



AGREEMENT

In return for **your** payment of the required premium, **we** provide insurance against covered loss to described property, **business** liability insurance and other coverages during the policy period, subject to policy **terms**.

This policy contains the Agreement, the Declarations, the General Policy Provisions, the applicable liability form, and any forms or endorsements made part of it, including any state mandated endorsements. Each part is subject to all of the policy **terms** relating to it, including the **terms** applicable to the entire policy. The coverage(s) **you** selected are shown on the Declarations page or attached pages comprising this policy.

Endorsements attached to this policy that increase existing coverage or add new coverage may result in a premium increase. Endorsements that increase deductibles, limit coverage, or exclude coverage may result in a reduction of premium.

It is recommended that **you** read and understand this contract and retain it for future reference. Please refer to the Definitions for words that have special meanings. These words are shown bolded and italicized.

This policy specifies both **your** and **our** obligations under the policy. Principal coverages for buildings and **business** property apply only if a limit of insurance is shown for these coverages on the policy Declarations or are added by endorsement. Each coverage is subject to all policy **terms** relating to that coverage, including the **terms** applicable to the entire policy.

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Endorsements-See endorsements (if any) attached to this policy.
Any of the company approved forms may be attached to this policy.

GENERAL POLICY PROVISIONS

I. DEFINITIONS

The following definitions apply to this policy:

- a. The words **you** and **your** refer to the person or entity named in the Declarations and the words **we**, **us** and **our** refer to the insurance company named in the Declarations.
- b. **Business** means a trade, profession or other occupation including farming, all whether full or part time.
- c. **Covered Policy** means a policy of commercial risk insurance, professional liability insurance or public entity insurance.
- d. **Inception of the loss** means the date on which the direct physical damage insured against occurred.
- e. **Insured** means the person or entity named in the Declarations.
 1. **Insured** means **you** or **your** legal representative. However, **your** legal representative is an **insured** only with respect to property covered by this insurance.
 2. Each person listed above is a separate **insured** under this policy but, this does not increase **your** amount of insurance under this policy.
- f. **Insured Premises**
 1. If **you** own the building(s) described in the Declarations, the **insured premises** means the building(s), campground and recreational vehicle (RV) park and the grounds at that location described in the policy.
 2. If, at the location described in the policy, **you** lease the building(s) or a portion of the building(s), **insured premises** means the parts of the described premises which are used or occupied exclusively by **you**.
 3. **We** do not cover portable buildings or portable structures as buildings except to the extent such coverage is provided under the Incidental Coverages.
- g. **Nonpayment of Premium** means the failure of the **named insured** to discharge any obligation in connection with the payment of premiums on a policy of insurance or any installment of such premium, whether the premium is payable directly to an insurer or its agent or indirectly under any premium finance plan or extension of credit. Payment to an insurer, or to an agent or broker authorized to receive such payment shall be timely if made within fifteen days after the mailing to the **insured** of a notice of cancellation for **nonpayment of premium**.
- h. **Renewal or to Renew** means the issuance, or offer to issue by an insurer, of a policy superseding a policy previously issued and delivered by the same insurer, or another insurer within the same group or under common management, or the issuance or delivery of a certificate or notice extending the term of a policy beyond its policy period or term. However, any policy with a policy period or term of less than one year shall be considered as if written for a policy period or term of one year, and any policy with no fixed expiration date or with a policy period or term of more than one year shall be considered as if written for successive policy periods of one year.
- i. **Required Policy Period** means a period of one year from the date a **covered policy** is renewed or first issued.
- j. **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.
- k. **Terms** as used in this policy means provisions, limitations, exclusions, definitions and conditions.

Additional definitions may apply, see applicable policy forms.

II. PRINCIPAL COVERAGES-COVERAGE A-BUILDINGS AND COVERAGE B-BUSINESS PROPERTY

We provide insurance for the following coverages indicated by a specific limit of insurance on the Declarations page.

Coverage A-Building(s)

This policy covers the building(s) on the **insured premises** described on the Declarations Page which includes:

1. Completed additions and attached extensions;
2. Fire extinguishing apparatus;
3. Floor coverings;

4. Permanent fixtures, machinery and equipment forming a part of or pertaining to the services of the building or its premises;
5. If not covered by other insurance:
 - a. Additions under construction, alterations and repairs to the building or structure;
 - b. Materials, equipment, supplies and temporary structures on or within 100 feet of the described premises used for making additions, alterations or repairs to the building or structure.
Additions, alterations and repairs are included within the Coverage A limit of insurance and do not increase the Coverage A limit of insurance.
6. If **you** own the described building, Coverage A—Building also includes:
 - a. Storm doors, storm windows, and screens;
 - b. Awnings, canopies or their supports.

Coverage A does not cover:

1. Antennas (outdoor), satellite antennas, their lead-in wiring, accessories, masts and towers;
2. Awnings, canopies and their supports if **you** do not own the building;
3. Driveways, parking lots, sidewalks, and paved surfaces;
4. Fences that are not a permanent part of the building;
5. Foundations which are below the under surface of the lowest floor or below ground level if there is no basement, retaining walls that are not a part of the building, cost of excavations, or grading and filling;
6. Land, including land on which the property is located;
7. Outdoor signs;
8. Piers, docks and wharfs;
9. Trees, plants, shrubs and lawns;
10. Underground pipes, flues and drains;
11. Vehicles or self-propelled vehicles designed for use on public roads, aircraft, or watercraft, including motors, equipment and accessories;
12. Water, either underground or surface water;
13. Windmills, wind pumps, crop silos or metal smokestacks.

Coverage B-*Business* Property

This policy covers **your Business** Property in the building(s) described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises. This includes:

1. Furniture and fixtures;
2. Machinery and equipment not servicing the building;
3. **Stock**;
4. **Your** interest in the property of others to the extent of the labor, materials or services furnished or arranged by **you** on such property;
5. **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;
6. All other **business** property owned by **you** and used in **your business**.

Coverage B does not cover:

(Limited coverage of some of these types of property is included in the Incidental Coverages).

1. Accounts, bills, currency or deeds;
2. Aircraft, including equipment and accessories;
3. Animals, birds and fish;
4. Antennas (outdoor), satellite antennas, their lead-in wiring, accessories, masts and towers;
5. **Automobiles**;
6. Awnings, canopies and their supports if **you** own the building;
7. Bullion and manuscripts;
8. **Business** property away from the **insured premises**;
9. Contraband, or property in the course of illegal transportation or trade;
10. Standing crops;

11. Electronic devices, accessories or antennas that may be operated from the electrical system of a motorize vehicle, farm equipment or watercraft. This includes films, tapes, wires, discs, records or other media for use with such devices;
12. Evidences of debt;
13. Fences;
14. Household or personal property;
15. Loss due to *business* interruption or delay;
16. **Money**, credit card receipts and *securities*;
17. Outdoor signs;
18. Pools, piers, docks and wharfs;
19. Property of others;
20. Golf carts and other recreational vehicles, including equipment and accessories;
21. The cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media;
22. Trees, plants, shrubs and lawns;
23. Vehicles or self-propelled vehicles designed for use on public roads;
24. Watercraft, including motors, equipment and accessories;
25. Portable buildings or portable structures used as buildings.

III. COVERED CAUSES OF LOSS

Refer to Principal Coverages, Incidental Coverages, the Causes of Loss Section, and other endorsements added to **your** policy for covered causes of loss and exclusions. Some excluded or limited causes of loss may be available at an additional cost.

IV. INCIDENTAL COVERAGES

This policy also provides Incidental Coverages. These Incidental Coverages are subject to all the *terms* and, unless otherwise indicated, the Covered Causes of Loss form applicable to Coverage B. These Incidental Coverages do not increase the amount of insurance stated for Principal Coverages A or B. The total amount recoverable under the Incidental Coverages or listed on any other form made part of this policy, is not cumulative and is limited to the amounts shown. Items covered under Coverage A or Coverage B are not included in any Incidental Coverage.

A. ADDITIONAL CAMPGROUND AND RV PARK PROPERTY

What *We* Pay For:

We pay up to \$2,500, or the additional amount shown on the Declarations, for direct loss or damage to the following property located at the *insured premises*:

1. antennas including satellite antennas, their lead-in wiring, accessories, masts and towers;
2. awnings, canopies and their supports for which **you** are legally liable;
3. driveways, parking lots, sidewalks, and paved areas;
4. fences that are not a permanent part of a building;
5. piers, wharfs, docks, bridges, and retaining walls that are not part of a building;
6. playground equipment including swings, slides, climbing bars, merry-go-rounds, and other permanently installed playground structures;
7. campground sewage collection and pumping stations, and electrical connection points at park sites;
8. golf carts owned by **you** while being operated in conjunction with **your** operations;
9. picnic tables owned by **you** in conjunction with the campground operation and located more than 100 feet from any building insured by Coverage A;
10. portable buildings or portable structures used as buildings.

B. CHANGE OF LOCATION

When **you** move to another location, the Coverage B limit of insurance applies pro rata at each location for 30 days from the date **you** begin to move but not extending past the expiration date of the policy. When **you** move, this Change of Location coverage applies in place of **your** coverage for property While Away From the *Insured Premises*.

C. EXTERIOR SIGNS

We pay up to \$1,000, or the additional amount shown on the Declarations, for loss or damage to *your* exterior signs located on the *insured premises*.

D. EXTRA EXPENSE

We pay up to \$1,000, or the additional amount shown on the Declarations, for additional expense which *you* must incur to continue *your business* as usual had no loss or damage from a covered cause of loss occurred.

You must do everything reasonable to reduce the amount of loss. *You* must do everything reasonable to resume operations with the same quality of service which existed immediately before the loss; and *you* must resume partial or complete operation of the property making use of merchandise, *stock* or other property at *your* other locations.

The deductible does not apply to Extra Expense.

E. FIRE LEGAL LIABILITY

1. What We Pay For:

We pay up to \$50,000 for those sums *you* are legally obligated to pay for direct loss caused by *property damage* to tangible property of others in *your* care or custody.

The exclusions applicable to *property damage* do not apply to this coverage.

2. What We Do Not Pay For:

- a. liability from any contract to indemnify any person or organization for damages by fire to the premises; or
- b. liability from *property damage* expected, directed or intended by an *insured*.

3. The deductible does not apply to Fire Legal Liability.

F. GOLF CARTS OWNED BY MEMBERS/OTHERS

We pay up to \$1,000, or the additional amount shown on the Declarations, for direct loss or damage to golf carts owned by members or guests which are in *your* care and custody or for rented, leased or borrowed golf carts, owned by others, for which *you* are legally liable.

G. LOSS OF EARNINGS

1. What We Pay For:

We pay up to \$5,000, or the additional amount shown on the Declarations, for *loss of earnings* when *your business* earnings are interrupted by loss or damage by a covered cause of loss, subject to the provisions of this policy.

The deductible does not apply to *Loss of Earnings*.

Under this coverage, *loss of earnings* is defined as the sum of:

- a. net profit;
- b. payroll expenses;
- c. taxes;
- d. interest;
- e. rent; and
- f. all other necessary operating expenses incurred by *your business*.

Your loss of earnings shall be the earnings *your business* could reasonably be expected to have earned during the period of interruption if no loss had occurred, minus the earnings *your business* actually earned.

Loss of earnings will be paid only for the time reasonably required to rebuild, repair or replace the damaged or destroyed covered property. The time will begin with the date of such damage or destruction and is not limited by the policy period.

You shall make every reasonable effort to resume complete or partial operation as soon as possible and, where practicable, use substitute facilities and property.

We extend coverage for the length of time, not to exceed two (2) consecutive weeks, during which access to the *insured premises* is prohibited by civil authority. The prohibition must result directly from damage to or destruction of property adjacent to *your* premises and must result from covered causes of loss.

Coverage also applies to expenses *you* incur to reduce *loss of earnings* but only to the extent that they actually reduce *your loss of earnings*.

2. What *We* Do Not Pay For:
 - a. *Loss of earnings* caused by the suspension, lapse or cancellation of any lease, contract or order.
 - b. *Loss of earnings* caused directly or indirectly by enforcement of any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures.
 - c. any claim for *loss of earnings* due to interference by strikers or other persons with rebuilding, repairing or replacing property, or with the resumption or continuation of operations.

H. MONEY AND SECURITIES

1. What *We* Pay For:

We agree to pay *you* up to \$2,500, or the additional amount shown on the declarations, for the loss of *money* and *securities* because of actual destruction, disappearance or a dishonest act. This coverage applies if the loss occurs:

- a. within *your* place of *business* at the *business* address shown on the Declarations page;
- b. within any banking premises or similar place of safe deposit;
- c. outside *your* place of *business* (but within the policy territory) while in the possession of any person whom *you* have authorized to have the care and custody of *money* and *securities* away from *your* place of *business*;
- d. while this coverage is in effect.

The amount of \$2,500, or the additional amount shown on the declarations, shall be the total limit of insurance on all loss of *money* and *securities* arising out of any one event. All loss connected with an actual or attempted dishonest act, or series of related acts, whether committed by one or more persons, shall be judged to arise out of one event.

2. What *We* Do Not Pay For:

This coverage for loss of *money* and *securities* DOES NOT APPLY:

- a. to loss due to any fraudulent, dishonest or criminal act by *you*, by any of *your employees*, partners, officers, directors, trustees, joint venturers or authorized representatives, whether acting alone or in collusion with others;
- b. to loss due to giving or surrendering of *money* or *securities* in any exchange or purchase;
- c. to loss of *money* contained in coin-operated amusement devices or vending machines, unless the device or machine has an instrument that records the amount of *money* deposited;
- d. to loss due to accounting or arithmetical errors or omissions.

3. Definitions:

The following definitions apply to this policy for *money* and *securities*:

- a. *Money* means currency, coins, bank notes and bullion; and travelers checks, register checks and *money* orders held for sale to the public.
- b. *Securities* means all negotiable and non-negotiable instruments or contracts representing either *money* or other property and INCLUDES revenue and other non-postage stamps in current use; tokens; tickets; and evidences of debt issued in connection with credit or debit cards, which are not of *your* own issue; but DOES NOT INCLUDE *money*. Lottery tickets held for sale are not *securities*.
- c. *Employee* means a person who is engaged in a service usual to *your business* operations and to whom *you* pay salary, wages or commission. *You* have the exclusive right to direct this person in the performance of his/her service. This definition EXCLUDES any broker, factor, commission merchant, consignee, contractor or other agent or representative.

I. PERSONAL PROPERTY OF OTHERS

We pay up to \$1,000, or the additional amount shown on the Declarations, for loss or damage from covered causes of loss to property of others in *your* care or custody while on the *insured premises*. This includes personal effects of members or guests but, it does not include golf carts in *your* care or custody. The most that *we* will pay in any one *occurrence* is \$1,000 without regard to the number of interests or claims at issue.

J. PREMISES MEDICAL PAYMENTS

1. The following definition applies to Premises Medical Payments:

Medical expense means expenses for reasonable and necessary medical, surgical, x-ray, dental, ambulance, hospital, professional nursing and funeral services, prosthetic devices, and eyeglasses including contact lenses.

2. What *We* Pay For:

We pay up to \$5,000 per person and up to \$25,000 per *accident* when two or more people sustain injuries.

We pay the necessary *medical expenses* incurred or medically determined within one year from the date of an accident causing *bodily injury* to which this coverage applies. This coverage applies only to *bodily injury*:

- a. caused by a condition on the premises *you* own or rent;
- b. caused by a condition on ways next to premises *you* own or rent;
- c. caused by operations covered by the *bodily injury* liability afforded by this policy.

3. What *We* Do Not Pay For:

We do not pay for loss resulting directly or indirectly from the following, unless specific coverage is added to *your* policy:

- a. *bodily injury*:

- i. arising out of the ownership, maintenance, operation, use, entrusting, loading or unloading of:
 - (1) any *automobile* or aircraft owned or operated by or rented or loaned to any *insured*; or
 - (2) any other *automobile* or aircraft operated by any person in the course of his/her employment by any *insured*; but this exclusion does not apply to the parking of an *automobile* on the *insured premises* if such *automobile* is not owned by or rented or loaned to any *insured*;
- ii. arising out of:
 - (1) the ownership, maintenance, operation, use, entrusting, loading or unloading of any *mobile equipment* while being used in any prearranged or organized racing, speed or demolition contest or in any stunting activity or in practice or preparation for any such contest or activity; or
 - (2) the operation or use of any snowmobile or trailer designed for use therewith;
- iii. arising out of the ownership, maintenance, operation, use, entrusting, loading or unloading of:
 - (1) any watercraft owned or operated by or rented or loaned to any *insured*; or
 - (2) any other watercraft operated by any person in the course of his employment by any *insured*; but this exclusion does not apply to watercraft while ashore on the *insured premises*; or
- iv. arising out of and in the course of the transportation of *mobile equipment* by an *automobile* owned or operated by or rented or loaned to any *insured*.

- b. *bodily injury*:

- i. included within the *products/completed operations hazard*;
- ii. arising out of operations performed for the *named insured* by independent contractors other than:
 - (1) maintenance and repair of the *insured premises*; or
 - (2) structural alterations at such premises which do not involve changing the size of or moving buildings or other structures;
- iii. resulting from the selling, serving or giving of any alcoholic beverage:
 - (1) in violation of any statute, ordinance or regulation;
 - (2) to a minor;
 - (3) to a person under the influence of alcohol; or

(4) which causes or contributes to the intoxication of any person, if the **named insured** is a person or organization engaged in the manufacture, distribution, sale or serving of alcoholic beverages or, if not so engaged, is an owner or lessor of premises used for such purposes;

but only part (1) of the exclusion (b) (iii) applies when the **named insured** is such an owner or lessor;

iv. due to war, whether or not declared, or to any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

c. **bodily injury**:

i. to any **insured**, any tenant of the **insured** or other person regularly residing on the **insured premises** or any person hired by or on behalf of any **insured** to do work for an **insured**;

ii. to any person if the **bodily injury** occurs on that part of the premises **you** own or rent that the person normally occupies;

iii. to any person while engaged in maintenance and repair of the **insured premises** or alteration, demolition or new construction at such premises;

iv. to any person if any benefits for such **bodily injury** are payable or required to be provided under any workers' compensation, unemployment compensation or disability benefits law, or under any similar law;

v. to any person practicing, instructing or participating in any physical training, sport, athletic activity or contest whether on a formal or informal basis;

vi. excluded under the applicable liability coverage.

d. to any **medical expense** for services by the **named insured**, any **employee** or any person or organization under contract to the **named insured** to provide such services.

4. What **You** Must Do In Case of Loss

Refer to the applicable Liability Agreement attached to **your** policy for What **You** Must Do In Case of Loss.

If LS-1 is **your** Liability Agreement, the following provision is added to the What **You** Must Do In Case of Loss provision contained in such agreement:

Medical Reports; Proof and Payment of Claim.

As soon as practicable the injured person or someone on his/her behalf shall give to **us** written proof of claim, under oath if required, and shall, after each request from **us**, execute authorization to enable **us** to obtain medical reports and copies of records. The injured person shall submit to physical examination by physicians selected by **us** when and as often as **we** may reasonably require. **We** may pay the injured person or any person or organization rendering the services and the payment shall reduce the amount payable for such injury.

Payment shall not constitute an admission of liability of any person or of **us**.

5. How Much **We** Pay for Loss or Claim

The limit of liability for Premises Medical Payments as stated on the Declarations page as applicable to "each person" is the limit of **our** liability for all **medical expenses** for **bodily injury** to any one person as the result of any one accident. BUT, subject to the above provision regarding "each person", **our** total liability, under this endorsement, for all **medical expenses** for **bodily injury** to two or more persons as the result of any one accident will not exceed the amount of \$25,000 unless an increased amount is shown on the Declarations.

The deductible does not apply to Premises Medical Payments.

K. REMOVAL

1. Emergency Removal

We pay for loss if **you** remove property covered by this policy from the **insured premises** to preserve it from damage from covered causes of loss. Once removed, such property is covered against direct loss from covered causes of loss not specifically excluded under this policy, for a period up to ten days. This coverage does not extend past the expiration date of the policy.

2. Debris Removal

We cover the cost of removing debris of the covered property caused by a covered cause of loss. This coverage does not include costs to:

- a. extract pollutants from land or water; or
- b. remove, restore or replace polluted land or water.

We will not pay more under this debris removal coverage than 25 percent of the amount **we** pay for direct loss or damage. **We** will not pay more for loss to property and debris removal combined than the amount of insurance for the property.

We will not pay for any expenses under this coverage unless they are reported to **us** within 180 days of the direct physical loss or damage to covered property.

3. The deductible does not apply to Removal.

L. REPAIRS

We cover the cost of repairs that are reasonable and necessary to protect covered property from further damage after damage resulting from a covered cause of loss. **We** will not pay more for loss to property and repairs combined than the amount of insurance for the property.

The deductible does not apply to Repairs.

M. WHILE AWAY FROM THE INSURED PREMISES

We pay up to \$1,000, or the additional amount shown on the Declarations, for loss or damage from covered causes of loss to **your business** property while temporarily at locations that **you** do not own, control, operate or lease.

V. CONDITIONS THAT SUSPEND INSURANCE

A. **Your** insurance is suspended when any hazard is increased by any means within **your** knowledge or control.

B. **Your** insurance is suspended while a described building is vacant beyond a period of sixty consecutive days. Vacancy does not include off season suspension of operations.

VI. HOW MUCH WE PAY FOR LOSS OR CLAIM

Settlement of property losses covered by this policy shall be made in accordance with the following provisions.

A. Property losses will be settled on the basis of the lesser of the following amounts:

1. the applicable limit of insurance;
2. the amount of **your** interest in the property;
3. the actual cash value of the property at the time of loss including an appropriate deduction for depreciation however caused;
4. the cost of repairing or replacing the property with materials of equivalent kind and quality to the extent practicable;
5. the amount computed after applying the deductible or other limitation applicable to the loss; or
6. (applies to mobile homes only at **your** option) the amount equal to the difference between the actual cash value of the property immediately before the loss and its actual cash value immediately after the loss.

B. Coinsurance

If a coinsurance percentage applicable to a particular building and/or to **business** property is shown on the Declarations Page, then the following coinsurance provision applies to **your** policy:

Coinsurance Provision

We require that **you** maintain a minimum limit of insurance when a coinsurance percentage is shown on the

Declarations Page. If there is more than one building and/or **business** property designated on the Declarations Page as having coinsurance applicable, then the minimum insurance requirement applies separately to each building and/or **business** property.

The minimum limit of insurance required is the actual cash value of the insured property at the time of loss multiplied by the coinsurance percentage.

If the limit of insurance at the time of loss is less than the minimum limit of insurance required, **we** will pay only a part of the loss. **Our** part of the loss will be determined by dividing the limit of insurance on the property by the minimum limit of insurance required.

EXAMPLE—If **you** DO NOT maintain the required limit of insurance:

(NOTE: This example does not include a deductible).

1. Actual Cash Value _____ \$100,000
2. Coinsurance Percentage _____ 80%
3. Minimum Limit of Insurance Required (\$100,000 x 80%) _____ \$80,000
4. Limit of Insurance (Amount shown on Declarations Page) _____ \$60,000
5. Amount of Loss as established under the provisions of A. Above _____ \$20,000

In this example, **we** would pay **you** \$15,000. **We** arrive at this payment figure as follows:

- a. **Our** part of the loss is 75%. (4. limit of insurance \$60,000 divided by 3. limit of insurance required \$80,000).
- b. \$20,000 loss is then multiplied by the 75% figure computed in step a. to arrive at the part of the loss **we** will pay.
- c. The uninsured loss is \$5,000.

NOTE: Under Coverage A—Building and Coverage B—**Business** Property the Incidental Coverages described in this policy shall NOT be considered in determining the actual cash value when applying the Coinsurance Provision.

C. Replacement Cost Provision

If the Replacement Cost Provision form is attached to this policy then losses to buildings and/or **business** property designated on that form shall be settled in accordance with the provisions contained in that form.

D. Loss to a Pair or Set

If there is loss to an article which is part of a pair or set, **we** are only liable for a reasonable proportion of the value of the entire pair or set, and the loss is not considered a total loss of the pair or set.

E. Tenant's Improvements and Betterments will be valued at:

1. actual cash value of the lost or damaged property if repaired or replaced at **your** expense within a reasonable time.
2. a portion of **your** original cost if **you** do not make repairs. **We** will determine the proportionate value in the following manner:
 - a. multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - b. divide the amount determined in a. above by the number of days from the installation of improvements to the expiration of the lease.If **your** lease contains a **renewal** option, the expiration of the **renewal** option period will replace the expiration of the lease in this procedure.
3. nothing if others pay for repairs or replacement.

F. Deductible

The deductible applies to the following:

1. Coverage A—Building(s).
2. Coverage B—**Business** Property.
3. Incidental Coverages, unless otherwise indicated.
4. All additional property coverages added by endorsement.

The deductible applies to all covered causes of loss unless otherwise stated in the Declarations or any endorsement.
5. **We** pay only that part of the loss over the deductible stated in the Declarations or endorsement. Not more than one deductible applies per loss but:
 - a. If this policy covers more than one building, the deductible applies separately to each building.

- b. If this policy covers only *business* property, the deductible applies separately to *business* property in each building.
6. If coverage is otherwise restricted by special limits of insurance, *our* liability must be separately computed under both the deductible and the special limit of insurance. *We* pay the lesser of the two amounts.
7. If the same deductible amount applies to *your* building, and *business* property within that building, one deductible shall apply to the loss for the building and *business* property within that building; otherwise, the higher of any applicable deductible shall apply.

G. Insurance Under More Than One Coverage

If more than one coverage of this policy insures the same loss, *we* pay no more than the actual claim, loss or damage sustained.

H. Insurance Under More Than One Policy

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

I. Restoration of Limit of Insurance

Any loss to described property *we* pay under this policy does not reduce the limits of insurance applying to a later loss.

VII. PAYMENT OF LOSS OR CLAIM

A. In the event of loss or damages to property covered under this policy *we* will:

1. pay the loss in *money*;
2. rebuild, repair or replace with property of equivalent kind and quality, to the extent practicable, within a reasonable time; or
3. take all or any part of damaged property at the agreed or appraised value. Any property paid for or replaced shall become *our* property.

We will give notice of *our* intent to rebuild, repair or replace within 30 days after receipt of a duly executed proof of loss.

B. *Your* Property

We will adjust all losses with *you*. An insured loss will be payable after a satisfactory proof of loss is received, and the amount of the loss has been established either by written agreement with *you* or the filing of an appraisal award with *us*. Payment will be made to *you* unless another loss payee is named in the policy.

C. Property of Others

Losses to property of others may be adjusted with *you*. *We* reserve the right to adjust with and pay to the owners. Payment to the owners satisfies *our* obligation to *you* for loss to this property. *We* may also choose to defend *you* against any *suits* arising from claims of the owners of property.

D. Liens for Unpaid Taxes

We are required by the Insurance Law to deduct the claim of any tax district from the amount *we* pay *you* for a loss by fire. To the extent *we* pay any tax district the amount certified as *your* unpaid taxes, *we* are no longer obligated to pay this amount to *you*. *Our* payment of such claim to the tax district within 30 days of the receipt of a certificate of lien shall be considered by *you* and *us* that such claim was valid and properly paid.

VIII. WHAT YOU MUST DO IN CASE OF LOSS

A. NOTICE

1. In case of a loss or if *you* become aware of anything that indicates there might be a claim under this policy, *you* must:
 - a. promptly give *us* or *our* agent notice (in writing if requested);
 - b. promptly notify the police when the act causing the loss is also a violation of law.
2. The notice to *us* must state:
 - a. *your* name, the kind of policy, policy number and the time, place and circumstances of the loss; and
 - b. names and addresses of any potential witnesses.

B. PROTECT PROPERTY

You must take all reasonable steps to protect covered property at and after an insured loss to avoid further damage. *We* pay for repairs which are reasonable and necessary to protect the property from further damage, provided *you* keep an accurate record of such expenses. These payments do not increase the limit of insurance otherwise applicable to the loss.

C. COOPERATION

You must cooperate with *us* in performing all acts required by this policy.

D. VOLUNTEER PAYMENTS

You must not, except at *your* own cost, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses.

E. PROOF OF LOSS

You must submit to *us* a proof of loss (sworn to by *you* if requested) within 60 days after *our* request containing the following information:

1. the time, place and circumstances of loss;
2. *your* interest and the interests of all others in the property involved, including all mortgages and liens on the covered property;
3. other policies of insurance that may cover the loss on the property;
4. changes in title or occupancy of the property during the policy period;
5. available plans and specifications of buildings or structures;
6. detailed estimates for repair of the damage; and
7. if requested, an inventory of damaged personal property showing in detail the quantity, description, cost, actual cash value and amount of loss. *You* must attach to the inventory copies of all bills, receipts and related documents that substantiate the inventory.

F. ADDITIONAL DUTIES

You must:

1. if requested, submit to examination under oath at such times as may be reasonably required about any matter relating to this insurance or *your* claim, including *your* books and records. In such event, *your* answers must be signed;
2. exhibit the damaged property as often as *we* reasonably request;
3. produce records, including tax returns and bank microfilms of all cancelled checks, relating to value, loss and expenses and permit copies and extracts to be made of them as often as *we* reasonably request;
4. assist in enforcing any right of recovery which *you* may have against any party causing the loss.

IX. POLICY CONDITIONS THAT APPLY TO PROPERTY COVERAGES

In addition to the policy *terms* which are contained in other sections of this policy, the following conditions also apply:

1. **Assignment**-Assignment of this policy is not valid without *our* written consent.
2. **Cancellation**
 - a. By *you*-*You* may cancel this policy at any time by giving *us* written notice or returning the policy to *us* and stating when thereafter the cancellation is to be effective.

- b. By *us-We* may cancel this policy by written notice delivered to or mailed to *you* at the address shown in the policy (and to *your* authorized agent or broker if required). Proof of delivery or mailing is sufficient proof of notice.
This notice must be delivered or mailed the required number of days prior to the effective date of the cancellation.
For a description of the number of days of required notice, refer to:
- 1) *Nonpayment of premium*;
 - 2) New policy; or
 - 3) All Other Situations.
- c. When *We* May Cancel-*We* may cancel this policy under the following conditions:
- 1) *Nonpayment of Premium*-If the premium has not been paid when due, *we* may cancel at any time by delivering or mailing to *you* the required notice at least fifteen days before cancellation is effective. Payment by *you* to the insurer, or to an agent or broker authorized to receive such payment, shall be considered timely if made within fifteen days after the mailing to *you* of a notice of cancellation for *nonpayment of premium*.
 - 2) New Policy-If this is a new policy which has been in effect less than sixty days, *we* may cancel for any reason by delivering or mailing the required notice to the first *named insured* at the mailing address shown in the policy at least twenty days before cancellation is effective. If upon review during this time period *we* find that a statutory provision/provisions for cancellation applies/apply, *we* may cancel this policy by mailing written notice to the first *named insured* at the mailing address shown in the policy at least fifteen days before cancellation is effective.
 - 3) All Other Situations-After a *covered policy* has been in effect for sixty days, or upon the effective date if such policy is a *renewal*, no notice of cancellation shall become effective until fifteen days after notice is delivered or mailed to the *insured* and such cancellation is based on one or more of the following statutory provisions:
 - a) *Nonpayment of premium*;
 - b) Conviction of a crime arising out of acts increasing the hazard insured against;
 - c) Discovery of fraud or material misrepresentation in the obtaining of the policy or in the presentation of a claim thereunder;
 - d) After issuance of the policy or after the last *renewal* date, discovery of an act or omission, or a violation of any policy condition, that substantially and materially increases the hazard insured against and which occurred subsequent to inception of the current policy period;
 - e) Material physical change in the property insured, occurring after issuance or last annual *renewal* anniversary date of the policy, which results in the property becoming uninsurable in accordance with the insurer's objective, uniformly applied underwriting standards in effect at the time the policy was issued or last *renewed*; or material change in the nature or extent of the risk, occurring after issuance or last annual *renewal* anniversary date of the policy, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last *renewed*;
 - f) Required pursuant to a determination by the Superintendent that continuation of the present premium volume of the insurer would jeopardize that insurer's solvency or be hazardous to the interests of policyholders of the insurer, its creditors or the public;
 - g) A determination by the Superintendent that the continuation of the policy would violate or would place the insurer in violation of the law;
 - h) Where the insurer has reason to believe, in good faith and with sufficient cause, that there is a probable risk or danger that the *insured* will destroy, or permit to be destroyed, the covered property for the purpose of collecting the insurance proceeds, provided, however, that:
 - (i) a notice of cancellation on this ground shall inform the *insured* in plain language that the *insured* must act within ten days if review by the Department of the ground for cancellation is desired pursuant to item (iii) of this subparagraph h);
 - (ii) notice of cancellation on this ground shall be provided simultaneously by the insurer to the Insurance Department; and

- (iii) upon written request of the *insured* made to the Department within ten days from the *insured's* receipt of notice of cancellation on this ground, the Department shall undertake a review of the ground for cancellation to determine whether or not the insurer has satisfied the criteria for cancellation specified in this subparagraph; if after such review the Department finds no sufficient cause for cancellation on this ground, the notice of cancellation on this ground shall be deemed null and void.
 - i) With respect to professional liability insurance policies, revocation or suspension of the *insured's* license to practice his/her profession or, if the *insured* is a hospital, it no longer possesses a valid operating certificate under applicable law.
 - d. *We* refund the premium for the unexpired policy period on a pro rata basis. Any amounts for less than \$15 will not be refunded.
 - e. Refund of Premium-Payment or tender of unearned premium is not a condition of cancellation. If the unearned premium is not refunded with the cancellation notice, it will be sent to *you* within a reasonable time.
 - f. Loss Notice-The company must advise the first *named insured* that he/she is entitled to loss information upon written request.
 - g. Conditional Reinstatement-If *we* issue a cancellation notice because *you* didn't pay the required premium when due and *you* then tender payment by check, draft or other remittance which is not honored on presentation, *your* policy will terminate on the date and time shown on the cancellation notice and any notice *we* issue which waives the cancellation or reinstates the policy is void. This means *we* will not be liable under this policy for claims or damages after the date and time indicated on the cancellation notice. *We* will give *you* notice of the dishonor of *your* remittance as soon as practicable but this shall not interrupt the cancellation of this policy.
3. **Renewal/Nonrenewal**
 - a. Nonrenewal-*We* may elect not **to renew** or continue this policy by delivering or mailing to *you* and *your* authorized agent or broker written notice of *our* intent not **to renew**.
 - 1) Such notice must:
 - a) be given at least sixty but not more than one hundred twenty days in advance of the end of the **required policy period**.
 - b) state *our* specific reason(s) for nonrenewal.
 - c) be delivered or mailed to *you* at the address shown in the policy and to *your* authorized agent or broker. Proof of delivery or mailing is sufficient proof of notice.
 - d) Loss Notice-The company must advise the first *named insured* that he/she is entitled to loss information upon written request.
 - e) Requirements for nonrenewal shall not apply if the *named insured*, or an agent or broker authorized by the *named insured*, or another insurer of the *named insured* has delivered or mailed written notice that the policy has been replaced or is no longer desired.
 - 2) Prior to the expiration date of this policy, in the event that a late nonrenewal notice is provided by the insurer, the coverage under this policy shall remain in effect:
 - a) at the same **terms** and conditions contained in the expiring policy; and
 - b) at the lower of the current rates or the prior period's rates until sixty days after the notice is delivered or mailed unless the *insured* elects to cancel sooner.
 - 3) In the event that a timely and substantially complete notice is not provided by the insurer prior to the expiration date of the policy, coverage shall remain in effect:
 - a) on the same **terms** and conditions of the expiring policy;
 - b) for another **required policy period**; and
 - c) at the lower of the current rates or the prior period's rates.

However, if the insurer has established the standards and procedures required by the law relating to notice requirements and the failure to comply with these standards and procedures is a result of inadvertence or clerical mistake, then the rates applicable to the remainder of the additional **required policy period** shall be the insurer's current rates at the **terms** and conditions of the expiring policy.
 - 4) The issuance of a late or incomplete nonrenewal notice by the insurer shall not create a new annual aggregate liability limit (if any) for the **covered policy**, except that the annual aggregate limit of the expiring policy shall be increased in proportion to the policy extension,

including any additional **required policy period** caused by the late or incomplete notice of nonrenewal.

- 5) If the insurer provides a timely notice of nonrenewal and thereafter the insurer extends the policy for ninety days or less, an additional notice of nonrenewal is not required with respect to the extension period.

b. Conditional **Renewal**-We may elect **to renew** or continue this policy under certain conditions. **We** may do so by delivering or mailing to **you** and **your** authorized agent or broker written notice.

1) This notice must:

- a) be delivered or mailed to **you** at least sixty but not more than one hundred twenty days in advance of the end of the **required policy period**;
- b) contain specific reason(s) for the conditional **renewal**;
- c) set forth the amount of any premium change if the increase is in excess of 10% unless the increase is due to increased insured values and/or increased coverages or is due to experience rating, retrospective rating or audit;
- d) set forth the nature of any proposed change(s) in the policy such as change(s) in limits, change(s) in type(s) of coverage(s), reduction(s) in coverage(s), increased deductible(s) or the addition of an exclusion or exclusions;
- e) be delivered or mailed to the **named insured** at the address listed in the policy and to an authorized agent or broker of the **insured**. Proof of delivery or mailing is sufficient proof of notice; and
- f) include a statement advising the first **named insured** that upon written request the company will provide loss information.

2) Prior to the expiration date of the policy, in the event that an incomplete or late conditional **renewal** notice is provided by the insurer, the coverage under this policy shall remain in effect at:

- a) the same **terms** and conditions of the expiring policy, and
- b) the lower of the current rates or the prior period's rates until sixty days after the notice is delivered or mailed unless the **insured** elects to cancel sooner.

However, if the **insured** elects to accept the **terms**, conditions and rates of the conditional **renewal** notice and renews the policy on that basis, then such **terms**, conditions and rates shall govern the policy upon expiration of such sixty-day period.

3) In the event that a timely and substantially complete conditional **renewal** notice is not provided by the insurer prior to the expiration date of the policy, then coverage under the policy:

- a) remains in effect for an additional **required policy period**;
- b) remains at the same **terms** and conditions as the expiring policy; and
- c) the rates for the additional policy period will be the lower of the current rates or the previous period's rates.

However, if the insurer has established the standards and procedures required by law relating to notice requirements, and the failure to comply with these standards and procedures is a result of inadvertence or clerical mistake, then the rates applicable to the remainder of the additional **required policy period** shall be the **insured's** current rates at the **terms** and conditions of the expiring policy.

4) The issuance of a late or incomplete conditional **renewal** notice by the insurer shall not create a new annual aggregate limit (if any) for the **covered policy**, except that the annual aggregate limit of the expiring policy shall be increased in proportion to the policy extensions including any additional **required policy period**, caused by the late or incomplete conditional **renewal** notice. However, if the **insured** accepts the **terms** of a conditional **renewal** offer, a new annual aggregate shall become effective as of the inception date of the **renewal**.

c. Alternate **Renewal** Notice Procedure-During the period of time the insurer is assessing its option(s) as to whether to nonrenew or conditionally **renew** a policy, the insurer must notify the **insured** and his/her authorized agent or broker.

This notice must contain the following:

- 1) The notice must be delivered or mailed at least sixty days prior to the expiration date of the policy;

- 2) The notice must be delivered or mailed to the **named insured** at the address in the policy and to an authorized agent or broker of the **insured**;
- 3) The notice must advise the **insured** that the policy will be either nonrenewed or **renewed** at different **terms**, conditions or rates;
- 4) The notice must advise the **insured** that a second notice will be sent at a later date;
- 5) The notice must advise the **insured** that coverage will continue at the same **terms**, conditions and rates until the later of:
 - a) the expiration date; or
 - b) 60 days after the second notice is delivered or mailed.
- 6) The second notice sent to the **insured** must advise the **insured**:
 - a) of the specific reason or reasons for nonrenewal or conditional **renewal**; and
 - b) of the amount of any premium increase if the increase is in excess of 10% and the nature of any other proposed changes.
- 7) The second notice must advise the first **named insured** that he/she is entitled to loss information upon written request.
- 8) If a substantially complete second notice is not delivered or mailed until after the expiration date of the policy, the **insured** is entitled to coverage under the policy:
 - a) for an additional **required policy period**;
 - b) at the same **terms** and conditions as the existing policy; and
 - c) at the lower of the current rates or the rates of the previous period.

However, if the insurer has established the standards and procedures required by law relating to notice requirements and the failure to comply with these standards and procedures is a result of inadvertence or clerical mistake, then the rates applicable to the remainder of the additional **required policy period** shall be the **insured's** current rates at the **terms** and conditions of the expiring policy.

- 9) No notice is necessary if the insurer receives a written notice from the **insured**, his/her authorized agent or broker, or another insurer that the policy is no longer desired or has been replaced.

d. Policies Written For A Term Less Than One Year-For policies issued to an **insured** for a seasonal purpose or to a policy issued to cover a particular project that will be performed in less than one year, the following provisions apply:

- 1) During the first sixty days such policy is in effect, no cancellation shall become effective until twenty days after written notice is delivered or mailed to the **insured** at the mailing address shown in the policy;
- 2) After a policy has been in effect for sixty days, no notice of cancellation shall become effective until fifteen days after notice is delivered or mailed and such cancellation is based on one or more of the statutory provisions set forth in this form.
- 3) After a policy has been in effect for sixty days, no premium increase for the term of the policy shall be made to become effective unless due to and commensurate with value added, subsequent to issuance pursuant to the policy or at the **insured's** request.

4. **Change, Modification or Waiver of Policy Terms**-A waiver or change of any **terms** of this policy must be issued by **us** in writing to be valid. **Our** request for an appraisal or examination under oath does not waive any of **our** rights.

If **we** adopt any revision of forms or endorsements during a policy period which would broaden coverage under this policy without additional premium, the broadened coverage will automatically apply to this policy. If this policy is issued on a continuous basis (with no specified expiration date), **we** may substitute or add, upon any anniversary date, forms or endorsements which are authorized for use on this policy in accordance with **our** manual rules in effect at the time.

5. **Conformity With Statute-Terms** of this policy in conflict with the statutes of the state where the premises described in the Declarations are located, are amended to conform to such statutes.
6. **Misrepresentation, Concealment or Fraud**-There is no coverage if, whether before or after a loss:
 - a. An **insured** has willfully concealed or misrepresented:
 - 1) any material fact or circumstance concerning this insurance; or
 - 2) an **insured's** interest herein.
 - b. There has been fraud or false swearing by an **insured** regarding any matter relating to this insurance or the subject thereof.

- c. The notice provisions of Section 3426 of the Insurance Law shall apply to this condition.
7. **Inspection-We** are permitted but not obligated to inspect *your* property and operations. *Our* inspection or any resulting advice or report does not warrant that *your* property or operations are safe or healthful or are in compliance with any law, rule or regulation.
 8. **Policy Premium-**If this policy is issued without a specified expiration date, it may be continued by payment of the required premium for the next annual period. The premium must be paid to *us* on or before each anniversary date. The policy expires on any anniversary date that the premium has not been received by *us*. The premium is subject to adjustment on the basis of the rates in effect at each anniversary date.
 9. **Recoveries-**If *we* pay an *insured* for loss under this policy and lost or damaged property is recovered or payment is made by those responsible for the loss, the following provisions apply:
 - a. The *insured* must notify *us* or *we* will notify the *insured* promptly if either recovers property or receives payment;
 - b. Any proper expenses incurred by either party in making the recovery are reimbursed first;
 - c. The *insured* may keep recovered property by refunding to *us* the amount of the claim paid or any lesser amount to which *we* agree; and
 - d. If the claim paid is less than the agreed loss due to a deductible, special limit of insurance or other limiting *terms* of the policy, any recovery will be pro-rated between the *insured* and *us* based on *our* respective interests in the loss.
 10. **Subrogation**
 - a. If *we* make a payment under this policy, *we* may require that the *insured* assign to *us* his or her right of recovery against any person for the loss to the extent of the payment. The *insured* must do everything necessary to make this assignment and secure *our* rights.
 - b. *We* are not liable for any loss if an *insured* does anything after the loss occurs to impair *our* right to recover. *You* may waive *your* right of recovery in writing before a loss occurs without voiding the coverage.
 - c. If *we* pay a loss to or on behalf of an *insured* and the *insured* recovers damages from another person for the same loss, the *insured* shall hold the amount recovered in trust for *us* and shall reimburse *us* as provided under Recoveries.
 11. **Suit Against Us-**No *suit* to recover for any property loss may be brought against *us* unless:
 - a. the *terms* of this policy have been fully complied with; and
 - b. the *suit* is commenced within two years after the *inception of the loss*. If any law of the state where the premises described in the Declarations is located makes this limitation invalid, then *suit* must begin within the shortest period permitted by the law.
 12. **Abandonment of Property-We** may take the property or any part of it at the agreed or appraised value, but an *insured* may not abandon the covered property to *us* unless *we* specifically agree.
 13. **Appraisal-**If *you* and *we* do not agree on the cost to repair or replace, actual cash value of or amount of loss to covered property when loss occurs, either party may demand that these amounts be determined by appraisal. If either makes a written demand for appraisal, each will select a competent, independent appraiser and notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers will then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, *you* or *we* can ask a judge of a court of record in the state where the property is located to select an umpire.
The appraisers will then determine the amount of the damage stating separately, in detail: the cost to repair or replace, actual cash value of, and amount of loss to each building item and item of personal property. If the appraisers submit a written report of any agreement to *us*, the amount agreed upon will be the amount of damage or value. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three sets the cost to repair or replace, actual cash value of and amount of loss to each item. Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire will be paid equally by *you* and *us*.
 14. **No Benefit to Bailee-**Insurance under this policy shall not directly or indirectly benefit any hired carrier or anyone else who is paid for assuming custody of covered property.
 15. **Secured Party Coverage-**Applies Only to Coverage on *Business* Property.
(This entire clause is void unless the name of a secured party is inserted in the Declarations or the Supplemental Declarations. This clause applies only to the interest of a secured party and does not affect the *insured's* rights or duties under the policy).

If a secured party is named in this policy, any loss payable on property subject to the security interest shall be payable to the secured party and **you** as interest may appear. If there is more than one security interest in the same property, the order of payment shall be the same as their order of priority. If **we** deny **your** claim, that denial shall not apply to a valid claim of a secured party if such party has:

- a. notified **us** of any change in ownership, occupancy or substantial change in risk of which the secured party became aware;
- b. paid any premium due under the policy on demand if **you** have not made such payment; and
- c. submitted a signed, sworn proof of loss within 60 days if an **insured** has failed to do so.

Policy conditions relating to Appraisal, **Suit Against Us** and Loss Payment apply to the secured party. If the policy is canceled by **us**, the secured party shall be notified at least 15 days before the date cancellation takes effect. If **we** pay the secured party for any loss for which **we** have denied payment to **you**:

- a. **we** are subrogated to all the rights of the secured party granted under the security agreement; or
- b. at **our** option **we** may pay the secured party the remaining amount due on the security agreement plus interest and receive a full assignment of the security agreement and any **securities** held as collateral for the agreement.

However, the secured party's interest is not covered for conversion, embezzlement or secretion by an **insured** in possession of the encumbered property, unless specifically covered and a premium is paid for such.

16. **Mortgage Clause**-Applies only to Coverage on Buildings.

(This entire clause is void unless the name of the mortgagee [mortgage holder], or trustee under a trust deed, is inserted in the Declarations. This clause applies only to the mortgagee [or trustee] and does not affect **your** rights or duties under this policy).

- a. **We** will pay for loss or damage to buildings to each mortgagee shown on the Declarations and to **you** as interests may appear. If more than one mortgagee is named in the Declarations, they shall be paid in order of priority.
- b. The mortgagee is entitled to receive loss payment even if the mortgagee has started foreclosure or other similar proceedings on the building or structure.
- c. The insurance for the mortgagee continues in effect even when **your** insurance may be void because of **your** acts, neglect or failure to comply with policy **terms** provided that the mortgagee:
 - 1) Pays any premium due under this policy at **our** request insofar as **you** have failed to do so;
 - 2) Submits a signed, sworn proof of loss within 60 days after receiving notice from **us** of **your** failure to do so; and
 - 3) Notifies **us** of any change in ownership, occupancy or substantial change in risk known to the mortgagee. If all of these conditions are met, then the **terms** of this policy will apply directly to the mortgagee.
- d. If **we** pay the mortgagee for a loss where **your** insurance may be void as a result of **your** acts, neglect or failure to comply with policy **terms** then:
 - 1) The mortgagee's rights under the mortgage will be transferred to **us** to the extent of the amount **we** pay; and
 - 2) The mortgagee's right to recover the remainder of the mortgage debt from **you** will not be impaired. At **our** option, **we** may pay the mortgagee the remaining principal and accrued interest in return for a full assignment of the mortgagee's interest and any instruments given as security for the mortgage debt.
- e. If **we** cancel this policy, **we** will give written notice to the mortgagee at least:
 - 1) 10 days before the effective date of cancellation if **we** cancel for **nonpayment of premium** or other statutory reasons; or
 - 2) 30 days before the effective date of cancellation if **we** cancel for any other reason.
- f. If **we** do not **renew** this policy, **we** will give written notice to the mortgagee at least 10 days before the expiration of this policy.

17. **Volcanic Action**-All volcanic action that occurs within a seven day period of time constitutes a single **occurrence**.

18. **Premium Due After Policy Expiration**-If the final premium for coverage under this policy is determined at or after the expiration of the policy, any additional premium payable to **us** is due on the date shown on **our** invoice.

19. **Estimate(s) of Cost of Damages**-When **you** have a claim of damage to real property pending; **we** will, at **your** request, furnish **you** or **your** representative designated in writing, a copy of any written

estimate(s) of the cost of damages to **your** real property that **we** prepared or had prepared on **our** behalf. **We** will respond within thirty days after the request or preparation, whichever is later, and **we** will show all real property deductions under consideration in the estimate(s). **We** are not required to provide an estimate unless **we** prepared one or had one prepared for **us**.

X. GENERAL LIABILITY COVERAGE

The Premises and Operations Liability Insurance Coverage (LS-1) is the standard liability insuring agreement forming a part of this policy. **We** pay up to the amount specified on the Declarations for **bodily injury** and **property damage** caused by an **occurrence** within the **coverage territory** during the policy period. Form LS-1, or any substitute form shown on the Declarations, will be included in its entirety with this policy.

The complete Premises and Operations Liability Insurance Coverage (or other insuring form which **you** select) consists of the Declarations Page, the LS-1 Booklet (or other insuring form booklet that **you** selected) and other endorsements which may be added, including State required endorsements. It is important that **you** read each part of **your** policy carefully to understand the coverage provided, **your** obligations and **our** obligations under the policy. Each coverage part is subject to all of the **terms** relating to that coverage.

The following provisions are added to **your** policy.

1. Failure to give any notice required to be given by this liability policy within the time prescribed shall not invalidate any claim made by the **insured**, injured person or any other claimant, unless the failure to provide timely notice has prejudiced **us**, except when it shall be shown not to have been reasonably possible to give such notice within the prescribed time and that notice was given as soon as was reasonably possible thereafter.
2. With respect to a claim for personal injury or wrongful death of any person, if **we** disclaim liability or deny coverage based upon the failure to provide timely notice, then the injured person or other claimant may maintain an action directly against **us**, in which the sole question is **our** disclaimer or denial based on the failure to provide timely notice, unless within sixty days following such disclaimer or denial, the **insured** or the insurer:
 - a. initiates an action to declare the rights of the parties under the insurance policy; and
 - b. names the injured person or other claimant as a party to the action.