by any error in programming. But if loss to papers or records, including those which exist on electronic or magnetic media, is caused by any other insured loss, we will pay either:
 - a. the cost of replacing the papers or records with duplicates of like kind and quality, such as prepackaged software programs, if duplicate material is available on the current retail market; or
 - b. the cost of unexposed or blank material for reproducing the papers or records, if they cannot be replaced with duplicate material of like kind and quality;
 2. to fragile articles, such as glassware, statuary, marbles, chinaware, porcelains, bric-a-brac and other articles of a brittle nature, if broken, unless caused by any of the "Specified Causes of Loss" or by building glass breakage. This limitation does not apply to:
 - a. glass that is part of a building or structure;
4. to animals which are:
 - a. owned by you as merchandise held in storage or for sale while inside of buildings; or
 - b. owned by others and boarded by you;unless caused by any of the "Specified Causes of Loss" or building glass breakage and then only if they are killed or their destruction is made necessary, or by theft;
 5. to bridges, roadways, driveways, walks, patios or other paved surfaces, fences, outdoor swimming pools and related equipment, retaining walls, bulkheads, pilings, piers, wharves, docks and underground pipes, flues or drains caused by:
 - a. freezing or thawing;
 - b. impact of watercraft; or
 - c. the pressure or weight of ice or water whether driven by wind or not;
 6. to the interior of any building or structure, or the property inside any building or structure, caused by rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - a. the building or structure first sustains damage by an insured loss to its roof or walls through

**SECTION 1
PROPERTY
COVERAGES (cont.)**

which the rain, snow, sleet, ice, sand or dust enters; or

- b. the loss is caused by thawing of snow, sleet or ice on the building or structure;
- 7. to steam boilers, steam pipes, steam engines or steam turbines caused by any condition or event inside such equipment. But we will pay for loss to such equipment caused by 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;
- 8. to hot water boilers or other water heating equipment, air conditioning units or refrigerating units caused by any condition or event inside such boilers or equipment, other than an explosion;
- 9. to personal property in the open caused by rain, snow, sleet or ice;
- 10. to gutters and downspouts caused by weight of snow, sleet or ice.

**INFLATION
COVERAGE**

The limits of insurance specified in the Declarations of this policy for Coverage A - Buildings and Coverage B - Business Personal Property will automatically increase by the applicable Inflation Coverage Index shown in the Declarations.

To determine the limits of insurance on a particular date, the Index level available on that date will be divided by the Index level as of the effective date of this inflation coverage provision and the resulting factor multiplied by the limits of insurance for Coverage A and Coverage B separately. In no event will the limits of insurance be reduced to less than those shown in the Declarations or most recent renewal notice, whichever is greater.

If during the term of this policy the limit of insurance for Coverage A or Coverage B is changed at your request, the effective date of this inflation coverage provision is amended to coincide with the effective date of such change.

**COVERAGE C -
LOSS OF INCOME**

If Loss of Income coverage is shown in the Declarations, we will pay:

- 1. 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 accidental direct physical loss to property at the described premises, including personal property in the open (or in a vehicle) within 100 feet, caused by an insured loss;
- 2. any necessary "extra expense" to avoid or minimize the suspension of business and to continue "operations":
 - a. at the described premises; or
 - b. at replacement premises or at temporary locations, including relocation expenses and costs to equip and operate the replacement or temporary locations;to the extent it reduces the amount of the "business income" loss that otherwise would have been payable under this coverage caused by an insured loss;
- 3. any necessary "extra expense" to minimize the suspension of business if you cannot continue "operations" to the extent it reduces the amount of the "business income" loss that otherwise would have been payable under this coverage caused by an insured loss; and
- 4. any necessary "extra expense" to:
 - a. repair or replace any property; or
 - b. research, replace or restore the lost information on damaged valuable papers and records;to the extent it reduces the amount of the "business income" loss that otherwise would have been payable under this coverage caused by an insured loss.

We will only pay for loss of "business income" or "extra expense" that occurs within 12 consecutive months after the date of accidental direct physical loss caused by an insured loss.

Definitions

When used in this coverage:

- 1. "business income" means the net income (net profit or loss before income taxes) that would have been earned or incurred and continuing normal operating expenses, including payroll, incurred during the "period of restoration";

**SECTION I
PROPERTY
COVERAGES (cont.)**

2. "electronic media and records" are:
- a. electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;
 - b. data stored on such media; or
 - c. programming records used for electronic data processing or electronically controlled equipment;
3. "extra expense" means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no accidental direct physical loss to property;
4. "operations" means the type of your business activities occurring at the premises shown in the Declarations;
5. "period of restoration" means the period of time that:
- a. begins with the date of accidental direct physical loss caused by an insured loss at the described premises; and
 - b. ends on the date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality.

"Period of restoration" does not include any increased period required due to the enforcement of any law that regulates the construction, use or repair, or requires the tearing down of any property. The expiration date of this policy will not cut short the "period of restoration".

Limitations

1. We will not pay for any loss of "business income" caused by accidental direct physical loss to "electronic media and records" after the longer of:
- a. 60 consecutive days from the date of accidental direct physical loss; or
 - b. the period, beginning with the date of accidental direct physical loss, necessary to repair, rebuild or replace, with reasonable speed and similar quality, other property at the described premises due to loss caused by the same occurrence.

2. If you fail to use all available means to eliminate unnecessary delay and do not resume normal "operations" as promptly as possible, we will reduce the amount of your:
- a. "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;
 - b. "extra expense" loss to the extent you can return "operations" to normal and discontinue such "extra expense".
3. 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 due to the accidental direct physical loss to property, other than at the described premises, caused by an insured loss. This coverage will apply for a period of up to two consecutive weeks from the date of that action.
4. Loss of "business income" coverage for the payroll expense of all your employees other than officers, executives, department managers, employees under contract and other important employees, will apply for a period of up to 90 consecutive days during the "period of restoration".

Loss Determination

1. The amount of "business income" loss will be determined based on:
- a. the net income of the business before the accidental direct physical loss occurred;
 - b. the likely net income of the business if no loss occurred;
 - c. the operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the accidental direct physical loss; and
 - d. other relevant sources of information, including:
 - (1) your financial records and accounting procedures;
 - (2) bills, invoices and other vouchers; and
 - (3) deeds, liens or contracts.

**SECTION I
PROPERTY
COVERAGES (cont.)**

2. The amount of "extra expense" loss will be determined based on:

a. all expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no accidental direct physical loss had occurred. We will deduct from the total of such expenses:

(1) the salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and

(2) 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;

b. all necessary expenses that reduce the "business income" loss that otherwise would have been incurred.

Exclusions

We will not pay for:

1. any "extra expense" or increase of "business income" loss caused by:

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";

2. any "extra expense":

a. caused by suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration"; or

b. to repair or replace any property or research, replace or restore the lost information on damaged valuable papers and records that does not reduce the amount of "extra expense" otherwise payable under this coverage;

3. any other consequential loss; or

4. loss caused by seizure or destruction of property by order of governmental authority. But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread.

**SECTION I
LOSSES INSURED AND
LOSSES NOT INSURED**

**LOSSES
INSURED**

We insure for accidental direct physical loss to property covered under this policy unless the loss is:

1. limited in the **PROPERTY SUBJECT TO LIMITATIONS** section; or

2. excluded in the **LOSSES NOT INSURED** section that follows.

**LOSSES
NOT INSURED**

1. We do not insure under any coverage for any loss which would not have occurred in the absence of one or more of the following excluded events. We do not insure for such loss regardless of: (a) the

cause of the excluded event; or (b) other causes of the loss; or (c) whether other causes acted concurrently or in any sequence with the excluded event to produce the loss:

a. 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;

b. earth movement, meaning the sinking, rising, shifting, expanding or contracting of earth, all whether combined with water or not. Earth movement includes but is not limited to earthquake, landslide, erosion, and subsidence but does not include sinkhole collapse.

**SECTION I
LOSSES INSURED AND
LOSSES NOT INSURED (cont.)**

But if accidental direct physical loss by fire, explosion other than explosion of a volcano, theft or building glass breakage results, we will pay for that resulting loss;

- c. volcanic eruption, explosion or effusion. But if accidental direct physical loss by fire, explosion other than explosion of a volcano, theft, building glass breakage or "volcanic action" results, we will pay for that resulting loss.

"Volcanic action" means accidental direct physical loss to covered property resulting from the eruption of a volcano when the loss is caused by:

- (1) airborne volcanic blast or airborne shock waves;
- (2) ash, dust or particulate matter; or
- (3) lava flow.

All volcanic eruptions that occur within any 72-hour period will constitute a single occurrence.

We will not pay for the cost of removing ash, dust or particulate matter resulting from the eruption of a volcano that does not cause accidental direct physical loss to covered property;

- d. water, such as:

- (1) flood, surface water, waves, tides, tidal waves, overflow of any body of water or their spray, all whether driven by wind or not;
- (2) mudslide or mudflow;
- (3) water that backs up from a sewer or drain or enters into and overflows from within a sump pump, sump pump well or any other system designed to remove subsurface water drained from the foundation area; or
- (4) natural water below the surface of the ground, including water which exerts pressure on, or seeps or leaks through:
 - (a) foundations, walls, floors or paved surfaces;

- (b) basements, whether paved or not; or

- (c) doors, windows or other openings.

But if accidental direct physical loss by fire, explosion, theft, building glass breakage or leakage of water from a fire protective system results, we will pay for that resulting loss;

- e. seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this policy;

- f. nuclear hazard, meaning any nuclear reaction, radiation or radioactive contamination, all whether controlled or uncontrolled or however caused, or any consequence of any of these. Loss caused by the nuclear hazard will not be considered loss caused by fire, explosion or smoke.

But if accidental direct physical loss by fire results, we will pay for that resulting loss;

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

But if accidental direct physical loss by an insured loss results, we will pay for that resulting loss;

- h. war and military action, including:

- (1) 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.

**SECTION I
LOSSES INSURED AND
LOSSES NOT INSURED (cont.)**

2. We do not insure for loss either consisting of, or directly and immediately caused by, one or more of the following:

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

But if accidental direct physical loss by fire results, we will pay for that resulting loss;

- b. delay, loss of use or loss of market;
- c. smoke, vapor or gas from agricultural smudging or industrial operations;
- d. smog, wear, tear, rust, corrosion, fungus, mold, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself.

But if accidental direct physical loss by any of the "Specified Causes of Loss" or by building glass breakage results, we will pay for that resulting loss;

- e. the presence, release, discharge or dispersal of pollutants, meaning any solid, liquid, gaseous or thermal irritant or contaminant, including vapor, soot, fumes, acids, alkalis, chemicals and waste, except as provided in the Pollutant Clean Up and Removal Extension of Coverage.

But if accidental direct physical loss by any of the "Specified Causes of Loss" or by building glass breakage results, we will pay for that resulting loss;

- f. settling, cracking, shrinking, bulging or expansion.

But if accidental direct physical loss by any of the "Specified Causes of Loss" or by building glass breakage results, we will pay for that resulting loss;

- g. insects, birds, rodents or other animals.

But if accidental direct physical loss by any of the "Specified Causes of Loss" or by building glass breakage results, we will pay for that resulting loss;

- h. mechanical breakdown, including rupture or bursting caused by centrifugal force.

But if accidental direct physical loss by any of the "Specified Causes of Loss" or by building glass breakage results, we will pay for that resulting loss;

- i. causes of loss to personal property:

- (1) dampness or dryness of atmosphere;
- (2) changes in or extremes of temperature; or
- (3) marring or scratching.

But if accidental direct physical loss by any of the "Specified Causes of Loss" or by building glass breakage results, we will pay for that resulting loss;

- j. explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control.

But if accidental direct physical loss by fire or combustion explosion results, we will pay for that resulting loss. We will also pay for loss caused by 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;

- k. continuous or repeated seepage or leakage of water that occurs over a period of time;

- l. water that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by 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 water supply if the heat is not maintained;

- m. dishonest or criminal act occurring at any time by you, any of your partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose whether acting alone or in collusion with others.

This exclusion does not apply to acts of destruction by your employees; but theft by employees is not covered;

**SECTION I
LOSSES INSURED AND
LOSSES NOT INSURED (cont.)**

- n. 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;
- o. unexplained or mysterious disappearance of property, or shortage of property disclosed on taking inventory;
- p. collapse, except as provided in the Extensions of Coverage.

But if accidental direct physical loss by an insured loss results at the described premises, we will pay for that resulting loss.

3. We do not insure under any coverage for any loss consisting of one or more of the items below. Further, we do not insure for loss described in paragraphs 1. and 2. immediately above regardless of whether one or more of the following: (a) directly or indirectly cause, contribute to or aggravate the loss; or (b) occur before, at the same time, or after the loss or any other cause of the loss:

- a. conduct, acts or decisions, including the failure to act or decide, of any person, group, or-

ganization or governmental body whether intentional, wrongful, negligent or without fault;

- b. faulty, inadequate, unsound 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 (including land, structures or improvements of any kind) on or off the described premises.

But if accidental direct physical loss results from items 3.a. and 3.b., we will pay for that resulting loss unless the resulting loss is itself one of the losses not insured in this section.

**SECTION I
EXTENSIONS OF
COVERAGE**

**EXTENSIONS OF
COVERAGE**

Subject to the terms and conditions applicable to Section I of this policy, the following Extensions of Coverage apply separately to each location scheduled in the Declarations. But the amount of insurance afforded on any one scheduled location will not be more than the limit of insurance specified in each Extension of Coverage if a limit is included in the extension.

1. Debris Removal.

- a. We will pay your expense to remove debris of covered property caused by an insured loss that occurs during the policy period. The expenses will be paid only if they are reported to us within 180 days after either the date of accidental direct physical loss or the termination of this policy, whichever is earlier.
- b. The most we will pay for debris removal expense is 25% of the sum of the amount we pay for the accidental direct physical loss plus the

deductible in this policy applicable to that loss.

But if:

- (1) the sum of loss and debris removal expense exceeds the Coverage A and Coverage B limit of insurance; or
- (2) the debris removal expense exceeds the amount payable under the 25% debris removal coverage limitation described in paragraph b. above;

we will pay up to an additional \$5,000 for each location in any one occurrence for debris removal expense.

- c. This Extension of Coverage does not apply to costs to:
 - (1) extract pollutants (meaning any solid, liquid, gaseous or thermal irritant or contaminant, including vapor, soot, fumes, acids, alkalis, chemicals and waste) from land or water; or

**SECTION I
EXTENSIONS OF
COVERAGE (cont.)**

- (2) remove, restore or replace polluted land or water.
- (3) beach or diving platforms or appurtenances;
- (4) retaining walls, walks, roadways and other paved surfaces.
2. **Preservation of Property.** We will pay for any accidental direct physical loss to covered property while it is being moved or while temporarily stored at another location only if:
- a. it is necessary to move the property from the described premises to preserve it from loss by an insured loss; and
 - b. the loss occurs within 10 days after the property is first moved.
3. **Fire Department Service Charge.** We will pay up to \$1,000, as an additional amount of insurance, for your liability for fire department service charges assumed by contract or agreement prior to loss or required by local ordinance when the fire department is called to save or protect covered property from an insured loss.
4. **Collapse.**
- a. We will pay for any accidental direct physical loss to covered property involving collapse of a building or any part of a building caused only by one or more of the following:
 - (1) any of the "Specified Causes of Loss" or breakage of building glass, only as insured against in this policy;
 - (2) hidden decay;
 - (3) hidden insect or vermin damage;
 - (4) weight of people or personal property;
 - (5) weight of rain that collects on a roof;
 - (6) use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.
 - b. We will not pay for loss to the following types of property caused by items a.(2), (3), (4), (5) and (6) above unless the loss is a direct result of the collapse of a building:
 - (1) awnings, gutters and downspouts;
 - (2) yard fixtures, fences, outdoor swimming pools, piers, wharves and docks;
5. **Water Damage.** If loss caused by a covered water damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure required to repair the damaged system or appliance from which the water or steam escapes.
- We will not pay the cost of repairing or replacing the damaged system or appliance itself. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the fire equipment damage:
- a. is directly caused by freezing; or
 - b. results in sprinkler leakage.
6. **Extra Expense.** We will pay up to \$5,000, as an additional amount of insurance, for the necessary extra expense you incur to avoid or minimize the suspension of your business and to continue normal operations which are interrupted as a result of accidental direct physical loss to covered property at the described premises caused by an insured loss.
- This Extension of Coverage applies only during the time required for the damaged property at the described premises to be repaired, rebuilt or replaced with reasonable speed and similar quality in order to restore normal business operations.
7. **Pollutant Clean Up and Removal.** We will pay your expense to extract "pollutants" from land or water at the described premises if the release, discharge or dispersal of the "pollutants" is caused by an insured loss that occurs during the policy period. The expenses will be paid only if they are reported to us within 180 days after either the date of accidental direct physical loss or the termination of this policy, whichever is earlier.
- The most we will pay for each location under this Extension of Coverage is \$10,000, as an additional amount of insurance, for the sum of all such expenses arising out of insured losses occurring during each separate 12 month period of this policy.

**SECTION I
EXTENSIONS OF
COVERAGE (cont.)**

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

8. **Arson Reward.** We will pay a reward in the amount of \$5,000, as an additional amount of insurance, for information which leads to an arson conviction in connection with a fire loss covered under this policy. Regardless of the number of persons involved in providing information, the most we will pay in any one occurrence under this Extension of Coverage is \$5,000.

9. **Fire Extinguisher Recharge.** We will pay the expense you incur, as an additional amount of insurance, to recharge a portable fire extinguisher when it has been used to combat a covered fire.

10. **Accounts Receivable.**

a. We will pay for the following that results from accidental direct physical loss caused by an insured loss to your records of accounts receivable at the described premises:

- (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 repayment of these amounts;
- (3) collection expenses in excess of your normal collection expenses that are made necessary by loss;
- (4) other reasonable expenses that you incur to re-establish your records of accounts receivable.

b. The most we will pay in any one occurrence under this Extension of Coverage is \$5,000, as an additional amount of insurance, and applies only while records of accounts receivable are contained in the described premises, except while the records are:

- (1) in actual use; or
- (2) being removed to a place of safety because of imminent danger of loss and while being returned to the described premises.

11. **Valuable Papers and Records.** We will pay your expense to research, replace or restore the lost information on valuable papers and records, including those which exist on electronic or magnetic media, for which duplicates do not exist. The most we will pay in any one occurrence at each described premises under this Extension of Coverage is \$5,000 as an additional amount of insurance.

12. **Newly Acquired Buildings and Business Personal Property.**

a. You may extend the insurance that applies to Coverage A - Buildings to apply to:

- (1) your new buildings or new additions while being constructed on the described premises; or
- (2) buildings you acquire at locations other than the described premises, intended for similar use as the building described in the Declarations or for use as a warehouse.

The most we will pay for loss under this extension, as an additional amount of insurance, is 50% of the limit of insurance shown in the Declarations for Coverage A - Buildings but not more than \$250,000 for each building.

b. You may extend the insurance that applies to Coverage B - Business Personal Property to apply to that property at any location you acquire. ★

The most we will pay for loss under this extension, as an additional amount of insurance, is 50% of the limit of insurance shown in the Declarations for Coverage B - Business Personal Property but not more than \$100,000 at each premises.

c. Insurance provided under this extension is limited to a period of 90 days from the date:

- (1) construction begins;
- (2) you report the values of new construction to us;
- (3) you acquire new buildings or business personal property;

whichever occurs first.

**SECTION I
OPTIONAL
COVERAGES (cont.)**

- b. when the only proof of its existence or amount is an inventory computation or a profit and loss computation.
- 3. The most we will pay for loss in any one occurrence is the limit of insurance shown in the Declarations for this Option ED. But we will not pay you more for loss to covered property than:
 - a. the face value of money;
 - b. replacement cost of business personal property at the time of the loss; or
 - c. the value of securities at the close of business on the day the loss is discovered.
- 4. All loss involving a single act, or series of related acts, caused by one or more persons is considered one occurrence.
- 5. We will pay only for loss 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 cumulates from year to year or period to period.
- 6. This optional coverage does not apply to any employee immediately upon discovery by you, or any of your partners, officers or directors not in collusion with the employee, of any dishonest act committed by that employee before or after being hired by you.
- 7. We will pay only for covered loss discovered no later than one year from the end of the policy period.
- 8. If you, or any predecessor in interest, sustained loss during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss had expired, we will pay for it under this optional coverage, provided:
 - a. this optional coverage became effective at the time of cancellation or termination of the prior insurance; and
 - b. the loss would have been covered by this optional coverage had it been in effect when the acts or events causing the loss were committed or occurred.
- 9. The insurance under paragraph 8. above is part of, not in addition to, the limit of insurance applying

to this optional coverage and is limited to the lesser of the amount recoverable under:

- a. this optional coverage as of its effective date; or
- b. the prior insurance had it remained in effect.

**OPTION ES -
Exterior Signs**

The limit of insurance for Exterior Signs under Extensions of Coverage is changed to the amount shown in the Declarations for this Option ES.

**OPTION MB -
Mechanical Breakdown
(Boilers, Pressure Vessels, Air Conditioning Units)**

- 1. When this Option MB is shown as applicable in the Declarations, we will pay for any direct physical loss to covered property caused by an "accident" to an "object" which is owned by you or in your care, custody or control. Our payment for loss to covered property as a result of an "accident" to an "object" is part of and not in addition to the limit of insurance that applies to property.
- 2. We will also pay the reasonable extra cost to make temporary repairs and to expedite permanent repairs or replacement of covered property damaged by an "accident". But our payment for these expediting expenses will be limited to what is left of the property limit of insurance after we pay your loss for covered property damaged by an "accident" or \$25,000, whichever is less.
- 3. When used in the provisions of this Option MB:
 - a. "accident":
 - (1) means a sudden and accidental breakdown of the "object" or a part of the "object". The breakdown must manifest itself at the time the breakdown occurs by physical damage to the "object" to the extent that the "object" requires repair or replacement;
 - (2) does not mean any of the following:
 - (a) depletion, deterioration, corrosion or erosion of material;
 - (b) wear and tear;

**SECTION I
OPTIONAL
COVERAGES (cont.)**

- (c) leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
 - (d) breakdown of any vacuum tube, gas tube, brush, electronic computer, electronic data processing equipment, structure or foundation supporting the "object" or any of its parts;
 - (e) the functioning of any safety or protective device; or
 - (f) the explosion of gases or fuel within the furnace of any "object" or within the flues or passages through which the gases of combustion pass;
- b. in respect to boilers and pressure vessels, "object":
- (1) means any of the following equipment:
 - (a) steam heating boilers and condensate return tanks used with them, including steam boilers used in dry cleaning operations;
 - (b) hot water heating boilers and expansion tanks used with them;
 - (c) hot water supply boilers;
 - (d) other fired or unfired vessels used for maintenance or service of the premises where they are located but not used for any manufacturing or processing other than that processing related to dry cleaning operations;
 - (e) steam boiler piping, valves, fittings, traps and separators, but only if they:
 - i. are on your premises or between parts of your premises;
 - ii. contain steam or condensate of steam; and
 - iii. are not part of any other vessel or apparatus;
 - (2) does not mean any:
 - (a) equipment that is not under internal vacuum or internal pressure other than weight of contents;
 - (b) boiler settings;
 - (c) insulating or refractory material; or
 - (d) electrical, reciprocating or rotating apparatus within or forming a part of the boiler or vessel;
- c. in respect to air conditioning units, "object":
- (1) means any air conditioning unit that has a capacity of 60,000 BTU per hour (5 horsepower) or more, including:
 - (a) inductors, convectors and coils that make use of a refrigerant and form part of a cooling, humidity control or space heating system;
 - (b) interconnecting piping, valves and fittings containing only a refrigerant, water, brine or other solution;
 - (c) vessels heated directly or indirectly that form part of an absorption type unit and function as a generator, refrigerator or concentrator;
 - (d) compressors, pumps, fans and blowers used solely with the unit together with their driving electric motors; and
 - (e) control equipment used solely with the unit;
 - (2) does not mean any:
 - (a) vessel, cooling tower, reservoir or other source of cooling water for a condenser or compressor, or any water piping leading to or from that source; or
 - (b) wiring or piping leading to or from the unit.

**SECTION I
OPTIONAL
COVERAGES (cont.)**

4. We will not pay for loss resulting from an "accident" to any "object" while being tested.
5. Whenever an "object" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" to that "object". We can do this by delivering or mailing a written notice of suspension to:
 - a. your last known address; or
 - b. the address where the "object" is located.

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

**OPTION MO -
Money and Securities**

1. When this Option MO is shown as applicable in the Declarations, we will pay for any loss to money and securities used in your business while:
 - a. at a bank or savings institution;
 - b. within your living quarters;
 - c. within the living quarters of your partners or any employee having use and custody of the property;
 - d. at the premises described in the Declarations; or
 - e. enroute between any of these places;

resulting directly from destruction, disappearance or theft (meaning any act of stealing).

2. We will not pay for loss:
 - a. resulting from accounting or arithmetical errors or omissions;
 - b. due to the giving or surrendering of property in any exchange or purchase;

- c. of property contained in any money-operate device unless the amount of money deposited in it is recorded by a continuous recording instrument in the device.
3. The most we will pay for loss in any one occurrence is:
 - a. the first limit of insurance shown in the Declarations for this Option MO for money and securities while in or on the premises described in the Declarations or within a bank or savings institution; or
 - b. the second limit of insurance shown in the Declarations for this Option MO for money and securities while anywhere else.

But we will not pay you more for loss than the face value of money or the value of securities at the close of business on the day the loss is discovered.

4. All loss involving a single act, or series of related acts, caused by one or more persons is considered one occurrence.
5. You must keep records of all money and securities so we can verify the amount of any loss.

**OPTION PO -
Property of Others**

The limit of insurance for Property of Others under Extensions of Coverage is changed to the amount shown in the Declarations for this Option PO.

**OPTION TP -
Trees, Plants, Lawns and Shrubs**

The limit of insurance for Trees, Plants, Lawns and Shrubs under Extensions of Coverage is changed to the amount shown in the Declarations for this Option TP.

**OPTION VP -
Valuable Papers and Records**

The limit of insurance for Valuable Papers and Records under Extensions of Coverage is changed to the amount shown in the Declarations for this Option VP.

SECTION I DEDUCTIBLES

DEDUCTIBLES

We will not pay for loss in any one occurrence until the amount of loss exceeds the deductible. We will then pay only the amount of loss in excess of the deductible up to the applicable limit of insurance.

The deductible shown in the Declarations will be deducted from any loss under Section I of this policy other than that Section I loss to which the following special deductible amounts will be applied:

1. \$100 from the amount of all loss in any one occurrence to glass;
2. \$250 from the amount of all loss in any one occurrence under the Employee Dishonesty optional coverage when Option ED is designated in the Declarations;

3. \$250 from the amount of all loss in any one occurrence under the Mechanical Breakdown optional coverage when Option MB is designated in the Declarations;
4. \$250 from the amount of all loss in any one occurrence under the Money and Securities optional coverage when Option MO is designated in the Declarations.

But we will not deduct more than the deductible shown in the Declarations from the total amount of all loss in any one occurrence nor more than the special deductible that applies to any loss subject to the special deductible amounts.

No deductible will be applied to Loss of Income or to the Arson Reward, Fire Department Service Charge, Extra Expense and Fire Extinguisher Recharge Extensions of Coverage.

SECTION I CONDITIONS

CONDITIONS

1. **Loss Payment.** In the event of loss covered by this policy:

a. we will give notice, within 30 days after we receive the sworn statement of loss, of our intent to settle the loss according to one of the following methods:

- (1) pay the value of lost or damaged property as determined in Condition 2. Valuation;
- (2) pay the cost of replacing or repairing the lost or damaged property, plus any reduction in value of repaired items;
- (3) take all or any part of the property at an agreed or appraised value; or
- (4) repair, rebuild or replace the property with other property of like kind and quality;

b. we will not pay you more than your financial interest in the covered property;

c. 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' prop-

erty. We will not pay the owners more than their financial interest in the covered property;

d. we may elect to defend you, at our expense, against suits arising from claims of owners of property;

e. we will pay for covered loss within 60 days after we receive the sworn statement of loss, if:

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

2. **Valuation.** The value of covered property will be determined at:

a. replacement cost, without deduction for depreciation, as of the time of loss to all covered property other than that described in b. below, but:

- (1) you may make a claim for loss 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 settled on an actual cash value basis, you may still make a claim on a replacement

**SECTION I
CONDITIONS (cont.)**

cost basis if you notify us of your intent to do so within 180 days after the loss;

- (2) we will not pay for any loss on a replacement cost basis until the lost or damaged property is actually repaired or replaced and then, only if the repairs or replacement are made as soon as reasonably possible after the loss;
- (3) we will:
 - (a) not pay more for loss to tenant's improvements and betterments than a proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - i. multiply the original cost by the number of days from the loss to the expiration of the lease; and
 - ii. divide the amount determined in i. 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;
 - (b) not pay anything if others pay for the repairs or replacement of your improvements and betterments;
 - (c) pay for loss to tenant's improvements and betterments on a replacement cost basis only if you make repairs promptly;
- (4) we will not pay more for loss in any one occurrence on a replacement cost basis than the least of:
 - (a) the limit of insurance under this policy applicable to the lost or damaged property;
 - (b) the cost to replace the lost or damaged property on the same premises with other property of comparable

material and quality that can be used for the same purpose; or

- (c) the amount you actually spend that is necessary to repair or replace the lost or damaged property;
- (5) we will pay for loss to glass at the cost of replacement with safety glazing material if required by law;
- b. actual cash value as of the time of loss to the following covered property:
 - (1) used or second-hand merchandise held in storage or for sale;
 - (2) manuscripts;
 - (3) works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac.
- 3. **Duties in the Event of Loss.** You must see that the following are done in the event of loss to covered property:
 - a. notify the police if a law may have been broken;
 - b. give us prompt notice of the loss. Include a description of the lost or damaged property in the notice;
 - c. as soon as possible, give us a description of how, when and where the loss occurred;
 - d. take all reasonable steps to protect the covered property from further damage by an insured loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your emergency and temporary repair expenses for consideration in the settlement of the claim. This will not increase the limit of insurance;
 - e. at our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed;
 - f. permit us to inspect the property and records proving the loss;
 - g. if requested, permit us to question you under oath at such times as may be reasonably required about any matter relating to this insur-

**SECTION I
CONDITIONS (cont.)**

ance or your claim, including your books and records. In such event, your answers must be signed;

- h. send us a signed, sworn statement of loss containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms;
- i. cooperate with us in the investigation or settlement of the claim;
- j. resume all or part of your business activities at the described premises as quickly as possible.

4. **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. Each party will notify the other of the selected appraiser's identity within 20 days after receipt of the written demand for an appraisal. The two appraisers will select an umpire. If the appraisers cannot agree upon an umpire within 15 days, 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 we submit to an appraisal, we will still retain our right to deny the claim.

5. **Abandonment.** There can be no abandonment of any property to us.

6. **Legal Action Against Us.** No one may bring legal action against us under this insurance unless:

- a. there has been full compliance with all of the terms of this insurance; and
- b. the action is brought within two years after the date on which the accidental direct physical loss occurred. But if the law of the state in which this policy is issued allows more than

two years to bring legal action against us, that longer period of time will apply.

7. **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.

8. **Vacancy.** If the building where loss occurs has been vacant for more than 60 consecutive days before that loss, we will reduce the amount we would otherwise pay for the loss by 15%.

Vacant means the building does not contain any personal property. Buildings under construction are not considered vacant.

9. **Control of Property.** Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

If you violate a condition of this policy, we will not pay for loss at the involved location. But your coverage will continue for other locations at which the violation does not apply.

10. **Mortgage Holders.** When used in the following provisions of this condition, the term "mortgage holder" includes mortgagee or trustee:

a. We will pay for covered loss to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as interest may appear.

b. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.

c. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgage holder will still have the right to receive loss payment if the mortgage holder:

- (1) pays any premium due under this policy at our request if you have failed to do so;
- (2) submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so; and

SECTION I CONDITIONS (cont.)

- (3) has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All terms of this policy will then apply directly to the mortgage holder.

- d. If we pay the mortgage holder for any loss and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:

- (1) the mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2) the mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder 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.

- e. If we cancel this policy, we will give written notice to the mortgage holder at least:

- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- f. If we do not renew this policy, we will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.

11. **No Benefit to Bailee.** No person or organization other than you, having custody of covered property will benefit from this insurance.

12. **Knowledge or Control.** We will not pay for loss while the chance of loss is increased by any means within your knowledge or control.

13. **Policy Period, Coverage Territory.** We cover loss commencing during the policy period and within or between the coverage territory. The coverage territory is the United States of America (including its territories and possessions), Puerto Rico and Canada.

SECTION II COMPREHENSIVE BUSINESS LIABILITY

COVERAGE L - BUSINESS LIABILITY

We will pay those sums that the insured becomes legally obligated to pay as damages because of **bodily injury, property damage, personal injury or advertising injury** to which this insurance applies. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments. This insurance applies only:

1. to **bodily injury or property damage** caused by an occurrence which takes place in the coverage territory during the policy period;
2. to **personal injury** caused by an occurrence committed in the coverage territory during the policy period. The occurrence must arise out of the conduct of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you;

3. to **advertising injury** caused by an occurrence committed in the coverage territory during the policy period. The occurrence must be committed in the course of advertising your goods, products or services.

RIGHT AND DUTY TO DEFEND

We will have the right and duty to defend any claim suit seeking damages payable under this policy even though the allegations of the suit may be groundless, false or fraudulent. The amount we will pay for damages is limited as described in Limits of Insurance. Damages because of **bodily injury** include damages claimed by any person or organization for care, loss of services or death resulting at any time from the **bodily injury**. We may investigate and settle any claim or suit at our discretion. Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements or medical expenses.

**SECTION II
COMPREHENSIVE
BUSINESS LIABILITY (cont.)**

**SUPPLEMENTARY
PAYMENTS**

In addition to the Limit of Insurance, we will pay, with respect to any claims or suit we defend:

1. all expenses we incur;
2. up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Coverage L - Business Liability for bodily injury applies. We do not have to furnish these bonds;
3. the cost of bonds to release attachments but only for the amount within our Limit of Insurance. We do not have to furnish these bonds;
4. all reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or suit, including actual loss of earnings, up to \$100 a day because of time off from work;
5. all costs taxed against the insured in the suit;
6. prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer;
7. all interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit of Insurance.

**BUSINESS
LIABILITY
EXCLUSIONS**

Under Coverage L, this insurance does not apply:

1. to bodily injury or property damage:
 - a. expected or intended from the standpoint of the insured; or
 - b. to any person or property which is the result of willful and malicious acts of the insured.

This exclusion does not apply to bodily injury or property damage resulting from the use of reasonable force to protect persons or property;

2. to bodily injury or property damage for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:
 - a. assumed in a contract or agreement that is an insured contract, provided the bodily injury or property damage occurs after the execution of the contract or agreement; or
 - b. that the insured would have in the absence of a contract or agreement;
3. to bodily injury or property damage for which any insured may be held liable:
 - a. as a person or organization engaged in manufacturing, distributing, selling, serving or furnishing alcoholic beverages if such liability is imposed by reason of:
 - (1) any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages; or
 - (2) the furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol or which causes or contributes to the intoxication of any person;
 - b. as an owner or lessor of premises used for manufacturing, distributing, selling, serving or furnishing alcoholic beverages if such liability is imposed by reason of any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This entire exclusion does not apply to the liability imposed on any insured as the result of the giving or serving of alcoholic beverages at functions incidental to your business, provided you are not: (a) in the business of manufacturing, distributing or selling alcoholic beverages; (b) serving or furnishing alcoholic beverages for a charge whether or not such activity requires a license or is for the purpose of financial gain or livelihood; (c) serving or furnishing alcoholic beverages without a charge if a license is required for such activity; or (d) intentionally violating any statute, ordinance or regulation;

4. to any obligation of the insured under any workers compensation, disability benefits or unemployment compensation law, or any similar law;

**SECTION II
COMPREHENSIVE
BUSINESS LIABILITY (cont.)**

5. to bodily injury or personal injury:

- a. to an employee of the insured arising out of and in the course of employment, or the termination of employment, by the insured or to the spouse, child, parent, brother or sister of that employee as a consequence of employment or termination of that employee by the insured; or
- b. arising out of any:
 - (1) refusal to employ;
 - (2) termination of employment;
 - (3) coercion, demotion, evaluation, reassignment, discipline, defamation, harrassment, humiliation, discrimination or other employment-related practices, policies, acts or omissions; or
 - (4) consequential bodily injury or personal injury as a result of (1), (2) and (3) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity, and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

But this exclusion does not apply to liability assumed by the insured under an insured contract;

6. to any:

- a. **bodily injury, property damage, personal injury or advertising injury** arising out of the actual, alleged or threatened discharge, seepage, migration, dispersal, spill, release or escape of pollutants:
 - (1) at or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured;
 - (2) at or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
 - (3) which are or were at any time transported, handled, stored, treated, dis-

posed of, or processed as waste by or for any insured or any person or organization for whom you may be legally responsible; or

- (4) at or from any premises, site or location on which any insured or any contractor or subcontractor working directly or indirectly on behalf of any insured is performing operations:
 - (a) if the pollutants are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor; or
 - (b) if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way respond to or assess the effects of pollutants;

b. loss, cost or expense arising out of any:

- (1) request, demand or order 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 pollutants; or
- (2) 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 pollutants.

Parts a.(1) and a.(4)(a) of this exclusion do not apply to bodily injury or property damage caused by heat, smoke or fumes from a hostile fire or by poisoning or asphyxiation due to fumes which escape from a furnace or flue. As used in this exclusion, a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be;

- 7. to bodily injury or property damage arising out of the ownership, maintenance, use or entrustment to others of any aircraft, auto or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and loading or unloading.

**SECTION II
COMPREHENSIVE
BUSINESS LIABILITY (cont.)**

This exclusion does not apply to:

- a. watercraft while ashore on premises you own or rent;
 - b. any watercraft you do not own that is less than 26 feet long and not being used to carry persons or property for a charge;
 - c. parking an auto on, or on the ways next to, premises you own or rent provided the auto is not owned by or rented or loaned to you or any insured;
 - d. liability assumed under any insured contract for the ownership, maintenance or use of aircraft, auto or watercraft;
 - e. **bodily injury or property damage** arising out of the use of any **non-owned auto** in your business by any person other than you; or
 - f. **bodily injury or property damage** arising out of the operation of any of the following equipment:
 - (1) cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (2) air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment;
8. to **bodily injury or property damage** arising out of:
- a. the transportation of **mobile equipment** by an **auto** owned or operated by or rented or loaned to any insured;
 - b. the use of **mobile equipment** in, or while in practice or preparation for, a prearranged racing, speed or demolition contest or in any stunting activity; or
 - c. the operation or use of any snowmobile or trailer designed for use with the snowmobile;
9. to **bodily injury or property damage** due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution;

10. to **bodily injury, property damage or personal injury** due to rendering or failure to render any professional services or treatments. This includes but is not limited to:
- a. legal, accounting or advertising services;
 - b. engineering, drafting, surveying or architectural services, including preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications;
 - c. supervisory or inspection services;
 - d. medical, surgical, dental, x-ray, anasthetical or nursing services or treatments, but this exclusion only applies to an insured who is engaged in the business or occupation of providing any of these services or treatments;
 - e. any cosmetic, tonsorial or ear piercing services or treatments;
 - f. optometry or optical or hearing aid services, including:
 - (1) prescribing, preparing, fitting, demonstrating or distributing of ophthalmic lenses and similar products; or
 - (2) hearing aid devices;
 - g. mortuary or veterinary services or treatments;
 - h. chiropractic, massage, physiotherapy, chiropody or osteopathy services or treatments; and
 - i. pharmaceutical services, but this exclusion does not apply to an insured who is a retail druggist or drugstore;
11. to **property damage** to:
- a. property you own, rent or occupy;
 - b. premises you sell, give away or abandon, if the **property damage** arises out of any part of those premises. This part of this exclusion does not apply if the premises are **your work** and were never occupied, rented or held for rental by you;
 - c. property loaned to you;

**SECTION II
COMPREHENSIVE
BUSINESS LIABILITY (cont.)**

- d. personal property in the care, custody or control of any insured;
- e. that particular part of real property on which you or any contractor or subcontractor working directly or indirectly on your behalf is performing operations, if the property damage arises out of those operations; or
- f. that particular part of any property that must be restored, repaired or replaced because your work was incorrectly performed on it. This part of this exclusion does not apply to property damage included in the products-completed operations hazard.

Parts c., d., e. and f. of this exclusion do not apply to liability assumed under a sidetrack agreement;

- 12. to property damage to your product arising out of it or any part of it;
- 13. to property damage to your work arising out of it or any part of it and included in the products-completed operations hazard.

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor;

- 14. to property damage to impaired property, or property that has not been physically injured, arising out of:
 - a. a defect, deficiency, inadequacy or dangerous condition in your product or your work; or
 - b. a delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to your product or your work after it has been put to its intended use;

- 15. to damages claimed for any loss, cost or expense incurred by you or others for the loss of use, with-

drawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- a. your product;
- b. your work; or
- c. impaired property;

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy, or dangerous condition in it;

- 16. to personal injury or advertising injury:

- a. arising out of oral or written publication of material if done by or at the direction of the insured with knowledge of its falsity;
- b. arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- c. arising out of the willful violation of a penal statute or ordinance committed by or with the consent of the insured; or
- d. for which the insured has assumed liability in a contract or agreement. This part of this exclusion does not apply to liability for damages that the insured would have in the absence of a contract or agreement;

- 17. to advertising injury arising out of:

- a. breach of contract other than misappropriation of advertising ideas under an implied contract;
- b. the failure of goods, products or services to conform with advertised quality or performance;
- c. the wrong description of the price of goods, products or services; or
- d. an offense committed by an insured whose business is advertising, broadcasting, publishing or telecasting.

SECTION II PROPERTY DAMAGE LEGAL LIABILITY

PROPERTY DAMAGE LEGAL LIABILITY

Subject to the terms and conditions of Section II of this policy, unless otherwise indicated, we will also pay those sums that the insured becomes legally obligated to pay as damages, other than damage to glass in buildings or fixtures permanently attached to buildings which you do not own, because of property damage to premises (including permanently attached fixtures) rented to or occupied by you. This insurance applies if such property damage arises out of any insured loss in Section I of this policy. The most we will pay for damages because of property damage to these premises arising out of any one event, or a series or combination of such events, is \$300,000 for each occurrence.

Our \$300,000 limit will not be increased because of the following:

1. the number of persons or organizations insured under this policy;
2. the number of persons or organizations who have sustained injury or damage; or
3. the number of claims made or causes of action or suits brought because of injury or damage.

Business Liability Exclusions 3., 4., 5., 6., 7., 8., 9., 11., 12., 13., 14. and 15. do not apply to this coverage.

For the purpose of determining our limit for this coverage, all bodily injury and property damage arising out of a continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one occurrence.

SECTION II MEDICAL PAYMENTS

COVERAGE M - MEDICAL PAYMENTS

We will pay medical expenses for bodily injury caused by an accident on the premises you own or rent, on ways next to the premises you own or rent, or because of your operations. The accident must take place in the coverage territory during the policy period.

We will pay medical expenses only if the expenses are incurred or medically ascertained within one year of the date of the accident and the injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

We will make medical expense payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable medical expenses for:

1. first aid at the time of an accident;
2. necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
3. necessary ambulance, hospital, professional nursing and funeral services.

MEDICAL PAYMENTS EXCLUSIONS

Under Coverage M, we will not pay medical expenses for bodily injury:

1. to any insured;
2. to a person hired to do work for or on behalf of any insured or to a person hired to do work for or on behalf of a tenant of any insured;
3. to a person injured on that part of the premises you own or rent that the person normally occupies;
4. to a person, whether or not an employee of any insured, if benefits for the bodily injury are payable, or must be provided, under any workers compensation or disability benefits law or a similar law;
5. to a person injured while taking part in athletics;
6. included within the products-completed operations hazard;
7. excluded under Business Liability Exclusions;
8. arising out of the use of any non-owned auto.

**SECTION II
BUSINESS LIABILITY AND MEDICAL PAYMENTS
NUCLEAR LIABILITY EXCLUSIONS**

**NUCLEAR
LIABILITY
EXCLUSIONS**

1. This insurance does not apply:
 - a. under Coverage L - Business Liability to **bodily injury** or **"property damage"**:
 - (1) with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - (2) resulting from the **"hazardous properties"** of **"nuclear material"** and with respect to which:
 - (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
 - (b) the insured is or, had this policy not been issued, would be entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization;
 - b. under Coverage M - Medical Payments, to expenses incurred with respect to **bodily injury** resulting from the **"hazardous properties"** of **"nuclear material"** and arising out of the operation of a **"nuclear facility"** by any person or organization;
 - c. under Coverage L - Business Liability, to **bodily injury** or **"property damage"** resulting from the **"hazardous properties"** of **"nuclear material"** if:
 - (1) the **"nuclear material"**:
 - (a) is at any **"nuclear facility"** owned by, or operated by or on behalf of, an insured; or
 - (b) has been discharged or dispersed therefrom;
 - (2) the **"nuclear material"** is contained in **"spent fuel"** or **"waste"** at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
 - (3) the **bodily injury** or **"property damage"** arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any **"nuclear facility"**. If such facility is located within the United States of America, its territories or possessions or Canada, this exclusion applies only to **"property damage"** to such **"nuclear facility"** and any property thereat.
2. As used in this exclusion:
 - a. **"byproduct material"** has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
 - b. **"hazardous properties"** include radioactive, toxic or explosive properties;
 - c. **"nuclear facility"** means:
 - (1) any **"nuclear reactor"**;
 - (2) any equipment or device designed or used for:
 - (a) separating the isotopes of uranium or plutonium;
 - (b) processing or utilizing **"spent fuel"**; or
 - (c) handling, processing or packaging **"waste"**;
 - (3) any equipment or device used for the processing, fabricating or alloying of **"special nuclear material"** if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

**SECTION II
BUSINESS LIABILITY AND MEDICAL PAYMENTS
NUCLEAR LIABILITY EXCLUSIONS (cont.)**

(4) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

- d. "nuclear material" means "source material", "special nuclear material" or "by-product material";
- e. "nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;
- f. "property damage" includes all forms of radioactive contamination of property;
- g. "source material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

h. "special nuclear material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;

i. "spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";

j. "waste" means any waste material:

- (1) containing "byproduct material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content; and
- (2) resulting from the operation by any person or organization of any "nuclear facility" included under paragraphs c.(1) and c.(2) of the definition of "nuclear facility".

**SECTION II
DESIGNATION
OF INSURED**

**WHO IS
AN INSURED**

1. If you are designated in the Declarations as:

- a. an individual, you and your spouse are insureds but only with respect to the conduct of a business of which you are the sole owner;
- b. a partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds but only with respect to the conduct of your business;
- c. an organization other than a partnership or joint venture, you are an insured. Your executive officers, directors and trustees are insureds but only with respect to their duties as your officers, directors or trustees. Your stockholders are also insureds but only with respect to their liability as stockholders.

2. Each of the following is also an insured:

- a. your employees, other than your executive officers, but only for acts within the scope of their employment by you. However, no employee is an insured for:

(1) bodily injury or personal injury to you or to a fellow employee while in the course of his or her employment, or the spouse, child, parent, brother or sister of that fellow employee as a consequence of such bodily injury or personal injury or for any obligation to share damages with or repay someone else who must pay damages because of the injury;

(2) bodily injury or personal injury arising out of his or her providing or failing to provide professional health care services;

(3) property damage to property owned or occupied by or rented or loaned to that employee, any of your other employees or any of your partners or members if you are a partnership or joint venture; or

(4) bodily injury or property damage arising out of the ownership, maintenance, use or entrustment to others of any non-owned auto or any agent or employee of an owner of any non-owned auto;

**SECTION II
DESIGNATION
OF INSURED (cont.)**

- b. any person, other than your employee, or any organization while acting as your real estate manager;
 - c. any person or organization having proper temporary custody of your property if you die but only:
 - (1) with respect to liability arising out of the maintenance or use of that property; and
 - (2) until your legal representative has been appointed;
 - d. your legal representative, if you die, but only with respect to duties as such. That representative will have all your rights and duties under this policy.
3. With respect to mobile equipment registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured but only with respect to liability arising out of the operation of the equipment and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
- a. **bodily injury to a fellow employee of a person driving the equipment; or**
 - b. **property damage to property owned but rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.**
4. Any organization you newly acquire or form, other than a partnership or joint venture, and over which you maintain ownership or majority interest will qualify as a Named Insured if there is no other similar insurance available to that organization. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier. However, no person or organization is insured with respect to:
- a. **bodily injury or property damage that occurred before you acquired or formed the organization; and**
 - b. **personal injury or advertising injury arising out of an offense committed before you acquired or formed the organization.**
- No person or organization is an insured with respect to the conduct of any current or past partnership or joint venture that is not shown as Named Insured in the Declarations.

**SECTION II
BUSINESS LIABILITY AND MEDICAL PAYMENTS
LIMITS OF INSURANCE**

**LIMITS OF
INSURANCE**

- by any one person is the Coverage M - Medical Payments limit shown in the Declarations.
- 1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. insureds;
 - b. claims made or suits brought; or
 - c. persons or organizations making claims or bringing suits.
 - 2. The most we will pay for all damages because of **bodily injury, property damage, personal injury, advertising injury** and medical expenses arising out of any one occurrence is the Coverage L - Business Liability limit shown in the Declarations. But the most we will pay for all medical expenses because of **bodily injury** sustained
 - 3. The most we will pay for:
 - a. **injury or damage under the products completed operations hazard arising from all occurrences during the policy period in the Products-Completed Operations (PCO) Aggregate limit shown in the Declarations and**
 - b. **all other injury or damage, including medical expenses, arising from all occurrences during the policy period is the General Aggregate (Other than PCO) limit shown in the Declarations. This General Aggregate applies separately to each location not on the same connecting lots. However, this limitation does not apply to property damage payable under the Property Damage Legal Liability coverage in Section II of this policy.**

**SECTION II
BUSINESS LIABILITY AND MEDICAL PAYMENTS
LIMITS OF INSURANCE (cont.)**

The limits of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional

period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

**SECTION II
GENERAL
CONDITIONS**

**GENERAL
CONDITIONS**

1. **Bankruptcy.** Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this policy.
2. **Financial Responsibility Laws.** When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, the insurance provided by this policy for **bodily injury or property damage** liability will comply with the provisions of the law to the extent of the coverage and limits of insurance required by that law.

With respect to mobile equipment to which this insurance applies, we will provide any liability, uninsured motorists, underinsured motorists, no fault or other coverages required by any motor vehicle insurance law. We will provide the required limits for those coverages.

The insured must repay us for any payment we would not have had to make under the terms of this policy except for this condition.

3. **Duties in the Event of Occurrence, Claim or Suit.**
 - a. You must see to it that we are notified promptly of an **occurrence** that may result in a claim. Notice should include:
 - (1) how, when and where the **occurrence** took place; and
 - (2) the names and addresses of any injured persons and witnesses.
 - b. If a claim is made or suit is brought against any insured, you must see to it that we receive prompt written notice of the claim or suit.

- c. You and any other involved insured must:
 - (1) immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit;
 - (2) authorize us to obtain records and other information;
 - (3) cooperate with us in the investigation, settlement or defense of the claim or suit; and
 - (4) assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.
- d. Except at their own cost, no insureds will voluntarily make a payment, assume any obligation or incur any expense, other than for first aid, without our consent.
4. **Legal Action Against Us.** No person or organization has a right under this policy:
 - a. to join us as a party or otherwise bring us into a **suit** asking for damages from an insured; or
 - b. to sue us on this policy unless all of this policy's terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial. However, we will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

**SECTION II
GENERAL
CONDITIONS (cont.)**

5. **Separation of Insureds.** Except with respect to the Limits of Insurance and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:

- a. as if each Named Insured were the Named Insured; and
- b. separately to each insured against whom is made or suit is brought.

**SECTION II
DEFINITIONS**

DEFINITIONS

This section contains the definitions of the words printed in bold face in Section II of this policy. It is an integral part of the policy. The definitions appearing below will be applied as if they were included each time the words they define are used in Section II of this policy.

When used in the provisions applicable to Section II of this policy (including endorsements forming a part of this policy):

- 1. **advertising injury** means injury arising out of one or more of the following offenses:
 - a. oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
 - b. oral or written publication of material that violates a person's right of privacy;
 - c. misappropriation of advertising ideas or style of doing business; or
 - d. infringement of copyright, title or slogan;
- 2. **auto** means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment. But auto does not include mobile equipment;
- 3. **bodily injury** means **bodily injury**, sickness or disease sustained by a person, including death resulting from the **bodily injury**, sickness or disease at any time;
- 4. **coverage territory** means:
 - a. the United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. international waters or airspace, provided the injury or damage does not occur in the course

of travel or transportation to or from any not included in a. above; or

- c. all parts of the world if:
 - (1) the injury or damage arises out of:
 - (a) goods or products made or sold by you in the territory described in a. above; or
 - (b) the activities of a person whose home is in the territory described in 4.a. above but is away for a time on your business;
 - (2) the insured's responsibility to pay damages is determined in a suit on the merits in the territory described in 4.a. or in a settlement we agree to;

5. **impaired property** means tangible property, other than your product or your work, that cannot be used or is less useful because:

- a. it incorporates your product or your work that is known or thought to be defective, inefficient, inadequate or dangerous; or
- b. you have failed to fulfill the terms of a contract or agreement;

provided the repair, replacement, adjustment or removal of your product or your work or fulfillment of the terms of the contract or agreement will restore the impaired property to use;

6. **insured contract:**

- a. means:
 - (1) a sidetrack agreement;
 - (2) any easement or license agreement in connection with construction or demolition operations on or with the right-of-way of a railroad;

**SECTION II
DEFINITIONS (cont.)**

- (3) an obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- (4) an elevator maintenance agreement; or
- (5) that part of any other contract or agreement pertaining to your business, including an indemnification of a municipality in connection with work performed for a municipality, under which you assume the tort liability of another party to pay damages because of **bodily injury or property damage** to a third person or organization if the contract or agreement is made prior to the **bodily injury or property damage**. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement;
- b. does not include that part of any contract or agreement:
- (1) that indemnifies any person or organization for **bodily injury or property damage** arising out of construction or demolition operations within 50 feet of any railroad property and affecting any railroad bridge or trestle, track, roadbed, tunnel, underpass or crossing;
- (2) that indemnifies an architect, engineer or surveyor for injury or damage arising out of:
- (a) preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
- (b) giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage;
- (3) under which the insured, if an architect, engineer or surveyor, assumes liability for injury or damage arising out of the insured's rendering or failing to render professional services, including those listed in (1) above and supervisory, inspection or engineering services; or
- (4) that indemnifies any person or organization for damage because of **property damage** to premises rented to or occupied by you arising out of any insured loss in Section I of this policy;
7. **loading or unloading:**
- a. means the handling of property:
- (1) after it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or auto;
- (2) while it is in or on an aircraft, watercraft or auto; or
- (3) while it is being moved from an aircraft, watercraft or auto to the place where it is finally delivered;
- b. does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or auto;
8. **mobile equipment:**
- a. means any of the following types of land vehicles, including any attached machinery or equipment:
- (1) bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- (2) vehicles maintained for use solely on or next to premises you own or rent;
- (3) vehicles that travel on crawler treads;
- (4) vehicles, whether self-propelled or not, on which are permanently mounted:
- (a) power cranes, shovels, loaders, diggers or drills; or
- (b) road construction or resurfacing equipment such as graders, scrapers or rollers;
- (5) vehicles not described in (1), (2), (3) or (4) above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
- (a) air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical ex-

**SECTION II
DEFINITIONS (cont.)**

- ploration, lighting and well servicing equipment; or
- (b) cherry pickers and similar devices used to raise or lower workers;
- (6) vehicles not described in (1), (2), (3) or (4) above maintained primarily for purposes other than the transportation of persons or cargo;
- b. does not include self-propelled vehicles with the following types of permanently attached equipment which will be autos:
- (1) equipment designed primarily for:
- (a) snow removal;
- (b) road maintenance but not construction or resurfacing; and
- (c) street cleaning;
- (2) cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (3) air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment;
9. **non-owned auto** means any auto you do not own, lease, hire or borrow which is used in connection with your business. However, if you are a partnership, a **non-owned auto** does not include any auto owned by any partner;
10. **occurrence** means:
- a. an accident, including continuous or repeated exposure to substantially the same general harmful conditions which result in **bodily injury or property damage**; or
- b. the commission of an offense, or a series of similar or related offenses, which results in **personal injury or advertising injury**.
- For purposes of this definition, **bodily injury or property damage** resulting from the use of reasonable force to protect persons or property will be considered an accident;
11. **personal injury** means injury, other than **personal injury**, arising out of one or more of the following offenses:
- a. false arrest, detention or imprisonment;
- b. malicious prosecution;
- c. wrongful eviction from, wrongful entry or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, by or on behalf of its owner, landlord or lessor;
- d. oral or written publication of material which slanders or libels a person or organization or disparages a person's or organization's products or services; or
- e. oral or written publication of material which invades a person's right of privacy;
12. **pollutants** means any solid, liquid, gaseous, thermal irritant or contaminant, including vapor, soot, fumes, acids, alkalis, chemical waste. Waste includes materials to be recycled, conditioned or reclaimed;
13. **products-completed operations hazard**
- a. includes all **bodily injury and property damage** arising out of your products or work that are your physical possession or work that have yet been completed or abandoned. **Bodily injury or property damage** must arise away from premises you own or rent where your business includes the selling, handling or distribution of your product for consumption on premises you own or rent.
- Your work will be deemed completed at the earliest of the following times:
- (1) when all of the work called for in the contract has been completed;
- (2) when all of the work to be done at the site has been completed if your contract calls for work at more than one site;
- (3) when that part of the work done at the site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

SECTION II
DEFINITIONS (cont.)

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed;

b. does not include bodily injury or property damage arising out of:

(1) the transportation of property unless the injury or damage arises out of a condition in or on a vehicle created by the loading or unloading of it; or

(2) the existence of tools, uninstalled equipment or abandoned or unused materials;

14. **property damage** means:

a. physical injury to or destruction of tangible property, including all resulting loss of use of that property. All such loss of use will be considered to occur at the time of the physical injury that caused it; or

b. loss of use of tangible property that is not physically injured or destroyed, provided such loss of use is caused by physical injury to or destruction of other tangible property. All such loss of use will be considered to occur at the time of the occurrence that caused it;

15. **suit**:

a. means a civil proceeding in a court of law in which damages because of bodily injury, property damage, personal injury or advertising injury to which this insurance applies are alleged;

b. includes:

(1) an arbitration proceeding in which such damages are claimed and to which you must submit or do submit with our consent;

(2) any other alternative dispute resolution proceeding in which such damages are claimed and to which you submit with our consent;

16. **your product**:

a. means:

(1) any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

(a) you;

(b) others trading under your name; or

(c) a person or organization whose business or assets you have acquired; and

(2) containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products;

b. includes:

(1) warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of any of the items included in a.(1) and a.(2) above; and

(2) the providing of or failure to provide warnings or instructions;

c. does not include vending machines or other property rented to or located for the use of others but not sold;

17. **your work**:

a. means:

(1) work or operations performed by you or on your behalf; and

(2) materials, parts or equipment furnished in connection with such work or operations;

b. includes:

(1) warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of any of the items included in a.(1) and a.(2) above; and

(2) the providing of or failure to provide warnings or instructions.

**SECTION I
AND SECTION II
COMMON CONDITIONS**

**SECTION I
AND SECTION II
COMMON CONDITIONS**

The following Conditions apply to both Section I and Section II of this policy except as otherwise indicated.

1. **Cancellation.** The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium;
- b. 30 days before the effective date of cancellation if we cancel for any other reason.

We will mail or deliver our notice of cancellation to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice. Such notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.

2. **Changes.** This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.
3. **Concealment, Misrepresentation or Fraud.** This policy is void in any case of fraud by you as it relates to the policy at any time. It is also void if you or any other insured intentionally conceal or misrepresent a material fact concerning:
 - a. this policy;
 - b. the covered property;
 - c. your interest in the covered property; or
 - d. a claim under this policy.

4. **Examination of Your Books and Records.** We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

5. **Inspections and Surveys.** We have the right but are not obligated to make inspections and surveys at any time, give you reports on the conditions we find and recommend changes. Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged.

We do not:

- a. make safety inspections;
- b. undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public;
- c. warrant that conditions are safe or healthful; or
- d. warrant that conditions comply with laws, regulations, codes or standards.

This condition applies not only to us but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

6. **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.
7. **Liberalization.** If we adopt any revision that would broaden the coverage under this policy without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.
8. **Other Insurance.**
 - a. **Section I**
 - (1) If loss covered by this policy is also covered by other insurance written in the name of the insured upon the same plan, terms, conditions and provisions as contained in this policy, we will not pay for a greater proportion of the covered loss than this policy's Limit of Insurance bears to the total amount of insurance covering such loss.

**SECTION I
AND SECTION II
COMMON CONDITIONS (cont.)**

- (2) If at the time of loss there is insurance, other than that described in item a.(1) above, covering the same loss covered by this policy, we will pay only for the amount of covered loss in excess of the amount due from that other insurance whether you can collect on it or not. However, we will not pay more than the Limit of Insurance applicable to Section I of this policy.

b. Section II

- (1) The insurance provided under Coverage L - Business Liability is excess insurance over any other insurance not written by us which would apply if this policy had not been written.
- (2) The total insurance provided under Coverage L - Business Liability and any other policy written by us will not exceed the largest limit of insurance applicable under any one of these policies written by us.
- (3) Items b.(1) and b.(2) above do not apply to insurance written specifically as excess to cover over the Limits of Insurance applicable to Section II of this policy.
- (4) The insurance provided under Coverage L - Business Liability is excess over any property insurance (including any deductible portion) available to the insured that insures for direct physical loss or damage to property in the care, custody or control of the insured including, but not limited to, Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage.
- (5) When this insurance is excess, we will have no duty under Coverage L - Business Liability to defend any claim or suit that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so but we will be entitled to the insured's rights against all those other insurers.

9. **Premiums.** The first Named Insured shown in the Declarations is responsible for the payment of all premiums and will be the payee for any return premiums we pay.

The premium shown in the Declarations was computed based on rates in effect at the time the policy

was issued. Undeclared exposures or change in your business operation, acquisition or use of locations may occur during the policy period that are not shown in the Declarations. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules then in effect.

10. Transfer of Rights of Recovery Against Others to Us.

a. Section I

- (1) If any person or organization to or for whom we make payment under this policy 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.
- (2) You may waive your rights against another party in writing prior to a loss to your covered property. After a loss to your covered property, you may waive your rights against another party in writing only if, at the time of loss, that party is one of the following:
- (a) someone covered by this insurance;
 - (b) a business firm owned or controlled by you; or
 - (c) a business firm that owns or controls you.
- (3) You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers without restricting your insurance.

b. Section II

- (1) If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring suit or transfer those rights to us and help us enforce them.
- (2) The transfer of insured's rights applicable to Section II of this condition does not

**SECTION I
AND SECTION II
COMMON CONDITIONS (cont.)**

apply to Coverage M - Medical Payments.

11. **Transfer of Your Rights and Duties Under This Policy.** Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting

within the scope of duties as your legal representative. Until your legal representative is appointed anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

12. **Conformity to State Law.** When a provision of this policy is in conflict with the applicable law of the state in which this policy is issued, the law of the state will apply.

IN WITNESS WHEREOF, this Company has executed and attested these presents; but this policy shall not be valid unless countersigned by the duly authorized Agent of this Company at the agency hereinbefore mentioned.

Kim M. Brunner

Secretary

Edward B. Rutledge

President

The Board of Directors, in accordance with Article VI(c) of this Company's Articles of Incorporation, may from time to time distribute equitably to the holders of the participating policies issued by said Company such sums out of its earnings as in its judgment are proper.

POLICY ENDORSEMENT (Business)

SECTION I PROPERTY COVERAGES

In all policies, under **PROPERTY NOT COVERED**, item 11. is replaced by the following:

11. trees, plants, lawns and shrubs other than those you own as merchandise held in storage or for sale, except as provided in the Extensions of Coverage; or

In **SPECIAL FORM 3** policies only, under **PROPERTY SUBJECT TO LIMITATIONS**, item 10. is deleted and item 3.d. is replaced by the following:

- d. \$250 for stamps, tickets and letters of credit, except as provided in the Money and Securities Optional Coverage;

SECTION I OPTIONAL COVERAGES

In all policies, the following is added to **OPTION ED - Employee Dishonesty**:

10. When used in the provisions of this Option ED, "employee" means any natural person who receives compensation for working in your regular service in the ordinary course of your business as well as your directors and officers whether compensated or not, except while performing outside the scope of the normal duties of such directors and officers. But this does not include any broker, consignee, contractor or other agent or representative of the same general character.

In all policies, the following is added to **OPTION MO - Money and Securities**:

6. When used in the provisions of this Option MO:
 - a. "money" means:
 - (1) currency, coins and bank notes in current use and having a face value;

- (2) travelers checks, register checks and money orders held for sale to the public;

- b. "securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:

- (1) tokens, tickets, revenue and other stamps in current use represented by either actual stamps or unused value in a meter;

- (2) evidences of debt issued in connection with credit or charge cards which are not issued by you;

but does not include "money".

SECTION I AND SECTION II COMMON CONDITIONS

In all policies, the **Premiums Common Condition** is replaced by the following:

9. **Premium Audit.** The first Named Insured shown in the Declarations is responsible for the payment of all premiums and will be the payee for any return premiums we pay.

The premium shown in the Declarations is a deposit premium only. At the close of each audit period, we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the deposit premium shown in the Declarations and the audit premium paid for the policy term is greater than the earned premium, we will return the excess to the first Named Insured.

We will compute all premiums for this policy in accordance with our rules and rates. The first Named Insured must keep records of the information we need for premium computation and send us copies at such times as we may request.

All other policy provisions apply.

UNINSURED MOTORIST COVERAGE ENDORSEMENT
Non-owned Auto, Hired Auto and Mobile Equipment Coverage
(Louisiana)

We will pay damages for **bodily injury** and "property damage" our insured is legally entitled to collect from the owner or driver of an "uninsured motor vehicle". The **bodily injury** or "property damage" must be caused by an accident arising out of the operation, maintenance, or use of an "uninsured motor vehicle".

The insured must be operating a **non-owned auto, a hired auto or mobile equipment** covered by this policy at the time the **bodily injury** or "property damage" occurs.

The Limits of Insurance for this coverage are:

1. **Bodily Injury** - equal to and included in the Business Liability Limit of Insurance shown in the Declarations.
2. "Property Damage" - the actual cash value at the time of loss, of the vehicle insured by this policy or \$10,000, whichever is less. This limit is subject to a \$250 deductible per occurrence. This limit is included in, not in addition to, the Business Liability Limit of Insurance shown in the Declarations.

The "property damage" coverage under this endorsement does not apply to the extent that physical damage coverage is paid or payable under any property insurance.

The most we will pay will be the lesser of:

1. the difference between the amount of the insured's damages for **bodily injury** or "property damage", and the amount paid to the insured by or for any person or organization who is or may be held legally liable for the damages; or
2. the limits of insurance for this coverage.

"Uninsured motor vehicle" means:

1. an identified land motor vehicle or trailer, the ownership, maintenance or use of which:

a. is not insured or bonded for **bodily injury** or "property damage" liability at the time of the accident; or

b. is insured or bonded for **bodily injury** or "property damage" liability at the time of the accident; but

(1) the amount of insurance or bond is less than required by the financial responsibility laws of the state of Louisiana;

(2) the insuring or bonding company denies coverage or becomes insolvent prior to making payment for the damages; or

(3) the amount of insurance or bond available to you is less than the amount of damages you are entitled to collect; or

2. a "hit-and-run" land motor vehicle or trailer:

a. which makes actual physical contact with a **non-owned auto, hired auto or mobile equipment** to which this policy applies; or

b. which is operated by a person whose actions result in an accident causing **bodily injury** or "property damage" to which this endorsement applies; and

c. whose owner or operator remains unidentified.

"Uninsured motor vehicle" does not mean a land motor vehicle or trailer:

1. furnished for your regular use;

2. owned or operated by a self-insurer under any motor vehicle financial responsibility law, motor carrier law or any similar law;

AMENDATORY ENDORSEMENT (Louisiana)

SECTION I CONDITIONS

Under the **Mortgage Holders Condition**, item e. is replaced by the following:

- e. If we cancel this policy, we will mail or deliver written notice to the mortgage holder at least:
 - (1) 20 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.

SECTION II COMPREHENSIVE BUSINESS LIABILITY

Under **BUSINESS LIABILITY EXCLUSIONS**, exclusion 3. is replaced by the following:

- 3. to **bodily injury or property damage** for which any insured may be held liable:
 - a. as a person or organization engaged in manufacturing, distributing, selling, serving or furnishing alcoholic beverages if such liability is imposed by reason of the furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol;
 - b. as a person or organization who causes or contributes to the consumption of alcoholic beverages by force or by falsely representing that a beverage contains no alcohol; or
 - c. as an owner or lessor of premises used for manufacturing, distributing, selling, serving or furnishing alcoholic beverages if such liability is imposed by reason of the furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol.

This entire exclusion does not apply to the liability imposed on any insured as

the result of the giving or serving of alcoholic beverages at functions incidental to your business, provided you are not: (a) in the business of manufacturing, distributing or selling alcoholic beverages; (b) serving or furnishing alcoholic beverages for a charge whether or not such activity requires a license or is for the purpose of financial gain or livelihood; (c) serving or furnishing alcoholic beverages without a charge if a license is required for such activity; or (d) intentionally violating any statute, ordinance or regulation;

SECTION II DESIGNATION OF INSURED

Under **WHO IS AN INSURED**, "executive officers" means only persons holding any of the officer positions created by your charter, constitution or by-laws.

SECTION I AND SECTION II COMMON CONDITIONS

The **Cancellation Condition** is replaced by the following:

Cancellation.

- 1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- 2. If this policy has been in effect for less than 60 days and is not a renewal with us, we may cancel this policy for any reason by mailing or delivering to the first Named Insured written notice of cancellation at least 60 days before the effective date of cancellation.
- 3. If this policy has been in effect for 60 days or more or if it is a renewal with us:
 - a. we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

3. owned by any government or any of its political subdivisions or agencies;
4. designed for use mainly off public roads except while on public roads; or
5. while located for use as premises.

For the purpose of this endorsement, "property damage" means physical injury to or destruction of a vehicle covered by this policy. It does not mean loss of use of the vehicle.

All other policy provisions apply.

FE-6492
(5/91)

FE-6451
(10/89)

TREE DEBRIS REMOVAL ENDORSEMENT

The following is added to **SECTION I EXTENSIONS OF COVERAGE**:

Tree Debris Removal. We will pay your expense to remove the debris of any broken or fallen tree if Coverage A property is damaged by the tree. The most we will pay in any one occurrence at each location under this Extension of Coverage is \$500 as an additional amount of insurance.

All other policy provisions apply.

FE-6451
(10/89)

FE-6538.1
(10/95)

GLASS DEDUCTIBLE DELETION ENDORSEMENT

Under **SECTION I DEDUCTIBLES**, the special \$100 deductible amount applicable to all glass losses is deleted and replaced by the Section I deductible otherwise included and shown in the Declarations of this policy.

All other policy provisions apply.

FE-6538.1
(10/95)

(CONTINUED)