



**ASSOCIATION OF COUNTY COMMISSIONS OF ALABAMA
LIABILITY SELF-INSURANCE FUND, INC.
PROPERTY PROGRAM**

**PROPERTY COVERAGE DOCUMENT
2026-2027**

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Property Coverage Document

This Property Coverage Document (hereinafter "Coverage Document" or "Document") provides the terms and conditions for property coverage. Coverage is provided by the Association of County Commissions of Alabama Liability-Self Insurance Fund, Inc. (hereinafter "the Fund") to the County Commission or county-related entity listed in the Declarations as the Named Member (hereinafter "the Named Member").

SECTION A - PROPERTY COVERAGE

This Coverage Document covers property as described in this Coverage Document against all risks of direct physical loss or direct physical damage, except as hereinafter excluded, while located as described in this Coverage Document.

1. COVERED PROPERTY

This Coverage Document covers the following property, unless otherwise excluded elsewhere in this Coverage Document, anywhere within the COVERAGE TERRITORY, to the extent of the interest of the Named Member in such property.

- A. Real Property, if scheduled, including but not limited to, buildings, remodeling, installations, and construction in which the Named Member has an insurable interest.
- B. Personal Property:
 - 1) Owned by the Named Member, including the Named Member's interest as a tenant in improvements and betterments. In the event of physical loss or damage, the Fund agrees to accept and consider the Named Member as sole and unconditional owner of improvements and betterments, notwithstanding any contract or lease to the contrary. Improvements and betterments are defined as fixtures, alterations, installations, or additions made a part of the building or structure the Named Member occupies but does not own and the Named Member acquired or made at its own expense, but the Named Member cannot legally remove;
 - 2) Of officials and employees of the Named Member at or within 100 feet of a covered building or inside a covered **Vehicle**;
 - 3) Of others in the Named Member's custody to the extent the Named Member is under obligation to keep insured for physical loss or damage covered by this Coverage Document;
 - 4) Of others in the Named Member's custody to the extent of the Named Member's legal liability for physical loss or damage to personal property. The Fund will defend that portion of any suit against the Named Member that alleges such liability and seeks damages for such covered physical loss or damage. The Fund may, without prejudice, investigate, negotiate, and settle any claim or suit as the Fund deems expedient. This provision is not to be construed as a waiver of any governmental immunity or limit of liability to which the Named Member is entitled. There

is no stacking of any coverage herein with any coverage provided under the Liability Coverage Document; and

- 5) **Mobile Equipment, Vehicles, Unmanned Aircraft Systems**, and watercraft owned, rented, or leased by the Named Member. Any owned, rented, or leased **Mobile Equipment, Unmanned Aircraft Systems, Vehicles**, and watercraft must be scheduled or reported to the Fund within 60 days from the date of acquisition.

C. Property in the open owned by the Named Member if scheduled.

This Coverage Document also covers the interest of contractors and subcontractors in COVERED PROPERTY during construction at COVERED PROPERTY as described in 1.A. above to the extent of the Named Member's legal liability for covered physical loss or damage to such property. Such interest of contractors and subcontractors is limited to the property for which they have been hired to perform work and such interest will not extend to any TIME ELEMENT coverage provided under this Coverage Document.

2. PROPERTY EXCLUDED

This Coverage Document excludes:

- A. Currency, money, precious metal in bullion form, notes, and securities.
- B. Land, water, and any other substance in or on land; except this exclusion does not apply to loss or damage caused by or resulting from a **Defined Peril** for the following items:
 - 1) Land improvements consisting of landscaping including trees and shrubs, piers, docks, pilings, bulkheads, wharves, piping, fiber optic cables, and retaining walls, but not including any land beneath such property.
 - 2) Pavements, sidewalks, parking lots, and culverts at COVERED PROPERTY as described in 1.A. above.
 - 3) Athletic Fields, including necessary materials, fill, and substrate beneath such fields.
 - 4) Water that is contained within any enclosed tank, piping system or any other processing equipment.
- C. Animals, unless scheduled and endorsed to this Coverage Document.
- D. Spacecraft, satellites, and aircraft, except **Unmanned Aircraft Systems** if scheduled and endorsed to this Coverage Document.
- E. Underground mines, mineshafts or caverns or any property within such mine, shaft, or cavern.

- F. Canals, offshore drilling rigs, and reservoirs.
- G. Property sold by the Named Member under conditional sale, trust agreement, installment plan or other deferred payment plan after delivery to customers except as provided by the DEFERRED PAYMENT coverage of this Coverage Document.
- H. Overhead transmission and distribution lines located more than 1,000 feet from a covered building.
- I. Standing timber, growing crops, sod, grass, and greens and tees at golf courses.
- J. Landfill original material (i.e., trash and debris), landfill liners or similar landfill barrier(s), natural or manmade.
- K. Tunnels, bridges, airport runways, and dams (including earthen dams) unless scheduled and endorsed to this Coverage Document.
- L. Roadways, highways, and streets.
- M. Equipment used to produce power or gas primarily for distribution to third parties.
- N. Personal property of an inmate at the county jail or other detention facility if such property is lost or stolen.

3. ADDITIONAL COVERAGES

This Coverage Document includes the following Additional Coverages for physical loss or damage covered by this Coverage Document.

These Additional Coverages:

Are subject to the applicable limit of liability stated in the Declarations or in any endorsement or schedule;

Will not increase the limits of liability stated in the Declarations or in any endorsement or schedule;
and

Are subject to the provisions, conditions, deductibles and exclusions stated in the Declarations and in this Coverage Document;

all as shown in the Declarations, this Section, elsewhere in this Coverage Document and any schedule or endorsement.

A. ACCOUNTS RECEIVABLE

This Coverage Document covers any shortage in the collection of accounts receivable, resulting from covered physical loss or damage to accounts receivable records while anywhere within the COVERAGE TERRITORY, including while in transit. The Fund will be liable for the interest charges on any loan to offset impaired collections pending repayment of such sum uncollectible as the result of such loss or damage. Unearned interest and service charges on deferred payment accounts and **Normal** credit losses on bad debts will be deducted in determining the recovery.

- 1) In the event of loss to accounts receivable records, the Named Member will use all reasonable efforts, including legal action, if necessary, to effect collection of outstanding accounts receivable.
- 2) The Named Member agrees to use any suitable property or service:
 - a. Owned or controlled by the Named Member; or
 - b. obtainable from other sources;in reducing the loss under this Additional Coverage.
- 3) This Coverage Document covers any other necessary and reasonable costs incurred to reduce the loss, to the extent the losses are reduced.
- 4) If it is possible to reconstruct accounts receivable records so that no shortage is sustained, the Fund will be liable only for the reasonable and necessary cost incurred for material and time required to re-establish or reconstruct such records, and not for any costs covered by any other insurance.
- 5) ACCOUNTS RECEIVABLE Exclusions: The following exclusions are in addition to the EXCLUSIONS clause of this Section:

This ADDITIONAL COVERAGE does not insure against shortage resulting from:

- a. Bookkeeping, accounting or billing errors or omissions; or
- b.
 - (i) Alteration, falsification, manipulation; or
 - (ii) Concealment, destruction or disposal;

of accounts receivable records committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property; but only to the extent of such wrongful giving, taking, obtaining or withholding.

- 6) The settlement of loss will be made within 90 days from the date of physical loss or damage. All amounts recovered by the Named Member on outstanding accounts receivable on the date of loss will belong and be paid to the Fund up to the amount of loss paid by the Fund. All recoveries exceeding the amount paid will belong to the Named Member.

B. AUTOMATIC COVERAGE (NEWLY ACQUIRED)

This Coverage Document covers COVERED PROPERTY rented, leased, purchased, or newly constructed by the Named Member after the inception date of this Coverage Document within the COVERAGE TERRITORY.

This Additional Coverage does not apply to property covered in whole or in part by any other insurance policy.

This coverage will apply until the date the COVERED PROPERTY is reported to the Fund or 60 days from the date of acquisition, whichever comes first.

C. BRANDS AND LABELS

If branded or labeled property covered by this Coverage Document is physically damaged and the Fund elects to take all or any part of that property, the Named Member may at the Fund's expense:

- 1) Stamp "salvage" on the property or its containers; or
- 2) Remove or obliterate the brands or labels;

if doing so will not damage the property. In either event, the Named Member must relabel such property or its containers to be in compliance with any applicable law.

D. CLAIM PREPARATION FEES AND EXPENSES

This Coverage Document covers the actual costs incurred by the Named Member, of reasonable fees payable to the Named Member's accountants, architects, auditors, engineers, or other professionals and the cost of using the Named Member's employees, for producing and certifying any particulars or details contained in the Named Member's books or documents, or such other proofs, information or evidence required by the Fund resulting from covered loss payable under this Coverage Document for which the Fund has accepted liability.

Coverage will not include the fees and costs of attorneys, public adjusters, and loss appraisers, all including any of their subsidiary, related or associated entities either partially or wholly owned by them or retained by them for the purpose of assisting them.

E. CONSEQUENTIAL REDUCTION IN VALUE

This Coverage Document covers the reduction in value of covered merchandise that is a part of pairs, sets or components, directly resulting from physical loss or damage covered by this Coverage Document to other covered parts of pairs, sets or components of such merchandise. If settlement is based on a constructive total loss, the Named Member will surrender the undamaged parts of such merchandise to the Fund.

F. DEBRIS REMOVAL

This Coverage Document covers the reasonable and necessary costs incurred to remove debris from COVERED PROPERTY as described in 1. A. above that remains as a direct result of physical loss or damage covered by this Coverage Document.

This Additional Coverage does not cover the costs of removal of:

- 1) Contaminated noncovered property; or
- 2) The contaminant in or on noncovered property;

whether or not the contamination results from covered physical loss or damage. Contamination includes, but is not limited to, the presence of **Pollutants** or hazardous material.

The Fund will pay the Named Member's expense to remove debris from COVERED PROPERTY as described in 1.A. above only if reported to the Fund in writing within one year of the date of direct physical loss or damage unless extended in writing by the Fund before the expiration of this one-year period.

G. DECONTAMINATION COSTS

If COVERED PROPERTY is contaminated as a direct result of physical damage covered by this Coverage Document and there is in force at the time of the loss any law or ordinance regulating contamination, including but not limited to the presence of **Pollutants** or hazardous material, then this Coverage Document covers, as a direct result of enforcement of such law or ordinance, the increased cost of decontamination and/or removal of such contaminated COVERED PROPERTY in a manner to satisfy such law or ordinance. This Additional Coverage applies only to that part of COVERED PROPERTY so contaminated as a direct result of covered physical damage.

The Fund is not liable for the costs required for removing contaminated noncovered property nor the contaminant therein or thereon, whether or not the contamination results from a covered event.

H. DEFERRED PAYMENTS

This Coverage Document covers covered physical loss or damage to personal property of the type covered sold by the Named Member under a conditional sale or trust agreement or any installment or deferred payment plan and after such property has been delivered to the buyer. Coverage is limited to the unpaid balance for such property.

In the event of loss to property sold under deferred payment plans, the Named Member will use all reasonable efforts, including legal action, if necessary, to effect collection of outstanding amounts due or to regain possession of the property.

There is no liability under this Coverage Document for loss:

- 1) Pertaining to products recalled including, but not limited to, the costs to recall, test or to advertise such recall by the Named Member.
- 2) From theft or conversion by the buyer of the property after the buyer has taken possession of such property.
- 3) To the extent the buyer continues payments.
- 4) Not within the COVERAGE TERRITORY.

I. EARTH MOVEMENT

This Coverage Document covers physical loss or damage caused by or resulting from **Earth Movement**.

J. ELECTRONIC DATA AND MEDIA

This Coverage Document covers physical loss or damage to **Electronic Data and Media** while anywhere within the COVERAGE TERRITORY, including while in transit.

- 1) This Additional Coverage excludes:
 - a. Property held as samples or for sale or for delivery after sale, and
 - b. Errors or omissions in processing, programming, or copying unless physical damage not excluded by this Coverage Document results, in which event, this coverage will cover only such resulting damage.

K. ERRORS AND OMISSIONS

If physical loss or damage is not payable under this Coverage Document solely due to an error or unintentional omission:

- 1) In the description of where COVERED PROPERTY is physically located;
- 2) To include any COVERED PROPERTY:
 - a. Owned, rented, or leased by the Named Member on the effective date of this Coverage Document; or
 - b. Purchased, rented, or leased by the Named Member during the term of this Coverage Document; or
- 3) That results in cancellation of the property covered under this Coverage Document;

this Coverage Document covers such physical loss or damage, to the extent it would have provided coverage had such error or unintentional omission not been made.

This Additional Coverage does not cover property that the Named Member fails to schedule in the prior Coverage Document Period in addition to the present Coverage Document Period although it owned, rented, or leased the property at the beginning of both Coverage Periods. This Additional Coverage further does not cover **Mobile Equipment, Unmanned Aircraft Systems, Vehicles**, and watercraft.

It is a condition of this Additional Coverage that any error or unintentional omission be reported by the Named Member to the Fund when discovered and corrected. The Named Member is responsible for any back contribution which would have been paid, but for the error or unintentional omission.

L. EXPEDITING EXPENSE

This Coverage Document covers the reasonable and necessary costs incurred to pay for the temporary repair of covered damage to COVERED PROPERTY and to expedite the permanent repair or replacement of such damaged property.

This Additional Coverage does not cover costs:

- 1) Recoverable elsewhere in this Coverage Document; or
- 2) Of permanent repair or replacement of damaged property.

M. FINE ARTS

This Coverage Document covers physical loss or damage to **Fine Arts** articles while anywhere within the COVERAGE TERRITORY, including while in transit.

- 1) This additional coverage excludes loss or damage if the **Fine Arts** cannot be replaced with other of like kind and quality unless it is specifically declared to the Fund.
- 2) In addition, as respects FINE ARTS, the following exclusion applies:
 - a. Loss or damage from any repairing, restoration, or retouching process.

N. FIRE BRIGADE CHARGES AND EXTINGUISHING EXPENSES

This Coverage Document covers the following expenses resulting from a covered loss:

- 1) fire brigade charges and any extinguishing expenses which the Named Member incurs;
- 2) loss and disposal of fire extinguishing materials expended.

O. FLOOD

This Coverage Document covers physical loss or damage caused by or resulting from **Flood**.

P. INCREASED COST OF CONSTRUCTION

- 1) This Coverage Document covers the reasonable and necessary costs incurred, described in Item 3) below, to satisfy the minimum requirements of the enforcement of any law or ordinance regulating the demolition, construction, repair, replacement or use of buildings or structures, provided:
 - a. Such law or ordinance is in force on the date of covered physical loss or damage; and
 - b. Its enforcement is a direct result of such covered physical loss or damage; and
- 2) This Additional Coverage does not cover any loss due to any law or ordinance with which the Named Member should have complied before the loss.
- 3) This Additional Coverage, as respects the property covered in Item 1) above, covers:
 - a. The cost to repair or rebuild the physically damaged portion of such property with materials and in a manner to satisfy such law or ordinance; and
 - b. The cost:

- (i) to demolish the physically undamaged portion of such property covered; and
- (ii) to rebuild it with materials and in a manner to satisfy such law or ordinance;

to the extent that such costs result when the total demolition of the physically damaged covered property is required to satisfy such law or ordinance.

- 4) This Additional Coverage excludes any costs incurred as a direct or indirect result of enforcement of any laws or ordinances regulating any form of contamination including but not limited to the presence of **Pollutants** or hazardous material.
- 5) The Fund's maximum liability for this Additional Coverage at each COVERED PROPERTY as described in 1. A. above in any **Occurrence** will not exceed the actual cost incurred in demolishing the physically undamaged portion of the property covered in Item 1 above plus the lesser of:
 - a. The reasonable and necessary cost incurred, excluding the cost of land, in rebuilding on another site; or
 - b. The cost of rebuilding on the same site.

If the coverage under this clause is subject to a sublimit, such sublimit shall only apply with respects to paragraph 3)a. above. Such sublimit shall not apply with respect to paragraph 3)b. above where coverage described therein shall be included within the LIMITS OF LIABILITY found in the Declarations.

The Fund will pay this Additional Coverage when the COVERED PROPERTY is repaired, rebuilt, or replaced. Such repairs, rebuild, or replacement must be made as soon as reasonably practicable not to exceed three years from the date of loss or damage unless extended in writing by the Fund prior to the expiration of this three-year period.

Q. LAND AND WATER CONTAMINANT OR POLLUTANT CLEANUP, REMOVAL & DISPOSAL

This Coverage Document covers the reasonable and necessary cost for the cleanup, removal, and disposal of contaminants or pollutants from uncovered property consisting of land, including water or any other substance in land, and water on land, at the COVERED PROPERTY if the release, discharge or dispersal of contaminants or pollutants is a direct result of covered physical loss or damage to COVERED PROPERTY.

This Coverage Document does not cover the cost to cleanup, remove and dispose of contaminants or pollutants from such property:

- 1) At any COVERED PROPERTY for personal property only; or

- 2) When the Named Member fails to give written notice of loss to the Fund within 180 days after inception of the loss.

R. MISCELLANEOUS UNNAMED PROPERTY

This Coverage Document covers the Named Member's interest in COVERED PROPERTY within the COVERAGE TERRITORY which is not specifically on file, identified, or scheduled by the Named Member with the Fund. This provision does not cover **Mobile Equipment, Unmanned Aircraft Systems, Vehicles**, and watercraft. Further, no coverage is provided under this provision on property while waterborne.

This provision does not cover any property covered or excluded under any other item of this Coverage Document.

This provision does not cover property that the Named Member fails to schedule in the prior Coverage Document Period in addition to the present Coverage Period although it owned, rented, or leased the property at the beginning of both Coverage Periods.

S. PROPERTY IN THE COURSE OF CONSTRUCTION AND SOFT COSTS

This Coverage Document covers projects in the course of construction.

This Additional Coverage also covers the necessary **Soft Costs**.

T. PROTECTION AND PRESERVATION OF PROPERTY

This Coverage Document covers:

- 1) Reasonable and necessary costs incurred for actions to temporarily protect or preserve COVERED PROPERTY, provided such actions are necessary due to actual, or to prevent immediately impending, covered physical loss or damage to such COVERED PROPERTY.
- 2) Reasonable and necessary includes, but is not limited to:
 - a. Fire department fire-fighting charges imposed as a result of responding to a fire in, on or exposing the COVERED PROPERTY;
 - b. Costs incurred of restoring and recharging fire protection systems following a covered loss; and
 - c. Costs incurred for the water used for fighting a fire in, on or exposing the COVERED PROPERTY.

This Additional Coverage is subject to the deductible provisions that would have applied had the physical loss or damage occurred.

U. SERVICE INTERRUPTION PROPERTY COVERAGE

- 1) This Coverage Document covers physical loss or damage to COVERED PROPERTY when such physical loss or damage results from the interruption of the specified incoming or outgoing services consisting of electricity, telecommunications, gas, fuel, steam, water, refrigeration or from the lack of incoming or outgoing sewerage service by reason of physical loss or damage of the type covered against to real and personal property of the type covered to the facilities of the supplier of such service located within the COVERAGE TERRITORY, that immediately prevents in whole or in part the delivery of such usable service.
- 2) This Additional Coverage will apply when the **Period of Service Interruption** is in excess of the time shown as **Waiting Period** in the WAITING PERIOD clause of the Declarations.
- 3) Additional General Provisions:
 - a. The Named Member will immediately notify the suppliers of services of any interruption of such services.
 - b. The Fund will not be liable if the interruption of such services is caused directly or indirectly by the failure of the Named Member to comply with the terms and conditions of any contracts the Named Member has for the supply of such specified services.

V. TERRORISM

This Coverage Document covers physical loss or damage caused by or resulting from **Terrorism**.

W. TRANSIT

- 1) This Coverage Document covers the following COVERED PROPERTY within the COVERAGE TERRITORY, except as excluded by this Coverage Document, while in transit:
 - a. Owned by the Named Member within the COVERAGE TERRITORY of this Coverage Document.
 - b. Shipped to customers under F.O.B., C & F, or similar terms. The Named Member's contingent interest in such shipments is admitted.
 - c. Of others in the actual or constructive custody of the Named Member to the extent of the Named Member's interest or legal liability.
 - d. Of others sold by the Named Member that the Named Member has agreed prior to the loss to insure during course of delivery.
- 2) This Additional Coverage excludes:

- a. Samples in the custody of salespeople or selling agents.
 - b. Property covered under import or export ocean marine insurance.
 - c. Waterborne shipments, unless:
 - i) by inland water; or
 - ii) by coastal shipments.
 - d. Airborne shipments unless by regularly scheduled passenger airlines or air freight carriers.
 - e. Property of others, including the Named Member's legal liability for it, hauled on **Vehicles** owned, leased, or operated by the Named Member when acting as a common or contract carrier.
 - f. Any transporting **Vehicle**.
 - g. Property shipped between continents, except by land or air between Europe and Asia.
- 3) Coverage Attachment and Duration
- a. This Additional Coverage covers from the time the property leaves the original point of shipment for transit until the property arrives at destination.
 - b. However, coverage on export shipments not covered under ocean cargo policies ends when the property is loaded on board overseas vessels or aircraft. Coverage on import shipments not covered under ocean cargo policies begins after discharge from overseas vessels or aircraft.
- 4) This Additional Coverage:
- a. Covers general average and salvage charges on shipments covered while waterborne.
 - b. Insures physical loss or damage caused by or resulting from:
 - i) Unintentional acceptance of fraudulent bills of lading, shipping or messenger receipts;
 - ii) Improper parties having gained possession of property through fraud or deceit.

5) Additional General Provisions

- a. This Additional Coverage will not inure directly or indirectly to the benefit of any carrier or bailee.
- b. The Named Member has permission, without prejudicing this insurance, to accept:
 - i) Ordinary bills of lading used by carriers;
 - ii) Released bills of lading;
 - iii) Undervalued bills of lading; and
 - iv) Shipping or messenger receipts.
- c. The Named Member may waive subrogation against railroads under sidetrack agreements.

Except as otherwise stated, the Named Member will not enter into any special agreement with carriers releasing them from their common law or statutory liability.

X. VALUABLE PAPERS AND RECORDS

This Coverage Document covers physical loss or damage to **Valuable Papers and Records** while anywhere within the COVERAGE TERRITORY, including while in transit.

- 1) This Additional Coverage excludes loss or damage to:
 - a. Property held as samples or for sale or for delivery after sale, and
 - b. Errors or omissions in processing, programming, or copying unless physical damage not excluded by this Coverage Document results, in which event, this coverage will cover only such resulting damage.

4. EXCLUSIONS

The following exclusions apply unless specifically stated elsewhere in this Coverage Document.

A. This Coverage Document excludes:

- 1) Indirect or remote loss or damage.
- 2) Interruption of business; except to the extent provided by this Coverage Document.
- 3) Loss of market or loss of use.

- 4) Loss or damage or deterioration arising from any delay.
 - 5) Mysterious disappearance, loss or shortage disclosed on taking inventory for which the loss can be proven solely on the inventory records, or any unexplained loss.
 - 6) Loss from enforcement of any law or ordinance:
 - a. Regulating the construction, repair, replacement, use or removal, including debris removal, of any property; or
 - b. Requiring the demolition of any property, including the cost in removing its debris;except as provided by the DEBRIS REMOVAL, DECONTAMINATION COSTS and INCREASED COST OF CONSTRUCTION coverages of the PROPERTY COVERAGE Section of this Coverage Document.
 - 7) Loss from the accumulated effects of smog, smoke, vapor, liquid, or dust.
 - 8) Cosmetic damage to roofing caused by wind or hail where the replacement cost of the building or structure is \$250,000 or less. Cosmetic damage means marring, pitting or other superficial damage to the appearance of the roof that does not prevent the roof from continuing to act as a barrier to entrance of the elements as prior to the damage occurring.
- B. This Coverage Document excludes loss or damage directly or indirectly caused by or resulting from any of the following regardless of any other cause or event, whether or not covered under this Coverage Document, contributing concurrently or in any other sequence to the loss:
- 1) Nuclear reaction or nuclear radiation or radioactive contamination. However:
 - a. If physical damage by fire or sprinkler leakage results, then only that resulting damage is covered; but not including any loss or damage due to nuclear reaction, radiation, or radioactive contamination.
 - b. This Coverage Document does cover physical damage directly caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on the COVERED PROPERTY, provided that on the date of loss, there is neither a nuclear reactor nor any new or used nuclear fuel on the COVERED PROPERTY.
 - 2)
 - a. Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending, or expected attack by any:
 - (i) Government or sovereign power (de jure or de facto);

- (ii) Military, naval, or air force; or
 - (iii) Agent or authority of any party specified in (i) or (ii) above.
 - b. Discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion, or radioactive force, whether in time of peace or war and regardless of who commits the act.
 - c. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such an event.
 - d. Seizure or destruction under quarantine or custom regulation, or confiscation by order of any governmental or public authority.
 - e. Risks of contraband, or illegal transportation or trade.
- 3) Any dishonest act, including but not limited to theft, committed alone or in collusion with others, at any time:
- a. By the Named Member or any proprietor, partner, director, trustee, official, officer, or employee of the Named Member or an employee of an official funded by the Named Member; or
 - b. By any proprietor, partner, director, trustee, official or officer of any business or entity (other than a common carrier) engaged by the Named Member to do anything in connection with property covered under this Coverage Document.

This Coverage Document does cover acts of direct covered physical damage intentionally caused by an employee of the Named Member or any individual specified in b. above and done without the knowledge of the Named Member. In no event does this Coverage Document cover loss by theft by any individual specified in a. or b. above.

- 4) Lack of the following services:
- a. incoming or outgoing electricity, fuel, water, gas, steam, or refrigerant;
 - b. incoming or outgoing sewerage; or
 - c. incoming or outgoing telecommunications;

all when caused by an **Occurrence** off the COVERED PROPERTY as described in 1. A. above, except as provided in SERVICE INTERRUPTION in the PROPERTY COVERAGE or TIME ELEMENT Sections of this Coverage Document. But, if the lack of such a service directly causes physical damage covered by this Coverage Document on the COVERED PROPERTY as described in 1. A. above, then only that resulting damage is covered.

- 5) The unlawful possession, use, release, discharge, dispersal, or disposal of any chemical or similar agent or matter regardless of who is responsible for the act and whether war has been declared or not, and regardless of any other cause or event contributing concurrently or in any other sequence thereto.
- C. This Coverage Document excludes the following, but, if physical damage not excluded by this Coverage Document results, then only that resulting damage is covered:
- 1) Faulty workmanship, material, construction, or design from any cause.
 - 2) Loss or damage to stock or material attributable to manufacturing or processing operations while such stock or material is being processed, manufactured, tested, or otherwise worked on.
 - 3) Deterioration, depletion, rust, corrosion or erosion, wear and tear, inherent vice, or latent defect.
 - 4) Settling, cracking, shrinking, bulging, or expansion of foundations (including any pedestal, pad, platform, or other property supporting machinery), floors, pavements, walls, ceilings, or roofs.
 - 5) Changes of temperature damage (except to machinery or equipment); or changes in relative humidity damage; all whether atmospheric or not.
 - 6) Insect, animal, or vermin damage, except damage to **Mobile Equipment** and **Vehicles**.
 - 7) Continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more.
 - 8) The interior of any building or structure, or personal property located in the building or structure caused by or resulting from rain, sleet, ice, snow, dust, or sand, whether driven or caused by wind or not, unless:
 - a. The building or structure first sustains damage by a covered loss to its roof or walls through which the rain, sleet, ice, snow, dust, or sand enters; or
 - b. The loss or damage is caused by or results from thawing of sleet, ice or snow on the building or structure.
- D. This Coverage Document excludes the following unless directly resulting from other physical damage not excluded by this Coverage Document:
- 1) Contamination including but not limited to the presence of **Pollutants** or hazardous material.

- 2) Shrinkage, changes in color, flavor, texture, or finish.
 - 3) Asbestos material defects, treatment, abatements, or removal.
- E. This Coverage Document excludes the following, but, if physical damage results from a **Defined Peril**, then only that resulting damage is covered.
- 1) Any functioning or malfunctioning of the internet or similar facility, or of any intranet or private network or similar facility, including but not limited to Computer Virus. Computer Virus shall mean a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. Computer Virus includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.
 - 2) Any corruption, destruction, distortion, erasure or other loss or damage to data, software, or any kind of programming or instruction set.
 - 3) Loss of use or functionality whether partial or entire of data, coding, program, software, any computer or computer system or other device dependent upon any microchip or embedded logic, and any ensuing liability or failure of the Named Member to conduct business.
 - 4) The failure of any of the following, whether owned by you or others:
 - a. Data processing equipment, software, data, or media;
 - b. Hardware or software-based computer operating systems;
 - c. Microprocessors;
 - d. Integrated circuits; or,
 - e. Any other electronic equipment, computerized equipment, or similar devices;due to the inability of these items to correctly recognize, process, or accept one or more dates or times as their true calendar date or time.
 - 5) Fungus, mold(s), mildew or yeast; or any spores or toxins created or produced by or emanating from such fungus, mold(s), mildew or yeast;
 - a. fungus includes, but is not limited to, any of the plants or organisms belonging to the major group fungi, lacking chlorophyll, and including mold(s), rusts, mildews, smuts, and mushrooms;
 - b. mold(s) includes, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produce mold(s);

- c. spores mean any dormant or reproductive body produced by or arising or emanating out of any fungus, mold(s) plants, organisms, or microorganisms.

SECTION B - TIME ELEMENT

1. LOSS COVERED

A. This Coverage Document covers TIME ELEMENT loss, as provided in the TIME ELEMENT COVERAGES, directly resulting from physical loss or damage of the type covered by this Coverage Document:

- 1) To property described elsewhere in this Coverage Document and not otherwise excluded by this Coverage Document or otherwise limited in the TIME ELEMENT COVERAGES below; and
- 2) Used by the Named Member, or for which the Named Member has contracted use; and
- 3) Located at COVERED PROPERTY or in the case of PERSONAL PROPERTY within the COVERAGE TERRITORY; and
- 4) While in transit as provided by this Coverage Document; and
- 5) During the Periods of Liability described in this Section.

B. This Coverage Document covers TIME ELEMENT loss only to the extent it cannot be reduced through:

- 1) The use of any property or service owned or controlled by the Named Member;
- 2) The use of any property or service obtainable from other sources;
- 3) Working extra time or overtime; or
- 4) The use of inventory;

all whether at a COVERED PROPERTY or at any other location. The Fund reserves the right to take into consideration the combined operating results of all associated, affiliated or subsidiary companies of the Named Member in determining the TIME ELEMENT loss.

C. This Coverage Document covers expenses reasonably and necessarily incurred by the Named Member to reduce the loss otherwise payable under this Section of this Coverage Document. The amount of such recoverable expenses will not exceed the amount by which the loss has been reduced.

- D. Except as respects LEASEHOLD INTEREST, in determining the amount of loss payable, the Fund will consider the experience of the business before and after and the probable experience during the PERIOD OF LIABILITY.

2. TIME ELEMENT COVERAGES

A. BUSINESS INCOME

1) Measurement of Loss:

- a. The recoverable BUSINESS INTERRUPTION loss is the Actual Loss Sustained by the Named Member of the following during the PERIOD OF LIABILITY:
 - i) **Gross Earnings** including **Ordinary Payroll**;
 - ii) Less all charges and expenses that do not necessarily continue during the interruption of production or suspension of business operations or services;
 - iii) Plus, all other earnings derived from the operation of the business;
- b. In determining the indemnity payable as the Actual Loss Sustained, the Fund will consider the continuation of only those **Normal** charges and expenses that would have been earned had no interruption of production or suspension of business operations or services occurred.
- c. There is recovery hereunder only to the extent that the Named Member is:
 - i) Wholly or partially prevented from producing goods or continuing business operations or services;
 - ii) Unable to make up lost production within a reasonable period of time, not limited to the period during which production is interrupted;
 - iii) Unable to continue such operations or services during the PERIOD OF LIABILITY; and
 - iv) Able to demonstrate a loss of sales for the services or production prevented.

Any amount recovered under property damage coverage at selling price for loss or damage to merchandise will be considered to have been sold to the Named Member's regular customers and will be credited against net sales.

B. EXTRA EXPENSE

1) Measurement of Loss:

The recoverable EXTRA EXPENSE loss will be the reasonable and necessary extra costs incurred by the Named Member of the following during the PERIOD OF LIABILITY:

- a. Extra expenses to temporarily continue as nearly **Normal** as practicable the conduct of the Named Member's business and
- b. Extra costs of temporarily using property or facilities of the Named Member or others;

less any value remaining at the end of the PERIOD OF LIABILITY for property obtained in connection with the above.

- 2) EXTRA EXPENSE Exclusions: With respect to EXTRA EXPENSE, the following are also excluded:

- a. Any loss of income.
- b. Costs that **Normally** would have been incurred in conducting the business during the same period had no physical loss or damage occurred.
- c. Cost of permanent repair or replacement of property that has been damaged or destroyed.
- d. Any expense recoverable elsewhere in this Coverage Document.

C. LEASEHOLD INTEREST

- 1) Measurement of Loss: The recoverable LEASEHOLD INTEREST loss is as follows:

- a. If the lease agreement requires continuation of rent; and if the property is wholly untenable or unusable, the actual rent payable for the unexpired term of the lease; or if the property is partially untenable or unusable, the proportion of the rent payable for the unexpired term of the lease.
- b. If the lease is canceled by the lessor pursuant to the lease agreement or by the operation of law; the **Lease Interest** for the first three months following the loss; and the **Net Lease Interest** for the remaining unexpired term of the lease.

- 2) LEASEHOLD INTEREST Exclusions: As respects LEASEHOLD INTEREST, TIME ELEMENT EXCLUSIONS A, B, and C do not apply and the following applies instead:

This Coverage Document does not cover any increase in loss resulting from the suspension, lapse, or cancellation of any license, or from the Named Member exercising an option to cancel the lease; or from any act or omission of the Named Member that constitutes a default under the lease.

In addition, there is no coverage for the Named Member's loss of LEASEHOLD INTEREST directly resulting from damage to Personal Property.

D. RENTAL INSURANCE

- 1) Measurement of Loss: The recoverable RENTAL INSURANCE loss is the actual loss sustained by the Named Member of the following during the PERIOD OF LIABILITY:

- a. The fair rental value of any portion of the property occupied by the Named Member;
- b. The income reasonably expected from rentals of unoccupied or unrented portions of such property; and
- c. The rental income from the rented portions of such property according to bona fide leases, contracts or agreements in force at the time of loss;

all not to include noncontinuing charges and expenses.

- 2) RENTAL INSURANCE Exclusions: As respects RENTAL INSURANCE, TIME ELEMENT EXCLUSION A does not apply and the following applies instead:

This Coverage Document does not cover any loss of rental income during any period in which the COVERED PROPERTY would not have been tenantable for any reason other than a covered loss.

E. CONTINGENT TAX REVENUE INTERRUPTION (EXCLUDING EARTH MOVEMENT, NAMED STORM, AND FLOOD)

This Coverage Document covers against loss resulting directly from necessary interruption of sales, property or other tax revenue collected by or due the Named Member caused by damage or destruction by a peril not excluded from this Coverage Document to property which is not operated by the Named Member and which wholly or partially prevents the generation of revenue for the account of the Named Member.

- 1) In the event of such damage or destruction, the Fund shall be liable, with limitations as indicated, if the following conditions a. and b. are both met:
- a. The total revenue is reduced to less than 97.5% of the Named Member's anticipated revenue had no loss occurred.
 - b. The Fund shall be liable for the Actual Loss Sustained for only the length of time as would be required with exercise of due diligence and dispatch to rebuild, replace, or repair the contributing property commencing with the date of damage to the contributing property, but not limited by the expiration date of this Coverage Document.

- 2) Deductible: Each loss or series of losses arising out of one event at COVERED PROPERTY shall be adjusted separately and from the aggregated amount of all such losses 2.50% of the annual revenue value shall be deducted.

3. TIME ELEMENT COVERAGE EXTENSIONS

A. CONTINGENT BUSINESS INCOME AND EXTRA EXPENSE

This Coverage Document covers the Actual Loss Sustained and EXTRA EXPENSE incurred by the Named Member during the PERIOD OF LIABILITY:

- 1) Directly resulting from physical loss or damage of the type covered; and
- 2) To property of the type covered,

at direct supplier or customer locations located within the COVERAGE TERRITORY.

The term "supplier or customer" does not include any company supplying to or receiving from the COVERED PROPERTY, as described elsewhere in this Coverage Document, electricity, fuel, gas, water, steam, refrigeration, sewage, or telecommunications.

B. EVACUATION EXPENSE

In the case of actual or imminent loss or damage of the type covered against by this Coverage Document, or a Mandatory Evacuation Order, this Coverage Document will pay the expenses incurred by the Named Member for the emergency evacuation of patients, inmates, and juvenile detainees from a covered building. This coverage also includes expenses incurred to return patients, inmates, and juvenile detainees to a covered building.

Mandatory Evacuation Order means the first public broadcast of a compulsory evacuation made by the responsible civil authority that is specific as to the effective date, time and area affected and which arises out of a peril for which coverage would have been provided if such peril had caused loss or damage to a covered building. The Mandatory Evacuation Order must commence during the COVERAGE DOCUMENT PERIOD. Recommended, advisory, precautionary, or voluntary evacuation is not included in the definition of Mandatory Evacuation Order.

This additional coverage does not apply to any expenses incurred for: scheduled evacuation drills, fire or safety drills, or the evacuation or return of a patient, inmate, or juvenile detainee due to a medical condition.

C. EXTENDED PERIOD OF INDEMNITY

The BUSINESS INCOME and RENTAL INSURANCE coverages are extended to cover the reduction in sales resulting from:

- 1) The interruption of business as covered by BUSINESS INCOME:
- 2) For such additional length of time as would be required with the exercise of due diligence and dispatch to restore the Named Member's business to the condition that would have existed had no loss occurred; and
- 3) Commencing with the date on which the liability of the Fund for loss resulting from interruption of business would terminate if this Extension had not been included herein.
- 4) The loss or rental income or rental value as covered by RENTAL INSURANCE.

EXTENDED PERIOD OF INDEMNITY Exclusions: With respect to EXTENDED PERIOD OF INDEMNITY, the TIME ELEMENT EXCLUSION for increase in loss due to suspension, lapse of any lease, contract or license or order does not apply.

This Coverage Document does not cover against any increase in loss due to fines or damages for breach of contract or for late or noncompletion of orders, or penalties of any nature.

Coverage under this Extension for the reduction in sales due to contract cancellation will be limited to only those sales that would have been earned under the contract during the EXTENDED PERIOD OF INDEMNITY.

The Coverage Document does not provide coverage under this Extension for more than the number of consecutive days shown in the LIMITS OF LIABILITY clause of the DECLARATIONS.

D. INGRESS/EGRESS

This Coverage Document covers the actual loss sustained and EXTRA EXPENSE incurred by the Named Member due to the necessary interruption of the Named Member's business due to prevention of ingress to or egress from a COVERED PROPERTY as described in Section A – PROPERTY COVERAGE, 1. A., provided that such prevention is a direct result of physical damage of the type covered by this Coverage Document, to the kind of property not excluded by this Coverage Document, and which is located within five (5) statute miles of the COVERED PROPERTY as described in Section A – PROPERTY COVERAGE, 1. A. incurring loss.

INGRESS/EGRESS Exclusions: As respects INGRESS/EGRESS, the following exclusions are applicable:

This Coverage Document does not cover loss resulting from:

- 1) lack of incoming or outgoing service consisting of electric, fuel, gas, water, steam, refrigerant, sewerage and telecommunications.
- 2) picketing or other action by strikers except for physical damage not excluded by this Coverage Document.

This Coverage Document does not provide coverage under this Extension for more than the number of consecutive days shown in the LIMITS OF LIABILITY clause of the DECLARATIONS.

E. INTERRUPTION BY CIVIL AUTHORITY

This Coverage Document covers the Actual Loss Sustained and EXTRA EXPENSE incurred by the Named Member during the PERIOD OF INDEMNITY when access to a covered building is specifically prohibited by order of civil authority, provided such order is a direct result of actual loss or damage from a peril covered under this Coverage Document to property of the type covered against under this Coverage Document which is located within five (5) statute miles of the covered building to which access is prohibited.

The Coverage Document does not provide coverage under this Extension for more than the number of consecutive days shown in the LIMITS OF LIABILITY clause of the DECLARATIONS.

F. ON PREMISES SERVICES

This Coverage Document covers the actual loss sustained by the Named Member during the PERIOD OF LIABILITY directly resulting from physical loss or damage of the type covered to the following property located on the Named Member's premises:

- 1) Electrical and telecommunications equipment.
- 2) Electrical, telecommunications, fuel, gas, water, steam, refrigeration and sewerage transmission lines.

G. PROTECTION AND PRESERVATION OF PROPERTY – TIME ELEMENT

This Coverage Document covers the actual loss sustained by the Named Member for the temporary protection and preservation of property covered by this Coverage Document provided such action is necessary to prevent immediately impending physical loss or damage covered by this Coverage Document at such covered property.

This Extension is subject to the deductible provisions that would have applied had the physical loss or damage occurred.

H. RESEARCH AND DEVELOPMENT

The BUSINESS INCOME coverage is extended to cover the actual loss sustained by the Named Member of continuing fixed charges and **Ordinary Payroll** directly attributable to the interruption of research and development activities that in themselves would not have produced income during the PERIOD OF LIABILITY.

The PERIOD OF LIABILITY for this TIME ELEMENT COVERAGE EXTENSION will be the period from the time of direct physical loss or damage of the type covered by this Coverage Document to the time when the property could be repaired or replaced and made ready for operations under the same or equivalent physical and operating conditions that existed prior to damage.

I. SERVICE INTERRUPTION TIME ELEMENT

- 1) This Coverage Document covers the Actual Loss Sustained and EXTRA EXPENSE incurred by the Named Member during the **Period of Service Interruption** at a covered building when the loss is caused by the interruption of incoming or outgoing services consisting of electricity, gas, fuel, steam, water, refrigeration or from the lack of incoming or outgoing sewerage service by reason of physical loss or damage of the type covered against to real and personal property of the type covered to the facilities of the utility supplier of such service located within the COVERAGE TERRITORY, that immediately prevents in whole or in part the delivery of such usable services.
- 2) This extension will apply when the **Period of Service Interruption** is in excess of the time shown as **Waiting Period** in the WAITING PERIOD clause of the DECLARATIONS.
- 3) Additional General Provisions:
 - a. The Named Member will immediately notify the suppliers of services of any interruption of such services.
 - b. The Fund will not be liable if the interruption of such services is caused directly or indirectly by the failure of the Named Member to comply with the terms and conditions of any contracts the Named Member has for the supply of such specified services.

4. PERIOD OF LIABILITY

- A. The PERIOD OF LIABILITY applying to all TIME ELEMENT COVERAGES, except LEASEHOLD INTEREST and as shown below, or if otherwise provided under the TIME ELEMENT COVERAGE EXTENSIONS, is as follows:
 - 1) Except as specifically mentioned below, for COVERED PROPERTY, the period:
 - a. Starting from the time of physical loss or damage of the type covered against; and

b. Ending when, with due diligence and dispatch, the COVERED PROPERTY could be:

i) Repaired or replaced; and

ii) Made ready for operations;

under the same or equivalent physical and operating conditions that existed prior to the damage.

c. Not to be limited by the expiration of this Coverage Document.

d. In no event shall the PERIOD OF LIABILITY for equipment, **Mobile Equipment, Vehicles**, and watercraft exceed thirty (30) days from the time an offer is made and accepted as to value.

2) For building and equipment under construction:

a. The equivalent of the above period of time will be applied to the level of business that would have been reasonably achieved after construction and startup would have been completed had no physical damage happened; and

b. Due consideration will be given to the actual experience of the business compiled after completion of the construction and startup.

3) For stock-in-process and mercantile stock, including finished goods not manufactured by the Named Member, the time required with the exercise of due diligence and dispatch:

a. To restore stock in process to the same state of manufacture in which it stood at the inception of the interruption of production or suspension of business operations or services; and

b. To replace physically damaged mercantile stock.

This item does not apply to RENTAL INSURANCE.

4) For raw materials and supplies, the period of time:

a. Of actual interruption of production or suspension of operations or services resulting from the inability to get suitable raw materials and supplies to replace similar ones damaged; but

b. Limited to that period for which the damaged raw material and supplies would have supplied operating needs.

5) If water:

- a. Used for any manufacturing purpose, including but not limited to as a raw material or for power;
- b. Stored behind dams or in reservoirs; and
- c. At any COVERED PROPERTY;

is released as the result of physical damage of the type covered against under this Coverage Document to such dam, reservoir or connected equipment, the Fund's liability due to inadequate water supply is limited to 30 consecutive days after the damaged dam, reservoir or connected equipment has been repaired or replaced.

This item does not apply to RENTAL INSURANCE.

- 6) For physically damaged exposed film, records, manuscripts and drawings, the time required to copy from backups or from originals of a previous generation. This time does not include research, engineering, or any other time necessary to restore or recreate lost information.

This item does not apply to RENTAL INSURANCE.

- 7) For physically damaged or destroyed data, programs or other software stored on electronic, electro-mechanical, electro-magnetic data processing or production equipment, the time to recreate or restore including the time for researching or engineering lost information.

This item does not apply to RENTAL INSURANCE.

- 8) If an order of civil authority prohibits access to a covered building and provided such order is the direct result of physical damage of the type covered against under this Coverage Document at a covered building or within 5 statute miles of it, the period of time:

- a. Starting at the time of physical damage; but
- b. Not to exceed 30 consecutive days.

- B. The PERIOD OF LIABILITY does not include any additional time due to the Named Member's inability to resume operations for any reason, including but not limited to:

- 1) Making changes to equipment.
- 2) Making changes to the buildings or structures except as provided in the INCREASED COST OF CONSTRUCTION provision.

- 3) Restaffing or retraining employees.

If two or more Periods of Liability apply, such periods will not be cumulative.

5. TIME ELEMENT EXCLUSIONS

In addition to exclusions found elsewhere in this Coverage Document, the following exclusions apply to TIME ELEMENT loss:

This Coverage Document excludes:

- A. Any loss during any idle period, including but not limited to when production, operation, service or delivery or receipt of goods would cease, or would not have taken place or would have been prevented due to:
 - 1) Physical loss or damage not covered by this Coverage Document on or off the COVERED PROPERTY.
 - 2) Planned or rescheduled shutdown.
 - 3) Strikes or other work stoppage.
 - 4) Any other reason other than physical loss or damage covered by this Coverage Document.
- B. Any increase in loss due to:
 - 1) Suspension, cancellation or lapse of any lease, contract, license, or orders; or
 - 2) Fines or damages for breach of contract or for late or noncompletion of orders; or
 - 3) For penalties of any nature; or
 - 4) Any other consequential or remote loss.
- C. Any loss resulting from loss or damage to finished goods manufactured by the Named Member, or the time required for their reproduction.

SECTION C - LOSS ADJUSTMENT AND SETTLEMENT

1. LOSS ADJUSTMENT/PAYABLE

Loss, if any, will be adjusted with and payable to the Named Member or as may be directed by the Named Member. Additional covered interests will also be included in loss payment as their interests

may appear when named as additional named covered person, lender, mortgagee and/or loss payee in the Certificates of Insurance on file with the Fund or named below.

2. CURRENCY FOR LOSS PAYMENT

Losses will be adjusted and paid in the currency of the United States of America, except in Canada where losses will be paid in Canadian currency, unless directed otherwise by the Named Member.

3. VALUATION

Adjustment of the physical damage loss amount under this Coverage Document will be computed as of the date of loss at the COVERED PROPERTY and, subject to the LIMITS OF LIABILITY as stated in the Declarations, will be determined as follows:

- A. On stock in process, the value of raw materials and labor expended plus the proper proportion of overhead charges.
- B. On finished goods manufactured by the Named Member, the regular cash selling price at the COVERED PROPERTY where the loss happens, less all discounts and charges to which the finished goods would have been subject had no loss happened.
- C. On raw materials, supplies and other merchandise not manufactured by the Named Member:
 - 1) If repaired or replaced, the actual expenditure incurred in repairing or replacing the damaged or destroyed property; or
 - 2) If not repaired or replaced, the **Actual Cash Value**
- D. On property covered under DEFERRED PAYMENTS, the lesser of the:
 - 1) Total amount of unpaid installments less finance charges;
 - 2) **Actual Cash Value** of the property at the time of loss; or
 - 3) Cost to repair or replace with material of like size, kind, and quality.
- E. On FINE ARTS articles, the lesser of:
 - 1) The reasonable and necessary cost to repair or restore such property to the physical condition that existed on the date of loss;
 - 2) Cost to replace the article;
 - 3) Current market value at the time of the loss; or

- 4) The value reported for such property on the latest schedule or statement of values on file with the Fund.

In the event a **Fine Arts** article is part of a pair or set, and a physically damaged article cannot be replaced, or repaired or restored to the condition that existed immediately prior to the loss, the Fund will be liable for the lesser of the full value of such pair or set or the amount designated on the schedule. The Named Member agrees to surrender the pair or set to the Fund.

F. On VALUABLE PAPERS AND RECORDS and ELECTRONIC DATA AND MEDIA:

On data, programs or software stored on electronic, electro-mechanical, or electro-magnetic data processing or production equipment:

- 1) The cost to repair, replace or restore data, programs or software including the costs to recreate, research and engineer;
- 2) If not repaired, replaced, or restored within two years from the date of loss, the blank value of the media.

G. On all other VALUABLE PAPERS AND RECORDS and ELECTRONIC DATA AND MEDIA, the lesser of the following:

- 1) The cost to repair or restore, including the cost to recreate, research and engineer the item to the condition that existed immediately prior to the loss; or
- 2) The cost to replace the item.

H. On **Mobile Equipment, Vehicles**, and watercraft, valuation will be based on the lesser of the following:

- 1) The cost to repair;
- 2) The cost to replace the property with new **Mobile Equipment, Vehicles**, or watercraft of like kind and quality at the time of loss, if less than or equal to one year from date of manufacture;
- 3) The cost to replace the property with **Mobile Equipment, Vehicles**, or watercraft of like kind and quality, with proper deduction for obsolescence and physical depreciation, if greater than one year in age as determined by date of manufacture;
- 4) The **Actual Cash Value**; or
- 5) The value listed on the Property Schedules.

I. On historical property, valuation will be based upon the following requirements:

- 1) The Named Member shall provide written notice to the Fund, which specifically identifies where the property is located, when it was built, its total square footage with an attached appraisal based upon **Reproduction Cost** that was conducted within five (5) years of the Effective Date of this Coverage Document.
- 2) At the time of loss, the basis of valuation for historical property, when the Named Member has not complied, will be per the valuation on all other property as outlined in L. below. Where the Named Member has complied with the requirements, the basis of valuation will be **Reproduction Cost**, or, if not replaced, at **Actual Cash Value**.

J. On property in transit:

- 1) Property shipped to or for the account of the Named Member will be valued at actual invoice to the Named Member. Included in the value are accrued costs and charges legally due. Charges may include the Named Member's commission as selling agent.
- 2) Property sold by the Named Member and shipped to or for the purchaser's account will be valued at the Named Member's selling invoice amount. Prepaid or advanced freight costs are included.
- 3) Property not under invoice will be valued at the actual cash market value at the destination point on the date of **Occurrence**, less any charges saved which would have become due and payable upon arrival at destination.

K. On **Vacant** property:

- 1) If the building or leased premises has been **Vacant** for a period of more than 90 consecutive days before the loss or damage occurs, the Fund will not pay for any loss or damage caused by any of the following:
 - a. Vandalism
 - b. Sprinkler leakage
 - c. Building glass breakage
 - d. Water damage
 - e. Theft, or attempted theft
- 2) With respect to direct physical loss or damage, other than from causes listed in 1) a. through 1) e. above, and not otherwise excluded by this Coverage Document, if there is not a total loss, the Fund will reduce the amount the Fund would otherwise pay for the loss or damage by 25%. With respect to direct physical loss or damage, other than from causes listed in 1) a, through 1) e. above, and not otherwise excluded by this Coverage Document, if a total loss is incurred, the Fund will pay 75% of **Actual Cash Value** of the **Vacant** property.

L. On all other property, the loss amount will not exceed the lesser of the following:

- 1) The cost to repair;
- 2) The cost to rebuild or replace on the same site with new materials of like size, kind, and quality;
- 3) The cost in rebuilding, repairing or replacing on the same or another site, but not to exceed the size and operating capacity that existed on the date of loss;
- 4) The selling price of real property or machinery and equipment, other than stock, offered for sale on the date of loss;
- 5) The cost to replace unrepairable electrical or mechanical equipment, including computer equipment, with equipment that is the most functionally equivalent to that damaged or destroyed, even if such equipment has technological advantages and/or represents an improvement in function and/or forms part of a program of system enhancement.
- 6) The increased cost of demolition, if any, resulting from loss covered by this Coverage Document, if such property is scheduled for demolition;
- 7) The unamortized value of improvements and betterments, if such property is not repaired or replaced at the Named Member's expense; or
- 8) The **Actual Cash Value** if such property is:
 - a. Useless to the Named Member; or
 - b. Not repaired, replaced, or rebuilt on the same or another site within two years from the date of loss.

The Named Member may elect to provide reproduction cost for non-historical property, in which case valuation will be based upon the following requirements:

- 1) The Named Member shall provide written notice to the Fund, which specifically identifies where the property is located, when it was built, its total square footage with an attached appraisal based upon **Reproduction Cost** that was conducted within five (5) years of the Effective Date of this Coverage Document.

The Named Member may elect not to repair or replace the COVERED PROPERTY lost, damaged, or destroyed. Loss settlement may be elected on the lesser of the cost to repair or replace if the proceeds of such loss settlement are expended on other capital expenditures related to the Named Member's operations within two years from the date of loss. As a condition of collecting under this item, such expenditure must be unplanned as of the date of loss and be made at a COVERED

PROPERTY as described in Section A – PROPERTY COVERAGE, 1. A. under this Coverage Document. This item does not extend to INCREASED COST OF CONSTRUCTION.

4. LOSS CONDITIONS

A. REQUIREMENTS IN CASE OF LOSS

The Named Member will:

- 1) Give written notice to the Fund of any loss as soon as practicable.
- 2) Protect the property from further loss or damage.
- 3) Promptly separate the damaged and undamaged property; put it in the best possible order; and furnish a complete inventory of the lost, destroyed, damaged and undamaged property showing in detail the quantities, costs, **Actual Cash Value**, replacement value and amount of loss claimed.
- 4) Give a signed and sworn proof of loss to the Fund within 90 days after the loss unless that time is extended in writing by the Fund. The proof of loss must state the knowledge and belief of the Named Member as to:
 - a. The time and origin of the loss;
 - b. The Named Member's interest and that of all others in the property;
 - c. The **Actual Cash Value** and replacement value of each item and the amount of loss to each item; all encumbrances; and all other contracts of insurance, whether valid or not, covering any of the property;
 - d. Any changes in the title, use, occupation, location, possession or exposures of the property since the effective date of this Coverage Document; and
 - e. By whom and for what purpose any COVERED PROPERTY as described in Section A – PROPERTY COVERAGE, 1. A. covered by this Coverage Document was occupied on the date of loss, and whether or not it then stood on leased ground.
- 5) Include a copy of all the descriptions and schedules in all policies and, if required, provide verified plans and specifications of any buildings, fixtures, machinery or equipment destroyed or damaged.
- 6) Further, the Named Member will as often as may be reasonably required:
 - a. Exhibit to any person designated by the Fund all that remains of any property;

- b. Submit to examinations under oath by any person designated by the Fund and sign the written records of examinations; and
- c. Produce for examination at the request of the Fund:
 - i) All books of accounts, business records, bills, invoices, and other vouchers; or
 - ii) Certified copies if originals are lost;

at such reasonable times and places that may be designated by the Fund or its representative and permit extracts and machine copies to be made.

B. FUND OPTION

The Fund has the option to take all or any part of damaged Personal Property at the agreed or appraised value. The Fund must give notice to the Named Member of its intention to do so within 30 days after receipt of proof of loss.

C. ABANDONMENT

There may be no abandonment of any property to the Fund.

D. SUBROGATION

The Named Member is required to cooperate in any subrogation proceedings. The Fund may require from the Named Member an assignment or other transfer of all rights of recovery against any party for loss to the extent of the Fund's payment.

The Fund will not acquire any rights of recovery that the Named Member has expressly waived prior to a loss in writing, nor will such waiver affect the Named Member's rights under this Coverage Document.

Any recovery from subrogation proceedings, less costs incurred by the Fund in such proceedings, will be payable to the Named Member in the proportion that the amount of any applicable deductible bears to the entire covered loss amount.

E. APPRAISAL

The appraisal process is available to determine the value of a covered loss but is not available to determine whether a loss is covered. If the Named Member and the Fund fail to agree on the amount of loss, each will, on the written demand of either, select a competent and disinterested appraiser, but only after:

- 1) The Named Member has fully complied with all provisions of this Coverage Document, including REQUIREMENTS IN CASE OF LOSS; and

2) The Fund has received a signed and sworn proof of loss from the Named Member.

Each will notify the other of the appraiser selected within 30 days of such demand.

The appraisers will first select a competent and disinterested appraiser to serve as an umpire. If the appraisers fail to agree upon an umpire within 30 days, the Named Member and the Fund shall jointly move to have an umpire selected by a judge of a court of record in the jurisdiction in which the appraisal is pending. The appraisers will then identify each item of physical damage or loss and appraise the amount of loss. The appraisal shall include a detailed breakdown of the costs necessary to repair or replace the item and shall state separately the **Actual Cash Value** and replacement cost value as of the date of loss and the amount of loss, for each item of physical loss or damage or if, for TIME ELEMENT loss, the amount of loss for each TIME ELEMENT coverage of this Coverage Document.

If the appraisers fail to agree, they will submit their differences to the Umpire. The Umpire shall review the appraisals prepared by the appraisers selected by the Named Member and the Fund and shall inspect the property prior to preparing his appraisal. The appraisers for the Named Member and the Fund shall be afforded the opportunity to attend the Umpire's inspection of the property and provide sufficient input to allow the Umpire to understand the nature and reasons for the differences between the appraisals. After inspecting the property and receiving input from the appraisers, the Umpire shall identify each item of physical loss or damage and shall appraise the amount of the loss for each item. The Umpire's appraisal shall include a detailed breakdown of the costs necessary to repair or replace the item and shall state separately the **Actual Cash Value** and replacement cost value as of the date of the loss. An award agreed to in writing by any two of the three appraisers will determine the amount of loss. The appraisal award is subject to all terms of the Coverage Document and may be reduced by the application of a deductible called for by the Declarations.

The Named Member and the Fund will each:

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

A demand for APPRAISAL shall not relieve the Named Member of its continuing obligation to comply with the terms and conditions of this Coverage Document, including as provided under REQUIREMENTS IN CASE OF LOSS.

The Fund will not be held to have waived any of its rights by any act relating to appraisal.

F. SUIT AGAINST THE FUND

No suit, action or proceeding for the recovery of any claim will be sustained in any court of law or equity unless the following adjudication procedures are satisfied:

- 1) As a condition precedent to filing suit, the Named Member has fully complied with all the provisions of this Coverage Document, including providing proof of loss;
- 2) As a condition precedent to filing suit, the Named Member must attend at least a one-day mediation before a mutually agreeable mediator, unless this provision is waived by both Named Member and the Fund;
- 3) Any suit against the Fund arising from a claim or loss must be filed within 12 months of the date the Fund takes its final action with respect to the claim or loss or the time permitted by the appropriate statute of limitations, whichever is less.
- 4) Any suit against the Fund must be filed in the Circuit Court of Montgomery County, Alabama.

5. SETTLEMENT OF CLAIMS

The amount of loss, except for ACCOUNTS RECEIVABLE coverage, for which the Fund may be liable will be paid within 30 days after:

- A. Proof of loss as described in this Coverage Document is received by the Fund; and
- B. When a resolution of the amount of loss is made either by:
 - 1) Written agreement between the Named Member and the Fund; or
 - 2) The filing with the Fund of an award as provided in the APPRAISAL provisions of this Section.

6. COLLECTION FROM OTHERS

The Fund will not be liable for any loss to the extent that the Named Member has collected such loss from others.

7. PARTIAL PAYMENT OF LOSS SETTLEMENT

In the event of a loss occurring which has been ascertained to be covered loss or damage under this Coverage Document and determined by the Fund's representatives to be in excess of the applicable Coverage Document deductible, the Fund will advance mutually agreed upon partial payment(s) on the covered loss or damage, subject to the Coverage Document's provisions. To obtain said partial payments, the Named Member will submit a signed and sworn proof of loss as described in this Coverage Document, with adequate supporting documentation.

8. JURISDICTION

This Coverage Document will be governed by laws of the United States of America and the State of Alabama. Any disputes arising hereunder will be exclusively subject to the jurisdiction of the United States of America and the State of Alabama.

SECTION D - GENERAL PROVISIONS

1. ADDITIONAL COVERED PERSON INTERESTS/CERTIFICATES OF INSURANCE

Any certificate of insurance issued in connection with this Coverage Document shall be issued solely as a matter of convenience or information for the addressee(s) or holder(s) of said certificate of insurance, except where any Additional Covered Person(s), Loss Payee(s) or Mortgagee(s) are named pursuant to the Special Provisions of said certificate of insurance. In the event any Additional Covered Person(s) or Loss Payee(s) are so named, this Coverage Document shall be deemed to have been endorsed accordingly, subject to all other terms, conditions and exclusions stated herein.

2. CANCELLATION

This Coverage Document may be:

- A. Cancelled at the request of the Named Member only as provided for in the Participation Agreement;
or
- B. Cancelled or limited by the Fund, in whole or in part, as provided for in the Participation Agreement.

3. INSPECTIONS

The Fund, at all reasonable times, will be permitted, but will not have the duty, to inspect COVERED PROPERTY.

The Fund's:

- A. Right to make inspections;
- B. Making of inspections; or
- C. Analysis, advice or inspection report;

will not constitute an undertaking, on behalf of or for the benefit of the Named Member or others, to determine or warrant that the COVERED PROPERTY is safe or healthful. This Fund will have no liability to the Named Member or any other person because of any inspection or failure to inspect.

When the Fund is not providing jurisdictional inspections, the Owner/Operator has the responsibility to assure that jurisdictional inspections are performed as required, and to assure that required jurisdictional operating certificates are current for their pressure equipment.

4. MISREPRESENTATION AND FRAUD

This Coverage Document will be void in entirety if, whether before or after a loss, the Named Member has:

- A. Willfully concealed or misrepresented any material fact or circumstance concerning this coverage, the subject thereof, any insurance claim, or the interest of the Named Member;
- B. Made any attempt to defraud the Fund; or
- C. Made any false swearing.

5. LENDERS LOSS PAYEE AND MORTGAGEE INTERESTS AND OBLIGATIONS

- A. The Fund will pay for loss to specified property covered under this Coverage Document to each specified Lender Loss Payee (hereinafter referred to as Lender) as its interest may appear, and to each specified Mortgagee as its interest may appear, under all present or future mortgages upon such property, in order of precedence of the mortgages.
- B. The interest of the Lender or Mortgagee (as the case may be) in property covered under this Coverage Document will not be invalidated by:
 - 1) Any act or neglect of the debtor, mortgagor, or owner (as the case may be) of the property.
 - 2) Foreclosure, notice of sale, or similar proceedings with respect to the property.
 - 3) Change in the title or ownership of the property.
 - 4) Change to a more hazardous occupancy.

The Lender or Mortgagee will notify the Fund of any known change in ownership, occupancy, or hazard and, within 10 days of written request by the Fund, may pay the increased contribution associated with such known change. If the Lender or Mortgagee fails to pay the increased contribution, all coverage under this Coverage Document will cease.

- C. If this Coverage Document is cancelled at the request of the Named Member or its agent, the coverage for the interest of the Lender or Mortgagee will terminate 10 days after the Fund sends to the Lender or Mortgagee written notice of cancellation, unless:
 - 1) Sooner terminated by authorization, consent, approval, acceptance, or ratification of the Named Member's action by the Lender or Mortgagee, or its agent.

- 2) This Coverage Document is replaced by the Named Member, with a Coverage Document providing coverage for the interest of the Lender or Mortgagee, in which event coverage under this Coverage Document with respect to such interest will terminate as of the effective date of the replacement Coverage Document, notwithstanding any other provision of this Coverage Document.
- D. The Fund may cancel this Coverage Document and/or the interest of the Lender or Mortgagee under this Coverage Document, by giving the Lender or Mortgagee written notice 90 days prior to the effective date of cancellation, if cancellation is for any reason other than non-payment. If the debtor, mortgagor, or owner has failed to pay any contribution due under this Coverage Document, the Fund may cancel this Coverage Document for such non-payment but will give the Lender or Mortgagee written notice 10 days prior to the effective date of cancellation. If the Lender or Mortgagee fails to pay the contribution due by the specified cancellation date, all coverage under this Coverage Document will cease.
- E. The Fund has the right to invoke this Coverage Document's SUSPENSION clause. The suspension of insurance will apply to the interest of the Lender or Mortgagee in any machine, vessel, or part of any machine or vessel, subject to the suspension. The Fund will provide the Lender or Mortgagee at the last known address a copy of the suspension notice.
- F. If the Fund pays the Lender or Mortgagee for any loss, and denies payment to the debtor, mortgagor or owner, the Fund will, to the extent of the payment made to the Lender or Mortgagee be subrogated to the rights of the Lender or Mortgagee under all securities held as collateral to the debt or mortgage. No subrogation will impair the right of the Lender or Mortgagee to sue or recover the full amount of its claim. At its option, the Fund may pay to the Lender or Mortgagee the whole principal due on the debt or mortgage plus any accrued interest. In this event, all rights and securities will be assigned and transferred from the Lender or Mortgagee to the Fund, and the remaining debt or mortgage will be paid to the Fund.
- G. If the Named Member fails to render proof of loss, the Lender or Mortgagee, upon notice of the Named Member's failure to do so, will render proof of loss within 60 days of notice and will be subject to the provisions of this Coverage Document relating to APPRAISAL, SETTLEMENT OF CLAIMS, and SUIT AGAINST THE FUND.
- H. Other provisions relating to the interests and obligations of the Lender or Mortgagee may be added to this Coverage Document by agreement in writing.

6. OTHER INSURANCE

- A. If there is any other insurance that would apply in the absence of this Coverage Document, this Coverage Document will apply only after such insurance whether collectible or not.
- B. In no event will this Coverage Document apply as contributing insurance.

- C. The Named Member is permitted to have other insurance over any limits or sublimits of liability specified elsewhere in this Coverage Document without prejudice to this Coverage Document. The existence of any such insurance will not reduce any limit or sublimit of liability in this Coverage Document. Any other insurance that would have provided primary coverage in the absence of this Coverage Document will not be considered excess.
- D. The Named Member is permitted to have other insurance for all, or any part, of any deductible in this Coverage Document. The existence of such other insurance will not prejudice recovery under this Coverage Document. If the limits of liability of such other insurance are greater than this Coverage Document's applicable deductible, this Coverage Document's insurance will apply only after such other insurance has been exhausted.
- E. If this Coverage Document is deemed to contribute with other insurance, the limit of liability applicable at each COVERED PROPERTY, for purposes of such contribution with other insurers, will be the latest amount described in this Coverage Document or the latest COVERED PROPERTY value on file with the Fund.

7. COVERAGE DOCUMENT MODIFICATION

This Coverage Document contains all of the agreements between the Named Member and the Fund concerning this insurance. The Named Member and the Fund may request changes to this Coverage Document. This Coverage Document can be changed only by endorsements issued by the Fund and made a part of this Coverage Document.

Notice to the Fund or knowledge possessed by the Fund or by any other person will not:

- A. Create a waiver, or change any part of this Coverage Document; or
- B. Prevent the Fund from asserting any rights under the provisions of this Coverage Document.

8. REDUCTION BY LOSS

Claims paid under this Coverage Document will not reduce its limit of liability, except claims paid will reduce any Coverage Document Year Aggregate Limit of Liability.

9. SUSPENSION

On discovery of a dangerous condition, this Fund may immediately suspend EQUIPMENT BREAKDOWN coverage on any machine, vessel or part thereof by giving written notice to the Named Member. The suspended coverage may be reinstated by the Fund. Any unearned contribution resulting from such suspension will be returned by the Fund.

10. TITLES

The titles in this Coverage Document are only for reference. The titles do not in any way affect the provisions of this Coverage Document.

SECTION E - DEFINITIONS

1. **Actual Cash Value:** the amount it would cost to repair or replace COVERED PROPERTY, on the date of loss, with material of like kind and quality, with proper deduction for obsolescence and physical depreciation. In no event shall the **Actual Cash Value** for **Mobile Equipment, Vehicles**, or watercraft exceed the purchase price available on the Alabama Buys e-procurement system, County Joint Bid Program Heavy Equipment Award List, or any similar program.
2. **Defined Peril: Earth Movement**, explosion, falling aircraft, fire, **Flood**, hail, lightning, **Named Storm**, smoke, tornado, vehicle impact, wind-driven water, and windstorm.
3. **Earthquake:** a shaking or trembling of the earth that is tectonic or seismic in origin.
4. **Earth Movement:** any natural or man-made earth movement including, but not limited to **Earthquake**, landslide, subsidence or volcanic eruption regardless of any other cause or event contributing concurrently or in any other sequence of loss.

However, physical damage by fire, explosion, or sprinkler leakage resulting from **Earth Movement** will not be considered to be loss by **Earth Movement** within the terms and conditions of this Coverage Document. All **Earth Movement** within a continuous 168-hour period will be considered a single **Earth Movement**; the beginning of such period shall be determined by the Named Member.

5. **Electronic Data and Media:** all forms of data, converted data, electronically converted data and/or programs and/or applications and/or instructions and/or media vehicles employed.
6. **Federal Emergency Management Agency:** the federal agency under which the National Flood Insurance Program is administered.
7. **Federal Insurance Administration:** the federal entity within the **Federal Emergency Management Agency** that directly administers the National Flood Insurance Program (NFIP).
8. **Fine Arts:** manuscripts, paintings; etchings; pictures; murals; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; antique furniture; antique jewelry; bric-a-brac; porcelains; and similar property of rarity, historical value, or artistic merit excluding automobiles, coins, stamps, furs, jewelry, precious stones, precious metals, watercraft, aircraft, money, securities.
9. **Flood:**

- A. A general and temporary condition of partial or complete inundation of normally dry land areas from:
- 1) **Flood**, or rising waters, waves, tide, or tidal water;
 - 2) the unusual and rapid accumulation or runoff of surface waters from any source; or,
 - 3) mudslide or mud flow caused by accumulation of water on or under the ground.

B. the release of water, the rising, overflowing, or breaking of boundaries of natural or man-made bodies of water, or the spray therefrom.

However, physical damage by fire, explosion or sprinkler leakage resulting from **Flood** is not considered to be loss by **Flood** within the terms and conditions of this Coverage Document.

All flooding within a continuous 168-hour period will be considered a single **Flood**; the beginning of such period shall be determined by the Named Member.

10. Flood Insurance Rate Map: the official map of a community on which the administrator has designated the special hazards area applicable to the community.

11. Gross Earnings:

A. For manufacturing operations: the net sales value of production less the cost of all raw stock, materials and supplies used in such production; or

B. For mercantile or non-manufacturing operations: the total net sales less cost of merchandise sold, materials and supplies consumed in the operations or services rendered by the Named Member.

12. Lease Interest: the excess rent paid for the same or similar replacement property over actual rent payable plus cash bonuses or advance rent paid (including maintenance or operating charges) for each month during the unexpired term of the Named Member's lease.

13. Mobile Equipment: equipment such as earthmovers, tractors, diggers, farm machinery, forklifts, heavy construction equipment, mobile medical equipment, etc., that, even when self-propelled, are not considered **Vehicles**.

14. Named Storm: all loss or damage occurring during a period of 72 consecutive hours which is caused by or results from a storm or weather disturbance which is named as a Tropical Storm or Hurricane by the National Weather Service or any other recognized meteorological authority. Storm or weather disturbance includes all weather phenomenon associated with or occurring in conjunction with the storm or weather disturbance, including, but not limited to **Flood, Storm Surge**, wind driven rain, wind, hail, sleet, tornadoes, or lightning.

15. Net Lease Interest: that sum which placed at 3% interest rate compounded annually would equal the **Lease Interest** (less any amounts otherwise payable hereunder).

16. Normal: the condition that would have existed had no physical loss or damage occurred.

17. Occurrence: any one loss, disaster, casualty or series of losses, disasters, or casualties, arising out of one event. When the term applies to loss or losses from the perils of tornado, cyclone, hurricane, windstorm, hail, volcanic eruption, riot, riot attending a strike, civil commotion, and vandalism and malicious mischief one event shall be construed to be all losses arising during a continuous period of 72 hours. When filing proof of loss, the Named Member may elect the moment at which the 72-hour period shall be deemed to have commenced, which shall not be earlier than the first loss to the covered property occurs.

18. Ordinary Payroll: includes the Named Member's payroll for all employees except officials, officers, executives, department managers, and employees under contract. It is comprised of, but not limited to, the payroll, benefits paid for the payroll, social security (FICA), union dues paid for the payroll, and workers compensation paid for the payroll.

19. Period of Service Interruption:

A. The period starting with the time when an interruption of specified services occurs; and ending when with due diligence and dispatch the service could be wholly restored and the **Covered Property** receiving the service could or would have resumed **Normal** operations following the restorations of service under the same or equivalent physical and operating conditions as provided by the PERIOD OF LIABILITY provision of this Section of this Coverage Document.

B. Is limited to only those hours during which the Named Member would or could have used services(s) if it had been available.

C. Does not extend to include the interruption of operations caused by any reason other than interruption of the specified service(s).

20. Pollutant: includes any solid, liquid, gaseous or thermal irritant or contaminant, including, but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals, vaccines, and waste. Waste includes materials to be recycled, reconditioned, or reclaimed.

21. Reproduction Cost: defined as the cost to repair, rebuild, or replace with material of like kind and quality compatible to those originally used, including the cost of skilled labor and/or authentic materials necessary to restore the COVERED PROPERTY as nearly as possible to its original condition.

22. Schedule of Values: shall mean the latest statement of values of COVERED PROPERTY on file with the Fund, including any Property Schedule, Agreed Value Endorsement, and any Schedule or Schedule that states the value of property.

23. Soft Costs:

A. Interest expense;

B. General overhead-developer expenses and additional real estate taxes;

- C. Legal or professional fees;
- D. Marketing expenses and advertising expenses;
- E. Debt service payments and insurance premiums;
- F. Refinancing charges and bond interest;
- G. Founders fees and miscellaneous operating expenses.

- 24. Special Flood Hazard Area:** the areas of a **Flood Insurance Rate Map** which are identified as Zones A, AO, AH, AI — A30, AE, A99, AR, AR/A, AR/AE, AR/A1 — A30, AR/AH, AR/AO, V, V1-V30, and VE. For purposes of determining which areas qualify as **Special Flood Hazard Areas** as specified above, only those **Flood Insurance Rate Maps** which were in effect at the time of the **Flood** loss shall apply.
- 25. Storm Surge:** water driven inland from coastal waters by high winds and low atmospheric pressure. **Storm Surge** shall not be considered **Flood**.
- 26. Terrorism:** an act or series of acts, including the use of force or violence, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s), committed for political, religious, or ideological purposes including the intention to influence any government and/or to put the public or any section of the public in fear for such purposes. **Terrorism** shall also include any act which is verified or recognized by the United States Government as an act of Terrorism.
- 27. Tier One Counties:** shall mean the following counties within the State of Alabama in **Named Storm** Designated Wind Areas: Baldwin County and Mobile County.
- 28. Tier Two Counties:** shall mean the following counties within the State of Alabama in **Named Storm** Designated Wind Areas: Clarke County, Covington County, Escambia County, Monroe County, and Washington County.
- 29. Unmanned Aircraft System:** an unmanned aircraft and the equipment necessary for the safe and efficient operation of that aircraft. An unmanned aircraft is a component of an **Unmanned Aircraft System**. An unmanned aircraft is an aircraft that is operated without the possibility of direct human intervention from within or on the aircraft.
- 30. Vacant:** a building is vacant if less than 10% of the total square footage owned, rented, or leased by the Named Member contains adequate contents to perform customary operations, excluding common areas such as lobbies and garages. Buildings under construction or renovation shall not be considered vacant.
- 31. Valuable Papers and Records:** written, printed or otherwise inscribed documents, securities, and records including but not limited to books, maps, films, drawings, abstracts, evidence of debt, deeds,

mortgages, mortgage files, manuscripts and micro or electronically/magnetically inscribed documents, but not including the monetary value of monies and/or securities.

- 32. Vehicle:** any automobile, truck, van, bus, motorcycle, or other conveyance licensed for use on public roads.
- 33. Waiting Period:** the time period where the Fund shall have no liability for the TIME ELEMENT loss when the PERIOD OF LIABILITY applicable to all TIME ELEMENT loss is equal to or less than such time period. If, however, the PERIOD OF LIABILITY exceeds such time period then the Fund's liability for the TIME ELEMENT loss shall otherwise apply and the PERIOD OF LIABILITY shall be measured from the inception of the **Occurrence** for which loss is being claimed. The applicable deductible shall then apply.

COVERAGE DOCUMENT CHANGE ENDORSEMENT - Equipment Breakdown – 5 Pages

When an applicable limit for Equipment Breakdown is shown in the LIMITS OF LIABILITY clause in the Declarations, this endorsement's intention is to clarify that the peril of **Breakdown** is included for **Covered Equipment**.

1. Limit of Liability:

The most the Fund will pay for any and all coverages for loss or damage from any **One Breakdown** is the applicable Limit of Liability shown for Equipment Breakdown in the LIMITS OF LIABILITY clause of the Declarations.

2. Equipment Breakdown Coverage Extensions:

The limits for coverage extensions are part of, not in addition to, the Limit of Liability for Equipment Breakdown shown in the LIMITS OF LIABILITY clause of the Declarations.

A. Spoilage:

- 1) This Coverage Document covers the spoilage damage to raw materials, property in process or finished products, provided all of the following conditions are met:
 - a) The raw materials, property in process or finished products must be in storage or in the course of being manufactured;
 - b) The Member must own or be legally liable under written contract for the raw materials, property in process or finished products; and
 - c) The spoilage damage must be due to the lack or excess of power, light, heat, steam or refrigeration.
- 2) This Coverage Document also covers any necessary expenses the Named Member incurs to reduce the amount of loss under this coverage. The Fund will pay such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage form.

B. Service Interruption:

This Coverage Document covers loss resulting from the interruption of utility services provided all of the following conditions are met:

- 1) The interruption is the direct result of a **Breakdown to Covered Equipment** owned, operated or controlled by the local private or public utility or distributor that directly generates, transmits, distributes or provides utility services which the Named Member receives;
- 2) The **Covered Equipment** is used to supply electric power, communication services, air conditioning, heating, gas, fuel, sewer, water, refrigeration, or steam to the Named Member's premises; and
- 3) The **Period of Service Interruption** lasts at least the consecutive period of time shown in the Declarations, Item 8. WAITING PERIOD. Once this waiting period is met, coverage will commence at the initial time of the interruption and will be subject to all applicable deductibles.

C. Business Income:

- 1) This Coverage Document covers the Named Member's actual loss of business income that results directly from the necessary total or partial interruption of the Named Member's business caused by a **Breakdown**.
- 2) This Coverage Document also covers any necessary expenses the Named Member incurs to reduce the amount of loss under this coverage. The Fund will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
- 3) The Fund will consider the actual experience of the Named Member's business before the accident and the probable experience the Named Member would have had without the accident in determining the amount of its payment.
- 4) This coverage continues until the date the damaged property is repaired or replaced.

D. Expediting Expense:

This Coverage Document covers the reasonable and necessary costs incurred to pay for the temporary repair of covered damage to **Covered Equipment** and to expedite the permanent repair or replacement of such damaged property caused by a **Breakdown**.

This coverage extension does not cover costs:

- 1) Recoverable elsewhere in this Coverage Document; or
- 2) Of permanent repair or replacement of damaged property.

E. Hazardous Substance:

This Coverage Document covers any additional expenses incurred by the Named Member for the clean-up, repair or replacement or disposal of **Covered Equipment** that is damaged, contaminated, or polluted by a **Hazardous Substance** caused by a **Breakdown**.

As used here, additional expenses mean the additional cost incurred over and above the amount that the Fund would have paid had no **Hazardous Substance** been involved with the loss.

F. Ammonia Contamination:

This Coverage Document covers the spoilage to **Covered Equipment** contaminated by ammonia, including any salvage expense caused by a **Breakdown**.

G. Water Damage:

This Coverage Document covers the damage to **Covered Equipment** by water including any salvage expenses caused by a **Breakdown**, except no coverage applies to such damage resulting from leakage of a sprinkler system or domestic water piping.

H. Consequential Loss:

This Coverage Document covers the reduction in the value of undamaged **Stock** parts of a product which becomes unmarketable. The reduction in value must be caused by a physical loss or damage to another part of the product.

I. **Electronic Data and Media:**

This Coverage Document covers the Named Member's cost to research, replace, or restore damaged **Electronic Data and Media** including the cost to reprogram instructions used in any computer equipment if the loss is caused by a **Breakdown**.

J. CFC Refrigerants:

This Coverage Document covers the additional cost to repair or replace **Covered Equipment** because of the use or presence of a refrigerant containing CFC (chlorinated fluorocarbon) substances if the loss is caused by a **Breakdown**. This means the additional expense to do the least expensive of the following:

- 1) Repair the damaged property and replace any lost CFC refrigerant;
- 2) Repair the damaged property, retrofit the system to accept a non-CFC refrigerant and charge the system with a non-CFC refrigerant; or
- 3) Replace the system with one using a non-CFC refrigerant.

K. **Computer Equipment:**

This Coverage Document covers direct damage to **Computer Equipment** that is damaged by a **Breakdown** to such equipment

3. Definitions relating only to this endorsement:

A. **Breakdown** means the direct physical loss resulting from one or more of the following items that causes damage to **Covered Equipment** and necessitates its repair or replacement:

- 1) Failure of pressure or vacuum equipment;
- 2) Mechanical failure including rupture or bursting caused by centrifugal force;
- 3) Electrical failure including arcing;
- 4) Explosion of steam boilers, steam piping, steam engines, or steam turbines owned or leased by you, or operated under your control;
- 5) Loss or damage to steam boilers, steam pipes, steam engines, or steam turbines caused by or resulting from any condition or event inside such equipment; or

- 6) Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.

Unless such loss or damage is otherwise excluded within the Coverage Document.

Breakdown does not mean or include:

- 1) Malfunction including but not limited to adjustment, alignment, calibration, cleaning, or modification;
- 2) Defects, erasures, errors, limitations or viruses in computer equipment and programs including the inability to recognize and process any date or time or provide instructions to **Covered Equipment**;
- 3) Leakage at any valve, fitting, shaft seal, gland packing, joint, or connection;
- 4) Damage to any vacuum tube, gas tube, or brush;
- 5) Damage to any structure or foundation supporting the **Covered Equipment** or any of its parts;
- 6) The functioning of any safety or protective device; or
- 7) The cracking of any part on an internal combustion gas turbine exposed to the products of combustion.

B. **Covered Equipment** is defined as

- 1) Equipment built to operate under internal pressure or vacuum other than weight of contents;
- 2) Electrical or mechanical equipment that is used in the generation, transmission, or utilization of energy; and
- 3) Communication equipment and computer equipment.

Covered Equipment does not mean or include any:

- 1) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;
- 2) Insulating or refractory material, but not excluding the glass lining of any **Covered Equipment**;

- 3) Non-metallic pressure or vacuum equipment, unless it is constructed and used in accordance with the American Society of Mechanical Engineers (A.S.M.E.) code or another appropriate and approved code;
 - 4) Catalyst;
 - 5) Vessels, piping and other equipment that is buried below ground and requires the excavation of materials to inspect, remove, repair, or replace;
 - 6) Structure, foundation, cabinet, or compartment supporting or containing the **Covered Equipment** or part of the **Covered Equipment** including penstock, draft tube, or well casing;
 - 7) **Vehicle**, aircraft, self-propelled equipment or floating vessel including any **Covered Equipment** that is mounted upon or used solely with anyone or more vehicle(s), aircraft, self-propelled equipment, or floating vessel;
 - 8) Dragline, excavation, or construction equipment including any **Covered Equipment** that is mounted upon or used solely with any one or more dragline(s), excavation, or construction equipment;
 - 9) Felt, wire screen, die, extrusion plate, swing hammer, grinding disc, cutting blade, non-electrical cable, chain, belt, rope, clutch plate, brake pad, non-metal part or any part or tool subject to periodic replacement;
 - 10) Equipment or any part of such equipment manufactured by the Named Member for sale; or
 - 11) Power and gas generation utility equipment.
- C. **Hazardous Substance:** any substance other than ammonia that has been declared to be hazardous to health by a government agency. Ammonia is not considered to be a Hazardous Substance as respects this limitation.
- D. **One Breakdown:** if an initial **Breakdown** causes other **Breakdowns**, all will be considered **One Breakdown**. All **Breakdowns** at any one premises that manifest themselves at the same time and are the direct result of the same cause will be considered **One Breakdown**.
- E. **Computer Equipment:** covered property that is electronic computer or other electronic data processing equipment, including media and peripherals used in conjunction with such equipment.
- F. **Stock:** means merchandise held in storage or for sale, raw materials, property in process, or finished products including supplies used in their packing or shipping.

All other terms and conditions of the Declarations and Coverage Document remain the same.

COVERAGE DOCUMENT CHANGE ENDORSEMENT - Upgrade to Green – 8 Pages

It is hereby agreed that the following coverage is added to this Coverage Document.

The coverages and valuation provision provided by this endorsement only apply if direct physical loss or damage to covered real and/or personal property is caused by any of the perils covered by the Coverage Document and replacement cost valuation applies. This coverage does not apply to: (1) personal property of others in the Named Member's care, custody, and control, (2) leased personal property, and/or (3) finished or unfinished stock.

1. Notwithstanding the LIMITS OF LIABILITY clause in the Declarations and the VALUATION clause in this Coverage Document applicable to specific COVERED PROPERTY or perils, if replacement cost valuation applies to real and/or personal property, then the Fund's liability for loss applicable to this Endorsement shall be the cost to repair or replace the covered damaged property, subject to the applicable limit of liability, plus the least of the following amounts:
 - A. The reasonable and necessary amount to upgrade to green the covered damaged property as described in Coverage Section A - Non-LEED® Certified Coverage *or* as described in Coverage Section B - LEED® Certified Coverage, whichever is applicable; or
 - B. An additional 10% of the applicable limit of liability for the building and/or business personal property shown in the Statement of Values or similar schedule to upgrade to green; or
 - C. \$100,000 to upgrade to green.

At the Named Member's sole discretion, the Named Member may elect not to upgrade to green any or all property for which upgrade to green coverage is provided under this endorsement. In such case, the Fund will adjust the claim in accordance with the standard provisions of the Coverage Document, as modified by all other applicable endorsements.

Subject to the least of A., B., or C. above, if business interruption coverage is provided as part of this Coverage Document, if necessary, the Period of Restoration shall be increased to allow for additional time to upgrade to green the damaged property plus up to an additional two-week period to meet the requirements set forth in 4.B.

2. **COVERAGE SECTION A: NON-LEED CERTIFIED COVERAGE**

In the event of direct physical loss or damage by any of the perils covered by the Coverage Document to a building that is not LEED certified at the time of the loss, or to the personal property within such a building, the Fund will pay to repair or replace damaged or destroyed:

A. **Loss Settlement for Personal Property**

- 1) "Appliances" or "Office Equipment" with products of like kind and quality that have been identified as "ENERGY STAR®" or equivalent products of such energy efficiency. If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.
- 2) "Systems Furniture" or "Seating", with products of like kind and quality that are certified as GREENGUARD Indoor Air Quality Certified® or products with similar emissions characteristics. If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.

B. **Loss Settlement for Your Building**

2) **Interior Finish Materials Upgrade**

a. **Lower Emissions Products Upgrade Coverage**

"Defined Building Materials" with products of like kind and quality that have "Lower Emissions". If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.

b. **Environmentally Preferable Products Upgrade Coverage**

Interior wood, carpeting and flooring with products of like kind and quality that have "Lower Emissions", are "Sustainably Produced", are "Rapidly Renewable" or include "Recycled Content". If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.

3) **Interior Plumbing Systems Upgrade Coverage**

Interior plumbing fixtures including, but not limited to, toilets, shower heads and lavatory faucets with products of like kind and quality that are more "Water Efficient". If there are no such products available at the time of the loss, this upgrade to green coverage does not apply. For damaged or destroyed faucets, the Fund will also pay to install occupant sensors to reduce the potable water demand.

4) **Lighting Systems Upgrade Coverage**

Lighting systems, with products of like kind and quality that have been identified as "ENERGY STAR" or equivalent products of such energy efficiency. If there are no such

products available at the time of the loss, this upgrade to green coverage does not apply. The Fund will also pay to repair or replace damaged light bulbs with light bulbs which have low mercury content.

5) **Efficient Heating and Cooling Equipment Upgrade Coverage**

"Heating and cooling equipment" with products of like kind and quality that have been identified as "ENERGY STAR" or equivalent products of such energy efficiency. If there are no such products available at the time of the loss, this upgrade to green coverage does not apply.

6) **Building Reconstruction Following Total Loss**

a. Solely with respect to a "Total Loss" to a building, the Fund will pay to replace the building on its existing foundation using the most cost-effective techniques, products and materials that should satisfy the prerequisites and earn the minimum number of points required to qualify for LEED Silver certification using the LEED New Construction (LEED NC®) Rating System.

b. **Certification Expenses**

(i) The Fund will pay the reasonable and necessary registration and certification fees charged by the United States Green Building Council (USGBC) that the Named Member incurs should the Named Member decide to seek LEED Silver certification. However, the Fund will not pay to modify the reconstructed structure if it is not certified.

(ii) The Sublimit of Insurance for this coverage is \$20,000.

3. **COVERAGE SECTION B: LEED CERTIFIED COVERAGE**

In addition to all Coverages provided in Coverage Section A (with the exception of 2.B.(5) Building Reconstruction Following a Total Loss) and in the event of direct physical loss or damage by any of the perils covered by the Coverage Document to a building that is LEED certified at the time of the loss, or to the personal property within such building, the Fund will pay to repair or replace damaged or destroyed:

A. **Loss Settlement for Trees, Shrubs, and Vegetative Roofs**

1) Trees and shrubs planted specifically to secure the Heat Island Effect: Non-Roof point as described in LEED NC. For the purposes of this coverage only, notwithstanding any other provision of the Coverage Document to the

contrary, trees and shrubs are Covered Property. The sublimit of insurance for this coverage is \$2,000 per tree or \$1,000 per shrub up to a maximum of \$25,000.

- 2) Vegetative roofs on LEED certified buildings. Notwithstanding any other provision of the Coverage Document to the contrary, vegetative roofs are Covered Property.

B. Loss Settlement for Your Building

- 1) **Recertification Expenses**

- a. In the event of direct physical loss or damage by any of the perils covered by the Coverage Document that necessitates recertification of the damaged building, the Fund will pay the reasonable and necessary registration and certification fees charged by the USGBC that the Named Member incurs as a result of the recertification process.
- b. The Sublimit of Insurance for this coverage is \$20,000.

- 2) **Building Reconstruction Following Total Loss**

- a. Solely with respect to a "Total Loss" to a building that is LEED certified at the time of the loss, the Fund will pay to replace the building on its existing foundation using the most cost effective techniques, products and materials that would satisfy the prerequisites and should earn the minimum number of points required to qualify for LEED certification at one level above the certification in effect at the time of the loss using the LEED NC Rating System.
- b. **Certification Expenses**
 - (i) The Fund will pay the reasonable and necessary registration and certification fees charged by the USGBC that the Named Member incurs should the Named Member decide to seek LEED certification. However, the Fund will not pay to modify the reconstructed structure if it is not certified.
 - (ii) The Sublimit of Insurance for this coverage is \$20,000.

4. **COVERAGES INCLUDED WITHIN COVERAGE SECTIONS A OR B AND APPLICABLE TO LEED® AND NON-LEED® CERTIFIED BUILDINGS**

In the event of direct physical loss or damage by any of the perils covered by the Coverage Document to a LEED or Non-LEED certified building:

A. **Recycling Expenses**

- 1) The Fund will pay the Named Member's expenses to clean-up, sort, segregate, and transport debris from the Named Member's damaged building to recycling facilities, if such debris can be recycled.
- 2) The Sublimit of Insurance for this coverage is \$20,000 and is in addition to the debris removal expense sublimit provided by the Coverage Document, if any.
- 3) Any income or remuneration derived from this recycling shall be used to reduce the loss.

B. **Air Testing and Outdoor Air Ventilation of the Reconstructed Space**

- 1) In accordance with the requirements for the Construction IAQ Management Plan: Before Occupancy Credit as described in the LEED NC rating system (hereinafter, "Construction IAQ"), the Fund will pay to conduct air testing and a building flush-out (if required because of a failure to meet air quality standards set forth in the Construction IAQ) and follow-up air testing for a total period of time not to exceed two weeks.
- 2) After the two-week period of increased outdoor air ventilation of the reconstructed space, the Fund will pay to replace the filtration media with new media.
- 3) The Sublimit of Insurance for this coverage is \$20,000.

C. **Professional Services**

The Fund will pay reasonable and necessary expenses to hire a LEED Accredited architect or engineer to participate in the design and/or construction administration of the damaged portion of the building or the entire building, whichever is applicable.

The Sublimit for this coverage is \$50,000.

D. **Building Commissioning Expenses**

- 1) In the event of direct physical loss or damage to mechanical, electrical, or electronic building systems, by any of the perils covered by the Coverage Document which necessitates the commissioning or re-commissioning of those systems, the Fund will pay reasonable and necessary expenses of a Professional Engineer to commission or re-commission those damaged systems in accordance with LEED protocols.
- 2) The Sublimit of Insurance for this coverage is \$20,000.

5. **Additional Definitions**

- A. "Appliances" means products including, but not limited to, dishwashers, refrigerators, freezers, ovens, microwave ovens, room air conditioners, room air cleaners and water heaters.
- B. "Defined Building Materials" means: (1) all carpet and floor coverings, including, adhesives to affix them to the floor, (2) all interior paints, architectural coatings, primers, undercoatings, adhesives, sealants, and (3) permanently installed composite wood fixtures, including, counters, cabinets, and partitions.
- C. "ENERGY STAR" means any product that has been identified by the United States Government Department of Energy, Environmental Protection Agency as ENERGY STAR qualified at the time of the loss.
- D. "Heating and Cooling Equipment" means products including, but not limited to, heat pumps, boilers, central air conditioning, ceiling fans, dehumidifiers, exhaust fans, furnaces, thermostats, and ventilating fans.
- E. "Lower emissions" means:
 - 1) With respect to adhesive and sealant products, such as, general construction adhesives, flooring adhesives, fire-stopping sealants, caulking, duct sealants, plumbing adhesives, and cove base adhesives, products that meet the requirements of South Coast Air Quality Management District (SCAQMD) Rule # 1168; with respect to aerosol adhesives, products that meet Green Seal Standard GS-36 requirements;
 - 2) With respect to architectural paints, coatings, and primers, products that do not exceed the volatile organic compound (VOC) content limits established in Green Seal Standard GS-11, with respect to anti-corrosive and anti-rust paints, products that do not exceed the VOC content limits established in Green Seal Standard GS-03; and with respect to clear wood finishes, floor coatings,

stains, and shellacs, products that do not exceed the VOC content limits established by SCAQMD Rule #1113;

- 3) With respect to carpet and carpet cushion, products that meet the requirements of the Carpet and Rug Institute's Green Label Plus Program; and
 - 4) With respect to composite wood and agrifiber products such as particleboard, medium density fiberboard (MDF), plywood, wheatboard, strawboard, panel substrates and door cores as well as laminating adhesives used to fabricate on-site and shop-applied composite wood and agrifiber assemblies, products that contain no added urea- formaldehyde resins.
- F. "Office Equipment" means electronic products including, but not limited to, desktop computers, laptop computers, monitors, printers, fax machines, scanners, copiers, and telephones.
- G. "Recycled Content" means those products that contain at least 20% post-consumer recycled content.
- H. "Rapidly Renewable" means products that are made from plant resources that are harvested within a ten-year cycle or shorter, including, but not limited to, bamboo, eucalyptus, wheat straw, sunflower hulls, cork oak, wheatboard, linoleum, and sorghum.
- I. "Seating" means task and guest chairs used with "System Furniture".
- J. "Sustainably Produced" means those products certified by the Forest Stewardship Council ("FSC").
- K. "System Furniture" means either a panel-based workstation comprised of modular interconnecting panels, hang-on components, and drawer/filing components of a freestanding grouping of furniture items and their components that have been designed to work in concert.
- L. "Total Loss" means:
- 1) The covered building is completely destroyed regardless of whether any damage is done to the foundation or slab, or
 - 2) The covered building is in such condition after the loss that the standard method of rebuilding or repairing the covered building is to raze the structure except

for the foundation or slab or including all or part of the foundation or slab and rebuild the entire structure, whether such structure is actually rebuilt or not.

- M. "Water Efficient" means dry fixtures such as composting toilet systems and non-water using urinals, flush toilets using no more than 1.6 gallons of water per flush, and shower heads and faucets with a flow rate of no more than 2.2 gallons per minute.

All other terms and conditions of the Declarations and Coverage Document remain the same.

COVERAGE DOCUMENT CHANGE ENDORSEMENT - Communicable Disease Exclusion – 1 Page

This endorsement modifies insurance provided by this Coverage Document:

1. Notwithstanding any other provision of this Coverage Document to the contrary, the Fund excludes any loss, damage, liability, claim, cost, or expense of whatsoever nature, directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease regardless of any other cause or event contributing concurrently or in any other sequence thereto.
2. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
 - 2.1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite, or other organism or any variation thereof, whether deemed living or not, and
 - 2.2. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
 - 2.3. the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property.

All other terms and conditions of the Declarations and Coverage Document remain the same.