

MIXED USE COMMERCIAL BUILDING OWNER'S POLICY

INTRODUCTION

We encourage **you** to read the entire policy. For **your** convenience refer to the Table of Contents for some of the more frequently referred to subjects.

Words in bold print, other than titles and headings, have the meaning given them in the DEFINITIONS section. Refer to Table of Contents.

For the applicable limit of insurance refer to the Declarations Page and the ADDITIONAL COVERAGES section of this policy.

REPRESENTATIONS

By accepting this policy **you** agree that:

1. The statements on the Declarations Page are accurate and complete.
2. Those statements are based upon representations **you** made to **us**.
3. **We** have issued this policy in reliance upon **your** representations.

CONCEALMENT, MISREPRESENTATION OR FRAUD

This policy shall be void if any insured whether before or after a loss, has intentionally concealed or misrepresented any material fact or circumstance or made false statements or engaged in fraudulent conduct relating to this insurance.

AGREEMENT

We will provide the insurance described in this policy in return for the premium and **your** compliance with all provisions of this policy including endorsements.

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SECTION I - BUSINESS PROPERTY AND RENTS

LIMIT OF INSURANCE

Regardless of the number of persons insured under this policy, the most **we** will pay for any one loss is the applicable limit of

insurance shown herein or on the Declarations Page.

PROPERTY COVERED

We cover **your** structures, **your** business personal property used to maintain, service, repair or construct **your** structures and **your** business personal property furnished for

use by **your** tenants all while situated at a location described on the Declarations Page.

LOSSES COVERED

Subject to the terms, conditions and limitations of this policy, **we** insure **you** against financial loss resulting from:

1. direct physical loss of or damage to covered property caused by an **accident**; and
2. the enforcement of any ordinance, law or code which prohibits repair of a covered structure damaged by an **accident** and requires that any

undamaged portion of the structure be demolished; and

3. rents including accrued rents which become uncollectible, and extra expense incurred to prevent loss of rents, because of damage to or destruction of covered structures caused by an **accident**.
-

ADDITIONAL COVERAGES

1. At a Named Location

When an **accident** causes direct physical loss of or damage to property at a location described on the Declarations Page, **we** provide the following additional amounts of coverage. The limit for each category below is the total limit for each covered loss as a result of any one **accident** for all property in that category. The coverages provided are subject to all other conditions of this policy:

a. **Your Employees Personal Property**

\$15,000 for personal property of **your** employees not to exceed \$1,000 for any one employee.

b. **Personal Property of Your Tenants**

\$25,000 for personal property of **your** tenants, not to exceed \$1,000 for any one tenant, which is in **your**

care, custody or control and for which **you** are legally liable.

2. At a Location anywhere in the Continental United States of America or Canada

When an **accident** causes direct physical loss of or damage to property at a location anywhere in the continental United States of America or Canada, **we** provide the following additional amounts of coverage. The limit for each category below is the total limit for each covered loss as a result of any one **accident** for all property in that category. The coverages provided are subject to all other conditions of this policy:

a. **Newly Acquired Structures**

\$1,000,000 for structures, other than structures in the course of construction, **you** acquire during the

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policy period, and which are not covered by other insurance.

This coverage ceases ninety (90) days after the date **you** acquire the structures or at the expiration or cancellation date of this policy, whichever is first.

An additional premium, computed by using the rates and rules in effect for such structures at the date of acquisition, will be charged for the period of time **we** provide coverage.

b. **Rents for Newly Acquired Structures**

\$200,000 for loss of rents, but not accrued rents, for newly acquired structures described in a. above.

This coverage applies only if the **accident** causing damage to the structure occurs not more than ninety (90) days from the date **you** acquire the structures.

c. **Course of Construction**

\$1,000,000 for new buildings in the course of construction, including materials intended to become integral parts of such buildings, which are not covered by other insurance.

This coverage does not apply to additions to or alterations of existing structures.

This coverage ceases thirty (30) days after the first day on which any work is performed at the job site.

An additional premium, computed by using the rates and rules in effect at that time for this coverage, will be charged for the period of time **we** provide coverage.

d. **Ordinance or Law**

Increased Cost of Construction and Resulting Loss of Rents

\$100,000 in the aggregate for all of the following unless a greater limit of

insurance for Ordinance or Law is shown on the Declarations Page:

(1) any increase of the cost to repair or replace a damaged or destroyed covered structure which results from the enforcement of any ordinance, law or code regulating the use, repair or construction of that structure; and

(2) any increase in the amount of loss of rents resulting from a delay caused by the enforcement of any ordinance, law or code regulating the use, repair or construction of the damaged or destroyed covered structure.

\$2,500 is the most **we** will pay because of the enforcement of any ordinance, law or code in effect at the time of the loss or damage which requires compliance even in the absence of damage to the structure.

This additional coverage applies only in the event that a covered structure is repaired or replaced at the same location.

e. **Debris Removal**

\$250,000 for increases in otherwise covered loss incurred to remove debris of covered property including the expense necessarily incurred to demolish and remove the debris of any undamaged portion of the damaged covered structure where such increased expenses are incurred because:

(1) of the enforcement of any ordinance, law or code requiring that the undamaged portion of the damaged covered structure be demolished; or

(2) it is not economical to repair the damaged covered structure.

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f. **Trees, Shrubs and other Plants**

\$5,000 in the aggregate for **your** trees, shrubs and other plants not to exceed \$1,000 for any one tree, shrub or other plant.

g. **Fire Department Service Charges**

\$5,000 for fire department service charges for which **you** are liable when the fire department is called and responds to save or protect covered property.

h. **Fire Protection Devices Recharging Expense**

\$5,000 in the aggregate for expenses actually and necessarily incurred:

- (1) to recharge **your** fire protection devices; and
- (2) for which **you** are liable to the local water department for water discharged because of a fire by an automatic sprinkler system or fire hoses which are a permanent part of a covered structure.

i. **Your Business Personal Property and Business Personal Property of Others**

\$25,000 in the aggregate for:

- (1) **your** covered business personal property; and
- (2) business personal property of others in **your** care, custody or control and for which **you** are legally liable; and

that is used to maintain, service, or repair covered structures.

This coverage does not apply to personal property of **your** employees or tenants.

j. **Money, Money Orders, Checks, Travelers Checks and Stamps**

\$5,000 in the aggregate for money, money orders, checks, travelers checks and stamps all used in connection with the ownership or management of covered structures.

k. **Extraction of Pollutants**

\$25,000 for expenses necessarily incurred to extract **pollutants** from land or water at the location of a covered structure.

We will pay these expenses only if reported to **us** in writing within one hundred eighty (180) days of the date of the **accident**.

This limit of insurance is the most **we** will pay for all such expense incurred in any one twelve (12) month policy period.

3. **Consequential Rents**

\$100,000 for **your** loss of or reduction in rent resulting from an **accident** which causes direct physical loss of or damage to property not owned by **you** but which is situated within five hundred (500) feet of a location described on the Declarations Page. Coverage provided is subject to all other conditions of this policy.

DEDUCTIBLE

Subject to the applicable limit of insurance, **we** will pay no more than the amount by which any loss exceeds the deductible

amount shown on the Declarations Page. This provision applies to each separately occurring loss.

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BASIS OF LOSS PAYMENT

Subject to the provisions contained in the LIMIT OF INSURANCE section and subject to all other terms and conditions of this policy the amount **we** will pay is calculated as follows:

1. Structures

- a. If a damaged or totally destroyed structure is not repaired or replaced, payment will be limited to the loss of actual cash value at the time and place of loss with due consideration for depreciation from all sources however caused.

Payment will not exceed the amount it would cost to repair or replace the damaged or totally destroyed structure with material of like kind, quality and use at the place of the loss and within a reasonable time after the loss.

- b. If a damaged structure is repaired or if a totally destroyed structure is replaced at the same location, payment will be limited to the amount actually and necessarily expended to repair the damaged structure or to replace the totally destroyed structure with a new structure of like kind, quality and use.

Regardless of when **you** do complete repair or replacement, the amount **we** will pay is limited to the amount required to repair or replace within a reasonable time after the loss.

- c. **You** may replace a totally destroyed structure by building a new structure elsewhere. If **you** do so, payment will be limited to the lesser of the following:

- (1) the amount actually and necessarily expended to replace elsewhere within a reasonable time after the loss with a new

structure of like kind, quality and use; or

- (2) the amount that would be necessarily expended to replace within a reasonable time after the loss with a new structure of like kind, quality and use at the place of the loss.

- d. **You** may replace a totally destroyed structure by purchasing an existing structure elsewhere. If **you** do so, payment will be limited to the lesser of the following:

- (1) the amount reasonably required and actually expended to purchase within a reasonable time after the loss a structure of like kind, quality and use as the structure totally destroyed; or

- (2) the amount that would be necessarily expended to replace within a reasonable time after the loss with a new structure of like kind, quality and use at the place of the loss and within a reasonable time after the loss.

In no event will **we** pay for the value of land.

You may first make claim for the loss under paragraph a. and, within one (1) year from the payment of that loss, make claim for any additional amount then payable by reason of b., c. or d.

2. Your Personal Property and Personal Property of Your Employees

- a. If lost or damaged property is not repaired or replaced, payment will be limited to the loss of actual cash value with due consideration for depreciation from all sources however caused.

Payment will not exceed the amount which it would cost to repair or replace the lost or damaged property

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with property of like kind, quality and use.

- b. If lost or damaged property is repaired or replaced, payment will be limited to the amount actually and necessarily expended to repair or replace the property with new property of like kind, quality and use.

You may first make claim for the loss under paragraph a. and, within one (1) year from the payment of that loss, make claim for any additional amount then payable by reason of b.

3. Trees, Shrubs and Other Plants

We will pay the amount actually and necessarily spent to replace lost or damaged trees, shrubs and other plants or, if not replaced, the amount actually and necessarily spent for removal of debris of such property.

4. Personal Property of Others, Except Employees

We will pay the amount for which **you** are legally liable.

5. Rents

We will pay:

- a. **your** net loss of rental income; and
- b. rents accrued but rendered uncollectible by reason of a covered loss at a location described on the Declarations Page; and
- c. **your** extra expenses necessarily incurred to minimize **your** rental income loss, but only to the extent that the rental income loss **we** would otherwise pay is reduced.

The amount **we** will pay is further limited as follows:

Time Periods for which Loss of Rents may be Covered

- a. If the damaged or totally destroyed property is not repaired or replaced, or if it is repaired or replaced at the same premises, **we** will pay for the time during which the property could be repaired or replaced at the same location with property of like kind, quality and use with the exercise of due diligence and dispatch.

- b. If a covered structure is totally destroyed and is replaced elsewhere by the construction or purchase of another structure of like kind, quality and use, **we** will pay for the time during which the structure could be so replaced elsewhere not to exceed the time specified in a. above for the replacement of property at the same location.

- c. **We** will also pay **your** net, actual loss of rents which continues beyond the time required to repair or replace the property at that same location for a period no greater than one hundred eighty (180) days if :

1. the damaged or totally destroyed property is actually replaced with property of like kind, quality and use; and
2. repair or replacement is accomplished with the exercise of due diligence and dispatch; and
3. **you** have exercised and continue to exercise due diligence to minimize the loss of rents.

- d. In no event will **we** pay for more than twenty four (24) months of incurred net loss of rental income.

The period of time **we** use to determine **your** loss of rents is not limited by the expiration date of the policy.

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PROPERTY NOT COVERED

We do not cover:

1. Land and land values.
2. Motor vehicles or trailers licensed for road use including their equipment.
3. Watercraft.
4. Aircraft.
5. Animals.
6. Fur, fur garments, watches, jewelry, precious and semi-precious stones and precious metals, including silver.
7. Money, money orders, checks, travelers checks and stamps except as provided for in 2.j. of the ADDITIONAL COVERAGES section.

LOSSES NOT COVERED

1. **We** do not insure **you** against loss of or damage to covered property resulting from or caused, directly or indirectly, proximately or remotely, by any of the following. Such loss or damage is not covered regardless of any **accident** that contributes concurrently or in any sequence to such loss or damage:
 - a. Earth movement other than **sinkhole collapse**. Earth movement includes earthquake, volcanic eruption, landslide, mudflow, subsidence and earth sinking, rising or shifting.

If fire, explosion or **volcanic action** ensues, **we** will be liable only for the ensuing direct loss or damage from the fire, explosion or **volcanic action**.
 - b. (1) Flood, overflow of any body of water, surface water, waves, tides, tidal waves or spray from any of them even if driven by wind; or
 - (2) water that backs up through or overflows from a sewer, drain or sump if such backup or overflow is caused by any of the causes of loss stated in (1) above; or
 - (3) underground water including water which presses on, flows or seeps through foundations, walls or floors or paved surfaces, or into unpaved basements.

If fire or explosion ensues, **we** will be liable only for the ensuing direct loss or damage from the fire or explosion.
- c. Insects, rodents or other vermin.

If fire or explosion ensues, **we** will be liable only for the ensuing direct loss or damage from the fire or explosion.
- d. Theft by **you**, **your** employee(s) or, with the exception of carriers for hire, by anyone to whom covered property is entrusted.

Ensuing loss by fire or explosion resulting from theft by **your** employee(s) or by anyone to whom covered property is entrusted is covered.
- e. Shortage disclosed on taking inventory or unexplained or mysterious disappearance of covered property.

Covered property in the custody of a carrier for hire is covered.
- f. Pollution caused by or resulting from the presence of or the release, discharge, escape, dispersal, seepage or migration of **pollutants**.

If the presence, release, discharge, escape, dispersal, seepage or migration is caused by or results from fire, lightning, explosion, windstorm, hail, aircraft, vehicles, riot or civil commotion, vandalism or malicious mischief, sprinkler

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leakage, falling objects, **volcanic action** or weight of snow, sleet or ice, **we** will pay for the resulting loss.

The peril of sprinkler leakage does not include sprinkler leakage caused by earthquake.

- g. Error in design, plans or specifications; faulty or defective workmanship or materials; latent or patent defect; or mechanical breakdown.

If loss from fire, explosion, sprinkler leakage, falling objects, weight of snow, sleet or ice or **accidental** discharge of water not otherwise excluded from a plumbing, heating or air conditioning system which has cracked or broken apart ensues, **we** will pay for the ensuing loss.

We will not, however, pay for the cost to correct the condition which causes such ensuing loss.

The peril of sprinkler leakage does not include sprinkler leakage caused by earthquake.

- h. War, including undeclared or civil war; 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; insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
- i. Nuclear reaction or radiation, or radioactive contamination, however caused.

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

- 2. In addition, **we** do not insure **you**

against any of the following losses, however caused:

- a. Delay, loss of use, loss of market, loss of business income or other consequential loss.

This exclusion does not apply to loss of rents including accrued rents and extra expense provided for elsewhere in this policy.

- b. Wear and tear, deterioration, rust, **organic pathogens**, wet or dry rot.

If fire, explosion or damage from water not otherwise excluded ensues, **we** will be liable only for the ensuing direct loss or damage from the fire, explosion or water not otherwise excluded.

- c. Settling, cracking, shrinking, bulging or expanding of covered structures.

If fire, explosion, breakage of glass constituting an integral part of the structure or damage from water not otherwise excluded ensues, **we** will be liable only for the ensuing direct loss or damage from the fire, explosion, breakage of such glass or water damage.

- d. Except as provided for in items 2.d. and 2.e. of the ADDITIONAL COVERAGES section of this policy, **we** will not pay for any of the following:

- (1) any increase of the cost to repair or construct a replacement of a damaged or destroyed covered structure which results from the enforcement of any ordinance, law or code regulating the use, repair or construction of that structure;

- (2) the cost or expense, including the cost or expense of debris removal, of demolishing any undamaged portion of any

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damaged covered structure whether or not required by any ordinance, law or code;

- (3) any increase in the amount of loss of rents resulting from the enforcement of any ordinance, law or code that results in a

delay of the time required to repair or replace the damaged or destroyed covered structure beyond the time that would be required in the absence of such enforcement of any ordinance, law or code.

YOUR DUTIES FOLLOWING A LOSS

1. **You** must at **your** expense:

- a. Give **us** written notice of any loss as soon as practicable.
- b. File with **us** a detailed sworn statement of loss within ninety (90) days after the loss unless this time is extended by **us** in writing, setting forth to the best of **your** knowledge and belief:
 - (1) The time and cause of loss.
 - (2) **Your** interest and that of all others in the property involved.
 - (3) Other policies of insurance that may cover the loss.
 - (4) Changes in title or occupancy of the property during the term of this policy.
 - (5) Specifications of any damaged structures, detailed estimates for repair of the damage and the amount **you** claim for the repair under this policy.
 - (6) The amount claimed for replacement of trees, shrubs and

other plants or for the removal of debris of such property accompanied by all exhibits necessary to support that amount.

- (7) An inventory of damaged, covered personal property and the amount **you** claim for that property under this policy accompanied by all exhibits necessary to support that amount.

- (8) The amount claimed for rents including accrued rents and extra expenses accompanied by all exhibits necessary to support that amount.

- c. Do all things and produce all documents reasonably required to establish values, loss and damage and coverage for the loss.

2. **You** must at **our** expense submit to examinations under oath by any person named by **us** and sign transcripts thereof.

MANDATORY ARBITRATION

In case **we** fail to agree with **you** as to the meaning or effect of any provision of this policy or as to the amount payable in accordance with the express terms of this policy for any covered loss, the disagreement shall be resolved by binding arbitration in accordance with the statutory rules and procedures of the state in which the property is located. Should an arbitration

under the terms of this clause result in any of the following, **we** will reimburse **you** for expenses actually incurred by **you** with respect to the arbitration, including reasonable attorney's fees, in a sum to be determined by the arbitrator(s):

1. a finding of coverage for claimed loss or damage for which coverage is denied by **us**;

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2. a finding that **you** are entitled to a loss payment in accordance with the express terms of this policy and exclusive of costs or attorney's fees in an amount that exceeds the amount of any offer made by **us** in writing to settle **your** claim at any time up to thirty (30) days

prior to the commencement of the arbitration.

The provisions of this clause are mandatory and may be enforced either by **you** or by **us**.

COMPANY'S OPTION

We may at **our** option take all, or any part, of the property at the agreed or appraised value or to repair or replace the property with other property of like kind and quality

within a reasonable time provided **we** give notice of **our** intention to do so within thirty (30) days after receipt of the required statement of loss.

TIME LIMITATION FOR ACTION

No suit, demand for arbitration or other action on this policy for the recovery of any claim shall be sustainable in any court or other forum unless all the requirements of

this policy have been complied with and unless commenced within twelve (12) months after the inception of the loss.

PROPERTY OF OTHERS

At **our** option **we** may adjust losses with the owner of the property. Any payment made by **us** will be limited to the owner's financial interest in the lost or damaged property and will satisfy **your** claim against **us**. If legal proceedings are taken to enforce a claim

against **you** for any such loss or damage, **we** reserve the right to conduct and control the defense on **your** behalf. No action by **us** in such regard will increase **our** liability under this policy or increase the limits specified in this policy.

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

(3) years after the cancellation or expiration of this policy whichever is first.

WHEN LOSS IS PAYABLE

The amount for which **we** are liable will be payable within thirty (30) days after the required statement of loss is received and

agreed to in writing by **us** or an arbitration award is received by **us**.

MORTGAGEE INTEREST AND OBLIGATIONS

Loss will be payable to a mortgagee named on the Declarations Page subject to its mortgage interest in the covered property. As to that mortgage interest, this insurance will not be affected by any:

1. Act or neglect of the mortgagor or owner of the covered property.

2. Foreclosure or other proceeding or notice of sale relating to the covered property.

3. Change in title or ownership of the covered property.

In case the mortgagor or owner neglects to pay any premium due under this policy, the mortgagee must, on demand, pay that premium.

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If **you** fail to render a statement of loss, a named mortgagee, upon notice, may do so within sixty (60) days thereafter. In that event, the mortgagee must comply with all provisions of this policy.

If **we** cancel this policy any named mortgagee will be notified in accordance with the cancellation provisions of this policy.

To the extent of any payment for loss under this policy which **we** make to any mortgagee and for which **we** claim **we** are not liable to the mortgagor or owner, **we** will be subrogated to all of the rights of the mortgagee under the mortgage. Or **we** may pay the whole mortgage debt including accrued interest in return for a full assignment and transfer of the mortgage and all other securities for that debt.

TIME OF LOSS

This policy applies only to losses which occur during the policy period shown on the

Declarations Page.

OTHER INSURANCE

We will not pay a greater portion of any loss than the limit of insurance for the loss under this policy bears to the total of the limits of insurance for the loss under all policies which cover the loss or which would cover the loss

but for the existence of this policy, except insurance written specifically to cover as excess over the limits of insurance that apply in this policy.

RECOVERY FROM THIRD PARTIES

1. **You** may waive **your** rights of recovery against any party in writing before an **accident**.
2. Within ninety (90) days after an **accident**, **you** may waive **your** rights of recovery against any party who at the time of the **accident** is:
 - a. Shown on the Declarations Page.
 - b. **Your** tenant.

- c. Owned or controlled by **you** because of **your** financial investment in that party.
- d. Owns or controls **you** because of financial investment in **you** by that party.

Subject to the above **we** may require an assignment of **your** rights of recovery against any party for loss to the extent that payment for that loss is made by **us**.

SALVAGE AND RECOVERY

You are entitled to complete reimbursement for loss before **we** are entitled to any proceeds from any recovery from third parties or salvage recovery.

If a recovery is realized, **you** must share recovery expenses **we** incur to the extent of each party's proportionate interest.

NO BENEFIT TO BAILEE

This insurance may not directly or indirectly

benefit any carrier or other bailee.

SECTION I - BUSINESS PROPERTY AND RENTS

ADDITIONAL CONDITIONS

For additional conditions refer to page 21, COMMON POLICY CONDITIONS - Applying to Section I and Section II.

SECTION II - BUSINESS LIABILITY

PREMISES LIABILITY COVERAGE

We will pay all sums that the **insured** becomes legally obligated to pay as damages because of **bodily injury** or **property damage** to which this insurance applies.

This insurance applies only to **bodily injury** or **property damage**:

1. That occurs during the policy period; and
2. That is caused by an **occurrence** which takes place at or arises from the ownership, maintenance or use of an **insured premises** as a rental property or held as vacant land.

We have the right and duty to defend any claim or suit seeking covered damages. **We**

may investigate and settle any claim or suit at **our** discretion but:

1. The amount **we** will pay for damages is limited as described in LIMITS OF INSURANCE of Section II - CONDITIONS.
2. **Our** right and duty to defend ends when **we** have used up the applicable limit of insurance in the payment of judgements or settlements.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided under SUPPLEMENTARY PAYMENTS of Section II - CONDITIONS.

EXCLUSIONS

This insurance does not apply to:

1. **Bodily injury** or **property damage** expected or intended from the standpoint of any **insured**.

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

2. **Bodily injury** or **property damage** arising out of any contract.

This exclusion does not apply to an **insured contract**.

3. **Bodily injury** or **property damage** arising out of any premises owned, rented or controlled by any **insured**.

This exclusion does not apply to an **insured premises**.

4. Any obligation of any **insured** under a workers compensation, disability benefits or unemployment compensation law or any similar law.

5. **Bodily injury** to:

- a. An employee of any **insured** arising out of and in the course of employment by any **insured**.

- b. The spouse, child, parent, brother or sister of an employee as a consequence of an injury to that employee.

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

This exclusion does not apply to liability assumed by **you** under an **insured contract**.

6. **Bodily injury** or **property damage** arising out of the presence of or the actual, alleged or threatened release, discharge, escape, dispersal, seepage or migration of **pollutants**.

This exclusion does not apply to :

- a. **bodily injury** or **property damage** caused by heat, smoke or fumes from a hostile fire. A hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be; or

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- b. **bodily injury** that is sustained within a building at an **insured premises** and that is caused by smoke, fumes, vapors or soot from equipment used to heat such building.
7. Any loss, cost or expense arising out of any governmental direction or request that **you** test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **pollutants**.
8. **Bodily injury** or **property damage** arising out of the presence of or the actual, alleged or threatened release, discharge, escape, dispersal, seepage or migration of any **organic pathogens** at or from any **insured premises**.
9. Any loss, cost or expense arising out of any governmental direction or request that **you** test for, monitor, clean up, remove, contain, treat, detoxify or neutralize **organic pathogens**.
10. **Bodily injury** or **property damage** arising out of the ownership, maintenance, use or entrustment to others of any aircraft, **auto** or watercraft owned or operated by or rented or loaned to any **insured**. Use includes loading or unloading.
- This exclusion does not apply to watercraft while ashore at an **insured premises**.
11. **Bodily injury** or **property damage** arising out of nuclear reaction, radiation, or radioactive contamination, however caused.
12. **Bodily injury** or **property damage** due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.
- This exclusion applies only to liability assumed under a contract or agreement.
13. **Bodily injury** or **property damage** arising out of any business or professional activities conducted by any **insured**.
- The ownership, maintenance or use of the **insured premises** as a rental property or held as vacant land are not considered to be professional activities.
14. **Property damage** to:
- Property **you** own, rent or occupy.
 - Premises **you** have sold, given away or abandoned if the **property damage** arises out of any part of those premises.
 - Property loaned to **you**.
 - Personal property in the care, custody or control of any **insured**.
15. Any amount payable by any **insured** to others as a result of a punitive or exemplary damages judgement against any **insured**.
16. **Bodily injury** or **property damage** sustained by any **insured**.
17. **Bodily injury** or **property damage** arising out of fraud committed by any **insured**.
18. **Bodily injury** or **property damage** arising out of willful injury by any **insured** to the property or person of another.
19. **Bodily injury** or **property damage** arising out of willful violation of a penal statute or ordinance committed by or with the consent of any **insured**.
20. **Bodily injury** arising out of communicable disease of any kind transmitted by any **insured** including sexually transmitted disease.
21. **Bodily injury** arising out of sexual molestation, corporal punishment or abuse.

SECTION II - BUSINESS LIABILITY

NON-OWNED AUTO LIABILITY COVERAGE

This coverage is optional and applies only if so stated on the Declarations Page.

We will pay all sums that the **insured** becomes legally obligated to pay as damages because of **bodily injury** or **property damage** to which this insurance applies.

This insurance applies only to **bodily injury** or **property damage** that:

1. Occurs during the policy period; and
2. Is caused by an **occurrence** which takes place at or arises from the ownership, maintenance or use of an **insured premises** as a rental property or held as vacant land; and
3. Arises out of the use of a **non-owned auto** by any person other than **you** in connection with the ownership, maintenance or use of an **insured**

premises as a rental property or held as vacant land.

We have the right and duty to defend any claim or suit seeking covered damages.

We may investigate and settle any claim or suit at **our** discretion but:

1. The amount **we** will pay for damages is limited as described in LIMITS OF INSURANCE of Section II - CONDITIONS.
2. **Our** right and duty to defend ends when **we** have used up the applicable limit of insurance in the payment of judgements or settlements.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided under SUPPLEMENTARY PAYMENTS of Section II - CONDITIONS.

EXCLUSIONS

Exclusions which appear as Paragraphs, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 15, 16, 17, 18, 19, 20 and 21 under the heading EXCLUSIONS following the PREMISES LIABILITY COVERAGE section also apply to this coverage section of the policy.

In addition this insurance does not apply to:

1. **Bodily injury** or **property damage** arising out of the maintenance, operation, use, loading or unloading of any **non-owned auto** used in any business or professional activity.

The management of the **insured premises** is not considered a professional activity.

2. **Property damage** to:
 - a. Property owned or being transported by, or rented or loaned to any **insured**.
 - b. Property in the care, custody or control of any **insured**.

PREMISES MEDICAL PAYMENTS COVERAGE

We will pay medical and funeral expenses which result from **bodily injury** sustained at the **insured premises** and caused by an **accident** provided that:

1. The **accident** takes place during the policy period; and
2. The **accident** takes place at an **insured premises**; and

3. The expenses are incurred and reported to **us** within one (1) year of the date of the **accident**; and
4. The injured person submits to examination, at **our** expense, by physicians of **our** choice as often as **we** require.

SECTION II - BUSINESS LIABILITY

EXCLUSIONS

This insurance does not apply to **bodily injury** to any person:

1. Who is an **insured**.
2. Hired to do work for or on behalf of any **insured**.
3. Who is a tenant or an employee of a tenant of any **insured**.
4. Who is an employee of any **insured**, if benefits for the **bodily injury** are payable or must be provided under a workers compensation or disability benefits law or a similar law.
5. Who is injured while taking part in athletics.
6. Who is injured due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.
7. To whom the **insured** is obligated to pay damages by reason of the assumption of liability in a contract or agreement.

This exclusion does not apply to an **insured contract**.

8. Whose injuries arise out of the ownership, maintenance, use or entrustment to others

of any aircraft, **auto** or watercraft owned or operated by or rented or loaned to any **insured**. Use includes loading or unloading.

9. Whose injuries arise out of any business or professional activities conducted by any **insured**.

The management of the **insured premises** as a rental property or held as vacant land is not considered to be a professional activity.

10. Whose injuries arise from the presence of or the actual, alleged or threatened release, discharge, escape, dispersal, seepage or migration of **pollutants** at or from the **insured premises**.
11. Whose injuries arise from the presence of or the actual, alleged or threatened release, discharge, escape, dispersal, seepage or migration of **organic pathogens** at or from the **insured premises**.
12. Who suffers **bodily injury** arising out of nuclear reaction, radiation, or radioactive contamination, however caused.

SECTION II - CONDITIONS - BUSINESS LIABILITY COVERAGES

SUPPLEMENTARY PAYMENTS

With respect to any claim or suit **we** defend under Section II of this policy, **we** will pay in addition to the limit of insurance shown on the Declarations Page:

1. All expenses **we** incur.
2. Up to \$1,000 for the cost of bail bonds required because of **accidents** or traffic law violations arising out of the use of any vehicle to which **bodily injury** liability coverage applies.

We do not have to furnish or obtain these bonds.

3. The premium for bonds to release attachments but only for bond amounts within the Business Liability limit of insurance shown on the Declarations Page.

We do not have to furnish or obtain these bonds.

4. All reasonable expenses incurred by the **insured** at **our** request to assist **us** in the investigation or defense of the claim or suit including actual loss of earnings of up to \$250 a day because of time off from work.
5. All costs taxed against the **insured** in the suit.
6. Pre-judgement interest awarded against the **insured** on that part of the judgement **we** pay.

If **we** make an offer to pay the applicable limit of insurance, **we** will not pay any pre-judgement interest based on that period of time after the offer.

7. All interest on the full amount of any judgement that accrues after entry of the judgement and before **we** have paid, offered to pay, or deposited in court the part of the judgement that is within the applicable limit of insurance.

LIMITS OF INSURANCE

1. Each Occurrence

The most **we** will pay for the sum of all damages to which this policy applies as a result of any one **occurrence** is the Business Liability limit shown on the Declarations Page regardless of the number of:

- a. **Insureds.**
- b. Claims made or suits brought.
- c. Persons or organizations making claims or bringing suits.
- d. Policies issued by **us** to any **insured**.

If such other policies exist, the maximum limit of this Company's liability shall not exceed the highest limit set forth in any one such policy.

- e. Coverages applicable to any **occurrence**.

2. All Occurrences

The most **we** will pay for all damages to which this policy applies, regardless of the number of **occurrences** that take place during any consecutive policy period of twelve (12) months or less, is the aggregate limit for Business Liability shown on the Declarations Page.

With respect to Premises Liability Coverage only, this annual aggregate limit of insurance applies separately to each location described on the Declarations Page.

With respect to items 1. and 2. above all **bodily injury** or **property damage** resulting from any one **accident** including continuous or repeated exposure to the same harmful conditions shall be considered to be the result of one **occurrence**.

SECTION II - CONDITIONS - BUSINESS LIABILITY COVERAGES

3. The most **we** will pay for medical and funeral expenses as provided under PREMISES MEDICAL PAYMENTS

COVERAGE for any one **accident** is the Premises Medical Payments limit shown on the Declarations Page.

YOUR DUTIES IN THE EVENT OF AN OCCURRENCE, ACT, CLAIM OR SUIT

1. **You** must promptly notify **us** of an incident or event that may result in a claim. Notice should include:
 - a. How, when and where the incident or event took place.
 - b. The names and addresses of any injured person and witness.
 2. If a claim is made or suit is brought against any **insured**, **we** must be promptly notified in writing and **you** and any other involved **insured** must:
 - a. Immediately send **us** copies of any demands, notices, summonses or other legal papers received in connection with the claim or suit.
 - b. Authorize **us** to obtain records and other information.
 - c. Cooperate with **us** in the investigation, settlement or defense of the claim or suit.
 - d. Assist **us**, upon **our** request, in the enforcement of any right against any person or organization that may be liable to any **insured** because of injury or damage to which this insurance may also apply.
 3. No **insured** shall, except at the **insured's** own cost, make a payment, assume any obligation or incur any expense, other than for first aid, without **our** consent.
-

OTHER INSURANCE

The insurance provided by this policy is excess over any other insurance except insurance specifically written to cover as excess over the limits of this policy. **We** have no duty to defend any claim or suit that

any other insurer has a duty to defend. If no other insurer defends, **we** will undertake to do so but **we** will be entitled to the **insured's** rights against any such other insurers.

TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If the **insured** has rights to recover all or part of any payment **we** have made under this policy, those rights shall be transferred to **us**. The **insured** shall do nothing to impair said

rights. At **our** request, the **insured** shall help **us** to enforce them.

This condition does not apply to PREMISES MEDICAL PAYMENTS COVERAGE.

TRANSFER OF YOUR RIGHTS AND DUTIES

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.

SECTION II - CONDITIONS - BUSINESS LIABILITY COVERAGES

BANKRUPTCY

Bankruptcy or insolvency of any **insured** or **our** obligations.
any **insured's** estate will not relieve **us** of

LEGAL ACTION AGAINST US

1. No person or organization has a right under this policy:
 - a. To join **us** as a party or otherwise bring **us** into a suit asking for damages from any **insured**.
 - b. To sue **us** on this policy unless all of its terms have been fully complied with.
 2. A person or organization may sue **us** to
- recover on an agreed settlement or on a final judgment against any **insured** obtained after an actual trial.
- We** will not be liable for damages that are not payable under the terms of this policy.
- An agreed settlement means a settlement and release of liability signed by **us**, the **insured** and the claimant or the claimant's legal representative.
-

SEPARATION OF INSUREDS

Except with respect to the Limits of Insurance, this insurance applies separately to each **insured** against whom claim is made or suit is brought.

ADDITIONAL CONDITIONS

For additional conditions refer to page 22, COMMON POLICY CONDITIONS - Applying to Section I and Section II.

COMMON POLICY CONDITIONS

Applying to Section I and Section II

CANCELLATION AND NON-RENEWAL

1. **You** may cancel this policy at any time by returning it to **us** or by notifying **us** in writing of the date cancellation it to take effect.
2. **We** may:
 - a. cancel this policy for non-payment of premium by giving **you** fifteen (15) days of written notice; or
 - b. non-renew this policy for any reason by giving **you** at least sixty (60) days, but not more than one hundred twenty (120) days, written notice to be effective at the next anniversary or the expiration date of the policy whichever is first.

We will also mail such notice of cancellation or non-renewal to each mortgagee or other person or entity shown on this policy to have an insurable interest in the covered property.

We will state the reason for cancellation or non-renewal on the written notice.

3. **We** are not required to send notice of non-renewal if:
 - a. the policy has been extended for ninety (90) days or less provided that written notice of non-renewal has been given at least sixty (60)

days, but not more than one hundred twenty (120) days, before the expiration date of the policy after it was extended;

- b. **you** have obtained replacement coverage or if **you** have agreed in writing within sixty (60) days of the expiration date of this policy to obtain replacement coverage;
- c. the policy is for a period of sixty (60) days or less and **you** are notified at the time of issuance of the policy that it will not be renewed;
- d. **you** request a change in terms, conditions or coverage within sixty (60) days of the expiration date of the policy;
- e. **we** have made **you** a written offer to renew the policy under changed terms or conditions or at an increase in premium in excess of twenty five (25) per cent. Such offer must be made at least sixty (60) days, but not more than one hundred twenty (120) days, before the expiration date of the policy.

Any pro-rata premium **you** will be refunded within a reasonable time after the cancellation takes effect.

WAIVER OR CHANGE OF POLICY CONDITIONS

This policy contains all the agreements between **you** and **us** concerning this insurance. A waiver or change of any

provision of this policy must be in writing by **us** to be valid.

DEFINITIONS

Applying to Section I and Section II

Words which appear in bold print, other than titles and headings, have the meaning given them in this section.

1. **Accident** means an undesigned, unexpected and rapidly occurring event.
2. **Auto** means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment.
3. **Bodily Injury** means **bodily injury** and sickness or disease sustained by a person, including death resulting from any of these at any time.
4. **Insured** means:
 - a. As to PREMISES LIABILITY and, if coverage is provided under separate endorsement, PERSONAL INJURY AND ADVERTISING INJURY LIABILITY COVERAGES
 - (1) An individual shown on the Declarations Page and his or her spouse but only with respect to the ownership, maintenance or use of the **insured premises** as a rental property or held as vacant land.
 - (2) A partnership or joint venture shown on the Declarations Page, its partners, members and the spouses thereof but only with respect to the ownership, maintenance or use of the **insured premises** as a rental property or held as vacant land.
 - (3) A trust shown on the Declarations Page, its trustees, trustors and beneficiaries but only with respect to the ownership, maintenance or use of the **insured premises** as a rental property or held as vacant land.
 - (4) Any organization, other than a partnership, joint venture or trust, shown on the Declarations Page, its executive officers, stockholders and members and managers of a limited liability company but only with respect to the ownership, maintenance or use of the **insured premises** as a rental property or held as vacant land.
 - b. As to NON-OWNED AUTO LIABILITY COVERAGE
 - (1) **You**.
 - (2) **Your** partner(s) or executive officer(s) while using a **non-owned auto** in connection with the ownership, maintenance or use of the **insured premises** as a rental property or held as vacant land.
 - (3) Trustees, trustors, and beneficiaries of a trust shown on the Declarations Page while using a **non-owned auto** in connection with the ownership, maintenance or use of the **insured premises** as a rental property or held as vacant land.
- (5) **Your** employees, but only for acts within the scope of their employment by **you** in connection with the ownership, maintenance or use of the **insured premises** as a rental property or held as vacant land.
- (6) Any person or organization while acting as **your** real estate manager for an **insured premises**.
- (7) Any person or organization having lawful, temporary custody of **your** property if **you** die.
- (8) **Your** legal representative if **you** die but only with respect to duties as such. That representative will have all **your** rights and duties under this policy.

DEFINITIONS

Applying to Section I and Section II

- (4) Members and managers of a limited liability company shown on the Declarations Page while using a **non-owned auto** in connection with the ownership, maintenance or use of the **insured premises** as a rental property or held as vacant land.

None of the following is an **insured**:

- (1) Any person engaged in the business of his or her employer for **bodily injury** to any co-employee of such person injured in the course of employment.
 - (2) Any partner or executive officer for any **auto** owned by such partner or officer or a member of his or her household.
 - (3) Any trustee, trustor, or beneficiary of a trust shown on the Declarations Page for any **auto** owned by such trustee, trustor, or beneficiary or a member of his or her household.
 - (4) **Your** stockholders for any **auto** owned by such stockholders or members of their households.
 - (5) Any member or manager of a limited liability company shown on the Declarations Page for any **auto** owned by such member or manager or a member of his or her household.
 - (6) The owner of a **non-owned auto** or any agent or employee of any such owner.
 - (7) Any person or organization for the conduct of any current or past partnership or joint venture not shown on the Declarations Page.
5. **Insured Contract** means that part of any contract pertaining to the ownership, maintenance or use of an **insured**

premises as a rental property under which **you** assume the tort liability of another to pay damages because of **bodily injury** or **property damage** to a third person or organization if the contract is made prior to the **bodily injury** or **property damage**.

An **insured contract** does not include:

- a. A contract or agreement that indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (1) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications.
 - (2) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage.
 - b. A contract or agreement that pertains to the loan, lease or rental of an **auto** to **you**.
 - c. A contract with any other **insured**.
6. **Insured Premises** means:
- a. The premises described on the Declarations Page.
 - b. Premises sold, given away or abandoned if possession has been relinquished to others.
 - c. Any premises which **you** acquire during the policy period provided that no other insurance applies.

This insurance ceases ninety (90) days after the date **you** acquire the premises.

An additional premium, computed by using the rates and rules in effect at the date of acquisition, will be charged for the period of time **we** provide insurance.

DEFINITIONS

Applying to Section I and Section II

7. **Non-Owned Auto** means any **auto you** do not own, lease, hire or borrow which is used in connection with **your** business.

However, if **you** are a partnership, a **non-owned auto** does not include any **auto** owned by any partner of the partnership.
8. **Occurrence** means an **accident**. With respect to Section II - Business Liability Coverages only, an **accident** includes continuous or repeated exposure to the same harmful conditions.
9. **Organic pathogens** means any bacteria, virus, fungus, mold, mushroom, yeast, mildew or mycotoxin or other metabolic products or their spores, scent, vapor or gas or byproducts, or any reproductive body they produce.
10. **Our** refers to the Company providing this insurance.
11. **Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
12. **Property damage** means:
 - a. Physical injury to tangible property including resulting loss of use of that property.
 - b. Loss of use of tangible property that is not physically injured.
13. **Sinkhole collapse** means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or similar rock formations.

It does not include sinking or collapse of land into manmade underground cavities nor the cost of filling sinkholes.
14. **Us** refers to the Company providing this insurance.
15. **Volcanic action** means lava flow, airborne shock waves, ash, dust or other particulate matter caused by or resulting from volcanic eruption.
16. **We** refers to the Company providing this insurance.
17. **You** and **yours** refer to the person or entity shown on the Declarations Page as an insured.