

## SECTION I — LIMITS OF INSURANCE

1. Unless otherwise stated, the most we will pay for loss in any one occurrence is the applicable Limit Of Insurance of **SECTION I — PROPERTY** shown in the Declarations.

### 2. Inflation Coverage

If the Declarations indicate that Inflation Coverage applies then the Limits Of Insurance shown in the Declarations for **Coverage A — Buildings** and **Coverage B — Business Personal Property** will adjust as determined below during the term of this policy at the same rate as the Inflation Coverage Index shown in the Declarations for each coverage.

The most we will pay for loss in any one occurrence is the adjusted applicable Limit Of Insurance on the date of that occurrence.

To determine a limit on a given date:

- a. Divide the applicable Inflation Coverage Index on that date by the Inflation Coverage Index as shown in the Declarations or as amended as described below; then
- b. Multiply the resulting factor by the applicable Limit Of Insurance.

The Limits Of Insurance will not be reduced to less than the amounts shown in the Declarations.

If during the term of this policy the Limit Of Insurance for **Coverage A — Buildings** or **Coverage B — Business Personal Property** is changed at your request, the applicable Inflation Coverage Index as of the effective date shown in the Declarations is amended to coincide with the effective date of such change.

### 3. Business Personal Property Limit — Seasonal Increase

- a. The Limit Of Insurance for **Coverage B — Business Personal Property** will automatically increase by the percentage shown in the Declarations to provide for seasonal variations.
- b. This increase will apply only if the Limit Of Insurance shown for **Coverage B — Business Personal Property** in the Declarations is at least 100% of your average monthly values during the lesser of:
  - (1) The 12 months immediately preceding the date the loss occurs; or
  - (2) The period of time you have been in business as of the date the loss occurs.

## SECTION I — DEDUCTIBLES

1. We will not pay for loss in any one occurrence until the amount of loss exceeds the Basic Deductible shown in the Declarations. We will then pay the amount of loss in excess of the Basic Deductible up to the applicable Limit Of Insurance of **SECTION I — PROPERTY**.
2. Regardless of the amount of the Basic Deductible, the most we will deduct from any loss under a coverage for which a Special Deductible is shown in the Declarations

is the amount of the Special Deductible shown for that coverage.

The Special Deductibles will not increase the Basic Deductible shown in the Declarations. The Special Deductibles will be used to satisfy the requirements of the Basic Deductible in the Declarations.

3. No deductible applies to the following Extensions Of Coverage:
  - a. Fire Department Service Charge;
  - b. Fire Extinguisher Systems Recharge Expense; and
  - c. Arson Reward.

## SECTION I — CONDITIONS

### 1. Property Loss Conditions

#### a. Abandonment

There can be no abandonment of any property to us.

#### b. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. Each party will notify the other of the selected appraiser's identity within 20 days after receipt of the written demand for an appraisal. The two appraisers will select an umpire. If the appraisers cannot agree upon an umpire within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

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

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

#### c. Duties In The Event Of Loss

- (1) You must see that the following are done in the event of loss to Covered Property:
  - (a) Notify the police if a law may have been broken.
  - (b) Give us prompt notice of the loss. Include a description of the property involved.
  - (c) As soon as possible, give us a description of how, when and where the loss occurred.
  - (d) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your emergency and temporary repair expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limits Of Insurance of **SECTION I — PROPERTY**.

However, we will not pay for any subsequent loss resulting from a cause of loss that is not a Covered Cause Of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

- (e) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (f) As often as may be reasonably required, permit us to inspect the property proving the loss and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (g) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
  - (h) Cooperate with us in the investigation or settlement of the claim.
  - (i) Resume all or part of your "operations" as quickly as possible.
- (2) We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

#### d. Legal Action Against Us

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

- (1) There has been full compliance with all of the terms of this insurance; and
- (2) The action is brought within 2 years after the date on which the accidental direct physical loss occurred.

#### e. Loss Payment

In the event of loss covered by this policy:

- (1) At our option, we will either:
  - (a) Pay the value of lost or damaged property;
  - (b) Pay the cost of repairing or replacing the lost or damaged property;
  - (c) Take all or any part of the property at an agreed or appraised value; or
  - (d) Repair, rebuild or replace the property with other property of like kind and quality.

We will determine e.(1)(a) in accordance with the applicable terms of Paragraph e.(4) below or any applicable provision which amends or supersedes the terms of Paragraph e.(4) below.

- (2) We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- (3) We will not pay you more than your lawful financial interest in the Covered Property.
- (4) Except as provided in Paragraphs (b) through (e) below, we will determine the value of Covered Property as follows:

(a) At replacement cost without deduction for depreciation, as of the time of loss, subject to the following:

- i. We will pay the cost to repair or replace, after application of the deductible and without deduction for depreciation, but not more than the least of the following amounts:
  - 1) The Limit Of Insurance under **SECTION I — PROPERTY** that applies to the lost or damaged property;
  - 2) The cost to replace, on the described premises, the lost or damaged property with other property of comparable material, quality and used for the same purpose; or
  - 3) The amount that you actually spend that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost is limited to the cost which would have been incurred had the building been built at the described premises.

- ii. You may make a claim for loss covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss.
- iii. We will not pay on a replacement cost basis for any loss:
  - 1) Until the lost or damaged property is actually repaired or replaced; and
  - 2) Unless the repairs or replacement are made as soon as reasonably possible after the loss.

- iv. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- (b) The following property at actual cash value as of the time of loss:
- i. Property of others, plus the cost of labor, materials, or services furnished or arranged by you on such property. However, if an item(s) of personal property of others is subject to a written contract which governs your liability for loss to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit Of Insurance.
 

With respect to this provision, property used in your business that you lease from others or rent from others, or that is loaned to you, is not considered property of others.

Under Personal Property Off Premises and Property Of Others of **SECTION I — EXTENSIONS OF COVERAGE**, the value of property of others in your care, custody or control will be determined in accordance with Paragraph **e.(4)(a)** above;
  - ii. Household contents, except personal property in apartments or rooms furnished by you as landlord;
  - iii. Manuscripts;
  - iv. Works of art, antiques or rare articles, including etchings, pictures, statuary, marble, bronzes, porcelain and bric-a-brac; and
  - v. Used or second-hand merchandise held in storage or for sale.
- We will not pay more for loss in any one occurrence than the lesser of:
- i. The Limit Of Insurance under **SECTION I — PROPERTY** that applies to the lost or damaged property; or
  - ii. The actual cash value of the lost or damaged property as of the time of loss.
- (c) Glass at the cost of replacement with safety glazing material if required by law.
- (d) Tenants' improvements and betterments at:
- i. Replacement cost in accordance with the terms set forth in Paragraph **(4)(a)iii** above;
- ii. A proportion of your original cost if you do not make repairs as soon as reasonably possible. We will determine the proportionate value as follows:
    - 1) Multiply the original cost by the number of days from the loss to the expiration of the lease; and
    - 2) Divide the amount determined in 1) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure; or
  - iii. Nothing if others pay for repairs or replacement.
- (e) Applicable only to Accounts Receivable:
- i. If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss:
    - 1) We will determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss occurs; and
    - 2) We will adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.
  - ii. The following will be deducted from the total amount of accounts receivable, however that amount is established:
    - 1) The amount of the accounts for which there is no loss;
    - 2) The amount of the accounts that you are able to re-establish or collect;
    - 3) An amount to allow for probable bad debts that you are normally unable to collect; and
    - 4) All unearned interest and service charges.
- (5) A payment for loss to personal property of others may be provided to you on behalf of the owners of the property. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property.

We will not pay the owners more than their financial interest in the Covered Property.

(6) We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

(7) We will pay for covered loss within 30 days after we receive the sworn proof of loss, provided you have complied with all of the terms of this policy, and

(a) We have reached agreement with you on the amount of loss; or

(b) An appraisal award has been made.

(8) In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits Of Insurance and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties.

#### f. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, you may retain the property. But then you must return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limits Of Insurance of **SECTION I — PROPERTY**.

#### g. Vacancy

##### (1) Description Of Terms

(a) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in Paragraphs i. and ii. below:

i. When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough Business Personal Property to conduct customary operations.

ii. When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

1) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or

2) Used by the building owner to conduct customary operations.

(b) Buildings under construction or renovation are not considered vacant.

##### (2) Vacancy Provisions

If the building where loss occurs has been vacant for more than 60 consecutive days before that loss occurs:

(a) We will not pay for any loss caused by any of the following even if they are Covered Causes Of Loss:

i. Vandalism;

ii. Sprinkler leakage, unless you have protected the system against freezing;

iii. Building glass breakage;

iv. Water damage;

v. Theft; or

vi. Attempted theft.

(b) With respect to Covered Causes Of Loss other than those listed in Paragraphs (a)i. through (a)vi. above, we will reduce the amount we would otherwise pay for the loss by 15%.

#### 2. Property General Conditions

##### a. Control Of Property

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

The breach of any **SECTION I** condition at any one or more described premises will not affect coverage at any described premises where, at the time of loss, the breach of condition does not exist.

##### b. Mortgageholders

(1) The term "mortgageholder" includes trustee.

(2) We will pay for covered loss to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

(3) The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

(4) If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

- (a) Pays any premium due under this policy at our request if you have failed to do so;
- (b) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (c) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

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

(5) If we pay the mortgageholder for any loss and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:

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

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

(6) If we cancel this policy, we will give written notice to the mortgageholder at least:

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

(7) If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

**c. No Benefit To Bailee**

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

**d. Policy Period, Coverage Territory**

Under **SECTION I — PROPERTY:**

(1) We cover loss commencing:

- (a) During the policy period shown in the Declarations; and
- (b) Within the coverage territory or, with respect to property in transit, while it is between points in the coverage territory.

(2) The coverage territory is:

- (a) The United States of America (including its territories and possessions);
- (b) Puerto Rico; and
- (c) Canada.

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**SECTION I — DEFINITIONS**

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1. "Accident" means direct physical loss as follows:

- a. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- b. Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires;
- c. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
- d. Loss to steam boilers, steam pipes, steam engines or steam turbines caused by any condition or event inside such equipment; or
- e. Loss to hot water boilers or other water heating equipment, air conditioning units or refrigerating units caused by any condition or event inside such boilers or equipment.

"Accident" does not mean any defect, programming error, programming limitation, computer virus, malicious code, loss of "electronic data", loss of access, loss of use, loss of functionality or other condition within or involving "electronic data" of any kind.

2. "Computer" means:

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

"Computer" does not include those used to operate production type machinery or equipment.

3. "Counterfeit money" means an imitation of "money" that is intended to deceive and to be taken as genuine.

4. "Covered equipment" means Covered Property built to operate under vacuum or pressure, other than weight of contents, or used for the generation, transmission or utilization of energy.

None of the following is "covered equipment":

- a. Structure, foundation, cabinet, compartment or air supported structure or building;
- b. Insulating or refractory material;
- c. Sewer piping, underground vessels or piping, or piping forming a part of a sprinkler system;
- d. Water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
- e. Vehicle, aircraft, floating vessel or any equipment mounted on such vehicle, aircraft or floating vessel.

However, any property that is stationary, permanently installed at a described premises and that receives electrical power from an external power supplier will not be considered a vehicle, aircraft or floating vessel;

- f. Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
  - g. Dragline, excavation equipment or construction equipment; or
  - h. Equipment manufactured by you for sale.
5. "Electronic data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a "computer" or device connected to it, which enable the "computer" or device to receive, process, store, retrieve or send data.
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
8. "Hazardous substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
9. "Manager" means a person serving in a directorial capacity for a limited liability company.
10. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".
11. "Money" means:
- a. Currency, coins and bank notes in current use and having a face value; and
  - b. Travelers checks, register checks and money orders held for sale to the public.
12. "Operations" means your business activities occurring at the described premises.
13. "Perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
14. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste also includes materials to be recycled, reconditioned or reclaimed.
15. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:
- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
  - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money".
16. "Sinkhole collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
- a. The cost of filling sinkholes; or
  - b. Sinking or collapse of land into man-made underground cavities.
17. "Specified causes of loss" means the following:
- Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; "volcanic action"; falling objects; weight of snow, ice or sleet; water damage.
- a. Falling objects does not include loss to:
    - (1) Personal property in the open; or
    - (2) The interior of a building or structure, or property inside a building or structure, unless the roof, an outside wall, or outside building glass of the building or structure is first damaged by a falling object.
  - b. Water damage, meaning only abrupt accidental discharge or leakage of water or steam as the direct result of the abrupt rupture of any part of a plumbing system or appliance (other than a sump system including its related equipment and parts) containing water or steam.
18. "State Farm Companies" means one or more of the following:
- a. State Farm Mutual Automobile Insurance Company;
  - b. State Farm Fire and Casualty Company; and
  - c. Subsidiaries or affiliates of either a. or b. above.
19. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.
20. "Utility service equipment" means non-covered property, of a type that otherwise meets the definition of "covered equipment", that is owned by a utility, landlord, landlord's utility or other supplier who provides you with any of the following services:
- a. Internet access, wide area network, telecommunications or data transmission services;
  - b. Water, electricity, natural gas, steam, heating, air conditioning, refrigeration or compressed air services; or
  - c. Waste disposal services;
- to the described premises.

21. "Valuable papers and records" means inscribed, printed or written:

- a. Documents;
- b. Manuscripts; and
- c. Records;

including abstracts, books, deeds, drawings, films, maps or mortgages.

But "valuable papers and records" does not mean "money", "securities" or "electronic data".

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

- a. Airborne volcanic blast or airborne shock waves;
- b. Ash, dust or particulate matter; or
- c. Lava flow.

We will not pay for the cost to remove ash, dust or particulate matter that does not cause accidental direct physical loss to Covered Property.

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## SECTION II — LIABILITY

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### Coverage L – Business Liability

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1. When a Limit Of Insurance is shown in the Declarations for **Coverage L – Business Liability**, we will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured by counsel of our choice against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury", "property damage" or "personal and advertising injury", to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" or offense and settle any claim or "suit" with or without the insured's consent, for any reason and at any time. But:

- a. The amount we will pay for damages is limited as described in **SECTION II — LIMITS OF INSURANCE**; and
- b. Our right and duty to defend end when we have used up the applicable Limit Of Insurance in the payment of judgments or settlements or medical expenses.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under **Section II – Supplementary Payments**.

2. This insurance applies:

a. To "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
- (2) The "bodily injury" or "property damage" occurs during the policy period; and
- (3) Prior to the policy period, no insured listed under Paragraph 1.a. of **SECTION II — WHO IS AN INSURED** and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation,

change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known before the policy period.

b. To "personal and advertising injury" caused by an offense arising out of your business, but only if the offense was committed in the "coverage territory" during the policy period.

3. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1.a. of **SECTION II — WHO IS AN INSURED** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of "bodily injury" or "property damage" after the end of the policy period.

4. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1.a. of **SECTION II — WHO IS AN INSURED** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

- a. Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
- b. Receives a written or verbal demand or claim for damages, or other relief, because of the "bodily injury" or "property damage"; or
- c. Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

5. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

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### Section II – Supplementary Payments

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1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

- a. All expenses we incur.
- b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which **Coverage L – Business Liability** for "bodily injury" applies. We do not have to furnish these bonds.

- c. The premium for bonds to release attachments, but only for bond premiums within our Limit Of Insurance. We do not have to furnish, finance, arrange for, guarantee or collateralize these bonds.
- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
- e. Any cost taxed against the insured in the "suit", except for attorney fees and expenses.
- f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the Limit Of Insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within our Limit Of Insurance.

These payments will not reduce the Limit Of Insurance.

- 2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:
  - a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
  - b. This insurance applies to such liability assumed by the insured;
  - c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
  - d. The allegations in the "suit" and the information we know about the "occurrence" or offense are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
  - e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
  - f. The indemnitee:
    - (1) Agrees in writing to:
      - (a) Cooperate with us in the investigation, settlement or defense of the "suit";
      - (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
      - (c) Notify any other insurer whose coverage is available to the indemnitee; and
      - (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

- (2) Provides us with written authorization to:
  - (a) Obtain records and other information related to the "suit"; and
  - (b) Conduct and control the defense of the indemnitee in such "suit".

- 3. So long as the conditions in Paragraph 2. above are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph 2.b. in **Section II – Exclusions**, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the Limits Of Insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

- a. We have used up the applicable Limit Of Insurance in the payment of judgments or settlements; or
- b. The conditions set forth above, or the terms of the agreement described in Paragraph 2.f. above are no longer met.

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## Section II – Exclusions

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Applicable to **Coverage L – Business Liability**, this insurance does not apply to:

### 1. Expected Or Intended Injury

- a. "Bodily injury" or "property damage" expected or intended to cause harm as would be expected by a reasonable person; or
- b. "Bodily injury" or "property damage" which is the result of willful and malicious, or criminal acts of the insured.

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

### 2. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- a. That the insured would have in the absence of the contract or agreement; or
- b. Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:

- (1) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
- (2) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

### 3. Liquor Liability

- a. "Bodily injury" or "property damage" for which any insured may be held liable by reason of:
  - (1) Causing or contributing to the intoxication of any person;
  - (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
  - (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.
- b. This exclusion applies only if you:
  - (1) Manufacture, sell or distribute alcoholic beverages; or
  - (2) Serve or furnish alcoholic beverages:
    - (a) As a regular part of your business;
    - (b) For a charge whether or not such activity:
      - i. Requires a license; or
      - ii. Is for the purpose of financial gain or livelihood; or
    - (c) Without a charge, if a license is required for such activity.

### 4. Workers' Compensation And Similar Laws

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

### 5. Employer's Liability

- a. "Bodily injury" to:
  - (1) An "employee" or a former "employee" of the insured arising out of and in the course of:
    - (a) Employment by the insured; or
    - (b) Performing duties related to the conduct of the insured's business; or
  - (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.
- b. This exclusion applies:
  - (1) Whether the insured may be liable as an employer or in any other capacity; and
  - (2) 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 the insured under an "insured contract".

### 6. Employment-Related Practices

- a. "Bodily injury" or "personal and advertising injury" to:
  - (1) A person arising out of any:
    - (a) Refusal to employ that person;
    - (b) Termination of that person's employment; or
    - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, malicious prosecution, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
  - (2) The spouse, child, parent, brother or sister of that person as a consequence of Paragraph (1) above.
- b. This exclusion applies:
  - (1) Whether the insured may be liable as an employer or in any other capacity;
  - (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury; or
  - (3) Whether the injury causing event described in Paragraph a.(1) above occurs before employment, during employment or after employment of that person.

### 7. Pollution

- a. "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, spill, release or escape of "pollutants":
  - (1) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:
    - (a) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;
    - (b) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

- (c) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
- (2) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
- (3) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
  - (a) Any insured; or
  - (b) Any person or organization for whom you may be legally responsible; or
- (4) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
  - (a) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
  - (b) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
  - (c) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".
- (5) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

- b. Any loss, cost or expense arising out of any:
  - (1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
  - (2) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement or such claim or "suit" by or on behalf of a governmental authority.

#### 8. Aircraft, Auto Or Watercraft

"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 also includes operation and "loading or unloading".

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

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 51 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 or any insured;
- d. Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft;
- e. "Bodily injury" or "property damage" arising out of the use of any "non-owned auto" in your business by any person; or
- f. "Bodily injury" or "property damage" arising out of:
  - (1) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or

financial responsibility law or other motor vehicle insurance or motor vehicle registration law where it is licensed or principally garaged; or

(2) The operation of any of the following machinery or equipment:

(a) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

(b) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

### 9. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

a. The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or

b. The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition or stunting activity or contest.

### 10. War

"Bodily injury", "property damage" or "personal and advertising injury", however caused, arising, directly or indirectly, out of:

a. War, including undeclared civil war;

b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

c. Insurrection, rebellion, revolution, usurped power, or action taken by government authority in hindering or defending against any of these.

### 11. Professional Services Or Treatment

"Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering or failure to render any professional service or treatment. This includes but is not limited to:

a. Legal, accounting or advertising services;

b. Preparing, approving, or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications;

c. Supervisory, inspection, architectural or engineering activities;

d. Treatment, advice or instruction of any medical, surgical, dental, x-ray or nursing services;

e. Treatment, advice or instruction of any health or therapeutic services;

f. Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;

g. Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;

h. Body piercing services;

i. Services in connection with the practice of pharmacy;

j. Handling, embalming, disposal, burial, cremation or disinterment of dead bodies; and

k. Veterinary services or treatments.

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an insured, if the "occurrence" which caused the "bodily injury" or "property damage", or the offense which caused the "personal and advertising injury", involved the rendering or failure to render of any professional service.

### 12. Damage To Property

"Property damage" to:

a. Property you own, rent or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;

b. Premises you sell, give away or abandon, 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 you or any contractor or subcontractor working directly or indirectly on your behalf is performing operations, if the "property damage" arises out of those operations;

f. That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it; or

g. Covered Property under **SECTION I** of this policy that is held in common by members of a condominium or association.

Paragraph b. of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

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

Paragraph f. of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

### 13. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

#### 14. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

#### 15. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- a. A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- b. A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

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

#### 16. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- a. "Your product";
- b. "Your work"; or
- c. "Impaired property";

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

#### 17. Personal And Advertising Injury

- a. Caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury";
- b. Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- c. Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
- d. 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;
- e. Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement";
- f. Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";

- g. Arising out of the wrong description of the price of goods, products or services stated in your "advertisement";
- h. Committed by an insured whose business is:
  - (1) Advertising, broadcasting, publishing or telecasting;
  - (2) Designing or determining content of web-sites for others; or
  - (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs 18.a., b. and c. of "personal and advertising injury" under **SECTION II — DEFINITIONS**.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, by itself, is not considered the business of advertising, broadcasting, publishing or telecasting;

- i. Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time;
- j. With respect to any loss, cost or expense arising out of any:
  - (1) Request, demand, order, or statutory or regulatory requirement that any insured or others test for, monitor, clean-up, remove, contain, treat, detoxify or neutralize or in any way respond to, or assess the effects of, "pollutants"; or
  - (2) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing or in any way responding to, or assessing the effects of, "pollutants";
- k. Arising out of an electronic chatroom or bulletin board the insured hosts, owns or over which the insured exercises control;
- l. Arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".  
However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan;
- m. Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatags, or any other similar tactics to mislead another's potential customers; or
- n. Arising out of a criminal act committed by or at the direction of the insured.

#### 18. Electronic Data

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

As used in this exclusion, electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

#### 19. Recording And Distribution Of Material In Violation Of Law

"Bodily injury", "property damage", or "personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- c. The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
- d. Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

#### 20. Fungi

- a. "Bodily injury", "property damage", or "personal and advertising injury" arising out of the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi":

(1) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured; or

(2) At or from any premises, site or location on which any insured or any contractor or subcontractor working directly or indirectly on behalf of any insured is or was at any time performing operations;

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

(1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, remediate or dispose of or in any way respond to or assess the effects of "fungi"; or

(2) Claim or "suit" for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing,

remediating or disposing of, or in any way responding to or assessing the effects of "fungi".

This exclusion does not apply to any "fungi" that are, are on, or are contained in, a good or product intended for bodily consumption.

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### SECTION II — DAMAGE TO PREMISES RENTED TO YOU

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Subject to the terms and conditions of **SECTION II** of this coverage form, unless otherwise indicated, we will also pay those sums that the insured becomes legally obligated to pay as damages because of "property damage" to premises rented to you or occupied by you with the owner's permission. This insurance applies if such "property damage" arises out of any insured loss in **SECTION I** of this coverage form.

However, we will not pay for loss to property described in Paragraphs 3., 4. and 5. under **Coverage B – Business Personal Property** of **SECTION I – PROPERTY**.

The most we will pay for damages because of "property damage" to these premises arising out of any one event, or a series or combination of such events, is the separate Damage To Premises Rented To You limit as described in **SECTION II – LIMITS OF INSURANCE**. This limit applies per "occurrence".

Our limit will not be increased regardless of the number of:

1. Insureds;
2. Premises insured;
3. Claims made or "suits" brought; or
4. Persons or organizations making claims or bringing "suits".

**Section II – Exclusions 3., 4., 5., 6., 7., 8., 9., 10., 12., 13., 14., 15., and 16.** do not apply to this coverage.

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

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### SECTION II — MEDICAL EXPENSES

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#### Coverage M – Medical Expenses

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1. When a Limit Of Insurance is shown in the Declarations for **Coverage M – Medical Expenses** we will pay medical expenses as described below for "bodily injury" caused by an accident:

- a. On premises you own or rent;
- b. On ways next to premises you own or rent; or
- c. Because of your operations;

provided that:

- a. The accident takes place in the "coverage territory" and during the policy period;
- b. The expenses are incurred and reported to us within one year of the date of the accident;

- c. The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require; and
  - d. The injured person, or, when appropriate, someone acting on behalf of that person:
    - (1) Gives us written proof of claim, under oath if required, as soon as practicable;
    - (2) Executes authorization to allow us to obtain copies of medical reports or other records; and
    - (3) Submits to us all information we need to comply with state or federal law.
2. We will make these payments regardless of fault. The amount we will pay for medical expenses is limited as described in **SECTION II — LIMITS OF INSURANCE**. We will pay reasonable expenses for:
- a. First aid administered at the time of an accident;
  - b. Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
  - c. Necessary ambulance, hospital, professional nursing and funeral services.

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#### Coverage M – Medical Expenses Exclusions

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Under **Coverage M – Medical Expenses**, we will not pay expenses for "bodily injury":

- 1. Excluded under **Section II – Exclusions** applicable to **Coverage L – Business Liability**.
- 2. To any insured, except "volunteer workers".
- 3. To a person hired to do work for or on behalf of any insured or a tenant of any insured.
- 4. To a person injured on that part of the premises you own or rent that the person normally occupies.
- 5. To a person, whether or not 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.
- 6. To a person injured while practicing, instructing or participating in any physical exercises or games, sports or athletic contests.
- 7. Included within the "products-completed operations hazard".
- 8. Arising out of the use of any "non-owned auto".

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#### SECTION II — NUCLEAR ENERGY LIABILITY EXCLUSION

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Applicable to both **Coverage L – Business Liability** and **Coverage M – Medical Expenses**, this insurance does not apply:

- 1. Under **Coverage L – Business Liability**, to "bodily injury" or "property damage":
  - a. With respect to which an insured under the 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 **Coverage M – Medical Expenses**, 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 **Coverage L – Business Liability**, to "bodily injury" or "property damage" resulting from the "hazardous properties" of the "nuclear material" if:
- a. The "nuclear material":
    - (1) Is at any "nuclear facility" owned by, or operated by or on behalf of, an insured; or
    - (2) Has been discharged or dispersed therefrom;
  - b. 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
  - c. 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 Paragraph c. applies only to "property damage" to such "nuclear facility" and any property thereat.
4. As used in this exclusion:
- a. "By-product material" has the meaning given it in the Atomic Energy Act of 1954 or in any law amendatory thereof;
  - b. "Hazardous properties" include radioactive, toxic or explosive properties;
  - c. "Nuclear facility" means:
    - (1) Any "nuclear reactor";
    - (2) Any equipment or device designed or used for:
      - (a) Separating the isotopes of uranium or plutonium;
      - (b) Processing or utilizing "spent fuel"; or
      - (c) Handling, processing or packaging "waste";

(3) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

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

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

d. "Nuclear material" means "source material", "special nuclear material" or "by-product material";

e. "Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

f. "Property damage" includes all forms of radioactive contamination of property;

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

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

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

j. "Waste" means any waste material:

(1) Containing "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

(2) Resulting from the operation by any person or organization of any "nuclear facility" included under Paragraphs (1) and (2) of the definition of "nuclear facility".

## SECTION II — WHO IS AN INSURED

1. Except for liability arising out of the use of "non-owned autos":

a. If you are designated in the Declarations as:

(1) An individual, you and your spouse are insureds, but only with respect to the conduct of a business, other than described in (2) through (5) below, of which you are the sole owner.

(2) A partnership or joint venture, you are an insured. Your members, your partners and their spouses are also insureds, but only with respect to the conduct of your business.

(3) A limited liability company, you are an insured. Your "members" are also insureds, but only with respect to the conduct of your business. Your "managers" are insureds, but only with respect to their duties as your "managers".

(4) An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

(5) A trust, you are an insured. Any executor, administrator, trustee, beneficiary or custodian of your estate or living trust are also insureds, but only while acting within the scope of their duties as such.

b. Each of the following is also an insured:

(1) Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your "managers" (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

(a) "Bodily injury" or "personal and advertising injury":

i. To you, to your partners or members (if you are a partnership or joint venture), to your "members" (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;

ii. To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph i. above; or

iii. For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph i. or ii. above.

(b) "Property damage" to property:

i. Owned, occupied or used by,

ii. Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any "member" (if you are a limited liability company).

- (2) Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
  - (3) Any person or organization having proper temporary custody of your property if you die, but only:
    - (a) With respect to liability arising out of the maintenance or use of that property; and
    - (b) Until your legal representative has been appointed.
  - (4) 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.
- c. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured but only with respect to liability arising out of the operation of the equipment and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:
- (1) "Bodily injury" to a person employed by the same employer of the person driving the equipment; or
  - (2) "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.
- d. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
- (1) Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
  - (2) There is no coverage for:
    - (a) "Bodily injury" or "property damage" that occurred; or
    - (b) "Personal and advertising injury" arising out of an offense committed;  
before you acquired or formed the organization.
2. Only with respect to liability arising out of the use of "non-owned autos":
- a. Each of the following is an insured to the extent set forth below:
    - (1) You;
    - (2) Any partner or "executive officer" of yours but only while such "non-owned auto" is being used in your business; or
    - (3) Any "employee" of yours but only while such "non-owned auto" is being used in your business; and
    - (4) Any other person or organization, but only for their liability because of acts or omissions of an insured under (1), (2) or (3) above.
  - b. None of the following is an insured:
    - (1) "Employees" with respect to "bodily injury" to any fellow "employee" of the insured arising out of and in the course of the fellow "employee's" employment or while performing duties related to the conduct of your business;
    - (2) Any:
      - (a) Partner or "executive officer" for any "auto" owned by or registered to such partner or officer or a member of his or her household; or
      - (b) "Employee" for any "auto" owned by or registered to such "employee" or a member of his or her household;
    - (3) Any person while employed in or otherwise engaged in duties in connection with a business of selling, repairing, servicing, storing, or parking "autos" unless that business is yours; or
    - (4) The owner of a "non-owned auto" or any agent or "employee" of any such owner.
- No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

## SECTION II — LIMITS OF INSURANCE

1. The Limits Of Insurance of **SECTION II — LIABILITY** shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
  - a. Insureds;
  - b. Premises insured;
  - c. Claims made or "suits" brought; or
  - d. Persons or organizations making claims or bringing "suits".
2. The most we will pay for the sum of all damages because of all:
  - a. "Bodily injury", "property damage" and medical expenses arising out of any one "occurrence"; and
  - b. "Personal and advertising injury" sustained by any one person or organization;

is the **Coverage L – Business Liability** limit shown in the Declarations for the policy period during which the injury or damage first occurs and no additional limits or coverage will be available for the “occurrence” or offense under any additional years that this policy remains in force. But the most we will pay for all medical expenses because of “bodily injury” sustained by any one person is the **Coverage M – Medical Expenses** limit shown in the Declarations.

This limit does not apply to “property damage” to a premises while rented to you or occupied by you with the permission of the owner.

3. The most we will pay for damages because of “property damage” to a premises while rented to you or occupied by you with the permission of the owner is the **Damage To Premises Rented To You** limit shown in the Declarations.

4. **Aggregate Limits**

The most we will pay for:

a. All “bodily injury” and “property damage” that is included in the “products-completed operations hazard” is the **Products And Completed Operations Aggregate** limit shown in the Declarations.

b. All:

(1) “Bodily injury” and “property damage” except damages because of “bodily injury” or “property damage” included in the “products-completed operations hazard”;

(2) Medical expenses; and

(3) “Personal and advertising injury” caused by offenses committed;

is the **General Aggregate** limit shown in the Declarations.

This **General Aggregate** limit applies separately to each premises not on the same or connecting lots.

However, this **General Aggregate** limit does not apply to “property damage” payable under **SECTION II – DAMAGE TO PREMISES RENTED TO YOU** coverage.

The **Limits Of Insurance of SECTION II – LIABILITY** apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the **Limits Of Insurance**.

## SECTION II – DEDUCTIBLES

If a deductible amount is shown in the Declarations under **SECTION II – DEDUCTIBLES** our obligation to pay damages on your behalf under the “property damage” liability coverage provided by **Coverage L – Business Liability** applies only to the amount of damages in excess of the deductible shown in the Declarations under

**SECTION II – DEDUCTIBLES**. This deductible amount applies per claim to all damages because of “property damage” sustained by one person or organization as the result of any one “occurrence”. This deductible will apply only to the amount of the loss and will not reduce our **Limit Of Insurance**.

However, the deductible does not apply to “property damage” payable under **SECTION II – DAMAGE TO PREMISES RENTED TO YOU** coverage.

We may pay any part or all of the deductible amount to settle any claim or “suit”. Upon notification of the action taken, you will promptly reimburse us for that part of the deductible amount that has been paid by us.

## SECTION II – GENERAL CONDITIONS

### 1. **Bankruptcy**

Bankruptcy or insolvency of the insured or of the insured’s estate will not relieve us of our obligations under this policy.

### 2. **Financial Responsibility Laws**

a. 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 the 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 that law.

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

### 3. **Duties In The Event Of Occurrence, Offense, Claim Or Suit**

a. You must see to it that we are notified as soon as practicable of an “occurrence” or an offense which may result in a claim. To the extent possible, notice should include:

(1) How, when and where the “occurrence” or offense took place;

(2) The names and addresses of any injured persons and witnesses; and

(3) The nature and location of any injury or damage arising out of the “occurrence” or offense.

b. If a claim is made or “suit” is brought against any insured, you must:

(1) Immediately record the specifics of the claim or “suit” and the date received; and

(2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or “suit” as soon as practicable.

- c. You and any other involved insured must:
- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
  - (2) Authorize us to obtain records and other information;
  - (3) Cooperate with us in the investigation, or settlement of the claim or defense against the "suit"; and
  - (4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.
- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

#### 4. Legal Action Against Us

No person or organization has a right under this policy:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this policy unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; 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.

#### 5. Separation Of Insureds

Except with respect to the **SECTION II — LIMITS OF INSURANCE**, and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

### SECTION II — DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
  - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
  - b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment.  
However, "auto" does not include "mobile equipment".
3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time. "Bodily injury" includes mental anguish or other mental injury caused by the "bodily injury".
4. "Coverage territory" means:
  - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
  - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph a. above; or
  - c. All other parts of the world if the injury or damage arises out of:
    - (1) Goods or products made or sold by you in the territory described in Paragraph a. above;
    - (2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business; or
    - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication;
 provided the insured's responsibility to pay damages is determined in a "suit" on the merits in the territory described in Paragraph a. above or in a settlement we agree to.
5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. "Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by "fungi".
8. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
9. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
  - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
  - b. You have failed to fulfill the terms of a contract or agreement;
 if such property can be restored to use by the repair, replacement, adjustment or removal of "your product" or "your work" or your fulfilling the terms of the contract or agreement.

10. "Insured contract" means:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for "property damage" to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b. A sidetrack agreement;
- c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement;
- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road beds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
  - (a) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
  - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in Paragraph (2) above and supervisory, inspection or engineering services.

11. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

12. "Loading or unloading" means the handling of property:

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";

- b. While it is in or on an aircraft, watercraft or "auto"; or
- c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

13. "Manager" means a person serving in a directorial capacity for a limited liability company.

14. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".

15. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, on which are permanently mounted:

(1) Power cranes, shovels, loaders, diggers or drills; or

(2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

- e. Vehicles not described in Paragraph a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

(1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

(2) Cherry pickers and similar devices used to raise or lower workers;

- f. Vehicles not described in Paragraph a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

(1) Equipment designed primarily for:

(a) Snow removal;

(b) Road maintenance, but not construction or resurfacing; or

(c) Street cleaning;

(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

(3) Air compressors, pumps and generators, including spraying, welding, building cleaning,

geophysical exploration, lighting and well servicing equipment.

16. "Non-owned auto" means any "auto" you do not own, lease, hire, rent or borrow which is used in connection with your business. This includes "autos" owned by or registered to your "employees", partners or members (if you are a partnership or joint venture), "members" or "managers" (if you are a limited liability company), "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company), or members of their households, but only while used in your business or your personal affairs.
17. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
18. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
- False arrest, detention or imprisonment;
  - Malicious prosecution;
  - The wrongful eviction from, wrongful entry into, or invasion of the right of privacy, of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
  - Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
  - Oral or written publication, in any manner, of material that violates a person's right of privacy;
  - The use of another's advertising idea in your "advertisement"; or
  - Infringing upon another's copyright, trade dress or slogan in your "advertisement".
19. "Pollutants" mean 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.
20. "Products-completed operations hazard":
- Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
    - Products that are still in your physical possession; or
    - Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
      - When all of the work called for in your contract has been completed.

- When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
- When that part of the work done at the job site has been put to its intended use by any other person or organization other than another contractor or subcontractor working on the same project.

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

The "bodily injury" or "property damage" must occur away from premises you own or rent, unless your business includes the selling, handling or distribution of "your product" for consumption on premises you own or rent.

- Does not include "bodily injury" or "property damage" arising out of:
  - The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured; or
  - The existence of tools, uninstalled equipment or abandoned or unused materials.

21. "Property damage" means:

- Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- Loss of use of tangible property that is not physically injured or destroyed, provided such loss of use is caused by physical injury to or destruction of other tangible property. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

22. "State Farm Companies" means one or more of the following:
- State Farm Mutual Automobile Insurance Company;
  - State Farm Fire and Casualty Company; and
  - Subsidiaries or affiliates of either a. or b. above.

23. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:
- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
  - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
24. "Temporary worker" means a person who is furnished to:
- a. You to substitute for a permanent "employee" on leave; or
  - b. Meet seasonal or short-term workload conditions.
25. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.
26. "Your product":
- a. Means:
    - (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
      - (a) You;
      - (b) Others trading under your name; or
    - (c) A person or organization whose business or assets you have acquired; and
  - (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
- b. Includes:
- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
  - (2) The providing of or failure to provide warnings or instructions.
- c. Does not include vending machines or other property rented to or located for the use of others but not sold.
27. "Your work":
- a. Means:
    - (1) Work or operations performed by you or on your behalf; and
    - (2) Materials, parts or equipment furnished in connection with such work or operations.
  - b. Includes:
    - (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
    - (2) The providing of or failure to provide warnings or instructions.

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## SECTION I AND SECTION II — COMMON POLICY CONDITIONS

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### 1. Changes

- a. This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.
- b. We may change the Named Insured's policy address as shown in the Declarations and in our records to the most recent address provided to us by:
  - (1) You; or
  - (2) The United States Postal Service.

### 2. Concealment, Misrepresentation Or Fraud

This policy is void in any case of fraud by you as it relates to this policy at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

- a. This policy;
- b. The Covered Property;
- c. Your interest in the Covered Property; or
- d. A claim under this policy.

### 3. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

### 4. Inspections And Surveys

- a. We have the right to:
  - (1) Make inspections and surveys at any time;
  - (2) Give you reports on the conditions we find; and
  - (3) Recommend changes.
- b. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - (1) Are safe and healthful; or
  - (2) Comply with laws, regulations, codes or standards.
- c. Paragraphs a. and b. of this condition apply not only to us, but also to any rating, advisory, rate

service or similar organization which makes insurance inspections, surveys, reports or recommendations.

- d. Paragraph b. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

#### 5. Insurance Under Two Or More Coverages

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

#### 6. Liberalization

If we adopt any revision that would broaden the coverage under this policy without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

#### 7. Other Insurance

##### SECTION I — PROPERTY

If there is other insurance covering the same loss, we will pay only for the amount of covered loss in excess of the amount due from that other insurance, whether you can collect on it or not. However, this insurance is primary and does not contribute with any other insurance for a covered loss to property as described in **Coverage A – Buildings** that you do not own and which is your insurance responsibility according to the terms of a lease or rental agreement. We will decide if our payment for loss will be made to you or to the owner of the property. But we will not pay more than the applicable Limit Of Insurance of **SECTION I — PROPERTY** coverages shown in the Declarations.

##### SECTION II — LIABILITY

If other valid and collectible insurance is available to the insured for a loss we cover under **SECTION II — LIABILITY**, our obligations are limited as follows:

##### a. Primary Insurance

This insurance is primary except when Paragraph b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph c. below.

##### b. Excess Insurance

(1) This insurance is excess over:

- (a) Any of the other insurance, whether primary, excess, contingent or on any other basis:
- (i) That insures for accidental direct physical loss; or
- (ii) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to paragraph 8. of **Section II – Exclusions**.

- (b) Any other primary insurance available to you covering liability for damages arising out of the premises or operations, or the products and completed operations, for which you have been added as an additional insured by attachment of an endorsement.

(2) When this insurance is excess, we will have no duty under **Coverage L – Business Liability** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

(3) When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

(a) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(b) The total of all deductible and self-insured amounts under all that other insurance.

(4) We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the **SECTION II — LIABILITY** Limits Of Insurance shown in the Declarations.

##### c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach, each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

##### d. Other Insurance Provided By Us

The total insurance provided under **Coverage L – Business Liability** and any other policy written by us will not exceed the highest Limit Of Insurance applicable under any one of the policies written by us.

#### 8. Premiums

a. The first Named Insured shown in the Declarations:

- (1) Is responsible for the payment of all premiums; and
- (2) Will be the payee for any return premiums we pay.

b. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

c. Unless otherwise provided by an alternative payment plan in effect with "State Farm Companies", you may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:

- (1) Paid to us prior to the anniversary date; and
- (2) Determined in accordance with Paragraph b. above.

Our forms then in effect will apply. If you do not pay the continuation premium, this policy will expire on the first anniversary date that we have not received the premium.

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

e. The premium for this policy may vary based upon the purchase of other insurance from the "State Farm Companies".

#### 9. Premium Audit

a. This policy is subject to audit if a premium designated as an estimated premium is shown in the Declarations. We will compute the final premium due when we determine your actual exposures.

b. Premium shown in this policy as estimated premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit premiums is the date shown as the due date on the bill. If the sum of the estimated and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

#### 10. Transfer Of Rights Of Recovery Against Others To Us

a. Applicable to **SECTION I — PROPERTY:**

If any person or organization to or for whom we make payment under this policy has rights to recover damages from another, those rights are

transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- (1) Prior to a loss to your Covered Property.
- (2) After a loss to your Covered Property only if, at time of loss, that party is one of the following:
  - (a) Someone insured by this insurance;
  - (b) A business firm:
    - i. Owned or controlled by you; or
    - ii. That owns or controls you; or
  - (c) Your tenant.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers.

This will not restrict your insurance.

b. Applicable to **SECTION II — LIABILITY:**

If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them. This condition does not apply to Medical Expenses Coverage.

#### 11. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

#### 12. Conformity To State Law

When a provision of this policy is in conflict with the applicable law of the state in which this policy is issued, the law of the state will apply.

#### 13. Severability

If any provision of this policy is held invalid or unenforceable by a court that has jurisdiction, then:

- a. Such provision will remain in full force to the extent not held invalid or unenforceable; and
- b. All other provisions of this policy will remain valid and enforceable.