

**BUSINESS OWNER'S POLICY
DECLARATIONS AND ENDORSEMENTS**

BUSINESS OWNER'S POLICY

TABLE OF CONTENTS

SECTION I - BUSINESS PROPERTY AND BUSINESS INCOME

Basic Coverages	3
Property and Losses Subject to Special Limitations	3
Losses Covered	3
Additional Coverages	3-5
Limits of Insurance	5
Basis of Loss Payment	6
Property Not Covered	7
Losses Not Covered	7-8
Your Duties Following a Loss	8-9
Mandatory Arbitration	9

SECTION II - BUSINESS LIABILITY

Business Liability Coverages	
Bodily Injury and Property Damage Liability Coverage	12
Personal Injury and Advertising Injury Liability Coverage	14
Non-Owned Auto Liability Coverage	15
Premises Medical Payments Coverage	15
Exclusions	
Bodily Injury and Property Damage Liability Coverage	12-13
Personal Injury and Advertising Injury Liability Coverage	14
Non-Owned Auto Liability Coverage	15
Premises Medical Payments Coverage	16
Nuclear Energy	19-20
Limits of Insurance	17
Your Duties in the Event of an Occurrence, Act, Claim or Suit	18

SECTION I and SECTION II - COMMON POLICY CONDITIONS

Cancellation and Non-Renewal	21
------------------------------------	----

DEFINITIONS	22-23
--------------------------	--------------

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 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 pages 3, 4 and 5 for 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.
-

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.

BASIC COVERAGES

1. Business Personal Property

We cover **your** business personal property, business personal property of others in **your** care, custody or control for which **you** are legally liable and tenant's improvements and betterments all while situated at a location shown on the Declarations Page.

2. Business Income

When an **accident** causes direct physical loss of or damage to property described in a., b. or c. below, **we** cover **your** net loss of business income for a period not in excess of twelve (12) consecutive months resulting from the interruption of **your** business

operations at a location shown on the Declarations Page. The coverage provided is subject to all other conditions of this policy:

- a. Property at a location described on the Declarations Page.
- b. Property of a business not owned or controlled by **you** anywhere in the continental United States of America or Canada which is a supplier to **you** or a recipient of **your** goods or services.
- c. Property of a business not owned or controlled by **you** but which is situated within five hundred (500) feet of a location shown on the Declarations Page.

OPTIONAL COVERAGE

Your Structures

This coverage applies only if a limit of insurance for structures is shown on the Declarations Page.

Coverage applies only to structures at a location shown on the Declarations Page and is subject to all other conditions of this policy.

PROPERTY AND LOSS SUBJECT TO SPECIAL LIMITATIONS

LOSSES COVERED

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

resulting from direct physical loss of or damage to covered property 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 shown on the Declarations Page, **we** provide

additional insurance up to the limits shown herein or on the Declarations Page. The limit of insurance shown for each category of coverage below is the total limit for each covered loss as a result of any one **accident**. The coverages

SECTION I - BUSINESS PROPERTY AND BUSINESS INCOME

ADDITIONAL COVERAGES (CONTINUED)

provided are subject to all other conditions of this policy:

- a. Business Records
\$10,000 for business records.
- b. Accounts Receivable
\$10,000 for accounts receivable.
- c. Money
\$2,500 in the aggregate for money, checks, travelers checks, money orders and stamps used in connection with **your** business.
- d. Lawns, Trees, Shrubs and Plants
\$5,000 in the aggregate for **your** lawns, trees, shrubs and plants that are part of the landscaping, not to exceed \$1,000 for any one lawn, tree, shrub or plant.
- e. Building and Building Glass
\$2,500 in the aggregate for buildings and for glass constituting a part of the structure for which you are legally liable as tenant. This coverage is available only if the structure itself is not covered under this policy.
- f. Employee's Personal Property
\$2,500 in the aggregate for the personal property of **your** employees.
- g. Building Ordinance
\$25,000 for increases in an otherwise covered loss made necessary by reason of any ordinance or law regulating the use, construction, repair or demolition of structures; except payment made as a result of any law or ordinance in effect prior to the covered loss that required **your** compliance even if the structures were undamaged is limited to \$2,500.
- h. Leasehold Interest
\$100,000 for **your** leasehold interest loss if **your** lease, which permits cancellation

because of physical damage to the building you are leasing, is cancelled by the landlord as a result of such damage.

- i. Debris Removal
25% of the limit of insurance for business personal property or structures not to exceed \$250,000 in the aggregate for increases in otherwise covered loss made necessary by reason of the removal of debris of covered property.
 - j. **Pollutants** Extraction
\$10,000 for expenses necessarily incurred to extract **pollutants** from land or water at a described location. 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 each location described on the Declarations Page for all loss occurring in any one twelve (12) month policy period.
2. **Not at a Named Location**

When an **accident** causes direct physical loss of or damage to property at a location in the continental United States of America or Canada which is not shown on the Declarations Page, we provide additional insurance up to the limits shown herein or on the Declarations Page. The limit of insurance shown for each category of coverage below is the total limit for each covered loss as a result of any one **accident**. The coverages provided are subject to all other conditions of this policy:

- a. Money
\$2,500 in the aggregate for money, checks, travelers checks, money orders and stamps used in connection with **your** business.
- b. Accounts Receivable
\$10,000 for accounts receivable.
- C. Business Records
\$10,000 for business records.

SECTION I - BUSINESS PROPERTY AND BUSINESS INCOME

ADDITIONAL COVERAGES (CONTINUED)

- d. Away from Premises - Including In Transit
100% of the highest limit of insurance shown on the Declarations Page for business personal property, other than property described in 2.a., 2.b. and 2.c. above, temporarily away from a location shown on the Declarations Page. Coverage territory is limited to the continental United States of America or Canada.
- e. Newly Acquired Locations
\$500,000 for structures acquired during the policy period, other than structures in the course of construction, and not covered by other insurance. This coverage shall cease ninety (90) days after the date **you** acquire the structures or 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.
- f. Course of Construction
\$250,000 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 shall cease 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.
- g. Business Income
\$100,000 for **your** net loss of business income resulting from the interruption of **your** business at a location referred to in 2.e. and 2.f. above if the **accident** occurs within ninety (90) days of the inception date of the acquisition or within thirty (30) days of commencement of construction on a new building. 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.
3. Subject to all terms and conditions of this policy, **we** agree to pay up to the limit of insurance shown below for **your** loss resulting from credit card forgery or accepting of United States of America or Canadian counterfeit money or money orders. The transaction resulting in loss must take place at a location shown on the Declarations Page and must result from **your** acceptance in good faith of the payment in exchange for goods sold or services provided: Credit Card Forgery or Counterfeit Money \$2,500 in the aggregate for loss caused by credit card forgery or **your** acceptance of United States of America or Canadian counterfeit money or money orders.

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.

Regardless of the deductible amount shown on the Declarations Page the maximum deductible amount for ADDITIONAL COVERAGES 1.c., 2.a. and 3. is \$500.

LIMITS OF INSURANCE

Business Income coverage afforded by item 2. of the BASIC COVERAGES section of this policy is

not subject to a stated limit of insurance but is limited to **your** actual and necessarily sustained net loss of

SECTION I - BUSINESS PROPERTY AND BUSINESS INCOME

LIMITS OF INSURANCE (CONTINUED)

business income for up to twelve (12) consecutive months following the **accident** causing the loss or damage.

With respects to all other loss, regardless of the number of persons insured under this policy, the most **we** will pay for one loss is the applicable limit of insurance shown herein or on the Declarations Page.

BASIS OF LOSS PAYMENT

1. Your Property other than Lawns, Trees, Shrubs and Plants that are Part of the Landscaping and Personal Property of Employees

a. If not repaired or replaced, **we** will not pay more than the actual cash value of the property lost or damaged not to exceed the amount required to repair or replace, at the same premises, with property of like kind, quality and use.

b. If repaired or replaced at the same location, **we** will not pay more than the amount actually and necessarily spent to repair or replace with property of like kind, quality and use.

c. If replaced at another location, **we** will not pay more than what it would cost to replace with property of like kind, quality and use at the location of the loss or damage.

You may first make claim for the loss of actual cash value and within one (1) year from the payment of that loss make claim for any additional amount payable by reason of b. or c. above.

2. Lawns, Trees, Shrubs and Plants that are Part of the Landscaping

a. If replaced **we** will not pay more than the amount actually and necessarily spent to replace lost or damaged lawns, trees, shrubs and plants.

b. If not replaced **we** will not pay more than the amount actually and necessarily spent for removal of debris of such property.

3. Personal Property of Others, except Employees

We will not pay more than the amount for which **you** are legally liable.

4. Leasehold Interest

We will not pay more than **your** actual sustained loss of leasehold interest value for the unexpired term of the lease.

5. Business Income

We will not pay more than **your** net loss of business income actually and necessarily incurred because of the interruption of **your** business operations including extra expenses necessary to prevent or reduce such loss of business income during the twelve (12) consecutive months following the **accident** causing the loss.

6. Accounts Receivable

We will pay for:

a. All sums due **you** from customers that become uncollectible because of loss of or damage to records of accounts receivable; and

b. Interest paid on any loan necessary to offset impaired collections until repayment of such uncollectible sums; and

c. Necessary additional collection expenses.

7. Credit Card Forgery or Counterfeit Money

We will not pay more than the value of services provided or merchandise sold.

SECTION I - BUSINESS PROPERTY AND BUSINESS INCOME

PROPERTY NOT COVERED

We do not cover:

1. Money, checks, travelers checks, money orders and stamps except as provided in the ADDITIONAL COVERAGES section of this policy.
 2. Accounts receivable except as provided in the ADDITIONAL COVERAGES section of this policy.
 3. Business records except as provided in the ADDITIONAL COVERAGES section of this policy.
 4. Land and land values.
 5. Motor vehicles licensed for road use.
 6. Watercraft.
 7. Aircraft.
 8. Animals.
 9. Property you sold under an installment sales or other deferred payment plan after the buyer has taken possession of the property.
-

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 including earthquake, volcanic eruption, landslide, mudflow and earth sinking, rising or shifting unless fire, explosion or **volcanic action** ensues and then **we** will be liable only for the ensuing direct damage from the fire, explosion or **volcanic action**. This exclusion does not apply to business records, accounts receivable or to covered property while in transit.
 - b. Flood, surface water or water below the surface of the ground unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion. This exclusion does not apply to business records, accounts receivable or to covered property while in transit.
 - c. Insects, rodents or vermin unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion.
 - d. Theft by **you, your** employee(s) or, with the exception of carriers for hire, by others to whom covered property is entrusted.
 - e. Shortage disclosed on taking inventory or unexplained or mysterious disappearance of covered property, except covered property in the custody of a carrier for hire.
 - f. Arcing or other electrical damage to electrical appliances, devices, fixtures or wiring unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from fire or explosion. This exclusion does not apply to computers.
 - g. Rain, snow, ice, sleet or freezing to personal property in the open.
 - h. Pollution caused by or resulting from the presence of or the release, discharge, escape, dispersal, seepage or migration of **pollutants** unless the release, discharge,

SECTION I - BUSINESS PROPERTY AND BUSINESS INCOME

LOSSES NOT COVERED (CONTINUED)

- 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 leakage, falling objects, **volcanic action** or weight of snow, sleet or ice.
- i. Error in design, plans or specifications; faulty or defective workmanship or materials; latent or patent defect. If loss from fire, explosion, sprinkler leakage, falling objects, weight of snow, sleet, ice or damage from water not otherwise excluded 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.
 - j. Nuclear reaction or radiation, or radioactive contamination, however caused, unless fire ensues and then **we** will be liable only for the ensuing direct damage from the fire.
 - k. War and military action, meaning (1) war, including undeclared or civil war; (2) warlike action by any 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; (3) insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
2. In addition, **we** do not insure **you** against any of the following losses, however caused:
 - a. Wear and tear, mechanical breakdown, deterioration, rust, mold, wet or dry rot, unless fire, explosion or damage from water not otherwise excluded ensues and then **we** will be liable only for the ensuing direct damage from the fire, explosion or water not otherwise excluded.
 - b. Settling, cracking, shrinking, bulging or expanding of covered structures unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion.
 - c. Increases in covered loss made necessary by reason of any ordinance or law regulating the use, construction, repair or demolition of property except as provided for in item 1.g. Building Ordinance coverage contained in the ADDITIONAL COVERAGES section of this policy.
 - d. Delay, loss of market, loss of use, loss of business income, extra expense or other consequential loss. This exclusion does not apply to item 2. Business Income Coverage contained in the BASIC COVERAGES section, and items 1 -b- Accounts Receivable, 1.j. **Pollutants** Extraction, 1.h. Leasehold Interest, 2.g. Business Income and 2.b. Accounts Receivable all contained in the ADDITIONAL COVERAGES section of this policy.

YOUR DUTIES FOLLOWING A LOSS

1. You shall 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.

SECTION I - BUSINESS PROPERTY AND BUSINESS INCOME

YOUR DUTIES FOLLOWING A LOSS (CONTINUED)

- (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) The amounts **you** claim for loss under each coverage provided by this policy accompanied by all exhibits and documents necessary to support the amounts claimed.
- c. Do all things and produce all documents reasonably required to establish values, loss and damage and coverage for the loss.
 2. **You** shall at **our** expense submit and subscribe to examinations under oath by any person named by us.

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 for any loss covered by this policy, said disagreement shall be resolved by binding arbitration in accordance with the statutory rules and procedures of the state in which the property is located or in accordance with the Commercial Arbitration Rules of the

American Arbitration Association. Should an arbitration under the terms of this clause result in a determination in your favor, **we** shall 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). The provisions of this clause are mandatory and may be enforced either by **you** or by **us**.

COMPANY'S OPTION

It shall be **our** option to 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, quality and use 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 shall 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** shall be limited to the owner's financial interest in the lost or damaged property and shall 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 shall increase **our** liability under this policy nor increase the limits specified in this policy.

SECTION I - BUSINESS PROPERTY AND BUSINESS INCOME

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 shall 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 shall 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 shall neglect to mortgage pay any premium due under this policy, the mortgagee shall, on demand, pay that premium.

If **you** fail to render a statement of loss, a named mortgagee, upon notice, shall render a statement of loss within sixty (60) days thereafter and shall be subject to all of the provisions of this policy.

If **we** cancel this policy any named mortgagee shall 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 and all other securities for that debt.

TIME OF LOSS

This policy applies only to losses resulting from accidents 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 amount payable for the loss under this policy bears to the total amount payable 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 PARTY

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** or owns or controls **you**.

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**.

SECTION I - BUSINESS PROPERTY AND BUSINESS INCOME

SALVAGE AND RECOVERY

Any recovery from third parties or salvage recovery on a loss will be pro-rated between **you** and **us** according to **your** and **our** respective

interests. Nothing herein shall require **us** to pursue subrogation or salvage.

NO BENEFIT TO BAILEE

This insurance shall not directly or indirectly

benefit any carrier or other bailee.

ADDITIONAL CONDITIONS

For additional conditions refer to page 21,
COMMON POLICY CONDITIONS - Applying to

Section I and Section II.

SECTION II - BUSINESS LIABILITY

BODILY INJURY AND PROPERTY DAMAGE 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 in the **coverage territory**; and
3. That arises directly from **your** business activities.

We have the right and duty to defend any such 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 the LIMITS OF INSURANCE section of this policy.
2. **Our** right and duty to defend ends when **we** have paid 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.

EXCLUSIONS

This insurance does not apply to:

1. **Bodily injury** or **property damage** expected or intended by 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 other than an **insured contract**.
3. Any obligation of any **insured** under a workers compensation, disability benefits or unemployment compensation law or any similar law.

4. Bodily injury to:

- a. An employee of any **insured** arising out of and in the course of employment by **any insured**; or
- b. Any other person as a consequence of an injury to that employee.

This exclusion applies:

- a. Whether or not any **insured** may be liable as an employer or in any other

capacity; and

- b. 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**.

5. **Bodily injury** to any **insured** caused by any employee.
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** however caused. This exclusion does not apply to **bodily injury** or **property damage** caused by heat, smoke or fumes from a hostile fire. As used in this exclusion a hostile fire means one which becomes uncontrollable or breaks out from where it was intended to be.
7. Any loss, cost or expense arising out of any governmental order, 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 ownership, operation, maintenance, use or

SECTION II - BUSINESS LIABILITY

EXCLUSIONS (CONTINUED)

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:

- a. A watercraft while ashore on premises you own or rent.

 - b. A watercraft **you** do not own that is:
 - (1) Less than 26 feet long; and

 - (2) Not being used to carry persons or property for a charge.

 - c. Parking an **auto** on, or on the ways next to, premises **you** own or rent, provided the **auto** is not owned by or rented or loaned to **you**.
9. **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.
10. **Bodily injury** or **property damage** due to rendering or failure to render any professional services. This includes any:
- a. Services for which a license is required for the rendering of such services; or

 - b. Advertising services.

11. **Property damage** to:

- a. Property owned, rented or occupied by any **insured**. This exclusion does not apply to damage caused by fire or explosion to that portion of the building rented to and occupied by **you**. The Fire Legal Liability limit of insurance applies to this exception.

- b. Premises **you** have sold, given away or abandoned, if the **property damage** arises out of any part of those premises.

- c. Property loaned to **you**.

- d. Personal property in the care, custody or control of any **insured**.

- e. That particular part of real property on which any **insured** or any contractor or subcontractor, working directly or indirectly on **your** behalf, is performing operations if the **property damage** arises out of those operations.

- f. That particular part of any property that must be restored, repaired or replaced because **your** work was incorrectly performed on it unless the work has been completed or abandoned.

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

12. **Property damage** to **your** product.

13. **Bodily injury** or **property damage** from any cause set forth in the NUCLEAR EXCLUSION.

SECTION II - BUSINESS LIABILITY

PERSONAL INJURY AND ADVERTISING INJURY LIABILITY COVERAGE

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

This insurance applies only to **personal injury or advertising injury** caused by an act which:

1. Takes place during the policy period; and
2. Takes place in the **coverage territory**; and
3. Arises out of conduct directly related to **your** business activities.

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 the LIMITS OF INSURANCE.
2. **Our** right and duty to defend ends when **we** have paid 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.

EXCLUSIONS

Exclusions which appear as Paragraphs 2 through 13 under the heading EXCLUSIONS following the BODILY INJURY AND PROPERTY DAMAGE LIABILITY COVERAGE section also apply to **personal injury or advertising injury**.

In addition this insurance does not apply to **personal injury or advertising injury**:

1. Arising out of oral or written publication of material if done by or at the direction of **any insured** with knowledge of its falsity.
2. Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.
3. Arising out of the willful violation of a penal statute or ordinance committed by or with the consent of the **insured**.
4. For which the **insured** has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the **insured** would have in the absence of the contract or agreement.
5. Arising out of breach of contract, other than

misappropriation of advertising ideas under an implied contract.

6. Arising out of failure of goods, products or services to conform with advertised quality or performance.
7. Arising out of the wrong description of the price of goods, products or services.
8. Arising out of any act committed by any **insured** whose business is advertising, broadcasting, publishing or telecasting.
9. Arising out of fraud committed by any **insured**.
10. Arising out of willful injury by any **insured** to the person or property of another.
11. Sustained by any **insured**.
12. Arising out of the presence of or the actual, alleged or threatened release, discharge, escape, dispersal, seepage or migration of **pollutants** at or from any **insured premises**.

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 in the **coverage territory**; and
3. Arises out of the use of a **non-owned auto** by any person other than **you** in connection

with the **insured's** business conducted at any **insured premises**.

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 the LIMITS OF INSURANCE.
2. **Our** right and duty to defend ends when **we** have paid 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 under SUPPLEMENTARY PAYMENTS.

EXCLUSIONS

Exclusions which appear as Paragraphs 1 through 7 and 9 through 13 under the heading EXCLUSIONS following the BODILY INJURY OR PROPERTY DAMAGES LIABILITY COVERAGE section of this policy 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 use of any **auto** owned by any of **your** partners, executive officers or members of their households.
2. Any obligation to pay damages for **bodily injury** or **property damage** on behalf of the owner of a **non-owned auto** or the owner's agents or employees.
3. **Bodily injury** or **property damage** arising

out of the conduct of any current or past partnership or joint venture not shown on the Declarations Page.

4. **Bodily injury** or **property damage** sustained by any **insured**.
5. **Bodily Injury** or **property damage** arising out of any racing, demolition or stunting contest or activity.
6. **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** caused by an **accident** provided that:

1. The **accident** takes place during the policy period; and
2. The **accident** takes place at any **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** reasonably require.

SECTION II - BUSINESS LIABILITY

EXCLUSIONS

This insurance does not apply to medical payments expenses resulting from **bodily injury** to any person:

1. Who is an **insured**.
2. Who is a tenant or an employee of a tenant of any **insured**.
3. 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.
4. Who is injured while taking part in athletics.
5. 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.
6. To whom the **insured** is obligated to pay damages by reason of the assumption of liability in a contract or agreement other than an **insured contract**.
7. 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.
8. Whose injuries arise out of any professional activities conducted by any **insured**.
9. 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**.
10. Who suffers **bodily injury** from any cause set forth in the NUCLEAR EXCLUSION.

CONDITIONS

APPLYING TO SECTION II - BUSINESS LIABILITY COVERAGES

SUPPLEMENTARY PAYMENTS

With respect to any claim or suit **we** defend under Section 11 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 \$250 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 \$100 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** or Act

The most **we** will pay for the sum of all damages to which this policy applies as a result of any one **occurrence** or any one act 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. Coverages applicable.

2. All **Occurrences** or Acts (Annual Aggregate Limit)

The most **we** will pay for the sum of all damages to which this policy applies, regardless of the number of **occurrences** or acts 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.

This annual aggregate limit of insurance applies separately to each location described on the Declarations Page. **Occurrences** or acts which take place away from a location described on the Declarations Page shall, for the purpose of this provision, be construed to have taken place at a 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 continued or repeated exposure to the same harmful condition shall be considered to be the result of one **occurrence**.
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.

4. The most **we** will pay for damage caused by fire or explosion to that portion of the premises rented to **you** is the Fire Legal Liability limit of insurance shown on the Declarations Page.

CONDITIONS

APPLYING TO SECTION II - BUSINESS LIABILITY COVERAGES

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 witnesses.
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 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; and
 - 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 any 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.

BANKRUPTCY

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

obligations.

CONDITIONS
APPLYING TO SECTION II - BUSINESS LIABILITY COVERAGES

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 judgement against an **insured** obtained after an actual trial but **we** will not be liable for damages that are not payable under the terms of this policy or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by **us**, the **insured** and the claimant or the claimant's legal representative.
-

SEPARATION OF INSURED

Except with respect to the limits of insurance this insurance applies separately to each **insured**

against whom claim is made or suit is brought.

FINANCIAL RESPONSIBILITY LAWS

When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, the insurance provided by this policy for **bodily**

injury liability and **property damage** liability will comply with the provisions of the law to the extent of the coverage and limits of insurance required by the law.

NUCLEAR EXCLUSION

This policy does not apply:

1. Under any Liability Coverage, to **bodily injury** or **property damage**:

- a. With respect to which an **insured** under this policy is also an **insured** under a nuclear energy liability policy issued by the Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an **insured** under any such policy but for its termination upon exhaustion of its limit of liability; or

- b. Resulting from the hazardous properties of nuclear material and with respect to which:

- (1) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or

- (2) The **insured** is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

2. Under Medical Payments Coverage, to expenses incurred with respect to **bodily injury** resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.

3. Under any Liability Coverage, to **bodily injury** or **property damage** resulting from the hazardous properties of nuclear material; if:

- a. The nuclear material is at any nuclear facility owned by, or operated by or on behalf of an **insured**; or
- b. The nuclear material has been discharged or dispersed therefrom; or

CONDITIONS
APPLYING TO SECTION II - BUSINESS LIABILITY COVERAGES

NUCLEAR EXCLUSION (CONTINUED)

- c. The nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an **insured**; or
 - d. The **bodily injury** or **property damage** arises out of the furnishing by an **insured** of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion d. applies only to **property damage** to such nuclear facility and any property thereat.
- located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235.
- d. Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste.
- And includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

As used in this exclusion:

- 1. By-product material has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof.
 - 2. Hazardous properties include radioactive, toxic or explosive properties.
 - 3. Nuclear facility means:
 - a. Any nuclear reactor.
 - b. Any equipment or device designed or used for:
 - (1) Separating the isotopes of uranium or plutonium; or
 - (2) Processing or utilizing spent fuel; or
 - (3) Handling, processing or packaging waste.
 - c. Any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the **insured** at the premises where such equipment or device is
- 4. Nuclear material means source material, special nuclear material or by-product material.
 - 5. Nuclear reactor means any apparatus designed or used to sustain nuclear fission in a self supporting chain reaction or to contain a critical mass of fissionable material.
 - 6. **Property damage** includes all forms of radioactive contamination of property.
 - 7. Source material has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof.
 - 8. Special nuclear material has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof.
 - 9. Spent fuel means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor.
 - 10. Waste means any waste material:
 - a. Containing by-product material other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its source material content; and
 - b. Resulting from the operation by any person or organization of any nuclear facility included under paragraphs a. and b. of the definition of nuclear facility.

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 is to take effect.

next anniversary or expiration date of the policy, whichever is first.

2. **We** may:

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.

a. Cancel this policy for non-payment of premium by giving you fifteen (15) days written notice; or

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

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

Any pro-rata premium due **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.

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.

INSPECTIONS AND SURVEYS

We have the right but are not obligated 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:

1. Make inspections and surveys at any time;
2. Give **you** reports on the conditions **we** find; and
3. Recommend changes.

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to

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

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. **Advertising Injury** means injury resulting from an oral or written publication of material that disparages a person's or organization's goods, products or services.
3. **Auto** means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment.
4. **Bodily Injury** means physical injury, sickness or disease sustained by a person, including death resulting at any time from any of these.
5. **Coverage Territory** means:
 - a. The United States of America, its territories and possessions, Puerto Rico and Canada.
 - b. International waters or airspace, provided the injury or damage does not occur in the course of travel or transportation to or from any place not included in a. above.
 - c. All parts of the world if:
 - (1) The injury or damage arises out of:
 - (a) Goods or products made or sold by **you** in the territory described in a. above; or
 - (b) The activities of a person whose home is in the territory described in a. above but who is away for a short time on **your** business;
 - (2) The **insured's** responsibility to pay damages is determined in a suit on the merits in the territory described in a. above or in a settlement to which **we** agree.

6. **Insured** means:

- a. As to BODILY INJURY OR PROPERTY DAMAGE, PERSONAL INJURY AND ADVERTISING INJURY LIABILITY COVERAGES

- (1) **You** or **your** spouse but only with respect to the conduct of a business of which **you** are the sole owner.
- (2) **You** or **your** partners, joint venturers and their spouses but only with respect to the conduct of **your** business.
- (3) **You** and **your** executive officers, directors and employees but only with respect to their duties as **your** officers, directors or employees. **Your** stockholders are also **insureds**, but only with respect to their liability as stockholders.
- (4) Any person or any organization while acting as your real estate manager for any **insured premises**.
- (5) Any person or organization having lawful, temporary custody of **your** property if **you** die, but only:
 - (a) With respect to liability arising out of maintenance or use of that property; and
 - (b) Until **your** legal representative has been appointed.
- (6) **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.

b. As to NON-OWNED AUTO LIABILITY COVERAGE

- (1) **You**.
- (2) **Your** partners or executive officers using a **non-owned auto** in connection with **your** covered business operations.

7. **Insured Contract** means:

That part of any contract or agreement pertaining to **your** business under which **you** assume the tort liability of another to pay damages because of **bodily injury** or **property damage** to a third party if the contract or agreement is made prior to the **bodily injury** or **property damage**.

An **insured contract** does not include a contract
DH 20-50 (01-94)

DEFINITIONS

APPLYING TO SECTION I AND SECTION II

or agreement or any part of any contract or agreement:

- a. For rendering or failing to render professional services.
- b. That indemnifies any person or organization for damage by fire or explosion to premises rented or loaned to **you**.
- c. With any other **insured**.

8. **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 shall cease 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.

9. **Non-Owned Auto** means any **auto** you do not own, lease, hire or borrow. If **you** are a partnership, a **non-owned auto** does not include any **auto** owned by any partner.
10. **Occurrence** means an **accident**. With respect to Section 11 - Business Liability coverages only, an **accident** includes continuous or repeated exposure to the same harmful conditions.

11. **Personal Injury** means injury, other than **bodily injury**, arising out of one or more of the following acts:

- a. False arrest, detention or imprisonment.
- b. Malicious prosecution.
- c. Wrongful entry into premises that a person occupies or eviction of a person from premises that the person occupies.
- d. Oral or written publication of material that slanders or libels a person or organization.
- e. Oral or written publication of material that violates a person's right of privacy.

12. **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.

13. **Property damage** means:

- a. Physical injury to tangible property including resulting loss of use of that property; or
- b. Loss of use of tangible property that is not physically injured; and

As respects NUCLEAR EXCLUSION in Section 1 Business Liability, includes all forms of radioactive contamination of property.

14. **Volcanic action** means lava flow, airborne shock waves, ash, dust or other particulate matter caused by or resulting from volcanic eruption.
15. **We, us** and **our** means the Company providing this insurance.

16. **You** means the person or entity shown on the Declarations Page as an insured.