

Property Coverage Form

A. PERILS INSURED

This policy insures against all risks of direct physical loss or damage to insured property except as excluded under this policy.

B. PROPERTY INSURED

This policy insures the following property, if shown in the declarations section, at or within 1,000 feet of a **described location**, unless excluded, that the insured

- i) Owns;
- ii) Operates;
- iii) Controls; or
- iv) Is under the obligation to insure for direct physical loss or damage, to the extent of such obligation.

1. Real Property

If this policy insures real property it includes;

- a. New construction;
- b. Additions under construction;
- c. Alterations and repairs to buildings or structures;
- d. Materials, equipment and supplies for new construction, additions, buildings or structures;
- e. Temporary structures;
- f. Machinery, equipment, and fixtures that are permanently attached to the building;
- g. Personal property that is used to maintain or service the building;
- h. Pedestrian Bridges
- i. 250 Square Foot, or less, Buildings, not specifically scheduled, but on Insured's Premises, and if not covered by other insurance.

2. Personal Property

If this policy insures personal property, it includes, but is not limited to:

- a. Machinery and Equipment;
- b. **Raw materials** and Stock;
- c. Furniture and Fixtures;
- d. **Electronic Data Processing equipment;**
- e. **Processing water;**
- f. Molds and Dies;

Property Coverage Form

- g. Property in the yard;
- h. Improvements and Betterments in which the Insured has an insurable interest;
- i. The Insured's interest in and legal liability for property of others, while at a **described location**.
- j. Contents located within Single Wide Pre Manufactured Housing

C. POLICY SUB-LIMITS:

The following coverages apply; subject to the terms and conditions of this policy, and to the extent shown in the Supplemental Declarations section.

1. Earth Movement:

- a. This policy is extended to cover direct physical loss or damage to insured property caused by or resulting from **earth movement**. If more than one **earth movement** shock occurs within any period of 168 hours during the term of the policy, such shocks will be considered to constitute a single **earth movement**.

This policy does not pay for **earth movement** commencing before the effective or after the expiration date and time of this policy. Liability for such loss or damage by **earth movement** will not exceed the annual aggregate sub-limit as specified in the declarations section in any one policy year.

- b. This coverage does not apply to:
 - 1) Unnamed **Locations**; and
 - 2) Errors and Omissions.

Coverage provided by this extension is limited to property while located within the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U.S. Virgin Islands; and Canada.

2. Flood:

- a. This policy is extended to cover direct physical loss or damage to insured property caused by or resulting from **flood**.

This policy does not pay for **flood** commencing before the effective or after the expiration date and time of this policy. Liability for such loss or damage by **flood** will not exceed the annual aggregate sub-limit as specified in the Supplemental Declarations in any one policy year.

- b. This coverage does not apply to:
 - 1) Unnamed **Locations**; and
 - 2) Errors and omissions.

Coverage provided by this extension is limited to property while located within the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U.S. Virgin Islands; and Canada.

Property Coverage Form

3. Mobile Equipment / Single Wide Pre-Manufactured Housing:

This policy is extended to cover direct physical loss or damage to Mobile Equipment / Single Wide Pre-Manufactured Housing. This coverage shall include transit as well as over the road / collision; with the exception of Single Wide Pre-Manufactured Housing. Coverage applies for all **direct physical loss or damage to insured property except as excluded under this policy**, including **Flood** and **Earth Movement**, while on Insured's premises or offsite.

4. Motor Vehicle Coverage:

This policy is extended to cover:

- (a) Motor vehicles; and
- (b) Trucks

Not licensed for highway use; or Not licensed for public road use as regards **named perils** only.

This policy does not cover loss or damage resulting from:

- 1) Collision; or
- 2) Overturn;

While such motor vehicles and trucks are being operated under their own power; or being towed (whether or not in motion at the time of loss).

At the following **Location(s)**:

1 State Police Plaza, Little Rock, AR, 72209

5. Underground Water Seepage Coverage:

This policy is extended to cover direct physical loss or damage to covered property caused by water under the ground surface pressing on, or flowing or seeping through:

- (a) Foundations, walls, floors or paved surfaces; or
- (b) Basements, whether paved or not.

6. Seedling Trees & Plants:

This policy is extended to cover direct physical loss or damage to the Insured's Business Personal Property, while in a covered building, at a described location. This coverage does not include Crops in Field or Landscaping.

7. Fire Fighting Materials and Expenses:

This policy is extended to cover expenses:

- a) Incurred by the Insured to replace fire extinguishing materials:
 - i. Lost;
 - ii. Expended; or
 - iii. Destroyed

and

Property Coverage Form

- b) For fire-fighting expenses incurred by or imposed upon the Insured in connection with insured property. There will be no coverage for charges incurred for false alarm.

8. Professional Fees:

This policy is extended to cover the reasonable fees paid to:

- a) Auditors;
- b) Accountants;
- c) Architects;
- d) Engineers; or
- e) Other professionals;

For producing and certifying particulars or details of the Insured's business in order to determine the amount of loss payable under this policy.

There will be no coverage for the expenses of:

- 1) Attorneys;
- 2) Public adjustors, loss appraisers, loss consultants, or any of their subsidiaries or associated entities;
- 3) The Insured's own employees.

9. Expediting Expenses:

- a) This policy is extended to cover Expediting Expenses which are the reasonable and necessary costs to:
- i. Make temporary repairs to, or
 - ii. Expedite the permanent repair or replacement of:

Insured property that has sustained direct physical loss or damage insured by this policy.

- b) Expediting Expenses do not include:
- i. Expenses payable elsewhere in the policy, or
 - ii. The cost of permanent repair or replacement.

10. Landscaping Improvements:

This policy is extended to cover direct physical damage by **named perils** to Shrubs, Plants, and Lawns that are part of Landscaping Improvements.

This coverage is not included in Section B., Items 1 and 2., **Real Property** and **Personal Property**.

11. Pavements and Roadways:

This policy is extended to cover direct physical damage to:

- a) Pavements; and
- b) Roadways:

By **named perils**.

This coverage is not included in Section B., Items 1 and 2., **Real Property** and **Personal Property**.

Property Coverage Form

12 Land and Water Clean Up Expense:

This policy is extended to cover reasonable and necessary expense to remove, dispose of or clean up contaminants from land or water at a **location** when such land or water is contaminated or polluted due to direct physical damage by **named perils only**.

There will be no coverage unless such expenses are reported to the company within 180 days of the date of direct physical damage.

Contaminants include, but are not limited to, **pollutants**.

13. Installation Floater:

This policy is extended to cover:

- a) Materials;
- b) Equipment;
- c) Machinery; and
- d) Supplies;

Designated by the Insured for use in construction or installation projects at **locations** other than **described locations**.

Coverage begins at the time covered property arrives at the site of installation and ends when:

- 1) The interest of the Insured ceases;
- 2) The property has been accepted by the owner or purchaser; or
- 3) The policy expires;

Whichever occurs first.

Coverage provided by this extension is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U.S. Virgin Islands; and Canada.

The specified sub-limit for this extension of coverage is the maximum amount payable in any one **occurrence** regardless of the number of **locations**, coverages or policy sub-limits. This policy sub-limit cannot be combined with any other policy sub-limits.

14. Newly Acquired Property:

This policy is extended to cover property that is newly acquired.

This coverage terminates:

- a) When the newly acquired property is reported to the company; or
- b) 180 days after the date of acquisition; or
- c) At the termination or expiration of this policy;

Whichever occurs first.

There will be no coverage provided under this extension for property while in transit.

Coverage provided by this extension is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U.S. Virgin Islands; and Canada.

Property Coverage Form

The specified sub-limit for this extension of coverage is the maximum amount payable in any one **occurrence** regardless of the number of **locations**, coverages or policy sub-limits. The policy sub-limit cannot be combined with any other policy sub-limits.

15. Unnamed Locations:

This policy is extended to cover Insured property:

- a) At a place other than a **described location**, a Newly Acquired Property, or an Installation Floater **location**; and
- b) Not otherwise insured, including but not limited to:
 - i. Stock Stored Off-Site
 - ii. Property at Exhibitions
 - iii. Salespersons Samples
 - iv. Office, Manufacturing and Other Equipment Off-Site.

There will be no coverage provided under this extension for property in transit.

Coverage provided by this extension is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U.S. Virgin Islands; and Canada.

The specified sub-limit for this extension of coverage is the maximum amount payable in any one **occurrence** regardless of the number of **locations**, coverages or policy sub-limit.. The policy sub-limit cannot be combined with any other policy sub-limits.

16. Fine Arts / Collections:

This policy is extended to cover **fine arts** / collections at a **location**.

There will be no coverage for Loss or damage to any **fine arts** / collections as a result of restoring repairing or retouching processes.

17. Accounts Receivable:

This policy is extended to cover amounts due the Insured from customers, which the Insured is unable to collect, as a result of direct physical loss or damage insured by this policy to accounts receivable records.

Coverage includes:

- a) Interest charges on any loan to offset impaired collections pending repayment of sums that can not be collected.
- b) Collection expenses in excess of normal collection costs.
- c) Other reasonable expenses incurred by the Insured in recreating records of accounts receivable.

18. Valuable Papers and Records:

This policy is extended to cover **valuable papers and records**.

19. Electronic Data and Media Property Damage:

This policy is extended to cover:

- a) **Electronic data**; and
- b) **Electronic media**.

Property Coverage Form

20. Demolition and Increased Cost of Construction:

- a) This policy is extended to cover the following when incurred by the Insured as a direct result of enforcement of a law or ordinance, when the law or ordinance:
- i. Regulates the demolition, construction, repair, replacement or use of buildings or structures;
 - ii. Is enforced as a direct result of direct physical loss or damage insured by this policy at a **location**; and
 - iii. Is in force at the time of such loss or damage.

Coverage is provided for:

Item A: The value of the physically undamaged portions of the insured buildings or structures when those portions are demolished;

Item B: The cost to demolish and clear any physically undamaged portions of the insured buildings or structures;

Item C: The cost incurred to actually rebuild the physically damaged and the undamaged portion, whether or not demolition is required, of such insured buildings or structures with materials and in a manner to comply with the minimum requirement of the law or ordinances;

Item D: The **Business Interruption** (if covered) loss during the additional time required for making the changes to the building or structures in coverage A, B and C above.

- b) There will be no coverage for:
- i. The cost required by the enforcement of any law or ordinance regulating any form of contamination, including but not limited to, **pollution; fungus; mold or mildew**.
 - ii. The cost to comply with any law or ordinance with which the Insured was required to comply had the direct physical loss or damage not occurred.
 - iii. Vacant or Unoccupied **Locations** are subject to the terms and conditions in Section F., General Conditions, Item 7.

21. Errors and Omissions:

This policy is extended to cover direct physical loss or damage that would not be payable solely because of an error or unintentional omission:

- a) In the description or address of a property, insured by this policy, which existed: at the inception date of this policy; or in any subsequent amendments to this policy.
- b) Through failure to include any **location**:
 - i. Owned;
 - ii. Occupied; or
 - iii. Newly acquired;

By the Insured at the inception date or during the term of this policy.
- c) Which results in cancellation of insured property under this policy.

Coverage applies to the extent this policy would have provided coverage, had the error or unintentional omission not been made.

Property Coverage Form

There will be no coverage if coverage is found in whole or in part elsewhere in this policy;

Coverage provided by this extension is limited to property while located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U.S. Virgin Islands; and Canada.

22. Personal Property in Transit:

- a) This policy is extended to cover the following Personal Property, not otherwise excluded, while in transit within the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U.S. Virgin Islands; and Canada:
- i. Personal Property owned by the Insured
 - ii. Personal Property of others to the extent of the Insured's interest or legal liability while in the actual or constructive custody of the Insured.
 - iii. Personal Property shipped to others on Free on Board (FOB), Coast and Freight (C&F), or similar terms. The Insured's contingent interest in such shipments is admitted.
- b) This extension includes:
- i. Direct physical loss or damage to insured Personal Property occasioned by:
 1. Acceptance of fraudulent bills-of-lading, shipping or messenger receipts by the Insured, Insured's agent, customer or consignee(s).
 2. Any unauthorized person(s) representing themselves to be the proper party(ies) to receive the Personal Property for shipment or to accept it for delivery.
 - ii. General average and salvage charges on shipments covered while waterborne.
- c) There will be no coverage for:
- i. Personal Property shipped by mail.
 - ii. Shipments by air unless made via regularly scheduled airlines.
 - iii. Waterborne shipments via the Panama Canal or waterborne shipments to and from:
 1. Alaska
 2. Hawaii
 3. Commonwealth of Puerto Rico
 4. Virgin Islands
 - iv. Any transporting vehicle
 - v. Personal Property excluded elsewhere in this policy.
- d) Coverage begins:
- i. From the time the Personal Property leaves the original point of shipment for the commencement of transit; and
 - ii. Continuously in the due course of transit;
- Until delivered at destination.
- e) Additional exclusions, conditions and provisions:
- i. Coverage is excluded for any consequential loss beyond the direct physical loss or damage to the insured Personal Property.
 - ii. Coverage is excluded for Personal Property insured under any import or export ocean marine insurance. Coverage on export shipments not insured under ocean marine policies does not extend beyond the time when the Personal Property is loaded on board overseas vessel or aircraft. Coverage on import shipments not insured under ocean cargo policies does not attach until after discharge from

Property Coverage Form

overseas vessel or aircraft.

- iii. Permission is granted to the Insured, without prejudice to this insurance, to accept ordinary bills of lading used by carriers, including:
 - 1. Released and/or under valued bills of lading.
 - 2. Shipping or messenger receipts.
- iv. The Insured may waive subrogation against railroads under sidetrack agreements.
- v. The Insured may not enter into any special agreement with carrier releasing them from their common law or statutory liability.

23. Terrorism:

This policy covers direct physical loss or damage to insured property caused by or resulting from **terrorism**, but only at a **described location(s)**.

Any act which satisfies the definition of **terrorism** provided in Section G., Definitions, or in any **terrorism** endorsement to this policy, will not be considered to be vandalism, malicious mischief, riot, civil commotion, or any other risk which may be covered elsewhere in this policy. Amounts recoverable under this Policy Sub-limit are excluded from coverage elsewhere in this policy.

If any Business Interruption Endorsement is part of this policy, any coverage provided by any such endorsement or by any extension of such coverage will not apply to any loss resulting from the **actual cash value** portion of direct physical loss or damage by fire caused by or resulting from **terrorism**.

This Policy Sub-limit does not cover loss or damage which also comes within the terms of the hostile or warlike action exclusion of Section E., Perils Excluded, Group 1, Item 2.a.

This Policy Sub-limit does not in any event cover 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 insured under this policy contributing concurrently or in any other sequence to the loss:

- a) The use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
- b) It is carried out by means of dispersal or application of pathogenic or poisonous biological or chemical materials; or
- c) Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the **terrorism** was to release such materials; or
- d) Action taken to prevent, defend against, respond to or retaliate against **terrorism** or suspected **terrorism**.

24. Fungus, Mold or Mildew:

This policy is extended to cover the direct physical loss or damage to insured property caused by or resulting from **fungus, mold or mildew**, when **fungus, mold or mildew** is the direct result of direct physical loss or damage insured by this policy. This coverage includes any cost or expense to clean up, remove, contain, treat, detoxify or neutralize **fungus, mold or mildew** from insured property resulting from such loss or damage.

25. Deferred Payment:

- a) This policy is extended to cover the Insured's financial interest in personal property that has been sold by the Insured under; written lease, installment sale, deferred payment, or conditional sales contract, if such property sustains direct physical loss or damage insured by this policy and only to the extent the Insured is **unable** to collect the unpaid

Property Coverage Form

balance of such interest.

This insurance attaches from the time the property is sold or leased until the Insured's financial interest in it has ceased, or the policy terminates or expires; whichever is first.

- b) The financial interest is limited to the lesser of the following:
- i. The total amount of unpaid installments with respect to properly described in paragraph a. above;
 - ii. The extent of the insured's financial interest in leased property;
 - iii. The **actual cash value** of the property at the time any loss or damage occurs;
 - iv. The cost to repair or replace the property with material of like kind and quality.

The section E., Perils Excluded, Group I, exclusions are amended as follows as respects Deferred Payment Coverage.

The following wording is added to the Group I Exclusions:

Theft or conversion by the buyer of the property after the buyer has taken possession of such property.

Coverage provided by this extension is limited to property white located within: the fifty (50) United States; District of Columbia; Commonwealth of Puerto Rico; U. S. Virgin Islands; and Canada.

26. Off-Premises Service Interruption – Property Damage:

This policy is extended to cover physical loss or damage as a direct result or interruption of the following incoming and outgoing services. The interruption must result from direct physical loss or damage by a covered cause of loss to the following property, not on the described premises:

Covered services are incoming electric, gas, fuel, steam, water, refrigeration, and outgoing sewerage, telephone and telecommunication.

There will be no coverage for; deliberate act(s) by the supplying utility to shed load to maintain system integrity, **flood** or **earth movement** whether or not such coverage is provided elsewhere in this policy, any loss caused by or resulting from loss or damage to satellites, and any loss resulting from physical loss or damage to property caused by or resulting from **terrorism**. Resultant and concurrent interruptions will be considered as one event.

27. Arson or Theft Reward:

This policy is extended to cover payment of any reward offered on the Insured's behalf for information that leads to conviction of the perpetrator(s) of:

- a) Arson; or
- b) Theft;

To insured property.

The company's total liability for any one **occurrence** will not exceed the lesser of:

- a) The sub-limit of liability shown in the Supplemental Declarations; or
- b) Ten Percent (10%) of the direct physical loss or damage to insured property.

Property Coverage Form

The company's payment of this reward will not increase regardless of the number of informants providing information that leads to a conviction.

This coverage does not cover payment of any reward offered on the Insureds behalf for information that leads to the conviction of the perpetrators of **terrorism** whether direct or indirect.

28. Money:

This policy is extended to cover direct physical loss or damage to **money** by **named perils**, except employee dishonesty.

29. Locks and Keys:

This policy is extended to cover the reasonable and necessary expense incurred by the **Insured** for replacing locks and keys by direct physical loss or damage insured by this policy.

Coverage includes the actual cost to replace, adjust or reprogram undamaged locks to accept new keys or entry codes.

30. Tenants Legal Liability and Expense:

This policy is extended to cover direct physical loss or damage by **named perils** to that part of buildings of others, including permanently attached building fixtures, leased to and occupied by the Insured at a **described location** to the extent of the Insured's legal liability for such loss or damage.

- a) Coverage provided by this Policy Sub-limit includes the following as respects any suit alleging loss or damage to that part of such buildings of others leased to and occupied by the Insured. The following are within and not in addition to the sub-limit of liability:
- i. Reasonable expenses of defending the Insured against only that part of any suit alleging such physical loss or damage to that part of such buildings of others leased to and occupied by the Insured;
 - ii. Reasonable expenses incurred by this company, this company's proportionate share of costs taxed against the Insured in any suit, and this company's proportionate share of interest accruing after entry of judgment until this company has paid, tendered or deposited into court its proportionate share of such judgment;
 - iii. Reasonable expenses, other than loss of earnings, incurred at this company's request.

- b) Additional exclusions:

This extension does not cover:

- i. Any loss resulting from physical loss or damage to any property caused by or resulting from **terrorism, Flood or Earth Movement**.
- ii. Errors and Omissions;
- iii. Any legal liability for loss or damage assumed by the Insured under any contract or agreement, whether oral or written, expressed or implied; and
- iv. That part of any settlement by the Insured to which this company has not given its prior written consent.

Property Coverage Form

- c) Additional Provisions:
- i. The specified sub-limit is the maximum amount payable in any one **occurrence** regardless of the number of **locations**, coverages or policy sub-limits. This policy sub-limit cannot be combined with any other policy sub-limits.
 - ii. This company may investigate, negotiate and settle any claim or suite as this company deems expedient and shall not be obligated under this coverage for failure to settle for any amount within the remaining sub-limit of liability.
 - iii. This company may pay, tender or deposit into court the remaining sub-limit of liability in full satisfaction of its liability under this coverage, and thereby terminate any further liability for any amount in paragraph a. above.

31. Soft Costs for Property in the Course of Construction/Renovation:

This policy is extended to cover **soft costs** as a result of direct physical loss or damage insured by this policy to insured property at **locations** undergoing alterations or additions to existing property and property in the course of construction. This coverage applies from the time of such physical loss or damage until the property is restored to the same degree of completion as existed prior to the physical loss or damage but for no more than 365 consecutive days from the date of such physical loss or damage.

32. Personal Property of Employees:

This policy is extended to cover Personal Property of officers, directors, and employees of the insured, while at a **described location**; unless otherwise scheduled on each statement of values for each State Agency entity. This extension does not apply to personal property of others while in the care, custody, or control of the insured or where contractually obligated to insure.

33. Debris Removal:

This policy covers the reasonable and necessary expense of removal of debris from a **described location** remaining as a direct result of direct physical loss or damage insured by this policy to insured property.

There is no coverage for the expense of removing or disposing of:

- a) Contaminated uninsured property; or
- b) The contamination in or on uninsured property;

Whether or not the contamination resulted from direct physical loss or damage insured by this policy.

Contamination includes, but is not limited to, **pollutants**.

- c) Tree(s), unless tree(s) cause damage to real or personal property at an insured **location**, and expense is provided only for tree(s) that have caused the damage.

34. Property Removed from Described Locations:

This policy covers insured property when removed from a **location** in order to avoid or prevent immediately impending direct physical loss or damage insured by this policy to insured property.

This coverage does not include property covered by other insurance.

Property Coverage Form

This coverage applies for a period:

- a) Of 180 days from the date of removal; but
- b) Not beyond the termination or expiration date of this policy.

35. Protection and Preservation of Property:

This policy covers the reasonable and necessary costs incurred to temporarily protect or preserve insured property, at a **location** in order to avoid or prevent immediately impending direct physical loss or damage insured by this policy to insured property.

This coverage does not cover costs incurred to temporarily protect or preserve property to avoid or prevent immediately impending physical loss or damage covered by Section C., Policy Sub-limits, Item 23. **Terrorism.**

D. PROPERTY EXCLUDED

This policy does not insure the following property unless coverage is specifically included in Section C., Policy Sub-limits, or elsewhere in this policy:

1. Land, water, or any substance in or on land, pavement and roadways, trees, shrubs, plants and lawns, growing crops or standing timber, and animals.
2. Bridges and tunnels used for vehicular traffic, reservoirs, canals and dams.
3. Furs and fur garments; jewels, jewelry, watches, pearls; precious and semi-precious stones, gold, silver, platinum and other precious metals and alloys; all for loss caused by theft. This exclusion does not apply to precious metals and precious stones used by the **Insured** for industrial purposes.
4. Currency, **money**, notes, **securities**, accounts, bills, tickets, tokens, evidences or debt.
5. **Electronic data processing media and data, valuable papers and records, and fine arts.**
6. Motor vehicles licensed for highway use or owned by officers and employees of the insured , except this does not include scheduled camper trailers and boat trailers.
7. Satellites, aircraft and Unmanned Aircraft Systems (UAS) drones.
8. Personal property sold by the Insured under conditional sale, trust agreement, installment payment, or deferred payment plan after delivery to the customer.
9. Personal property in the custody of the Insured acting as a warehouseman, bailee for hire, or carrier for hire.
10. Underground mines, caverns, and mining property within the foregoing,
11. Property while in transit.
12. Underground Pipes, Cables, Tanks, Flues, Drains, Vaults and Caskets.

Property Coverage Form

E. PERILS EXCLUDED

GROUP I. This policy does not insure against loss or damage caused directly or indirectly by or resulting from any of the following. Loss or damage is excluded regardless of any other cause or event whether or not insured under this policy that contributes concurrently or in any sequence to the loss or damage.

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 insured but not including any loss or damage due to nuclear reaction or nuclear radiation or radioactive contamination.
 - b. This policy does insure against physical loss or damage directly caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted at **location**, provided that at the time of such loss or damage there is neither a nuclear reactor nor any new or used nuclear fuel at the **location**. Such coverage does not apply to any act, loss or damage excluded in Section E., Perils Excluded, Group I, Item 2 f.
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:
 - i. Any government or sovereign power (de jure or de facto);
 - ii. Any military, naval or air forces; or
 - iii. Any agent or authority of any party specified in (1) or (2) 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 customs regulation, or confiscation by order of government or public authority.
- e) Risks of contraband or illegal transportation or trade.
- f) **Terrorism**, including action taken to prevent, defend against, respond to or retaliate against **Terrorism** or suspected **Terrorism**, except to the extent provided in Section C, Policy Sub-limits, 23. **Terrorism**. However, if direct loss or damage by fire results from any of these acts (unless committed by or on behalf of the insured), then this Policy covers only to the extent the **Actual Cash Value** of the resulting direct loss or damage by fire to property insured. This coverage exception for such resulting fire loss or damage does not apply to any coverage provided in any Business Interruption Endorsement, if any, which may be a part of this Policy, or any extension of such coverage, or to any other coverages provided by this Policy.

Any act which satisfies the definition of **Terrorism** provided in Section G, Definitions, or in any **Terrorism** Endorsement to this policy, shall not be considered to be vandalism, malicious mischief, riot, civil commotion, or any other risk of physical loss or damage which may be covered elsewhere in this Policy.

If any act which satisfies the definition of **Terrorism** provided in Section G, Definitions, or in any **Terrorism** Endorsement to this policy, also comes within the terms of the hostile or warlike action exclusion of this Policy in Section E, Group I, 2.a., the hostile or warlike action exclusion applies in place of this exclusion.

Property Coverage Form

If any act excluded herein involves nuclear reaction, nuclear radiation or radioactive contamination, this exclusion applies in place of the nuclear hazard exclusion of this Policy, Section E, Group I, 1.

3. Loss of market; loss of use; damage or deterioration arising from any delay, whether such delay is caused by a peril insured against or otherwise; loss caused by any legal proceeding.

4. a) Misappropriation;
 b) Conversion;
 c) Infidelity; or
 d) Any dishonest act;

Whether committed alone or in collusion with others at any time, on the part of the Insured or any additional interest, employees, directors, officers, or agents of the Insured, or any person to whom the property may be entrusted (bailees for hire excepted). A willful act of destruction committed by employees of the Insured or others listed above, without the knowledge of the Insured, resulting in physical damage, is covered. Such coverage does not apply to any act excluded in Section E., Perils Excluded, Group I, Item 2 f. However, theft by employees of the Insured or others listed above is not covered.

5. a) Unexplained loss, mysterious disappearance, or loss or shortage disclosed on taking inventory; except that this exclusion will not apply to property while in the custody of any bailee.
 b) The voluntary parting with title or possession of property if induced by any fraudulent act or by false pretence.

This exclusion does not apply to coverage provided in Section C., Policy Sub-Limits, Item 22. Personal Property in Transit.

6. The lack of power or other incoming service supplied from off a **location**. If direct physical loss or damage insured by this policy results to insured property, the resulting damage is covered.

7. **Earth Movement**, except as provided in Section C., Policy Sub-limits, Item 1a.1b., **Earth Movement**. Loss by fire, explosion or sprinkler leakage ensuing from **earth** movement is covered by this policy.

This exclusion does not apply to coverage provided in Section C., Policy Sub-limits, Item 22. Personal Property in Transit.

8. Indirect or remote loss.

9. The failure or malfunction of any **Exterior Insulation and Finish System (EIFS)** or the cost to repair the **EIFS**, including loss or damage caused by:
- a) Water penetration from any source;
 - b) Failure of sealants in any form;
 - c) Leaching of any kind;
 - d) Discoloration of the exterior paint or finish, or
 - e) Damage to materials between the **EIFS** and the interior finish of the building; damage to the interior finish of the building.

Property Coverage Form

Any other loss or damage resulting from the failure or malfunction of the **EIFS** to prevent migration of water into the structure is excluded unless fire, explosion, or sprinkler leakage results, in which case this policy covers only the damage caused by the fire, explosion, or sprinkler leakage.

10. **Fungus, mold or mildew**, except as provided in Section C., Policy Sub-limits, Item 24.
11. Bookkeeping, accounting, or billing error or omission; alteration, falsification, manipulation, concealment, destruction or disposal of records of accounts receivable; committed to conceal the wrongful giving, taking, obtaining or withholding of **money, securities**, and/or other property as respects to Section C., Policy Sub-limits, Item 17. Accounts Receivable.
12. This policy does not cover the interests of a contractor to the extent that the Insured has agreed, prior to loss, to keep such interests insured.

GROUP II. This policy does not insure against loss or damage caused by the following; however, if direct physical loss or damage insured by this policy results, then that resulting direct physical loss or damage is covered.

1. Wear and tear, deterioration, inherent vice, latent device, vermin or insects.
2. Defects in materials, faulty workmanship, faulty construction or faulty design.
3. Loss or damage to stock or materials attributable to manufacturing or processing operations while such stock or materials are being processed, manufactured, tested, or otherwise being worked upon.
4. Dampness or dryness of atmosphere; changes of temperature: freezing, except damage to fire protective equipment caused by freezing; heating shrinkage; evaporation; depletion; erosion; loss of weight; change in color, flavor, texture or finish; rust; corrosion
5. Contamination, including but not limited to **pollution**.
6. Settling, cracking, shrinkage, bulging, or expansion of:
 - a) Foundations;
 - b) Walls;
 - c) Floors;
 - d) Roofs;
 - e) Ceilings.
7. Exposure to rain, sleet, snow, sand, or dust to personal property in the open.

F. GENERAL CONDITIONS:

1. First Named Insured:

The First Named Insured shown in the declarations section:

- a) Is responsible for the payment of all premiums
- b) Will be the payee for any return premiums

Property Coverage Form

- c) May authorize changes in the terms and conditions of this policy with the consent of the company.

This policy's terms can be amended or waived only by endorsement issued by this company and made a part of this policy.

Loss or damage will be adjusted with the first named Insured and payable to or as the first named Insured directs subject to: mortgagee; lender; or similar interests; as their interest may appear as shown on the certificates of insurance issued prior to loss by the insured's broker and on file with this company. The effective date of any interests will be the issue date of the certificates unless a later date is specified on the certificate of insurance.

2. Inspections:

This company, at all reasonable times, will be permitted, but will not have the duty, to inspect property.

This company's:

- a) Right to make inspections; or
- b) Making of inspections or inspection reports;

Will not constitute an undertaking, on behalf of or for the benefit of the named Insured or others, to determine or warrant that any property is safe or healthful.

3. Examination of Books and Records:

This company or its duly appointed representative will be permitted to:

- a) inspect the insured property;
- b) Examine and audit books and records;

As they relate to this policy:

- a) Any time during the policy period.
- b) Up to three years after the expiration of coverage.

4. No Benefit to Bailee:

No person or organization, other than the Insured, having custody of insured property will benefit from this insurance.

5. Control of Property:

This policy will not apply to any **location** where there is an increase in hazard over which the Insured has control and knowledge. Any increase in hazard at one or more **locations** will not affect coverage at other **locations** where, at the time loss or damage, the increase in hazard does not exist.

6. Retentions / Deductibles Clause:

A) Application of Aggregate Retentions and Deductibles:

1. For the annual period commencing with the effective date of this policy and each annual period thereafter, this company will not be liable for loss to covered property until the Insured sustains a loss or losses that exceeds the aggregate retention of \$2,500,000, regardless of the number of

Property Coverage Form

locations affected and only after the applicable State Agency Entity retentions outlined in Endorsement B are satisfied for each loss that would have been payable under this policy.

2. If the Insured's aggregate retention of \$2,500,000 is exceeded during any applicable policy year, the State Agency Entity retention amounts outlined in Endorsement B will apply for each loss under this policy for the remaining unexpired term of that policy year. Each applicable State Agency Entity retention shall apply in the event an occurrence involves more than one State Agency Entity.

3. Any subsequent recoveries on losses reported to the company for purposes of arriving at the Insured's aggregate retention will be applied as if they were received prior to the payment of any loss. For purposes of this coverage, the term aggregate retention will mean the total of the Insured's net self-insured retention per claim after the application of all salvage, subrogation, or other recoveries have been realized. Any subrogation or recovery received after the Insured's aggregate retention has been paid shall be remitted directly to the company from the State Agency Entity or other applicable source.

4. Losses caused directly by **Earth Movement, Flood, Boiler and Machinery, or Money**, if such coverage is provided, will not be included in the aggregate retention of losses retained by the Insured described in the first paragraph of this aggregate retention section and such losses will be subject to the respective retentions and deductibles for **Earth Movement, Flood, Boiler and Machinery, and Money**.

5. Each applicable State Agency Entity retention, for each loss, shall apply separately as outlined in Endorsement B. However, the maximum per occurrence State Agency Entity retention applied shall not exceed the largest applicable retention, if multiple retentions apply.

B) Other Loss Category Retentions and Deductibles:

The following deductible amounts shall apply per occurrence for loss or damage under this policy as outlined in the loss categories below:

1. All Risks of Direct Physical Loss or Damage State Agency Entity Retention per occurrence:

Retentions ranging from \$2,500 to \$100,000, as applicable to various State Agency Entities separately as outlined in Endorsement B, shall apply for each loss that is payable under this policy loss. Each applicable State Agency Entity retention shall apply in the event an occurrence involves more than one State Agency Entity.

All risks of direct physical loss or damage losses shall apply to the aggregate retention; except as follows:

2. Earth Movement Retention (per occurrence for all coverages provided):

For each occurrence, this company will not be liable for loss or damage to insured property unless the amount of loss or damage exceeds 5% of the combined value of property at the **location** where loss or damage occurs, in accordance with the valuation section of this policy and annual business interruption value as defined in the Business Interruption Endorsement attached to this policy at the time such loss or damage at the **location** where loss occurs, subject to a minimum deductible amount of \$25,000 per **location**. If coverage is provided for more than one **location**, this deductible percentage or minimum deductible amount will be calculated for and applied separately to each **location**. **Location** is defined as per line listed on statement of values, not physical address.

Earth Movement Losses shall not apply to the aggregate retention.

Property Coverage Form

3. Flood Retention (per participating State Agency Entity, per occurrence for all coverages provided):

Zone A locations – to apply per location per occurrence for all coverages provided:

\$500,000 Real Property

\$500,000 Personal Property

All other Zones – to apply per participating State Agency Entity per occurrence for all coverages provided:

\$100,000.

Location means the location as specified in the current Schedule of Values on file with the company. A location is further defined where there is continuous land ownership for each described location scheduled for an insured State Agency Entity. Any railroad, roadway, or waterway shall not render such separation for the purpose of this definition. It is further understood that if multiple State Agency Entities are considered as part of one **Location**, each State Agency Entity will have its own separate **flood** retention. If various retentions are involved within a single State Agency Entity for a **flood** at one **Location** then the largest retention will apply per State Agency Entity.

Flood Losses shall not apply to the aggregate retention.

4. Boiler and Machinery Deductible:

\$10,000 Per Occurrence.

Boiler and Machinery Losses shall not apply to the aggregate retention.

5. Money Deductible:

\$50,000 Per Occurrence.

Money Losses shall not apply to the aggregate retention.

7. Vacant or Unoccupied Buildings:

When a building becomes vacant or unoccupied because normal operations have ceased for (60) sixty consecutive days; then the company will:

- 1) Not cover any loss or damage caused by or resulting from: vandalism, sprinkler leakage, breakage or building glass, water damage, theft, attempted theft, any loss covered under C., Policy Sub-Limits, Item 20. Demolition and Increased Cost of Construction and any loss covered under C., Policy Sub-Limits, Item 24. Fungus, Mold or Mildew; all regardless of the cause of loss; and
- 2) Value the loss or damage at such building on the lesser of the actual cash value, the cost to repair, or the sale value of the property less the value of the land.

8. Other Insurance / Excess Insurance / Underlying Insurance:

If there is other insurance covering the same loss or damage that is covered:

- a) Under this policy; and
- b) Any other policy;

Property Coverage Form

Then this insurance will apply only as excess and in no event as contributing insurance, and then only after all other insurance has been exhausted, whether or not such insurance is collectible.

Permission is granted for the Insured to purchase:

- 1) Excess insurance over the limit(s) of liability in this policy;
- 2) Underlying insurance on all or any part of the deductibles of this policy.

If the limits of the underlying insurance exceed the deductible that would apply under this policy, then the insurance provided by this policy will apply only after that portion that exceeds the deductible has been exhausted.

Except for the foregoing, the existence of such underlying or excess insurance will not:

- a) Prejudice; or
- b) Reduce;

Any recovery payable under this policy.

9. Reinstatement of Limits after a Loss:

Except for those perils subject to an annual aggregate limit of liability, any loss or payment of any claim will not reduce the amount payable under this policy.

10. Liberalization Clause:

If this company adopts a revision that would broaden the coverage under this policy Form without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

11. Transfer of Rights and Duties under this Policy:

The Insured's rights, interests and duties under this policy may not be transferred or assigned without this company's written consent

12. Legal Action against this Company:

No suit, action, or proceeding for the recovery or any claim under this policy, will be sustainable in any court of law or equity unless:

- a) The insured has fully complied with all terms and conditions of the policy; and
- b) Such suit, action or proceeding is initiated within two years after the date on which the direct physical loss or damage first commenced or occurred.

13. Subrogation:

The Insured must cooperate in any subrogation proceedings. This company may require from the Insured an assignment of all rights of recovery against any party for loss to the extent of this company's payment.

This company will not acquire any rights of recovery that the Insured has expressly waived prior to a **loss**. No such waiver will affect the Insured's rights under this policy.

Any recovery from subrogation proceedings, less expenses incurred by this company in such proceedings, will be payable to the Insured in the proportion that the amount of:

Property Coverage Form

- a) Any applicable deductible; and
 - b) Any provable uninsured loss;
- Bears to the entire loss amount.

14. Basis of Valuation:

Adjustment of loss amount(s) under this policy will be determined based on the cost of repairing or replacing (whichever is the lesser), at the time of loss, with materials or equipment of like kind and quality without deduction for depreciation, except as provided in this valuation section.

- a) The following property, unless endorsed, will be valued at the time of loss as follows:
 1. **Stock in process:** the value of **raw materials** and labor expended plus the proper proportion of overhead charges.
 2. **Finished goods** manufactured by the Insured, and other goods sold awaiting delivery: the regular cash selling price at the **location** where loss occurs, less all discounts and charges which the Merchandise would have been subject to had no loss occurred.
 3. **Raw materials**, supplies, and other merchandise not manufactured by the Insured: the replacement cost.
 4. Property of others: the amount for which the Insured is legally liable, but not exceeding the replacement cost.
 5. Un-repairable electrical and mechanical equipment, including **electronic data processing equipment**, the cost to replace with equipment that is the most functionally equivalent to that damaged, even if such equipment has technological advantages and/or represents an improvement in function and/or forms part of a program enhancement.
 6. Should Electronic Data and Media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost to repair, replace or restore such media to the condition that existed immediately prior to such loss or damage, including the cost of reproducing any Electronic Data and Media contained thereon, providing such media is repaired, replaced or restored. Such cost of reproduction shall include all reasonable and necessary amounts, not to exceed \$25,000,000 any one loss, incurred by the Insured in recreating, gathering and assembling such Electronic Data and Media. If the data and media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However, this Policy does not insure any amount pertaining to the value of such Electronic Data and Media to the Insured or any other party, even if such Electronic Data and Media cannot be recreated, gathered or assembled.
 7. Landscaping Improvements will be limited to standard local nursery stock.
 8. **Fine arts** are valued at the lesser of:
 - a. The cost to repair or restore the article to the condition that existed immediately prior to the loss;
 - b. The cost to replace the article; or

Property Coverage Form

- c. The value designated for the article on the schedule of **fine arts** on file with this company.

In case of physical loss or damage to an article that is part of a pair or a set, this company will pay the full amount of the value of such pair or set only if the damaged article cannot be repaired or restored to its condition before the loss; and the Insured surrenders the remaining article or articles of the pair or set to the company.

- 9. Accounts receivable is valued at the sum due which the Insured is unable to collect from customers, and includes:
 - a. Interest charges on any loan to offset impaired collections pending repayment of such sums that can not be collected;
 - b. Collection expenses in excess of normal collection cost; and
 - c. Other reasonable expenses incurred by the Insured in recreating records of accounts receivable.

If the Insured is unable to accurately determine the amount of outstanding accounts receivable at the time of loss, the following method will be used:

- (1) Determine the total average monthly amounts of accounts receivable *for* the 12 months immediately preceding the month in which loss occurs; and
- (2) Adjust that total for any fluctuations in the month in which loss occurs, or for any demonstrated variance for that month.

Unearned interest charges and service charges on deferred payment accounts and normal credit losses on bad debts will be deducted.

After payment of loss by the company, all amounts recovered by the Insured on accounts receivable for which the Insured has been indemnified will belong to and be paid to the company by the Insured up to the total amount of loss paid by this company. All recoveries in excess of such amounts will belong to the Insured.

- 10. **Valuable papers and records** is valued at: the cost to replace or restore the property with other of like kind and quality including the cost of researching, gathering and/or assembling information. If the information is not replaced or restored, the company will pay the blank value of such **valuable papers and records**.

- 11. Property while in transit is valued as follows:

- a. For property shipped to or for account of the Insured: the actual invoice to the Insured, together with such costs and charges (Including the commission of the Insured as selling agent) as may have accrued and become legally due on such property.
- b. For property that has been sold by the Insured and shipped to or for account of the purchaser (if covered by this policy): the amount of the Insured's selling invoice, including prepaid or advanced freight.
- c. For property not under invoice: the actual cash market value at point of destination on the date of disaster, less any charges saved which would have become due and payable upon delivery at destination.

Property Coverage Form

- 12.** Property that is damaged by fire and such fire is the result of **terrorism** and the statutory law of the jurisdiction in which the physical loss occurs requires coverage for such direct physical damage by fire, the **actual cash value** for any portion of the fire damage loss which exceeds the limit of liability provided in the declarations section.
- 13.** With respect to buildings designated by a local, state, or federal authority to be of historical significance or of historical value, such rebuilding, repairing or replacement shall be with modern material, workmanship processes, technologies and designs, and shall not include the cost of re-creating outdated, archaic or antiquated materials, workmanship, processes, technologies, or designs, whether or not such cost otherwise would be covered under Section C., Policy Sub-limits, Item 20., Demolition and Increased Cost of Construction.

This does not apply to buildings where the values reported include the cost of re-creating outdated, archaic or antiquated materials, workmanship, processes, technologies, or designs, whether or not such cost otherwise would be covered under Section C. Policy Sub-limits Item 20., Demolition and Increased Cost of Construction.

- 14.** Lawn care equipment with a combustion engine of 20hp or less will be valued at Replacement cost valuation.
- 15.** Library Books, Periodicals, and Rare Books:
- a. Library Books and Periodicals will be valued at the lesser of:
- 1) The value designated for each book and periodical (including the cost of re-shelving and processing) as:
 - i. Books - \$500.00 per volume on average
 - ii. Audio/Visual - \$600.00 per volume on average
 - iii. CDs - \$700.00 per volume on average
 - 2) The cost to repair or restore the article to the condition that existed immediately prior to the loss.
- b. Rare Library books will be valued at the lesser of:
- 1) The cost to repair or restore the rare book to the condition that existed immediately prior to the loss;
 - 2) The cost to replace the rare book; or
 - 3) The value designated for the rare book on the schedule of Rare Books on file with this Company, if not scheduled, the value designated for each rare book as shown in the declarations.

In case of loss or damage to an article that is part of a pair or set, this company will pay the full amount of the value of such pair or set only if:

- (a) The damaged article cannot be repaired or restored to its condition before the loss; and
- (b) The Insured surrenders the remaining article or articles of the pair or set to the company.

b) The Insured may:

1. Voluntarily elect to rebuild on another site provided that such rebuilding does not increase the amount of loss or damage which would otherwise be payable to rebuild at the current site.

Property Coverage Form

2. Submit claim based on the **actual cash value** of the property lost or damaged until repair or replacement has been completed. The Insured may still claim for the additional coverage which replacement cost provides if notification of intention to do so is received by the company within 180 days after the loss or damage.
- c) Replacement cost is subject to all the terms, conditions and limitations of the policy (including any endorsements) and the following additional provisions:
1. The Insured must execute repairs or replacement with due diligence and dispatch.
 2. In no event will payment exceed the actual cost incurred for repairs, replacement, or the limit of liability stated in this policy, whichever is the lesser.
 3. If during the term of this policy, any insured real property is offered for sale, the liability for loss or damage will not exceed the lesser of:
 - a. The price of the offer for sale while the property is offered for sale (with proper deduction for the value of any land); or
 - b. The cost to repair or replace.

The Insured may elect not to repair or replace the property. Loss valuation may be elected on the lesser of repair or replacement cost basis if the proceeds of the loss valuation are expended on other capital expenditures related to the Insured's operations within two (2) years from the date of loss. As a condition of collecting under this item, such expenditures must be unplanned as of the date of loss and be made at a **described location**. This loss valuation does not include any amount that would or could have been paid under section C., Policy Sub-limits, Item 20. Demolition and Increased Cost of Construction, Items A. thru D.

If the Insured fails to comply with any of the valuation provisions or does not repair or replace the property within two (2) years from the date of loss, the basis of valuation will revert to the **actual cash value** as defined in this policy.

- d) Agreed Value Amount when specified.

Agreed Value amount means replacement cost up to the limit of liability scheduled for the damaged building or structure. The State shall have the option to reconstruct the same building, similar building or different building at the same **location** or different **location**, up to the agreed value amount, or accept a cash settlement for the full-agreed amount, less the retention. All claims will be based on repair or replacement with like construction materials at the same **location**.

15. Brands and Labels:

If branded or labeled property covered by this policy is damaged by direct physical loss or damage insured by this policy and this company elects to take all or any part of such property at the value established by the terms of this policy, the Insured may at insured's own expense:

- a. Stamp "salvage" on the property or its containers; or
- b. Remove or obliterate the brands or labels;

If doing so will not physically damage the property.

The Insured must re-label the property or containers in compliance with the requirements of law.

Property Coverage Form

16. Pairs and Sets:

This policy covers the reduction in value of the undamaged portion of Insured personal property that is a part of a pair or set directly resulting from direct physical loss or damage insured by this policy to other insured parts of such pairs or sets. If settlement is based on a constructive total loss, the Insured will surrender the undamaged parts of such property to the company.

17. Cancellation:

- a. The first named Insured may cancel this policy at any time by:
 - 1) Surrendering the policy to the company
 - 2) Mailing or delivering to the company advance written notice of cancellation.
- b. This company may cancel this policy by:
 - 1) Mailing; or
 - 2) Delivering;

Written notice of cancellation to the first named Insured at the address as stated in the declarations section, not less than:

- a) Ninety (90) days; or
- b) Ten (10) days for non-payment of premium;

Before the effective date of cancellation.

Proof of mailing or delivery will be sufficient proof of notice.

- c. This company will return unearned premium to the Insured:
 - 1) On a pro rata basis if this company cancels the policy.
 - 2) 90% of the pro rata basis if the Insured cancels the policy.

18. Currency:

Any amounts specified in this policy, including but not limited to premium, limit(s) of liability, deductible(s), and loss payable will be considered to be in Canadian currency for **locations** situated in Canada and in United States of America currency for all other **locations**, unless, specified otherwise.

19. Conformity to Statute:

Terms of **this** policy, which are in conflict with the statutes of the jurisdiction where the insured property is located, are amended to conform to such statutes.

20. Suspension:

Upon discovery of a dangerous condition, any representative of the company may immediately suspend **the boiler and machinery** insurance with respect to any machine, vessel or part thereof by giving written notice to the Insured. The insurance that is suspended may be reinstated by the company. The insured will be allowed the return of the unearned portion of the premium resulting from the suspension of insurance.

If coverage is suspended, it will also be immediately suspended for any:

- a) Mortgagee;
- b) Lender; or
- c) Additional named interest;

By written notice of suspension.

Property Coverage Form

G. DEFINITIONS:

Actual Cash Value means the cost to repair or replace the property, at the time and place of the loss or damage, with material of like kind and quality, less proper deduction for obsolescence and physical depreciation.

Boiler and Machinery means:

1. Direct physical loss or damage originating within:
 - a. Boilers, fired or unfired pressure vessels, vacuum vessels, and pressure piping, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:
 - 1) Waste disposal piping;
 - 2) Any piping forming part of a fire protective system;
 - 3) Furnaces; and
 - 4) Any water piping other than:
 - (a) Boiler feed water piping between the feed pump or injector and the boiler;
 - (b) Boiler condensate return piping; or
 - (c) Water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes.
 - b. All mechanical, electrical, electronic or fiber optic equipment, and
2. Caused by, resulting from, or consisting of:
 - a. Mechanical breakdown; or
 - b. Electrical or electronic breakdown; or
 - c. Extremes or changes of temperature; or
 - d. Rupture, bursting, bulging, implosion, or steam explosion.

Boiler and Machinery does not mean:

Physical loss or damage caused by or resulting from any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss:

- a. Combustion explosions, except from within combustion gas turbines; or
- b. Explosions from liquids coming in contact with molten materials; or
- c. Accidental discharge, escape, leakage, back-up, or overflow to the open of any material from confinement within piping, plumbing systems, or tanks except from property described in item 1 above; or
- d. Fire, or from the use of water or other means to extinguish a fire.

Described Locations means the locations described in the most current Schedule of Values on file with the Company .

Earth Movement means any natural **or man-made, earth movement**, including but not limited to earthquake; landslide, mudflow, subsidence and earth sinking, rising or shifting that results from, contributes to, or is aggravated by any of the above.

Property Coverage Form

Earth Movement Zones 2 and 3:

The following are considered Zone 2 and 3 Counties:

Clay, AR
 Craighead, AR
 Crittenden, AR
 Cross, AR
 Greene, AR
 Independence, AR
 Jackson, AR
 Lawrence, AR
 Lee, AR
 Mississippi, AR
 Monroe, AR
 Phillips, AR
 Poinsett, AR
 Randolph, AR
 St. Francis, AR
 White, AR
 Woodruff, AR

Electronic Data Processing (EDP) Equipment means data processing systems, component parts and related peripheral equipment including air conditioning and fire protection equipment used solely for data processing operations. Equipment does not include electronic systems that control production machinery or the production machinery itself or any memory bank attached to the production machinery. Equipment does not include property in the course of manufacture or property the Insured holds for sale or demonstration.

Electronic Data and Media means data, messages, information, coding, programs, instructions or any other software stored on electronic, electromechanical, electromagnetic data processing or electronically controlled production equipment and distributed by means of a computer network or is produced in a format for use with a computer.

Exterior Insulation and Finish System (EIFS) means any exterior cladding or finish system used on any part of any structure and consisting of: a rigid or semi-rigid insulation board made of expanded polystyrene or other materials; adhesive and/or mechanical fasteners used to attach the insulation board to the substrate; a reinforced base coat; and a finish coat providing surface texture and color, including sealant around windows and other penetrations.

Fine Arts means paintings; etchings; pictures; tapestries; rare or 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.**

Finished Goods means stock manufactured or processed by the Insured which is ready for packing, shipment, or sale.

Flood means any surface water; tidal or seismic sea wave; tsunami; rising (including overflowing or breaking of boundaries) of any body of water, including but not limited to reservoirs, lakes, streams, rivers, ponds and harbors all whether driven by wind or not, and including spray from any of the forgoing that results from, contributes to, or is aggravated by any of the above. **Flood** also includes physical loss or damage from water which backs up through sewers or drains that are below ground level as a result of **flood.**

Property Coverage Form

Flood Zone Definitions:

Zone A Flood Definition -

1. Any **flood** zone or area designated by the Federal Emergency Management Agency (FEMA) as subject to a **flood** frequency up to and including the 100 year frequency; or
2. The peril of **flood** is covered in an area protected by dams, levees, dikes, or walls which:
 - a. Protect such areas from at least the level of the 100 year **flood**, and have no such openings or **flood** gates, and
 - b. Were built by and are either maintained or inspected by the United States (U.S.) Army Corps of Engineers.

Zone B and Zone X Shaded Flood Definition -

1. Any **flood** zone or area designated by the Federal Emergency Management Agency (FEMA) as subject to a **flood** frequency greater than 100 year frequency and up to but not including areas outside the 500 year frequency; or
2.
 - a. Protect such areas from at least the level of greater than 100 year **flood** and up to but not including areas outside the 500 year **flood**, and have no such openings or **flood** gates; and
 - b. Were built by and are either maintained or inspected by the United States (U.S.) Army Corps of Engineers.

Fungus, Mold or Mildew means: fungus; including but not limited to mildew and mold; protist; wet rot; dry rot; or bacterium; or chemical matter or compounds produced or released by such fungus, protist, wet rot, dry rot, or bacterium.

Location means **described location**, Unnamed Location, or Newly Acquired Property

Money means USA Federal Reserve Notes, USA minted coins, bank notes and bullion, and traveler checks, registered checks and money orders held for sale to the public. only

Named Perils means: fire, lightning, **wind and/or hail**, explosion, smoke, impact from aircraft and vehicles, objects falling from aircraft, strike, riot, civil commotion, vandalism, theft, attempted theft, sprinkler leakage, or collapse of buildings.

Occurrence means 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 ice storm, tornado, cyclone, hurricane, windstorm, hail, **flood**, riot, riot attending a strike, civil commotion, vandalism and malicious mischief, or **terrorism**, one event shall be construed to be all losses arising during a continuous period of 72 hours. When filing proof of loss, the Insured may elect the moment at which the 72 hour period shall be deemed to have commenced, which may not be earlier than the time when the first loss to covered property occurs.

Pollutant means any solid, liquid, gaseous or thermal irritant or substance, including, but not limited to, fiber, smoke, vapor, soot, fumes, acids, alkalis, chemicals, biological agents and waste. Waste includes, but is not limited to, materials to be recycled, reconditioned or reclaimed.

Pollution means the presence, discharge, dispersal, seepage, migration, release or escape of any

Property Coverage Form

material, which causes or threatens damage to human health or human welfare, or causes or threatens damage, deterioration, and loss of value, marketability, or loss of use to insured property. Such material includes but is not limited to fungi, bacteria, virus, hazardous substances, or **pollutants**.

Processing Water means water that is contained within any enclosed tank, piping system or any other processing equipment.

Raw Materials mean materials and supplies in the state in which the Insured receives them for conversion by the Insured into **finished goods**.

Securities mean negotiable and non negotiable instruments or contracts representing money and includes: tokens; tickets; revenue and other stamps (whether represented by actual stamps or unused value in a meter); and evidence of debt issued in connection with credit card or charge cards that are not issued by the Insured. **Securities** do not mean **money**.

Sewer Back Up means water which backs up through sewers or drains that are below ground level. **Sewer back up** does not mean loss or damage from water, which backs up through sewers or drains that are below the ground as a result of **flood**.

Soft Costs means the expenses over and above normal expenses at **locations** undergoing alterations or additions to existing property and property in the course of construction limited to the following:

1. Construction loan fees - the additional cost incurred to rearrange loans necessary for the completion of construction, repairs or reconstruction including the cost to arrange refinancing, accounting work necessary to restructure financing, legal work necessary to prepare new documents, and charges by the lenders for the extension or renewal of loans necessary.
2. Commitment fees, leasing and marketing expenses - the cost of releasing and marketing of the Insured Project due to loss of tenant(s) or purchaser(s).
3. Additional fees - for architects, engineers, consultants, attorneys and accountants needed for the completion of construction, repairs or reconstruction as a direct result of direct physical loss or damage.
4. Carrying costs - building permits, additional interest on loans, insurance premiums and property and realty taxes.

Stock in Process means **raw materials** or stock, which has undergone any aging, seasoning, mechanical or other process or manufacture, but which is not **finished goods**.

Terrorism means:

As respects the United States, its territories and possessions and the Commonwealth of Puerto Rico, the definition of **Terrorism** is agreed that an event defined as a Certified Act of Terrorism under the terms of the NATIONAL UNION FIRE INSURANCE COMPANY TERRORISM RISK INSURANCE ACT OF 2002 ENDORSEMENT attached to this policy shall be considered **Terrorism** within the terms of this policy. Notwithstanding anything contained in this policy to the contrary, this policy provides coverage for direct physical loss or damage to insured property and any resulting Business Interruption loss, as provided in the policy, caused by or resulting from a Certified Act of Terrorism only to the extent coverage is provided under the terms and conditions of the NATIONAL UNION FIRE INSURANCE COMPANY TERRORISM RISK INSURANCE ACT OF 2002 ENDORSEMENT attached to this policy. Any difference in limit between loss recoverable under the NATIONAL UNION FIRE INSURANCE COMPANY TERRORISM RISK INSURANCE ACT OF 2002 ENDORSEMENT and this policy is not recoverable under this policy.

Property Coverage Form

Vacant or Unoccupied Building(s) means a Building will be considered vacant or unoccupied when the insured does not maintain the same degree of fire protection, watch, alarm service, maintenance and occupancy due to a cessation of normal operations including substantial removal of business personal property necessary to conduct normal business operations.

Valuable Papers and Records mean inscribed, printed or written: documents; manuscripts or records including abstracts; and, accounting records, blueprints, specification manuals, deeds, drawings, films, maps, or mortgages. Valuable Papers are not **money, securities** and stamps; converted data programs or instructions used in the Insured's data processing operations; or, materials on which data is recorded.

Wind and/or Hail means direct and/or indirect action of **wind and/or hail** and all loss or damage resulting therefrom whether caused by wind, by hail or by any other peril other than fire or explosion including but not limited to, loss or damage caused when water, in any state, rain, sleet, snow, sand, dust or any other substance, material, object or thing is carried, blown, driven or otherwise transported by wind onto or into said **location**.