Commonwealth of Kentucky

Finance & Administration Cabinet
Office of the Controller
Division of State Risk & Insurance Services

State Fire & Tornado Self-Insurance Fund

Policy Year
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State Fire & Tornado Self-Insurance Fund

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Commonwealth of Kentucky
FINANCE AND ADMINISTRATION CABINET
OFFICE OF THE CONTROLLER
DIVISION OF STATE RISK AND INSURANCE SERVICES
209 Saint Clair, 5th Floor
Frankfort, Kentucky 40601
(502) 564-6055
(502) 564-2693 Facsimile

MATTHEW G. BEVIN
Governor

WILLIAM M. LANDRUM III
Secretary

EDGAR C. ROSS
Controller

ALVIN L. PERKINS
Director

STAFF DIRECTORY FY 2015 – 2016

Alvin Perkins, Division Director	(502) 782 -5444	Alvin.Perkins@ky.gov
Buryl Thompson, Assistant Director KSAP Program Manager	(502) 782 – 5438	Buryl.Thompson@ky.gov

Underwriting for the Fire and Tornado Fund

Alex Reese, Insurance Policy Specialist II	(502) 782 – 5441	Alex.Reese@ky.gov

Kentucky Self Insured Auto Program

Karen Bond, Program Coordinator Inventory, Invoice, & Audit	(502) 782 – 5437	Karen.Bond@ky.gov

Property & Auto Claims

Evelyn Smith, Claims Program Manager (Property)	(502) 782 –5433	Evelyn.Smith@ky.gov
T.J. O'nan, Claims Program Coordinator (Auto)	(502) 782 -5445	Timothy.O'nan@ky.gov

Commercial Policies

Meagan Hart, Internal Policy Analyst II	(502) 782- 5423	Meagan.Hart@ky.gov

Risk Management, Public Official Bonds

Pam Farmer, Risk Manager	(502) 782 – 5434	Pam.Farmer@ky.gov

Sprinkler Inspection Reconciliation

Gale Eden, Admin. Spec. III	(502) 782 – 5442	Vickie G.Eden@ky.gov

Property Appraisals

Chuck Jackson, Appraiser	(502) 782 – 5439	Chuck.Jackson@ky.gov
Gerry Hamilton, Appraiser	(502) 782 – 5421	Gerry.Hamilton@ky.gov
Steven Still, Insurance Policy Specialist I	(502) 782 – 5443	Steven.Still@ky.gov

Resource Management Technical Assistance

Ryan Barnard, Resource Management Analyst II	(502) 782 – 5435	Ryan.Barnard@ky.gov

SUMMARY OF COVERAGE REQUIREMENTS

A. FIRE AND EXTENDED COVERAGE SECTION:

1. Coverage Extension - Newly Acquired or Constructed Property:

a. Buildings - For coverage to apply to newly acquired or constructed buildings, they **must be reported within 30 days** after you acquire or take possession. Once reported, **premium will be charged from the actual date you took beneficial occupancy**.

NOTE: Should a loss or damage occur to a newly acquired or constructed building that has not been reported, the most we will pay under this extension is $500,000. **Coverage will cease at the end of 30 days if not reported.**

b. Contents – A Coverage extension will be provided for newly acquired contents, but updated values must be reported to us within 180 days after you acquire, for coverage to continue. Coverage provided under this extension is $500,000 per location.

2. Building Valuation:

You have the option of purchasing **REPLACEMENT COST COVERAGE** or **ACTUAL CASH VALUE COVERAGE** for your entire schedule of buildings or for individual buildings. (*Please note that the valuation you choose establishes how much you will be paid in the event of a loss and also how much premium you will pay).*

You may choose either:

- **REPLACEMENT COST VALUE** – *The cost to replace it today with property of like kind and quality without reduction for depreciation; or*
- **ACTUAL CASH VALUE** – *The cost to repair or replace the damaged property with materials of like kind and quality less depreciation of the damaged property.*

You can change the valuation you have chosen at any time simply by notifying our office in writing.

3. Reporting Requirements:

When requesting coverage please provide the following:

a. Buildings - New locations should be reported by completing *a **Request for Property Insurance Form***. You will provide the initial value of the building until an appraisal can be conducted.

b. Contents - Individually itemized schedules are not required for reporting contents values for coverage, with the exception of Fine Arts, Autos & Watercrafts (see policy provisions for scheduled requirements). Only the ***total value for each insured location* is required to be reported for coverage to be in effect**. You must also complete the "Request for Property Insurance Form" for new locations. *(A reminder that reporting the value of contents is the responsibility of the Certificate holder).*

NOTE: At the time of loss, there may be a coinsurance penalty applied in the event the amount of insurance in force is less than the actual cash value of your actual inventory. A schedule of contents taken from your inventory records may be required to validate the reported values.

4. Rate Reduction for Fire Protection Equipment: Buildings that contain sprinkler systems that cover at least 90% of the total occupancy receive a reduction on fire rates for that location only if the system is properly maintained. The Finance and Administration Cabinet has a sprinkler system inspection contract in place for all buildings owned by the Commonwealth. Inspections are available for both wet and dry systems and are performed once a year unless otherwise required by state law.

In order to be added to the inspection list, you will need to send your request in writing, including the Buildings Name, Property ID, and address location of the building; and also give the name of the person the inspector should contact. This information should be forwarded to the "Sprinkler Inspection Compliance Contact person" noted on the previous page of our Staff Directory..

B. INLAND MARINE COVERAGE SECTION (Permanent)

This section provides all-risks floater coverage for personal property wherever the items may be located within the covered territory, including while being transported. **Laptop Computers are insured under this section of the policy and are covered "worldwide".**

1. Coverage is written on a **scheduled basis only**. A list containing a description of each item, value of that item, serial number, and tag number, must be on file with the State Risk Underwriting Section or coverage may be denied.

2. If you acquire additional personal property of a type already covered under this form, we will extend coverage to cover such property for 120 days up to a $500,000 limit. You must report new acquisitions, submit the supporting schedules, and provide values within the 120 days for coverage to continue.

C. INLAND MARINE Endorsement Section (Temporary)

Temporary/short-term Inland Marine coverage may be purchased under this endorsement section. Coverage is provided for items on exhibit, in transit, on temporary loan, etc.

1. Coverage must be requested in advance of the event, providing schedules and values. Appropriate premium must be paid in order for coverage to apply.

D. TELEPHONE COVERAGE SECTION

You are responsible for reporting new phone systems. However, a close review of your schedule is advised to ensure that systems shown in the telephone section of your Certificate stay current. Any discrepancies should be reported immediately and are the responsibility of the certificate holder.

- NOTE: Telephone systems that are not specifically described on the Telephone Declarations page of your Certificate are not covered.

E. ELECTRONIC DATA PROCESSING (EDP) – COMPUTER COVERAGE SECTION

Itemized schedules are not required when reporting values for fixed computers kept at a building location for operation. **(Laptop Computers are not covered under this section.)** If you acquire additional equipment of a type already covered under this form, we will automatically cover such property for 120 days up to a $500,000 limit. You must report new acquisitions with values, to State Risk Underwriting within the 120 days for coverage to continue.

F. BUSINESS INCOME & EXTRA EXPENSE COVERAGE SECTION

This section provides insurance for loss of Business Income you sustain due to the necessary suspension of your "normal operations" during the "period of restoration of damages caused by a covered cause of loss, defined in this section of the policy.

If you have this type of exposure, please contact State Risk Underwriting Section shown on the Staff Directory.. Coverage is based on current and projected revenue statements. In order to purchase coverage you must provide a Business Income Statement.

G. CREDITS & DEBITS Program

1. **Credits and Debits will be assessed for all coverages using the following criteria with the exception of the *Electronic Data Processing Coverage Section* and the *Business Income and Extra Expense Section*:**

   a. Annual premium must be at least $500 to be eligible for a credit.

   b. Credits may be removed or debits applied to premiums for certificate holder's that fail to comply with underwriting recommendations/requirements; or loss control recommendations.

   c. Losses attributable to natural disasters will be capped at $500,000 for purposes of determining credits/debits.

   d. A debit may apply when a certificate holder's loss ratio exceeds 75% for preventable losses (i.e. – not an Act of God")

Credits	Loss Ratio	Debits
20%	0-30	0%
15%	31-40	0%
10%	41-50	0%
5%	51-65	0%
0%	66-75	0%
0%	76-80	10%
0%	81-90	15%
0%	91+	20%

2 **Electronic Data Processing Coverage Section –** Should your loss ratio exceed 65%, you could experience a 10%, but not more than a 20% increase. Premium calculations will be based on your actual loss experience and calculated using the following scale:

Loss Ratio	Debits
0 - 30	**0%**
31 - 40	**0%**
41 – 50	**0%**
51 – 65	**0%**
66 – 75	**0%**
76 – 80	**10%**
81 – 90	**15%**
91+	**20%**

3. **Deductibles – Excessive losses in any one class of insurance may cause the deductible for that class to be adjusted up to market levels.**

FIRE & EXTENDED COVERAGE SECTION

INFORMATION PAGE

COVERAGE IS MANDATORY

The Fire and Extended Coverage section of your Certificate provides coverage on real and personal properties as required by Chapter 56 (refer to KRS 56.065 through KRS 56.185) of the Kentucky Revised Statutes. See "Covered Property" for items insured by this section of the policy.

Contents that move off premises, telephone systems or equipment, and computers should not be included in this coverage section. These items can be insured under another specific coverage section of the Fire and Tornado Insurance policy.

CONTACT STATE RISK UNDERWRITING SECTION
for Coverage Additions ~ Deletions ~ Changes

INLAND MARINE COVERAGE SECTION

INFORMATION PAGE

COVERAGE IS OPTIONAL

Items insured for Inland Marine Floater Coverage must be scheduled.

The Inland Marine Section of your Certificate provides coverage for the Insured's personal property wherever the items may be (within the covered territory), including while being transported. Items insured under this section should not be insured elsewhere.

Types of items insured under this section may include: mobile office contents, cameras and related equipment, laptop computers, musical instruments, radio/communication equipment, fine arts, and other miscellaneous articles.

For Coverage Additions/Deletions/Changes, contact State Risk Underwriting Section

NOTE:
Schedules listing these items with purchase date and cost must be sent to State Risk & Insurance/Underwriting Section to have schedule documentation on file, prior to a claim.

- ***"Temporary Coverage" requires purchase of Endorsement A to cover:***
Items not owned by you; but, is at your location, on loan, on exhibit, etc.

- ***"Transit Coverage" requires purchase of Endorsement B to cover:***
Items being transported to and/or from one location to another, subject to stated territorial limitations in the policy.

Contact State Risk Underwriting Section to purchase coverage

INLAND MARINE COVERAGE SECTION

STATE FIRE AND TORNADO INSURANCE FUND

OPTIONAL COVERAGE ENDORSEMENTS A & B

INFORMATION PAGE

ENDORSEMENT A - *TEMPORARY COVERAGE* (FORM IM-Temp A):

This endorsement only applies when you request and pay the appropriate premium for **TEMPORARY INLAND MARINE COVERAGE.** This endorsement may be requested for items on loan, on exhibit, etc. Coverage applies to scheduled items on a temporary basis **excluding transit.** Coverage Endorsement "B" - *Transit Coverage* must be requested and appropriate premium paid if transit is required.

See Inland Marine Floater Coverage Form for additional information.

ENDORSEMENT B - *TRANSIT COVERAGE* (FORM IM-Trans B):

This endorsement only applies when you request and pay the appropriate premium for **TRANSIT COVERAGE.** This endorsement provides coverage while items are being transported to and/or from one location to another, subject to stated territorial limitations.

Please note items covered under the Permanent Inland Marine Coverage Section are provided transit coverage automatically.

See Inland Marine Floater Form for additional information.

TELEPHONE COVERAGE SECTION

INFORMATION PAGE

The Kentucky State Fire and Tornado Insurance Fund provides insurance coverage on the telephone systems owned by your agency and shown on the Telephone Section Declarations of this Certificate. These systems must reported to State Risk Insurance Division for coverage after installation or upgrades to system.

State agencies and universities (other than the above-mentioned exceptions who install their own systems), are to continue reporting the system specifications unless provided by COT (Commonwealth Office of Technology).

PLEASE NOTE: THE MAXIMUM COVERAGE FOR YOUR TELEPHONE EQUIPMENT IN TRANSIT IS $5,000.00. THIS LIMIT APPLIES UNLESS YOU NOTIFY THE KENTUCKY STATE FIRE AND TORNADO INSURANCE FUND AND REQUEST A HIGHER LIMIT.

Coverage Additions/Deletions/Changes should be sent to State Risk Underwriting Section

ELECTRONIC DATA PROCESSING COVERAGE SECTION

INFORMATION PAGE

- Newly acquired property of a type already covered under this coverage form will be automatically covered but must be reported to us within 120 days after acquisition for coverage to continue. Under this coverage extension, the most we will pay is the total limit shown on the Declarations Page for total Covered Property, but in no event shall we pay more than $500,000 for any one "loss."

- $10,000 is automatically provided for extra expense coverage. If you require more than $10,000 it must be specifically requested and a premium charge will be accessed.

- $5,000 is automatically provided for property in transit or while away from your premises. Amounts above this additional Insurance must be specifically requested through the Marine and Transportation coverage form.

Please refer to the coverage form to determine rights, duties and specification of coverage's.

Coverage Additions/Deletions/Changes should be sent to State Risk Underwriting Section

BUSINESS INCOME & EXTRA EXPENSE COVERAGE SECTION

INFORMATION PAGE

COVERAGE IS OPTIONAL

The Business Income & Extra Expense Coverage Section of your Certificate provides coverage for the actual loss of business income you sustain due to the necessary suspension of your "operations" during the "period of restoration."

The suspension must be caused by direct physical loss of or damage to property at your premises, which are described in the Declarations and for which a Business Income Limit of Insurance is shown. The loss or damage must be caused by or result from, a covered cause of loss.

Coverage Additions/Deletions/Changes should be reported to State Risk Underwriting Section

This endorsement changes the policy and is effective for losses incurred after January 1, 2011. Please read it carefully.

DEDUCTIBLE

This endorsement modifies insurance provided under the following sections of your Fire and Tornado Certificate:

Fire and Extended Coverage Section
Inland Marine Coverage Section
Telephone Coverage Section
Electronic Data Processing Coverage Section
Business Income & Extra Expense Coverage Section

This endorsement deletes the Deductible provision in each coverage section above and replaces it in its entirety with:

In any one occurrence of loss or damage (hereinafter referred to as loss), we will not pay for that loss if the adjusted amount of loss is less than or equal to the deductible. 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 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 the application of the deductible. But the deductible will be applied only once per occurrence.

If any causes of loss, coverages or types of property insured against under this policy are subject to separate deductibles and two or more of those causes of loss, coverage and/or types of property are involved in any one loss occurrence, each cause of loss, coverage and type of property loss will be adjusted separately. But the total of the deductible amount applied will not exceed the highest deductible amount applied in that occurrence for any one cause of loss, coverage or type of property.

PERSONAL PROPERTY REPLACEMENT COST LOSS SETTLEMENT

This endorsement modifies insurance provided under the following sections of your Fire and Tornado Certificate:

BUILDING AND PERSONAL PROPERTY COVERAGE SECTION
TELEPHONE COVERAGE SECTION
ELECTRONIC DATA PROCESSING COVERAGE SECTION

Valuation

A. Personal Property

The valuation of covered personal property shall be as follows:

1. Furniture and fixtures, machinery, equipment, and all other covered personal property, shall be valued at the replacement cost new on the same premises, as of the date of replacement.
2. Property of others which the Certificate Holder is required to insure to a stipulated value shall be valued at the replacement cost as of the date of replacement, if replaced at the Certificate Holder's option; otherwise at the stipulated value.
3. Fine Arts shall be valued at the appraised value; or if there is no appraisal, at the greater of the original acquisition cost or the market value at the time of the loss.
4. Vehicles licensed for highway use shall be valued at actual cash value.
5. Contractor's Equipment shall be valued at Actual Cash Value.
6. Livestock shall be valued at the replacement cost or the actual cash value stated in statement of values on file with State Risk, whichever is greater.
7. Other covered property not otherwise provided for, at replacement cost new on the same premises as of the date of replacement.
8. Permission is granted for the Certificate holder to replace the damaged property with any property at the same site or at another site within the territorial limits of this policy, but recovery is limited to what it would cost to replace on same site. If property damaged or destroyed is not repaired, rebuilt or replaced within a reasonable period after the loss or damage, State Risk shall not be liable for more than the actual cash value at the time of loss of the property damaged or destroyed. However, limitations imposed by federal, state or municipal building codes shall not result in actual cash valuation.

All other provisions of this policy apply. This endorsement does not broaden the scope of what is deemed to be covered personal property for the purposes of coverage under the Fire and Tornado Certificate.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ CAREFULLY

ASBESTOS EXCLUSION

This endorsement modifies insurance provided under the following sections of your Fire and Tornado Certificate:

BUILDING AND PERSONAL PROPERTY COVERAGE SECTION

Our policy does not insure against loss or damage caused directly or indirectly and/or contributed to, in whole or in part, by:

Asbestos material removal;

Demolition or increased cost of construction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos material;

Any governmental directions declaring that asbestos material present in or part or utilized on any portion of the insured's property must be removed or modified.

STATE FIRE AND TORNADO INSURANCE FUND

Building and Personal Property Coverage Section
COVERAGE FORM

Insurance applies only to items specifically described in this certificate for which an Amount of insurance is shown and, unless otherwise provided, all provisions and stipulations of this form and certificate shall apply separately to each such item.

Throughout this certificate, the words "you" and "your" refer to the Certificate Holder shown in the Declarations. The words "we," "us" and "our" refer to the State Fire and Tornado Insurance Fund.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section J-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

Property Insured as used in this certificate, means the following types of property for which a Limit of Insurance is shown in the Declarations:

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) Tunnels, defined as openings or passageways through the ground, extending out from building substructures and accessible by people;

(5) 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, dish washing or laundering;

(6) 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:

(1) Furniture and fixtures;

(2) Machinery and equipment;

(3) "Stock";

(4) Fine Arts which are specifically scheduled;

(5) All other personal property owned by you and used in your business;

(6) Labor, materials or services furnished or arranged by you on personal property of others;

(7) 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;

(8) 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.

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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.

d. **"Livestock"** - which are specifically scheduled in the Declarations and for which a premium charge is shown, while on the described premises only, or if away from the described premises, only while in the care, custody or control of another state run facility.

e. **Autos & Mobile Equipment** - which are individually described and specifically covered in the Declarations and for which a premium charge is shown, while on the "insured location."

f. **Watercraft –** which are individually scheduled and specifically covered in the Declarations only while in a covered building/structure.

2. PROPERTY NOT COVERED

Covered Property does not include:

a. Computer equipment including electronic or magnetic tape records;

b. Telephone systems and equipment, other than stock;

c. Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities, jewelry, precious stones, precious metals or their alloys, furs or garments trimmed with fur. Lottery tickets held for sale are not securities;

d. Animals, other than specifically scheduled "livestock";

e. Automobiles held for sale;

f. Bridges, unless specifically scheduled; Roadways, walks, patios or other paved surfaces;

g. Contraband, or property in the course of illegal transportation or trade;

h. The cost of excavations, grading, backfilling or filling;

i. Land (including land on which the property is located), water, growing crops or lawns;

j. Personal property while airborne or waterborne;

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. The cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media, except as provided in the Coverage Extensions;

o. Aircraft;

p. 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, signs (other than signs attached to buildings), except as specifically scheduled.

(3) 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-SPECIAL FORM

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is excluded or limited herein.

4. ADDITIONAL COVERAGES

a. 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 certificate period. The expenses will be paid only if they are reported to us in writing within 120 days of the date of direct physical loss or damage.

(2) The most we will pay under this Additional Coverage is 25% of:

(a) The amount we pay for the direct physical loss of or damage to Covered Property; plus

(b) The deductible in this policy applicable to that loss or damage.

But this limitation does not apply to any additional debris removal limit provided in the Limits of Insurance section.

(3) This Additional Coverage does not apply to costs to:

(a) Extract "pollutants" from land or water; or

(b) Remove, restore or replace polluted land or water.

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:

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(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 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 certificate period. The expenses will be paid only if they are reported to us in writing within 120 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 certificate.

5. COVERAGE EXTENSIONS

a. Newly Acquired or Constructed Property

(1) You may extend the insurance that applies to Buildings to apply to:

(a) Your new buildings while being built by you 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 $500,000 at each building.

(2) You may extend the insurance that applies to Your Business Personal Property to apply to that property at any location you acquire other than at fairs or exhibitions. The most we will pay for loss or damage under this Extension is $500,000 at each location.

(3) Insurance under this Extension for each newly acquired or constructed property will end when any of the following first occurs:

(a) This certificate expires.

(b) 30 days expire after you acquire or begin to construct the building; or

(c) 180 days expire after you acquire new contents; or

(d) You report values to us. We will charge you additional premium for values reported you acquire the property.

b. Additional Acquired Vehicles and Mobile Equipment

(1) If coverage for mobile equipment, farm equipment and vehicles such as tractors, spreaders, hay balers, backhoes, passenger cars, trucks, vans, is declared and described in the declarations, we will extend coverage to apply to Newly Acquired Additional Mobile Equipment, Farm Equipment and Vehicles.

(2) The most we will pay under this Coverage Extension is $500,000 for loss of or damage to all such Newly Acquired Additional Mobile Equipment, Farm Equipment and Vehicles.

(3) When values and schedules for Newly Acquired Additional Mobile Equipment, Farm Equipment and Vehicles are reported under this Coverage Extension, additional premium for these values will be charged from the date of acquisition.

(4) This Coverage Extension will end:

(a) 30 days after the date of acquisition of the additional item; or

(b) When this certificate expires; whichever comes first.

(5) Newly Acquired Additional Mobile Equipment, Farm Equipment and Vehicles are covered under this Coverage Extension only to the extent that they are not covered under another Coverage or

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Coverage Form of this or any other policy of the "certificate holder".

c. Additional Acquired "Livestock"

(1) If coverage for "livestock" is declared and described in the declarations, we will cover additional "livestock" you acquire during the certificate period, for up to 30 days from acquisition.

(2) The most we will pay under this Coverage Extension is the lessor of:

(a) The actual cash value of such property; or

(b) 25% of the total of the Limits of Insurance shown in the Declarations for:

(I) specifically declared and described "livestock"; and

(II) "Livestock" with separate limits per class.

(3) You must report such property within 30 days from the date acquired and pay any additional premium due. If you do not report such property, coverage will end 30 days after the date the property is acquired.

d. Valuable Papers and Records - Cost of Research

You may extend the insurance that applies to Your Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which duplicates do not exist. The most we will pay under this Extension is $2,500 at each described location.

e. Property Off-Premises

You may extend the insurance provided by this certificate to apply to your Covered Property that is temporarily at a location you do not own, lease (unless in storage, provided that the lease was signed after the inception of the policy period) or operate for a maximum of 30 days. This Extension does not apply to Covered Property:

(1) In or on a vehicle;

(2) In the care, custody or control of your salesperson. The most we will pay for loss or damage under this Extension is $10,000.

f. 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), signs other than signs attached to buildings) 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) Explosions;

(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.

Each of these Extensions is additional insurance.

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:

(1) An ordinance or law that is enforced even if the property has not been damaged; or

(2) 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) Any earth movement (other than sinkhole collapse, if sinkhole collapse is a Covered Cause of Loss), such as a landslide, mine subsidence or earth sinking, rising or shifting, unless caused by "earthquake" as defined herein. But if loss or damage by fire or explosion results, we will pay for that resulting loss or damage.

(2) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or

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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 or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if the failure of power 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.

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) Surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not, unless caused by" flood" as defined herein;

(2) Mudslide or mudflow;

(3) Water under the ground surface pressing on, or flowing or seeping through:

(a) Foundations, walls, floor 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.(3)** 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. Protective Safeguard Devices

As a condition of this insurance, you are required to maintain the protective devices and correct any inspection deficiencies as soon as possible.

We reserve the right to deny claim payments for loss or damage caused by or resulting from fire or water damage if, prior to the fire or water damage, you:

(1) Knew of any suspension or impairment in any protective safeguard devices, such as Sprinkler Systems, etc. and failed to notify us of that fact if full protection can't be restored within 48 hours; or

(2) Failed to maintain any protective safeguard devices or correct inspection deficiencies within a reasonable amount of time.

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

a. Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;

But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by that fire;

b. Delay, loss of use or loss of market;

c. Smoke, vapor or gas from agricultural smudging or industrial operations;

d. **(1)** Wear and tear;

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(2) Rust, corrosion, "fungus", decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

(3) Smog;

(4) Settling, cracking, shrinking or expansion;

(5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

(6) The following causes of loss to personal property:

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **2.d.(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

e. Continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more.

f. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

(1) You do your best to maintain heat in the building or structure; or

(2) You drain the equipment and shut off the supply if the heat is not maintained.

g. Dishonest or criminal act by you, any of your partners, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

(1) Acting alone or in collusion with others; or

(2) Whether or not occurring during the hours of employment.

h. Voluntary partings with any 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.

i. Rain, snow, ice, sleet or dust to personal property in the open.

j. Collapse, except as provided below in the Additional Coverage for Collapse. But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

k. 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".

3. We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph **1.a.** through **1.h.** to produce the loss or damage.

b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Faulty, inadequate or defective:

(1) Planning, zoning, development, surveying;

(2) Design, specifications, workmanship, repairs, construction, renovation, remodeling, grading, compaction;

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

(4) Maintenance;

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

4. We will not pay for loss of or damage to "livestock" when caused by or resulting from any of the following:

a. Running into streams, ponds or ditches, or against fences or other objects;

b. Smothering;

c. Resulting directly or indirectly from fright;

d. Freezing or smothering in blizzards or snowstorms;

e. Caused by dogs or wild animals owned by you, your employees or other persons residing on the insured location;

f. Accidental shooting of covered "livestock" caused by you, any other "certificate holder", your employees, or other persons residing on the insured location;

g. Disease;

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h. Mortality.

C. LIMITATIONS

The following limitations apply to all certificate forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

a. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

(1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

(2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

b. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

c. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

d. Gutters and downspouts caused by or resulting from weight of snow, ice or sleet.

e. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

a. Valuable papers and records, such as books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell or other data processing, recording or storage media, and other records.

b. Fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:

(1) Glass that is part of a building or structure;

(2) Containers of property held for sale;

(3) Photographic or scientific instrument lenses; or

(4) Specifically scheduled fine arts.

3. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes.

But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

a. Results in discharge of any substance from an automatic fire protection system; or

b. Is directly caused by freezing.

D. ADDITIONAL COVERAGE- COLLAPSE

The term Covered Cause of Loss includes the Additional Coverage - Collapse as described and limited in **D.1.** through **D.5.** below:

1. We will pay for direct physical loss or damage to Covered Property, caused by collapse of a building or any part of a building insured under this Coverage Form, if the collapse is caused by one or more of the following:

a. The "specified causes of loss" or breakage of building glass, all only as insured against in this Coverage Part;

b. Hidden decay;

c. Hidden insect or vermin damage;

d. Weight of people or personal property;

e. Weight of rain that collects on a roof;

f. Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. However, if the collapse occurs after construction, remodeling or renovation is complete and is caused in part by a cause of loss listed in **D.1.a.** through **D.1.e.**, we will pay for the loss or damage even if use of defective material or methods, in construction, remodeling or renovation, contributes to the collapse.

2. If the direct physical loss or damage does not involve collapse of a building or any part of a building, we will pay for loss or damage to Covered Property caused by the collapse of personal property only if:

a. The personal property which collapses is inside a building; and

b. The collapse was caused by a cause of loss listed in **D.1.a.** through **D.1.f.** above.

3. With respect to the following property:

a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

b. Awnings, gutters and downspouts;

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c. Yard fixtures;

d. Outdoor swimming pools;

e. Fences;

f. Piers, wharves and docks;

g. Beach or diving platforms or appurtenances;

h. Retaining walls; and

i. Walks, roadways and other paved surfaces;

If the collapse is caused by a cause of loss listed in **D.1.b.** through **D.1.f.**, we will pay for loss or damage to that property only if:

a. Such loss or damage is a direct result of the collapse of a building insured under this Coverage Form; and

b. The property is Covered Property under this Coverage Form.

4. Collapse does not include settling, cracking, shrinkage, bulging or expansion.

5. This Additional Coverage-Collapse will not increase the Limits of Insurance provided in this Coverage Part.

E. ADDITIONAL COVERAGE EXTENSIONS

1. PROPERTY IN TRANSIT

This Extension applies only to your personal property to which this form applies.

a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.

b. Loss or damage must be caused by or result from one of the following causes of loss:

(1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.

(2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.

(3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.

c. The most we will pay for loss or damage under this Extension is $1000.

This coverage extension does not apply to autos and mobile equipment.

2. WATER DAMAGE, OTHER LIQUIDS, POWDER OR MOLTEN MATERIAL DAMAGE

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

F. 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 attached to buildings is $20,000 per sign in any one occurrence.

The limits applicable to "Coverage Extensions" and the "Fire Department Service Charge" and "Pollutant Clean Up and Removal" in "Section A.4.Additional Coverage" are in addition to the Limits of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Preservation of Property; or

2. Debris Removal; but if:

a. The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or

b. The debris removal expense exceeds the amount payable under the 25% limitation in the Debris Removal Additional Coverage;

We will pay up to an additional $10,000 for each location in any one occurrence under the "Debris Removal Additional Coverage" section

G. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

When the cause of loss is due to frozen water pipes, a $2,500 deductible will be required.

H. LOSS CONDITIONS

1. ABANDONMENT

There can be no abandonment of any property to us without our express prior written consent.

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2. APPRAISAL

If you and we 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

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

a. Notify the police if a law may have been broken.

b. Provide us with notice of loss or damage within (30) days of the loss or damage. Include a description of the property involved. If the Notice of Loss form is not completed and submitted within 30 days, you may be subject to a $2,500 deductible.

c. Complete, sign and return to us, a Notice of Loss Form with in (14) days after notifying us of a loss. Such form shall include a description of how, when, where the loss or damage occurred.

d. Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.

e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed, supported with invoices and receipts.

f. Sign and return the Proof of Loss form within (14) days from receipt of such form.

g. Cooperate with us in the investigation or settlement of the claim.

h. We may examine any certificate holder under oath, while not in the presence of any other certificate holder and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including a certificate holder's books and records. In the event of an examination, the certificate holder'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 **4.b.** below;

(3) Repair, rebuild or replace the property with other property of like kind and quality, subject to **4.b.** below.

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

d. We may adjust losses with the owners of lost or damaged property if other than you. We will not pay more than the owner's financial interest in the Covered Property.

5. RECOVERED PROPERTY

If either you or we recover any property after loss settlement, that party must give the other prompt notice. 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

If buildings (Excluding all buildings used for student housing) where loss or damage occurs has been vacant for more than 120 consecutive days before that covered loss or damage occurs, we will pay a maximum amount of 50% of the Actual Cash Value (ACV); and any premium adjustment will be made effective on the day before the covered loss occurred, through the end of the policy year.

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

(1) Vandalism;

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

(3) Building glass breakage;

(4) Water damage;

(5) Theft; or

(6) Attempted theft.

b. With respect to Covered Causes of Loss other than those listed in **a.(1)** through **a.(6)** above, we may reduce the amount we would otherwise pay for the loss or damage by 50%.

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., e., f. and g.** below.

b. Buildings at actual cash value or replacement cash value as specified on the "declarations page" of this Certificate. Boilers and "Covered Equipment" will be insured the same as specified for the building.

c. Furniture and fixtures, machinery, equipment and all other covered personal property.

d. Property of others which the Certificate Holder is required to insure to a stipulated value shall be valued at the replacement cost as of the date of replacement, if replaced at the Certificate Holder's option; otherwise at the stipulated value.

e. Fine Arts shall be valued at the appraised value; or if there is no appraisal, at the greater of the original acquisition cost or the market value at the time of loss.

f. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

g. Glass at the cost of replacement with safety glazing material if required by law.

h. Tenant's 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 **(2)(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.

i. Valuable Papers and Records, including those which exist on electronic or magnetic media (other than pre-packaged software programs), at the cost of:

(1) Blank materials for reproducing the records; and

(2) Labor to transcribe or copy the records when there is a duplicate.

j. With respect to **SCHEDULED FINE ARTS,** the most we will pay in the event of loss to covered property shall be valued at the appraised value; or if there is no appraisal, at the greater of the original acquisition cost or the market value at the time of the loss.

k. With respect to **LIVESTOCK,** the term loss means death or destruction caused by, resulting from or made necessary by a covered cause of loss. Livestock shall be valued at the replacement cost stated in the statement of values on file with State Risk.

l. Other covered property not otherwise provided for, at replacement cost new on the same premises as of the date of replacement.

8. TRANSFER OF RIGHTS TO RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this insurance has rights to recover damages from another, those rights are transferred to us immediately upon and to the extent of our payment. You must do everything necessary to secure our rights and must do nothing (after "loss)" to impair them. If payment is made under this policy and you recover damages from another, you agree to hold in trust for us the proceeds of the recovery and shall reimburse us to the extent of our payment.

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I. ADDITIONAL CONDITIONS

1. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

a. This certificate;

b. The Covered Property;

c. Your interest in the Covered Property; or

d. A claim under this certificate.

2. LIBERALIZATION

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

3. TERRITORY

This certificate covers within the United States of America.

J. DEFINITIONS

1. "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.

2. "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.

3. "Specified Covered Causes of Loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

a. 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:

(1) The cost of filling sinkholes; or

(2) Sinking or collapse of land into man-made underground cavities.

b. Falling objects does not include loss or damage to:

(1) Personal property in the open; or

(2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. 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 containing water or steam.

d. "Equipment Breakdown Accident" means a fortuitous event that causes direct physical damage to "covered equipment", which must be one of the following:

(1) Mechanical breakdown, including rupture or bursting, caused by centrifugal force;

(2) Artificially generated electrical current, including electrical arcing, that damages electrical devices, appliances, or wires;

(3) Explosion, other than combustion explosion, of steam boilers, steam piping, steam engines or steam turbines;

(4) An event inside steam boilers, steam pipes, steam engines or steam turbines that damages such equipment;

(5) An event inside hot water boilers or other water heating equipment that damages such equipment; or

(6) Bursting, cracking or splitting.

4. "Earthquake," as used herein, means:

a. Earth Movement;

b. Earthquake;

c. Landslide;

d. Earth sinking, rising or shifting; and

e. Collapse, cracking or shifting of building, structures, or their parts, caused by, resulting from, contributed to or aggravated by "Earthquake," all occurring during any period of seventy-two (72) consecutive hours during the term of this Fire and Tornado Certificate.

5. "Flood" means:

a. A general and temporary condition of partial or complete inundation of normally dry land areas from:

(1) The overflow of inland or tidal waters.

(2) The unusual and rapid accumulation or runoff of surface waters from any source.

(3) Mudslides (i.e. mudflows) which are proximately caused by flooding as defined in subparagraph a. (2) above and are akin to a river of liquid and flowing mud on the surfaces of normally dry land areas as when earth is carried by a current of wa-

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ter and deposited along the path of the current.

b. The collapse or subsidence of land along the shore of a lake or other body of water as a result of erosion or undermining caused by waves or currents of water exceeding the cyclical levels which result in flooding as defined in subparagraph a. (1) above.

6. **"Declarations Page"** is a computer generated, single or multi-paged summary of information furnished with insurance certificate. The **declaration page** also describes the term of the certificate, limits of coverage, deductible, locations covered, and displays the premium and rates. The **declarations page** is a part of this insurance certificate.

7. **"Livestock"** means cattle, sheep, swine, goats, horses, mules and donkeys.

8. **"Auto"** means a land motor vehicle, trailer or semi-trailer designed for travel on public roads.

9. **"Mobile Equipment"** means land vehicle designed for use principally off public roads. Such as farm machinery, backhoes, bulldozers, etc.

10. **"Fungus"** means any type or form of fungus, including mold or mildew, and any myco toxins, spores, scents, or by-products produced or released by fungi.

11. **"Act of God"** An accident or event resulting from natural causes, without human intervention or agency and one that could not have been prevented by reasonable foresight or care.

12. **"Premises"** means a plot of ground, a building or a portion of a building that you use to conduct your business activities. "Your premises" means the premises described by the addresses listed in the Declarations.

13. **"Tunnels"** mean openings or passageways through the ground extending out from building substructures and accessible by people.

14. **"Covered Equipment"** means equipment that generates, transmits or utilizes energy, including electronic communications and data processing equipment; or equipment which, during normal usage, operates under vacuum or pressure, converting any other form of energy in electricity:

a. Boilers used primarily to provide steam for one or more turbine generator unit;
b. Turbine-generators (including steam, gas, water or wind turbines);
c. Engine generators;
d. Fuel cells or other alternative electrical generating equipment;
e. Electrical transformers, switchgear and power lines used to convey the generated electricity; and
f. Associated equipment necessary for the operation of any of the equipment listed above.

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STATE FIRE AND TORNADO INSURANCE FUND

INLAND MARINE FLOATER COVERAGE FORM

Various provisions in this certificate restrict coverage.
Read the entire certificate carefully to determine rights, duties and what is and is not covered.
Throughout this certificate, the words "you" and "your" refer to the Certificate Holder shown in the Declarations.
The words "we," "us" and "our" refer to the State Fire and Tornado Insurance Fund

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

A. COVERAGE

1. COVERED PROPERTY

This certificate covers specifically scheduled and individually described personal property owned by "you", while being used away from the building. Coverage is up to limit specified on the schedules maintained by "you" and reported/scheduled with State Risk Underwriting Section, prior to a loss.

2. PROPERTY NOT COVERED

This certificate does not insure:

a. Currency, money, deeds, evidence of debt, notes, securities, jewelry, precious stones, precious metals or their alloys, furs or garments trimmed with fur;

b. Growing crops, standing timber, trees, shrubs, plants, or lawns;

c. Property in the course of construction, including any repairs, renovations, alterations or additions to existing buildings or structures;

d. Watercraft, including motors, equipment, and accessories while afloat;

e. Property sold by the certificate holder under conditional sale, trust agreement, installment plan, or their deferred payment plan after delivery to customers;

f. Valuable papers or accounts receivable;

g. Live animals, fish or birds;

h. Mines, caverns, tunnels and all property contained therein;

i. Aircraft;

j. Unscheduled property.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property except those causes of "loss" limited and excluded herein.

4. ADDITIONAL COVERAGES

a. 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 certificate period. The expenses will be paid only if they are reported to us in writing within 120 days of the date of direct physical loss or damage.

(2) The most we will pay under this Additional Coverage is 25% of:

(a) The amount we pay for the direct physical loss of or damage to Covered Property; plus

(b) The deductible in this policy applicable to that loss or damage.

(3) This Additional Coverage does not apply to costs to:

(a) Extract "pollutants" from land or water; or

(b) Remove, restore or replace polluted land or water.

b. Collapse

We will pay for direct "loss" caused by or resulting from risks of direct physical "loss" involving collapse of all or part of a building or structure caused by one or more of the following:

(1) Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; breakage of building glass; falling objects; weight of snow, ice or sleet; water damage; all only as insured against in this Coverage Form;

(2) Hidden decay;

(3) Hidden insect or vermin damage;

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(4) Weight of people or personal property;

(5) Weight of rain that collects on a roof;

(6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

This Additional Coverage does not increase the Limits of Insurance provided in this Coverage Form.

5. COVERAGE EXTENSIONS

a. If during the certificate period you acquire additional property of a type already covered by this form, we will cover such property for up to 120 days, but not beyond the end of the certificate period. The most we will pay in a "loss" is $500,000.

b. You will report such property within 120 days from the date acquired and will pay any additional premium due. If you do not report such property and submit supporting schedules, coverage will cease automatically 120 days after the date the property is acquired or at the end of the certificate period, whichever occurs first.

c. This extension does not apply to temporary endorsements covering exhibits and/or transit coverage

B. EXCLUSIONS

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

a. Governmental Action

Seizure or destruction of property by order of governmental authority.
But we will pay for "loss" 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.

b. Nuclear Hazard

(1) Any weapon employing atomic fission or fusion; or

(2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

c. 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.

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

a. Delay, loss of use, loss of market or any other consequential loss.

b. Dishonest or criminal act committed by:

(1) You, any of your partners, employees, directors, trustees, or authorized representatives;

(2) Anyone else with an interest in the property, or their employees or authorized representatives;

(3) Anyone else to whom the property is entrusted for any purpose.

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

c. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

d. Unauthorized instructions to transfer property to any person or to any place.

e. Smoke, vapor or gas from agricultural smudging or industrial operations.

f. **(1)** Wear and tear, any quality in the property that causes it to damage or destroy itself, gradual deterioration; insects, vermin or rodents;

(2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

(3) Smog;

(4) Mechanical breakdown, including rupture or bursting caused by centrifugal force;

(5) The following causes of loss to personal property:

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.f. (1)** through **(5)** results in a "specified

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cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

g. Personal property undergoing alteration, repairs, testing, adjusting, maintenance, installation or servicing when such loss is directly attributable to the operations or work being performed thereon, unless loss or damage by a peril not otherwise excluded ensues, and then this Fund shall only be liable for such ensuing loss.

h. Solidification of the contents of molten pots, molten pot lines or appurtenances, nor the cost of recovery of escaped contents.

i. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

j. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

(1) You do your best to maintain heat in the building or structure; or

(2) You drain the equipment and shut off the supply if the heat is not maintained.

k. Rain, snow, ice, sleet, or dust to personal property in the open.

l. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

3. We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraphs **1.a.** and **1.b.** above to produce the loss or damage.

b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Faulty, inadequate or defective:

(1) Planning, zoning, development, surveying, siting;

(2) Design, specification, workmanship, repair, construction, renovation, remodeling, grading, compaction;

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

(4) Maintenance;

of part or all of any property wherever located.

d. Collapse except as provided in the Additional Coverage-Collapse section of this Coverage Form.

C. LIMITS OF INSURANCE

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

D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations.

E. LOSS CONDITIONS

1. ABANDONMENT

There can be no abandonment of any property to us.

2. APPRAISAL

If we or 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

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

a. Notify the police if a law may have been broken.

b. Provide us with notice of the loss or damage within (30) days of the loss or damage. Include a description of the property involved. If the Notice of Loss form is not

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completed and submitted within 30 days, you may be subject to a $2,500 deductible.

c. Complete, sign and return to us, a Notice of Loss Form within (14) days after notifying us of a loss. Such form shall include a description of how, when, and where the loss or damage occurred.

d. Take all reasonable steps to protect the Covered Property from further damage. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.

e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed, supported with invoices and receipts.

f. Sign and return the report and proof of loss form within (14) days from receipt of such form.

g. Cooperate with us in the investigation or settlement of the claim.

h. We may examine any certificate holder under oath, while not in the presence of any other certificate holder and such time as reasonably required, about any matter relating to this insurance or the claim, including a certificate holders books and records. In the event of an examination, the certificate holder's answers must be signed.

4. LOSS PAYMENT

We will prepare and forward for your signature a Report and Proof of Loss form to initiate payment into the account specified by you or make good any "loss" covered under this certificate within 30 days after:

a. We reach agreement with you;

b. The entry of final judgment; or

c. The filing of an appraisal award.

We will not be liable for any part of a "loss" that has been paid or made good by others.

5. OTHER INSURANCE

If you have other insurance covering the same "loss" as the insurance under this certificate, we will pay only the excess over what you should have received from the other insurance. We will pay the excess whether you can collect on the other insurance or not.

6. PAIR, SETS OR PARTS

a. Pair or Set. In case of "loss" to any part of a pair or set we may:

(1) Repair or replace any part to restore the pair or set to its value before the "loss"; or

(2) Pay the difference between the value of the pair or set before and after the "loss".

b. Parts. In case of "loss" 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.

7. PRIVILEGE TO ADJUST WITH OWNER

In the event of "loss" involving property of others in your care, custody or control, we have the right to:

a. Adjust the "loss" with the owners of the property. We will not pay more than the owner's financial interest in the Covered Property.

b. Provide a defense for legal proceedings brought against you. If provided, the expense of this defense will be at our cost and will not reduce the applicable Limit of Insurance under this certificate.

8. RECOVERIES

If either you or we recover any property after loss settlement, that party must give the other prompt notice. 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.

9. REINSTATEMENT OF LIMIT AFTER LOSS

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

10. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this insurance has rights to recover damages from another, those rights are transferred to us to the extent of our payment. You must do everything necessary to secure our rights and must do nothing after "loss" to impair them.

F. ADDITIONAL CONDITIONS

1. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

a. This certificate;

b. The Covered Property

c. Your interest in the Covered Property; or

d. A claim under this certificate.

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2. **LEGAL ACTION AGAINST US**

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

a. There has been full compliance with all terms of this certificate; and

b. The action is brought within 2 years after you first have knowledge of the "loss".

3. **NO BENEFIT TO BAILEE**

No state agency, other than you, having custody of Covered Property, will benefit from this insurance.

4. **CERTIFICATE PERIOD**

We cover "loss" commencing during the certificate period shown in the Declarations.

5. **VALUATION**

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

(1) The actual cash value of that property;

(2) The cost of reasonably restoring that property to its condition immediately before "loss"; or

(3) The cost of replacing that property with substantially identical property.

b. With respect to **SCHEDULED FINE ARTS AND LAPTOP COMPUTERS,** the most we will pay in the event of "loss" to Covered Property is the lesser of the following, up to the limit of liability shown in the schedule:

(1) The cost of reasonably restoring that property to its condition immediately before "loss"; or

(2) The cost of replacing that property with substantially identical property.

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

6. **COVERAGE TERRITORY**

With the exception of laptop computers, all property is covered wherever located within the United States of America.

Laptop computers are provided worldwide coverage.

7. **PACKING AND UNPACKING**

You agree that Covered Property will be packed and unpacked by competent packers.

G. DEFINITIONS

1. **"Loss"** means accidental loss or damage.

2. **"Specified Causes of Loss"** means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

a. 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:

(1) The cost of filling sinkholes; or

(2) Sinking or collapse of land into man-made underground cavities.

b. Falling objects does not include loss or damage to:

(1) Personal property in the open; or

(2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. 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.

3. **"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.

4. **"Acts of God"** An accident or event resulting from natural causes, without human intervention or agency, and one that could not have been prevented by reasonable foresight or care, e.g., floods, lightning , earthquake or storms.

5. **"Premises"** means a plot of ground, a building or a portion of a building that you use to conduct your business activities. "Your premises" means the premises described by the addresses listed in the Declarations.

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THIS ENDORSEMENT CHANGES THE CERTIFICATE
PLEASE READ IT CAREFULLY

ENDORSEMENT A - *TEMPORARY COVERAGE*

This endorsement modifies insurance provided under the following sections of your Fire and Tornado Certificate:

INLAND MARINE COVERAGE SECTION

A. In consideration of the premium charged it is understood and agreed that all items you have identified and reported for **Temporary** coverage are insured under the terms and conditions of Inland Marine Floater Coverage Form with the exception of Transit Coverage.

TRANSIT COVERAGE IS EXCLUDED UNDER THIS TEMPORARY ENDORSEMENT "A". YOU MUST PURCHASE TRANSIT FOR TEMPORARY ITEMS UNDER ENDORSEMENT "B".

B. The term of coverage and the total limit of liability is as specified on the request for coverage on file with the State Fire and Tornado Insurance Fund.

This endorsement is attached to and made a part of your certificate.

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THIS ENDORSEMENT CHANGES THE CERTIFICATE
PLEASE READ IT CAREFULLY

ENDORSEMENT B - *TRANSIT COVERAGE*

This endorsement modifies insurance provided under the following sections of your Fire and Tornado Certificate:

INLAND MARINE COVERAGE SECTION

A. In consideration of the premium charged, it is understood and agreed that all items you have identified and reported for **Transit Coverage** are insured under the terms and conditions of Inland Marine Floater Coverage Form.

B. The term of coverage and the total limit of liability is as specified on the request for coverage on file with the State Fire and Tornado Insurance Fund.

This endorsement is attached to and made a part of your certificate.

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STATE FIRE AND TORNADO INSURANCE FUND

TELEPHONE SECTION
COVERAGE FORM

Insurance applies only to the items specifically described in this certificate for which an amount of Insurance is shown on the Declarations Page and, unless otherwise provided, all provisions and stipulations of this form and certificate shall apply separately to each such item.

A. COVERAGE

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

B. COVERED PROPERTY

Property Insured, as used in this certificate, means telephone systems as per schedules on file and for which a Limit of Insurance is shown in the Declarations.

C. COVERED CAUSES OF LOSS - SPECIAL FORM

Covered Causes of Loss - Special Form means risks of direct physical loss unless the loss is excluded in Section F, Exclusions.

D. ADDITIONAL COVERAGES

1. DEBRIS REMOVAL

a. We will pay your expense to remove debris of Property Insured caused by or resulting from a Covered Cause of Loss that occurs during the certificate period. The expenses will be paid only if they are reported to us in writing within 120 days of the date or direct physical loss or damage.

b. The most we will pay under this Additional Coverage is 25% of:

(1) The amount we pay for the direct physical loss of or damage to Property Insured; plus

(2) The deductible in this policy applicable to that loss or damage.

But this limitation does not apply to any additional debris removal limit provided in the Limits of Insurance section.

c. This Additional Coverage does not apply to costs to:

(1) Extract pollutants from land or water; or

(2) Remove, restore or replace polluted land or water.

2. PRESERVATION OF PROPERTY

If it is necessary to move Property Insured 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:

a. While it is being moved or while temporarily stored at another location; and

b. Only if the loss or damage occurs within 10 days after the property is first moved.

3. FIRE DEPARTMENT SERVICE CHARGE

When the fire department is called to save or protect Property Insured from a Covered Cause of Loss, we will pay up to $1,000 for your liability for fire department service charges:

a. Assumed by contract or agreement prior to loss; or

b. Required by local ordinance.

No Deductible applies to this Additional Coverage.

4. 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 periods. The expenses will be paid only if they are reported to us in writing within 120 days of the date on which the Covered Cause of Loss occurs.

The 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 certificate.

E. COVERAGE EXTENSION

Except as otherwise provided, the following Extension applies 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 building.

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You may extend the Insurance provided by this Coverage Part as follows:

Newly Acquired Property

1. You may extend the Insurance that applies to your telephone system to apply to that property at any location you acquire other than at fairs or exhibitions.
2. It is understood and agreed that if you acquire additional property during the Certificate period, you have up to $100,000 automatic coverage for 120 days. You are to report the acquisition(s) and submit the supporting schedule(s) and limit(s) of liability within 120 days. Any acquisition of $100,000 or more must be reported immediately to be covered. We will charge you additional premium for values reported from the date you acquired the telephone system.

   This Extension is additional insurance.

F. 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.

   b. Governmental Action

   Seizure or destruction of property by order of governmental authority.

   But we will pay for 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.

   c. Nuclear Hazard

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

   d. Off-Premises Services

   The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

   But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

   e. War and Military Action

   (1) War, including undeclared or civil war;

   (2) Warlike action by a military force, including action in hindering or defending against an actual 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.

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

   a. Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires.

   But if loss or damage by fire results, we will pay for that resulting loss or damage.

   b. Delay, loss or use of loss of market.

   c. (1) Wear and tear;

   (2) Rust, corrosions, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

   (3) The following causes of loss to personal property:

   (a) Dampness or dryness of atmosphere;

   (b) Changes in or extremes of temperature; or

   (c) Marring or scratching.

   d. Dishonest or criminal act by you, any of your partners, employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose.

   (1) Acting alone or in collusion with others; or

   (2) 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.

   e. Voluntary parting with any 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.

   f. Rain, snow, ice or sleet to personal property in the open.

   g. Collapse, except as provided below in the Additional Coverage for Collapse. But if loss or damage by a Covered Cause of Loss results at the described

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building, we will pay for that resulting loss or damage.

h. Discharge, dispersal, seepage, migration, release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape in itself caused by any of the "specified causes of loss." But if loss or damage by the "specified causes of loss" results, we will pay for the resulting damage caused by the "specified cause of loss."

3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage:

a. Weather condition. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss or damage.

b. Acts or decisions. Including the failure to act or decide, of any person, group, organization or governmental body.

c. Faulty, inadequate or defective:

(1) Planning, zoning, development, surveying, sitting;

(2) Design, specification, workmanship, repair, construction, renovation, remodeling, grading, compaction;

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

(4) Maintenance of part or all of any property on or off the described premises.

G. ADDITIONAL COVERAGE-COLLAPSE

We will pay for loss or damage caused by or resulting from risks of direct physical loss involving collapse of a building or any part of a building caused by the "specified causes of loss" as provided by the State Fire and Tornado Fund.

Collapse does not include settling, cracking, shrinkage, bulging or expansion.

This additional coverage will not increase the limits of insurance provided in this Coverage Part.

H. ADDITIONAL COVERAGE EXTENSIONS

1. PROPERTY IN TRANSIT. This Extension applies only to your telephone system to which this form applies.

a. Coverage is extended to property while being delivered.

b. Loss or damage must be caused by or result from a covered cause of loss.

c. The most we will pay for loss or damage under this Extension is $5,000.

This Coverage Extension is additional insurance.

2. WATER DAMAGE, OTHER LIQUIDS, POWDER OR MOLTEN MATERIAL DAMAGE. If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

I. 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 limits applicable to the Coverage Extensions, the Fire Department Service Charge and Pollutant Clean Up/Removal are considered additional coverage; and are in addition to the Limits of Insurance.

Payments under the following Additional Coverage will not increase the applicable Limit of Insurance:

1. Preservation of Property; or

2. Debris Removal; but if:

a. The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or

b. The debris removal expense exceeds the amount payable under the 25% limitation in the Debris Removal Additional Coverage;

We will pay up to an additional $5,000 for each location in any one occurrence under the Debris Removal Additional Coverage.

J. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance.

K. LOSS CONDITIONS

The following conditions apply in case of a loss:

1. ABANDONMENT

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There can be no abandonment of any property to us.

2. DUTIES IN THE EVENT OF LOSS OR DAMAGE

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

a. Notify the police if a law may have been broken.

b. Provide us with notice of the loss or damage within (30) days of the loss or damage. Include a description of the property involved.
If the Notice of Loss form is not completed and submitted within 30 days, you may be subject to a $2,500 deductible.

c. Complete, sign, and return to us, a Notice of Loss Form within (14) days after notifying us of a loss. Such form shall include a description of how, when, and where the loss or damage occurred.

d. Take all reasonable steps to protect the Property Insured from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.

e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

f. Sign and return the Report and Proof of Loss form within (14) days from receipt of such form.

g. Cooperate with us in the investigation or settlement of the claim.

h. We may examine any certificate holder under oath, while not in the presence of any other certificate holder and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including a certificate holder's books and records. In the event of an examination, the certificate holder's answers must be signed.

3. LOSS PAYMENT

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

a. Pay the value of lost or damaged property;

b. Pay the cost of repairing or replacing the lost or damaged property;

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

4. RECOVERED PROPERTY

If either you or we recover any property after loss settlement, that party must give the other prompt notice. 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.

5. VACANCY

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

a. Not pay for any loss or damage caused by any of the following even if they are covered Causes of Loss:

(1) Vandalism;

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

(3) Building glass breakage;

(4) Water damage;

(5) Theft; or

(6) Attempted theft.

b. Reduce the amount we would otherwise pay for the loss or damage by 50%.

A building is vacant when it does not contain enough business personal property to conduct customary operations or vacant for more that 60 consecutive days.

Buildings under construction are not considered vacant.

6. VALUATION

Telephone Systems damaged by a "Specified Covered Cause" of loss will be repaired or replaced with the same like kind and quality for the amount above the deductible up to the limit shown in the Declarations..

L. ADDITIONAL CONDITIONS

1. LIBERALIZATION

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

2. TERRITORY

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This certificate covers within the United States of America and Canada.

3. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

a. This certificate;

b. The Covered Property;

c. Your interest in the Covered Property; or

d. A claim under this certificate.

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STATE FIRE AND TORNADO INSURANCE FUND

ELECTRONIC DATA PROCESSING COVERAGE SECTION COVERAGE FORM

Various provisions in this certificate restrict coverage. Read the entire certificate carefully to determine rights, duties and what is and is not covered. Throughout this certificate, the words "you" and "your" refer to the certificate holder shown in the Declarations. The words "we," "us" and "our" refer to the State Fire and Tornado Insurance Fund.

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

A. COVERAGE

We will pay for "loss" to your Covered Property from any of the Covered Causes of Loss.

1. COVERED PROPERTY

As used in this Coverage Form, means:

a. Your data processing equipment;

b. Air conditioning, and other electrical equipment, used exclusively with your data processing equipment;

c. Your data processing data and media;

d. Programming documentation and instruction manuals; or

e. Similar property of others in your care, custody or control

while situated at the location(s) shown on the Declarations Page.

Data means information stored on the media and includes facts, instructions, concepts, and programs converted to a form usable in a data processing operation.

Media means materials on which data is recorded, such as magnetic tapes, disc packs, paper tapes and cards, floppy discs and compact discs, used in processing units.

2. PROPERTY NOT COVERED

Covered Property does not include:

a. Accounts, records, documents and other valuable papers, unless they are programming documentation or instruction manuals.

But, we will cover these items once they are converted to data form.

b. Data processing data or media that cannot be replaced with similar property of equal quality.

c. Your property that you have rented or leased to someone else and is not at your location.

d. Contraband, or property in the course of illegal transit or trade.

e. Laptop Computers

3. 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.

4. COVERAGE EXTENSIONS

a. Recharge or refill of a fire protective device

We will pay for your expense to recharge or refill any fire protective devices, which are designed specifically to protect Covered Property when these devices have been used in a loss covered by this certificate, or have been accidentally discharged.

The most we will pay in any one "loss" under this extension is $50,000.

This extension is additional insurance.

b. Debris Removal

We will pay expenses you incur in removing debris of covered property from a covered loss. Debris removal expenses will be paid only if they are reported to us within 120 days after the date of direct physical loss.

The most we will pay for debris removal is 25% of the amount we pay for direct loss or damage to covered property before the application of any deductible. Any payment for debris removal will not increase the applicable coverage limit.

As an extension of coverage, we will pay up to an additional $10,000 for expense you incur in removing debris of covered property from a covered location after a covered loss. This extension applies if the 25% limitation of

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debris removal coverage for coveredproperty is exhausted, or if the applicable limit of liability at a covered location is exhausted.

Debris removal does not apply to expense for "clean-up" of "pollutants."

c. Newly Acquired Property

We will provide coverage as follows:

On newly acquired Covered Property up to the total limit shown on the Declarations Page for Total Covered Property whether located at a current location or a newly acquired location, but in no event shall we pay more than $500,000 under this Coverage Extension for any one "loss."

You will report such newly acquired property, or Covered Property already insured by this policy which is moved to a newly acquired location, to us within 120 days from the date the Covered Property is acquired or moved, as the case may be, and pay any additional premium due. If you do not report such property or movement of property, coverage will cease automatically after the 120 days has elapsed. However, in no event shall coverage be extended beyond the expiration of the certificate.

d. Extra Expense

We will pay your Extra Expense to continue your business after a "loss" to your "data processing operation" caused by a Covered Cause of Loss. Extra Expense means any necessary operating expenses over and above your "normal" cost of operating your "data processing operation." This expense could include rental of additional equipment or facilities and the cost of additional labor.

We will pay your necessary Extra Expense from the date of "loss" until the "loss" is repaired or replaced and "normal" operations resume. You agree to resume "normal" operations (partial or complete) as soon as possible following any "loss." We will not pay for any Extra Expense that extends beyond what it should reasonably take to repair or replace your damaged property.

The most we will pay in any one "loss" under this extension is:

(1) $10,000; or

(2) $10,000 plus the limit of Insurance shown on the Declarations Page for Extra Expense.

This extension is additional insurance.

e. Covered Property While in Transit or Away From Your Premises.

We will pay for loss to Covered Property due to a Covered Cause of Loss while in transit or while away from your "premises". The most we will pay in any one "loss" is $5,000. But, if the Covered Property is moved due to impending danger of "loss" from a Covered Cause of Loss, we will pay for "loss" up to the applicable limit shown on the Declarations Page, for a period up to 30 days, after which coverage will cease.

This extension is additional insurance.

f. Duplicate and Backup Data and Media

We will pay for a Covered Cause of Loss to duplicate and backup data and media that you store at a separate location not shown on the Declarations Page. However, the most we will pay is 25% of the total limit shown on the Declarations Page for data and media coverage or $50,000, whichever is less. This coverage applies only to separate storage locations located at least 100 feet from the covered location.

This extension is additional insurance.

g. Collapse

We will pay for direct "loss" caused by or resulting from risks of direct physical "loss" involving collapse of all or part of a building or structure caused by one or more of the following:

(1) Fire; lightning; windstorm; hail; "explosion"; smoke; aircraft; vehicles; riot; civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse;" volcanic action; breakage of building glass; falling objects; weight of snow, ice or sleet; water damage; all only as insured against in this Coverage Form;

(2) Hidden decay;

(3) Hidden insect or vermin damage;

(4) Weight of people or personal property;

(5) Weight of rain that collects on a roof;

(6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course

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of the construction, remodeling or renovation.

This Additional Coverage does not increase the Limits of Insurance provided in this Coverage Form.

h. Pollutant Clean Up

We will pay up to $10,000 in each annual certificate period for expense you incur for "clean-up" of pollutants from land, air, or water at your "premises". The presence, release, discharge or dispersal of the pollutants must be caused by a covered cause of loss not otherwise excluded. The expenses must be reported to us within 120 days after the date of the direct physical loss or the expiration date of this certificate, whichever comes first.

i. Incompatibility of Software

We will cover the cost of:

(1) Modification of data processing equipment; or

(2) Replacement of data including program reinstatement in order to achieve compatibility resulting from an insured loss where the replacement equipment is incompatible with the previous data.

We will pay up to an amount not to exceed $5,000 for this extension.

B. EXCLUSIONS

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

a. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for 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.

b. Nuclear Hazard

(1) Any weapon employing atomic fission or fusion; or

(2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

c. 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.

d. Intentional Acts

This includes any loss that is caused by or results from any act committed with the intent to cause damage or destruction by you or any certificate holder, or at your direction or the direction of any certificate holder.

e. Neglect

Unless you take all reasonable steps to protect Covered Property when it is threatened with loss. After a loss, you must take all reasonable steps to protect Covered Property from further loss. If you fail to do so, we won't cover any loss that results from your neglect.

f. Programming Errors

This includes loss caused by or resulting from errors in programs or in instructions given to data processing equipment.

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

a. Delay, loss of market, loss of use and Interruption of Business. This includes loss from any delay, or because you can no longer sell or use the property.

b. Dishonest or criminal acts committed by:

(1) You, any of your partners, employees, directors, trustees, or authorized representatives;

(2) Anyone else with an interest in the property, or their employees or authorized representatives;

(3) Anyone else to whom the property is entrusted for any purpose.

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

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c. We won't cover loss or damage caused by or resulting from the presence, release, discharge or dispersal of pollutants unless the presence, release, discharge or dispersal is itself caused by fire, lightning, windstorm or hail, "explosion," riot or civil commotion, vehicles or aircraft, sonic boom, smoke, vandalism and malicious mischief, sprinkler leakage, sinkhole collapse or volcanic action.

d. We won't cover loss, damage, or "clean-up" caused by or resulting from asbestos or asbestos containing materials.

e. We won't cover property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

3. We will not pay for a "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "loss."

a. Acts or decision, including the failure to act or decide, of any person, group, organization or governmental body.

b. Faulty, inadequate or defective:

(1) Planning, zoning, development, surveying, siting;

(2) Design, specifications, workmanship, repair, construction, renovation, remolding, grading, compaction;

(3) Material used in repair, construction, renovation or remolding; or

(4) Maintenance

of part or all of any property wherever located.

c. "Wear and tear," hidden or "latent defect," gradual deterioration, depreciation.

C. LIMITS OF INSURANCE

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

If the building has been vacant more than 60 days, your loss will be reduced by 50%.

D. DEDUCTIBLE

We will not pay for "loss" in any one occurrence until the amount of adjusted "loss" before applying the applicable Limits of Insurance exceeds the Deductible shown in the Deductible Section of the Declarations Page.

E. LOSS 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

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

a. Notify the police if a law may have been broken.

b. Provide us with notice of the loss or damage with in (30) days of the loss or damage. Include a description of the property involved. If the Notice of Loss form is not completed and submitted within 30 days, you may be subject to a $2,500 deductible.

c. Complete, sign, and return to us, a Notice of Loss Form within (14) days after notifying us of a loss. Such form shall include a description of how, when, and where the loss or damage occurred.

d. Take all reasonable steps to protect the Property Insured from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary

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repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.

e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

f. Sign and return the Report and Proof of Loss Form within (14) days from receipt of such form.

g. Cooperate with us in the investigation or settlement of the claim.

h. We may examine any certificate holder under oath, while not in the presence of any other certificate holder and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including a certificate holder's books and records. In the event of an examination, the certificate holder's answers must be signed.

4. LOSS PAYMENT

We will prepare and forward for your signature a Report and Proof of Loss to initiate payment into the account specified by you or make good any "loss" covered under this certificate within 30 days after:

a. We reach agreement with you;

b. The entry of final judgment; or

c. The filing of an appraisal award.

We will not be liable for any part of a "loss" that has been paid or made good by others.

5. OTHER INSURANCE

If you have other insurance covering the same "loss" as the insurance under this certificate, we will pay only the excess over what you should have received from the other insurance. We will pay the excess whether you can collect on the other insurance or not.

6. PAIR, SETS OR PARTS

a. Pair or Set. In case of "loss" to any part of a pair or set we may:

(1) Repair or replace any part to restore the pair or set to its value before the "loss"; or

(2) Pay the difference between the value of the pair or set before and after the "loss".

b. Parts. In case of "loss" 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.

7. PRIVILEGE TO ADJUST WITH OWNER

In the event of "loss" involving property of others in your care, custody or control, we have the right to:

a. Adjust the "loss" with the owners of the property. We will not pay more than the owner's financial interest in the Covered Property.

b. Provide a defense for legal proceedings brought against you. If provided, the expense of this defense will be at our cost and will not reduce the applicable Limit of Insurance under this certificate.

8. RECOVERIES

If either you or we recover any property after loss settlement, that party must give the other prompt notice. 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.

9. REINSTATEMENT OF LIMIT AFTER LOSS

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

10. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this insurance has rights to recover damages from another, those rights are transferred to us to the extent of our payment. You must do everything necessary to secure our rights and must do nothing after "loss" to impair them.

F. ADDITIONAL CONDITIONS

1. CONCEALMENT, MISREPRESENTATION OR FRAUD

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

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a. This certificate;

b. The Covered Property;

c. Your interest in the Covered Property; or

d. A claim under this certificate.

2. LEGAL ACTION AGAINST US

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

a. There has been full compliance with all terms of this certificate; and

b. The action is brought within 2 years after you first have knowledge of the "loss".

3. NO BENEFIT TO BAILEE

No state agency, other than you, having custody of Covered Property, will benefit from this insurance.

4. CERTIFICATE PERIOD

We cover "loss" commencing during the certificate period shown in the Declarations.

5. COVERAGE TERRITORY

All property is covered wherever located within:

a. The United States of America;

6. VALUATION

a. Valuation of data processing equipment, air conditioning and other electrical equipment, documentation and manuals, and property of others:

If you repair or replace this property within a reasonable time following "loss," the property will be valued at the full cost of repair or replacement. However, the most we will pay is the least of the following.

(1) The actual cost to repair or restore the property with materials of like kind and quality;

(2) The cost of replacing that property with property of similar quality and function;

(3) The amount you actually and necessarily spend to repair or replace the property; or

(4) The Limit of Insurance applicable to the property.

If you do not repair or replace this property within a reasonable time following "loss," the most we will pay will be the least of the following:

(1) Actual cash value of the property;

(2) Actual cash value of repairs with material of like kind and quality; or

(3) The Limit of Insurance applicable to the property.

We reserve the right to repair or replace the property or to pay for the property in money.

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

b. Valuation of Data and Media

We will not pay for more than the actual reproduction costs of covered data and media. If you do not replace or reproduce the data and media, the most we will pay is the cost of blank media.

The most we will pay is the Limit of Insurance shown on the Declarations Page.

7. PROTECTIVE SAFEGUARDS

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

If you fail to keep the protective safeguards:

a. In working condition at a location; and

b. In operation when you are closed to business;

coverage for which the protective safeguards apply is automatically suspended at that location if you fail to notify us immediately. This suspension will last until the equipment or services are back in operation.

G. DEFINITIONS

1. "Loss" means accidental loss or damage.

2. **"Normal"** means the condition that existed had no loss occurred.

3. "Data Processing Operation" means:

a. Your data processing equipment;

b. Your data processing data and media;

c. The air conditioning system that services your data processing operation; and

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d. The electrical system that services your data processing operation.

4. **"Clean-up"** includes testing, monitoring, re moval, containment, treatment, detoxification or neutralization.

5. **"Latent defects"** are faults or weaknesses in property itself.

6. **"Neglect"** means your failure to take all reasonable steps to protect your property when it is threatened with damage or loss, and to protect your property from further loss after damage or loss occurs.

7. **"Premises"** means a plot of ground, a building or a portion of a building that you use to conduct your business activities. "Your premises" means the premises described by the addresses listed in the Declarations.

8. **"Wear and tear"** means deterioration, rust, corrosion, marring or scratching, obsolescence or other effects of normal use. It also includes contamination, erosion, wet or dry rot, and mold.

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STATE FIRE AND TORNADO INSURANCE FUND

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Insurance applies only to items specifically described in this certificate for which an amount of insurance is shown and, unless otherwise provided, all provisions and stipulations of this form and certificate shall apply separately to each such item.

Throughout this certificate, the words "you" and "your" refer to the Certificate Holder shown in the Declarations. The words "we", "us" and "our" refer to the State Fire and Tornado Insurance Fund.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section G – Definitions.

A. COVERAGE

Coverage is provided as described below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

(i) Business Income including "Rental Value."

(ii) Business Income other than "Rental Value."

(iii) "Rental Value."

If option **(i)** above is selected, the term Business Income will include "Rental Value." If option **(iii)** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration." The suspension must be caused by direct physical loss of or damage to property, including personal property in the open (or in a vehicle) within 100 feet, at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of loss.

If you are a tenant, your premise is the portion of the building which you rent, lease or occupy, including:

a. All routes within the building to gain access to the described premises; and

b. Your personal property in the open (or in a vehicle) within 100 feet.

1. BUSINESS INCOME

Business Income means:

a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and

b. Continuing normal operating expenses incurred, including payroll.

2. COVERED CAUSES OF LOSS

See applicable Causes of Loss Form as shown in Fire & Extended Coverage Section.

3. ADDITIONAL COVERAGES

a. Extra Expense.
Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

(1) We will pay any Extra Expense to avoid or minimize the suspension of business and to continue "operations":

(a) At the described premises; or

(b) At replacement premises or at temporary locations, including

(i) Relocation expenses; and

(ii) Costs to equip and operate the replacement or temporary location(s).

(2) We will pay any Extra Expense to minimize the suspension of business if you cannot continue "operations".

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(3) We will pay any Extra Expense to:

(a) Repair or replace any property; or

(b) Research, replace or restore the lost information on damaged valuable papers and records;

to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

b. Civil Authority.

We will pay the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss. The coverage for Business Income will begin 72 hours after the time of that action and will apply for a period of up to three consecutive weeks after coverage begins.

The coverage for Extra Expense will begin immediately after the time of that action and will end:

(1) 3 consecutive weeks after the time of that action; or

(2) When your Business Income coverage ends;

whichever is later.

c. Alterations and New Buildings.

We will pay for the actual loss of Business Income you sustain due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

(1) New buildings or structures, whether complete or under construction;

(2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:

(a) Used in the construction, alterations or additions; or

(b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations," the "period of restoration" will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

d. Extended Business Income

(1) Business Income other than "Rental Value."

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

(a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or

(ii) 30 consecutive days after the date determined in **(1)(a)** above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary suspension of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

(a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and

(b) Ends on the earlier of:

(i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or

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(ii) 30 consecutive days after the date determined in **(1)(a)** above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

4. COVERAGE EXTENSIONS

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

NEWLY ACQUIRED LOCATIONS

a. You may extend your Business Income Coverage to apply to property at any location you acquire other than fairs or exhibitions.

b. The most we will pay for loss under this Extension is $100,000 for each location.

c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:

(1) This policy expires:

(2) 30 days expire after you acquire or begin to construct the property; or

(3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property

This Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

BUSINESS INCOME AND/OR EXTRA EXPENSE COVERAGE

We will pay the actual loss of Business Income you sustain caused by Computer Failure at the premises described in the Schedule, or at another location if the off-premises Computer interfaces with a Computer at the described premises or is otherwise used in the operations of the business at the described premises.

If you have purchased extra expense coverage, we will pay the actual and necessary Extra Expense you incur due to Computer Failure at the premises described in the Schedule, or at another location if the off-premises Computer interfaces with a Computer at the described premises or is otherwise used in the operations of the business at the described premises. Extra Expense means necessary expenses you incur that you would not have incurred if there had been no "Computer Failure". Extra Expense includes expenses for repair, modification or replacement of the Computer but only to the extent that such expenses reduce the amount of Business Income loss that otherwise would have been payable under the provisions of this extension.

The most we will pay for the total of all losses and/or expenses sustained in any one certificate year is $25,000, regardless of the number of "Computer Failures" or the number of computers involved in any "Computer Failure."

This extension is additional insurance.

B. EXCLUSIONS AND LIMITATIONS

See applicable Causes of Loss Form as shown in Fire and Extended Coverage Section.

C. LIMITS OF INSURANCE

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

The limit applicable to the Coverage Extension is in addition to the Limit of Insurance.

Payments under the following Additional coverages will not increase the applicable Limit of Insurance:

1. Alterations and New Buildings;
2. Civil authority;
3. Extra Expense; or
4. Extended Business Income.

D. LOSS CONDITIONS

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

1. Appraisal

If you and we disagree on the amount of Net Income and operating expense 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 sepa-

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rately the amount of the 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 expenses of the appraisal and umpire equally.

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

2. Duties In The Event of Loss

You must see that the following are done in the event of loss:

a. Notify the police if a law may have been broken.

b. Provide us with notice of the loss or damage with in (30) days of the loss or damage. Include a description of the property involved.
If the Notice of Loss form is not completed and submitted within 30 days, you may be subject to a $2,500 deductible.

c. Complete, sign, and return to us, a Notice of Loss Form within (14) days after notifying us of a loss. Such form shall include a description of how, when, where the loss or damage occurred.

d. Take all reasonable steps to protect the Property Insured from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.

e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

f. Sign and return the Report and Proof of Loss form within (14) days from receipt of such form.

g. Cooperate with us in the investigation or settlement of the claim.

h. We may examine a certificate holder under oath, while not in the presence of any other certificate holder and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including a certificate holder's books and records. In the event of an examination, the certificate holder's answers must be signed.

3. Limitation-Electronic Media and Records

We will not pay for any loss of Business Income caused by direct physical loss of or damage to Electronic Media and Records after the longer of:

a. 60 consecutive days from the date of direct physical loss of or damage to Electronic Media and Records or the longer of:

b. The period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild or replace, with reasonable speed and similar quality, other property at the described premises due to loss or damage caused by the same occurrence.

Electronic Media and Records are:

(1) Electronic data processing, recording or storage media such as films, tapes, discs drums or cells;

(2) Data stored on such media; or

(3) Programming records used for electronic data processing or electronically controlled equipment.

This limitation does not apply to Extra Expense.

Example No. 1:

A Covered Cause of Loss damages a computer June 1. It takes until September 1 to replace the computer and until October 1 to restore the data that was lost when the damage occurred. We will only pay for the Business Income loss sustained during the period June 1 - September 1. Loss during the period September 2 - October 1 is not covered.

Example No. 2:

A Covered Cause of Loss results in the loss of data processing programming records on August 1. The records are replaced on October 15. We will only pay for the Business Income loss sustained during the period August 1 - September 29 (60 consecutive days). Loss during the period September 30 - October 15 is not covered.

4. Loss Determination

a. The amount of Business Income Loss will be determined based on:

(1) The Net Income of the business before the direct physical loss or damage occurred;

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(2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in

the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses.

(3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and

(4) Other relevant sources of information, including:

(a) Your financial records and accounting procedures;

(b) Bills, invoices and other vouchers; and

(c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration," once "operations" are resumed; and

(b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

(2) All necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption of Operations

We will reduce the amount of your:

(1) Business Income loss other than Extra Expense, to the extent you can resume your "operations," in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.

(2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

d. If you do not resume "operations," or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

5. Loss Payment

We will pay for covered loss 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:

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

b. An appraisal award has been made.

E. ADDITIONAL CONDITION

1. Concealment, Misrepresentation or Fraud

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

a. This certificate;

b. The Covered Property;

c. Your interest in the Covered Property; or

d. A claim under this certificate.

2. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy conditions and the Commercial Property Conditions.

a. We will not pay the full amount of any loss if the Limit of Insurance for Business Income is less than:

(1) The Coinsurance percentage shown for Business Income in the Declarations, multiplied by

(2) the sum of the Net Income (Net Profit or Loss before income taxes), plus Operating expenses including payroll expenses that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

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

Step 1: Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of the policy by the Coinsurance percentage;

Step 2: Divide the Limit of Insurance for the described premises by the figure determined in Step 1; and

Step 3: Multiply the total amount of loss by the figure determined in Step 2.

We will pay the amount determined in Step 3 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. In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted for the total of all operating expenses:

(1) Prepaid freight – outgoing;
(2) Returns and allowances;
(3) Discounts;
(4) Bad debts;
(5) Collection expenses;
(6) Cost of raw stock and factory supplies consumed (including transportation charges);
(7) Cost of merchandise sold (including transportation charges;
(8) Cost of other supplies consumed (including transportation charges);
(9) Cost of services purchased from outsider (not employees) to resell, that do not continue under contract;
(10) Power, heat and refrigeration expenses that do not continue under contract (if form CP 15 11 is attached);
(11) All ordinary payroll expenses or the amount of payroll expense excluded (if form CP 15 11 I attached); and
(12) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion--not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

Example No. 1 (Underinsurance):

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been:

	$400,000
The Coinsurance percentage is:	50%
The Limit of Insurance is:	$150,000
The amount of Loss is:	$80,000

Step 1: $400,000 X 50% = $200,000 (the minimum amount of insurance to meet your Coinsurance requirements)
Step 2: $150,000 ÷ by $200,000 = .75
Step 3: $80,000 x .75 = $60,000

We will pay no more than $60,000. The remaining $20,000 is not covered.

Example No. 2 (Adequate Insurance):

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the, described premises would have been:

	$400,000
The Coinsurance percentage is	50%
The Limit of Insurance is	$200,000
The amount of loss is	$80,000

The minimum amount of insurance to meet your Coinsurance requirement is $200,000 ($400,000 x 50%). Therefore, the Limit of Insurance in this Example is adequate and no penalty applies. We will pay no more than $80,000 (amount of loss).

This condition does not apply to the Extra Expense Additional Coverage.

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F. OPTIONAL COVERAGES

If shown in the Declarations, the following Optional Coverage apply separately to each item.

1. Maximum Period of Indemnity

a. The Additional Condition, coinsurance does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.

b. The most we will pay for loss of Business Income is the lesser of:

(1) The amount of loss sustained during the 120 days immediately following the beginning of the "period of restoration"; or

(2) The Limit of Insurance shown in the Declarations.

2. Monthly Limit of Indemnity

a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.

b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:

(1) The Limit of Insurance, multiplied by
(2) The fraction shown in the Declarations for this Optional Coverage.

Example:

- When the Limit of Insurance is **$120,000**

AND

- The fraction shown in the Declarations for this Optional Coverage is: **1/4**

The most we will pay for loss in each period of 30 consecutive days is: $30,000

($120,000 x 1/4 = $30,000)

If, in this example, the **actual amount of loss is**:

Days 1-30	$ 40,000
Days 31-60	20,000
Days 61-90	30,000
	$ 90,000

We will pay:

Days 1-30	$ 30,000
Days 31-60	20,000
Days 61-90	30,000
	$ 80,000

The remaining $10,000 is not covered.

3. Business Income Agreed Value

a. To activate this Optional Coverage:

(1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":

(a) During the 12 months prior to the date of the Work Sheet; and

(b) Estimated for the 12 months of this Optional Coverage.

(2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:

(a) The Coinsurance percentage shown in the Declarations; multiplied by

(b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.

b. The Additional Condition, Coinsurance, is suspended until:

(1) 12 months after the effective date of this Optional Coverage; or

(2) The expiration date of this policy; whichever occurs first.

c. We will reinstate the Additional Condition, submit a new Work Sheet and Agreed Value:

(1) The Business Income Limit of Insurance; divided by
(2) The Agreed Value.

Example:

When:	The Limit of Insurance is:	**$100,000**
	The Agreed Value is	**$200,000**
	The amount of loss is	**$ 80,000**

Step (a): $100,000 ÷ by $200,000 = .50
Step (b): .50 x $80,000 = $40,000

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We will pay $40,000. The remaining $40,000 is not covered.

4. Extended Period of Indemnity

Under paragraph **A.3.d.,** Extended Business Income, the number "30" in subparagraph **(2)(b)** is replaced by the number shown in the Declarations for this Optional coverage.

G. DEFINITIONS

1. "Finished Stock" means stock you have manufactured.

a. "Finished stock" also includes whiskey and alcoholic products being aged, unless there is Coinsurance percentage shown for Business Income in the Declarations.

b. "Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. "Operations" means:

a. Your business activities occurring at the described premises; and

b. The tenantability of the described premises, if coverage for Business Income including "Rental Value" or "Rental Value" applies.

3. "Period of Restoration" means the period of time that:

a. Begins immediately after the time of direct physical loss or damage for Business Income and/or Extra Expense coverage caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

c. "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

(1) Regulates the construction, use or repair, or requires the tearing down of any property; or

(2) Requires any certificate holder 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."

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

4. "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.

5. "Rental Value" means the:

a. Total anticipated rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you; and

b. Amount of all changes which are the legal obligation of the tenant(s) and which would otherwise be your obligations, and

c. Fair rental value of any portion of the described premises which is occupied by you.

6. "Computer Failure" means the failure, malfunction of a Computer.

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