

**SELECTIVE**  
INSURANCE®

POLICY DOCUMENT

**S 2543947**

**INSURED'S COPY**

# POLICY SCHEDULE

ISSUE DATE: 01/08/2023

SELECTIVE INSURANCE  
BRANCHVILLE, NEW JERSEY 07890

<b>Policy No</b>	<b>Issued To</b>	
S 2543947	JACKSON BUILDERS INC	
<b>Period</b>	<b>Transaction Type</b>	<b>Agent Number</b>
01/09/2023 04/09/2024	NEW BUSINESS	00-07211-00000
<b>Billing Type</b>	<b>Transaction Eff. Date</b>	<b>Number of Remaining Installments</b>
DIRECT BILL	01/09/2023	10

BILL ACCOUNT: 032 797 772

PAYMENT WILL BE BILLED AS FOLLOWS:

SCHEDULED BILL DATE	SCHEDULED DUE DATE	PREMIUM AMOUNTS
01. 01/20/2023	02/09/2023	4,346.00
02. 01/20/2023	02/09/2023	2,059.00
03. 02/17/2023	03/09/2023	2,059.00
04. 03/20/2023	04/09/2023	2,059.00
05. 04/19/2023	05/09/2023	2,059.00
06. 05/19/2023	06/09/2023	2,059.00
07. 06/19/2023	07/09/2023	2,059.00
08. 07/20/2023	08/09/2023	2,059.00
09. 08/20/2023	09/09/2023	2,059.00
10. 09/19/2023	10/09/2023	2,058.00
TOTAL		\$22,876.00

THIS IS NOT A BILL.

Your bill will be sent under separate cover. This is a Payment Schedule of your policy premium due based on your selected installment plan. Changes made to the policy premium after the issue date listed above, will be reflected on future bills.

An installment fee of \$8.00 may be added to each installment bill. Policies not paid by the installment due date are subject to a late fee of \$20.00 for each late payment. An insufficient fund fee of \$25.00 will be charged for payments returned by your financial institution.

A reinstatement fee may be incurred when a policy is reinstated after a non-pay cancellation is processed. Fee amounts are generally \$35 for commercial line policies and will appear on the next bill.

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## **IMPORTANT NOTICE ABOUT YOUR PAYMENT PLAN AND LATE PAYMENTS UNDER YOUR PAYMENT PLAN:**

If you have selected a payment plan option to pay for Your policy or policies with Us, we will send You a bill or email notification when premium is due. Bills will show (1) the billed minimum amount due on Your account for that month, and (2) the total balance due on Your account, including late and installment fees, if any have been charged. On or before the due date We specify in Your bill, You will be required to pay Us the total billed minimum amount shown in order to stay current in your payments due to Us (excluding any policy or policies that are pending cancellation).

Any time a payment is late and You fall behind on the amount that is owed to Us for the policy premium, we will issue a policy cancellation notice for failure to pay the premium, and we may charge you a late fee. For the first two times you fall behind, if You pay the total amount due before the cancellation effective date indicated in the notice, the policy or policies will remain in effect. If, however, We issue a third cancellation notice for nonpayment of premium, We will accelerate the remaining payments due under the payment plan and require You to pay **the full outstanding policy premium (not just the total billed minimum amount in the most recent bill) on or before the cancellation effective date.** If You do not pay the full outstanding balance on or before the cancellation effective date, We will cancel Your policy. If Your policy or policies are cancelled or expired, Your enrollment in an electronic payment option will continue, despite the fact that the policy(s) have been cancelled with Selective and may remain in effect until such time as any payment for any earned premiums, audit balances or other amounts related to your account are settled. If more than one policy is subject to a payment plan, We will apply partial payments proportionately to the billed minimum amount for each policy. Any policy that is not paid in full after this allocation will be subject to cancellation for nonpayment of premium, as provided in the policy.

Selective Insurance  
Main Administrative Offices  
40 Wantage Avenue Branchville  
New Jersey 07890  
(973) 948-3000

"Selective Insurance" refers to the following affiliated insurers:

Selective Insurance Company of America, Selective Way Insurance Company, Selective Insurance Company of South Carolina, Selective Insurance Company of the Southeast, Selective Insurance Company of New York, Selective Insurance Company of New England, Selective Casualty Insurance Company, Selective Fire and Casualty Insurance Company, and Selective Auto Insurance Company of New Jersey. The declarations page of your policy identifies the insurance carrier that issued your "Selective Insurance" policy.

# IMPORTANT NOTICE REGARDING AGENT COMPENSATION

We sell our insurance products and services through appointed independent insurance agencies and agents ("Agent" or "Agents"). Because Agents also generally represent several of our competitors, our primary marketing strategy is to:

- Develop close relationships with each Agent by (i) soliciting their feedback on products and services, (ii) advising them concerning company developments, and (iii) investing significant time with them professionally and socially; and
- Develop with each Agent, and then carefully monitor, annual goals regarding (i) types and mix of risks placed with us, (ii) amounts of premium or numbers of policies placed with us, (iii) customer service levels, and (iv) profitability of business placed with us.

We pay Agents commissions and other consideration for business placed with us (and we do not authorize our Agents to receive other monies for our insurance). We seek to compensate our Agents fairly and in a way consistent with market practices.

Our Agent compensation programs may include one or more of the following depending on the Agent's overall business relationship with us:

- **Commission Payments.** We pay commission based on a percentage of the premium the policyholder pays. The amount of commission varies depending on policy type, state location of risk, and other factors.
- **Additional Commission Payments.** We may pay additional and varying percentages of premium for attainment of certain goals we set with the Agent, including:
  - **Profitability**, which we determine by comparing losses and expenses to premium;
  - **Volume**, which is the amount of premium written with us;
  - **Growth and Retention**, which we measure by comparing premium volume or number of policies for overall or specific types of policies; or
  - **Annual Plan Performance**, which we measure according to performance standards determined by us and the Agent.

In certain cases, an Agent may put additional commissions at risk and become obligated to pay us amounts if certain goals are not met.

- **Expense Reimbursement.** We may reimburse certain marketing and other expenses incurred for placing business with us.
- **Entertainment and Other Things of Value.** We may entertain or provide other things of value, including travel and gratuities, to Agents who we believe provide exceptional value to our policyholders and shareholders.
- **Business Production Incentive Programs.** We may provide Agents or their employees opportunities to receive additional compensation (cash or contest prizes) for certain activities or tasks, such as placing specific types of policies with us or inputting data through one of our technology systems.

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- **Loss Control Agreements.** We may pay Agents a flat fee or a percentage of commission for safety and loss control surveys, inspections, accident or claim investigations.
- **Agent Stock Purchase Plan.** Certain of our Agents participate in a stock purchase plan that allows those Agents to purchase common stock in Selective Insurance Group, Inc. at a 10% discount to market and requires those agents to hold the stock for at least one year before they can transfer it.

As supporters of the independent insurance agency distribution system, we may provide Agents from time-to-time with tools and programs designed to preserve and strengthen the independent agency distribution system, including assistance with producer recruitment and/or training, loans, or loan guarantees. These tools and programs, which may be experimental, are provided to assist our Agents in the perpetuation of robust independent insurance agencies and are not conditioned on the imposition of extraordinary current or future production conditions.

We also distribute our insurance products to a limited extent through select insurance brokers which we compensate with some of the same compensation tools we use for Agents. If you have engaged a broker to place insurance with us, please ask the broker if any of the above described compensation arrangements are in effect with us.

Please direct questions regarding specific compensation to your Agent.

# PRAESIDIUM

## WHAT YOU DON'T KNOW CAN HURT THOSE IN YOUR CARE AND YOUR ORGANIZATION.

Adopting a solid screening and selection process is your first line of defense in creating a safe environment. A thorough, consistent screening process may also discourage would-be offenders from targeting your organization. Failure to discover a known offender can affect those in your care and the organization's reputation, financial stability, and trust within the community. Who you should screen can depend on many factors, such as if the person is a new full-time hire, a season hire, or even a current employee. In determining the types of checks to utilize, organizations should follow all state, federal, and licensing regulations and consider an individual's level of access. Level of access may be influenced by:

### WHO IS PRAESIDIUM?

Praesidium is the national leader in abuse risk management. With more than two decades of experience, and serving thousands of clients, our dedicated team of researchers, psychologists, attorneys, social workers, and human resource professionals have analyzed thousands of cases of abuse in organizations and synthesized the latest scientific research. We know how abuse happens in organizations . . . and how to prevent it.

- **Frequency:** How frequently does the individual work around or interact with consumers? Is it a one-time event or every day?
- **Duration:** What is the duration of the individual's interactions? Is it a one-time, one-hour event or an entire summer?
- **Level of Supervision:** Are the individual's interactions always supervised by another adult or are they one-on-one with consumers?
- **Nature of the Relationship:** What is the nature of the relationship between the individual and the consumers in the program? Does the individual merely supervise an area during an event that has consumers, or are they getting to know individual consumers and families while counseling, tutoring, or providing personal care services?

**Selective Insurance has partnered with Praesidium to offer you discounted background screening services for your organization.**

For more information go to: [selective.com/praesidium](https://selective.com/praesidium) - (800.743.6354) - [selective@praesidiuminc.com](mailto:selective@praesidiuminc.com)  
In order to receive this exclusive benefit please identify yourself as a Selective Insurance agent or insured.

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**FOUR ELEMENTS FOR A THOROUGH BUT COST EFFECTIVE BACKGROUND CHECK:**

- **Check Facts:** Aliases, DOBs, and address history all drive research and help to paint a complete picture.
- **Search Wide:** Multi State criminal and national sex offender databases will identify the unexpected.
- **Search Deep:** Targeted county level searches will give real-time information where records are most likely to be found.
- **Ask Questions:** References can provide insights on behavior and clues to non-criminal boundary issues.

**WHO SHOULD YOU SCREEN, AND HOW OFTEN?**

- **New Hires/Volunteers:** A thorough, consistently applied background screening process at the time of hire is your first and best opportunity to identify the problem.
- **Seasonal Hires/Volunteers:** Seasonal staff present a unique risk because you don't see them for months at a time, but it's often not practical to complete a full new hire process each season. An annual check-in plan is key.
- **Re-Screening:** Conducting targeted checks on your full-time employees at least every 3 years helps you identify issues before they impact your organization.

**BACKGROUND SCREENING FOR SELECTIVE INSURED**

Praesidium offers a selection of background screening packages plus a la carte services to empower your organization to conduct right-sized research. Praesidium's team can help contextualize the screening process as part of an overall culture of safety and discuss how screening works in hand with other abuse prevention efforts. Praesidium's team can also help you understand who to screen, how often, and the importance of re-screening.

	LOW ACCESS VOLUNTEERS	HIGH ACCESS VOLUNTEERS	EMPLOYEES	FINANCIAL ACCESS	ALA CARTE
	STARTING AT \$16	STARTING AT \$16	STARTING AT \$16	STARTING AT \$37	INDIVIDUAL COST PER SERVICE
Employment Credit (\$60 one-time set up fee required)				X	\$10.00
Confidence Multi State Criminal and Sex Offender Database w/Alias**	X	X	X	X	\$ 9.00
7 Yr County Criminal Records Search: Current County of Residence*	X	X	X	X	\$ 7.00
Add'l Counties Added As Needed Based on 7 yr Address History*		X	X	X	\$ 5.50
County Civil Records Search (upper):1 County*				X	\$11.00
Motor Vehicle Records Search*					\$ 5.00
Employment Verification: 1 Position*					\$ 8.00
Education Verification: 1 Degree*					\$ 7.00
Personal Reference: 1 Reference					\$11.00
Professional Reference: 1 Reference					\$12.00
International Criminal Search 1 Jurisdiction*					\$50.00

\* 3rd Party keeper fees may apply and will be passed on at cost when incurred.

\*\* Criminal records found in the Multi State database check are subject to verification at the source and additional costs may apply.

For more information go to: [selective.com/praesidium](http://selective.com/praesidium) - (800.743.6354) - [selective@praesidiuminc.com](mailto:selective@praesidiuminc.com)  
 In order to receive this exclusive benefit please identify yourself as a Selective Insurance agent or insured.

# POLICYHOLDER DISCLOSURE NOTICE OFFER OF TERRORISM INSURANCE COVERAGE AND REJECTION FORM — EFFECTIVE UNTIL REVOKED

## Offer of Coverage:

You are hereby notified that under the Terrorism Risk Insurance Act, as amended, you have a right to purchase insurance coverage for losses resulting from "acts of terrorism", as defined in Section 102(1) of the Act. The term "act of terrorism" means any act or acts that are certified by the Secretary of the Treasury - in consultation with the Secretary of Homeland Security, and the Attorney General of the United States - to be an "act of terrorism"; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

**You may accept or reject insurance coverage for losses resulting from certified "acts of terrorism".**

- If you accept this offer of coverage simply pay your billed premium, which includes the amount shown below. You do not need to do anything else.
- If you would like to reject this coverage, please see the section of this form entitled Rejection of Terrorism Insurance Coverage and follow the instructions. Even if you reject this coverage, state law prohibits us from excluding fire losses resulting from an "act of terrorism". Therefore, the terrorism exclusion we place on your policy will contain an exception for fire losses resulting from an "act of terrorism". The additional premium for such fire losses resulting from an "act of terrorism" is shown below. **Please note that if you reject coverage for losses resulting from certified "acts of terrorism", we will not provide coverage on renewals of this policy unless you ask us for coverage in the manner set forth in our "Offer of Terrorism Insurance Coverage When Terrorism Insurance Coverage Was Previously Rejected" form, which will be attached to renewals of this policy.**

## Disclosure of Premium:

The portion of your annual premium that is attributable to coverage for "acts of terrorism" is \$449.00 and does not include any charges for the portion of loss that may be covered by the federal government under the Act.

The premium for terrorism (fire only) coverage is \$0.00 and is due regardless of whether you reject coverage for certified "acts of terrorism".

Please be aware that even if you purchase coverage for losses resulting from certified "acts of terrorism", your policy will still contain other policy terms, conditions, limitations and exclusions that may impact whether coverage is available in the event of a loss resulting from a certified "act of terrorism".

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**Federal Participation in Payment of Terrorism Losses :**

You should know that where coverage is provided by this policy for losses resulting from certified "acts of terrorism", such losses may be partially reimbursed by the United States Government under a formula established by federal law. Under the formula, the United States Government generally reimburses 80% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

**Cap on Insurer Participation in Payment of Terrorism Losses :**

You should also know that the Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits United States Government reimbursement as well as insurers' liability for losses resulting from certified "acts of terrorism" when the amount of such losses in any one calendar year exceeds \$100 billion. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced..

**Rejection of Terrorism Insurance Coverage:**

**You may reject this offer of coverage by checking the box, filling in the information below, signing and returning this form to your agent. If you choose to reject this offer of coverage, we will add an exclusionary endorsement to your policy to eliminate coverage for losses resulting from certified "acts of terrorism".**

**Rejection of Coverage - Effective Until Revoked**



**I HAVE READ THIS FORM IN ITS ENTIRETY AND DO NOT WANT TO PURCHASE COVERAGE FOR CERTIFIED "ACTS OF TERRORISM". I UNDERSTAND THAT THIS REJECTION IS EFFECTIVE UNTIL I AFFIRMATIVELY REVOKE IT IN THE MANNER SET FORTH IN SELECTIVE'S "OFFER OF TERRORISM INSURANCE COVERAGE WHEN TERRORISM INSURANCE COVERAGE WAS PREVIOUSLY REJECTED" FORM, AND THAT IF I SIGN THIS FORM THIS POLICY AND ANY RENEWALS WILL EXCLUDE COVERAGE FOR LOSSES RESULTING FROM CERTIFIED "ACTS OF TERRORISM".**

SELECTIVE INSURANCE COMPANY OF SOUTH CAROLINA

\_\_\_\_\_  
Policyholder/Applicant's Signature

\_\_\_\_\_  
Insurance Company

\_\_\_\_\_  
Print Name

S 2543947

\_\_\_\_\_  
Policy or Quote Number

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

# IMPORTANT NOTICE TO POLICYHOLDERS

## Asbestos Exclusion IL 89 56

### Broadenings, Reductions, and Clarifications in Coverage

Thank you for choosing Selective for your insurance needs. This notice is intended to help clarify your coverage, highlighting recent changes that include areas of broadening and/or reductions in coverage, to help keep you better informed. This notice does not reference every editorial change made in your policy.

**This notice is not part of your policy and does not IMPACT THE AVAILABILITY, OR NATURE OR SCOPE OF YOUR coverage. For complete information on all coverage, terms, conditions, LIMITATIONS and exclusions, please review your policy and its Declarations page CAREFULLY. If there is any conflict between your policy and this notice, the provisions of the policy will govern.**

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#### REDUCTIONS IN COVERAGE

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Asbestos Exclusion **IL 89 56** has been revised to include the Commercial Inland Marine coverage part. As a result, all inland marine coverage being provided by this policy does not apply to any loss or damage relating to the actual, alleged, or threatened presence of, or exposure to, "asbestos" as defined in the exclusion. This is a reduction in coverage if any of your inland marine coverage has an asbestos exposure.

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# NOTICE OF CHANGE IN POLICY TERMS

Following is a material change which reduces or eliminates coverage on the renewal policy as a result of the implementation of revised Astestos Exclusion **IL 89 56**.

Asbestos Exclusion **IL 89 56** has been revised to include the Commercial Inland Marine coverage part. As a result, all inland marine coverage being provided by this policy does not apply to any loss or damage relating to the actual, alleged, or threatened presence of, or exposure to, "asbestos" as defined in the exclusion. This is a reduction in coverage if any of your inland marine coverage has an asbestos exposure.

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Insurance is provided by the Company designated on the Declarations Page of this policy. The addresses of all Selective Insurance Companies are shown below:

Selective Insurance Company of America  
40 Wantage Avenue  
Branchville, NJ 07890

Selective Way Insurance Company  
40 Wantage Avenue  
Branchville, NJ 07890

Selective Insurance Company of South Carolina  
900 E. 96th Street, Suite 400  
Indianapolis, IN 46240

Selective Insurance Company of New York  
300 Olympic Towers  
300 Pearl Street  
Buffalo, NY 14202

Selective Insurance Company of the Southeast  
900 E. 96th Street, Suite 400  
Indianapolis, IN 46240

Selective Insurance Company of New England  
40 Wantage Avenue  
Branchville, NJ 07890

Administrative Offices of all Selective Insurance Companies are located at:  
40 Wantage Avenue  
Branchville, NJ 07890

**MISC-1693 09 19**

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# NOTICE OF INFORMATION PRACTICES (LONG FORM)

MISC-798 06 01

Your application or information you provide in connection with a claim is our major source of information. However, in order to evaluate your application for insurance, to service your policy or to process a claim, we may ask for additional information about you and any person who will be insured under this policy or who is the subject of the claim. This is sometimes necessary to make certain that the statements on your application are accurate or to process the claim. We may also need more details than you have already given us.

## INFORMATION WE COLLECT

In connection with an application, the information that we may collect will enable us to make possible judgments about your character, habits, hobbies, finances, occupation, general reputation, health or other personal characteristics. In connection with a claim, the information we may collect will enable us to process the claim.

We may obtain this information from several sources. For example, we may contact any physician, clinic or hospital where any persons to be insured or making a claim have been treated. We may need information from your employer. But, before we ask for information from any of these sources, we will ask you to sign an authorization, which gives us permission to proceed, unless authorization is not required by law.

We may get information by talking or writing to other insurance companies to which you applied for a policy or with which you have made a claim, members of your family, neighbors, friends, your insurance agent and others who know you. We may also obtain information from motor vehicle reports, court records, or photographs of the property you want insured or with regard to which you have made a claim.

## CONSUMER REPORTS

It is common for an insurance company to order a report from an independent organization — a consumer reporting agency or an insurance-support organization — to verify and add to the information that you have given us. These reports are used to help us decide if you qualify for the insurance for which you have applied or to evaluate the claim you have made.

They may:

- pertain to your mode of living, character, general reputation and personal characteristics such as health, job and finances.
- contain information on your marital status, driving records, etc.
- include information on the loss history of your property.
- include information gathered by talking or writing to you or members of your family, neighbors, friends, your insurance agent and others who know you.
- include information from motor vehicle reports, court records or photographs of your property and/or the property involved in the claim.

Upon your request, the consumer reporting agency or insurance-support organization will attempt to interview you in connection with any report it prepares. The information may be kept by the reporting organization and may later be given to others who use its services. It will be given only to the extent permitted by the Federal Fair Credit Reporting Act and your local state law, if any. Upon request and identification, the consumer reporting agency or insurance-support organization will provide you with a copy of the report.

MISC-798 06 01  
Page 1 of 2

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## DISCLOSURE OF INFORMATION

Information we collect about you will not be given to anyone without your consent, except when necessary to conduct our business. There are some disclosures which may be made without your prior authorization. These include:

- \_\_\_\_\_ Persons or organizations who need the information to perform a professional, business or insurance function for us, such as businesses that assist us with data processing or marketing.
- \_\_\_\_\_ Other insurance companies, agents, or consumer reporting agencies as it may be needed in connection with any application, policy or claim involving you.
- \_\_\_\_\_ Adjusters, appraisers, investigators and attorneys who need the information to investigate or settle a claim involving you.
- \_\_\_\_\_ An insurance -support organization which is established to collect information for the purpose of detecting and preventing insurance crimes or fraudulent claims.
- \_\_\_\_\_ A medical professional or institution to verify your insurance coverage or inform you of a medical condition of which you may not be aware.
- \_\_\_\_\_ Persons or organizations that conduct scientific research, including actuarial or underwriting studies.
- \_\_\_\_\_ Persons or organizations that will use the information for sales purposes, unless you indicate in writing to us that you do not want the information disclosed for this purpose.
- \_\_\_\_\_ Our affiliated companies for auditing our operations and for marketing an insurance product or service.

In addition, we may provide information to state insurance departments in connection with their regulatory authority and to other governmental or law enforcement authorities to protect our legal interests or in cases of suspected fraud or illegal activities.

## YOUR INSURANCE POLICY FILES

Information we collect about you will be kept in our policy files. We may refer to this information if you file a claim for benefits under any policy you have with us or if you apply to us for a new policy. You have the right to know what kind of information we keep in our files about you, to have access to the information, and to receive a copy. There are some types of information; however, to which we are not required to give you access. This type of information is generally collected when we evaluate a claim or when the possibility of a lawsuit exists.

If you want information from your files, please contact us. There may be a nominal charge for copies of records. If you think your file contains incorrect information, notify us indicating what you believe is incorrect and your reasons. We will reinvestigate the matter and either correct our records or place a statement from you in our files explaining why you believe the information is incorrect. We will also notify persons or organizations to whom we previously disclosed the information of the change or your statement.

## CONFIDENTIALITY AND SECURITY OF PERSONAL INFORMATION

We restrict access to personal information to those individuals who need to know that information to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with legal standards and ensure the confidentiality of personal information in accordance with our policy.

## TREATMENT OF PERSONAL INFORMATION OF FORMER CUSTOMERS AND APPLICANTS

We adhere to this personal information privacy policy even when a customer relationship no longer exists. Disclosures about former applicants and customers may be made without prior authorization as permitted by law.

If you have any questions about our information practices, please contact us.



**Policy Number**  
S 2543947

# SCHEDULE OF LOCATIONS

**Policy Effective Date:** January 9, 2023      **Schedule Effective Date:** JANUARY 9, 2023

<b>Prem. No.</b>	<b>Location</b>	<b>Bldg. No.</b>	<b>Occupancy</b>
1	615 AIRPORT RD ERWIN, NC 28339	1	BR TERMINAL BLD

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# COMMERCIAL POLICY FORMS AND ENDORSEMENT SCHEDULE

Policy Effective Date: January 9, 2023

Schedule Effective Date: JANUARY 9, 2023

THE FOLLOWING FORMS AND ENDORSEMENTS ARE APPLICABLE TO THE COMMON COVERAGE PART:

IL 70 25	1189	COMMERCIAL POLICY COMMON DECLARATION
IL 70 36	0193	SCHEDULE OF LOCATIONS
IL 00 03	0908	CALCULATION OF PREMIUM
IL 00 17	1198	COMMON POLICY CONDITIONS
IL 70 94	0815	3RD PARTY NOTICE NC GOVT CONTRACT REQUIR
IL 89 56	0522	ASBESTOS EXCLUSION

THE FOLLOWING FORMS AND ENDORSEMENTS ARE APPLICABLE TO THE COMMERCIAL INLAND MARINE COVERAGE PART:

CM 70 71	0794	COMMERCIAL INLAND MARINE DECLARATIONS
CM 71 04	0713	BUILDERS RISK SUPPL DEC
CM 00 01	0904	COMMERCIAL IM CONDITIONS
CM 01 03	0214	NORTH CAROLINA CHANGES
CM 71 05	0713	BUILDERS RISK COVERAGE FORM
CM 71 59	0713	BUILDERS RISKS SOFT COSTS
CM 71 85	0713	BUILDERS RISK EQUIPMENT BREAKDOWN
CM 72 00	0112	LIBERALIZATION
IL 02 69	0908	NC CHANGES-CANCELLATION AND NONRENEWAL
IL 09 52	0115	CAP ON LOSS FROM CERT ACTS OF TERRORISM
IL 09 85	1220	DISCL PURSUANT TO TERR RISK INS ACT

**NOTICE TO POLICYHOLDER:** All the forms and endorsements contained in this policy as of the "Schedule Effective Date" are listed above. Forms and endorsements added to the policy after this date will appear on a "Policy Changes" endorsement. Please read your policy and all "Policy Changes" carefully.

**NOTE:** All applicable "IL" endorsements will be attached in the Common Section of the policy.

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# DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

POLICY NUMBER: s 2543947

IL 09 85 12 20

**THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.**

## SCHEDULE

### SCHEDULE — PART I

**Terrorism Premium (Certified Acts)      \$449.00**

**This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Form(s) and/or Policy(ies):**

INLAND MARINE COVERAGE PART

**Additional information, if any, concerning the terrorism premium:**

### SCHEDULE — PART II

**Federal share of terrorism losses    80    %**

(Refer to Paragraph **B.** in this endorsement.)

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

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**A. Disclosure Of Premium**

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

**B. Disclosure Of Federal Participation In Payment Of Terrorism Losses**

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals a percentage (as shown in Part II of the Schedule of this endorsement or in the policy Declarations) of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

**C. Cap On Insurer Participation In Payment Of Terrorism Losses**

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



# CALCULATION OF PREMIUM

IL 00 03 09 08

## **THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

This endorsement modifies insurance provided under the following:

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

The following is added:

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.

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# COMMON POLICY CONDITIONS

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

## A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

## B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

## C. Examination Of Your Books And Records

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

## D. Inspections And Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and

- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- a. Are safe or healthful; or

- b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

## E. Premiums

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.

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

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

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

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# NORTH CAROLINA CHANGES — CANCELLATION AND NONRENEWAL

IL 02 69 09 08

## THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

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

A. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:

### 2. Cancellation Requirements

#### a. Policies In Effect Less Than 60 Days

If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

#### b. Policies In Effect More Than 60 Days

If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy prior to the:

- (1) Expiration of the policy term; or
  - (2) Anniversary date,
- stated in the policy only for one or more of the following reasons:

- (a) Nonpayment of premium;
- (b) An act or omission by the insured or his or her representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining this policy, continuing this policy or presenting a claim under this policy;

- (c) Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk;
- (d) Substantial breach of contractual duties, conditions or warranties that materially affects the insurability of the risk;
- (e) A fraudulent act against us by the insured or his or her representative that materially affects the insurability of the risk;
- (f) Willful failure by the insured or his or her representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by us;
- (g) Loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-41-30;
- (h) Conviction of the insured of a crime arising out of acts that materially affect the insurability of the risk;
- (i) A determination by the Commissioner of Insurance that the continuation of the policy would place us in violation of the laws of North Carolina; or

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- (j) You fail to meet the requirements contained in our corporate charter, articles of incorporation or by-laws when we are a company organized for the sole purpose of providing members of an organization with insurance coverage in North Carolina.

We will mail or deliver written notice of cancellation to the first Named Insured at least:

- (i) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - (ii) 30 days before the effective date of cancellation if we cancel for any other reason.
- c. Cancellation for nonpayment of premium will not become effective if you pay the premium amount due before the effective date of cancellation.
  - d. We may also cancel this policy for any reason not stated above provided we obtain your prior written consent.

- B. The following provisions are added and supersede any other provisions to the contrary:

#### 1. Nonrenewal

- a. If we elect not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of nonrenewal at least 45 days prior to the:
  - (1) Expiration of the policy if this policy has been written for one year or less; or
  - (2) Anniversary date of the policy if this policy has been written for more than one year or for an indefinite term.
- b. We need not mail or deliver the notice of nonrenewal if you have:
  - (1) Insured property covered under this policy, under any other insurance policy;
  - (2) Accepted replacement coverage; or
  - (3) Requested or agreed to nonrenewal of this policy.
- c. If notice is mailed, proof of mailing will be sufficient proof of notice.

- 2. The written notice of cancellation or nonrenewal will:

- a. Be mailed or delivered to the first Named Insured and any designated mortgagee or loss payee at their addresses shown in the policy, or if not indicated in the policy, at their last known addresses; and
- b. State the reason or reasons for cancellation or nonrenewal.



# CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

IL 09 52 01 15

## THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
EQUIPMENT BREAKDOWN COVERAGE PART  
FARM COVERAGE PART  
STANDARD PROPERTY POLICY

### A. Cap On Certified Terrorism Losses

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

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

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

### B. Application Of Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

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# ASBESTOS EXCLUSION

IL 89 56 05 22

## THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE PART  
BUSINESSOWNERS COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
AUTO DEALERS COVERAGE PART  
MOTOR CARRIER COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
PRODUCT/COMPLETED OPERATIONS LIABILITY COVERAGE PART

1. It is agreed that this insurance does not apply to any loss or damage relating to the actual, alleged, or threatened presence of, or exposure to, "asbestos," including inhalation, ingestion, irritation, absorption or other similar physical exposure to "asbestos." Such presence of, or exposure to, "asbestos" includes, but is not limited to:
  - a. Structures or manufacturing processes containing "asbestos";
  - b. The disposal of "asbestos" or goods, products or materials containing "asbestos";
  - c. The storing or presence of "asbestos" or goods, products or materials containing "asbestos"; or
  - d. The removal of "asbestos" from any goods, products, materials, structures or manufacturing processes,whether or not such "asbestos" is airborne.
2. We shall have no obligation under this coverage part:
  - a. To investigate, settle or defend any claim or "suit" against any "insured" alleging actual or threatened injury or damage of any nature or kind to persons or property which arises out of or would not have occurred but for the presence of, or exposure to, "asbestos"; or
  - b. To pay any damages, judgments, settlements, losses, costs or expenses of any kind or nature that may be awarded or incurred by reason of any such claim or suit or any such actual or threatened injury or damage from "asbestos"; or
  - c. For any losses, costs or expenses arising out of any obligation, order, direction or request of or upon any insured or others, including, but not limited to, any governmental obligation, order, direction or request, to test for, monitor, clean up, remove, contain, treat, neutralize, in any way respond to, or assess the effects of "asbestos."
3. "Asbestos" includes asbestos, asbestos fibers, asbestos materials, and asbestos products, or any goods or products containing asbestos or asbestos fibers, materials, or products.

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Previous Policy Number  
NEW

Policy Number  
S 2543947

## COMMERCIAL INLAND MARINE DECLARATIONS

Policy Effective Date: January 9, 2023

Coverage Effective Date: JANUARY 9, 2023

Insurance is provided only for those coverages shown in the following coverage schedule.

### Coverage Schedule

Coverage	Premium
BUILDERS' RISK (SOFT COSTS INCLUDED)	\$22,427.00

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Forms and Endorsements:  
Refer to "**Commercial Policy Forms and Endorsement Schedule**"

Premium Amount  
\$22,876.00  
(This premium may be)  
(subject to adjustment.)

Previous Policy Number  
NEW

Policy Number  
S 2543947

# COMMERCIAL INLAND MARINE COVERAGE SUPPLEMENTAL DECLARATIONS BUILDERS RISK COVERAGE

Policy Effective Date: January 9, 2023      Coverage Effective Date: JANUARY 9, 2023

Insurance is provided only for those coverages for which a specific limit is shown in the following coverage schedule.

### SCHEDULE

#### LIMITS OF INSURANCE

##### A. PROPERTY AT "JOB SITE"

<u>Loc. No.</u>	<u>Bldg. No.</u>	<u>Description</u>	<u>Limit of Insurance</u>
1	1	NEW TERMINAL BLDG	\$5,016,617
B. PROPERTY IN TRANSIT			\$250,000
C. PROPERTY AT ANY TEMPORARY STORAGE LOCATION			\$250,000
D. "FLOOD" IN THE AGGREGATE IN ANY ONE POLICY PERIOD			\$5,000,000
E. "EARTHQUAKE" IN THE AGGREGATE IN ANY ONE POLICY PERIOD			\$5,000,000
F. ALL COVERED PROPERTY AT ALL LOCATIONS			\$5,016,617

#### DEDUCTIBLE

The Deductible amount for "Flood" is \$25,000.  
unless otherwise stated

The Deductible amount for "Earthquake" is \$25,000.  
unless otherwise stated

The Deductible amount for all other Covered Causes of Loss  
is \$500. unless otherwise stated \$2,500

#### RATES & PREMIUM

A. NONREPORTING			
	Rate	Annual Premium	\$22,427.00
B. REPORTING			
1.	Deposit Premium		
2.	Minimum Annual Premium		
3.	Reporting Period		
4.	Premium Adjustment Period		
5.	Premium Base		
6.	Rates		

#### SPECIAL PROVISIONS (If Any)

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# BUILDERS RISK SOFT COSTS COVERAGE AND RENTAL INCOME COVERAGE

POLICY NUMBER: s 2543947

COMMERCIAL INLAND MARINE  
CM 71 59 07 13

## THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUILDERS RISK COVERAGE FORM

### A. SCHEDULE

### Limits of Insurance

"Soft Costs"

\$400,000

"Rental Income"

\$0 Monthly Limit

\$0 Limit Per Occurrence

Deductible: 5 Days

### B. PROVISIONS

#### 1. Coverage

- a. We will pay for the actual "soft costs" and/or loss of "rental income" you sustain which results from a delay in completion of any building or structure covered by this endorsement beyond the date it would have been completed if the loss or damage had not occurred. Such delay must be due to direct physical loss or damage to Covered Property at the "job site" caused by or resulting from any Covered Causes of Loss.

#### b. Period of Time Covered

- (1) We will pay any covered "soft costs" and/or loss of "rental income" only for that period of time that:
- (a) Begins on the date the structure would have been completed if the direct physical loss or damage had not occurred; and
- (b) Ends on the date when the building or structure at the "job site" should be repaired, rebuilt or replaced with reasonable speed and similar quality.
- (2) The period of time covered by this endorsement does not include any increased period due to the enforcement of any ordinance or law that:
- (a) Regulates the construction, use or repair, or requires the tearing down, of any property; or

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

Although direct physical loss or damage must occur during the policy period, the coverage provided by this endorsement is not otherwise limited by the expiration date of this policy.

#### c. Additional Coverages

##### (1) Civil Authority

We will pay for the actual "soft costs" and/or loss of "rental income" you sustain caused by action of civil authority that prohibits access to a "job site".

But we will only pay:

- (a) When such access is prohibited due to direct physical loss or damage to property bordering the "job site" caused by or resulting from a Covered Cause of Loss; and
- (b) For a period up to two consecutive weeks from the date of that action.

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## (2) Expenses for Reducing Your Loss

We will pay any necessary expenses (other than expenses to extinguish a fire) to minimize the "soft costs" and/or loss of "rental income" that you incur during the period covered by this endorsement. However, we will pay these expenses only to the extent that they reduce the amount of "soft costs" or loss of "rental income" that is otherwise payable under this endorsement.

Any payment under these Additional Coverages will not increase the applicable Limit of Insurance.

## 2. Additional Exclusions

The following are added to the **EXCLUSIONS** section:

We will not pay for:

- a. Any increase of "soft costs" and/or loss of "rental income" caused by or resulting from:
  - (1) Delay in rebuilding, repairing or replacing the building or structure due to interference at the "job site" by strikers or other persons; or
  - (2) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the delay in completion, we will cover such "soft costs" and/or loss of "rental income" during the period of time covered by this endorsement.
- b. Any "soft costs" and/or loss of "rental income" caused by or resulting from the time required to rebuild, repair or replace the building or structure due to:
  - (1) Adverse weather conditions;
  - (2) Reduction in the size of the work force; or
  - (3) Improvements necessary to correct faulty, inadequate or defective design, specifications, construction or renovation of any building or structure covered by the endorsement.
- c. Any other consequential loss or damage.

## 3. Limits of Insurance

**LIMITS OF INSURANCE** is replaced by the following:

The most we will pay for "soft costs" in any one occurrence of direct physical loss or damage to Covered Property at the "job site" is the applicable Limit of Insurance shown in the Schedule.

The most we will pay for loss of "rental income":

- a. In each period of 30 consecutive days is the applicable Monthly Limit shown in the Schedule.
- b. In any one occurrence of direct physical loss or damage to Covered Property at the "job site" is the applicable Limit Per Occurrence shown in the Schedule.

## 4. Deductible

We will pay for "soft costs" and/or loss of "rental income" you sustain after the specified time period shown in the schedule after direct physical loss or damage caused by or resulting from any Covered Cause of Loss.

## 5. Additional Conditions

- a. The following conditions are added to the **ADDITIONAL CONDITIONS** section and apply to the coverage provided by this endorsement:

### (1) Notice of Construction Schedule Change

You must give us written notice, as soon as possible, of any revisions to the original construction schedule which may change the date of completion.

### (2) Additional Loss Conditions

The following are added to the Commercial Inland Marine Loss Conditions:

#### (a) Additional Duties in the Event of Loss or Damage

- (i) You must notify us, as soon as possible, of any condition which may result in a claim covered by this endorsement.
- (ii) You must do everything you reasonably can to reduce the delay and to complete the building or structure as quickly as possible.

#### (b) Loss Determination

The amount of "soft costs" payable under this endorsement will be based upon relevant sources of information, including:

- (i) Your financial records and accounting procedures;
- (ii) Bills, invoices and other vouchers;
- (iii) Construction records and project progress reports; and
- (iv) Contracts.

If you benefit from a delay, we will take this into account in determining the amount of your loss or damage.

The amount of "rental income" loss will be determined based on:

- (i) The "rental income" loss before the direct physical loss or damage occurred;
- (ii) The likely "rental income" if no loss or damage occurred; and
- (iii) Other relevant sources of information, including:
  - (a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

**b. Coinsurance**

The Coinsurance Additional Condition does not apply to this endorsement.

**6. Definitions**

The following definition is added to the **DEFINITIONS** section and applies to the coverage provided by this endorsement:

- a. "Rental income" means the net "rental income" that would have been earned if the loss or damage had not occurred. But we will not pay for any avoidable charges or expenses.

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# COMMERCIAL INLAND MARINE CONDITIONS

COMMERCIAL INLAND MARINE  
CM 00 01 09 04

The following conditions apply in addition to the Common Policy Conditions and applicable Additional Conditions in Commercial Inland Marine Coverage Forms:

## 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. The two appraisers will select an umpire. If they cannot agree, 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

You must see that the following are done in the event of loss or damage to Covered Property:

1. Notify the police if a law may have been broken.
2. Give us prompt notice of the loss or damage. Include a description of the property involved.
3. As soon as possible, give us a description of how, when and where the loss or damage occurred.

4. Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage 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.
5. You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.
6. As often as may be reasonably required, permit us to inspect the property proving the loss or damage 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.
7. 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.
8. Send us a signed, sworn proof of loss containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
9. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit.
10. Cooperate with us in the investigation or settlement of the claim.

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#### **D. 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.

#### **E. Loss Payment**

1. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
2. We will not pay you more than your financial interest in the Covered Property.
3. 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 claim against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
4. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
5. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss if you have complied with all the terms of this Coverage Part and:
  - a. We have reached agreement with you on the amount of the loss; or
  - b. An appraisal award has been made.
6. We will not be liable for any part of a loss that has been paid or made good by others.

#### **F. Other Insurance**

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

#### **G. Pair, Sets Or Parts**

##### **1. Pair Or Set**

In case of loss or damage to any part of a pair or set we may:

- a. Repair or replace any part to restore the pair or set to its value before the loss or damage; or
- b. Pay the difference between the value of the pair or set before and after the loss or damage.

##### **2. Parts**

In case of loss or damage to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

#### **H. Recovered Property**

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

#### **I. Reinstatement Of Limit After Loss**

The Limit of Insurance will not be reduced by the payment of any claim, except for total loss or damage of a scheduled item, in which event we will refund the unearned premium on that item.

#### **J. Transfer Of Rights Of Recovery Against Others To Us**

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after 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; or

- b. A business firm:
  - (1) Owned or controlled by you; or
  - (2) That owns or controls you.

This will not restrict your insurance.

## GENERAL CONDITIONS

### A. Concealment, Misrepresentation Or Fraud

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

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

### B. 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 condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

### C. Legal Action Against Us

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

1. There has been full compliance with all the terms of this Coverage Part; and
2. The action is brought within 2 years after you first have knowledge of the direct loss or damage.

### D. No Benefit To Bailee

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

### E. Policy Period, Coverage Territory

We cover loss or damage commencing:

1. During the policy period shown in the Declarations; and
2. Within the coverage territory.

### F. Valuation

The value of property will be the least of the following amounts:

1. The actual cash value of that property;
2. The cost of reasonably restoring that property to its condition immediately before loss or damage; or
3. The cost of replacing that property with substantially identical property.

In the event of loss or damage, the value of property will be determined as of the time of loss or damage.

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# NORTH CAROLINA CHANGES

COMMERCIAL INLAND MARINE  
CM 01 03 02 14

## THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

### A. Warranties

Wherever the words "warrants", "warranties", "warranted", or "warranty" appear in this Coverage Part, you and we agree that they are representations.

### B. Protective Safeguards

The **Protective Safeguards** Additional Condition is replaced by the following:

You must maintain the protective safeguards stated by you to be in effect at a location when this coverage began.

You must notify us immediately when you fail to keep the protective safeguards:

1. In working condition at a location; and
2. In operation when you are closed to business.

### C. General Condition C. Legal Action Against Us in the Commercial Inland Marine Conditions is replaced by the following:

#### C. Legal Action Against Us

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

1. There has been full compliance with all the terms of this Coverage Part; and
2. The action is brought within three years after you first have knowledge of the direct loss or damage.

### D. The following condition is added:

#### Time Period For Performance Of Contractual Obligations

Whenever a state of disaster is proclaimed for the state of North Carolina or for an area within this state in accordance with state law, or whenever a major disaster is declared for North Carolina or an area within this state by the President of the United States under the Stafford Act or its successors, the following provisions apply:

1. If the Covered Property that has sustained loss or damage is located within the geographic area designated in the disaster declaration or proclamation, the time period for your submission of a proof of loss (as set forth in the Duties In The Event Of Loss Condition or in an endorsement attached to this Coverage Part) shall be extended by a time period not exceeding the earlier of:

- a. The expiration of the disaster proclamation or declaration and all renewals of the proclamation; or
- b. The expiration of the Insurance Commissioner's order declaring action for the specific disaster, as determined by the Insurance Commissioner.

2. Except as otherwise provided in Paragraph 1., the following applies if you or we reside in or are located in the geographic area designated in the disaster declaration or proclamation:

If this Coverage Part or an endorsement attached to this Coverage Part imposes a time limitation on you or us for a performance of:

- a. A premium or debt payment; or
- b. Any other duty or any act (including transmittal of information),

under the terms of this Coverage Part and such performance would be required during the time period prior to the expiration of the Insurance Commissioner's order declaring action for the specific disaster, as determined by the Insurance Commissioner, your performance and our performance is subject to a deferral period of 30 days. The Commissioner of Insurance may extend such deferral period.

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# BUILDERS RISK COVERAGE FORM

COMMERCIAL INLAND MARINE  
CM 71 05 07 13

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

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to **Section G. — DEFINITIONS.**

## A. COVERAGE

We will pay for direct physical loss or damage to Covered Property from any of the Covered Causes of Loss.

**1. COVERED PROPERTY**, as used in this Coverage Form, means:

- a. Buildings and structures while in the course of construction, erection or fabrication at the "job site", including foundations of such buildings or structures;
- b. If intended to become a permanent part of the buildings and structures at the "job site", materials, supplies, fixtures, machinery and equipment of any nature whatsoever:
  - (1) While at the "job site";
  - (2) While at any temporary storage location; or
  - (3) While in transit;
- c. If not covered by other insurance, temporary structures while at the "job site", including fencing, cribbing, scaffolding and construction forms;
- d. Paving, curbing, fencing, retaining walls and outdoor fixtures, if included in the "completed value".

## 2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Existing buildings or structures to which improvements, alterations, repairs or additions are being made;
- b. Land (including land on which the property is located) or water;
- c. Trees, shrubs, lawns or plants;
- d. Plans, blueprints, designs, specifications or any other similar property; or
- e. Contraband, or property in the course of illegal transportation or trade.

## 3. COVERED CAUSES OF LOSS

Covered Causes of Loss means direct physical loss or damage to Covered Property except those causes of loss or damage listed in **SECTION B. EXCLUSIONS.**

## 4. COVERAGE EXTENSIONS

Except as otherwise provided, the following Extensions apply to property located in or on each "job site".

Each of these Extensions is additional insurance unless stated otherwise in the individual Extension.

The Additional Condition, Coinsurance, does not apply to these Extensions.

### a. Debris Removal

We will pay your expenses to remove debris as a result of loss or damage to Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days after the date of direct physical loss or damage.

This Coverage Extension does not include the cost to:

- (1) Extract "pollutants" from land or water; or
- (2) Remove, restore or replace polluted land or water.

The most we will pay under this Coverage Extension is:

- (1) 25% of the amount we pay for the direct physical loss or damage to Covered Property. However, the most we will pay for the total of direct physical loss or damage to Covered Property plus debris removal expense is the Limit of Insurance; and

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- (2) If the total of the actual debris removal expense plus the direct physical loss or damage to Covered Property exceeds the Limit of Insurance, we will pay up to an additional \$25,000 for debris removal expense.

**b. Pollutant Clean Up and Removal**

We will pay your expense to extract "pollutants" from land or water at the "job site" if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days after the date on which the Covered Cause of Loss occurs.

The most we will pay for each "job site" under this Coverage Extension is \$25,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

The deductible applicable to loss or damage applies separately to each occurrence of loss or damage under this Coverage Extension.

**c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$10,000 for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss or damage; or
- (2) Required by local ordinance.

No Deductible applies to this Coverage Extension.

**d. Back Up of Sewer, Drain or Sump**

We will pay for direct loss or damage to Covered Property caused by:

- (1) Water or waterborne material that backs up or overflows or is otherwise discharged from the described building's sewer, drain, sump pump or related equipment; or
- (2) Water under the ground surface, pressing on, or flowing or seeping through foundations, walls, floors or paved surfaces.

However, with respect to Paragraph (1) above, we will not pay the cost of repairing or replacing a sump pump or its related equipment in the event of mechanical breakdown.

For purposes of this Coverage Extension, drain does not include a roof drain, gutter, downspout or similar fixtures or equipment.

This Coverage Extension does not apply to loss or damage caused by or resulting from:

- (1) Your failure to keep a sump pump or its related equipment in proper working condition; or
- (2) Your failure to perform the routine maintenance or repair necessary to keep a sewer or drain free from obstructions.

The most we will pay for loss or damage to Covered Property under this Coverage Extension is \$100,000 unless otherwise stated in the Special Provisions section in the Declarations.

The deductible applicable to loss or damage applies separately to each occurrence of loss or damage under this Coverage Extension.

This Coverage Extension is not flood insurance. We will not pay for direct physical loss or damage from water or waterborne material that backs up or overflows from a sewer, drain or sump pump caused by any "flood" whether or not the "flood" contributes concurrently or in any sequence to the loss. This applies regardless of the proximity of the "flood" to Covered Property.

**e. Limited Coverage For "Fungus", Wet Rot And Dry Rot**

- (1) The coverage described in e.(2) applies only when "fungus", or wet or dry rot is the result of (a) a "specified cause of loss or damage" other than fire or lightning, or, to the extent applicable, (b) Flood that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
- (2) We will pay for loss or damage to Covered Property by "fungus", or wet or dry rot. As used in this Coverage Extension, loss or damage means

- (a) Direct physical loss or damage to Covered Property caused by "fungus", or wet or dry rot, including the cost of removal of the "fungus", or wet or dry rot;
  - (b) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", or wet or dry rot; and
  - (c) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", or wet or dry rot are present.
- (3) Regardless of the number of claims, the most we will pay under this Coverage Extension for the total of all loss or damage arising out of all occurrences of "specified causes of loss or damage" (other than fire or lightning) and Flood which take place in a 12 month period (starting with the beginning of the present annual policy period) is \$15,000. With respect to a particular occurrence of loss or damage which results in "fungus", or wet or dry rot, we will not pay more than a total of \$15,000 even if the "fungus", or wet or dry rot continues to be present or active, or recurs, in a later policy period.
- (4) The coverage provided under this Coverage Extension does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", or wet or dry rot, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", or wet or dry rot, payment for loss or damage will not be limited by the terms of this Coverage Extension, except to the extent that "fungus", or wet or dry rot causes an increase in the loss or damage. Any such increase in the loss or damage will be subject to the terms of this Coverage Extension.

The deductible applicable to loss or damage applies separately to each occurrence of loss or damage under this Coverage Extension.

**f. Total Loss Supplemental Limit**

In the event of total loss or damage, we will pay up to an additional 5% of the applicable Limit of Insurance, not to exceed \$500,000, to cover increases in the cost of labor, materials and changes in construction specifications.

This Coverage Extension shall not apply to cost increases covered under the ordinance or law coverage provided elsewhere in this policy.

Payment under this Coverage Extension is contingent on your repair or replacement of the property sustaining loss or damage as soon as practicable.

The deductible applicable to loss or damage applies separately to each occurrence of loss or damage under this Coverage Extension.

**g. Valuable Papers and Records**

When loss or damage to your valuable papers or records such as blueprints, plans, drawings, or data processing media, occurs at a "job site" and is caused by a Covered Cause of Loss, we will pay up to \$25,000 to reproduce, replace, or restore any such papers and records not covered by other insurance.

Valuable papers and records do not include accounts, bills, currency, deeds, evidences of debt, money, notes or securities.

Section 2. **PROPERTY NOT COVERED**, Item d. does not apply to this Coverage Extension.

The deductible applicable to loss or damage applies separately to each occurrence of loss or damage under this Coverage Extension.

**h. Trees, Shrubs, Lawns or Plants**

We will pay up to \$10,000 for loss or damage to trees, shrubs, lawns or plants, if the loss or damage is caused by or results from fire, lightning, explosion, riot, civil commotion, aircraft, vandalism, theft, vehicles or sinkhole collapse.

The most we will pay for any one tree, shrub, lawn or plant, including removal, is \$500.

Section 2. **PROPERTY NOT COVERED**, Item c. does not apply to this Coverage Extension.

The deductible applicable to loss or damage applies separately to each occurrence of loss or damage under this Coverage Extension.

**i. Building Ordinance or Law**

Except as provided in Paragraph i.(1) **Coverage for Loss to the Undamaged Portion of the Building or Structure** below, Coverage provided by this Coverage Extension is in addition to the Limit of Insurance.

**(1) Coverage for Loss to the Undamaged Portion of the Building or Structure**

(a) If a Covered Cause of Loss occurs to covered buildings or structures at a "job site," we will pay for costs resulting from the enforcement of any ordinance or law that:

(I) Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;

(II) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the "job site"; and

(III) Is in force at the time of loss.

(b) This coverage is included within the Limit of Insurance applicable to the "job site." This is not additional insurance.

(c) If the Covered Property is repaired or replaced, on the same "job site" or elsewhere, we will not pay more for loss or damage to Covered Property, including loss or damage caused by enforcement of an ordinance or law, than the lesser of:

(I) The amount you actually spend to repair, rebuild or reconstruct the building or structure, but not for more than the amount it would cost to restore the building or structure on the same "job site" and to the same height, floor area, style and comparable quality of the original property insured; or

(II) The Limit of Insurance applicable to the "job site."

(d) If the Covered Property is not repaired or replaced, we will not pay more for loss or damage to Covered Property, and costs resulting from enforcement of an ordinance or law, than the lesser of:

(I) The actual cash value of the building or structure at the time of loss or damage; or

(II) The Limit of Insurance applicable to the "job site".

**(2) Demolition Cost Coverage**

If a Covered Cause of Loss occurs to covered buildings or structures at a "job site" we will pay the cost to demolish and clear that "job site" of undamaged parts of the property, caused by enforcement of building, zoning or land use ordinance or law.

The most we will pay under Demolition Cost Coverage is the lesser of the amount actually spent to demolish and clear that "job site" or \$500,000 unless otherwise stated in the Special Provisions section in the Declarations.

**(3) Increased Cost of Construction Coverage**

(a) If a Covered Cause of Loss occurs to covered buildings or structures at a "job site" we will pay for the increased cost necessary to repair, rebuild or construct the Covered Property caused by the enforcement of building, zoning or land use ordinance or law. If the Covered Property is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use ordinance or law.

(b) The most we will pay under Increased Cost of Construction Coverage is \$500,000 unless otherwise stated in the Special Provisions section in the Declarations.

(c) We will not pay for increased costs under Increased Cost of Construction Coverage:

- (I) Until the Covered Property is actually repaired or replaced, at the same "job site" or elsewhere; and
  - (II) Unless the repairs or replacement are made as soon as reasonably practicable after the loss or damage not to exceed two (2) years.
- (d) If the building or structure is repaired or replaced at the same "job site," or if you elect to rebuild at another site, the most we will pay is the lesser of:
- (I) The increased cost of construction at the same "job site";
  - or
  - (II) \$500,000 (or, if otherwise stated, the applicable Increased Cost of Construction Limit shown in the Special Provisions section in the Declarations.)
- (e) If the ordinance or law requires relocation to another site, the most we will pay is the lesser of:
- (I) (I) The increased cost of construction at the new site; or
  - (II) (II) \$500,000 (or, if otherwise stated, the applicable Increased Cost of Construction Limit shown in the Special Provisions section in the Declarations.)
- (4) We will not pay under **Coverage for Loss to the Undamaged Portion of the Building or Structure, Demolition Cost Coverage, or Increased Cost of Construction Coverage** for costs associated with the enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to or assess the effects of "pollutants."

Section **B. EXCLUSIONS**, Item 1.a. does not apply to this Coverage Extension.

The deductible applicable to loss or damage applies separately to each loss or damage under this Coverage Extension.

#### j. **Preservation of Property**

If it is necessary to move Covered Property from the "job site" to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

The most we will pay under this Coverage Extension is \$10,000 unless otherwise stated in the Special Provisions section in the Declarations.

The deductible applicable to loss or damage applies separately to each occurrence of loss or damage under this Coverage Extension.

#### k. **Fire Protective Systems**

If your fire protective equipment discharges accidentally or to control a Covered Cause of Loss, we will pay expenses you incur to:

- (1) Recharge or refill your fire protective systems; and
- (2) Replace or repair faulty valves or controls which caused the discharge.

The most we will pay under this Coverage Extension is \$75,000 unless otherwise stated in the Special Provisions section in the Declarations.

The deductible applicable to loss or damage applies separately to each occurrence of loss or damage under this Coverage Extension.

#### l. **Construction Contract Penalty**

If your construction contract contains a clause that requires you to pay a penalty as a direct result of loss or damage to Covered Property from a Covered Cause of Loss, we will pay that penalty.

The most we will pay under this Coverage Extension is \$25,000 unless otherwise stated in the Special Provisions section in the Declarations.

The deductible applicable to loss or damage applies separately to each penalty you are required to pay under this Coverage Extension.



**m. Jobsite Trailers**

We will pay for loss or damage to mobile office or storage trailers and their contents while at the "job site" from a Covered Cause of Loss.

The most we will pay under this Coverage Extension is \$25,000 unless otherwise stated in the Special Provisions section in the Declarations.

The deductible applicable to loss or damage applies separately to each occurrence of loss or damage under this Coverage Extension.

**n. Site Preparation**

If the cost of excavation, site preparation, land grading and similar work is included in the "completed value" for the "job site", we will pay for expenses you incur to re-excavate the site, re-prepare the site, regrade the land, or re-perform similar work because of loss or damage to Covered Property by a Covered Cause of Loss.

Any payment under this Coverage Extension is included within and will not increase the Limit of Insurance shown in the Declarations.

The deductible applicable to loss or damage applies separately to each occurrence of loss or damage under this Coverage Extension.

**o. Rewards**

We will pay for rewards given to any person or persons, other than you, your officers, your partners or your employees or the family members of any such individuals for information leading to a conviction in connection to loss or damage to Covered Property caused by theft or vandalism.

The most we will pay under this Coverage Extension is \$5,000 for all contemporaneous theft or vandalism loss or damage. This is the most we will pay regardless of the number of persons who provided information.

The deductible will not apply to this Coverage Extension.

**p. GreenPac® Coverage**

**(1) "Green" Property — Increased Costs**

(a) We will pay the reasonable increased costs to repair or replace the damaged or destroyed portion or parts of the Covered Property with "green" property meeting the standards of a "green standards organization" provided it performs the same or similar function and is otherwise of like kind and quality.

(b) We will pay the reasonable increased costs to employ methods and processes of construction and debris recycling consistent with those of a "green standards organization" in the repair and replacement of the damaged or destroyed Covered Property. Any payments you receive for the recycled debris shall be deducted from the amount of loss or damage.

(c) We will not pay under this Coverage Extension:

(I) Until the property is actually repaired or replaced, at the same, or another premises; and

(II) Unless the repairs or replacement are made as soon as reasonably practicable after the loss or damage, not to exceed two years. We may extend this period in writing.

**(2) LEED® Accredited Green Professionals**

We will pay reasonable additional costs incurred for the fees of professionals such as architects, engineers or interior designers granted accreditation by the United States Green Building Council.

**(3) Recertification or Certification**

- (a) If the building or commercial interior was certified by a "green standards organization" prior to loss or damage, we will pay the additional reasonable and necessary fees for recertification with the same "green standards organization" for the same level of certification that existed prior to the loss or damage.
- (b) If the building or commercial interior was not certified by a "green standards organization" prior to loss or damage, we will pay the reasonable and necessary costs to certify the Covered Property for the "basic green standards" level.

**(4) Testing of Building Systems**

We will pay the necessary and reasonable expenses to test building systems and building equipment to determine whether or not they are functioning in accordance with the planned specifications.

We will not pay expenses to test production equipment used in your business.

**(5) Ventilation**

We will pay for the reasonable and necessary costs you incur to flush out or ventilate the air in the repaired, replaced or reconstructed Covered Property in accordance with the applicable standards of the "green standards organization".

**(6) Limits of Insurance**

- (a) Subject to the provisions in Paragraphs (1) through (5) above, the most we will pay for loss or damage in any one occurrence is the lesser of:
  - (I) \$25,000;
  - (II) The additional costs for replacement of damaged or destroyed property with "green" property and the recycling of debris consistent with "basic green standards" of the "green standards organization";

(III) The additional costs for replacement of damaged or destroyed property with "green" property or the recycling of debris consistent with the same standards level of the "green standards organization" if the Covered Property has already met that higher level. This applies whether the Covered Property was certified at the time of loss or damage or not; or

(IV) Up to 15% of the amount that would have been paid had this Coverage Extension not been included on the policy.

(b) Subject to the provisions of Paragraph (a) above in this Section:

The Limit of Insurance is the most we will pay for all covered losses or damages under this Coverage Extension in any one policy period regardless of the number of covered buildings or structures, locations or losses or damages.

**(7) Additional Exclusions**

The coverages provided by this Coverage Extension do not apply to any increased payment for loss or damage:

- (a) To clean up or remove "pollutants";
- (b) To clean up, remove, restore or replace property because of the presence of "fungus", or wet or dry rot; or
- (c) Attributable to any standards you did not comply with before loss or damage.

**(8) Excess Ordinance Or Law Coverage**

- (a) The coverage provided by this Coverage Extension shall apply in excess of any coverage provided in this policy elsewhere for Ordinance or Law covering the repair, replacement or reconstruction of property to the standards of a "green standards organization" or for other environmentally friendly or sustainable design features mandated by the applicable building code.
- (b) The coverage provided in this Paragraph (8) applies to the Increased Cost of Construction part of Ordinance or Law Coverage. It does not apply to any costs to demolish property or for loss or damage to undamaged property.
- (c) The coverage provided in this Paragraph (8) does not apply to additional costs for use of "green" construction materials or construction methods or processes or payment of professionals fees broader in scope than that provided in Paragraphs (1) through (5) of this Coverage Extension.
- (d) The coverage provided in this Paragraph (8) does not apply to any costs due to an Ordinance or Law that you were required but failed to comply with before the loss or damage.

**B. EXCLUSIONS**

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

**a. ORDINANCE OR LAW**

Except as provided under Coverage Extension **4.i. Building Ordinance or Law:**

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris

This exclusion applies whether the loss or damage results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss or damage to that property.

**b. EARTH MOVEMENT**

- (1) "Earthquake", including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty.

Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or "volcanic action", we will pay for the loss or damage caused by that fire, building glass breakage or "volcanic action".

But if Earth Movement, as described in **b.(1)** through **b.(4)** above, results in fire or explosion, we will pay for the loss or damage to Covered Property caused by that fire or explosion.

This exclusion does not apply to Covered Property while in transit.

**c. GOVERNMENTAL ACTION**

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

**d. NUCLEAR HAZARD**

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

But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the direct loss or damage caused by that fire if the fire would be covered under this Coverage Form.

**e. WAR AND MILITARY ACTION**

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

**f. "FLOOD"**

But if "flood" results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

This exclusion does not apply to Covered Property while in transit.

**g. WATER**

Except as provided under Coverage Extension **4.d. Back Up of Sewer, Drain or Sump:**

- (1) Water that backs up or overflows from a sewer, drain or sump; or
- (2) Water under the ground surface pressing on, or flowing or seeping through:
  - (a) Foundations, walls, floors or paved surfaces;
  - (b) Basements, whether paved or not; or
  - (c) Doors, windows or other openings.

But if Water, as described in **g.(1)** or **g.(2)** above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

**h. "FUNGUS", WET ROT AND DRY ROT**

Presence, growth, proliferation, spread or any activity of "fungus", or wet or dry rot.

But if "fungus", or wet or dry rot results in one or more of the "specified causes of loss or damage", we will pay for the loss or damage caused by such "specified causes of loss or damage".

This exclusion does not apply:

- (1) When "fungus", or wet or dry rot results directly or indirectly from fire or lightning; or
- (2) To the extent that coverage is provided in the Coverage Extension — Limited Coverage For "Fungus", Wet Rot And Dry Rot with respect to loss or damage resulting from a cause of loss or damage other than fire or lightning.

**i. VIRUS, BACTERIUM OR OTHER MICROORGANISM**

Any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.

However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", or wet rot or dry rot. Such loss or damage is addressed in the previous exclusion.

The terms of this exclusion, or the inapplicability of this exclusion to a particular loss or damage, does not serve to create coverage for any loss or damage that would otherwise be excluded under this Coverage Part.

This exclusion applies to all coverage under all forms and endorsements that comprise this Coverage Part, including but not limited to, forms or endorsements that cover business income, extra expense or action of civil authority.

Exclusions **B.1.a.** through **B.1.i.** apply whether or not the loss or damage event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

- a. Delay, loss of use, loss of market or any other consequential loss, except as provided under any endorsement providing coverage for "soft costs".
- b. Unexplained disappearance.
- c. Shortage found upon taking inventory.
- d. Dishonest or criminal act committed by:
  - (1) You, any of your partners, employees (including leased and temporary employees), directors, officers, trustees or authorized representatives;
  - (2) A "manager" or "member" if you are a limited liability company;
  - (3) Anyone else with an interest in the property, or their employees or authorized representatives; or
  - (4) Anyone else to whom the property is entrusted.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

This exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire or to acts of destruction by your employees (including leased employees or temporary employees). But theft by employees (including leased or temporary employees) is not covered.

- e. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- f. Unauthorized instructions to transfer property to any person or to any place.
- g. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:
  - (1) Electrical or electronic wire, device, appliance, system or network; or
  - (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to electrical current, including arcing; electrical charge produced or conducted by a magnetic or electromagnetic field; pulse of electromagnetic energy; electromagnetic waves or microwaves.

But if artificially generated electrical, magnetic or electromagnetic energy, as described above, results in fire or explosion, we will pay for the direct loss or damage caused by that fire or explosion, if the fire or explosion would be covered under this Coverage Form.

- h. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
  - i. Rain, snow, sleet or ice to personal property that is outside of a building.
  - j. Breach of any guarantee or warranty (expressed or implied) by you or any contractor, manufacturer or supplier.
3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by the Covered Cause of Loss.
- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.
  - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
  - c. Faulty, inadequate or defective:
    - (1) Planning, zoning, development, surveying, siting;
    - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

(3) Materials used in repair, construction, renovation or remodeling; or

(4) Maintenance;

of part or all of any property wherever located.

- d. Settling, cracking, shrinkage, bulging or expansion.
- e. Wear and tear.
- f. Any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration.
- g. Mechanical breakdown.
- h. Insects, vermin, rodents, animals.
- i. Rust or other corrosion, dampness, extremes of temperature.

### C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

### D. DEDUCTIBLE

1. We will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage before applying the applicable Limits of Insurance exceeds the Deductible shown in the Declarations. We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.
2. If loss or damage covered under this Coverage Form also involves loss or damage under any other coverage form issued by us or any company affiliated with us, the most we will deduct from the payment for loss or damage to Covered Property is the single largest deductible involved. Furthermore, each deductible will only be applied against its applicable coverage and any deductible amount(s) actually taken will be applied toward any remaining larger deductible(s).

### E. ADDITIONAL CONDITIONS

#### 1. VALUATION

The Valuation Conditions under the General Conditions section, in the Commercial Inland Marine Conditions is replaced by the following:

The value of Covered Property will be based on "replacement cost".

"Replacement cost" is limited to the cost of repair or replacement with similar materials on the same "job site" and used for the same purpose. It does not include costs you incur over and above the costs you would have incurred had there been no loss, including:

- a. Additional interest payments on money borrowed to finance construction, remodeling, renovation, or repair including increased interest payments due to a rise in interest rates;
- b. Additional insurance premiums, real estate and property taxes, and assessments which you incur for the period of time covered by this endorsement that construction extends beyond the estimated completion date;
- c. Additional construction permit, architect, engineering and consulting fees which become necessary due to the direct physical loss or damage;
- d. Additional legal, lease administration or accounting fees; and
- e. Additional advertising and promotional expenses which become necessary due to the direct physical loss or damage.
- f. The additional cost to extend leases for construction equipment and temporary office space.

If the part of the covered property that sustains direct physical loss or damage is repaired or replaced, the payment will not exceed the amount you spend to repair or replace the damaged or destroyed property.

#### 2. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

The following Paragraph is added to General Condition K. Transfer Of Rights Of Recovery Against Others To Us in the Commercial Inland Marine Conditions:

We will waive any rights of recovery we may have against a person or organization because of payments we make for loss or damage to Covered Property if you have agreed to waive any right of recovery against that person or organization in a written contract or written agreement, but only if the loss or damage occurs subsequent to the execution of the written contract or written agreement. However, this does not apply to:

- a. Any architect, engineer or other party or entity responsible for any design, specification or plans for the fabrication, erection or completion of the property insured with respect to any loss or damage that may be caused by:
  - (1) Fault, defect, error or omission in such design, specifications or plans; or

- (2) Performance of, or failure to perform, supervisory or management functions related to the construction project(s).
  - b. Any contractor, manufacturer or supplier of Covered Property that has agreed to make good any loss or damage under a guarantee or warranty.
3. The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

**a. COVERAGE TERRITORY**

We cover property wherever located within:

- (1) The United States of America (including its territories and possessions);
- (2) Puerto Rico; and
- (3) Canada.

**b. COINSURANCE**

All Covered Property, except property in transit, must be insured for its total "completed value" as of the time of loss or damage or you will incur a penalty.

The penalty is that we will pay only the proportion of any loss or damage that the limit of insurance at the "job site" bears to the "completed value" of all property at that "job site". This penalty will not apply to property in transit.

**c. MORTGAGE HOLDERS**

- (1) The term mortgage holder includes trustee.
- (2) We will pay for covered loss or damage to Covered Property to each mortgage holder shown in the Declarations in their order of precedence, as interests may appear.
- (3) The mortgage holder has the right to receive loss or damage payment even if the mortgage holder has started foreclosure or similar action on the Covered Property.
- (4) If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Form, the mortgage holder will still have the right to receive loss or damage payment if the mortgage holder:

- (a) Pays any premium due under this Coverage Form at our request if you have failed to do so;
- (b) Submits a signed, sworn statement of loss or damage 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 mortgage holder.

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

- (5) If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Form:
  - (a) The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
  - (b) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

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

- (6) If we cancel this policy, we will give written notice to the mortgage holder 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 mortgage holder at least 10 days before the expiration date of this policy

**d. LOSS PAYABLE**

For Covered Property in which both you and a Loss Payee shown on the Loss Payee Schedule have an insurable interest, we will:

- (1) Adjust losses or damages with you; and
- (2) Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

**e. WHEN COVERAGE WILL END**

The insurance provided by this Coverage Form will end when one of the following first occurs:

- (1) This policy expires or is cancelled;
- (2) The property is accepted by the owner or buyer;
- (3) Your interest in the property ceases;
- (4) You abandon the construction with no intention to complete it; or
- (5) Unless we specify otherwise in writing:
  - (a) 90 days after construction is complete; or
  - (b) 60 days after any building described in the Declarations is:
    - (I) Occupied in whole or in part; or
    - (II) Put to its intended use for other than testing purposes.

**f. PROVISIONAL LIMIT OF INSURANCE**

The Limit of Insurance at the "job site" is provisional. The actual Limit of Insurance on any date during the policy term is the smaller of the following amounts:

- (1) The proportion of the Limit of Insurance that the actual value of the Covered Property on that date bears to the "completed value" of the Covered Property; or
- (2) The Limit of Insurance at the "job site".

**g. ADDITIONAL INSUREDS**

We agree to include as additional Insureds the owner(s), general contractor(s), subcontractor(s) and sub-subcontractor(s) whom you have agreed in a written contract, written agreement or written permit to add as an additional Insured on your policy, but only to the extent of their financial interest in the Covered Property loss or damage, if any, arising under this condition, shall be adjusted with and paid to you.

**h. REPORTS AND PREMIUM****(1) Reports.**

(a) Reporting Requirements. Within 30 days after the end of each reporting period shown in the Declarations, you will report to us the amount of the Premium Base shown in the Declarations.

(b) Failure to Submit Reports. If as of the time of loss or damage you have failed to submit the required reports:

- (I) Our liability will not exceed the amounts included in your last report; or
- (II) If you have not submitted any reports, our liability will be limited to no more than 90% of the amount for which we should otherwise be liable.

(c) Reports in Excess of Limits of Insurance.

Although the total amount reported will be used in calculating earned premium, we will not pay more than the applicable Limit of Insurance stated in the Declarations.

(d) Full Reporting.

If your last report before any loss or damage is for less than the total amount required to be reported, the COINSURANCE Additional Condition is replaced by the following:

We will pay only that proportion of the loss or damage that the amounts you reported bear to the actual total amount as of the last report.

**(2) Rates and Premium.**

(a) Deposit Premium.

The Deposit Premium charged at the inception of each policy year is an advance premium. We will determine the earned premium for this insurance based on your reports.

(b) Premium Computation.

We will compute the premium:

- (I) Using the rates and Premium Base shown in the Declarations; and
- (II) As of each Premium Adjustment Period shown in the Declarations.



(c) Premium Adjustment.

(I) When the Annual Premium Adjustment Period is shown in the Declarations, we will compare the total computed premium to the Deposit Premium. If it is more than the Deposit Premium, you will pay us the difference. If it is less than the Deposit Premium, we will pay you the difference.

(II) When any other Premium Adjustment Period is shown in the Declarations, we will apply the computed premium to the Deposit Premium until it is used up. You will pay us all premiums that exceed the Deposit Premium.

(d) Minimum Premium.

You must pay at least the minimum annual premium shown in the Declarations.

(e) Cancellation.

If this coverage is cancelled, you will report the amount of the Premium Base as of the date of cancellation. We will compute the premium for less than a full adjustment period on a pro rata basis.

**F. Optional Coverages**

**1. Flood**

If a Limit of Insurance applicable to "Flood" is shown in the Declarations, Exclusion 1.e. of Section **B. EXCLUSIONS** does not apply to loss or damage by "flood" up to the "Flood" Limit of Insurance shown in the Declarations.

The "Flood" Deductible shown in the Declarations will apply to each loss or damage caused by or resulting from "flood".

**2. Earthquake**

If a Limit of Insurance applicable to "Earthquake" is shown in the Declarations, Exclusion 1.b. of Section **B. EXCLUSIONS** does not apply to loss or damage by "earthquake" up to the "Earthquake" Limit of Insurance shown in the Declarations.

All "earthquake" shocks or volcanic eruptions that occur within any 72-hour period will constitute a single occurrence. The expiration of this policy will not reduce the 72-hour period.

The "Earthquake" Deductible shown in the Declarations will apply to each loss or damage caused by or resulting from "earthquake".

**G. DEFINITIONS**

1. "Basic Green Standards" means the first level or least rigorous level of the grading or evaluation systems applied to a building, structure, or commercial interior by a "green standards organization".
2. "Completed value" means the finished value of the Covered Property at the date of completed construction, including labor, reasonable profit and delivery charges.
3. "Earthquake" means any earth movement, such as earthquake, landslide, mudflow or earth sinking, rising or shifting.
4. "Flood" means flood, surface water, waves (including tidal waves and tsunami), tides, tidal water, overflow of any body of water, or their spray, all whether or not driven by wind (including storm surge); or mudslide or mudflow.
5. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
6. "Green" means building materials, components, products, equipment; and construction and design methods and technologies which reduce environmental impact through conservation of energy, water and other natural resources. This includes creation of less toxic and cleaner buildings and surrounding environment.
7. "Green Standards Organization" means an industry recognized authority on "green" including:
  - a. The United States Green Building Council (USGBC) with its Leadership in Energy and Environmental Development (LEED® grading system);
  - b. The Green Building Initiative with its Green Globes® assessment and rating system;
  - c. The United States Department of Energy and Environmental Protection Agency's "Energy Star®" requirements; and
  - d. Other building site use and development, water saving, energy efficiency, materials, equipment, appliances or other environmental quality designed and maintained standards.
8. "Job site" means the premises described in the Declarations where the Covered property will be permanently located at completion of the construction, erection or fabrication.

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. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
12. "Replacement cost" means:
- The necessary and reasonable costs of materials and labor incurred to repair or replace, without deduction for depreciation, the part of the covered property that sustains direct physical loss or damage;
  - The reasonable overhead and profit related to the covered property that sustains direct physical loss or damage but not to exceed the overhead and profit being charged for the construction, erection, or fabrication of a covered building or structure in accordance with the construction contracts; and
  - Other related construction costs and expenses that are re-incurred to repair or replace the part of the covered property that sustains direct physical loss or damage but only if such costs have been included as part of the Limit of Insurance for a covered building or structure.
13. "Soft costs" mean only the following additional expenses over and above the estimated completed cost of any building or structure covered by this endorsement:
- Additional interest payments on money borrowed to finance construction, remodeling, renovation, or repair including increased interest payments due to a rise in interest rates;
  - Additional insurance premiums, real estate and property taxes, and assessments which you incur for the period of time covered by this endorsement that construction extends beyond the estimated completion date;
  - Additional construction permit, architect, engineering and consulting fees which become necessary due to the direct physical loss or damage;
  - Additional legal, lease administration or accounting fees;
- Additional advertising and promotional expenses which become necessary due to the direct physical loss or damage; and
  - The additional cost to extend leases for construction equipment and temporary office space.
14. "Specified causes of loss or damage" 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.
- 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 or damage does not include:
    - The cost of filling sinkholes; or
    - Sinking or collapse of land into man made underground cavities.
  - Falling objects does not include loss or damage to:
    - Personal property in the open; or
    - The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
  - Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.
15. "Volcanic action" means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:
- Airborne volcanic blast or airborne shock waves;
  - Ash, dust or particulate matter; or
  - Lava flow.
- All volcanic eruptions that occur within any 168 hour period will constitute a single occurrence.
- "Volcanic action" does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

# BUILDERS RISK EQUIPMENT BREAKDOWN COVERAGE

COMMERCIAL INLAND MARINE  
CM 71 85 07 13

## THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ THIS CAREFULLY.

This endorsement modifies insurance provided under the following:

BUILDERS RISK COVERAGE FORM

### A. COVERAGE

The following is added to **A.4. COVERAGE EXTENSIONS:**

#### Equipment Breakdown

1. We will pay for loss or damage caused by or resulting from an Accident to "covered equipment." As used in this endorsement, an Accident means direct physical loss or damage as follows:

- a. Mechanical breakdown;
- b. Artificially generated current creating a short circuit or other electrical disturbance within Covered Property; or
- c. Explosion, rupture or bursting of steam boilers, steam pipes, steam turbines or steam engines (but only with respect to the loss or damage to the boiler, pipe, turbine or engine in which the loss or damage occurs).

If an initial Accident causes other Accidents, all will be considered one Accident. All Accidents that are the result of the same event will be considered one Accident.

2. The following additional coverage also applies to loss or damage caused by or resulting from an Accident:

#### Hazardous Substances

- a. We will pay the additional cost up to \$10,000, unless otherwise shown on the Declarations, to repair or replace Covered Property because of contamination by a hazardous substance. This includes the additional expenses to clean up or dispose of such property.

b. Hazardous substance means any substance other than ammonia that has been declared to be hazardous to health by a governmental agency.

c. Additional costs mean those beyond what would have been required had no hazardous substance been involved.

### B. EXCLUSIONS

1. Exclusions **B.2.g.** and **B.2.h.** do not apply to this endorsement.
2. With respect to this endorsement, exclusion **B.3.g.** is deleted in its entirety.
3. We will not pay under this endorsement for loss or damage caused by or resulting from:
  - a. The breakdown of any structure, foundation, cabinet, compartment or air supported structure or building;
  - b. The breakdown of any insulating or refractory material;
  - c. The breakdown of any sewer piping, any underground vessels or piping, any piping forming a part of a sprinkler system or water piping other than boiler feed water piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
  - d. The explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass;
  - e. An Accident to any contractors equipment; or
  - f. An Accident to any equipment not located at the "job site."

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**C. ADDITIONAL CONDITIONS**

The following is added to **E. ADDITIONAL CONDITIONS:**

**Suspension**

When any "covered equipment" is found to be in or exposed to a dangerous condition, any of our representatives may immediately suspend the insurance against loss or damage from an Accident to that equipment. We can do this by mailing or delivering a written notice of suspension to your address as shown in the Declarations, or at the address where the equipment is located. Once suspended in this way, your insurance can be reinstated only by written notice from us. If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

**D. DEFINITIONS**

The following is added to **F. DEFINITIONS:**

"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.

# LIBERALIZATION

COMMERCIAL INLAND MARINE  
CM 72 00 01 12

## **THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

The following General Condition is added to the Commercial Inland Marine Conditions:

### **Liberalization**

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

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We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy.



**Secretary**



**President and CEO**