



@vantage for Inland Marine

OneBeacon America Insurance Company
1 Beacon Lane
Canton, MA 02021-1030
(781) 332-7000

COMMON POLICY DECLARATIONS

Policy Number: 790-00-86-75-0000-

PROGRAM PARTICIPANT ADDITIONAL NAMED INSURED

DECLARATION HOLDER

Name and Mailing Address
Francis L. Dean & Associates of
California, LLC
880 Apollo St. #215
El Segundo, CA 90245

SAMPLE

In return for the payment of the premium, and subject to all terms of this policy, we agree with you to provide the insurance as stated in this policy.

Policy Period: from _____ to _____ at 12:01 A.M. Standard Time at your mailing address shown above.

COVERAGE & PREMIUM SUMMARY

Owned Production Equipment Amount:	Scheduled: \$
	Unscheduled: \$
Owned Musical Instruments Amount:	Scheduled: \$
	Unscheduled: \$
Owned Sports, Leisure & Recreational Equipment Amount:	Scheduled: \$
	Unscheduled: \$
Rented Equipment From Others Amount:	\$
Rented Equipment To Others Amount:	\$
Rental Reimbursement:	\$
Lease or Rental Payment Fees:	\$
Employee Tools and Work Clothing:	\$ per occurrence
	\$ per employee
Deductible:	\$
Valuation:	Replacement Cost – All Equipment Except Musical Instruments Actual Cash Value – Musical Instruments
Theft from Unlocked Vehicle Exclusion Endorsement VIM 232 07 05 Applies:	
Premium at inception:	\$

Forms applicable to all Coverage Parts:

See ASC 00 11 01 98, Schedule 1

Producer

Francis L. Dean & Associates of California, LLC
880 Apollo St. #215 El Segundo, CA 90245

POLICY NUMBER: 790-00-86-75-0000-

Schedule 1

Effective 06/17/2010, this schedule forms a part of Policy No. 790008675-0000
(At the time stated in the policy)

Producer: Francis L Dean & Associates of California, LLC
by OneBeacon America Insurance Company

Common Policy Declarations, 4 VIL 100 10 98, Continued:

Forms Applicable to All Coverage Parts:

4 VIL 100 10 98	COMMON POLICY DECLARATIONS
ASC 00 02 01 98	PREMIUM STATEMENT
VIL 001 02 05	COMMON POLICY CONDITIONS (N/A TO VA AUTO)
VIL 500 07 06	PREMIUM DETAIL SUMMARY
VIL 619 CA 02 05	CA CHANGES – CANCELLATION & NONRENEWAL
ASC 00 11 01 98	Schedule 1 - LIST OF COMMON DEC FORMS

SAMPLE
POLICY

POLICY NUMBER: 790-00-86-75-0000-

INLAND MARINE DECLARATIONS

Miscellaneous Articles: Description of Property on Policy Change 1

Deductible: \$

Valuation: Replacement Cost – All Equipment Except Musical Instruments
Actual Cash Value – Musical Instruments

Coverage	Limit	Deductible
Owned Production Equipment - Scheduled	\$	\$
Owned Production Equipment - Unscheduled	\$	\$
Owned Musical Instruments - Scheduled	\$	\$
Owned Musical Instruments - Unscheduled	\$	\$
Owned Sports, Leisure & Recreational Equipment - Scheduled	\$	\$
Owned Sports, Leisure & Recreational Equipment - Unscheduled	\$	\$
Rented Equipment From Others	\$	\$
Rented Equipment To Others	\$	\$
Rental Reimbursement Per Policy Change X	\$	72 hours
Lease or Rental Payment Fees	\$	3 Days
Employee Tools and Work Clothing	\$ per occurrence \$ per employee	\$
Newly Acquired Miscellaneous Articles	\$10,000	
Pollutant Clean Up	\$10,000	
Debris Removal	\$25,000	
Preservation of Property - Expense Coverage	\$10,000 30 Days	
Inventory or Appraisals	\$10,000	
Theft from Unlocked Vehicle Exclusion Endorsement VIM 232 07 05 Applies		

POLICY NUMBER: 790-00-86-75-0000-

Schedule 2

Effective 06/17/2010, this schedule forms a part of Policy No. 790008675-0000
(At the time stated in the policy)

Producer: Francis L Dean & Associates of California, LLC

by OneBeacon America Insurance Company

Commercial Inland Marine Coverage Part Declarations, VIM 100 07 05, Continued:

Forms Applicable to the Inland Marine Coverage Parts:

IL 01 02 05 05	CA CHANGES – ACTUAL CASH VALUE
IL 01 04 02 04	CA CHANGES
IL 09 52 03 08	CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM
VIM 001 07 05	COMMERCIAL INLAND MARINE CONDITIONS
VIM 008 07 05	MISCELLANEOUS ARTICLES COVERAGE FORM
VIM 100 07 05	COMMERCIAL INLAND MARINE DECLARATIONS
VIM 232 07 05	LEASE OR RENTAL PAYMENT FEES ADDITIONAL COVERAGE ENDORSEMENT
VIM 242 07 05	THEFT FROM UNLOCKED VEHICLE EXCLUSION ENDORSEMENT
ASC 00 10 01 98	POLICY CHANGE 1 – RENTAL REIMBURSEMENT ENDORSEMENT
ASC 00 10 01 98	POLICY CHANGE 2 – MISCELLANEOUS ARTICLES COVERED PROPERTY ENDORSEMENT
ASC 00 10 01 98	POLICY CHANGE 3 – MISCELLANEOUS ARTICLES DEDUCTIBLE EXCEPTIONS
ASC 00 10 01 98	POLICY CHANGE 4 – COMMERCIAL INLAND MARINE CONDITIONS COVERAGE AMENDMENT
ASC 00 10 01 98	POLICY CHANGE 5 – MISCELLANEOUS ARTICLES COVERAGE AMENDMENTS
ASC 00 10 01 98	POLICY CHANGE 6 – EMPLOYEE TOOLS AND CLOTHING
ASC 00 10 01 98	POLICY CHANGE 7 – EQUIPMENT SCHEDULE ENDORSEMENT
ASC 00 10 01 98	POLICY CHANGE 8 – VIM 242 07 05 THEFT FROM UNLOCKED VEHICLE EXCLUSION ENDORSEMENT
ASC 00 10 01 98	POLICY CHANGE 9 – SPECIAL CONDITION
ASC 00 11 01 98	SCHEDULE 2 - INLAND MARINE LIST OF FORMS

POLICY NUMBER: 790-00-86-75-0000-

Non-Policy Forms

The following forms were sent to you with your policy, but they are not part of your policy. They contain information which you may find useful about your policy, insurance in general, your premium payments, or other topics of interest. These forms do not give you insurance coverage. Refer to the forms that are part of your policy to determine if a loss is covered, and what we will pay, as well as your rights and duties.

CLD 134 01 08 POLICYHOLDER DISCLOSURE NOTICE - TERRORISM

INSURANCE COVERAGE

SAMPLE

POLICY

POLICY NUMBER: 790-00-86-75-0000-

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READIT CAREFULLY.

**LEASE OR RENTAL PAYMENT FEES ADDITIONAL COVERAGE
ENDORSEMENT**

Schedule

Limit of Insurance for Lease or Rental Payment Fees: \$

Waiting Period: 3 Days

This endorsement is added to the Commercial Inland Marine coverage forms and endorsements attached to this policy unless otherwise specified in this policy.

Coverage

The following Additional Coverage condition is added to the COVERAGE Section of the Commercial Inland Marine coverage from(s) and applies to the property shown in the Schedule Below:

Lease or Rental Payments Fees

We will pay necessary continuing lease or rental payments which you incur following direct physical loss or damage caused by a covered cause of loss to covered property which you neither:

- Own; nor
- Lease subject to a lease-purchase type of lease agreement.

You must be required to continue these payments under the terms and conditions of a written lease, rental or loan agreement which you entered into prior to the date of loss or damage.

We will pay only those costs and expenses which you incur during the period of time required. With the exercise of due diligence and dispatch, to repair, or replace the lost or damaged covered property which you do not own, not to exceed the applicable **Limit of Insurance for Lease or Rental Fees** shown in the schedule below.

This additional coverage for Lease or rental Payment Fees does not include:

1. Any payment you make fir direct physical loss or damage:
2. Costs and expenses which you incur during the Waiting Period shown in the Schedule below following your notification to the owner of the covered property which you do not own of the direct physical loss or damage.

Description of Item: Any property coved under your Rental Equipment Coverage on the Inland Marine Declarations VIM 100 07 05

All other terms and conditions remain unchanged.

POLICY NUMBER: 790-00-86-75-0000-

POLICY CHANGE 1

Effective 06/17/2010, this schedule forms a part of Policy No. 790-00-86-75-0000
(At the time stated in the policy)

Producer: Francis L Dean & Associates of California, LLC

by OneBeacon America Insurance Company

Limit of Insurance For Rental Reimbursement Coverage: \$

Waiting Period: 72 Hours

Rental Expense Reimbursement

1. We will reimburse your rental expenses should a covered loss or damage to equipment you own make it necessary to rent or lease replacement equipment to continue your normal operations of the work in progress. We will reimburse these rental expenses provided you do not have equivalent idle equipment you can use, and you restore or replace the lost or damaged equipment as soon as possible.
2. Our reimbursement is limited to rental expenses incurred during the time beginning the number of days shown in the Declarations after the loss or damage has occurred and continuing until the equipment has been restored, replaced, or is no longer needed, whichever occurs first. The period of reimbursement will not be limited by the policy expiration date.
3. Your **Rental Expense Reimbursement Limit of Insurance** shown in the Declarations is the most we will pay under this Additional Coverage. The aggregate liability of the Company shall not exceed this limit for all covered expenses arising during any single policy year. A policy year means the period from the inception or anniversary date to the expiration date or next anniversary date.

The amount payable under this Additional Coverage is additional insurance.

Limit of Liability: Our liability for coverage under this endorsement shall not exceed the Limit of Liability shown below on this endorsement.

All other terms and conditions remain unchanged.

POLICY NUMBER: 790-00-86-75-0000-

POLICY CHANGE 2

Effective 06/17/2010, this schedule forms a part of Policy No. 790-00-86-75-0000
(At the time stated in the policy)

Producer: Francis L Dean & Associates of California, LLC

by OneBeacon America Insurance Company

This Policy Change Amends the Following Policy Provisions:

VIM 008 07 05 MISCELLANEOUS ARTICLES COVERAGE FORM

Covered Property under this policy is restricted to the following unless endorsed elsewhere:

PRODUCTION EQUIPMENT: Cameras, camera equipment, sound, audio visual, lighting and grip equipment, communications equipment, portable electric equipment, editing and projection equipment, office personal property, generators, mechanical effects equipment, props, sets, wardrobe, event equipment, theatrical equipment, computer equipment including desktops, laptops and monitors, and all similar personal property and any related production equipment. Not to exceed \$150,000 any one item.

MUSICAL INSTRUMENTS: Musical Instruments, sound equipment, vintage and classical musical instruments, similar personal property, office personal property, and any related musical equipment not to exceed \$150,000 any one item.

SPORTS, LEISURE & RECREATIONAL EQUIPMENT: Sporting goods and equipment, gym and fitness equipment, business personal property, sport event property, race timing machines, racing chips, banners, office personal property, ROTC related equipment, and any related Sports & Recreational equipment. Not to exceed \$150,000 any one item.

Equipment You Rent, Lease or Borrow From Others including Production, Musical, Sports and Recreational Equipment not to exceed \$150,000 any one item.

Equipment You Rent, Lease or Loan To Others including Production, Musical, Sports and Recreational Equipment not to exceed \$100,000 any one item.

Property can include tenant improvements and betterments, signs, mirrors, packing cases, storage units, and other similar type property.

All other terms and conditions remain unchanged.

POLICY NUMBER: 790-00-86-75-0000-

POLICY CHANGE 3

Effective 06/17/2010, this schedule forms a part of Policy No. 790-00-86-75-0000
(At the time stated in the policy)

Producer: Francis L Dean & Associates of California, LLC

by OneBeacon America Insurance Company

This Policy Change Amends the Following Policy Provisions:

VIM 008 07 05 MISCELLANEOUS ARTICLES COVERAGE FORM

Deductibles vary by individual certificate holders and the following can be selected:

\$250 Deductible

\$500 Deductible

\$1,000 Deductible

\$2,500 Deductible

All other terms and conditions remain unchanged

POLICY NUMBER: 790-00-86-75-0000-

POLICY CHANGE 4

Effective 06/17/2010, this schedule forms a part of Policy No. 790-00-86-75-0000
(At the time stated in the policy)

Producer: Francis L Dean & Associates of California, LLC

by OneBeacon America Insurance Company

This Policy Change Amends the Following Policy Provisions:

VIM 008 07 05 MISCELLANEOUS ARTICLES COVERAGE FORM

The Coverage Territory in the General Conditions Section of the Commercial Inland Marine Conditions is amended as follows:

The coverage territory is anywhere within, and in transit within, and between, points and places worldwide. However, this coverage does not apply to shipments of your covered property to, from, or which pass through, or your covered property located within, any country on which the Government of the United States of America has imposed sanctions which prohibit trade, unless you have received permission from the Department of State of the United States of America, even if you incorporated, chartered, or otherwise formed outside of the United States of America.

Any one claim, loss, occurrence or disaster that occurs in the country of Mexico is limited to \$25,000 for any one individual certificate holder.

POLICY NUMBER: 790-00-86-75-0000-

POLICY CHANGE 5

Effective 06/17/2010, this schedule forms a part of Policy No. 790-00-86-75-0000
(At the time stated in the policy)

Producer: Francis L Dean & Associates of California, LLC

by OneBeacon America Insurance Company

This Policy Change Amends the Following Policy Provisions:

VIM 008 07 05 MISCELLANEOUS ARTICLES COVERAGE FORM

The **Insects, Vermin, or Animals** Exclusion is changed as follows:

Insects or Vermin

We will not pay for loss or damage caused by or resulting from insects, vermin, rodents, or birds. But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by that Covered Cause of Loss.

The following exclusion is deleted in its entirety.

Breakage of Fragile Articles

We will not pay for loss or damage caused by or resulting from breakage of fragile articles. But we will pay for such loss or damage caused directly by fire, lightning, explosion, windstorm, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by accident to the vehicle carrying the property if these causes of loss would be covered under this Coverage Form.

The following exclusion is deleted in its entirety.

Processing or Work Upon the Property

We will not pay for loss or damage caused by or resulting from processing or work upon the property. But we will pay for direct loss or damage caused by resulting fire or explosion if these causes of loss would be covered under this Coverage Form.

Definitions

On the "miscellaneous articles" does not mean" section the following items are deleted and are now considered to be covered property:

- c. furniture, fixtures, furnishings, office machinery and equipment, stationary and tenant's improvements and betterments.

All other terms and conditions remain unchanged

POLICY NUMBER: 790-00-86-75-0000-

POLICY CHANGE 6

Effective 06/17/2010, this schedule forms a part of Policy No. 790-00-86-75-0000
(At the time stated in the policy)

Producer: Francis L Dean & Associates of California, LLC

by OneBeacon America Insurance Company

Limit of Insurance For Employee Tools and Clothing:

\$ per occurrence / \$ per employee

SAMPLE

Employee Tools and Clothing

1. We will pay for loss or damage to tools and clothing of your employees caused by or resulting from a Covered Cause of Loss. Coverage applies only while at your “**job site(s)**” or premises or while in your vehicle in transit to or from such “**job site(s)**” or premises.
2. Your **Employee Tools and Clothing Per Occurrence Limit of Insurance** shown in the Declarations is the most we will pay in any one occurrence for loss or damage under this Additional Coverage. However, the following limitations also apply:
 - a. The most we will pay for loss or damage to any one item is the **Employee Tools and Clothing Per Item Limit of Insurance** shown in the Declarations.
 - b. We will not pay for any loss or damage in any one occurrence unless the amount of the loss or damage is more than the **Employee Tools and Clothing Deductible** shown in the Declarations.

The amount payable under this Additional Coverage is additional insurance. The maximum limit of liability that can be purchased is \$10,000 per loss, disaster or occurrence with a maximum of \$1,000 any one employee.

All other terms and conditions remain unchanged.

POLICY NUMBER: 790-00-86-75-0000-

POLICY CHANGE 7

Effective 06/17/2010, this schedule forms a part of Policy No. 790-00-86-75-0000
(At the time stated in the policy)

Producer: Francis L Dean & Associates of California, LLC

by OneBeacon America Insurance Company

Equipment Schedule Endorsement

It is hereby agreed that all individual items or pieces of equipment that exceed \$5,000 in value have to be individually scheduled.

SAMPLE

POLICY

POLICY NUMBER: 790-00-86-75-0000-

POLICY CHANGE 8

Effective 06/17/2010, this schedule forms a part of Policy No. 790-00-86-75-0000
(At the time stated in the policy)

Producer: Francis L Dean & Associates of California, LLC

by OneBeacon America Insurance Company

Endorsement VIM 242 07 05 Theft From Unlocked Vehicle Exclusion Endorsement applies to all individual certificate holders unless they have elected to pay a higher premium to have the endorsement be not applicable, as identified on their individual certificate holder declarations.

SAMPLE

POLICY

POLICY NUMBER: 790-00-86-75-0000-

POLICY CHANGE 9

Effective 06/17/2010, this schedule forms a part of Policy No. 790-00-86-75-0000
(At the time stated in the policy)

Producer: Francis L Dean & Associates of California, LLC

by OneBeacon America Insurance Company

SPECIAL CONDITION

It is hereby agreed that condition is provided for your covered equipment if you rent, lease or loan it out to others as long as your gross revenue from renting, leasing or loaning your equipment out to others does not exceed more than 25% of your total gross income.

This condition of coverage does not apply if you have selected the optional coverage, and paid the additional premium due, for Equipment You Rent, Lease, or Loan To Others.

All other terms and conditions remain unchanged

POLICY

POLICY NUMBER: 790-00-86-75-0000-

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THEFT FROM UNLOCKED EXCLUSION ENDORSEMENT

This endorsement is added to the Commercial Inland Marine coverage forms and endorsements attached to this policy unless otherwise specified in this policy.

EXCLUSIONS

The following exclusion is added to the **EXCLUSIONS** Section of the Commercial Inland Marine coverage from(s) if marked with a "Yes" Below.

Theft From Unlocked Vehicle

We will not pay for loss or damage caused by or resulting from any unattended vehicle unless at the time of theft its windows, doors and compartments were closed and locked and there are visible signs that the theft was the result of forced entry.

But this exclusion does not apply to property in the custody of a carrier for hire.

All other terms and conditions remain unchanged.

This endorsement applies to your Policy:

POLICY NUMBER: 790008675-0000-

**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM INSURANCE COVERAGE**

Coverage for acts of terrorism is included in your policy. You are hereby notified that under the Terrorism Risk Insurance Act (the Act), as amended in 2007, the definition of act of terrorism has changed. As defined in Section 102(1) of the Act, the term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

COVERAGE TO BE PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT IN ACCORDANCE WITH A FORMULA ESTABLISHED UNDER THE ACT, AS AMENDED. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT WOULD PAY 85% OF COVERED TERRORISM LOSSES THAT EXCEED THE STATUTORILY IMPOSED DEDUCTIBLE FOR WHICH THE INSURANCE COMPANY IS RESPONSIBLE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSSES COVERED BY THE UNITED STATES GOVERNMENT UNDER THE ACT. THE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES EXCEEDS \$100 BILLION IN ANY ONE CALENDAR YEAR. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

The premium required for your terrorism coverage is: \$0.00 (Coverage Included)

Possibility of Additional or Return Premium

The premium shown above is calculated based in part on the United States participation in payment of terrorism losses as set forth in the Terrorism Risk Insurance Act. The federal program established by the Act is scheduled to terminate at the end of 12/31/14. If the federal program terminates or if the level or terms of federal participation change, the estimated premium shown above may not be appropriate.

If this policy contains a Conditional Exclusion, continuation of coverage for certified acts of terrorism, or termination of such coverage, will be determined upon disposition of the federal program, subject to the terms and conditions of the Conditional Exclusion. If this policy does not contain a Conditional Exclusion, coverage for certified acts of terrorism will continue. In either case, when disposition of the federal program is determined, we will recalculate the estimated premium shown above and will charge additional premium or refund excess premium, if indicated. If we notify you of an additional premium charge, the additional premium will be due as specified in such notice. You need to take no action with respect to this notice. You will receive a bill for your policy premium which will include the above amount required for your terrorism coverage. If you have any questions about this notice, please contact your agent.



OneBeacon America Insurance Company

Executive Office
1 Beacon Lane
Canton, MA 02021-1030

CALIFORNIA NOTICE TO POLICYHOLDERS

Inquiries concerning our policy should be directed to your insurance agent or to our “policyholder/customer service” unit. The name, address and telephone number of your agent, if one is involved, and the address and phone number of our “policyholder/customer service” unit are shown on the policy and/or in the material accompanying the policy.

If you require additional information you may contact the California Insurance Department at either the following address or phone number.

Department of Insurance
Consumer Services
300 South Spring Street, South Tower
Los Angeles, CA 90013
Telephone: (800) 927-HELP

Non-Policy Forms

The following forms were sent to you with your policy, but they are not part of your policy. They contain information which you may find useful about your policy, insurance in general, your premium payments, or other topics of interest. These forms do not give you insurance coverage. Refer to the forms that are part of your policy to determine if a loss is covered, and what we will pay, as well as your rights and duties.

CLD 134 01 08 POLICYHOLDER DISCLOSURE NOTICE – TERRORISM INSURANCE COVERAGE

G2004 a 08 99 CALIFONRIA NOTICE TO POLICYHOLDERS

SAMPLE
POLICY

COMMON POLICY CONDITIONS

All coverages of 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. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than **45 days** before the expiration date. If notice is mailed, proof of mailing will be sufficient proof of notice.

C. 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.

D. Concealment, Misrepresentation or Fraud

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

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

E. 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.

F. Inspections and Surveys

We have the right but are not obligated to:

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

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

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

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

G. Liberalization

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

H. Premiums

1. All Named Insureds shown in the Declarations are jointly and severally liable and responsible for the payment of all premiums.
2. The first Named Insured shown in the Declarations will be the payee of any return premiums we pay.

I. Premium Audit

1. This policy is subject to audit if a premium designated as an advance premium is shown in the Declarations. We will compute the final premium due when we determine your actual exposures.
2. Premium shown in this policy as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
3. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

J. 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.

K. Unintentional Errors or Omissions

Your failure to disclose all hazards existing as of the inception date of the policy shall not prejudice you with respect to the coverage afforded by this policy, provided such failure or omission is not intentional. However, this provision does not affect our right to collect additional premium or exercise our right of cancellation or nonrenewal.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

California Changes - Cancellation and Nonrenewal

This endorsement modifies the insurance provided by the following:

COMMON POLICY CONDITIONS

A. Section A. Cancellation, Paragraphs 2. and 3. are deleted in their entirety and 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. 15 days before the effective date of cancellation if we cancel for:
 - (1) Nonpayment of premium; or
 - (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.
- b. 45 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) 15 days before the effective date of cancellation if we cancel for a reason listed in Paragraph 3.a.(1) or 3.a.(2); or
 - (2) 45 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 Section A. Cancellation:

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:

- SPECIAL PROPERTY COVERAGE FORM
- SPECIAL PROPERTY PLUS 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:

SPECIAL PROPERTY COVERAGE FORM
SPECIAL PROPERTY PLUS COVERAGE FORM

C. Section B. When We Do Not Renew is deleted in its entirety and replaced by the following:

- 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:

SPECIAL PROPERTY COVERAGE FORM
SPECIAL PROPERTY PLUS 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; andthe 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:

SPECIAL PROPERTY COVERAGE FORM
SPECIAL PROPERTY PLUS COVERAGE FORM

- 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%.

SAMPLE

POLICY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM 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
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

A. Cap On Certified Terrorism

“Certified act of terrorism” means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney general of the United States, to be an act of terrorism pursuant to the federal Terrorism Reinsurance Act. The criteria contained in the Terrorism reinsurance 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 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 Government by coercion.
- If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) 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 the procedures established by the Secretary of the Treasury.

B. Application Of Exclusions

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

COMMERCIAL INLAND MARINE CONDITIONS

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

LOSS CONDITIONS

A. Abandonment

There can be no abandonment of any property to us.

B. Appraisal

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

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

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

C. Duties In The Event Of Loss

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

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

4. Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
5. You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.
6. As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records. Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
7. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.
8. Send us a signed, sworn proof of loss containing the information we request to settle the claim. You must do this within 90 days after our request. We will supply you with the necessary forms.
9. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit.
10. Cooperate with us in the investigation or settlement of the claim.
11. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amounts of loss claimed.
12. Resume all or part of your "**operations**" as quickly as possible.
13. Make no statement that will assume any obligation or admit any liability for any loss for which we may be liable without our consent.

D. Insurance Under Two Or More Coverages

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

E. Loss Payment

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

F. Other Insurance

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

G. Pair, Sets Or Parts

1. Pair Or Set

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

- a. Repair or replace any part to restore the pair or set to its value before the loss or damage; or

- b. Pay the difference between the value of the pair or set before and after the loss or damage.

2. Parts

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

H. Recovered Property

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

I. Reinstatement Of Limit After Loss

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

J. Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

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

This will not restrict your insurance.

GENERAL CONDITIONS

A. Concealment, Misrepresentation Or Fraud

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

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

B. Control Of Property

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

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

C. Legal Action Against Us

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

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

D. No Benefit To Bailee

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

E. Policy Period, Coverage Territory

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory or with respect to personal property in transit, while it is between points in the coverage territory.
 2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.
-

F. Valuation

The value of Covered Property will be the least of the following amounts:

- a. Amount for which you are liable;
- b. Actual cash value of the lost or damaged property;
- c. Cost of reasonably restoring the property to its condition immediately before the loss; or
- d. Cost of replacing the lost or damaged property with substantially identical property.

If a valuation method other than actual cash value applies, as shown in the Declarations or by a valuation condition in the coverage form, that valuation method applies in a. above in place of actual cash value.

The value will include the value of labor, materials or services furnished or arranged by you. In the event of loss or damage, the value of property will be determined as of the time of loss or damage.

PROPERTY VALUATION METHODS AND LOSS PAYMENT CONDITIONS

A. Loss Payment

1. In the event of loss or damage covered by this policy, at our option we will either:
 - a. Pay the value of lost or damaged property;
 - b. Pay the cost of repairing or replacing the lost or damaged property;
 - c. Take all or any part of the property at an agreed value or, if an agreed value cannot be reached, appraised value; or

d. Repair, rebuild or replace the property with other property of like kind and quality.

We will give notice of our intentions within **30 days** after we receive the sworn proof of loss.

2. We will not pay you more than your financial interest in the Covered Property.

3. We will not pay more than the least of the following amounts:

a. The Limit of Insurance under this policy that applies to the loss;

b. The value of the lost or damaged property; or

c. for building property, the amount that you actually spend that is necessary to repair or replace the lost or damaged property at:

(1) The same location; or

(2) Another location;

for the same use and occupancy.

d. For property other than building property, the amount that you actually spend that is necessary to repair or replace the lost or damaged property,.

B. Valuation Methods

We will determine the value of your property based on one of the following valuation methods when designated to apply to your property by your policy.

a. Replacement Cost

(1) Replacement Cost means the cost to repair, rebuild, or replace the lost or damaged property with other property:

(a) Of comparable material and quality;

(b) Used for the same purpose; and

(c) Without a deduction for depreciation.

(2) We will not pay on a replacement cost basis for any loss or damage until the lost or damaged property is actually repaired or replaced. You may make a claim on an actual cash value basis for loss or damage covered by this insurance 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 on a replacement cost basis if:

- (a) The lost or damaged property is actually repaired or replaced; and
 - (b) You notify us to do so within 180 days after the date of loss or damage or some other reasonable period on which we agree in writing.
- (3) The following property will be adjusted based on its replacement cost:
- (a) Any property designated in the coverage form as having replacement cost valuation apply; and
 - (b) Any property specifically identified in the Declarations as having replacement cost valuation apply.

b. Functional Replacement Cost

- (1) Functional replacement cost means the cost to repair or replace property with available property that most closely duplicates the function of the damaged or replaced property at time of loss. The replacement property may perform additional functions if it is the available property that most closely duplicates the function of the damaged or replaced property.
- (2) The following property will be adjusted based on its functional replacement cost:
- (a) Unless a different valuation basis is specified for such property in the Declarations:
 - (i) "Hardware";
 - (ii) "Media"; and
 - (iii) "Scientific and Medical equipment"; and
 - (b) Any property designated in the coverage form as having functional replacement cost valuation apply; and
 - (c) Any property specifically identified in the Declarations as having functional replacement cost valuation apply.

c. Stated Value

- (1) Stated Value means that in a total loss we will pay the amount stated in the Declarations for the lost or damaged property.
- (2) For property to be covered on a stated value basis it must be specifically identified in the Declarations as having Stated Value apply. The Declarations must indicate the Stated Value individually for each item.

- (3) If we determine that there has been a partial loss to property covered on a stated value basis, we will pay no more than the proportion that the value of the damaged part bears to the Stated Value in the Declarations.

d. Actual Cash Value

- (1) Actual cash value means replacement cost, as defined in **a.** above, minus depreciation.
- (2) We will value the following property on an actual cash value basis:
- (a) Any property that otherwise would be valued on a replacement cost basis, but for which repairs or replacements are not made as soon as reasonably possible;
 - (b) Any property designated in the coverage form as having actual cash value apply;
 - (c) Any property specifically identified in the Declarations as having actual cash value apply; and
 - (d) Any property for which another valuation method is not specifically identified.

e. Electronic Data Valuation

To the extent "electronic data" is not replaced, 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.

C. Personal Property of Others

- a. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- b. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- c. Personal property of others is valued on the same basis as your business personal property (subject to any exceptions in this Valuation and Loss Payment section). However, we will not pay more than the amount for which you are legally liable.

- d. Labor, materials and services that you furnish or arrange on personal property of others are valued based on the actual cost of the labor, materials and services.

D. Coinsurance Option

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 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.

- 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.

MORTGAGEHOLDERS CONDITION

This **Mortgageholders Condition** is applicable to mortgageholders on buildings covered by a Commercial Inland Marine Coverage Form.

1. The term mortgageholder includes trustee.
2. 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.
3. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
4. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - a. Pays any premium due under this policy at our request if you have failed to do so;
 - b. Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - c. Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

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

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

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.
6. If we cancel this policy, we will give written notice to the mortgageholder at least:
 - a. **15 days** before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - b. **45 days** before the effective date of cancellation if we cancel for any other reason.
7. If we elect not to renew this policy, we will give written notice to the mortgageholder at least **15 days** before the expiration date of this policy.

LOSS PAYEE CONDITION

SAMPLE

When a Loss Payee Schedule is attached to this Policy, the following provisions apply:

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

POLICY

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

MISCELLANEOUS ARTICLES COVERAGE FORM

Various provisions in this policy restrict coverage, so you should 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. The word **loss** means accidental loss or damage.

Other words and phrases that appear in **bold** and have “**quotation marks**” have special meaning. Refer to the **DEFINITIONS** section.

COVERAGE

Covered Property

We will pay for direct physical loss or damage to Covered Property consisting of “**miscellaneous articles**” which are listed or described on the Schedule of Miscellaneous Articles caused by or resulting from a Cause of Loss not otherwise excluded, not to exceed the applicable **Limit Of Insurance for Miscellaneous Articles** shown in the Declarations.

Covered Causes Of Loss

Covered Causes of Loss means Risks of Direct Physical Loss to Covered Property except those causes of loss listed in the exclusions.

Additional Coverages

Newly Acquired Miscellaneous Articles

We will pay for direct physical loss or damage to **"miscellaneous articles"** not yet listed or described on the Schedule Of Miscellaneous Articles caused by or resulting from a Cause of Loss not otherwise excluded for up to **90 days** from the date on which you acquire them. Your **Newly Acquired Miscellaneous Articles Limit of Insurance** shown in the Declarations is the most that we will pay for all loss or damage to such articles in any one occurrence.

Pollutant Clean Up And Removal

1. We will pay your expense to extract **"pollutants"** from land or water 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 when the Covered Cause of Loss occurs.
2. This Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effect of **"pollutants"** from the land or water. But we will pay for testing which is performed in the course of extracting the **"pollutants"** from the land or water.
3. **Pollutant Clean Up Limit of Insurance**
 - a. Your **Pollutant Clean Up Limit of Insurance** applies to your Pollutant Clean Up and Removal Coverage. The aggregate liability of the Company shall not exceed this limit for all covered expenses arising during any single policy year. A policy year means the period from the inception or anniversary date to the expiration date or next anniversary date.
 - b. Your **Pollutant Clean Up Limit of Insurance** applies per location and is shown in the Declarations.

Debris Removal

1. 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 earlier of:
 - a. The date of direct physical loss or damage; or
 - b. The end of the policy period.

2. This Coverage does not apply to costs to:

- a. Extract "**pollutants**" from land or water; or
- b. Remove, restore or replace polluted land or water.

3. Debris Removal Limit of Insurance

- a. Your **Debris Removal Limit of Insurance** applies to your Debris Removal Coverage, providing an excess Limit of Insurance.
- b. The most we will pay for debris removal is the lesser of:
 - (1) **25%** of the covered direct physical loss or damage; or
 - (2) The remaining applicable Limit of Insurance for Covered Property shown in the Declarations after payment of the covered direct physical loss or damage.
- c. If the amount in **b.** above is insufficient to pay the debris removal, we will pay the remaining debris removal. However, this additional amount we pay is subject to the **Debris Removal Limit of Insurance** shown in the Declarations.

Preservation of Property

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

- a. While it is being moved to or while temporarily stored at another location; and
 - b. Only if loss or damage occurs within **90 days** after the property is first moved.
- This Additional Coverage does not increase the Limit of Insurance.

Preservation of Property - Expense Coverage

If it is necessary to move Covered Property from a premises to preserve it from further loss or damage by a Covered Cause of Loss, we will pay the actual expense to move the property to safety.

We will also pay any necessary rental fees for the temporary storage at premises of others for the period of days shown in the Declarations after the property is first moved.

This is additional insurance. The applicable per-occurrence **Preservation of Property – Expense Coverage Limit of Insurance** is shown in the Declarations.

Inventory Or Appraisals

We will pay for the cost of any inventory or appraisal that we require from you to determine the extent of direct physical loss or damage to “**miscellaneous articles**”, not to exceed the applicable **Limit of Insurance for Inventory or Appraisals** shown in the Declarations.

EXCLUSIONS

Acts or Decisions

We will not pay for loss or damage caused by or resulting from acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body. But, if an excluded cause of loss results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Breakage of Fragile Articles

We will not pay for loss or damage caused by or resulting from breakage of fragile articles. But we will pay for such loss or damage caused directly by fire, lightning, explosion, windstorm, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by accident to the vehicle carrying the property if these causes of loss would be covered under this Coverage Form.

Consequential Loss

We will not pay for loss or damage caused by or resulting from delay, loss of use, loss of market or any other consequential loss.

Dampness, Dryness, or Extremes of Temperature

We will not pay for loss or damage caused by or resulting from dampness, dryness, or extremes of temperature. But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by that Covered Cause of Loss.

Dishonesty

We will not pay for loss or damage caused by or resulting from dishonest or criminal acts by you, any of your partners, employees, directors, trustees, authorized representatives or anyone (except carriers for hire) to whom you entrust the property for any purpose:

- a. Acting alone or in collusion with others; or
- b. Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees; but theft by employees is not covered.

False Pretense

We will not pay for loss or damage caused by or resulting from voluntary parting with any covered property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

Governmental Action

We will not pay for loss or damage caused directly or indirectly by seizure or destruction of property by order of governmental authority. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

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

Hidden or Latent Defect

We will not pay for loss or damage caused by or resulting from hidden or latent defect or any quality in property that causes it to damage or destroy itself. But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by that Covered Cause of Loss.

Insects, Vermin, or Animals

We will not pay for loss or damage caused by or resulting from insects, vermin, rodents, birds, or other animals. But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by that Covered Cause of Loss.

Mechanical Breakdown

We will not pay for loss or damage caused by or resulting from mechanical breakdown, including rupture or bursting caused by centrifugal force. However, this does not apply to any loss or damage caused by elevator collision. But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by that Covered Cause of Loss.

Negligent Work

We will not pay for loss or damage caused by or resulting from faulty, inadequate, defective or negligent:

- a. Planning, zoning, development, surveying, siting;
- b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- c. Materials used in repair, construction, renovation or remodeling; or
- d. Maintenance;

of part or all of any property on or off the described premises.

But, if an excluded cause of loss results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Nuclear Hazard

We will not pay for loss or damage caused directly or indirectly by: any weapon employing atomic fission or fusion; nuclear reaction or radiation; or radioactive contamination; however caused. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

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

Pollutants

We will not pay for loss or damage caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of "**pollutants**" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "**specified causes of loss**". But if the discharge, dispersal, seepage, migration, release or escape of "**pollutants**" results in a "**specified cause of loss**", we will pay for the loss or damage caused by that "**specified cause of loss**".

Processing or Work Upon the Property

We will not pay for loss or damage caused by or resulting from processing or work upon the property. But we will pay for direct loss or damage caused by resulting fire or explosion if these causes of loss would be covered under this Coverage Form.

Rust, Oxidation, Corrosion, or Discoloration

We will not pay for loss or damage caused by or resulting from rust, oxidation, other corrosion, or discoloration. But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by that Covered Cause of Loss.

Unauthorized Transfer

We will not pay for loss or damage caused by or resulting from unauthorized instructions to transfer property to any person or to any place.

War and Military Action

We will not pay for loss or damage caused directly or indirectly by

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

Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

Wear and Tear

We will not pay for loss or damage caused by or resulting from wear and tear, or depreciation. But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by that Covered Cause of Loss.

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.

For “**miscellaneous articles**” which are listed or described on the Schedule of Miscellaneous Articles, we will not pay more than the Limit Of Insurance for each item that is lost or damaged. This Limit of Insurance is shown opposite the item on the Schedule of Miscellaneous Articles.

DEDUCTIBLES

We will not pay for loss or damage in any one occurrence until the amount of adjusted loss or damage before applying the applicable Limit of Insurance exceeds the Deductible shown in the Declarations. We will then pay the amount of the adjusted loss or damage in excess of the Deductible up to the applicable Limit of Insurance. If no other Deductible is shown in the Declarations, your Deductible is **\$500**.

If more than one deductible applies in any one occurrence, the largest applicable deductible will be used.

CONDITIONS

This Coverage Form is subject to the Common Policy Conditions, the Commercial Inland Marine Conditions, and the following Additional Conditions:

Valuation Method

Subject to the **Limit Of Insurance for Miscellaneous Articles** shown in the Declarations:

- A. “**Miscellaneous articles**” are valued on a replacement cost basis as described below, unless:
 - 1. The Loss Payment Basis shown in the Declarations is actual cash value; or
 - 2. Otherwise stated under Loss Payment Basis Exceptions; and
- B. “**Miscellaneous articles**” valuation includes costs you incur as described below under Extended Warranties.
- C. “**Miscellaneous articles**” not owned by you and in your care, custody or control are valued on the same basis as your “**miscellaneous articles**”, but we will not pay more than the amount for which you are legally liable.

Extended Warranties

“**Miscellaneous articles**” valuation includes the pro-rated cost for the unused portion of non-refundable extended warranties, maintenance contracts or service contracts that you purchased, which are no longer valid on lost or damaged “**miscellaneous articles**” that you repair or replace.

Other Insurance

The following is added to the **Other Insurance** condition in the Commercial Inland Marine Conditions:

If you have other insurance against loss or damage covered by this policy, we shall not pay any amount greater than the proportion that the applicable Limit of Insurance shown in the Declarations bears to the total applicable limits of insurance covering the loss or damage.

This insurance is excess of any other insurance for “**miscellaneous articles**” not owned by you and in your care, custody or control.

DEFINITIONS

POLLUTANTS

“**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.

MISCELLANEOUS ARTICLES

“**Miscellaneous articles**” means property which you own, or which is owned by others and in your care, custody or control and which you are legally responsible for.

“**Miscellaneous articles**” does not mean:

- a. Accounts, bills, deeds, evidences of debt or other valuable papers or records;
- b. Aircraft, motor vehicles, trailers, semi-trailers or watercraft;
- c. Furniture, fixtures, furnishings, office machinery and equipment, stationery and tenants' improvements and betterments;
- d. Jewelry, watches, furs, garments trimmed with fur, bullion, precious metals, precious or semi-precious stones or gems, or stamps or coins whose value exceeds face value;
- e. Money, notes or securities;
- f. Property:
 - (1) Being towed by aircraft or watercraft; or

- (2) While afloat, submerged or underwater;
- g. Property while on any platform which is either temporarily or permanently anchored in any body of water. But “**miscellaneous articles**” does mean such property on a dock, wharf or pier which is attached at one end to dry land; or
 - h. Property while underground, except while in transit through railroad or vehicular tunnels.
-

SINKHOLE COLLAPSE

"Sinkhole Collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

- a. The cost of filling sinkholes; or
 - b. Sinking or collapse of land into man-made underground cavities.
-

SPECIFIED CAUSES OF LOSS

"Specified causes of loss" means the following:

Fire; lightning; explosion, windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; **"sinkhole collapse"**; **"volcanic action"**; falling objects; weight of snow, ice or sleet; **"water damage"**; sonic boom and elevator collision.

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.

"Volcanic action" does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss of or damage to the described property.

WATER DAMAGE

"Water damage" means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

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 the 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.

THIS ENDORSEMENT CHANGES THE POLICY. READ IT CAREFULLY.

CALIFORNIA CHANGES

This endorsement modifies insurance provided under the following:

Boiler and Machinery Coverage Part

Commercial Inland Marine Coverage Part

Commercial Property 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.

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

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.

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:

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

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.

SAMPLE

POLICY