

EXHIBIT 2

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Clerk of the Superior Court
By Regina Chanez, Deputy Clerk

1 Laleaque Grad, Esq.
California Bar No.: 178443
2 THE GRAD LAW FIRM
3 9988 Hibert Street, Suite 202
San Diego, CA 92131
4 Telephone: (858) 271-8830
5 Facsimile: (858) 272-8860
Email: lgrad@gradlawfirm.com

6 Attorney for Plaintiffs BALDWIN ACADEMY, INC. and PERICO HOLDINGS
7 USA, LLC

8
9 **SUPERIOR COURT FOR THE STATE OF CALIFORNIA**
10 **COUNTY OF SAN DIEGO**

11 BALDWIN ACADEMY, INC. and
12 PERICO HOLDINGS USA, LLC,

13 Plaintiffs,

14 v.

15 MARKEL INSURANCE COMPANY
16 and DOES 1 through 10, inclusive,

17 Defendants.

Case No.: 37-2020-00031531-CU-IC-CTL

COMPLAINT FOR:

- 1. **BREACH OF CONTRACT;**
- 2. **BREACH OF IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING; AND**
- 3. **DECLARATORY RELIEF**

Jury Trial Demanded

19
20 Plaintiffs BALDWIN ACADEMY, INC. and PERICO HOLDINGS USA, LLC,
21 (collectively "Plaintiffs") file this Complaint against Defendants, MARKEL
22 INSURANCE COMPANY ("Markel") and DOES 1 through 10 inclusive, and allege
23 as follows:

24 **I.**

25 **PARTIES**

26 1. Baldwin Academy, Inc. is a California corporation, doing business in San
27 Diego, California.

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III.

FACTUAL BACKGROUND

A. Plaintiffs Purchase Insurance from Markel Specifically Including Business Income Coverage for Communicable Disease

8. Baldwin is a preschool in the Pacific Beach community of San Diego County, California. Before the Coronavirus Pandemic of 2020, Baldwin served preschool-aged students on a part-time and full-time basis. On a typical day, approximately 100 students and 23 to 25 staff members would be present on the school campus.

9. Plaintiffs purchased insurance policy no. CCP20038076-02, effective 6/12/2019 to 6/12/2020, from Markel (“Markel Policy”) which provides general liability and property coverage, specifically including coverage for business income losses resulting from a shutdown of operations due to communicable disease. The Markel Policy is attached as **Exhibit “A”** to this Complaint.

10. The Markel Policy includes Endorsement MPC 1218-CA (06-17) which provides as follows:

Markel Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA BUSINESS INCOME CHANGES – COMMUNICABLE DISEASE AND FOOD CONTAMINATION

*This endorsement modifies insurance provided under the following:
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM
COMMERCIAL PROPERTY SELECT EXTENSION ENDORSEMENT
COMMERCIAL PROPERTY ADVANTAGE EXTENSION ENDORSEMENT
COMMERCIAL PROPERTY PRIME EXTENSION ENDORSEMENT*

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SCHEDULE

<i>Aggregate Limit of Insurance</i>	<i>\$50,000</i>
<i>Extra Expense Limit of Insurance</i>	<i>\$5,000</i>
<i>Period of Restoration Begins</i>	<i>72 hrs.</i>

A. *The following Additional Coverage is added:*

Business Income – Communicable Disease and Food Contamination

1. *We will Pay for the actual loss of Business Income you sustain as a result of a temporary shutdown or “suspension” of your entire “operations” at your described premises during the “period of restoration.” The shutdown or “suspension” of your “operations” must be the result of an order or recommendation from a local, state, or federal Board of Health or any other governmental authority having jurisdiction over your “operations.” Such shutdown or “suspension” must be caused by or result from a Covered Cause of Loss as described in Paragraph 3. below.*

2. *The following Coverage Extension is added:*

We will pay Extra Expense you incur:

- a. *To clean your equipment according to jurisdictional Board of Health or any other governmental authority requirements;*
- b. *To replace consumable goods which are declared contaminated by the jurisdictional Board of Health or any other governmental authority;*
- c. *To administer necessary medical tests and vaccinations for affected employees as required by the Board of Health or any other governmental authority;*
- d. *To reimburse infected patrons for necessary doctors’ care, hospitalization and blood tests; and*
- e. *For extra advertising costs to restore your business reputation, beginning 72 hours after shutdown or “suspension” of your “operations” at the described premises by the appropriate jurisdictional body and ending within 30 days after the appropriate jurisdictional body certifies that the described*

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premises are habitable and may reopen as fully or partially operational.

The Extra Expense you incur must be caused by or result from a Covered Cause of Loss as described in Paragraph 3 below.

The most we will pay under this Extension for the total Extra Expense is the limit shown in the Schedule of this endorsement.

3. The following is added as a Covered Cause of Loss with respect to coverage provided by this endorsement:

A Covered Cause of Loss is an outbreak, at premises described in the Declarations, of a:

a. "Communicable disease" such as, but not limited to, meningitis, measles or Legionnaire's disease; or

b. "Food contamination" caused directly by:

(1) Infectious or bacterial organisms such as, but not limited to, infectious hepatitis, E. Coli bacteria or salmonella; or

(2) Infestation by animals transmitting the rabies virus;

either of which causes illness.

B. Limit Of Insurance

The most we will pay under this coverage for Loss of Business Income regardless of the number of occurrences during a policy year is the Aggregate Limit Of Insurance shown in the Schedule of this Endorsement.

C. The Additional Coverage, Extended Business Income does not apply to Business Income Coverage provided by this endorsement.

D. The Additional Condition, Coinsurance, does not apply to Business Income coverage provided by this endorsement.

E. We will not pay any fines or penalties levied against you by the jurisdictional Board of Health or any other governmental authority as a result of the discovery or suspicion of "food contamination" or "communicable disease" at the described premises.

1 F. *With respect to coverage provided by this endorsement, the following changes*
2 *apply to section F. Definitions:*

3 1. *Definition 3. "Period of restoration" is replaced by the following:*

4 3. *"Period of restoration" means the period of time that:*

5 a. *Begins the number of hours shown in the Schedule of this*
6 *endorsement after the shutdown or "suspension" of your*
7 *"operations" by a jurisdictional Board of Health or any other*
8 *governmental authority and your premises are evacuated caused*
9 *by or resulting from a Covered Cause of Loss at the described*
10 *premises; and*

11 b. *Ends on the earlier of:*

12 (1) *The day before your "operations" resume, either fully or*
13 *partially; or*

14 (2) *The day the jurisdictional Board of Health or any other*
15 *governmental authority certifies that your premises are*
16 *habitable and may reopen as fully or partially operational.*

17 *"Period of restoration" does not include any increased period required*
18 *due to the enforcement of or compliance with any ordinance or law that:*

19 a. *Regulates the construction, use or repair, or requires the tearing*
20 *down of, any property; or*

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

24 *The expiration date of this policy will not cut short the "period of*
25 *restoration".*

26 2. *Definition 4. "Pollutants" is replaced by the following:*

27 *"Pollutants" means any solid, liquid, gaseous or thermal irritant or*
28 *contaminant, including smoke, vapor, soot, fumes, acids, alkalis,*
chemicals and waste. Waste includes materials to be recycled,
reconditioned or reclaimed. "Pollutants" does not include outbreaks of
"communicable diseases" or "food contamination", such as salmonella,
E. Coli, or infectious hepatitis, any of which result in illness.

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3. *The following definitions are added:*

“Communicable disease” means an illness, sickness, condition, or interruption/disorder of bodily functions, systems, or organs, that is transmissible by infection or contagion directly through human contact or contact with human fluids, waste, or similar agent.

“Food contamination” means the rendering of food as impure, unsuitable, unhealthy, or inferior as a result of the introduction of infectious or bacterial organisms. The contamination may be present in food purchased by you or result from contact with one or more of your infected employees.

G. *All conditions, definitions, and exclusions applicable to Business Income and related endorsements not in conflict with those herein apply to this coverage. However, Exclusion Of Loss Due To Virus Or Bacteria to a particular loss does not serve to create coverage for any loss that would otherwise be excluded under this Coverage Form or Policy.*

All other terms and conditions remain unchanged.

Baldwin Suspends All Operations Due To The Outbreak Of A Communicable Disease

11. A novel coronavirus, named Severe Acute Respiratory Syndrome coronavirus 2 (SARS-CoV-2), was identified as the cause of an outbreak of respiratory illness first detected in Wuhan, China in late 2019. The illness caused by this virus has been named coronavirus disease 2019 (COVID-19). Throughout this Complaint, SARS-CoV-2, also known as the novel coronavirus, and the resulting disease named COVID-19 will be collectively referred to as “COVID-19.” In early 2020, the virus began spreading outside of Wuhan, China. The World Health Organization first characterized COVID-19 as a pandemic on March 11, 2020.

12. San Diego County reported its first presumptive positive case of COVID-19 on March 9, 2020.¹ On March 9, 2020, San Diego County public health officials

¹ Jose A. Alvarez, County of San Diego Communications Office, “San Diego County’s First Positive COVID-19 Case Reported,” March 9, 2020, <https://www.countynewscenter.com/san-diego-countys-first-positive-covid-19-case-reported/>

1 advised citizens that: “The appropriate people will be placed under self-quarantine and
2 monitored for possible symptoms of COVID-19...if you did not have close contact to
3 the patient with COVID-19 or someone who’s traveled to an impacted country or
4 region, the risk of infection is still low.”²

5 13. During the week of March 9, 2020, Baldwin was monitoring
6 developments related to the spread of COVID-19, particularly in the local community
7 in which the preschool was located. At that time, there was no public health directive
8 for businesses to suspend their operations.

9 14. With no known cases in the community surrounding the preschool, on
10 Friday, March 13, 2020, Baldwin notified parents of its plan to conduct regular
11 preschool classes for the week commencing Monday, March 16, 2020. Baldwin
12 cautioned that this plan was subject to change depending on public health
13 developments.

14 15. On the morning of Saturday, March 14, 2020, a parent of one of
15 Baldwin’s students alerted Baldwin staff that she had just received notification she had
16 tested positive for the COVID-19. She also reported the student’s grandparents who
17 resided in the same house tested positive for the COVID-19. The parent told Baldwin
18 staff she contracted the virus on a recent ski trip to Colorado, which had not previously
19 been identified as a region where travelers were at risk of contracting COVID-19. The
20 parent also told Baldwin that she would not be surprised if other parents were exposed
21 to the virus.

22 16. The parent who tested positive for COVID-19 and others with significant
23 exposure to the virus repeatedly visited the Baldwin campus during the week of March
24 8 through March 13, 2020 to drop off and pick up a student. Dropping off and picking
25 up a preschool student at Baldwin required substantial contact with many areas and
26 surfaces at the preschool as well as with school staff. The contacts attendant to

27
28 ² Id.

1 dropping off and picking up a child at Baldwin included: (1) Using the keypad on the
 2 exterior gate to gain access to the campus; (2) Using multiple door handles to gain
 3 access to the building and classroom; (3) Signing the child in and out of school each
 4 day, typically with a shared pen; (2) Interfacing with school staff about how the day
 5 went, including the child’s classroom teacher, secondary teachers and aides; (3)
 6 Collecting class work and projects for the child; and (4) Managing the daily necessities
 7 in the child’s cubby, including lunch items, changes of clothes and nap time items. It
 8 was typical for parents or caregivers to “hangout” at pick-up time and watch the child
 9 finish a project or game or demonstrate a new skill he or she learned that day. It was
 10 also common for parents and caregivers to great each other and their child’s friends
 11 during drop-off and pick-up.

12 17. Upon learning that an individual diagnosed with COVID-19 had been on
 13 campus, Baldwin immediately notified parents that the school was temporarily closing
 14 for health reasons and there would be no classes the week commencing Monday, March
 15 16, 2020.

16 C. **Public Health Directives Requiring Closure of Baldwin**

17 18. Simultaneously with Baldwin’s decision to close the preschool campus
 18 due to the known presence of COVID-19, local and state health officials issued
 19 directives requiring closure of the school.

20 19. On March 16, 2020 (the first day the Baldwin closure took effect), San
 21 Diego Mayor Kevin Faulconer issued Executive Order No. 2020-1 imploring all San
 22 Diegans that: “We must do everything we can to slow the pace of community spread [of
 23 COVID-19] and avoid unnecessary strain on our medical system.”³ Among the
 24 restrictions, Executive Order No. 2020-1 prohibited any gatherings of 50 or more
 25 people and all dine-in food service.⁴

26
 27 ³ The full Order can be viewed at:
https://www.sandiego.gov/sites/default/files/mayoralexecutiveorder_covid19.pdf

28 ⁴ Id.

1 20. On March 17, 2020, news media reported on the first two community
2 clusters of COVID-19 identified by public health officials in San Diego, one of which
3 included the growing cluster of people who had contracted the virus on a Colorado ski
4 trip.⁵

5 21. On March 19, 2020, California Governor Gavin Newsom issued
6 Executive Order N-33-20 which directed all Californians to stay at home. The Governor
7 explained the Order was necessary “to ensure the healthcare delivery system is capable
8 of serving all...Our goal is simple. We want to bend the curve, and disrupt the spread of
9 the virus.”⁶

10 22. On March 19, 2020, Dr. Eric McDonald, medical director of
11 epidemiology and immunization services for the County of San Diego explained that
12 COVID-19 testing was not available to everyone who is showing symptoms, and the
13 scarce tests were reserved for those sick enough to need medical attention. Dr.
14 McDonald stated: “I would estimate that at least 10 times as many cases are actually out
15 there than we are detecting, at least... That’s why we’re doing what we’re doing, so that
16 those individuals that we’re not detecting, hopefully, all are isolating themselves at
17 home and not spreading it around.”⁷

18 23. In Mid-March 2020, scientists were still learning about how COVID-19 is
19 spread. On March 17, 2020, the National Institutes of Health (“NIH”) published a
20 News Release warning of the virus’ ability to remain viable on surfaces for several
21 hours and even days: “The scientists found that severe acute respiratory syndrome
22 coronavirus 2 (SARS-CoV-2) was detectable in aerosols for up to three hours, up to
23

24 ⁵ Paul Sisson, Gary Warth, Lyndsay Winkley, “Two COVID clusters spotted among first 55 San
25 Diego County cases,” San Diego Union-Tribune, March 17, 2020,
[https://www.sandiegouniontribune.com/news/health/story/2020-03-17/one-of-two-coronavirus-clusters-
26 in-san-diego-county-touched-the-crssd-concert](https://www.sandiegouniontribune.com/news/health/story/2020-03-17/one-of-two-coronavirus-clusters-in-san-diego-county-touched-the-crssd-concert)

27 ⁶ The full Order can be viewed at: [https://www.gov.ca.gov/wp-content/uploads/2020/03/3.19.20-
attested-EO-N-33-20-COVID-19-HEALTH-ORDER.pdf](https://www.gov.ca.gov/wp-content/uploads/2020/03/3.19.20-attested-EO-N-33-20-COVID-19-HEALTH-ORDER.pdf)

28 ⁷ Paul Sisson, Joshua Emerson Smith, Gary Robbins, Lyndsay Winkley, “Third coronavirus
cluster found in San Diego County,” *Los Angeles Times*, March 20, 2020,
<https://www.latimes.com/california/story/2020-03-20/third-covid-cluster-found-in-san-diego-county>

1 four hours on copper, up to 24 hours on cardboard and up to two to three days on plastic
2 and stainless steel. The results provide key information about the stability of SARS-
3 CoV-2, which causes COVID-19 disease, and suggests that people may acquire the
4 virus through the air and after touching contaminated objects.”⁸

5 24. The March 17, 2020 NIH News Release also reported that: “Emerging
6 evidence suggests that people infected with SARS-CoV-2 [COVID-19] might be
7 spreading virus without recognizing, or prior to recognizing, symptoms.”⁹

8 25. According to the Centers for Disease Control (“CDC”), the incubation
9 period for COVID-19 is thought to extend to 14 days.¹⁰

10 26. As of March 20, 2020, Baldwin, like virtually all other larger multi-
11 classroom preschools in San Diego, determined that the recent public health orders and
12 recommendations meant the preschool would need to close pending guidance from
13 public health officials on how such facilities could safely operate. It was not until
14 California’s stay at home order was relaxed in May, 2020 that guidelines were provided
15 for how providers of larger-group youth activities could modify their programs to
16 reopen.

17 **D. Markel’s Wrongful Denial of Business Income Benefits to Baldwin**

18 27. On March 20, 2020, Baldwin initiated a business income loss claim
19 with Markel for the closure of the preschool due to COVID-19 and the related public
20 health orders and recommendations.

21 28. Baldwin responded to Markel’s requests for information, including
22 providing a copy of an email from the parent regarding the positive COVID-19 test
23 (with the individual’s name redacted to maintain privacy).

25 ⁸ National Institutes of Health March 17, 2020 News Release: “New coronavirus stable for hours
26 on surfaces,” <https://www.nih.gov/news-events/news-releases/new-coronavirus-stable-hours-surfaces>

27 ⁹ Id.

28 ¹⁰ Interim Clinical Guidance for Management of Patients with Confirmed Coronavirus Disease
(COVID-19), Updated June 30, 2020, <https://www.cdc.gov/coronavirus/2019-ncov/hcp/clinical-guidance-management-patients.html>

1 29. On April 20, 2020, Markel issued a declination letter to Baldwin,
 2 attached as **Exhibit “B”** to this Complaint. This letter reflects a complete lack of
 3 investigation on the part of Markel to locate evidence to support Baldwin’s claim.
 4 Instead, the letter materially distorts the information presented by Baldwin in
 5 connection with the claim as well as the coverage available under the Markel Policy
 6 in an effort to make Baldwin believe the Markel Policy could not possibly provide
 7 coverage for Baldwin’s losses.

8 30. The misleading, inaccurate and/or false statements made in Markel’s
 9 April 20, 2020 letter include, but are not limited to:

MARKEL’S STATEMENT	INACCURACY
“[T]he information provided does not show that [the COVID-19 positive parent] was at Baldwin Academy following her return from Colorado the week of March 1.” ¹¹	Baldwin reported to Markel the parent who tested positive for COVID-19 was on campus in the days before the closure. Baldwin provided the March 14, 2020 email from the COVID-19 positive parent regarding her diagnosis to Markel on March 30, 2020. The name was redacted to protect her privacy. Baldwin offered to provide her name if Markel agreed to keep the information confidential. Markel did not request the parent’s name or asked to speak to her.
“You did not receive an order or a recommendation from your local health department to shut down as a result of the illnesses.” ¹²	Executive Orders No. 2020-1 (San Diego) and No. N-33-20 (California) required the closure to control the spread of COVID-19. ¹³ Markel failed to investigate the scope of these orders and other simultaneous public health recommendations. Markel also failed to consult with any local, regional or state health officials about the recommendation that facilities similarly situated to Baldwin (facilities with well over 100 rotating students and staff present daily) close during the pendency of the stay at home order and until protocol was established for larger-scale youth activities.

11 Exhibit “A” at p. 2.

12 Exhibit “A” at p. 1.

13 See ¶¶ 19 and 21 above.

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MARKEL'S STATEMENT	INACCURACY
<p>"You did not notify the local health department that you suspected an outbreak at the facility."¹⁴</p>	<p>The policy does not require that Baldwin notify a local health department of anything. In fact, any cursory investigation on the part of Markel would have demonstrated that the County Health Department was tracking of all positive tests associated with the Colorado ski trip as this was one of the first COVID-19 clusters in San Diego County.¹⁵</p>
<p>"The information provided does not establish a direct physical loss of or damage to the property described in the declarations."¹⁶</p>	<p>Endorsement MPC 1218-CA 06 17 – California Business Income Changes – Communicable Disease does not require proof of physical damage to the premises for coverage to be triggered for a closure due to communicable disease. Moreover, Baldwin reported that at least one COVID-19 positive individuals and multiple close contacts of this individual had a substantial presence on the campus in the days prior to the closure. At the same time, NIH reported that the virus could live on surfaces for multiple days and be spread by individuals who did not exhibit symptoms.¹⁷ The virus was inevitably shed on campus, physically damaging the premises and requiring closure and a thorough cleaning.</p>

¹⁴ Exhibit "A" at page 1.
¹⁵ Paul Sisson, Gary Warth, Lyndsay Winkley, "Two COVID clusters spotted among first 55 San Diego County cases," San Diego Union-Tribune, March 17, 2020, <https://www.sandiegouniontribune.com/news/health/story/2020-03-17/one-of-two-coronavirus-clusters-in-san-diego-county-touched-the-crssd-concert> and Paul Sisson, Joshua Emerson Smith, Gary Robbins, Lyndsay Winkley, "Third coronavirus cluster found in San Diego County," *Los Angeles Times*, March 20, 2020, <https://www.latimes.com/california/story/2020-03-20/third-covid-cluster-found-in-san-diego-county>
¹⁶ Exhibit "A" at p. 4.
¹⁷ See, ¶¶ 23 and 24 above and NIH News Release referenced therein.

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MARKEL'S STATEMENT	INACCURACY
<p>“COVID-19 is a virus” excluded by the “Exclusion for Loss Due to Virus or Bacteria.”¹⁸</p>	<p>Baldwin paid a premium to have endorsement MPC 1218-CA 06 17 – California Business Income Changes – Communicable Disease added to the Markel policy, which provides coverage for business income for losses caused by an outbreak of a communicable disease. COVID-19 is a communicable disease which is easily transmitted from person to person. Form MPC 1218-CA 06 17 states that: “All conditions, definitions and exclusions applicable to Business Income and related endorsements <u>not in conflict with those herein</u> apply to this coverage...” The Exclusion for Loss Due to Virus or Bacteria is in direct conflict with the Business Income coverage for Communicable Diseases provided by form MPC 1218-CA 06 17. Therefore, the Exclusion for Loss Due to Virus or Bacteria is inapplicable to the COVID-19 Business Income claim.</p>

31. On May 27, 2020, July 13, 2020 and August 6, 2020, Baldwin sent correspondence to Markel appealing the declination of coverage.

32. Having conducted no further investigation, Markel repeatedly reaffirmed its declination of coverage based on the same misleading, inaccurate and/or false statements contained in the April 20, 2020 letter (Exhibit “A”).

FIRST CAUSE OF ACTION

Breach of Contract

(Against All Defendants)

33. Plaintiffs reallege and incorporate by reference into this cause of action all allegations set forth in this Complaint as though fully set forth herein.

34. At all relevant times, Plaintiffs have paid all premiums and performed all of their obligations under the Markel Policy.

35. Defendants have a contractual duty to provide Plaintiffs with insurance coverage under the Markel Policy, as alleged by Plaintiffs herein.

¹⁸ Exhibit “A” at p. 4.

1 Civil Code Section 3294, thereby entitling Plaintiffs to punitive and exemplary
2 damages against Defendants.

3 43. As a direct and proximate result of the above-referenced breach, Plaintiffs
4 have had to retain an attorney to enforce their right to the insurance coverage to which
5 they are entitled under the Markel Policy, and thereby have been injured and damaged.
6 Plaintiffs therefore, are entitled to recover and seek in connection with this cause of
7 action: (a) An award of general damages and other monetary damages, including all
8 foreseeable consequential and incidental damages for diminution in value, loss of use
9 and other incidental damages and out-of- pocket expenses, plus interest, in an amount to
10 be determined at trial; (b) Punitive and exemplary damages in an amount to be
11 determined at trial; (c) Cost of suit; and (d) Attorneys fees expended in connection with
12 this action.

13 **THIRD CAUSE OF ACTION**

14 **Declaratory Relief**

15 (Against All Defendants)

16 43. Plaintiffs reallege and incorporate by reference into this cause of action
17 all allegations set forth in this Complaint as though fully set forth herein.

18 44. Under California Code of Civil Procedure Section 1060, et seq., the court
19 may declare rights, duties, statuses, and other legal relations.

20 45. An actual controversy has arisen between Plaintiffs and Defendants as to
21 the respective rights and duties under the Markel Policy.

22 46. Plaintiffs contend that benefits are due under the Markel Policy for
23 various business income losses sustained. Upon information and belief, Plaintiffs allege
24 that Defendants dispute Plaintiffs' contention.

25 47. Resolution of the parties' respective rights and duties under the Markel
26 Policy by declaration of the Court is necessary.

27 48. Plaintiffs assert a legally protectable interest that is ripe for determination.
28

1 WHEREFORE, Plaintiffs pray for judgment against Defendants, and each of
2 them, as follows:

- 3 A. For a declaration of the parties' rights, obligations and liabilities
4 respective to the Markel Policy;
- 5 B. For general and compensatory damages in an amount to be determine at
6 trial;
- 7 C. For exemplary and punitive damages in an amount to be determined at
8 trial;
- 9 D. For cost of suit;
- 10 E. For attorneys fees expended securing benefits under the Markel Policy;
- 11 F. For prejudgment interest; and
- 12 G. For such other relief as the Court may deem just and proper.

13 **JURY DEMAND**

14 Plaintiffs demand a trial by jury on all counts for which a jury trial is permitted.

15
16 DATED: September 9, 2020

THE GRAD LAW FIRM

17
18 /s/ Laleaque Grad

19 Laleaque Grad, Esq.
20 California Bar No.: 178443
21 9988 Hibert Street, Suite 202
22 San Diego, CA 92131
23 Telephone: (858) 271-8830
24 Email: lgrad@gradlawfirm.com
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Exhibit “A”

Market Policy



INTERLINE

HOW TO REPORT A CLAIM

How to Report a New Claim:

- Email: newclaims@markelcorp.com
- FAX: (855) 662-7535
- *Phone: (800) 362-7535
- Mail: P.O. Box 2009, Glen Allen, VA 23058-2009

Please complete the appropriate ACORD form in detail and include the name and phone number of the contact person at the location of the reported incident. If possible, please attach a copy of the facility incident report. When reporting an auto claim, please identify the unit # on the schedule along with the VIN#. If the loss/claim involves a building or damage to property, please provide the physical address of the property.

***Please refer to your specific policy language for new claim reporting requirements. Some policies require you to report all claims in writing only.**

How to send Supplemental Information / Questions on an existing claim:

- Email: markelclaims@markelcorp.com
- FAX: (855) 662-7535
- Phone: (800) 362-7535
- Mail: P.O. Box 2009, Glen Allen, VA 23058-2009

If you have questions about a claim, please call 1-800-362-7535.

Inquiries may also be faxed to 1-855-662-7535.



Markel Insurance Company

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <https://www.treasury.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.



MARKEL CORPORATION

PRIVACY NOTICE

Markel is committed to safeguarding your privacy. We understand your concerns regarding the privacy of your nonpublic personal information. No nonpublic personal information is required to be collected when you visit our websites; however, this information may be requested in order to provide the products and services described. We do not sell nonpublic personal information to non-affiliated third parties for marketing or other purposes. We only use and share this type of information with non-affiliated third parties for the purposes of underwriting insurance, administering your policy or claim and other purposes as permitted by law, such as disclosures to insurance regulatory authorities or in response to legal process. Notwithstanding the foregoing, we may use this information for the purpose of marketing our own products and services to you.

We collect nonpublic personal information about you from the following sources:

- Information we receive from you on applications or other forms;
- Information about your transactions with us, our affiliates, or others; and/or
- Information we receive from consumer reporting agencies and inspection reports.

We do not disclose any nonpublic personal information about our customers/claimants or former customers/claimants to anyone, except as permitted by law.

We may disclose nonpublic personal information about you to the following types of third parties:

- Service providers, such as insurance agents and/ or brokers and claims adjusters; and/or
- Other non-affiliated third parties as permitted by law.

We restrict access to nonpublic personal information about our customers/claimants to those individuals who need to know that information to provide products and services to our customers/claimants or as permitted by law. We maintain physical, electronic, and procedural safeguards to guard your nonpublic personal information.

Residents of California:

You may request to review and make corrections to recorded non-public personal information contained in our files. A more detailed description of your rights and practices regarding such information is available upon request. Please contact your agent/broker for instructions on how to submit a request to us.

CALIFORNIA INSURANCE SUPPLEMENT

CALIFORNIA DEPARTMENT OF INSURANCE RACE, NATIONAL ORIGIN & GENDER FORM COMMUNITY SERVICE STATEMENT

Markel Insurance Company

Company Name

CCP20038076-02 Policyholder Number (For New Business Only)

This information is requested by the State of California in order to monitor the insurer's compliance with the law. All new policyholders are requested to voluntarily provide the following information.

No such information shall be used for the purposes of underwriting or rating any policyholder.

Policyholder's Name and Address (to be provided in order to refer back to the policy)
Note: Use additional forms if needed.

Baldwin Academy, Inc.; Perico Holdings USA, LLC
1762 Hornblend St.
San Diego, CA 92109

Policy Type

- | | |
|---|---|
| <input type="checkbox"/> Fire - Personal | <input type="checkbox"/> Fire - Commercial |
| <input type="checkbox"/> Homeowners | <input type="checkbox"/> Commercial Multi Peril |
| <input type="checkbox"/> Private Passenger Auto Liability | |

If the policyholder does not wish to provide the Department of Insurance with this information, please check here.

Check the Race or National Origin as it applies to the policyholder(s). For the purpose of completing this form, the policyholder is defined as: an individual, spouse, domestic partner, or business partner(s) named on the policy.

<u>Race/National Origin</u>	Policyholder			Co-Policyholder		
	Male	Female	Business	Male	Female	Business
African-American	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
American Indian or Alaskan Native	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Asian / Pacific Islander	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Latino	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
White	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



Markel Insurance Company
EQUIPMENT BREAKDOWN COVERAGE
ENHANCEMENT TO YOUR COMMERCIAL PROPERTY COVERAGE

MARKEL INSURANCE COMPANY HAS MADE OUR COMMERCIAL PROPERTY POLICIES BROADER BY ADDING "EQUIPMENT BREAKDOWN" COVERAGE.

THIS VALUABLE ENHANCEMENT PROVIDES COVERAGE FOR THE MECHANICAL, ELECTRICAL AND PRESSURE SYSTEMS BREAKDOWN OF MANY TYPES OF ELECTRICAL, PRESSURE AND/OR MECHANICAL EQUIPMENT YOU USE IN YOUR BUSINESS. A FEW EXAMPLES OF COVERED TYPES OF EQUIPMENT ARE HEATING, AIR CONDITIONING AND REFRIGERATION SYSTEMS; HOT WATER HEATERS; TELEPHONE SYSTEMS; SECURITY SYSTEMS; COMPUTER SYSTEMS AND MUCH, MUCH MORE!

THE SERVICE AND COST TO INSPECT ANY JURISDICTIONALLY REQUIRED OBJECT(S) IS INCLUDED IN YOUR PREMIUM. THIS SERVICE WILL BE PROVIDED BY OUR INSURANCE PARTNER, MUTUAL BOILER REINSURANCE. IF YOU HAVE A QUESTION ABOUT THIS SERVICE OR REQUIRE A JURISDICTIONAL INSPECTION, PLEASE CALL YOUR AGENT OR MUTUAL BOILER'S INSPECTION HOTLINE AT (800) 814-4458 AT LEAST 60 DAYS PRIOR TO THE CERTIFICATE EXPIRATION.

SHOULD YOU HAVE ANY QUESTIONS, PLEASE CONTACT YOUR INSURANCE AGENT WHO WILL BE HAPPY TO PROVIDE YOU WITH MORE DETAILS.



INTERLINE

Markel Insurance Company

CALIFORNIA PREMIUM REFUND DISCLOSURE NOTICE

In accordance with CAL. INS. CODE § 481.(c), we are notifying you that in the event that the first Named Insured cancels the insurance policy, we may retain 10% of the unearned premium. The premium refunded to you will therefore be calculated as 90% of the pro rata unearned premium. But if cancellation takes place during the first year of a multiyear prepaid policy, we will return 90% of the pro rata unearned premium for the first year and the full annual premium for the subsequent years.

However, the penalties set forth in the preceding paragraph will not apply under the following circumstances, even if the first Named Insured cancels the policy:

1. The Insured(s) no longer has a financial or insurable interest in the property or business operation that is the subject of insurance;
2. Cancellation takes place after the first year for a prepaid policy written for a term of more than one year; or
3. The policy is rewritten in the same insuring company or company group.

A STOCK COMPANY



Markel Insurance Company

Ten Parkway North
Deerfield, Illinois 60015
(800) 431-1270

INSURANCE POLICY

Coverage afforded by this policy is provided by the Company (Insurer) and named in the Declarations.

In **Witness Whereof**, the company (insurer) has caused this policy to be executed and attested and countersigned by a duly authorized representative of the company (insurer) identified in the Declarations.

Handwritten signature of Richard R. Dinnman in cursive script.

Secretary

Handwritten signature of the President in cursive script.

President



MARKEL INSURANCE COMPANY

COMMERCIAL LINES POLICY DECLARATIONS

POLICY NUMBER: CCP20038076-02

PREVIOUS POLICY NUMBER: CCP20038076-01

COMPANY NAME Markel Insurance Company	PRODUCER NAME 89353 Wateridge Insurance Services 10717 Sorrento Valley Road San Diego, CA 92121
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NAMED INSURED: Baldwin Academy, Inc.; Perico Holdings USA, LLC

MAILING ADDRESS: 1762 Hornblend St.
San Diego, CA 92109

POLICY PERIOD: FROM 06/12/2019 **TO** 06/12/2020

AT 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.

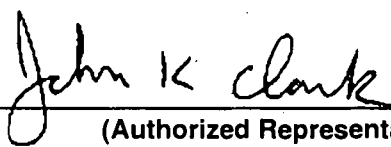
BUSINESS DESCRIPTION Child care center

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

	PREMIUM
COMMERCIAL GENERAL LIABILITY COVERAGE PART	\$4,148.00
COMMERCIAL PROPERTY COVERAGE PART	\$3,722.00
TERRORISM - CERTIFIED ACTS (GENERAL LIABILITY)	EXCLUDED
TERRORISM - CERTIFIED ACTS (PROPERTY)	EXCLUDED
TOTAL:	\$7,870.00

POLICY NUMBER: CCP20038076-02

FORMS APPLICABLE TO ALL COVERAGE PARTS (SHOW NUMBERS):	
See Schedule of Forms and Endorsements.	
Countersigned 04/03/19 (Date)	By:  (Authorized Representative)

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART DECLARATIONS, COVERAGE PART COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

SCHEDULE OF FORMS AND ENDORSEMENTS

POLICY NUMBER: CCP20038076-02	EFFECTIVE DATE: 06/12/2019
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NUMBER**TITLE****COMMON**

MJIL 1000 (06-10) Signature Page
MD 001 (04-00) Commercial Lines Policy Declarations
IL 00 03 (09-08) Calculation Of Premium
IL 00 17 (11-98) Common Policy Conditions
IL 00 21 (09-08) Nuclear Energy Liability Exclusion Endorsement (Broad Form)
IL 01 02 (05-05) California Changes - Actual Cash Value
IL 01 04 (09-07) California Changes
IL 02 70 (09-12) California Changes - Cancellation And Nonrenewal
IL 09 35 (07-02) Exclusion Of Certain Computer-Related Losses
IL 09 53 (01-15) Exclusion of Certified Acts of Terrorism
MIL 1214 (09-17) Trade Or Economic Sanctions
MIL 1267 (01-15) The Monument Endorsement

PROPERTY

MD010 (09-95) Commercial Property Coverage Part Declarations
CP 00 10 (06-07) Building And Personal Property Coverage Form
CP 00 90 (07-88) Commercial Property Conditions
CP 01 40 (07-06) Exclusion Of Loss Due To Virus Or Bacteria
CP 02 99 (06-07) Cancellation Changes
CP 10 30 (06-07) Causes of Loss - Special Form
CP 10 32 (08-08) Water Exclusion Endorsement
CP 12 18 (06-07) Loss Payable Provisions
MCP 011 (10-10) Business Income Changes - Communicable Disease and Food Contamination Extension
MCP 031 (10-10) Equipment Breakdown Enhancement Endorsement
MCP 1210-CA (03-16) California Premier Child Care Commercial Property Enhancement
MCP 1218-CA (06-17) California Business Income Changes - Communicable Disease and Food Contamination
MCP-TERR-2 (01-15) Confirmation of Exclusion of Certified Acts of Terrorism Coverage - Terrorism Risk Insurance Act
MIL 150 (10-10) "Fungus", Wet Rot, Dry Rot And Bacteria Exclusion

GENERAL LIABILITY

MDGL 1500 (03-14) Commercial General Liability Policy Declarations
CG 00 01 (04-13) Commercial General Liability Coverage Form
CG 21 06 (05-14) Exclusion - Access Or Disclosure Of Confidential Or Personal Information And Data-Related Liability - With Limited Bodily Injury Exception
CG 21 47 (07-98) Employment-Related Practices Exclusion
CG 21 65 (12-04) Total Pollution Exclusion With A Building Heating, Cooling And Dehumidifying Equipment Exception And A Hostile Fire Exception
CG 21 73 (01-15) Exclusion of Certified Acts of Terrorism
CG 21 96 (03-05) Silica Or Silica-Related Dust Exclusion
CG 22 40 (01-96) Exclusion - Medical Payments To Children - Day Care Centers
CG 22 67 (10-93) Corporal Punishment
CG 24 07 (01-96) Products/Completed Operations Hazard Redefined

SCHEDULE OF FORMS AND ENDORSEMENTS

POLICY NUMBER: CCP20038076-02	EFFECTIVE DATE: 06/12/2019
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NUMBER**TITLE****GENERAL LIABILITY**

CG 24 26 (04-13) Amendment of Insured Contract Definition
CG 32 34 (01-05) California Changes
MGL168 (03-98) Child Abduction Endorsement
MGL 171 (05-09) Limitation Of Coverage To Designated Operations
MGL 1206 (01-14) Cyber Liability - Amendment Of Coverage B - Personal And Advertising
Injury Liability
MGL 1258 (01-16) Professional Liability Coverage
MGL 1264 (08-14) Abuse Or Molestation And Employee And Volunteer Worker Defense
Coverage
MGL 1266 (08-14) Amended Duties And Representations Conditions
MGL 1319 (01-16) Exclusion - Unmanned Aircraft
MGL-TERR-2 (01-15) Confirmation of Exclusion of Certified Acts of Terrorism Coverage -
Terrorism Risk Insurance Act
MIL006 (05-09) Lead Liability Exclusion
MIL024 (03-00) Multiple Policies Endorsement
MIL 127 (05-09) Asbestos Exclusion
MIL 1301 (03-14) Exclusion - Fungi or Bacteria

IL 00 03 09 08

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALCULATION OF PREMIUM

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.

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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**NUCLEAR ENERGY LIABILITY EXCLUSION
ENDORSEMENT
(Broad Form)**

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY 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
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:
 - A. Under any Liability Coverage, to "bodily injury" or "property damage":
 - (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
 - B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
 - C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:
 - (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
 - (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
 - (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.
2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

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

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

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

"Waste" means any waste material **(a)** containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and **(b)** resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a)** Any "nuclear reactor";
- (b)** Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";

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

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

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

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

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

IL 01 02 05 05

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES – ACTUAL CASH VALUE

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

With respect to an "open policy", the following are added to any provision which uses the term actual cash value:

- A.** In the event of a total loss to a building or structure, actual cash value is calculated as the lesser of the following:
 - 1. The Limit of Insurance applicable to that building or structure; or
 - 2. The fair market value of the building or structure.
- B.** In the event of a partial loss to a building or structure, actual cash value is calculated as the lesser of the following:
 - 1. The amount it would cost to repair, rebuild or replace the property less a fair and reasonable deduction for physical depreciation of the components of the building or structure that are normally subject to repair or replacement during its useful life. Physical depreciation is based upon the condition of the property at the time of the loss; or
 - 2. The Limit of Insurance applicable to the property.
- C.** In the event of a partial or total loss to Covered Property other than a building or structure, actual cash value is calculated as the lesser of the following:
 - 1. The amount it would cost to repair or replace the property less a fair and reasonable deduction for physical depreciation, based on the condition of the property at the time of loss; or
 - 2. The Limit of Insurance applicable to the property.
- D.** An "open policy" is a policy under which the value of Covered Property is not fixed at policy inception, but is determined at the time of loss in accordance with policy provisions on valuation. The term "open policy" does not apply to Covered Property that is subject to an Agreed Value clause or similar clause that establishes an agreed value prior to loss, unless such clause has expired.

IL 01 04 09 07

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL COVERAGES, CONDITIONS, DEFINITIONS
FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM
STANDARD PROPERTY POLICY

- A.** When this endorsement is attached to the Standard Property Policy **CP 00 99** the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following with respect to loss ("loss") or damage caused by fire:
- We do not provide coverage to the insured ("insured") who, whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:
1. This Coverage Part;
 2. The Covered Property;
 3. That insured's ("insured's") interest in the Covered Property; or
 4. A claim under this Coverage Part or Coverage Form.
- C.** The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following with respect to loss ("loss") or damage caused by a Covered Cause of Loss other than fire:
- This Coverage Part is void if any insured ("insured"), whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:
1. This Coverage Part;
 2. The Covered Property;
 3. An insured's ("insured's") interest in the Covered Property; or
 4. A claim under this Coverage Part or Coverage Form.
- D.** Except as provided in **E.**, the **Appraisal** Condition is replaced by the following:
- If we and you disagree on the value of the property or the amount of loss ("loss"), either may make written request for an appraisal of the loss ("loss"). If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss ("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.
- E.** The **Appraisal** Condition in:
1. Business Income (And Extra Expense) Coverage Form **CP 00 30**; and
 2. Business Income (Without Extra Expense) Coverage Form **CP 00 32**;

is replaced by the following:

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written request for an appraisal of the loss. If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or 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:

- a.** Pay its chosen appraiser; and
- b.** 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.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

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

A. Paragraphs 2. and 3. of the Cancellation Common Policy Condition are replaced by the following:

2. All Policies In Effect For 60 Days Or Less

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

a. 10 days before the effective date of cancellation if we cancel for:

(1) Nonpayment of premium; or

(2) Discovery of fraud by:

(a) Any insured or his or her representative in obtaining this insurance; or

(b) You or your representative in pursuing a claim under this policy.

b. 30 days before the effective date of cancellation if we cancel for any other reason.

3. All Policies In Effect For More Than 60 Days

a. If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:

(1) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.

(2) Discovery of fraud or material misrepresentation by:

(a) Any insured or his or her representative in obtaining this insurance; or

(b) You or your representative in pursuing a claim under this policy.

(3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.

- (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.
 - (5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.
 - (6) A determination by the Commissioner of Insurance that the:
 - (a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
 - (b) Continuation of the policy coverage would:
 - (i) Place us in violation of California law or the laws of the state where we are domiciled; or
 - (ii) Threaten our solvency.
 - (7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.
- b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:
- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium or discovery of fraud; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph 3.a.
- B.** The following provision is added to the **Cancellation** Common Policy Condition:
- 7. Residential Property**
- This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written under one of the following:
- Commercial Property Coverage Part
Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form
- a. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in b. and c. below.
 - b. We may not cancel this policy solely because the first Named Insured has:
 - (1) Accepted an offer of earthquake coverage; or
 - (2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.
- However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.
- c. We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This restriction (c.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
 - (1) Commercial Property Coverage Part – Causes Of Loss – Special Form; or
 - (2) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph D. Covered Causes Of Loss – Special.

- C. The following is added and supersedes any provisions to the contrary:

Nonrenewal

1. Subject to the provisions of Paragraphs **C.2.** and **C.3.** below, if we elect not to renew this policy, we will mail or deliver written notice, stating the reason for nonrenewal, to the first Named Insured shown in the Declarations, and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

2. Residential Property

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part

Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

- a. We may elect not to renew such coverage for any reason, except as provided in **b.**, **c.** and **d.** below.
- b. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage.

However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

- (1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;

- (2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or

- (3) We have:

- (a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or
- (b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and

the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.

- c. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority, that included an earthquake policy premium surcharge.
 - d. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This restriction (**d.**) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
 - (1) Commercial Property Coverage Part – Causes Of Loss – Special Form; or
 - (2) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph **D.** Covered Causes Of Loss – Special.
3. We are not required to send notice of nonrenewal in the following situations:
- a. If the transfer or renewal of a policy, without any changes in terms, conditions or rates, is between us and a member of our insurance group.

- b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph C.1.
- c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
- d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
- e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
- f. If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in Paragraph C.1., to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
STANDARD PROPERTY POLICY

- A.** We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
- 1.** The failure, malfunction or inadequacy of:
 - a.** Any of the following, whether belonging to any insured or to others:
 - (1)** Computer hardware, including micro-processors;
 - (2)** Computer application software;
 - (3)** Computer operating systems and related software;
 - (4)** Computer networks;
 - (5)** Microprocessors (computer chips) not part of any computer system; or
 - (6)** Any other computerized or electronic equipment or components; or
 - b.** Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.
- 2.** Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.
- B.** If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:
- 1.** In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or
 - 2.** Under the Commercial Property Coverage Part:
 - a.** In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss – Special Form; or
 - b.** In a Covered Cause of Loss under the Causes Of Loss – Basic Form or the Causes Of Loss – Broad Form;we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.
- C.** We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

POLICY NUMBER: CCP20038076-02

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

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

SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph C) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

State(s)	Coverage Form, Coverage Part Or Policy
CA	Commercial Property Coverage Part
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. The following definition is added with respect to the provisions of this endorsement:

"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.

B. The following exclusion is added:

CERTIFIED ACT OF TERRORISM EXCLUSION

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

C. Exception Covering Certain Fire Losses

The following exception to the exclusion in Paragraph B. applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

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.

D. Application Of Other 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.



Markel Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TRADE OR ECONOMIC SANCTIONS

The following is added to this policy:

Trade Or Economic Sanctions

This insurance does not provide any coverage, and we (the Company) shall not make payment of any claim or provide any benefit hereunder, to the extent that the provision of such coverage, payment of such claim or provision of such benefit would expose us (the Company) to a violation of any applicable trade or economic sanctions, laws or regulations, including but not limited to, those administered and enforced by the United States Treasury Department's Office of Foreign Assets Control (OFAC).

All other terms and conditions remain unchanged.

ATTACHED TO AND FORMING PART OF
POLICY NUMBER: CCP20038076-02

COMMERCIAL GENERAL LIABILITY
COMMERCIAL PROPERTY
CAPITAL ASSETS
GARAGE
FARM

Markel Insurance Company

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THE MONUMENT ENDORSEMENT

Unless otherwise stated herein, the terms, conditions, exclusions and other limitations set forth in this endorsement are solely applicable to coverage afforded by this endorsement, and the policy is amended as follows:

Solely for the purpose of this endorsement: 1) The words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. 2) The words "we", "us" and "our" refer to the company providing this insurance.

This endorsement modifies insurance provided under the following:

- COMMERCIAL GENERAL LIABILITY COVERAGE FORM
- COMMERCIAL PROPERTY COVERAGE FORM
- CAPITAL ASSETS COVERAGE FORM
- GARAGE COVERAGE FORM
- FARM PROPERTY COVERAGE FORM
- FARM LIABILITY COVERAGE FORM

I. SCHEDULE OF ADDITIONAL COVERAGES AND LIMITS

The following is a summary of Limits of Insurance or Liability and/or additional coverages provided by this endorsement. This endorsement is subject to the provisions of the policy to which it is attached.

Business Travel Accidental Death Benefit	\$50,000
Crisis Management	\$25,000
Donation Assurance	\$25,000
Emergency Real Estate Consulting Fee	\$50,000
Identity Theft Expense	\$25,000
Image Restoration and Counseling	\$25,000
Key Individual Replacement Expense	\$50,000
Kidnap Expenses	\$50,000
Temporary Meeting Space Reimbursement	\$50,000
Terrorism Travel Reimbursement	\$50,000
Theft of Work Materials from Personal Areas	\$ 2,500
Workplace Violence Counseling	\$50,000

II. CONDITIONS

A. Applicability of Coverage

Coverage provided by your policy and any endorsements attached thereto is amended by this endorsement where applicable. All other terms and conditions of this policy or coverage part to which this endorsement is attached remain unchanged.

B. Limits of Liability or Limits of Insurance

1. When coverage is provided by this endorsement and another coverage form or endorsement attached to this policy, the greater limit of Limits of Liability or Limits of Insurance will apply. In no instance will multiple limits apply to coverages which may be duplicated within this policy.

Additionally, if this policy and any other coverage part or policy issued to you by us, or any company affiliated with us, apply to the same occurrence, offense, wrongful act, accident or loss, the maximum Limits of Liability or Limit of Insurance under all such coverage parts or policies combined shall not exceed the highest applicable Limits of Liability or Limit of Insurance under any one coverage part or policy.

2. Limits of Liability or Limits of Insurance identified in Clause 1. above are not excess of, but are in addition to the applicable Limits of Insurance stated in the Declarations.

C. Claim Expenses

Coverages provided herein are not applicable to the generation of claim adjustment costs by you; such as fees you may incur by retaining a public adjuster or appraiser.

III. ADDITIONAL COVERAGES**A. Business Travel Accidental Death Benefit**

We will pay a Business Travel Accidental Death Benefit to the Named Insured if a Director or Officer suffers an "injury" while traveling on a common carrier for business purposes during the policy period which results in loss of life not later than 180 days after the policy period expiration, the date of cancellation or the date of non-renewal. The Accidental Death Benefit amount shown in the Schedule is the most that we will pay per occurrence. The limit shown in the Schedule will be the most we will pay per policy year. No deductible applies to this coverage. The "injury" must be reported to "us" during the policy period.

The Business Travel Accidental Death Benefit shall not be payable if the cause of the "injury" that resulted in loss of life was:

1. an intentional act by the insured;
2. an act of suicide or attempted suicide, whether or not the deceased was sane or insane at the time of the attempted suicide;

3. an act of war;
4. a disease process.

B. Crisis Management Emergency Response Expenses

1. We will reimburse you for reasonable "crisis management emergency response expenses" incurred because of an "incident" giving rise to a "crisis" to which this insurance applies. The amount of such reimbursement is limited as described in Section II, B-Limits of Liability or Limits of Insurance. No other obligation or liability to pay sums or perform acts or services is covered.
2. We will reimburse only those reasonable "crisis management emergency response expenses" which are incurred during the policy period as shown in the Declarations of the policy to which this coverage is attached and reported to us within six months of the date the "crisis" was initiated.

The limit shown in the Schedule for this coverage will be the most we will reimburse per policy period for all Insureds combined. No deductible applies to this coverage.

C. Donation Assurance

We will reimburse you for reasonable "failed donation claim(s)". The limit shown in the Schedule for this coverage will be the most we will reimburse per policy period for all Insureds combined. No deductible applies to this coverage.

With respect to any "failed donation claim", it is further agreed as follows:

1. the donor must never have been in bankruptcy, nor have filed for bankruptcy/reorganization prior to the time said pledge was made to you;
2. for non-cash donations, payment by us of a "failed donation claim" shall be based on the fair market value of said non-cash donation at the time of the "failed donation claim";
3. in the case of unemployment/incapacitation of a natural person donor and as a condition of payment of the "failed donation claim";
 - (a) neither the natural person donor nor you shall have had reason to believe the donor would become unemployed or incapacitated subsequent to the donation date and;

(b) the donor shall be unemployed for at least 60 days prior to us making payment;

4. no coverage shall be afforded for a written pledge of funds or other measurable tangible property to you dated prior to the policy period;
5. a donation amount which is to be collected by you over more than a 12 month period shall be deemed a single donation.

D. Emergency Real Estate Consulting Fee

We will reimburse you any reasonable realtor's fee or real estate consultant's fee necessitated by your need to relocate due to the "unforeseeable destruction" of your principal location listed on the Declarations page during the policy period. The limit shown in the Schedule for this coverage will be the most we will reimburse per policy period for all Insureds combined. No deductible applies to this coverage.

E. Identity Theft Expense

We will reimburse any present Director or Officer of the Named Insured for reasonable "identity theft expenses" incurred as the direct result of any "identity theft" first discovered and reported during the policy period; provided that it began to occur subsequent to the effective date of your first policy with us. The limit shown in the Schedule for this coverage will be the most we will reimburse per policy period for all Insureds combined. No deductible applies to this coverage.

F. Image Restoration and Counseling

We will reimburse to you expenses incurred for reasonable image restoration and counseling arising out of "improper acts" by any natural person Insured up to the limit shown in the Schedule per policy period for all Insureds combined. Covered expenses are limited to:

1. the costs of rehabilitation and counseling for the accused natural person Insured provided the natural person Insured is not ultimately found guilty of criminal conduct; said reimbursement to occur after acquittal of the natural person Insured;
2. the costs, charged by a recruiter or expended on advertising, of replacing an Officer as a result of "improper acts"; and

3. the costs of restoring the Named Insured's reputation and consumer confidence through image consulting.

No deductible applies to this coverage.

G. Key Individual Replacement Expenses

We will pay reasonable "key individual replacement expenses" if the Chief Executive Officer or Executive Director suffers an "injury" during the policy period which results in the loss of life during the policy period. The "key individual replacement expenses" amount shall be the lesser of the limit shown in the Schedule or ten (10) times the annual premium paid for this policy. The limit shown in the Schedule will be the most we will pay per policy period. No deductible applies to this coverage.

H. Kidnap Expense

We will pay on behalf of any Officer or Director of the Named Insured, reasonable fees incurred as a result of the kidnapping of them or their spouse, "domestic partner", parent or child during the policy period, subject to the limit shown in the Schedule each policy period. No deductible applies to this coverage. Coverage will not apply to any kidnapping by or at the direction of any present or former family member of the victim.

Reasonable fees will include:

1. fees and expenses of an independent negotiator or consultant retained with our prior approval;
2. interest on any loan taken by you to pay damages covered under this policy provided; however, that we shall not be liable for any interest accruing prior to thirty (30) days preceding the date of such payment, nor subsequent to the date of reimbursement from us for any portion of damages recoverable under this policy;
3. costs of travel and accommodations incurred by you which become necessary due to the applicable kidnapping;
4. the reward paid by you, which is pre-approved by us, to an informant for information not otherwise available which leads to the arrest and conviction of persons responsible for any damages under this policy; and

5. current salary to an Officer or Director of the Named Insured who is kidnapped provided; however, that the employee shall be held for more than thirty (30) days. Salary shall be paid for a period commencing upon abduction and ceasing upon the earliest of either the release of the employee or discovery of the death of the employee, or 120 days after we receive the last credible evidence that the employee is still alive, or twelve (12) months after the date of kidnapping, or the exhaustion of the kidnap expense limit, whichever comes first.

I. Temporary Meeting Space Reimbursement

We will reimburse you for reasonable rental of meeting space which is necessitated by the temporary unavailability of your primary office space due to the failure of a climate control system, or leakage of a hot water heater during the policy period. Coverage will exist only for the renting of temporary meeting space required for meeting with parties who are not insured under this policy. The limit shown in the Schedule for this coverage will be the most we will reimburse per policy period for all Insureds combined. No deductible applies to this coverage.

J. Terrorism Travel Reimbursement

We will reimburse any present Director or Officer of the Named Insured in the event of a "Certified Act of Terrorism" during the policy period which necessitates that he/she incurs reasonable "emergency travel expenses". The limit shown in the Schedule for this coverage will be the most we will reimburse per policy period for all Insureds combined. No deductible applies to this coverage.

K. Theft of Work Materials from Personal Areas

We will reimburse any insured 50% of their personal or business property policy's deductible for any theft involving "work materials" that are stolen from the "insured's personal area" during the policy period, provided that that the theft is covered by other insurance. No reimbursement is applicable under this coverage for thefts for which no other insurance policy provides a settlement. The limit shown in the Schedule for this coverage will be the most we will reimburse per policy period for all Insureds combined. No deductible applies to this coverage.

L. Workplace Violence Counseling

In the event that an incidence of "workplace violence" occurs at any of your premises during the policy period, we will reimburse you for reasonable expenses incurred for the emotional counseling of your employees, during the policy period. The limit shown in the Schedule for this coverage will be the most we will reimburse per policy period for all Insureds combined. No deductible applies to this coverage.

IV. Definitions

- A.** "Certified Act of Terrorism", whenever used in this endorsement, 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.
- B.** "Crisis" means the public announcement that an "incident" occurred on your premises or at an event sponsored by you.
- C.** "Crisis management emergency response expenses" mean those expenses incurred for services provided by a "crisis management firm". However, "crisis management emergency response expenses" shall not include compensation, fees, benefits, overhead, charges or expenses of any insured or any of your employees, nor shall "crisis management emergency response expenses" include any expenses that are payable on your behalf or reimbursable to you under any other valid and collectible insurance.

- D. "Crisis management firm" means any service provider you hire that is acceptable to us. Our consent will not be unreasonably withheld.
- E. "Domestic Partner", whenever used in this endorsement, means any person who qualifies as a domestic partner under the provisions of any federal, state or local statute or regulation, or under the terms and provisions of any employee benefit or other program established by you.
- F. "Emergency travel expenses", whenever used in this endorsement, will mean:
1. hotel expenses incurred which directly result from the cancellation of a scheduled transport, by train or air, by a commercial transportation carrier resulting directly from and within forty eight hours of a "Certified Act of Terrorism"; and
 2. the increased amount incurred in air or train fare which may result from re-scheduling comparable transport, to replace a similarly scheduled transport canceled by a commercial transportation carrier in direct response to a "Certified Act of Terrorism".
- G. "Failed donation claim", whenever used in this endorsement, will mean written notice to you during the Policy Period of:
1. the bankruptcy or reorganization of any donor where by such bankruptcy or reorganization prevents the donor from honoring a prior written pledge of funds or other measurable tangible property to you;
 2. the unemployment or incapacitation of a natural person donor preventing him/her from honoring a prior written pledge of funds or other measurable tangible property to the Insured.
- H. "Identity Theft", whenever used in this endorsement, means the act of knowingly transferring or using, without lawful authority, a means of identification of any Officer or Director (or spouse thereof) of the Named Insured with the intent to commit, or to aid or abet another to commit, any unlawful activity that constitutes a violation of federal law or a felony under any applicable state or local law.
- I. "Identity Theft Expenses", whenever used in this endorsement, means:
1. costs for notarizing affidavits or similar documents attesting to fraud required by financial institutions or similar credit grantors or credit agencies;
 2. costs for certified mail to law enforcement agencies, credit agencies, financial institutions or similar credit grantors;
 3. loan application fees for re-applying for a loan or loans when the original application is rejected solely because the lender received incorrect credit information.
- J. "Improper acts", whenever used in this endorsement, means any actual or alleged act of:
1. sexual abuse;
 2. sexual intimacy;
 3. sexual molestation; and/or
 4. sexual assault;
- committed by an Insured against any natural person who is not an Insured. Such "improper acts" must have been committed by the Insured while in his or her capacity as an insured.
- K. "Incident" means an accident or other event resulting in death or serious bodily injury to three or more persons. "Incident" shall also mean the accidental discharge of pollutants.
- L. "Injury", whenever used in this endorsement, means any physical damage to the body caused by violence, fracture or an accident that results in physical damage or hurt.
- M. "Insured's personal area" means any residence or automobile owned or rented by any insured.
- N. "Key individual replacement expenses", whenever used in this endorsement, means the following necessary expenses:
1. costs of advertising the employment position opening;
 2. travel, lodging, meal and entertainment expenses incurred in interviewing job applicants for the employment position opening; and
 3. miscellaneous extra expenses incurred in finding, interviewing and negotiating with the job applicants, including, but not limited to, overtime pay, costs to verify the background and references of the applicants and legal expenses incurred to draw up employment contracts.

- O. "Serious bodily injury" means any injury to a person that creates a substantial risk of death, serious permanent disfigurement, or protracted loss or impairment of the function of any bodily member or organ.
- P. "Unforeseeable Destruction", whenever used in this endorsement, means damage resulting from a "Certified Act of Terrorism", fire, crash or collapse which renders all of your primary office completely unusable.
- Q. "Work materials" means any equipment that is used by the insured solely in the course of the insured's business; inclusive of stores of data and client records.
- R. "Workplace violence", whenever used in this endorsement, means any intentional use of or threat to use deadly force by any natural person, with intent to cause harm and that results in bodily "injury" or death of a member of the Insured or any other natural person while on your premises.



MARKEL INSURANCE COMPANY
COMMERCIAL PROPERTY COVERAGE PART
DECLARATIONS

Policy No: CCP20038076-02

Effective Date: 06/12/2019 ,
 12:01 A.M. Standard Time.
 x Supplemental Declarations attached.

BUSINESS DESCRIPTION																													
Child care center																													
DESCRIPTION OF PREMISES																													
PREM. NO. BLDG. NO. LOCATION, CONSTRUCTION AND OCCUPANCY																													
SEE ATTACHED SUPPLEMENTAL DECLARATIONS																													
COVERAGES PROVIDED — INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH A LIMIT OF INSURANCE IS SHOWN																													
PREM. NO.	BLDG. NO.	COVERAGE	LIMIT OF INSURANCE	COVERED CAUSES OF LOSS	COINSURANCE+	RATES																							
SEE ATTACHED SUPPLEMENTAL DECLARATIONS																													
OPTIONAL COVERAGES					APPLICABLE ONLY WHEN ENTRIES ARE MADE IN THE SCHEDULE																								
					+IF EXTRA EXPENSE COVERAGE, LIMITS ON LOSS PAYMENT																								
<table style="width:100%; border:none;"> <tr> <td colspan="3"></td> <td align="center">AGREED VALUE</td> <td colspan="3"></td> <td align="center">REPLACEMENT COST(X)</td> <td colspan="2"></td> </tr> <tr> <td>PREM. NO.</td> <td>BLDG. NO.</td> <td>EXPIRATION DATE</td> <td>COVERAGE</td> <td>AMOUNT</td> <td>BUILDING</td> <td>PERSONAL INCLUDING PROPERTY "STOCK"</td> <td>PERSONAL PROPERTY OF OTHERS</td> <td colspan="2"></td> </tr> </table>													AGREED VALUE				REPLACEMENT COST(X)			PREM. NO.	BLDG. NO.	EXPIRATION DATE	COVERAGE	AMOUNT	BUILDING	PERSONAL INCLUDING PROPERTY "STOCK"	PERSONAL PROPERTY OF OTHERS		
			AGREED VALUE				REPLACEMENT COST(X)																						
PREM. NO.	BLDG. NO.	EXPIRATION DATE	COVERAGE	AMOUNT	BUILDING	PERSONAL INCLUDING PROPERTY "STOCK"	PERSONAL PROPERTY OF OTHERS																						
SEE ATTACHED SUPPLEMENTAL DECLARATIONS																													
PREM. NO.	BLDG. NO.	INFLATION GUARD(Percentage) BUILDING	PERSONAL PROPERTY	++MONTHLY LIMIT OF INDEMNITY (Fraction)	MAXIMUM PERIOD OF INDEMNITY (X)	++EXTENDED PERIOD OF INDEMNITY (Days)																							
MORTGAGE HOLDER(S)																													
PREM. NO. BLDG. NO. MORTGAGE HOLDER NAME AND MAILING ADDRESS																													
SEE ATTACHED SUPPLEMENTAL DECLARATIONS																													
DEDUCTIBLE																													
\$1,000																													
Exceptions:																													

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART DECLARATIONS, COVERAGE PART COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

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**COMMERCIAL PROPERTY COVERAGE PART
SUPPLEMENTAL DECLARATIONS**



POLICY NO: CCP20038076-02

EFFECTIVE DATE: 06/12/2019

NAMED INSURED: Baldwin Academy, Inc.; Perico Holdings USA, LLC

DESCRIPTION OF PREMISES

Prem. No.	Bldg. No.	Location, Construction And Occupancy
001	001	Building 1752, 1760, 1762, 1772 Hornblend St. San Diego San Diego, CA 92109 Frame Child Care
001	002	Building 1752, 1760, 1762, 1772 Hornblend St. San Diego San Diego, CA 92109 Frame Child Care
001	003	Building 1752, 1760, 1762, 1772 Hornblend St. San Diego San Diego, CA 92109 Frame Child Care
001	004	Building 1752, 1760, 1762, 1772 Hornblend St. San Diego San Diego, CA 92109 Frame Child Care

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**COMMERCIAL PROPERTY COVERAGE PART
SUPPLEMENTAL DECLARATIONS**

POLICY NO: CCP20038076-02

EFFECTIVE DATE: 06/12/2019

NAMED INSURED: Baldwin Academy, Inc.; Perico Holdings USA, LLC

**COVERAGES PROVIDED Insurance At The Described Premises Applies Only For Coverages For Which
A Limit Of Insurance Is Shown**

Prem. No.	Bldg. No.	Coverage	Limit Of Insurance	Covered Causes Of Loss	Coinsurance*
001	001	Building	\$691,840	Special Form Including Theft	90%
		Personal Property of Insured	\$110,563	Special Form Including Theft	90%
001	002	Building	\$242,143	Special Form Including Theft	90%
		Personal Property of Insured	\$48,205	Special Form Including Theft	90%
001	003	Building	\$345,921	Special Form Including Theft	90%
		Personal Property of Insured	\$48,205	Special Form Including Theft	90%
001	004	Building	\$461,226	Special Form Including Theft	90%
		Personal Property of Insured	\$69,630	Special Form Including Theft	90%

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**COMMERCIAL PROPERTY COVERAGE PART
SUPPLEMENTAL DECLARATIONS**



POLICY NO: CCP20038076-02

EFFECTIVE DATE: 06/12/2019

NAMED INSURED: Baldwin Academy, Inc.; Perico Holdings USA, LLC

OPTIONAL COVERAGES Applicable Only When Entries Are Made In The Schedule Below

Prem. Bldg.

No. No.

001 001 Building
 Replacement Cost
 See MCP 1210

 Personal Property of Insured
 Replacement Cost
 See MCP 1210

001 002 Building
 Replacement Cost
 See MCP 1210

 Personal Property of Insured
 Replacement Cost
 See MCP 1210

001 003 Building
 Replacement Cost
 See MCP 1210

 Personal Property of Insured
 Replacement Cost
 See MCP 1210

001 004 Building
 Replacement Cost
 See MCP 1210

 Personal Property of Insured
 Replacement Cost
 See MCP 1210

**COMMERCIAL PROPERTY COVERAGE PART
SUPPLEMENTAL DECLARATIONS**



POLICY NO: CCP20038076-02

EFFECTIVE DATE: 06/12/2019

NAMED INSURED: Baldwin Academy, Inc.; Perico Holdings USA, LLC

MORTGAGEHOLDERS

Prem. Bldg. Mortgageholder Name And Mailing Address
No. No.

001 001 SBA/CDC Small Business Finance
2448 Historic Decatur Rd.
#200
San Diego, CA 92106

Wells Fargo Bank NA ISAOA
PO Box 659713
San Antonio, TX 78265

001 002 SBA/CDC Small Business Finance
2448 Historic Decatur Rd.
#200
San Diego, CA 92106

Wells Fargo Bank NA ISAOA
PO Box 659713
San Antonio, TX 78265
Account: 3327190925-26

001 003 SBA/CDC Small Business Finance
2448 Historic Decatur Rd.
#200
San Diego, CA 92106

Wells Fargo Bank NA ISAOA
PO Box 659713
San Antonio, TX 78265

001 004 SBA/CDC Small Business Finance
2448 Historic Decatur Rd.
#200
San Diego, CA 92106

Wells Fargo Bank NA ISAOA
PO Box 659713
San Antonio, TX 78265

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**COMMERCIAL PROPERTY COVERAGE PART
SUPPLEMENTAL DECLARATIONS**

POLICY NO: CCP20038076-02

EFFECTIVE DATE: 06/12/2019

NAMED INSURED: Baldwin Academy, Inc.; Perico Holdings USA, LLC

FORMS APPLICABLE

To All Coverages:

- MCP 011 (10-10)
- MCP 031 (10-10)
- MCP 1218-CA (06-17)
- MCP-TERR-2 (01-15)
- MIL 150 (10-10)

To Specific Premises/Coverages:

Prem. No.	Bldg. No.	Coverages	Form Number
001	001	Building	CP 00 10 (06-07)
			CP 02 99 (06-07)
			CP 10 30 (06-07)
		Personal Property of Insured	CP 00 10 (06-07)
			CP 10 30 (06-07)
		Loss Payable Provision	CP 12 18 (06-07)
			CP 12 18 (06-07)
		Property Extension Endorsement	MCP 1210-CA (03-16)
		All Coverages	CP 00 90 (07-88)
			CP 01 40 (07-06)
	CP 10 32 (08-08)		
	MD010 (09-95)		
001	002	Building	CP 00 10 (06-07)
			CP 02 99 (06-07)
			CP 10 30 (06-07)
		Personal Property of Insured	CP 00 10 (06-07)
			CP 10 30 (06-07)
		Loss Payable Provision	CP 12 18 (06-07)
			CP 12 18 (06-07)
		All Coverages	CP 00 90 (07-88)
			CP 01 40 (07-06)
			CP 10 32 (08-08)
	MD010 (09-95)		
001	003	Building	CP 00 10 (06-07)
			CP 02 99 (06-07)
			CP 10 30 (06-07)
		Personal Property of Insured	CP 00 10 (06-07)
			CP 10 30 (06-07)
		Loss Payable Provision	CP 12 18 (06-07)
			CP 12 18 (06-07)
		All Coverages	CP 00 90 (07-88)
			CP 01 40 (07-06)
			CP 10 32 (08-08)
	MD010 (09-95)		

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**COMMERCIAL PROPERTY COVERAGE PART
SUPPLEMENTAL DECLARATIONS**

POLICY NO: CCP20038076-02

EFFECTIVE DATE: 06/12/2019

NAMED INSURED: Baldwin Academy, Inc.; Perico Holdings USA, LLC

FORMS APPLICABLE

To All Coverages:

To Specific Premises/Coverages:

Prem. No.	Bldg. No.	Coverages	Form Number
001	004	Building	CP 00 10 (06-07)
			CP 02 99 (06-07)
			CP 10 30 (06-07)
		Personal Property of Insured	CP 00 10 (06-07)
			CP 10 30 (06-07)
		Loss Payable Provision	CP 12 18 (06-07)
			CP 12 18 (06-07)
		All Coverages	CP 00 90 (07-88)
			CP 01 40 (07-06)
			CP 10 32 (08-08)
			MD010 (09-95)

COMMERCIAL PROPERTY
CP 00 10 06 07

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

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 H., Definitions.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, A.1., and limited in A.2., Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. **Building**, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;

(b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. **Your Business Personal Property** located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property – Separation Of Coverage form:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

c. Personal Property Of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;

- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to your "stock" of prepackaged software;
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
- (c) Rowboats or canoes out of water at the described premises; or
- (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers;

q. The following property while outside of buildings:

- (1) Grain, hay, straw or other crops;
- (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See applicable Causes Of Loss Form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (3) and (4), we will pay your expense to remove debris of 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 of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
 - (a) Extract "pollutants" from land or water; or
 - (b) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
 - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.
- (4) We will pay up to an additional \$10,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

(a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

(b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$10,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

EXAMPLE #1

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500
	(\$50,000 – \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000
	(\$10,000 is 20% of \$50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

EXAMPLE #2

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 – \$500)
Debris Removal Expense:	\$ 30,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 10,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: $\$80,000 (\$79,500 + \$500) \times .25 = \$20,000$; capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$30,000) exceeds 25% of the loss payable plus the deductible (\$30,000 is 37.5% of \$80,000), and because the sum of the loss payable and debris removal expense ($\$79,500 + \$30,000 = \$109,500$) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$10,000, the maximum payable under Paragraph (4). Thus the total payable for debris removal expense in this example is \$20,500; \$9,500 of the debris removal expense is not covered.

b. Preservation Of Property

If it is necessary to move Covered Property from the described premises 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.

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 \$1,000, unless a higher limit is shown in the Declarations, for your liability for fire department service charges:

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

No Deductible applies to this Additional Coverage.

d. Pollutant Clean-up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises 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 of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

e. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e.(3) through e.(9) of this Additional Coverage.
- (3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.

(4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:

- (a) You were required to comply with before the loss, even when the building was undamaged; and
- (b) You failed to comply with.

(5) Under this Additional Coverage, we will not pay for:

- (a) The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
- (b) Any costs associated with the enforcement of an ordinance or law which 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", "fungus", wet or dry rot or bacteria.

(6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of: \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

(7) With respect to this Additional Coverage:

- (a) We will not pay for the Increased Cost of Construction:
 - (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 possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the same premises.

- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the new premises.

(8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion, to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.

(9) The costs addressed in the Loss Payment and Valuation Conditions, and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Additional Coverage, as stated in e.(6) of this Additional Coverage, is not subject to such limitation.

f. Electronic Data

(1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data.

(2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.

(3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:

- (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

(2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:
 - (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;
 - (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or
 - (iii) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

- (b) This Extension does not apply to:
- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
 - (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers And Records (Other Than Electronic Data)

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

d. Property Off-premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c) At any fair, trade show or exhibition.

- (2) This Extension does not apply to property:
 - (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

f. Non-owned Detached Trailers

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
 - (a) The trailer is used in your business;
 - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
 - (c) You have a contractual responsibility to pay for loss or damage to the trailer.

- (2) We will not pay for any loss or damage that occurs:
 - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

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.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage:

- 1. Fire Department Service Charge;
- 2. Pollutant Clean-up And Removal;
- 3. Increased Cost Of Construction; and
- 4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

EXAMPLE #1

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance – Building #1:	\$ 60,000
Limit of Insurance – Building #2:	\$ 80,000
Loss to Building #1:	\$ 60,100
Loss to Building #2:	\$ 90,000

The amount of loss to Building #1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building #1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building #1:

\$ 60,100
 - 250

\$ 59,850 Loss Payable – Building #1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building #2. Loss payable for Building #2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:
 \$59,850 + \$80,000 = \$139,850

EXAMPLE #2

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example #1.

Loss to Building #1:	\$ 70,000
(Exceeds Limit of Insurance plus Deductible)	
Loss to Building #2:	\$ 90,000
(Exceeds Limit of Insurance plus Deductible)	
Loss Payable – Building #1:	\$ 60,000
(Limit of Insurance)	
Loss Payable – Building #2:	\$ 80,000
(Limit of Insurance)	
Total amount of loss payable:	\$ 140,000

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Abandonment

There can be no abandonment of any property to us.

2. 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:

- a. Pay its chosen appraiser; and
- b. 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.

3. Duties In The Event Of Loss Or Damage

- a. 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) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
 - (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) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (8) Cooperate with us in the investigation or settlement of the claim.
- b. 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.

4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
- (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.
- We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.
- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
 - c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
 - d. We will not pay you more than your financial interest in the Covered Property.
 - e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
 - f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
 - g. 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 of the terms of this Coverage Part and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

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

5. 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.

6. Vacancy

a. Description Of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:

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

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

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

(ii) Used by the building owner to conduct customary operations.

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

b. Vacancy Provisions

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

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

(a) Vandalism;

(b) Sprinkler leakage, unless you have protected the system against freezing;

(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

(2) With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(f)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

a. At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.** and **e.** below.

b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value even when attached to the building:

- (1) Awnings or floor coverings;
- (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
- (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety-glazing material if required by law.
- e. Tenants' Improvements and Betterments at:
 - (1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.
 If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
 - (3) Nothing if others pay for repairs or replacement.

F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

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

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

EXAMPLE #1 (UNDERINSURANCE)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 100,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

Step (1): $\$250,000 \times 80\% = \$200,000$
 (the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

EXAMPLE #2 (ADEQUATE INSURANCE)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 200,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 (\$250,000 x 80%). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

EXAMPLE #3

When:	The value of the property is:	
	Building at Location #1:	\$ 75,000
	Building at Location #2:	\$ 100,000
	Personal Property at Location #2:	<u>\$ 75,000</u>
		\$ 250,000
	The Coinsurance percentage for it is:	90%
	The Limit of Insurance for Buildings and Personal Property at Locations #1 and #2 is:	\$ 180,000
	The Deductible is:	\$ 1,000
	The amount of loss is:	
	Building at Location #2:	\$ 30,000
	Personal Property at Location #2:	<u>\$ 20,000</u>
		\$ 50,000

Step (1): $\$250,000 \times 90\% = \$225,000$
(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 \div \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

2. Mortgageholders

- The term mortgageholder includes trustee.
- We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

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

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

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.
- If we cancel this policy, we will give written notice to the mortgageholder at least:
 - 10 days before the effective date of cancellation if we cancel for your non-payment of premium; or
 - 30 days before the effective date of cancellation if we cancel for any other reason.

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

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

EXAMPLE

If: The applicable Limit of Insurance is: \$ 100,000
 The annual percentage increase is: 8%
 The number of days since the beginning of the policy year (or last policy change) is: 146
 The amount of increase is:
 $\$100,000 \times .08 \times 146 \div 365 =$ \$ 3,200

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
 - (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

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

With respect to tenants' improvements and betterments, the following also apply:

- (3) If the conditions in **d.(1)** and **d.(2)** above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
 - (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.
- e.** We will not pay more for loss or damage on a replacement cost basis than the least of **(1)**, **(2)** or **(3)**, subject to **f.** below:
- (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in **e.(2)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

- f.** The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

4. Extension Of Replacement Cost To Personal Property Of Others

a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

H. Definitions

- 1. "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.
- 2. "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.
- 3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

COMMERCIAL PROPERTY

COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

D. 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 of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. 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.

F. NO BENEFIT TO BAILEE

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

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the 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.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

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

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

This will not restrict your insurance.

COMMERCIAL PROPERTY
CP 01 40 07 06

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

- A.** The exclusion set forth in Paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other micro-organism 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", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.
- C.** With respect to any loss or damage subject to the exclusion in Paragraph **B.**, such exclusion supersedes any exclusion relating to "pollutants".
- D.** The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:
1. Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and
 2. Additional Coverage – Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- E.** The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CANCELLATION CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

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

If any one of the following conditions exists at any building that is Covered Property in this policy, we may cancel this Coverage Part by mailing or delivering to the first Named Insured written notice of cancellation at least five days before the effective date of cancellation.

A. The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:

1. Seasonal unoccupancy;
2. Buildings in the course of construction, renovation or addition; or
3. Buildings to which the Vacancy Permit endorsement applies.

Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.

B. After damage by a covered cause of loss, permanent repairs to the building:

1. Have not started; and
2. Have not been contracted for, within 30 days of initial payment of loss.

C. The building has:

1. An outstanding order to vacate;
2. An outstanding demolition order;
3. Been declared unsafe by governmental authority.

D. Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.

E. Failure to:

1. Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
2. Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

CAUSES OF LOSS – SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **G.**, Definitions.

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means Risks Of Direct Physical Loss unless the loss is:

1. Excluded in Section **B.**, Exclusions; or
2. Limited in Section **C.**, Limitations; that follow.

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.

a. 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, Ordinance Or Law, applies whether the loss 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 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.

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

- (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.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

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

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 Part.

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 loss or damage caused by that fire.

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. 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.

g. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows from a sewer, drain or sump; or
- (4) 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)** through **g.(4)** 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, Dry Rot And Bacteria

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

But if "fungus", wet or dry rot or bacteria results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or
2. To the extent that coverage is provided in the Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss 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. 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.