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COMMERCIAL INSURANCE

A Custom Insurance Policy Prepared for:

**AUO OF CARDINELL VIEW LOFTS
CONDOMINIUM DEPT 445 BALLAS &
C/O FRESH START REAL EST INC.
6107 SW MURRAY BLVD., #313
BEAVERTON TX 97008**

Presented by: ABI INSURANCE

TRAVELERS CORP. TEL: 1-800-328-2189
APARTMENT BLDGS
COMMON POLICY DECLARATIONS
ISSUE DATE: 05/18/22
POLICY NUMBER: BME1-9R849460-TIL-22

INSURING COMPANY:
TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA

- 1. NAMED INSURED AND MAILING ADDRESS:
AUO OF CARDINELL VIEW LOFTS
CONDOMINIUM DEPT 445 BALLAS & (AS PER IL T8 00)
C/O FRESH START REAL EST INC.
6107 SW MURRAY BLVD., #313
BEAVERTON, TX 97008
- 2. POLICY PERIOD: From 07/22/22 to 07/22/23 12:01 A.M. Standard Time at your mailing address.

- 3. LOCATIONS
Premises Bldg.
Loc. No. No. Occupancy Address

SEE IL T0 03

- 4. COVERAGE PARTS FORMING PART OF THIS POLICY AND INSURING COMPANIES:
EQUIPMENT BREAKDOWN PROTECTION DECLARATIONS EB T0 00 02 19 TIL

- 5. NUMBERS OF FORMS AND ENDORSEMENTS
FORMING A PART OF THIS POLICY: SEE IL T8 01 10 93

- 6. SUPPLEMENTAL POLICIES: Each of the following is a separate policy containing its complete provisions:
Policy Policy No. Insuring Company

- DIRECT BILL
- 7. PREMIUM SUMMARY:
Provisional Premium \$ 415
Due at Inception \$
Due at Each \$

NAME AND ADDRESS OF AGENT OR BROKER:
ABI INSURANCE (G1645)
4800 SW GRIFFITH DR STE 300
BEAVERTON, OR 97005

COUNTERSIGNED BY:

Authorized Representative

DATE: _____

POLICY NUMBER: BME1-9R849460-TIL-22

EFFECTIVE DATE: 07-22-22

ISSUE DATE: 05-18-22

LISTING OF FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS

THIS LISTING SHOWS THE NUMBER OF FORMS, SCHEDULES AND ENDORSEMENTS BY LINE OF BUSINESS.

| | |
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| IL T0 02 11 89 | COMMON POLICY DECLARATIONS |
| IL T8 01 10 93 | FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS |
| IL T0 01 01 07 | COMMON POLICY CONDITIONS |
| IL T0 03 04 96 | LOCATION SCHEDULE |
| IL T8 00 | NAMED INSURED ENDORSEMENT |

BOILER AND MACHINERY

| | |
|----------------|--|
| EB T0 00 02 19 | ENERGYMAX21 EQUIP BREAKDOWN DEC |
| EB T0 01 02 19 | ENERGYMAX 21 EQUIP BREAKDOWN PRO TOC |
| EB T1 00 02 19 | EQUIPMENT BREAKDOWN PROTECTION |
| BM T5 94 01 21 | FEDERAL TERRORISM RISK INSURANCE ACT DIS |
| EB T3 18 02 19 | SPECIFIED PERILS EXCLUSION |
| EB T4 47 09 21 | ELECTRONIC VANDALISM EXCLUSION |
| PN EB 01 08 08 | IMPORTANT NOTICE - PREMIUM CALCULATION |

INTERLINE ENDORSEMENTS

| | |
|----------------|--|
| IL T0 63 07 22 | ACTUAL CASH VALUE |
| IL T4 12 03 15 | AMNDT COMMON POLICY COND-PROHIBITED COVG |
| IL T4 14 01 21 | CAP ON LOSSES FROM CERT ACTS OF TERRORIS |
| IL T4 27 06 19 | ADDITIONAL BENEFITS |
| IL F1 45 11 20 | OREGON CHANGES-DEFINITION OF DISHONESTY |
| IL 02 79 09 08 | OR CHANGES-CANCELLATION AND NONRENEWAL |

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions:

A. 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. We may cancel this policy or any Coverage Part 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; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. If the policy is cancelled, that date will become the end of the policy period. If a Coverage Part is cancelled, that date will become the end of the policy period as respects that Coverage Part only.
5. If this policy or any Coverage Part 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.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. 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 as part of this policy.

C. 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.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

1. The first Named Insured shown in the Declarations:
 - a. Is responsible for the payment of all premiums; and
 - b. Will be the payee for any return premiums we pay.
2. We compute all premiums for this policy in accordance with our rules, rates, rating plans, premiums and minimum premiums. The premium shown in the Declarations was computed based on rates and rules in effect at

the time the policy was issued. On each renewal continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

F. 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.

G. Equipment Breakdown Equivalent to Boiler and Machinery

On the Common Policy Declarations, the term Equipment Breakdown is understood to mean and include Boiler and Machinery and the term Boiler and Machinery is understood to mean and include Equipment Breakdown.

This policy consists of the Common Policy Declarations and the Coverage Parts and endorsements listed in that declarations form.

In return for payment of the premium, we agree with the Named Insured to provide the insurance afforded by a Coverage Part forming part of this policy. That insurance will be provided by the company indicated as insuring company in the Common Policy Declarations by the abbreviation of its name opposite that Coverage Part.

One of the companies listed below (each a stock company) has executed this policy, and this policy is countersigned by the officers listed below:

The Travelers Indemnity Company (IND)

The Phoenix Insurance Company (PHX)

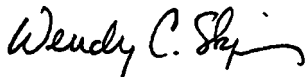
The Charter Oak Fire Insurance Company (COF)

Travelers Property Casualty Company of America (TIL)

The Travelers Indemnity Company of Connecticut (TCT)

The Travelers Indemnity Company of America (TIA)

Travelers Casualty Insurance Company of America (ACJ)



Secretary



President

LOCATION SCHEDULE

POLICY NUMBER: BME1-9R849460-TIL-22

This Schedule of Locations and Buildings applies to the Common Policy Declarations for the period 07-22-22 to 07-22-23 .

| Loc. No. | Bldg. No. | Address | Occupancy |
|-----------------|------------------|---|---------------------|
| 1 | 1 | 1205 SW CARDINELL DRIVE PORTLAND, OR 97201 | APARTMENT BUILDINGS |

POLICY NUMBER: BME1-9R849460-TIL-22

GENERAL PURPOSE ENDORSEMENT

NAMED INSURED ENDORSEMENT

ITEM 1 NAMED INSURED TO READ:

AUO OF CARDINELL VIEW LOFTS CONDOMINIUM DEPT 445 BALLAS &
PARTNERS MANAGEMENT INC

BOILER AND MACHINERY



BOILER AND MACHINERY

**ENERGYMAX 21
EQUIPMENT BREAKDOWN PROTECTION
DECLARATIONS**

**POLICY NUMBER: BME1-9R849460-TIL-22
ISSUE DATE: 05-18-22**

INSURING COMPANY:

TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA

EFFECTIVE DATE: Same as Policy unless otherwise specified:

COVERED PREMISES:

The Coverage Provided By This Coverage Part Applies To All Locations Covered By This Policy Except Those Listed Below:

EXCEPTIONS:

The Limits of Insurance for Property Damage and the Coverage Extensions and Limitations are part of, not in addition to, the Total Limit per Breakdown.

If INCLUDED is shown under Limit of Insurance for Property Damage or a Coverage Extension or Limitation, then the limit for such coverage is part of, not in addition to, the other Limit of Insurance identified.

The Coverage Extensions listed below apply only if a limit or other coverage indicator is shown under the Limit of Insurance for that Coverage Extension.

The Coverage Limitations listed below always apply.

COVERAGES and LIMITS OF INSURANCE

Total Limit per Breakdown:

\$8,830,468

1. Property Damage (PD):

\$8,521,828

2. Coverage Extensions:

a. Business Income Coverage Extension (BI):

\$308,640

Coinsurance Percentage **100%**

b. Extra Expense Coverage Extension (EE):

INCLUDED IN BI LIMIT

c. Spoilage Damage Coverage Extension (SD):

\$25,000

Utility Interruption – Spoilage coverage applies only if the interruption lasts at least (waiting period):

12 Hours

d. Utility Interruption – Time Element Coverage Extension (UI-TE):

\$100,000

Utility Interruption – Time Element coverage applies only if the interruption lasts at least (waiting period):

12 Hours

e. Civil Authority Coverage Extension:

COVERED

COVERAGES and LIMITS OF INSURANCE – Continued

- f. "Dependent Property" Coverage Extension:
NOT COVERED
"Dependent Property" Locations:

- g. "Electronic Data" Or "Media" Coverage Extension:
 - (1) "Electronic Data" Or "Media" Stored At "Covered Premises":
\$25,000
 - (2) "Electronic Data" Or "Media" Stored With "Electronic Data Storage Provider":
INCLUDED IN "ELECTRONICS DATA" OR "MEDIA" STORED AT "COVERED PREMISES"

- h. Errors And Omissions Coverage Extension:
\$25,000

- i. Expediting Expense Coverage Extension:
\$25,000

- j. Extended Period Of Restoration Coverage Extension:
30 Days

- k. "Fungus", Wet Rot And Dry Rot Coverage Extension:
 - (1) Property Damage:
\$15,000
 - (2) Business Income Or Extra Expense:
30 DAYS

- l. Green Enhancements Coverage Extension:
Property Damage Percentage Factor:
5 %
Property Damage Additional Costs Limit of Insurance:
\$25,000
Business Income or Extra Expense Additional Number of Days:
30 days

- m. Ingress Or Egress Coverage Extension:
1 DAY

- n. Newly Acquired Locations Coverage Extension:
\$1,000,000
Number of Days of Coverage:
90 Days

- o. Off-Premises Transportable Equipment Coverage Extension:
\$25,000

COVERAGES and LIMITS OF INSURANCE – Continued

- p.** Ordinance Or Law (Including Demolition And Increased Cost Of Construction) Coverage Extension:
 - (a)** Undamaged Property:
\$100,000
 - (b)** Demolition:
INCLUDED IN UNDAMAGED PROPERTY
 - (c)** Increased Cost Of Construction:
INCLUDED IN UNDAMAGED PROPERTY
- q.** Sump Overflow Coverage Extension:
\$5,000

COVERAGE LIMITATIONS and LIMITS OF INSURANCE

- a.** Hazardous Substance Limitation:
\$25,000
- b.** Refrigerant Contamination Limitation:
\$25,000
- c.** Water Damage Limitation:
\$50,000

Drying Out Limit of Insurance:
INCLUDED IN PD LIMIT

Other:

NUMBER OF DAYS FOR NOTICE OF CANCELLATION:

60 Days

Except: 10 days for non-payment of Premium

COVERAGES and DEDUCTIBLE AMOUNT

Combined Deductible:

NOT APPLICABLE

Property Damage (PD):

\$10,000

Business Income (BI):

24 HOURS

Extra Expense (EE):

INCLUDED IN BI DEDUCTIBLE

Spoilage Damage (SD):

\$10,000

Utility Interruption – Time Element (UI-TE):

24 HOURS

"Dependent Property":

NOT APPLICABLE

Refrigerant Contamination:

\$10,000

Other:

NUMBERS OF FORMS, SCHEDULES AND ENDORSEMENTS FORMING PART OF THIS COVERAGE PART ARE ATTACHED AS A SEPARATE LISTING

EnergyMax 21 Equipment Breakdown Protection

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ENERGYMAX 21

EQUIPMENT BREAKDOWN PROTECTION

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

Throughout this Coverage Part the words "you" and "your" refer to the Named Insured shown in the Declarations or as endorsed hereunder. The words "we", "us" and "our" refer to the Company providing this insurance.

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

A. Coverage

1. Property Damage (PD)

- a. We will pay for direct damage to "Covered Property" located at the "Covered Premises" caused by a "Breakdown" to "Covered Equipment".
- b. We will also pay for the costs you incur to remove debris of such damaged "Covered Property", where such debris is a direct result of a "Breakdown" to "Covered Equipment".

2. Coverage Extensions

Coverage provided under Section **A.1.** may be modified by the following Coverage Extensions. Coverage Extensions apply only if a limit or other coverage indicator is shown under the Limit of Insurance for that Coverage Extension in the Declarations or elsewhere in this Coverage Part.

The Coverage Extensions apply only to that portion of the loss or damage that is a direct result of a "Breakdown" to "Covered Equipment". The "Breakdown" to "Covered Equipment" must occur during the policy period, but expiration of the Policy does not limit our liability under these Coverage Extensions.

The most we will pay under each of the Coverage Extensions is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for such Coverage Extension.

The Limits of Insurance for these Coverage Extensions are part of, and are not in addi-

tion to, the Total Limit per Breakdown Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part.

a. Business Income Coverage Extension (BI)

- (1) We will pay:
 - (a) Your actual loss of "Business Income" from a total or partial interruption of business during the "Period of Restoration"; and
 - (b) The additional necessary expenses you incur during the "Period of Restoration", over and above the expenses that you normally would have incurred, to reduce or avert the amount of loss under this Coverage Extension. We will pay for such expenses only to the extent that they do not exceed the amount of loss that otherwise would have been payable under this Coverage Extension.
- (2) The "Covered Equipment" must either be:
 - (a) "Covered Property" located at a "Covered Premises"; or
 - (b) Property of others that is:
 - (i) Located at a "Covered Premises" insured under this Coverage Part; and
 - (ii) Used to supply "Utility Services" to the "Covered Premises".
- (3) We will take into consideration:
 - (a) The experience of your business before the "Breakdown" to "Covered Equipment" and the probable experience you would have had without the "Breakdown" to "Covered Equipment"; and
 - (b) Any amount recovered under physical damage coverages based on selling price valuation;

EQUIPMENT BREAKDOWN

in the adjustment of any loss.

b. Extra Expense Coverage Extension (EE)

- (1) We will pay your "Extra Expense".
- (2) The "Covered Equipment" must either be:
 - (a) "Covered Property" located at a "Covered Premises"; or
 - (b) Property of others that is:
 - (i) Located at a "Covered Premises" insured under this Coverage Part; and
 - (ii) Used to supply "Utility Services" to the "Covered Premises".
- (3) We will take into consideration the experience of your business before the "Breakdown" to "Covered Equipment" and the probable experience you would have had without the "Breakdown" to "Covered Equipment" in the adjustment of any loss.

c. Spoilage Damage Coverage Extension (SD)

We will pay for:

- (1) Spoilage damage to "Perishable Goods" located at the "Covered Premises".
- (2) Utility Interruption – Spoilage
Spoilage damage to "Perishable Goods" located at the "Covered Premises" that is caused by or results from an interruption in "Utility Services" to your "Covered Premises" that is the direct result of a "Breakdown" to "Covered Equipment" owned, operated or controlled by a private or public utility, landlord or other supplier with whom you have a contract to provide you with "Utility Services".

The interruption of such "Utility Service" to your "Covered Premises" must last at least the consecutive period of time shown in the Declarations or elsewhere in this Coverage Part for Utility Interruption – Spoilage. Once this waiting period is met, coverage will commence at the initial time of the interruption and will

then be subject to the applicable deductible.

- (3) Any necessary expenses you incur to reduce or avert the amount of loss under this Coverage Extension. We will pay such expenses to the extent they do not exceed the amount of loss that otherwise would have been payable under this Coverage Extension.

d. Utility Interruption – Time Element Coverage Extension (UI-TE)

If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover loss caused by the interruption of "Utility Services" to your "Covered Premises" provided all of the following conditions are met:

- (1) The interruption is the direct result of a "Breakdown" to "Covered Equipment" owned, operated or controlled by a private or public utility, landlord or other supplier with whom you have a contract to provide you with "Utility Services";
- (2) The "Covered Equipment" is not located at the affected "Covered Premises" insured under this Coverage Part;
- (3) The "Covered Equipment" is used to supply "Utility Services" to the "Covered Premises"; and
- (4) The interruption of "Utility Services" to your "Covered Premises" lasts at least the consecutive period of time shown in the Declarations or elsewhere in this Coverage Part for Utility Interruption – Time Element. Once this waiting period is met, coverage will commence at the initial time of the interruption, subject to the applicable deductible.

With respect to this Coverage Extension, the "Period of Restoration" ends on the date when the "Covered Equipment" owned, operated or controlled by such utility supplier should be repaired, rebuilt or replaced with reasonable speed and similar quality.

e. Civil Authority Coverage Extension

- (1) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover loss caused by the action of civil authority that prohibits access to the "Covered Premises". The action of civil authority must be due to direct physical loss or damage to property caused by a "Breakdown" to "Covered Equipment" at locations, other than the "Covered Premises", that are within 100 miles of the "Covered Premises".
- (2) Coverage provided under Paragraph **e.(1)** above will commence 24 hours after the time of the civil authority action and will continue:
- (a) For a period of up to three consecutive weeks; or
- (b) Until the action of civil authority is rescinded or expires and access to the "Covered Premises" is no longer prohibited;
- whichever occurs first. The "Period of Restoration" does not apply to this Coverage Extension.

f. "Dependent Property" Coverage Extension

If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover loss caused by the necessary partial or total interruption of your business during the "Period of Restoration for Dependent Property". The interruption must be caused by direct physical loss of or damage to "Dependent Property", shown in the Declarations or elsewhere in this Coverage Part, caused by or resulting from a "Breakdown" to "Covered Equipment".

However, coverage under this Coverage Extension does not apply when the only loss to "Dependent Property" is loss or damage to "Electronic Data", including destruction or corruption of "Electronic Data". If the "Dependent Property" sustains loss or damage to "Electronic Data" and other property, coverage under this Coverage Extension will end once the other property is repaired, rebuilt or replaced.

g. "Electronic Data" Or "Media" Coverage Extension**(1) "Electronic Data" Or "Media" Stored At "Covered Premises"**

If "Media" is damaged or "Electronic Data" is lost or corrupted as a direct result of a "Breakdown" to "Covered Equipment" and such "Media" or "Electronic Data" is located or stored at a "Covered Premises", we will pay the actual cost to:

- (a) Research, replace, recreate or restore the damaged "Media" or lost or corrupted "Electronic Data"; and
- (b) Reprogram instructions used in any "Covered Property" that is "Computer Equipment" made necessary due to the damaged "Media" or lost or corrupted "Electronic Data".

(2) "Electronic Data" Or "Media" Stored With "Electronic Data Storage Provider"

If "Media" is damaged or "Electronic Data" is lost or corrupted as a direct result of a "Breakdown" to "Covered Equipment" owned, operated or controlled by an "Electronic Data Storage Provider" and such "Media" or "Electronic Data" is stored with that "Electronic Data Storage Provider", we will pay your actual cost to:

- (a) Research, replace, recreate or restore your damaged "Media" or your lost or corrupted "Electronic Data"; and
- (b) Reprogram instructions used in any "Covered Property" that is "Computer Equipment";

provided that the "Covered Equipment" owned, operated or controlled by that "Electronic Data Storage Provider" is not located at any "Covered Premises" insured under this Coverage Part and that such "Covered Equipment" is used to store your "Electronic Data".

- (3) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover the actual loss incurred during

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the time necessary to:

- (a) Research, replace, recreate or restore the damaged, "Media" or lost or corrupted "Electronic Data"; and
- (b) Reprogram instructions used in any covered "Computer Equipment";

with reasonable speed and similar quality. The "Period of Restoration" does not apply to this Coverage Extension.

- (4) We will not pay for any loss or expense incurred due to damaged "Media" or lost or corrupted "Electronic Data" if the "Electronic Data" or "Media" cannot be replaced, recreated or restored. To the extent that "Electronic Data" is not replaced, recreated or restored, the loss will be valued at the cost of replacement of the "Media" on which the "Electronic Data" was stored, with blank "Media" of a substantially identical type.

The deductible for coverage provided under this Coverage Extension is INCLUDED within the applicable Property Damage Deductible, Business Income Deductible or Extra Expense Deductible shown in the Declarations or elsewhere in this Coverage Part.

h. Errors And Omissions Coverage Extension

We will pay for your loss or damage that would otherwise be payable under this Coverage Part, but is not payable solely because of any unintentional:

- (1) Error or omission in the description or location of property as insured under this Coverage Part;
- (2) Failure to include any premises owned or occupied by you at the inception date of this Coverage Part; or
- (3) Error or omission by you that results in cancellation of coverage for any premises insured under this Policy.

No coverage is provided as a result of any error or omission in the reporting of

values or the coverage you requested.

It is a condition of coverage provided under this Coverage Extension that any errors or omissions must be reported and corrected when discovered. The policy premium will be adjusted accordingly to reflect the date that any premises should have been added had no error or omission occurred.

i. Expediting Expense Coverage Extension

With respect to direct damage to "Covered Property" located at the "Covered Premises" caused by a "Breakdown" to "Covered Equipment", we will pay the reasonable extra cost you necessarily incur to:

- (1) Make temporary repairs to; or
- (2) Expedite the permanent repairs or replacement of;

the damaged "Covered Property".

The deductible for coverage under this Coverage Extension is INCLUDED within the Property Damage Deductible shown in the Declarations or elsewhere in this Coverage Part.

j. Extended Period Of Restoration Coverage Extension

The "Period of Restoration" is extended for the number of consecutive days indicated in the Declarations or elsewhere in this Coverage Part.

k. "Fungus", Wet Rot And Dry Rot Coverage Extension

(1) Property Damage

- (a) We will pay for direct damage to "Covered Property" located at the "Covered Premises" caused by "Fungus", wet rot or dry rot, but only when the "Fungus", wet rot or dry rot is caused by or results from a "Breakdown" to "Covered Equipment" that occurs during the policy period, including the cost:

- (i) To treat, contain or remove the "Fungus", wet rot or dry rot;
- (ii) To dispose of the "Fungus",

wet rot or dry rot;

- (iii) To tear out and replace any "Covered Property" located at the "Covered Premises" as needed to gain access to the "Fungus", wet rot or dry rot; and
 - (iv) Of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "Fungus", wet rot or dry rot is present.
- (b) The most we will pay for coverage provided under Paragraph **k.(1)(a)** above is \$15,000 per "Covered Premises" per 12-month period starting with the effective date of this Coverage Part, or the amount shown in the Declarations or elsewhere in this Coverage Part as the Limit of Insurance for "Fungus", Wet Rot And Dry Rot Coverage Extension, whichever is greater. With respect to any "One Break-down" that results in "Fungus", wet rot or dry rot, we will not pay more than such limit even if the "Fungus", wet rot or dry rot continues to be present or active or recurs in a later policy period.
- (c) The limit in Paragraph **k.(1)(b)** above is part of, and is not in addition to, the Property Damage Limit of Insurance.

However, if "Fungus", wet rot or dry rot results from water released as a result of a "Break-down" to "Covered Equipment", the limit in Paragraph **k.(1)(b)** above is part of, and is not in addition to, the Water Damage Limitation Limit of Insurance.

(2) Business Income Or Extra Expense

- (a) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover the additional

loss caused by the presence of "Fungus", wet rot or dry rot as identified in Paragraph **k.(1)(a)** above.

- (b) Coverage identified in Paragraph **k.(2)(a)** above is limited to 30 days, or the number of days shown in the Declarations or elsewhere in this Coverage Part for the "Fungus", Wet Rot And Dry Rot Coverage Extension, whichever is greater. The number of indicated days need not be consecutive. This limit is part of, and is not in addition to, the applicable Limits of Insurance for the Business Income Coverage Extension or Extra Expense Coverage Extension.

The deductible for coverage under this Coverage Extension is INCLUDED with in the applicable Property Damage Deductible, Business Income Deductible or Extra Expense Deductible shown in the Declarations or elsewhere in this Coverage Part.

I. Green Enhancements Coverage Extension

(1) Green Alternative Additional Costs

- (a) We will pay for the reasonable additional cost you incur to:
 - (i) Repair or replace the damaged or destroyed portions of the "Covered Property" located at the "Covered Premises" (except as may be provided under Section **E. Conditions. 1. Loss Conditions. I. Valuation. (2) New Generation**) using products or materials that:
 - i. Are "Green" alternatives to the products or materials of the damaged or destroyed "Covered Property" located at the "Covered Premises", in accordance with the documented standards of a "Green Authority"; and

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- ii. Are otherwise of comparable quality and function to the damaged or destroyed "Covered Property" located at the "Covered Premises"; and
 - (ii) Employ "Green" methods or processes of construction, disposal or recycling in the course of the repair and replacement of the damaged or destroyed "Covered Property" located at the "Covered Premises", in accordance with the documented standards of a "Green Authority".
- (b) Green Reengineering, Recertification And Related Expenses**
- (i) If, as a direct result of the "Breakdown" to "Covered Equipment", the pre-loss level of "Green" certification by a "Green Authority" on the "Covered Property" located at the "Covered Premises" is lost, we will pay for the following reasonable additional expense you incur to re-attain the pre-loss level of "Green" certification from that "Green Authority":
 - i. The reasonable additional expenses you incur to hire a qualified engineer or other professional required by the "Green Authority" to be involved in:
 - a. Designing, overseeing or documenting the repair or replacement of the damaged or destroyed "Covered Property" located at the "Covered Premises"; or
 - b. Testing and recalibrating the systems and mechanicals of the damaged or destroyed "Covered Property" located at the "Covered Premises" to verify that the systems and mechanicals are performing in accordance with the design of such systems and mechanicals or the specifications of the manufacturer; and
 - ii. The reasonable registration and recertification fees charged by the "Green Authority".
 - (ii) After repair or reconstruction is completed, we will pay your reasonable expenses to flush out the renovated space or to conduct air quality testing of the renovated space in accordance with the recommended procedures of a "Green Authority" and for the purpose of mitigating indoor air-quality deficiencies resulting from the repair or reconstruction.
 - (iii) This coverage applies to the additional expenses described in Paragraphs **I.(1)(b)(i)** and **(ii)** above that you incur to achieve the pre-loss level of "Green" certification in accordance with the standards of the "Green Authority" that exist at the time of repair or replacement, even if the standards have changed since the original certification was achieved.
- (c)** Coverage provided under Paragraphs **I.(1)(a)** and **I.(1)(b)** above applies only if replacement cost valuation applies to the damaged or destroyed "Covered Property" located at the "Covered Premises", and then only if the "Covered Property" is actually repaired or replaced as

soon as reasonably possible after the "Breakdown" to "Covered Equipment".

- (d) The most we will pay for coverage provided under Paragraphs **I.(1)(a)** and **I.(1) (b)** above for any "One Breakdown" is the least of:

(i) The Property Damage Percentage Factor shown in the Declarations or elsewhere in this Coverage Part multiplied by the amount we would otherwise pay for loss covered under Section **A. Coverage, 1. Property Damage**, prior to the application of any applicable deductible; or

(ii) The Property Damage Additional Costs Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part.

(2) Green Alternative Business Income And Extra Expense

- (a) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover the actual and necessary loss or expense incurred during the reasonable and necessary increase in the "Period of Restoration" incurred to:

(i) Repair or replace the damaged or destroyed portions of the "Covered Property" located at the "Covered Premises" using products or materials that:

- i. Are "Green" alternatives to the products or materials of the damaged or destroyed "Covered Property", in accordance with the documented standards of a "Green Authority"; and

ii. Are otherwise of comparable quality and function to the damaged or destroyed "Covered Property"; and

- (ii) Employ "Green" methods or processes of construction, disposal or recycling in the course of the repair and replacement of the damaged or destroyed "Covered Property" located at the "Covered Premises", in accordance with the documented standards of a "Green Authority".

- (b) The coverage provided under Paragraph **I.(2)(a)** above does not increase the applicable Business Income or Extra Expense Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part.

The deductible for coverage provided under this Coverage Extension is INCLUDED within the applicable Property Damage Deductible, Business Income Deductible or Extra Expense Deductible shown in the Declarations or elsewhere in this Coverage Part.

m. Ingress Or Egress Coverage Extension

- (1) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover loss you incur due to physical prevention of ingress to or egress from a "Covered Premises" provided such prevention is a direct result of a "Breakdown" to "Covered Equipment" as otherwise covered under this Policy. The prevention of ingress to or egress from a "Covered Premises" must be caused by a "Breakdown" to "Covered Equipment" at a location other than a "Covered Premises".

- (2) Coverage provided under Paragraph **m.(1)** above will commence 24 hours after the inception of the prevention of ingress or egress and will continue for the period of time

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shown for the Ingress Or Egress Coverage Extension in the Declarations or elsewhere in this Coverage Part.

- (3) Coverage provided under this Coverage Extension does not apply if the ingress to or egress from your "Covered Premises" is prohibited by civil authority.

The deductible for coverage under this Coverage Extension is INCLUDED within the applicable Business Income Deductible or Extra Expense Deductible shown in the Declarations or elsewhere in this Coverage Part.

n. Newly Acquired Locations Coverage Extension

We will provide coverage at newly acquired locations you have purchased or leased. This coverage begins at the time you acquire the property and is subject to the following conditions:

- (1) You must promptly inform us in writing of each newly acquired location;
- (2) You agree to pay an additional premium as determined by us for each newly acquired location from the date you acquire each such location;
- (3) The coverage for these locations will be subject to the same terms, conditions, exclusions and limitations as other "Covered Premises" until such locations are more specifically insured under the Coverage Part;
- (4) The coverage under this Coverage Extension will end when any of the following first occurs:
 - (a) This Policy expires;
 - (b) The number of days shown in the Declarations or elsewhere in this Coverage Part for Newly Acquired Locations is exceeded; or
 - (c) The location is reported to us and we have communicated to you in writing our intent to continue coverage (including coverage with different limits, deductibles, terms or conditions) or decline further coverage for such reported location.

- (5) If the coverages and deductibles vary for existing premises, then the coverages for the newly acquired locations will be the broadest coverage, highest limits and highest deductibles applicable to the existing "Covered Premises". However, the most we will pay for all loss or damage as provided under this Coverage Extension is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Newly Acquired Locations Coverage Extension.

o. Off-Premises Transportable Equipment Coverage Extension

- (1) If you have transportable "Covered Equipment" that, at the time of the "Breakdown", is within the Coverage Territory but is at a temporary location that is not a "Covered Premises" or any other location owned, leased or operated by you, we will pay for direct damage to "Covered Property" caused by a "Breakdown" to such "Covered Equipment".
- (2) With respect to coverage provided under this Coverage Extension, Section F. Definitions, 7. "Covered Equipment", Paragraph b.(11) does not apply to transportable "Covered Equipment" mounted on or used with a vehicle, self-propelled equipment or floating vessel, provided the transportable "Covered Equipment" is not used in the operation or propulsion of the vehicle, self-propelled equipment or floating vessel.
- (3) The Limit of Insurance for coverage provided under this Coverage Extension is part of, and is not in addition to, the Property Damage Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part. The deductible for coverage under this Coverage Extension is INCLUDED within the applicable Property Damage Deductible shown in the Declarations or elsewhere in this Coverage Part.

p. Ordinance Or Law (Including Demolition And Increased Cost Of Construction) Coverage Extension

(1) With respect to a building or structure that is "Covered Property" located at a "Covered Premises" and that was damaged as a result of a "Breakdown" to "Covered Equipment", the following coverages apply:

(a) Undamaged Property

We will pay for the loss in value of the undamaged portion of the building or structure as a consequence of enforcement of an ordinance, law, rule, regulation or ruling that requires the demolition of undamaged parts of the same building or structure.

(b) Demolition

We will pay your actual cost to demolish and clear the site of the undamaged parts of the same building or structure as a consequence of enforcement of an ordinance, law, rule, regulation or ruling that requires the demolition of such undamaged property.

(c) Increased Cost Of Construction

We will pay the increased cost actually and necessarily expended to:

(i) Repair or reconstruct the damaged or destroyed portions of the building or structure; and

(ii) Reconstruct or remodel the undamaged portion of that building or structure with buildings or structures of like materials, height, floor area, and style for like occupancy, regardless of whether demolition is required on:

i. The same "Covered Premises" or at another location, if you so elect. However, if you rebuild at another location, the most we will pay is the

increased cost of construction that we would have paid to rebuild at the same "Covered Premises"; or

ii. Another location if the relocation is required by the ordinance, law, rule, regulation or ruling. The most we will pay is the increased cost of construction at the new location.

(d) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover loss incurred as a direct consequence of coverage provided in Paragraph **p.(1)(a), (b) or (c)** above. With regard to loss covered under this paragraph, the "Period of Restoration" is extended to include the additional period of time required for demolition, removal, repair, remodeling or reconstruction and to meet the minimum requirement for the enforcement of any ordinance, law, rule, regulation or ruling in effect at the time of the "Breakdown".

(2) The coverages described in Paragraph **p.(1)** above apply only if the increases in loss are necessitated by the enforcement of any ordinance, law, rule, regulation or ruling that is in force at the time of the "Breakdown" to "Covered Equipment" and that regulates the demolition, construction, repair or use of the building or structure.

(3) We will not pay for:

(a) Demolition or site clearing until the undamaged portions of the buildings or structures are actually demolished;

(b) Increase in loss until the damaged or destroyed buildings or structures are actually rebuilt or replaced and approved by the regulating government agency;

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- (c) Loss due to any ordinance, law, rule, regulation or ruling that:
 - (i) You were required to comply with before the loss, even if the building was undamaged; and
 - (ii) You failed to comply with;
 - (d) Increase in loss excess of the amount required to meet the minimum requirement of an ordinance, law, rule, regulation or ruling enforcement at the time of the "Breakdown" to "Covered Equipment";
 - (e) Increase in loss resulting from a "Hazardous Substance";
 - (f) Loss or expense sustained due to the enforcement of any ordinance, law, rule, regulation or ruling that requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to the presence, growth, proliferation, spread or any activity of "Fungus", wet rot or dry rot; or
 - (g) Costs associated with the enforcement of any ordinance, law, rule, regulation or ruling that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "Fungus", wet rot or dry rot.
- (4) If:
- (a) The building or structure is damaged by a "Breakdown" to "Covered Equipment" that is covered by this Coverage Part;
 - (b) There is other physical damage that is not covered by this Coverage Part; and
 - (c) As a result of the building damage in its entirety, you are required to comply with the ordinance, law, rule, regulation or ruling;

then we will not pay the full amount of the loss under this Coverage Extension. Instead, we will pay only

that proportion of such loss that the damage by the "Breakdown" to "Covered Equipment" bears to the total physical damage.

But if the building or structure sustains direct physical damage that is not covered under this Coverage Part and such damage is the subject of the ordinance, law, rule, regulation or ruling, then there is no Ordinance or Law coverage under this Coverage Part even if the building has also sustained damage by a "Breakdown" to "Covered Equipment".

- (5) The most we will pay under this Coverage Extension for the sum of all covered loss, including loss covered under any applicable Business Income Coverage Extension or Extra Expense Coverage Extension, is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Ordinance Or Law (Including Demolition And Increased Cost Of Construction).

The deductible for coverage provided under this Coverage Extension is INCLUDED within the applicable Property Damage Deductible, Business Income Deductible or Extra Expense Deductible shown in the Declarations or elsewhere in this Coverage Part.

q. Sump Overflow Coverage Extension

- (1) We will pay for direct damage to "Covered Property" located at the "Covered Premises" caused by or resulting from the overflow of water or waterborne material from a sump located at a "Covered Premises" if such overflow is the result of a "Breakdown" to "Covered Equipment" that is a sump pump or any other "Covered Equipment" at the "Covered Premises" necessary to operate that sump pump.
- (2) We will also pay for any loss covered under any other Coverage Extension as otherwise provided under this Policy that directly results from a loss covered under Paragraph q.(1) above.

- (3) The most we will pay under this Coverage Extension for "One Breakdown" is \$5,000.
- (4) We will not pay for any loss or damage under this Coverage Extension if such loss or damage is covered under another policy of insurance or self-insurance risk retention plan in force at the time of the "Breakdown" to "Covered Equipment", regardless of any applicable deductible, or whether you can collect on it or not.

The deductible for coverage under this Coverage Extension is INCLUDED within the applicable Property Damage Deductible shown in the Declarations or elsewhere in this Coverage Part.

B. Exclusions

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

The exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

1. Earth Movement

Earth movement including: earthquake; landslide; land subsidence; mine subsidence; sinkhole collapse; volcanic action; or other rising or shifting of earth that results from, contributes to, or is aggravated by any of the above, all whether naturally occurring or due to man-made or other artificial causes.

2. Nuclear Hazard

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

3. War or Military Action

- a. War, including undeclared or civil war;
- b. 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
- c. Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

4. Water

- a. Flood, surface water, waves, tides, tidal waves, tsunamis, overflow of any body of water, or their spray, all whether driven by wind or not;
- b. Mudflow or mudslides;
- c. Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment, except as provided in the Sump Overflow Coverage Extension in Section A.2.q. ; or
- d. Water under the ground surface pressing on, or flowing or seeping through:
 - (1) Foundations, walls, floors or paved surfaces;
 - (2) Basements, whether paved or not; or
 - (3) Doors, windows or other openings:

all whether naturally occurring or due to man-made or other artificial causes.

However, if your electrical "Covered Equipment" located at the "Covered Premises" requires drying out as a result of a loss event described in Paragraphs 4. a., b. or c. above, we will pay the expenses you incur to dry out such "Covered Equipment". We will not pay the cost to repair (other than the expense to dry out) or replace such "Covered Equipment" or any other resulting loss, damage or expense.

The most we will pay for such drying out expenses is the applicable Drying Out Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part, or the actual cash value of your affected electrical "Covered Equipment", whichever is less. The Property Damage Deductible shown in the Declarations or elsewhere in this Coverage Part applies to these expenses.

5. **Capsizing, collapse, collision, impact, overturning, sinking or upset** of transportable "Covered Equipment" or the vehicle, vessel, platform or any other structure on which the "Covered Equipment" is mounted or transported.
6. **Discharge or leakage** of a sprinkler system, sewer piping or domestic water piping, unless such discharge or leakage is the direct result of a "Breakdown" to

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"Covered Equipment". The most we will pay for such water damage is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Water Damage Limitation.

7. Delay, interruption of business, loss of use or loss of market except as provided in the Business Income Coverage Extension, Extra Expense Coverage Extension or Utility Interruption-Time Element Coverage Extension in Section **A.2**.

8. Depletion, deterioration, corrosion, erosion, decay, wear and tear or rust. However, if a "Breakdown" to "Covered Equipment" ensues, we will pay the ensuing loss or damage not otherwise excluded.

9. An explosion.

However, we will pay for direct loss or damage caused by an explosion of "Covered Equipment" of a kind specified below, and which is not otherwise excluded elsewhere in this Coverage Part:

- a. Steam boiler; electric steam generator; steam piping; steam turbine; steam engine; or
- b. Gas turbine or any other moving or rotating machinery, when such explosion is caused by centrifugal force or mechanical breakdown.

10. Explosion within the furnace of a chemical recovery type boiler or within the gas passages from the furnace to the atmosphere.

11. Fire or combustion explosion including those that:

- a. Result in a "Breakdown" to "Covered Equipment";
- b. Occur at the same time as a "Breakdown" to "Covered Equipment"; or
- c. Ensur from a "Breakdown" to "Covered Equipment".

12. "Fungus", Wet Rot and Dry Rot

Presence, growth, proliferation, spread or activity of "Fungus", wet rot or dry rot, except as provided in the "Fungus", Wet Rot And Dry Rot Coverage Extension in Section **A.2.k**. However, if a "Breakdown" to "Covered Equipment" ensues, we will pay the ensuing loss or damage not otherwise excluded.

13. "Hacking Event". However, if a "Breakdown" to "Covered Equipment" ensues, we will pay the ensuing loss or damage not otherwise excluded.

14. Any indirect loss, including damage due to spoilage, following a "Breakdown" to "Covered Equipment" that results from the **lack or excess of power, light, heat, steam or refrigeration**, except as provided in the Business Income Coverage Extension, Extra Expense Coverage Extension, Utility Interruption-Time Element Coverage Extension or Spoilage Damage Coverage Extension in Section **A.2**.

15. Neglect by you to use all reasonable means to save and preserve "Covered Property" from further damage at and after the time of loss.

16. Ordinance or Law

Increase in loss from the enforcement of any ordinance, law, rule, regulation or ruling which restricts or regulates the repair, replacement, alteration, use, operation, construction, installation, clean-up or disposal of "Covered Property", except as provided in the Ordinance Or Law (Including Demolition And Increased Cost Of Construction) Coverage Extension in Section **A.2.p**. or in the Hazardous Substance Limitation in Section **C.4.a**.

However, the words 'use' and 'operation' do not apply as respects a covered "Breakdown" to electrical supply and emergency generating equipment located on any "Covered Premises" when continued operation is contingent on the presence of such electrical supply and emergency generating equipment as mandated by any government agency.

17. Hail or Windstorm. However, if:

- a. The hail or windstorm occurs away from the "Covered Premises" and causes an electrical surge or other electrical disturbance;
- b. Such surge or disturbance is transmitted through utility service transmission lines to the "Covered Premises";
- c. The surge or disturbance results in a "Breakdown" to "Covered Equipment" at the "Covered Premises"; and

- d. The loss or damage caused by the surge or disturbance is not covered under another policy of insurance or self-insurance risk retention plan in force at the time of the "Breakdown" to "Covered Equipment", regardless of any applicable deductible, or whether you can collect on it or not;

this exclusion will not apply to the loss or damage caused by such electrical surge or disturbance.

18. Specified Perils

A "Breakdown" to "Covered Equipment" that is the direct or indirect result of the following causes of loss, if such cause of loss is covered by another policy of insurance or self-insurance risk retention plan in force at the time of the "Breakdown" to "Covered Equipment", regardless of any applicable deductible, or whether you can collect on it or not.

- a. Aircraft or missiles;
- b. Civil commotion;
- c. Collapse;
- d. Freezing caused by cold weather;
- e. Lightning;
- f. Molten material;
- g. Objects falling from aircraft or missiles;
- h. Riot;
- i. Smoke;
- j. Vandalism;
- k. Vehicles, including any material carried in or on the vehicles; or
- l. Weight of snow, ice, sleet.

- 19. Any "Breakdown" to "Covered Equipment" that takes place while the "Covered Equipment" is undergoing a test which subjects the "Covered Equipment" to greater than maximum allowable operating conditions as identified by the manufacturer of the "Covered Equipment".

20. Virus or Bacteria

Any virus, bacterium, or other microorganism that induces or is capable of inducing physical distress, illness or disease, except as provided in the Spoilage Damage Coverage Extension in Section **A.2.c**. However, if

a "Breakdown" to "Covered Equipment" ensues, we will pay for the ensuing loss or damage not otherwise excluded.

This exclusion does not apply to loss or damage caused by or resulting from "Fungus", Wet Rot and Dry Rot. Such loss or damage is addressed in the "**Fungus**", **Wet Rot and Dry Rot** Exclusion.

- 21. **Water or other means used to extinguish a fire**, even when the attempt is unsuccessful.

- 22. **With respect to the Business Income Coverage Extension, Extra Expense Coverage Extension, and Utility Interruption – Time Element Coverage Extension** in Section **A.2.**, the following additional exclusions apply:

- a. The business that would not or could not have been carried on if the "Breakdown" to "Covered Equipment" had not occurred;
- b. Your failure to use due diligence and dispatch to operate your business as nearly normal as practicable at the "Covered Premises"; or
- c. The suspension, lapse or cancellation of any contract or agreement following a "Breakdown" to "Covered Equipment" extending beyond the time business could have resumed if the contract or agreement had not lapsed, been suspended or canceled.

- 23. **With respect to Utility Interruption-Spoilage Coverage Extension and the Utility Interruption-Time Element Coverage Extension** in Section **A.2.**, the following additional exclusions apply:

Specified Perils, any loss resulting from the following causes of loss:

- a. Aircraft or missiles;
- b. Civil commotion;
- c. Collapse;
- d. Freezing caused by cold weather;
- e. Lightning;
- f. Molten material;
- g. Objects falling from aircraft or missiles;
- h. Riot;
- i. Smoke;
- j. Vandalism;

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- k. Vehicles, including any material carried in or on the vehicles;
- l. Weight of snow, ice, sleet;
- m. Acts of Sabotage; or
- n. Deliberate acts of load shedding by the supplying or distributing utility, landlord or other supplier.

24. Any other indirect result of a "Breakdown" to "Covered Equipment" except as provided under any Coverage Extension.

C. Limits of Insurance

1. The most we will pay for loss or damage under any and all Coverage, Coverage Extensions and Limitations from any "One Breakdown" is the applicable Total Limit per Breakdown Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part.
2. For each Coverage and Coverage Extension in Section A., if:
 - a. INCLUDED is shown in the Declarations or elsewhere in this Coverage Part under Limit of Insurance, then the limit for such coverage is part of, and is not in addition to, the other Limit of Insurance identified.
 - b. A Limit of Insurance is shown in the Declarations or elsewhere in this Coverage Part, we will not pay more than the applicable Limit of Insurance.
3. Any payment made will not be increased if more than one Insured is shown in this Coverage Part.
4. **Limitations**

a. Hazardous Substance Limitation

- (1) If "Covered Property" located at the "Covered Premises" is damaged, contaminated or polluted by a "Hazardous Substance" as a direct result of a "Breakdown" to "Covered Equipment", we will pay for direct damage to that "Covered Property" caused by the "Hazardous Substance", including any additional expenses incurred by you for clean-up, repair, replacement or disposal of that property.
- (2) As used here, additional expenses means the additional cost incurred

over and above the amount that we would have paid had no "Hazardous Substance" been involved with the loss.

- (3) If you have selected the Business Income Coverage Extension or Extra Expense Coverage Extension, the applicable coverage is extended to cover any loss caused by a "Hazardous Substance" as identified in Paragraph a.(1) above.
- (4) The most we will pay for all loss or damage described under this Coverage Limitation is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Hazardous Substance Limitation. This limit is part of, and is not in addition to, the Total Limit per Breakdown Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part.

The deductible for coverage under this Limitation is INCLUDED within the applicable Property Damage Deductible, Business Income Deductible or Extra Expense Deductible shown in the Declarations or elsewhere in this Coverage Part.

b. Refrigerant Contamination Limitation

If "Covered Property" located at the "Covered Premises" is contaminated by a refrigerant, including ammonia, as a direct result of a "Breakdown" to "Covered Equipment", the most we will pay for direct damage to that "Covered Property" caused by such refrigerant contamination, including salvage expense and any additional expenses incurred by you for clean-up, repair, replacement or disposal of that property, is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Refrigerant Contamination Limitation. This limit is part of, and is not in addition to, the Limit of Insurance for Property Damage.

The deductible for coverage under this Limitation is shown in the Declarations or elsewhere in this Coverage Part. If no deductible is shown in the Declarations or elsewhere in this Coverage Part for

coverage under this Limitation, the deductible is INCLUDED within the Property Damage Deductible shown in the Declarations or elsewhere in this Coverage Part.

c. Water Damage Limitation

If "Covered Property" located at the "Covered Premises" is damaged by water as a direct result of a "Breakdown" to "Covered Equipment", the most we will pay for direct damage to that "Covered Property" caused by such water, including salvage expense, is the Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part for Water Damage Limitation. This limit is part of, and is not in addition to, the Limit of Insurance for Property Damage.

This Limitation does not apply to any loss or damage covered under the Sump Overflow Coverage Extension in Section A.2.q.

The deductible for coverage under this Limitation is INCLUDED within the Property Damage Deductible shown in the Declarations or elsewhere in this Coverage Part.

D. Deductibles

1. Application of Deductibles

We will not pay for loss or damage resulting from any "One Breakdown" until the amount of covered loss or damage exceeds the deductible shown in the Declarations or elsewhere in this Coverage Part for each applicable coverage. We will then pay the amount of covered loss or damage in excess of the deductible, up to the applicable Limit of Insurance.

Deductibles apply separately for each applicable coverage except if:

- a. A Combined Deductible is shown in the Declarations or elsewhere in this Coverage Part, then we will first subtract the combined deductible amount from the aggregate amount of all loss;
- b. More than one "Covered Equipment" is involved in "One Breakdown", then only one deductible, the highest, will apply for each of the applicable coverages; or

- c. INCLUDED is shown in the Declarations or elsewhere in this Coverage Part, then the deductible for that Coverage, Coverage Extension or Coverage Limitation is part of the other deductible identified, and we will subtract the deductible from the aggregate amount of loss under any Coverage, Coverage Extension and Coverage Limitation subject to such deductible.

2. Determination of Deductibles

a. Dollar Deductible

If a dollar deductible is shown in the Declarations or elsewhere in this Coverage Part, we will first subtract the dollar amount from any loss we would otherwise pay.

b. Multiple per Unit Deductible

If a multiple of units is shown in the Declarations or elsewhere in this Coverage Part, the deductible will be calculated as the product of the multiplier times the number of units specified. (For example: if the deductible is specified as \$25/hp for air conditioning units, and a covered 500 hp air conditioning unit suffered a "Breakdown" to "Covered Equipment", the deductible would be \$25 times 500 hp which equals \$12,500.)

c. Time Deductible

If a time deductible is shown in the Declarations or elsewhere in this Coverage Part, we will not be liable for any loss under that coverage that occurs during that specified time period immediately following a "Breakdown" to "Covered Equipment". If a time deductible is shown in days, each day will mean 24 consecutive hours.

d. Multiple of Average Daily Value (ADV) Deductible

If a multiple of average daily value is shown in the Declarations or elsewhere in this Coverage Part, this deductible will be calculated as follows:

- (1) For the entire "Covered Premises" where the loss occurred, determine the total amount of "Business Income" that would have been earned during the "Period of Restoration"

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had no "Breakdown" to "Covered Equipment" taken place.

- (2) Divide the result in Paragraph **d.(1)** by the number of days the business would have been open during the "Period of Restoration". The result is the average daily value (ADV).
- (3) Multiply the ADV by the multiple of average daily value shown in the Declarations or elsewhere in this Coverage Part.

e. Percentage of Loss Deductible

If a deductible is expressed as a percentage of loss in the Declarations or elsewhere in this Coverage Part, we will not be liable for the indicated percentage of the gross amount of loss or damage (prior to the applicable deductible or coinsurance) payable under the applicable coverage.

f. Minimum or Maximum Deductible

(1) If:

- (a) A minimum dollar amount deductible is shown in the Declarations or elsewhere in this Coverage Part; and
- (b) The dollar amount of the Multiple per Unit, Multiple of Average Daily Value or Percentage of Loss Deductible is less than the Minimum Deductible;

then the Minimum Deductible amount shown in the Declarations or elsewhere in this Coverage Part will be the applicable deductible.

(2) If:

- (a) A maximum dollar amount deductible is shown in the Declarations or elsewhere in this Coverage Part; and
- (b) The dollar amount of the Multiple per Unit, Multiple of Average Daily Value or Percentage of Loss Deductible is greater than the Maximum Deductible;

then the Maximum Deductible amount shown in the Declarations or elsewhere in this Coverage Part will be the applicable deductible.

E. Conditions

The following conditions apply in addition to the Common Policy Conditions:

1. Loss Conditions

a. Abandonment

There can be no abandonment of any property to us.

b. Appraisal

If you and we disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that a judge of a court having jurisdiction make the selection. 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:

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

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

c. Defense

If there is damage to property of another in your care, custody or control for which you are legally liable, we have the right, but are not obligated, to defend you against any suit alleging liability for that property. When we do this, it will be at our expense.

d. Duties in the Event of Loss or Damage

- (1) You must see that the following are done in the event of loss or damage to "Covered Property":
 - (a) Give us a prompt notice of the loss or damage. Include a description of the property involved;
 - (b) As soon as possible, give us a description of how, when and where the loss or damage occurred;
 - (c) Allow us reasonable time and

opportunity to examine the property and "Covered Premises" before repairs are undertaken or physical evidence of the "Breakdown" to "Covered Equipment" is removed. But you must take whatever measures are necessary to protect the property and "Covered Premises" from further damage;

- (d) Preserve all repaired or replaced "Covered Property" for our inspection, unless we authorize otherwise;
 - (e) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records;
 - (f) Permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records;
 - (g) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms;
 - (h) Cooperate with us in the investigation or settlement of the claim;
 - (i) Promptly send us any legal papers or notices received concerning the loss or damage; and
 - (j) Make no statement that will assume any obligation or admit any liability, for any loss or damage for which we may be liable, without our consent.
- (2) We may examine any Insured under oath, while not in the presence of any other Insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an Insured's books and records. In the event of an examination, an Insured's answers must be signed.

e. Insurance Under Two or More Coverages

If two or more of this Coverage Part's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

f. Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

- (1) There has been full compliance with all the terms of this Coverage Part; and
- (2) The action is brought within 2 years after the date of the "Breakdown" to "Covered Equipment"; or
- (3) We agree in writing that you have an obligation to pay for damage to "Covered Property" of others or until the amount of that obligation has been determined by final judgment or arbitration award. No one has the right under this Coverage Part to bring us into any action to determine your liability.

g. Other Insurance

- (1) You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the limit(s) of insurance of all insurance covering on the same basis.
- (2) If there is other insurance covering the same loss or damage, other than that described in Paragraph **g.(1)** above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance under this Coverage Part.

h. Privilege to Adjust with Owner

In the event of loss or damage involving property of others in your care, custody

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or control, we have the right to settle the loss or damage with the owner of the property. A receipt for payment from the owner of that property will satisfy any claim of yours against us.

i. Reducing Your Loss

As soon as possible after a "Breakdown" to "Covered Equipment" you must:

- (1) Resume business, partially or completely;
- (2) Make up for lost business within a reasonable period of time. This reasonable period does not necessarily end when operations are resumed; and
- (3) Make use of every reasonable means to reduce or avert loss including:
 - (a) Working extra time or overtime at the "Covered Premises" or at another location you own or acquire to carry on the same operations;
 - (b) Utilizing the property or services of other concerns;
 - (c) Using merchandise or other property, such as surplus machinery, duplicate parts, equipment, supplies and surplus or reserve stock you own, control or can obtain; and
 - (d) Salvaging the damaged "Covered Property".

j. Transfer of Rights of Recovery Against Others to Us

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment.

That person or organization must do everything necessary to secure our rights and must do nothing after the loss to impair them.

However, you may waive your rights against another party in writing:

- (1) Prior to a loss to your "Covered Property" or covered income; or

- (2) After a loss to your "Covered Property" or covered income only if, at the time of loss, that party is one of the following:

- (a) Someone insured by this Coverage Part;
- (b) A business firm:
 - (i) Owned or controlled by you; or
 - (ii) That owns or controls you; or
- (c) Your tenant.

This will not restrict your insurance.

k. Loss Payment

- (1) In the event of loss or damage covered by this Coverage Part, at our option, we will either:
 - (a) Pay the value of lost or damaged property;
 - (b) Pay the cost of repairing or replacing the lost or damaged property;
 - (c) Take all or any part of the property at an agreed or appraised value; or
 - (d) Repair, rebuild or replace the property with other property of like kind and quality.
- (2) We will give notice of our intentions within 30 days after we receive the proof of loss.
- (3) We will not pay more than your financial interest in the "Covered Property".
- (4) We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if:
 - (a) You have complied with all of the terms of the Coverage Part; and
 - (b) We have reached agreement with you on the amount of loss or an appraisal award has been made and we have not denied the claim.

l. Valuation

We will determine the value of "Covered

Property" in the event of loss or damage as follows:

(1) At replacement cost as of the time of loss or damage, except as provided in Paragraphs **I.(2), (4), (5), (6), (7), (9)** and **(10)** below. However, we will not pay more for loss or damage on a replacement cost basis than the least of the following:

- (a) The Limit of Insurance applicable to the damaged "Covered Property";
- (b) The cost to repair the damaged "Covered Property";
- (c) The cost to replace the damaged "Covered Property" with other property of comparable material and quality intended to be used for the same purpose; or
- (d) The amount actually spent that is necessary to repair or replace the damaged "Covered Property".

But we will not pay for damaged "Covered Property" that is obsolete or useless to you.

(2) If "Covered Equipment" is valued at replacement cost, cannot be repaired and requires replacement you may choose to apply the following provision.

New Generation Coverage – You may replace damaged "Covered Equipment" with a newer generation "Covered Equipment" of the same capacity which improves the environment, increases efficiency or enhances safety. We will pay up to an additional 50% of the "Covered Property" damage amount for the "Covered Equipment". This additional amount is included in, and is not in addition to, the applicable Property Damage Limit of Insurance.

(3) Except for New Generation Coverage, you must pay the extra cost of replacing damaged "Covered Property" with property of a better kind or quality or of a larger capacity.

(4) If:

- (a) Any damaged "Covered Property", that is intended for your use, is protected by an **extended warranty, or maintenance or service contract**; and
- (b) That warranty or contract becomes void or unusable due to a "Breakdown" to "Covered Equipment";

we will reimburse you for the prorated amount of the unused costs of non-refundable, non-transferable warranties or contracts.

(5) Unless we agree otherwise in writing, if you do not repair or replace the damaged "Covered Property" within 24 months following the date of the "Breakdown" to "Covered Equipment", then we will pay only the smaller of the:

- (a) Cost it would have taken to repair the "Covered Property";
- (b) Cost it would have taken to replace the "Covered Property"; or
- (c) Actual cash value at the time of the "Breakdown" to "Covered Equipment".

(6) If all of the following conditions are met, "Covered Property" (including finished goods) held by you for sale except as identified in **I.(7)** below, will be valued at the selling price as if no loss or damage had occurred, less any discounts you offered and expenses you otherwise would have had:

- (a) The selling price of the "Covered Property" is more than the replacement cost of the "Covered Property"; and
- (b) You are unable to replace the "Covered Property" before its anticipated sale.

(7) We will determine the value of "Covered Property" that is being processed as follows:

- (a) For raw materials, the replacement cost; and
- (b) For goods in process, the replacement cost of the raw materials,

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the labor extended and the proper proportion of overhead charges.

- (8) Any **salvage value** of property obtained for temporary repairs or use following a "Breakdown" to "Covered Equipment" which remains after repairs are completed will be taken into consideration in the adjustment of any loss.

(9) Pairs, Sets or Parts

- (a) **Pairs or Sets.** In case of loss caused by a "Breakdown" to "Covered Equipment" to any part of a pair or set we may:

(i) Repair or replace any part to restore the pair or set to its value before the "Breakdown" to "Covered Equipment"; or

(ii) Pay the difference between the value of the pair or set before and after the "Break down" to "Covered Equipment".

- (b) **Parts.** In case of loss caused by a "Breakdown" to "Covered Equipment" to any part of "Covered Property" consisting of several parts when complete, we will only pay for the value, as determined elsewhere in this Condition, of the lost or damaged part.

(10) Brands and Labels

- (a) If branded or labeled merchandise that is "Covered Property" is damaged by a "Breakdown" to "Covered Equipment", we may take all or any part of the property at an agreed or appraised value. If we take such property, you may:

(i) Stamp the word SALVAGE on the merchandise or its containers if the stamp will not physically damage the merchandise; or

(ii) Remove the brands or labels if doing so will not physically

damage the merchandise. You must re-label the merchandise or its containers to comply with any law.

- (b) We will pay the reasonable cost you incur to perform the activities described in Paragraphs **(10)(a)(i)** and **(10)(a)(ii)** above.

However, if costs identified in Paragraphs **(10)(a)(i)** and **(10)(a)(ii)** above are incurred as a result of damage as covered under the "Fungus", Wet Rot and Dry Rot Coverage Extension, Hazardous Substance Limitation, Refrigerant Contamination Limitation or Water Damage Limitation, such costs will be a part of, and not in addition to, the respective limits shown in the Declarations or elsewhere in this Coverage Part for the "Fungus", Wet Rot and Dry Rot Coverage Extension, Hazardous Substance Limitation, Refrigerant Contamination Limitation and Water Damage Limitation.

- (11) Except as provided under Green Enhancements Coverage Extension, the cost to repair, rebuild or replace "Covered Property" does not include any increased cost incurred to re-attain a pre-loss level of "Green" certification from a "Green Authority".
- m. The following conditions apply to the Business Income Coverage Extension only.

(1) Business Income Report of Values

You must report to us each year the "Business Income Estimated Annual Value" for each "Covered Premises" to which the Business Income Coverage Extension applies.

(2) Business Income Coinsurance

Unless Business Income Coinsurance is shown as Suspended in the Declarations or elsewhere in this Coverage Part, the Business Income loss is subject to a Coinsurance Percentage.

- (a) If "Business Income Estimated Annual Values" have been reported for each "Covered Premises"

affected by the "Breakdown" to "Covered Equipment":

- (i) For all "Covered Premises" affected by the "Breakdown" to "Covered Equipment" divide the "Business Income Estimated Annual Values" last reported to us by the "Business Income Actual Annual Values" at the time of the "Breakdown" to "Covered Equipment".
- (ii) If the percentage as calculated in Paragraph **m.(2)(a)(i)** above is less than the Coinsurance Percentage shown for Business Income in the Declarations or elsewhere in this Coverage Part, we will not pay the full amount of any Business Income loss. Instead we will determine the most we will pay using the following steps:
 - i. Multiply the amount of Business Income Loss by the Coinsurance Percentage determined in Paragraph **m.(2)(a)(i)** above;
 - ii. Subtract the applicable deductible from the amount determined in Paragraph **m.(2)(a)(ii)i.** above;

We will pay the amount determined in Paragraph **m.(2)(a)(ii)ii.**, or the Limit of Insurance for Business Income shown in the Declarations or elsewhere in this Coverage Part, whichever is less.
- (b) If "Business Income Estimated Annual Values" have not been reported for each "Covered Premises" affected by the "Breakdown":
 - (i) Divide the Limit of Insurance shown in the Declarations or elsewhere in this Coverage

Part for the Business Income Coverage Extension by the "Business Income Actual Annual Values" at the time of the "Breakdown" to "Covered Equipment".

- (ii) If the percentage as calculated in Paragraph **m.(2)(b)(i)** above is less than the Coinsurance Percentage shown for Business Income in the Declarations or elsewhere in this Coverage Part, we will not pay the full amount of any Business Income loss.

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

- i. Multiply the amount of Business Income Loss by the Coinsurance Percentage determined in Paragraph **m.(2)(b)(i)** above;
- ii. Subtract the applicable deductible from the amount determined in Paragraph **m.(2)(b)(ii)i.** above;

We will pay the amount determined in Paragraph **m.(2)(b)(ii)ii.** above or the Limit of Insurance for Business Income shown in the Declarations or elsewhere in this Coverage Part, whichever is less.

2. General Conditions

a. Bankruptcy

The bankruptcy or insolvency of you or your estate will not relieve us of any obligation under this Coverage Part.

b. Cancellation

As respects this Coverage Part, part 2. and part 5. of the **CANCELLATION** Condition of the Common Policy Conditions are replaced by the following:

- 2. We may cancel this Coverage Part by mailing or delivering to the first

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Named Insured written notice of cancellation at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (2) The number of days shown in the Declarations or elsewhere in this Coverage Part for Notice of Cancellation before the effective date of cancellation if we cancel for any other reason.
5. If this Coverage Part is cancelled, we will send the first Named Insured any premium refund due. The refund will be pro rata. The cancellation will be effective even if we have not made or offered a refund.

c. **Concealment, Misrepresentation or Fraud**

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact by you or any other Insured, at any time, concerning:

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

d. **Currency**

All amounts used herein are expressed in the currency of the United States of America and any loss sustained under this Coverage Part will be paid in the currency of the United States of America.

If, in the event of loss or damage, the amount of such loss or damage is computed in a foreign currency, the amount of such loss or damage will then be converted into the currency of the United States of America at the rate of exchange as specified in the Wall Street Journal as of the date the "Breakdown" to "Covered Equipment" occurred.

e. **Jurisdictional Inspections**

At your option, we will provide certificate-of-operation inspection services for boilers and other pressure vessels

where:

- (1) You have notified us of equipment that is insured under this Coverage Part and that requires a certificate-of-operation;
- (2) The certificate-of-operation is required by state, city or provincial law; and
- (3) The state, city or provincial law permits inspections by insurance company employees.

Certificate-of-operation inspection services will be provided only in the United States of America, Puerto Rico and Canada as allowed by state, city or provincial law.

f. **Liberalization**

If we adopt any standard form revision for general use that would broaden coverage under this Coverage Part without additional premium, the broadened coverage will immediately apply to this Coverage Part if the revision is effective within 45 days prior to or during the policy period.

g. **No Benefit to Bailee**

No person or organization, other than you, having custody of "Covered Property" will benefit from this insurance.

h. **Policy Period, Coverage Territory**

Under this Coverage Part:

- (1) We cover loss or damage commencing;
 - (a) During the policy period shown in the Declarations or elsewhere in this Coverage Part; and
 - (b) Within the Coverage Territory.
- (2) The Coverage Territory is:
 - (a) The United States of America (including its territories and possessions);
 - (b) Puerto Rico; and
 - (c) Canada.

i. **Reporting of Values**

You must report to us 100% of the total insurable values at each "Covered Premises" as of the inception date of

this Coverage Part and every subsequent year as of the anniversary date. The values must be reported separately for each of the coverages provided.

You agree to keep the applicable records for each policy year available for inspection by our representatives at all times during business hours, during the respective policy year, and for a period of 12 months after the end of the respective policy year or after cancellation of this Coverage Part.

j. Premium Adjustments

For policies with policy periods greater than 12 months, the premium will be calculated at each anniversary for the subsequent policy year on the basis of rates in effect at the anniversary date and for all values at risk as of that anniversary date.

k. Suspension

Whenever "Covered Equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance under this Coverage Part against loss from a "Breakdown" to that "Covered Equipment". This can be done by delivering or mailing a written notice of suspension to:

- (1) Your last known address; or
- (2) The address where the "Covered Equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "Covered Equipment".

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

3. Joint or Disputed Loss Agreement

a. This condition is intended to facilitate payment of insurance proceeds when:

- (1) Both a commercial property policy and this Coverage Part are in effect;
- (2) Damage occurs to "Covered Property" that is insured by the

commercial property policy and this Coverage Part; and

- (3) There is disagreement between the insurers as to whether there is coverage or as to the amount of the loss to be paid, if any, by each insurer under its own policies or coverage parts.

b. This condition does not apply if:

- (1) Both the commercial property insurer and we do not admit to any liability; and
- (2) Neither the commercial property insurer nor we contend that coverage applies under the other insurer's Coverage Part.

c. The provisions of this condition apply only if all of the following requirements are met:

- (1) The commercial property policy carried by the Named Insured, insuring the "Covered Property", contains a similar provision at the time of the loss or damage, with substantially the same requirements, procedures and conditions as contained in this condition; and
- (2) The damage to the "Covered Property" was caused by a loss for which:
 - (a) Both the commercial property insurer and we admit to some liability for payment under the respective policies; or
 - (b) There is disagreement between the insurers with respect to:
 - (i) Whether the damage to the "Covered Property" was caused by a "Breakdown" to "Covered Equipment" insured under this Coverage Part or by a covered cause of loss insured by the commercial property policy; or
 - (ii) The extent of participation of this Coverage Part and of such commercial property policy in a loss that is insured against, partially or wholly, by both this Coverage Part and such commercial property policy.

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- d.** If the requirements listed in Paragraph **c.** above are satisfied, the commercial property insurer and we will make payment per the following:
- (1)** We will pay, after your written request, the entire amount of loss that we have agreed is covered, if any, by this Coverage Part and one-half (1/2) the amount of the loss that is in disagreement.
 - (2)** The commercial property insurer will pay, after your written request, the entire amount of loss that it has agreed is covered, if any, by the commercial property policy and one-half (1/2) the amount of loss that is in disagreement.
 - (3)** Payments by the insurers of the amounts that are in disagreement, as described in Paragraphs **d.(1)** and **d.(2)**, do not alter, waive or surrender any rights of any insurer against any other with regard to the portion of the loss for which each insurer is liable.
 - (4)** The amount in disagreement to be paid by us under this condition will not exceed the amount payable under the equivalent Loss Agreement of the commercial property policy.
 - (5)** The amount to be paid under this condition will not exceed the amount we would have paid had no commercial property policy been in effect at the time of loss. In no event will we pay more than the applicable Limit of Insurance shown in the Declarations or elsewhere in this Coverage Part.
 - (6)** Acceptance by you of sums paid under this condition does not alter, waive or surrender any other rights against us.
- e.** Arbitration
- (1)** The payments by the commercial property insurer and us hereunder and acceptance of those sums by you signify the agreement between the commercial property insurer and us to proceed with arbitration within 90 days of such payment.
 - (2)** The arbitrators will be three in number, one of whom will be appointed by us and one of whom will be appointed by the commercial property insurer and the third appointed by consent of the other two arbitrators.
 - (3)** The decision by the arbitrators will be binding on the commercial property insurer and us and that judgment upon such award may be entered in any court of competent jurisdiction.
 - (4)** You agree to cooperate in connection with such arbitration but not to intervene therein.

4. Statutes or Regulations

If any term or condition of this Coverage Part conflicts with any requirement of applicable statutory or regulatory law, such term or condition is amended to conform to that law.

5. Mortgageholders

- a.** The term – mortgageholder – includes trustee.
- b.** We will pay for direct damage to "Covered Property" due to a "Breakdown" to "Covered Equipment" to each mortgageholder shown in the Mortgagee Schedule forming a part of this Coverage Part in their order of precedence, as interests may appear.
- c.** The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the "Covered Property".
- d.** If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1)** Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2)** Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

- (3) Has notified us of any change in ownership or material change in risk known to the mortgageholder.

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

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

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

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

- f. If we cancel this Coverage Part, we will give written notice to the mortgageholder at least:

- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

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

- h. If we suspend coverage, it will also be suspended as respects the mortgageholder. We will give written notice of the suspension to the mortgageholder.

F. Definitions

The defined terms "Diagnostic Equipment", "Power Generating Equipment", and "Production Machines" do not appear in this Coverage Form, but may appear on the Declarations or in an endorsement added to this Coverage Part.

1. "Breakdown"

- a. "Breakdown" means the following direct

physical loss that causes physical damage to "Covered Equipment" and necessitates its repair or replacement:

- (1) Electrical failure including arcing;
- (2) Failure of pressure or vacuum equipment; or
- (3) Mechanical failure including rupture or bursting caused by centrifugal force;

unless such loss or damage is otherwise excluded within this Coverage Part or any Endorsement forming a part of this Coverage Part.

- b. "Breakdown" does not mean or include:

- (1) Cracking of any part of an internal combustion gas turbine exposed to the products of combustion;
- (2) Defects, erasures, errors, limitations or viruses in "Computer Equipment", "Electronic Data", "Media" or programs, including the inability to recognize and process any date or time or provide instructions to "Covered Equipment". However, if a "Breakdown" ensues, we will pay the ensuing loss or damage not otherwise excluded;
- (3) Functioning of any safety or protective device;
- (4) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection; or
- (5) Malfunction including adjustment, alignment, calibration, cleaning or modification.

2. "Business Income" means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including "Ordinary Payroll".

3. "Business Income Actual Annual Values" means the "Business Income" values for the 12 months prior to the "Breakdown" to "Covered Equipment".

4. "Business Income Estimated Annual Values" means the "Business Income" as estimated in the most recent Business Income

EQUIPMENT BREAKDOWN

Report of Values we have on file.

5. "Computer Equipment" means:

- a. Your programmable electronic equipment that is used to store, retrieve and process data; and
- b. Associated peripheral equipment that provides communication including input and output functions such as printing or auxiliary functions such as data transmission.

It does not include "Electronic Data" or "Media".

6. "Computer Program" means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enables the computer or device to receive, process, store, retrieve or send data.

7. "Covered Equipment"

a. "Covered Equipment" means any:

- (1) Equipment designed and built to operate under internal pressure or vacuum other than weight of contents;

For any boiler or fired vessel, the furnace of the "Covered Equipment" and the gas passages from there to the atmosphere will be considered as outside the "Covered Equipment";

- (2) Communication equipment and "Computer Equipment";
- (3) Fiber optic cable; or
- (4) Any other electrical or mechanical equipment that is used in the generation, transmission or utilization of energy.

b. "Covered Equipment" does not mean any:

- (1) Astronomical telescope, cyclotron used for other than medical purposes, nuclear reactor, particle accelerator used for other than medical purposes, satellites or spacecraft (including any "Covered Equipment" mounted on or used solely with any satellite or spacecraft);
- (2) Dragline, power shovel, excavation or construction equipment including any "Covered Equipment" mounted

on or used solely with any dragline, power shovel, excavation or construction equipment;

- (3) Equipment or any part of equipment manufactured by you for sale;

- (4) Felt, wire, screen, mold, form, pattern, die, extrusion plate, swing hammer, grinding disc, cutting blade, non-electrical cable, chain, belt, rope, clutch plate, brake pad, vacuum tube, gas tube, brush, or any other part or tool subject to periodic replacement;

- (5) Insulating or refractory material;

- (6) "Media";

- (7) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;

- (8) Pressure vessels or piping that are buried below, under or encased in ground, ice, sand, cement or other material and require the excavation of materials to inspect, remove, repair or replace;

- (9) Structure, foundation, cabinet or compartment supporting or containing the "Covered Equipment" or part of the "Covered Equipment";

- (10) Penstock, draft tube or well casing; or

- (11) Vehicle, aircraft, self-propelled equipment or floating vessel including any "Covered Equipment" mounted on or used solely with any vehicle, aircraft, self-propelled equipment or floating vessel.

However, any property that is stationary, permanently installed at a "Covered Premises" and that receives electrical power from an external power source will not be considered a vehicle, self-propelled equipment or floating vessel.

8. "Covered Premises" means at or within 1,000 feet of the insured location shown in the Declarations or elsewhere in this Coverage Part.

9. "Covered Property"

a. "Covered Property" means any property that:

- (1) You own; or
- (2) Is in your care, custody or control and for which you are legally liable.

b. "Covered Property" does not mean:

- (1) Live mammals, fish, birds, reptiles, amphibians, insects, or eggs intended to become live mammals, fish, birds, reptiles, amphibians or insects; or
- (2) "Electronic Data".

10. "Dependent Property" means property operated by others whom you depend on to:

- a. Deliver materials or services to you or to others for your account (Supplying Locations). But any property which delivers any of the following services is not a Supplying Location with respect to such "Utility Services": air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment.
- b. Accept your products or services (Recipient Locations);
- c. Manufacture products for delivery to your customers under contract of sale (Manufacturing Locations); or
- d. Attract customers to your business (Leader Locations).

11. "Diagnostic Equipment" means any machine, vessel or apparatus used solely for diagnosis, testing, research, medical, surgical, therapeutic, dental or pathological purposes.

12. "Electronic Data" means information, facts or "Computer Programs" stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment.

13. "Electronic Data Storage Provider" means any person or organization, other than an insured, that owns or operates self-service data storage or data processing services, which are provided through the internet or telecommunications lines, and

with whom you have a contract to provide you with such services.

14. "Extra Expense" means the additional cost you necessarily incur to operate your business during the "Period of Restoration" over and above the cost that you normally would have incurred to operate the business during the same period had no "Breakdown" to "Covered Equipment" occurred.

Any salvage value of property obtained for temporary use during the "Period of Restoration" which remains after the resumption of normal operations will be taken into consideration in the adjustment of any loss.

15. "Fungus" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by fungi.

16. "Green" means products, materials, methods and processes that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize the environmental impact.

17. "Green Authority" means a recognized authority on "Green" building or "Green" products, materials or processes.

18. "Hacking Event" means an attack that allows unauthorized access or use of "Covered Equipment".

19. "Hazardous Substance" means any substance, other than refrigerants (including ammonia), that has been declared to be hazardous to health by a government agency.

20. "Media" means electronic data processing or storage material such as films, tapes, discs, drums or cells.

However, "Media" does not include any hard disk drive that is an internal component of "Computer Equipment".

21. "One Breakdown" means if an initial "Breakdown" causes other "Breakdowns", all will be considered "One Breakdown". All "Breakdowns" at any one "Covered Premises" that manifest themselves at the same time and are the direct result of the same cause will be considered "One Breakdown".

22. "Ordinary Payroll" means payroll expenses for all your employees except Officers,

EQUIPMENT BREAKDOWN

Executives, Department Managers, and Employees under contract. "Ordinary Payroll" expenses include payroll; employee benefits, if directly related to payroll; FICA payments; union dues; and Worker's Compensation premiums.

23. "Period of Restoration"

a. "Period of Restoration" means the period of time that:

(1) Begins at the time of the "Breakdown" to "Covered Equipment"; and

(2) Ends on the earlier of:

(a) The date when the property at the "Covered Premises" should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(b) The date when business is resumed at a new permanent location.

b. "Period of Restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "Hazardous Substance".

c. "Period of Restoration" does not include any increased period required to re-attain a pre-loss level of "Green" certification from a "Green Authority". But this does not apply to any increase in the "Period of Restoration" otherwise insured under the Green Enhancements Coverage Extension.

24. "Period of Restoration for Dependent Property"

a. "Period of Restoration for Dependent Property" means the period of time that:

(1) Begins at the time of direct physical loss or damage caused by or resulting from a "Breakdown" to "Covered

Equipment" at the premises of the "Dependent Property"; and

(2) Ends on the date when the property at the premises of the "Dependent Property" should be repaired, rebuilt or replaced with reasonable speed and similar quality.

b. "Period of Restoration for Dependent Property" does not include any increased period required due to the enforcement of any ordinance or law that:

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "Hazardous Substance".

25. "**Perishable Goods**" means any "Covered Property" that is maintained under controlled environmental conditions and is susceptible to loss, damage, deterioration or impairment if the controlled conditions change.

26. "**Power Generating Equipment**" means any pressure, mechanical or electrical equipment, machinery or apparatus that is used in, or associated with, the generation of electric power. "Power Generating Equipment" does not mean any equipment, machinery or apparatus with less than or equal to 1000 kilowatts of capacity, which is used solely to generate emergency power.

27. "**Production Machines**" means any machine or apparatus that processes or produces a product, or part of a product, intended for eventual sale, including all component parts of such machine or apparatus and any other equipment used solely with such machine or apparatus.

However, "Production Machines" does not include any boiler, or fired or unfired pressure vessel.

28. "**Utility Services**" means air conditioning, communication services, electric power, gas, heating, refrigeration, steam, water or waste treatment, including alternative power generation and alternative water systems.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FEDERAL TERRORISM RISK INSURANCE ACT DISCLOSURE

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART

The federal Terrorism Risk Insurance Act of 2002 as amended ("TRIA") establishes a program under which the Federal Government may partially reimburse "Insured Losses" (as defined in TRIA) caused by "Acts Of Terrorism" (as defined in TRIA). "Act Of Terrorism" is defined in Section 102(1) of TRIA to mean any act that is certified by the Secretary of the Treasury – in consultation with the Secretary of Homeland Security and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The Federal Government's share of compensation for such Insured Losses is 80% of the amount of such Insured Losses in excess of each Insurer's "Insurer

Deductible" (as defined in TRIA), subject to the "Program Trigger" (as defined in TRIA).

In no event, however, will the Federal Government be required to pay any portion of the amount of such Insured Losses occurring in a calendar year that in the aggregate exceeds \$100 billion, nor will any Insurer be required to pay any portion of such amount provided that such Insurer has met its Insurer Deductible. Therefore, if such Insured Losses occurring in a calendar year exceed \$100 billion in the aggregate, the amount of any payments by the Federal Government and any coverage provided by this policy for losses caused by Acts Of Terrorism may be reduced.

The charge for such Insured Losses under this Coverage Part is included in the Coverage Part premium. The charge for such Insured Losses that has been included for this Coverage Part is indicated below, and does not include any charge for the portion of such Insured Losses covered by the Federal Government under TRIA:

- 1% of your total Boiler and Machinery or Equipment Breakdown Coverage Part premium.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIFIED PERILS EXCLUSION

This endorsement modifies insurance provided under the following:

EnergyMax 21 EQUIPMENT BREAKDOWN PROTECTION

The following replaces Section **B. Exclusions, 18.**

Specified Perils:

18. Specified Perils

A "Breakdown" to "Covered Equipment" that is the direct or indirect result of any of the following causes of loss:

- a. Aircraft or missiles;
- b. Civil commotion;
- c. Collapse;
- d. Freezing caused by cold weather;
- e. Lightning;
- f. Molten material;
- g. Objects falling from aircraft or missiles;
- h. Riot;
- i. Smoke;
- j. Vandalism;
- k. Vehicles, including any material carried in or on the vehicles; or
- l. Weight of snow, ice, sleet.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ELECTRONIC VANDALISM EXCLUSION

This endorsement modifies insurance provided under the following:

EnergyMax 21 EQUIPMENT BREAKDOWN PROTECTION

1. The following replaces Section **B. Exclusions, 13.:**
"Electronic Vandalism".
2. The following definition is added to Section **F. Definitions:**
"Electronic Vandalism" means:
 - a. Willful or malicious destruction of computer programs, content, instructions or other electronic or digital data stored within computer systems.
 - b. Unauthorized computer code or programming that:
 - (1) Deletes, distorts, corrupts or manipulates computer programs, content, instructions or other electronic or digital data, or otherwise results in damage to computers or computer systems or networks to which it is introduced;
 - (2) Replicates itself, impairing the performance of computers or computer systems or networks; or
 - (3) Gains remote control access to data and programming within computers or computer systems or networks to which it is introduced.

IMPORTANT NOTICE – PREMIUM CALCULATION

NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR BROKER IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.

For Your Information: Inflation affects the cost of materials and labor to repair or replace your buildings and contents. The values used to calculate your Property Damage premium have been adjusted for inflation based on information provided by:

Marshall & Swift/Boeckh, LLC;

US government indices; or

Other building and content valuation service providers.

It is important that you review all of the Limits of Insurance in your Declarations, including the Property Damage Limit of Insurance and determine if they meet your insurance needs. Only you can determine the amount of insurance that is adequate for your needs. If you feel the current Limits of Insurance do not meet your insurance needs, or for any other changes, please contact your insurance agent or broker immediately.

**INTERLINE
ENDORSEMENTS**



**INTERLINE
ENDORSEMENTS**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ACTUAL CASH VALUE

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
DELUXE PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
TRAVELERS PROPERTY COVERAGE PART

The following definition is added to any Definitions Section and applies to any provision that uses the term actual cash value:

Actual cash value means the value of the covered property at the time of loss or damage.

When calculating actual cash value using the estimated cost to repair or replace such property, with a reasonable deduction for depreciation that occurred before such loss or damage, we may apply depreciation to all components of the estimated cost, including the following:

- a.** Materials;
- b.** Labor;
- c.** Overhead and profit; and
- d.** Any applicable tax.

The deduction for depreciation may include such considerations as:

- a.** Age;
- b.** Condition, such as wear and tear or deterioration;
- c.** Reduction in useful life; and
- d.** Obsolescence.

This definition does not apply to covered property in the following states:

AR CA CT LA ME MT PR WA WV VT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF COMMON POLICY CONDITIONS – PROHIBITED COVERAGE – UNLICENSED INSURANCE AND TRADE OR ECONOMIC SANCTIONS

This endorsement modifies insurance provided under the following:

ALL COVERAGES INCLUDED IN THIS POLICY

The following is added to the Common Policy Conditions:

Prohibited Coverage – Unlicensed Insurance

1. With respect to loss sustained by any insured, or loss to any property, located in a country or jurisdiction in which we are not licensed to provide this insurance, this insurance does not apply to the extent that insuring such loss would violate the laws or regulations of such country or jurisdiction.
2. We do not assume responsibility for:
 - a. The payment of any fine, fee, penalty or other charge that may be imposed on any person or organization in any country or jurisdiction because we are not licensed to provide insurance in such country or jurisdiction; or

- b. The furnishing of certificates or other evidence of insurance in any country or jurisdiction in which we are not licensed to provide insurance.

Prohibited Coverage – Trade Or Economic Sanctions

We will provide coverage for any loss, or otherwise will provide any benefit, only to the extent that providing such coverage or benefit does not expose us or any of our affiliated or parent companies to:

1. Any trade or economic sanction under any law or regulation of the United States of America; or
2. Any other applicable trade or economic sanction, prohibition or restriction.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CYBERFIRST ESSENTIALS GENERAL PROVISIONS FORM
CYBERFIRST GENERAL PROVISIONS FORM
DELUXE PROPERTY COVERAGE PART
EMPLOYEE BENEFITS LIABILITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EMPLOYMENT PRACTICES LIABILITY ⁺ WITH IDENTITY FRAUD EXPENSE REIMBURSEMENT
COVERAGE PART
ENVIRONMENTAL HAZARD POLICY
EQUIPMENT BREAKDOWN COVERAGE PART
EXCESS FOLLOW-FORM AND UMBRELLA LIABILITY INSURANCE
EXCESS (FOLLOWING FORM) LIABILITY INSURANCE
LAW ENFORCEMENT LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MANUFACTURERS ERRORS AND OMISSIONS LIABILITY COVERAGE PART
MEDFIRST PRODUCTS/COMPLETED OPERATIONS, ERRORS AND OMISSIONS, AND
INFORMATION SECURITY LIABILITY COVERAGE FORM
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PUBLIC ENTITY MANAGEMENT LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY - NEW YORK DEPARTMENT OF
TRANSPORTATION
TRAVELERS PROPERTY COVERAGE PART
TRIBAL BUSINESS MANAGEMENT LIABILITY COVERAGE PART
Any other Coverage Part or Coverage Form included in this policy that is subject to the federal Terrorism Risk Insurance Act of 2002 as amended

The following is added to this policy. This provision can limit coverage for any loss arising out of a "certified act of terrorism" if such loss is otherwise covered by this policy. This provision does not apply if and to the extent that coverage for the loss is excluded or limited by an exclusion or other coverage limitation for losses arising out of "certified acts of terrorism" in another endorsement to this policy.

If aggregate insured losses attributable to "certified acts of terrorism" exceed \$100 billion in a calendar year and we have met our insurer deductible under "TRIA", we will not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case, insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of "TRIA", to be an act of terrorism pursuant to "TRIA". The criteria contained in "TRIA" for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to "TRIA"; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

"TRIA" means the federal Terrorism Risk Insurance Act of 2002 as amended.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL BENEFITS

This endorsement modifies insurance provided under the following:

ALL COVERAGES INCLUDED IN THIS POLICY

The following Condition is added to each Common Policy Conditions included in this policy:

Additional Benefits

1. We may offer or provide, or allow others to provide, you or another insured under this policy with goods and services, access to discounted goods and services, other program benefits or other items of value that could assist your business with managing your risk, with servicing your policy or with staying informed about loss control and mitigation of risk.
2. These Additional Benefits may be provided in any form. You or another insured under this policy may be eligible to receive additional benefits. You
3. While we may arrange for these Additional Benefits, the other provider is liable to you or the other insured for the provision of the goods and services. We do not warrant the merchantability, fitness or quality of any goods or services provided or assume any additional obligation related to any Additional Benefits provided.
4. We have the right to modify or discontinue any Additional Benefits provided by us, or others authorized by us, without notice to you or any other insured.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OREGON CHANGES – DEFINITION OF DISHONESTY

This endorsement modifies insurance provided under the following:

ALL COVERAGE PARTS UNDER THIS POLICY

The following definition is added and applies to any use of the word *dishonest* or *dishonesty* that is not otherwise defined.

Dishonest or dishonesty means deceptive or characterized by lack of truth, honesty or trustworthiness.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OREGON CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A.** Paragraph **2.** of the **Cancellation** Common Policy Condition is replaced by the following:
- 2.** If this policy has been in effect for:
 - a.** Fewer than 60 days and is not a renewal policy, we may cancel for any reason.
 - b.** 60 days or more or is a renewal policy, we may cancel only for one or more of the following reasons:
 - (1)** Nonpayment of premium;
 - (2)** Fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
 - (3)** Substantial increase in the risk of loss after insurance coverage has been issued or renewed, including but not limited to an increase in exposure due to rules, legislation or court decision;
 - (4)** Failure to comply with reasonable loss control recommendations;
 - (5)** Substantial breach of contractual duties, conditions or warranties;
 - (6)** Determination by the commissioner that the continuation of a line of insurance or class of business to which the policy belongs will jeopardize our solvency or will place us in violation of the insurance laws of Oregon or any other state; or
 - (7)** Loss or decrease in reinsurance covering the risk.
 - c.** 60 days or more or is a renewal policy, we may cancel for any other reason approved by the commissioner by rule, but only with respect to insurance provided under the following:
 - (1)** A package policy that includes commercial property and commercial liability insurance;
 - (2)** Commercial Automobile Coverage Part;
 - (3)** Commercial General Liability Coverage Part;
 - (4)** Commercial Property Coverage Part – Legal Liability Coverage Form;
 - (5)** Commercial Property Coverage Part – Mortgageholders Errors And Omissions Coverage Form;
 - (6)** Employment-related Practices Liability Coverage Part;
 - (7)** Farm Coverage Part – Farm Liability Coverage Form;
 - (8)** Liquor Liability Coverage Part;
 - (9)** Products/Completed Operations Liability Coverage Part; or
 - (10)** Medical Professional Liability Coverage Part.
- B.** Paragraph **3.** of the **Cancellation** Common Policy Condition is amended by the addition of the following:
- 3.** We will mail or deliver to the first Named Insured written notice of cancellation, stating the reason for cancellation.

C. The following is added to the **Cancellation** Common Policy Condition:

7. Number Of Days' Notice Of Cancellation:

- a. With respect to insurance provided under **2.c.(1)** through **(10)** above, cancellation will not be effective until at least 10 working days after the first Named Insured receives our notice.
- b. With respect to insurance other than that provided under **2.c.(1)** through **(10)** above, cancellation will not be effective until at least:
 - (1) 10 days after the first Named Insured receives our notice, if we cancel for nonpayment of premium; or
 - (2) 30 days after the first Named Insured receives our notice, if we cancel for any other reason.

D. Paragraph **6.** of the **Cancellation** Common Policy Condition does not apply.

E. The following are added and supersede any provision to the contrary:

1. Nonrenewal

We may elect not to renew this policy by mailing or delivering to the first Named Insured, at the last mailing address known to us, written notice of nonrenewal before the:

- a. Expiration date of the policy; or
- b. Anniversary date of the policy if the policy is written for a term of more than one year or without a fixed expiration date.

However, if this policy is issued for a term of more than one year and for additional consid-

eration the premium is guaranteed, we may not refuse to renew the policy at its anniversary date.

Nonrenewal will not be effective until at least 45 days after the first Named Insured receives our notice.

2. Mailing Of Notices

- a. If notice of cancellation or nonrenewal is mailed, a post office certificate of mailing will be conclusive proof that the first Named Insured received the notice on the third calendar day after the date of the certificate of mailing.
- b. The following provision applies with respect to coverage provided under the Farm Coverage Part:

If the first Named Insured has affirmatively consented to our use of an electronic record to deliver notice of cancellation or nonrenewal and has not withdrawn such consent, then the electronic record delivering notice of cancellation or nonrenewal satisfies the requirement that the notice of cancellation or nonrenewal be provided, or made available, to the first Named Insured in writing if we send the first Named Insured the electronic record with a request for a return receipt and we receive the return receipt. If we do not receive the return receipt, we may cancel or nonrenew the policy only after providing or delivering the notice of cancellation or nonrenewal to the first Named Insured in writing, subject to Paragraph **2.a.** above.

POLICYHOLDER NOTICES



POLICYHOLDER NOTICES



Dear Valued Customer ,

Travelers Boiler & Machinery appreciates your Equipment Breakdown Insurance business. We understand that life and business are dynamic and the best way to serve you is to deliver highly-rated and customized services that behave the same way – evolving to keep in synch with life and business as they change.

Travelers Boiler & Machinery offers the following exceptional services as part of your insurance coverage:

ENGINEERING SERVICES

Proactive Boiler Inspections and Object Management

Travelers Boiler & Machinery performs inspections on boilers and pressure vessels as required by jurisdictions across the country. Travelers can help you with the identification of any boilers or pressure vessels which require inspection according to state or city laws. If your business has this equipment, we can perform the inspection. Speak with your Equipment Breakdown professional for more information.

Help Line Support for Inspections

When life is out of synch our Help Line staff is available to provide you with assistance on any questions, problems, or concerns about our engineering services. **To schedule an inspection or seek help with inspections, call toll-free at 1-800-425-4119.** We also provide you with dedicated support via fax at 1-877-764-9535 and offer our assistance via email at boilinsp@travelers.com. Support by phone, fax, and email are available between 8:00 a.m. to 5:00 p.m. Eastern Time.

Risk Control and Loss Prevention Information Warehouse

With 100 years of experience in the Equipment Breakdown Insurance business, Travelers Boiler & Machinery wants to share with you the broad range of innovative risk control and loss prevention solutions we have developed over the years. Travelers Boiler & Machinery also shares information such as preventive maintenance guidelines for machinery and equipment as well as workplace safety topics beyond just Boiler & Machinery. Our information can be accessed by calling **1-800-425-4119** or viewing our web site at www.travelers.com/riskcontrol.

CLAIM SERVICES

24/7/365 Claim Reporting

Travelers Boiler & Machinery offers you a variety of ways to report your claim and the peace of mind of knowing our local claim professionals manage claims with a blend of skill, tenacity, and common sense.

To report an Equipment Breakdown (Boiler and Machinery) loss:

- **Contact Your Agent**
- **Call toll-free at 1-800-238-6225; or**
- **Fax your loss information to us toll free at 1-877-QUIK-FAX (1-877-784-5329).**

Sharing our Experience

During the claim investigation process, our Claim Support Manager, claim staff and field engineers act as technical resources and help you by suggesting reputable repair companies and contractors in your area so you can get back up and running quickly. Speak with your claim professional for more information.

IMPORTANT NOTICE – INDEPENDENT AGENT AND BROKER COMPENSATION

NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR BROKER IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.

For information about how Travelers compensates independent agents and brokers, please visit www.travelers.com, call our toll-free telephone number 1-866-904-8348, or request a written copy from Marketing at One Tower Square, 2GSA, Hartford, CT 06183.



NOTICE TO POLICYHOLDERS JURISDICTIONAL INSPECTIONS

Dear Policyholder;

Many states and some cities issue certificates permitting the continued operation of certain equipment such as boilers, water heaters, pressure vessels, etc. Periodic inspections are normally required to renew these certificates. In most jurisdictions, insurance company employees who have been licensed are authorized to perform these inspections.

If:

- You own or operate equipment that requires a certificate from a state or city to operate legally, and
- We insure that equipment under this Policy, and
- You would like us to perform the next required inspection;

Then;

Call this toll-free number – **1-800-425-4119**

When you call this number, our representative will ask you for the following information:

- Name of your business (as shown on this Policy)
- Policy Number
- Location where the equipment is located. Including Zip Code.
- Person to contact and phone number for scheduling of inspection
- Type of equipment requiring inspection
- Certificate inspection date and certificate number

Or;

Fill in the form on the reverse side of this notice and fax it to the toll-free number indicated on that form.

Please note the following:

- Your jurisdiction may charge you a fee for renewing a certificate. It is your responsibility to pay such a fee.
- All the provisions of the INSPECTIONS AND SURVEYS Condition apply to the inspections described in this notice.

REMINDER

If new equipment is installed or old equipment replaced that requires a jurisdictional inspection please let us know by calling our toll-free number listed above.

REQUEST FOR JURISDICTIONAL INSPECTION

Name of Business: _____
(As Shown on Policy)

Policy Number: _____

Location of Equipment:

City State Zip Code

Person to Contact for Scheduling Inspection: _____

Telephone Number of Person to Contact: _____

| Equipment Type | Certificate Number | Certificate Expiration Date |
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Fax Form to 1-877-764-9535

Completed by: _____ Phone Number: _____