AGREEMENT

This policy, subject to all of it's ***terms***, provides insurance against covered loss to described property, ***business*** liability insurance and other described coverages during the policy period in return for payment of the required premium. The policy consists of this Agreement, the Declarations, Supplemental Declarations, the General Policy Provisions and any forms or endorsements made part of it, including any State mandated endorsements. Each part is subject to all of the policy ***terms*** relating to it, including the ***terms*** applicable to the entire policy.

Endorsements attached to this policy which increase existing coverage or add new coverage may result in a premium increase. Electing increased deductibles, coverage limiting endorsements or exclusionary endorsements may result in a reduction of premium.

It is recommended that ***you*** read and understand this contract and retain it for future reference.

The Table Of Contents shows the policy format. The coverage(s) ***you*** selected are shown on the Declaration Page or other attachments comprising a part of this policy.

TABLE OF CONTENTS

	Page No.
Agreement-Property Insurance	1
General Policy Provisions	2-3
Definitions	2-3
Covered Causes of Loss	3
Principal Coverages	3-6
Premises Medical Payments	6-8
General Liability Coverage Introduction	8
Incidental Coverages	8
Exclusions That Apply	9-10
Conditions That Suspend Insurance	10
How Much ***We*** Pay for Loss or Damage	10-11
Payment of Loss or Claim	11-12
What ***you*** Must Do in Case of Loss	12
Policy Conditions	12-18
Applicable General Liability Form	Att.
Additional Causes of Loss Sections	Att.

Endorsements-See endorsements (if any) attached to this policy.

In addition to any other coverage shown:
1. on the Declarations Page;
2. on the Supplemental Declarations Page;
3. on the General Policy Provisions, General Liability Coverage;
4. on any other endorsements attached to this policy;

We provide the following additional coverages subject to the ***terms*** contained in the General Policy Provisions.

The total amount recoverable under the Additional Coverages, listed below or listed on any other form made part of this policy, is not cumulative and is limited to the amounts shown.

This policy applies to the twelve property and liability coverages described below:

1. Accounts Receivable;
2. ***Business*** Credit Card, Forgery and Counterfeit Money;
3. ***Business*** Property;
4. ***Business*** Property of Others;
5. Computer Coverage;
6. Debris Removal;
7. Loss of Earnings;
8. Money and Securities;
9. Valuable Papers and Records;
10. While Away from the ***insured premises***;
11. Medical Payments; and
12. Premises and Operations Liability.

The following coverages **DO NOT APPLY** to ***your*** policy unless noted on the face of the Supplemental Declarations and the appropriate premium has been paid.

Optional Bed and Breakfast Coverages (property and liability):

1. Bailee Endorsement
2. Combination Crime Endorsement
3. Computer Floaters
4. Extra Expense Coverage
5. Liability for Guest's Property
6. Off Premises Power Clause
7. Refrigerated Food Products

1. Personal Injury Liability
2. Products/Completed Operations

Optional Liability Upgrades

1. BGL (with increased limits) (LS-5)
2. BGL-Extra (with increased limits) (LS-6)

Other forms may be made available for use with this policy.

GENERAL POLICY PROVISIONS

DEFINITIONS-The following definitions apply to this policy:

1. The words ***you*** and ***your*** refer to the person or entity named in the Declarations and the words ***we***, ***us*** and ***our*** refer to the insurance company named in the Declarations.
2. ***Business*** means a trade, profession or other occupation including farming, all whether full or part time.
3. ***Covered policy*** means a policy of commercial risk insurance, professional liability insurance or public entity insurance.
4. ***Insured*** means the person or entity named in the Declarations.
   a. ***Insured*** means ***you*** or ***your*** legal representative. However, ***your*** legal representative is an ***insured*** only with respect to property covered by this insurance.
   b. Each person listed above is a separate ***insured*** under this policy but, this does not increase ***your*** amount of insurance under this policy.
5. ***Insured premises***
   a. If ***you*** own the building described in the Declarations, the ***Insured premises*** means the building and the grounds at that location described in the policy.
   b. If, at the location described in the policy, ***you*** lease the entire building or a portion of the building, ***insured premises*** means the parts of the described premises which are used exclusively for operation of ***your*** Inn.
6. ***Nonpayment of premium*** means the failure of the ***named insured*** to discharge any obligation in connection with the payment of premiums on a policy of insurance or any installment of such premium, whether the premium is payable directly to an insurer or it's agent or indirectly under any premium finance plan or extension of credit. Payment to an insurer, or to an agent or broker authorized to receive such payment, shall be timely if made within fifteen days after the mailing to the ***insured*** of a notice of cancellation for ***nonpayment of premium***.
7. ***Renewal*** or ***to renew*** means the issuance, or offer to issue by an insurer, of a policy superseding a policy previously issued and delivered by the same insurer, or another insurer within the same group or under common management, or the issuance or delivery of a certificate or notice extending the term of a policy beyond its policy period or term. However, any policy with a policy period or term of less than one year shall be considered as if written for a policy period or term of one year, and any policy with no fixed expiration date or with a policy period or term of more than one year shall be considered as if written for successive policy periods of one year.

8. ***Required Policy Period*** means a period of one year from the date a ***covered policy*** is renewed or first issued.
9. ***Stock*** means merchandise held in storage or for sale, raw materials, and in-process or finished goods, including supplies used in their packing or shipping.
10. ***Terms*** as used in this policy means provisions, limitations, exclusions, definitions and conditions.

COVERED CAUSES OF LOSS

Covered causes of loss means risks of direct physical loss except as excluded or limited by ***your*** policy.

PRINCIPAL COVERAGES

ACCOUNTS RECEIVABLE

What *We* Pay For:

We pay up to $1000, for loss or damage to Accounts Receivable caused by covered causes of loss occurring on the described premises.

What *We* Do Not Pay For:

We do not pay for:

1. loss due to any fraudulent, dishonest or criminal act by any ***insured***, a partner, or an officer, director or trustee, while working or otherwise and whether acting alone or in concert with others;
2. loss due to bookkeeping, accounting or billing errors or omissions;
3. loss, the proof of which as to factual existence, is dependent upon an audit or inventory computation. This shall not prevent the use of such procedures in support of a claim for loss which the ***insured*** can prove, through evidence wholly apart from an audit or an inventory, is due solely to a risk of loss of records of accounts receivable but not otherwise excluded under this policy;
4. loss due to 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 or other property but only to the extent of such wrongful giving, taking, obtaining or withholding;
5. loss due to electrical or magnetic injury, disturbance or erasure of electronic recordings, except by lightning;
6. loss due to nuclear reaction, nuclear radiation or radioactive contamination, or any other act or condition incident to them; or
7. loss caused by or resulting from:
   a. hostile or warlike action in time of peace or war, including action in hindering, combatting or defending against an actual, impending or expected attack by:
      1) any government or sovereign power, or by any authority maintaining or using military, naval or airforces; or
      2) military, naval or airforces; or
      3) an agent of any such government, power, authority or forces;
   b. any weapon of war employing atomic fission or radioactive force whether in time of peace or war; or
   c. insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combatting or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.

BUSINESS CREDIT CARD, FORGERY AND COUNTERFEIT MONEY

What *We* Pay For:

We pay up to $1,000 for loss when ***you***:

1. become legally obligated to pay for the unauthorized use of credit cards issued or registered in ***your*** name;
2. suffer a loss through forgery or alteration of checks, drafts, certificates of deposit and notes including negotiable orders of withdrawal drawn or issued by ***you***; or
3. accept, in good faith, counterfeit United States or Canadian paper currency.

The sum of $ 1,000 shall be the maximum payable for loss in any one occurrence.

What *We* Do Not Pay For:

1. any loss sustained as a result of ***your*** failure to comply with all of the requirements of the credit card;
2. any loss resulting from ***your*** dishonesty;
3. any loss resulting from use of the credit card by anyone with ***your*** permission; or
4. any loss involving a bank debit card or similar device used to deposit, withdraw or transfer funds.

BUSINESS PROPERTY

We pay up to $1,000, for loss or damage to ***business*** property caused by covered causes of loss occurring on or within 100 feet of the i***nsured premises***. This includes:

1. furniture and fixtures;
2. ***your business*** personal property
3. ***your*** interest in the property of others to the extent of labor, materials or services that ***you*** provide; and
4. all other ***business*** property owned or used by ***you*** in ***your business***.

What *We* Do Not Pay For:

We do not pay for loss or damage to:

1. automobiles, motor vehicles, trailers or any other vehicle designed for use on highways to transport people or property;
2. plans, blueprints, designs, specifications or other similar property except as included in specific insuring agreements;
3. property which is intended for or has become a permanent part of any structure;
4. contractor's equipment, except as separately covered;
5. accounts, bills, currency, deeds or evidences of debt except as included in specific insuring agreements;
6. aircraft, including equipment and accessories;
7. animals, birds and fish;
8. antennas and satellite dishes, including their wiring, accessories, masts and towers;
9. bullion and manuscripts, except as included in specific insuring agreements;
10. ***business*** property away from the ***insured premises***, except as included in specific insuring agreements;
11. electronic devices, accessories or antennas that may be operated from the electrical system of a motorized vehicle, farm equipment or watercraft. This includes films, tapes, wires, discs, records or other media for use with such devices;
12. household or personal property not used in the operation of ***your*** inn;
13. loss of earnings or rents, except as included in specific insuring agreements;
14. loss due to delay, loss of market, suspension, lapse or cancellation of any lease, agreement or contract;
15. property of others, except as included in specific insuring agreements;
16. recreational vehicles, including equipment and accessories;
17. the cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media, except as included in specific insuring agreements; or
18. watercraft, including motors, equipment and accessories.

BUSINESS PROPERTY OF OTHERS

What *We* Pay For:

We pay up to $1,000 for loss or damage from covered causes of loss to property of others in ***your*** care, custody and control while on the ***insured premises***.

COMPUTER COVERAGE

What *We* Pay For:

We pay up to $1000, for loss or damage to computer equipment caused by covered causes of loss occurring on the described premises. Up to 10% of the amount of insurance may be applied to media and up to 10% of the amount of insurance may be applied to computer extra expense. These extensions does not increase the amount of insurance available for Computer Coverage.

The coverage for computer equipment, media and computer extra expense does not apply:

1. to electrical or magnetic injury, disturbance or erasure of electronic recordings;
2. to electrical equipment, including wiring, caused by or resulting from mechanical breakdown or artificially generated electrical current, except for ensuing direct loss by fire or explosion;
3. errors in programming or errors in work performed on the property; errors, omissions or deficiency in design, specifications, workmanship or materials; all except for ensuing direct loss by fire or explosion;
4. to loss caused by wear and tear, deterioration, depreciation or inherent vice, latent defect, vermin, rust, corrosion, dampness or dryness of atmosphere; and
5. to property while leased or rented to others and to custom programs, data or media which is not commercially available and cannot be replaced with other of like kind or quality or obsolete or blank media.

Definitions-the following definitions apply to this policy for Computer Equipment, Media and Computer Extra Expense:
Computer Equipment-consists of ***your*** personal computer with monitor, associated printer and modem. Other insuring forms are available for additional or related equipment.
Media-consists of converted data and commercially available programs, including the materials on which the data is recorded.
Computer Extra Expense-includes the necessary expenses in excess of normal operating expenses incurred by ***you*** to continue usual and necessary computer operations following direct physical loss or damage, not otherwise excluded, to real or personal property. This coverage applies only for the period of time necessary to restore normal computer operations.

DEBRIS REMOVAL

What *We* Pay For:
We pay up to $1,000, as an additional amount, only when the sum of necessary expense of removal of the covered debris and the covered property loss exceeds the amount of insurance applicable in this or any other policy.

LOSS OF EARNINGS

What *We* Pay For:
We pay for loss of rents when ***your*** rental income is interrupted by a covered cause of loss, subject to the provisions of this policy. The deductible does not apply to this insuring agreement.
We pay up to $1,000, for ***your*** actual loss of rents resulting directly from untenantability. ***We*** will pay for loss of rents for a period up to three (3) months. The loss is not to exceed the reduction in rents less charges and expenses that do not continue.
Your loss of rents shall be the rental income ***your business*** could reasonably be expected to have earned during the period of interruption if no loss had occurred minus the rental income ***your business*** actually earned.
Loss of rents will be paid only for the time reasonably required to rebuild, repair or replace the damaged or destroyed property. The time will begin with the date of such damage or destruction and is not limited by the policy period.
You shall make every reasonable effort to resume complete or partial operation as soon as possible and shall do everything reasonable to rebuild, repair or replace the damaged property.
Coverage also applies to expenses ***you*** incur to reduce loss of rents, but only to the extent that they actually reduce ***your*** loss of rents.
What *We* Do Not Pay For:
We do not pay for:

1. loss of rents caused by the suspension, lapse or cancellation of any lease, contract or order.
2. loss of rents caused directly or indirectly by enforcement of any local or state ordinance or law regulating the construction, repair or demolition of buildings or structures.
3. any claim for loss of rents due to interference by strikers or other persons with rebuilding, repairing or replacing property, or with the resumption or continuation of operations.

MONEY AND SECURITIES

What *We* Pay For:
We pay up to $1,000 for the loss of money and securities because of the actual destruction, disappearance or a dishonest act. This coverage applies if the loss occurs:

1. within ***your*** place of ***business*** at the ***business*** address shown on the Declaration Page;
2. within any banking premises or similar place of safe deposit;
3. outside ***your*** place of ***business*** (but within the policy territory) while in the possession of any person whom ***you*** have authorized to have custody of money and securities away from ***your*** place of ***business***; and
4. while this coverage is in effect.

The amount of $1,000 shall be the total amount of insurance on all loss of money or securities arising out of any one occurrence. All loss connected with an actual or attempted dishonest act, or series of related acts, whether committed by one or more persons, shall be deemed to rise out of one occurrence.

What *We* Do Not Pay For:
This coverage for money and securities does not apply:

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

Definitions-the following definitions apply to this policy for **money** and **securities**;

1. **Money** means currency, coins, banknotes and bullion; travelers checks, register checks and **money** orders held for sale to the public.
2. **Securities** means all negotiable and non-negotiable instruments or contracts representing either **money** or other property and includes revenue and other stamps in current use, tokens and ticket, but does not include **money**.
3. **Employee** means a person who is engaged in a service usual to ***your business*** operations and to whom ***you*** pay salary, wages or commission. ***you*** have the exclusive right to direct this person in their performance of his/her service. This definition excludes any broker, factor, commission merchant, consignee, contractor or other agent or representative.

VALUABLE PAPERS AND RECORDS

We pay up to $1,000 for loss or damage to Valuable papers and Records on the described premises.
What *We* Do Not Pay For:

1. loss due to any fraudulent, dishonest or criminal act by ***you***, a partner, an officer, director or trustee;
2. loss resulting from errors or omissions in processing or copying;
3. loss due to wear and tear;
4. loss to property which cannot be replaced by other of like kind or quality;
5. loss due to electrical or magnetic injury, disturbance or erasure of electronic recordings, except by lightning;
6. loss of property held as samples or for sale or delivery after sale; and
7. loss of **money** or **securities**.

Definitions-the following definitions apply to this policy for Valuable Papers and Records:

1. **Valuable Papers and Records** means written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages and manuscripts.
2. **Premises** means the interior portion of the building occupied by ***you*** for ***business*** purposes.
3. **Money** means currency, coins, banknotes and bullion; travelers checks, register checks and **money** orders held for sale to the public.
4. **Securities** means all negotiable and non-negotiable instruments or contracts representing either **money** or other property and includes revenue an other stamps in current use, tokens and tickets, but does not include **money**.

WHILE AWAY FROM THE *INSURED PREMISES*

What *We* Pay For:
We pay up to $1,000 for loss or damage from covered causes of loss to ***your business*** property covered under this policy while temporarily at locations that ***you*** do not own, control, operate or lease.

PREMISES MEDICAL PAYMENTS

What *We* Pay For:
We pay up to $1,000 per person and up to $25,000 per accident when two or more people sustain injuries. ***We*** pay the necessary ***medical expenses*** incurred or medically determined within one year from the date of an accident causing ***bodily injury*** to which this coverage applies. This coverage applies only to ***bodily injury***:

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

What *We* Do Not Pay For:

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

(a) ***bodily injury***:

(1) arising out of the ownership, maintenance, operation, use, entrusting, loading or unloading of:

(i) any ***automobile*** or aircraft owned or operated by or rented or loaned to any ***insured***; or

(ii) any other ***automobile*** or aircraft operated by any person in the course of his/her employment by any ***insured***, but this exclusion does not apply to the parking of an ***automobile*** on the ***insured premises*** if such ***automobile*** is not owned by or rented or loaned to any ***insured***;

(2) arising out of:

(i) the ownership, maintenance, operation, use, entrusting, loading or unloading of any ***mobile equipment*** while being used in any prearranged or organized racing, speed or demolition contest or in any stunting activity or in practice or preparation for any such contest or activity; or

(ii) the operation or use of any snowmobile or trailer designed for use therewith;

(3) arising out of the ownership, maintenance, operation, use, entrusting, loading or unloading of:

(i) any watercraft owned or operated by or rented or loaned to any ***insured***, or

(ii) any other watercraft operated by any person in the course of his employment by any ***insured***;

but this exclusion does not apply to watercraft while ashore on the ***insured premises***; or

(4) arising out of and in the course of the transportation of ***mobile equipment*** by an ***automobile*** owned or operated by or rented or loaned to any ***insured***.

(b) ***bodily injury***:

(1) included within the ***products/completed operations hazard***,

(2) arising out of operations performed for the ***named insured*** by independent contractors other than:

(i) maintenance and repair of the ***insured premises***; or

(ii) structural alterations at such premises which do not involve changing the size of or moving buildings or other structures;

(3) resulting from the selling, serving or giving of any alcoholic beverage;

(i) in violation of any statute, ordinance or regulation;

(ii) to a minor;

(iii) to a person under the influence of alcohol; or

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

but only part (i) of the exclusion (b) (3) applies when the ***named insured*** is such an owner or lessor;

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

(c) ***bodily injury***:

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

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

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

(4) to any person if any benefits for such ***bodily injury*** are payable or required to be provided under any worker's compensation, unemployment compensation or disability benefits law, or under any similar law;

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

(6) excluded under the applicable liability coverage.

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

Definition-the following definition applies to Premises Medical Payments:

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

CONDITIONS APPLICABLE TO MEDICAL PAYMENTS:

1. Medical Reports; Proof and Payment of Claim:
   As soon as practicable, the injured person or someone on his/her behalf shall give to ***us*** written proof of claim, under oath if required, and shall, after each request from ***us***, execute authorization to enable ***us*** to obtain medical reports and copies of records. The injured person shall submit to physical examination by physicians selected by ***us*** when and as often as ***we*** may reasonably require. ***We*** may pay the injured person or any person or organization rendering the services and the payment shall reduce the amount payable for such injury.
   Payment shall not constitute an admission of liability of any person or of ***us***.

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

GENERAL LIABILITY COVERAGE

The Premises and Operations Liability Insurance Coverage (LS-1) is the standard insuring agreement forming a part of this policy. ***We*** pay up to $25,000 (or the additional amount specified on the Declarations or Supplemental Declarations) for ***bodily injury*** and ***property damage*** caused by an ***occurrence*** within the ***coverage territory*** during the policy period. The LS-1, or any substitute form shown on the Supplemental Declarations, will be included in it's entirety with this policy.
The complete Premises and Operations Liability Insurance Coverage (or other insuring form which ***you*** select) consists of the Declarations Page, Supplemental Declarations Page, the LS-1 Booklet (or other insuring form booklet that ***you*** selected) and other endorsements which may be added, including State required endorsements. It is important that ***you*** read each part of ***your*** policy carefully to understand the coverage provided, ***your*** obligations and ***our*** obligations under the policy. Each coverage part is subject to all of the ***terms*** relating to that coverage.

INCIDENTAL COVERAGES

This policy also provides Incidental Coverages. These Incidental Coverages are subject to all of the ***terms*** of the applicable Principal Coverage. These Incidental Coverages do not increase the amount of insurance stated for the Principal Coverage.

1. **REMOVAL**.
   a. Emergency Removal:
      1) If ***you*** remove property covered by this policy from the ***insured premises*** to preserve it from damage from covered causes of loss, ***we*** pay for loss. Once removed, such property is covered against direct loss from covered causes of loss not specifically excluded under this policy, for a period up to ten days. This coverage does not extend past the expiration date of the policy.
   b. Debris Removal-***We*** cover the cost of removing debris of the covered property caused by a covered cause of loss.
      This coverage does not include costs to:
      1) extract pollutants from land or water; or
      2) remove, restore or replace polluted land or water.
      We will not pay more under this debris removal coverage than 25 percent of the amount ***we*** pay for direct loss or damage.
      We will not pay more for loss to property and debris removal combined than the amount of insurance for the property.
      We will not pay any expenses unless they are reported to ***us*** within 180 days of the direct physical loss or damage to covered property.
2. **REPAIRS**-***We*** cover the cost of repairs that are reasonable and necessary to protect covered property from further damage after damage resulting from a covered cause of loss. ***We*** will not pay more for loss to property and repairs combined than the amount of insurance for the property.
3. **CHANGE OF LOCATION**-When ***you*** move to another location, the applicable amount of insurance applies pro-rata at each location for 30 days from the date ***you*** begin to move.

EXCLUSIONS THAT APPLY

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

For other Exclusions, Limitations and Property Not Covered which may affect ***your*** coverage, see Principal Coverages, Incidental Coverages, and other endorsements added to this policy.

1. ***Business*** **Interruption**-means loss resulting from the interruption of ***business***.
2. **Civil Authority**-means loss, including seizure, confiscation or destruction of property, caused by the order of any civil authority. But, ***we*** will pay for acts of destruction ordered by government authority and taken at the time of fire to prevent its spread if the fire would be covered under this coverage part.
3. **Earth Movement of any kind**-This includes, but is not limited to:
   a. any earth movement (other than sinkhole collapse), such as earthquake, landslide, or earth sinking, rising or shifting. But, if loss or damage by fire or explosion results, ***we*** will pay for that resulting loss or damage.
   b. volcanic eruption, explosion or effusion. But, if loss or damage by fire, building glass breakage or volcanic action results, ***we*** will pay for that resulting loss or damage. Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:
      1) Airborne volcanic blast or airborne shock waves;
      2) Ash, dust or particulate matter; or
      3) Lava flow.

      All volcanic eruptions that occur within any 72-hour period will constitute a single occurrence. Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.
4. **Neglect**-means neglect by an ***insured*** to use all reasonable means to save covered property at and after the time of a loss. It also means neglect by any ***insured*** to use all reasonable means to save and preserve covered property when endangered by causes of loss not otherwise excluded.
5. **Nuclear Clause**-This policy does not cover loss or damage caused by nuclear reaction or nuclear radiation or radioactive contamination, however caused. But, if loss or damage by fire results, ***we*** will pay for that resulting loss or damage.
6. **Ordinance or Law**-means loss or increased cost resulting from enforcement of any code, ordinance or law regulating the use, construction, repair or demolition of a building or other structure, including the cost of removing its debris. When breakage of glass is covered by this policy, ***we*** pay to replace damaged glass with safety glazing materials where required by code, ordinance or law.
7. **Power Interruption**-means loss from the interruption of power or other utility services resulting from any cause, whether covered under this policy or not, if interruption takes place away from the ***insured premises***. ***We*** pay for loss to covered property by power interruption as the direct result of damage to covered property on premises caused by a covered cause of loss.
8. **Temperature-Humidity**-means loss resulting from dampness, dryness, or changes in or extremes of temperature.
9. **War**-means undeclared war, civil war, insurrection, rebellion, revolution, warlike act by a military force or military personnel, or destruction, seizure or use of property for a military purpose. It includes any consequence of any of these. Discharge of a nuclear weapon shall be deemed a warlike act even if accidental.
10. **Water Damage**-means loss caused by:
    a. flood, surface water, waves, tides, tidal water or overflow of a body of water or spray from any of these all whether wind driven or not;
    b. water which backs up through sewers or drains;
    c. water below the surface of the ground pressing on or flowing or seeping through:
       1) foundations, walls, floors or paved surfaces;
       2) basements, whether paved or not; or
       3) swimming pools or other structures. But, if loss or damage by fire or explosion results, ***we*** will pay for that resulting loss or damage.
11. **Wear and Tear**-This includes damage caused by marring or scratching, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself, mechanical breakdown, rust, wet or dry rot, corrosion, mold, contamination or smog. But, if loss or damage is caused by covered causes of loss, or building glass breakage results, ***we*** will pay for that resulting loss or damage.

12. **Dishonest or Criminal Act**-means loss caused by or resulting from any dishonest or criminal act by ***you***, any of your partners, directors, trustees, joint venturers or anyone to whom ***you*** entrust the property for any purpose:
    a. whether acting alone or in collusion with others; or
    b. whether or not occurring during the hours of employment.
    This exclusion does not apply to employee dishonesty specifically covered by this policy and any such loss is subject to the ***terms***, conditions and amounts of insurance applicable.
13. **Explosion**-***We*** do not pay for loss caused by :
    a. explosion of steam boilers, steam pipes, steam turbines or steam engines if owned, leased by or operated under ***your*** control;
    b. shock waves caused by aircraft, known as "sonic boom";
    c. electric arcing;
    d. rupture or bursting of rotating or moving parts of machinery caused by centrifugal force or mechanical breakdown;
    e. water hammer;
    f. rupture or bursting of water pipes;
    g. rupture, bursting or operating of pressure relief devices; or
    h. rupture or bursting due to expansion or swelling of the contents of any building or structure, caused by or resulting from water.

    But, if loss or damage by fire or combustion explosion results, ***we*** will pay for that resulting loss or damage. ***We*** will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
14. **Machines and Machinery**-***We*** do not pay for loss or damage to machines or machinery caused by rupture, bursting or disintegration of their rotating or moving parts resulting from centrifugal or reciprocating force.
15. **Disappearance**-***We*** do not pay for loss resulting from unexplained or mysterious disappearance, or shortage discovered on taking inventory.
16. **Artificially Generated Electrical Currents**-***We*** do not pay for loss resulting from any electrical injury or disturbance to electrical appliances, devices, fixtures or wiring caused by electrical currents artificially generated unless fire ensues, and then ***we*** pay only for the loss caused by the fire.
17. **Delay Loss of Use or Loss of Market**-***We*** do not pay for loss resulting from delay, loss of use, or loss of market.
18. **Voluntary Parting**-***We*** do not pay for loss caused by or resulting from voluntary parting with title or possession of any property because of any fraudulent scheme, title or false pretense.
19. ***Business*** **Property in the Open**-***We*** do not pay for loss to ***business*** property in the open caused by rain, snow, ice or sleet.
20. **Animals**-***We*** do not pay for loss caused by or resulting from animals, including rodents, insects and birds. ***We*** will pay for any resulting loss caused by covered causes of loss.
21. **Loss by theft** from any unattended vehicle unless at the time of the theft it's windows, doors and compartments were closed and locked and there are visible signs to the vehicle that the theft was the result of forced entry. This exclusion does not apply to property in the custody of a carrier for hire.
22. **Loss caused by wear and tear**, deterioration, inherent vice, latent defect, corrosion, rust, freezing or mechanical or electrical breakdown or failure.
23. **Loss caused by or resulting from any repairing**, adjusting, servicing or other maintenance operations excepting an ensuing direct loss by fire or explosion.

CONDITIONS THAT SUSPEND INSURANCE

1. ***Your*** insurance is suspended when any hazard is increased by any means within ***your*** knowledge or control.
2. ***Your*** insurance is suspended while a described building is vacant or unoccupied beyond a period of sixty consecutive days.

HOW MUCH WE PAY FOR LOSS OR CLAIM

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

1. **Property losses** will be settled on the basis of the lesser of the following amounts:
    a. the applicable amount of insurance;
    b. the amount of ***your*** interest in the property;
    c. the actual cash value of the property at the time of loss including an appropriate deduction for depreciation, however caused;

d. the cost of repairing or replacing the property with materials of equivalent kind and quality to the extent practicable; or
e. the amount computed after applying the deductible or other limitations applicable to the loss.

2. **Loss to a Pair or Set**-If there is loss to an article which is part of a pair or set, ***we*** are only liable for a reasonable proportion of the value of the entire pair or set and the loss is not considered a total loss of the pair or set.
3. **Tenant's Improvements**-(when applicable) will be valued at:
   a. actual cash value of the lost or damaged property if repaired or replaced at ***your*** expense within a reasonable time;
   b. a portion of ***your*** original cost if you do not make repairs. ***We*** will determine the proportionate value in the following manner:
      1) multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
      2) divide the amount determined in 1) above by the number of days from the installation of improvements to the expiration of the lease.
      If ***your*** lease contains a ***renewal*** option, the expiration of the ***renewal*** option period will replace the expiration of the lease in this procedure.
      3) nothing, if others pay for repairs or replacement.
4. **Deductible**.
   The deductible applies to the following:
   a. ***Business*** property;
   b. Incidental Coverages; and
   c. any additional coverage made a part of this policy
   We pay only that part of the loss over the deductible amount stated in the Declarations or any endorsement. The deductible applies to all covered losses unless otherwise stated in the Declarations or any endorsement. If coverage is also restricted by special limits of insurance, ***our*** liability must separately computed under both the deductible and the special limit of insurance. ***We*** pay the lesser of the two amounts.
5. **Amount Of Insurance**-***We*** are not liable in any one loss for more than the amount of insurance specified in the Declarations, any endorsement or any special limits shown in the policy.
6. **Territory**-Coverage applies to property only while it is located within the United States of America or Canada.
7. **Insurance Under More than One Coverage**-If more than one coverage of this policy covers the same loss, ***we*** pay no more than the actual claim, loss or damage sustained.
8. **Insurance Under More than One Policy**:
   a. ***You*** may have other insurance subject to the same plan, ***terms***, conditions and provisions as the insurance under this policy. If ***you*** do, ***we*** will pay ***our*** share of the covered loss or damage. ***Our*** share is the proportion that the applicable amount of insurance under this policy bears to the total amount of all insurance covering on the same basis.
   b. If there is other insurance covering the same loss or damage, other than that described in a. above, ***we*** will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether ***you*** can collect on it or not. But, ***we*** will not pay more than the applicable amount of insurance.
9. **Restoration of amount of Insurance**-Any loss ***we*** pay under this policy does not reduce the amount of insurance applying to a later loss.

PAYMENT OF LOSS OR CLAIM

1. In the event of loss or damages to property covered under this policy ***we*** will:
   a. pay the loss in money;
   b. rebuild, repair or replace with property of equivalent kind and quality, to the extent practicable, within a reasonable time; or
   c. take all or any part of damaged property at the agreed or appraised value. Any property paid for or replaced shall become ***our*** property. ***We*** will give notice of ***our*** intent to rebuild, repair or replace within 30 days after receipt of a duly executed proof of loss.
2. ***Your*** **Property**-***We*** will adjust all losses with ***you***. A covered loss will be payable after a satisfactory proof of loss is received and the amount of the loss has been established either by written agreement with ***you*** or the filing of an appraisal award with ***us***. Payment will be made to ***you*** unless another loss payee is named in the policy.

3. **Property of Others**-Losses to property of others may be adjusted with ***you***. ***We*** reserve the right to adjust with and pay to the owners. Payment to the owners satisfies ***our*** obligation to ***you*** for loss to this property. ***We*** may also choose to defend ***you*** against any suits arising from claims of the owners of property.
4. **Liens for Unpaid Taxes**.
   We are required by Insurance Law to deduct the claim of any tax district from the amount ***we*** pay ***you*** for a loss by fire.
   To the extent ***we*** pay any tax district the amount certified as ***your*** unpaid taxes, ***we*** are no longer obligated to pay this amount to ***you***. ***Our*** payment of such claim to the tax district within 30 days of the receipt of a certificate of lien shall be considered by ***you*** and ***us*** that such claim was valid and properly paid.

WHAT *YOU* MUST DO IN CASE OF LOSS

1. **Notice**.
   a. In case of a loss or if ***you*** become aware of anything that indicates there might be a claim under this policy, ***you*** must:
      1) promptly give ***us*** or ***our*** agent notice (in writing if requested); and
      2) promptly notify the police when the act causing the loss is also a violation of law.
   b. The notice to ***us*** must state:
      1) ***your*** name, policy number and the time, place and circumstances of the loss; and
      2) names and addresses of any potential witnesses.
2. **Protect Property**-***You*** must take all reasonable steps to protect covered property at and after a covered loss to avoid further damage. ***We*** pay for repairs which are reasonable and necessary to protect the property from further damage, provided ***you*** keep an accurate record of such expenses. These payments do not increase the amount of insurance otherwise applicable to the loss.
3. **Cooperation**-***You*** must cooperate with ***us*** in performing all acts required by this policy.
4. **Volunteer Payments**-***You*** must not, except at ***your*** own cost, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses.
5. **Proof of Loss**-***You*** must submit to ***us*** a proof of loss (sworn to by ***you*** if requested) within 60 days after the loss or accident containing the following information:
   a. the time, place and circumstances of loss;
   b. ***your*** interest and the interests of all others in the property involved, including all mortgages and liens on the covered property;
   c. other policies of insurance that may cover the loss on the property;
   d. changes in title or occupancy of the property during the policy period;
   e. available plans and specifications of buildings or structures;
   f. detailed estimates for repair of the damage; and
   g. if requested, an inventory of damaged personal property showing in detail the quantity, description, cost, actual cash value and amount of loss. ***You*** must attach to the inventory copies of all bills, receipts and related documents that substantiate the inventory.
6. **Additional Duties**-***You*** must:
   a. on request, ***you*** and each ***insured*** separately, must submit to examination under oath at such times as may be reasonably required about any matter relating to this insurance or ***your*** claim, including ***your*** books and records. In such event, ***your*** answers must be signed;
   b. exhibit the damaged property as often as ***we*** reasonably request;
   c. produce records, including tax returns and bank microfilms of all canceled checks relating to value, loss and expenses and permit copies and extracts to be made of them as often as ***we*** reasonably request;
   d. assist in enforcing any right of recovery which ***you*** may have against any party causing the loss; and
   e. allow ***us*** to take samples of the damaged building or contents for testing or analysis, in the event of a loss.

POLICY CONDITIONS

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

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

b. By ***us-We*** may cancel this policy by written notice delivered to or mailed to ***you*** at the address shown in the policy (and to ***your*** authorized agent or broker if required). Proof of delivery or mailing is sufficient proof of notice.

This notice must be delivered or mailed the required number of days prior to the effective date of the cancellation. For a description of the number of days of required notice, refer to:

1) ***Nonpayment of premium***;
2) New policy; or
3) All Other Situations.

c. When ***We*** May Cancel-***We*** may cancel this policy under the following conditions:

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

i) With respect to professional liability insurance policies, revocation or suspension of the ***insured's*** license to practice his/her profession or, if the ***insured*** is a hospital, it no longer possesses a valid operating certificate under section twenty-eight hundred one (a) of the Public Health Law.

d. ***We*** refund the premium for the unexpired policy period on a pro rata basis.

e. Refund of Premium-Payment or tender of unearned premium is not a condition of cancellation. If the unearned premium is not refunded with the cancellation notice, it will be sent to ***you*** within a reasonable time.

f. Loss Notice-The company must advise the first ***named insured*** that he/she is entitled to loss information upon written request.

3. ***Renewal/Nonrenewal***.

a. ***Nonrenewal-We*** may elect not ***to renew*** or continue this policy by delivering or mailing to ***you*** and ***your*** authorized agent or broker written notice of ***our*** intent not ***to renew***.

1) Such notice must:

a) be given at least sixty but not more than one hundred twenty days in advance of the end of the ***required policy period***.

b) state ***our*** specific reason(s) for ***nonrenewal***.

c) be delivered or mailed to ***you*** at the address shown in the policy and to ***your*** authorized agent or broker. Proof of delivery or mailing is sufficient proof of notice.

d) Loss Notice-The company must advise the first ***named insured*** that he/she is entitled to loss information upon written request.

e) Requirements for ***nonrenewal*** shall not apply if the ***named insured***, or an agent or broker authorized by the ***named insured***, or another insurer of the ***named insured*** has delivered or mailed written notice that the policy has been replaced or is no longer desired.

2) Prior to the expiration date of this policy, in the event that a late ***nonrenewal*** notice is provided by the insurer, the coverage under this policy shall remain in effect:

a) at the same ***terms*** and conditions contained in the expiring policy; and

b) at the lower of the current rates or the prior period's rates until sixty days after the notice is delivered or mailed unless the ***insured*** elects to cancel sooner.

3) In the event that a timely and substantially complete notice is not provided by the insurer prior to the expiration date of the policy, coverage shall remain in effect:

a) on the same ***terms*** and conditions of the expiring policy;

b) for another required policy period; and

c) at the lower of the current rates or the prior period's rates.

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

d) The issuance of a late or incomplete ***nonrenewal*** notice by the insurer shall not create a new annual aggregate liability limit (if any) for the ***covered policy***, except that the annual aggregate limit of the expiring policy shall be increased in proportion to the policy extension, including any additional required policy period caused by the late or incomplete notice of ***nonrenewal***.

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

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

1) This notice must:

a) be delivered or mailed to ***you*** at least sixty but not more than one hundred twenty days in advance of the end of the ***required policy period***;

b) contain specific reason(s) for the Conditional R***enewal***;

c) set forth the amount of any premium change if the increase is in excess of 10% unless the increase is due to increased ***insured*** values and/or increased coverages or is due to experience rating, retrospective rating or audit;

d) set forth the nature of any proposed change(s) in the policy such as change(s) in limits, change(s) in type(s) of coverage(s), reduction(s) in coverage(s), increased deductible(s) or the addition of an exclusion or exclusions;

e) be delivered or mailed to the ***named insured*** at the address listed in the policy and to an authorized agent or broker of the ***insured***. Proof of delivery or mailing is sufficient proof of notice; and
f) include a statement advising the first ***named insured*** that upon written request the company will provide loss information.

2) Prior to the expiration date of the policy, in the event that an incomplete or late conditional ***renewal*** notice is provided by the insurer, the coverage under this policy shall remain in effect at:
a) the same terms and conditions of the expiring policy, and
b) the lower of the current rates or the prior period's rates until sixty days after the notice is delivered or mailed unless the insured elects to cancel sooner.

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

3) In the event that a timely and substantially complete conditional ***renewal*** notice is not provided by the insurer prior to the expiration date of the policy, then coverage under the policy:
a) remains in effect for an additional required policy period;
b) remains at the same ***terms*** and conditions as the expiring policy; and
c) the rates for the additional policy period will be the lower of the current rates or the previous period's rates.

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

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

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

This notice must contain the following:

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

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

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

d. Policies Written For A Term Less Than One Year-For policies issued to an ***insured*** for a seasonal purpose or to a policy issued to cover a particular project that will be performed in less than one year, the following provisions apply:
   1) During the first sixty days such policy is in effect, no cancellation shall become effective until twenty days after written notice is delivered or mailed to the ***insured*** at the mailing address shown in the policy;
   2) After a policy has been in effect for sixty days, no notice of cancellation shall become effective until fifteen days after notice is delivered or mailed and such cancellation is based on one or more of the statutory provisions set forth in this form.
   3) After a policy has been in effect for sixty days, no premium increase for the term of the policy shall be made to become effective unless due to and commensurate with value added, subsequent to issuance pursuant to the policy or at the ***insured's*** request.

4. **Change, Modification or Waiver of Policy *Terms***-A waiver or change of any ***terms*** of this policy must be issued by ***us*** in writing to be valid. ***Our*** request for an appraisal or examination under oath does not waive any of ***our*** rights.
   If ***we*** adopt any revision of forms or endorsements during a policy period which would broaden coverage under this policy without additional premium, the broadened coverage will automatically apply to this policy. If this policy is issued on a continuous basis (with no specified expiration date), ***we*** may substitute or add, upon any anniversary date, forms or endorsements which are authorized for use on this policy in accordance with ***our*** manual rules in effect at the time.
5. **Conformity with Statute-*terms*** of this policy in conflict with the statutes of the state where the premises described in the Declarations are located, are amended to conform to such statutes.
6. **Misrepresentation, Concealment or Fraud**-This entire policy is void if, whether before or after a loss:
   a. An ***insured*** has willfully concealed or misrepresented:
      1) any material fact or circumstance concerning this insurance; or
      2) an ***insured's*** interest herein.
   b. There has been fraud or false sweating by an ***insured*** regarding any matter relating to this insurance or the subject thereof.
   c. The notice provisions of Section 3426 of the Insurance Law shall apply to this condition.
7. **Inspection**-***We*** are permitted but not obligated to inspect ***your*** property and operations. ***Our*** inspection or any resulting advice or report does not warrant that ***your*** property or operations are safe or healthful or are in compliance with any law, rule or regulation.
   We may examine and audit the ***Named insured's*** books and records at any time during the policy period and extensions of the policy period and within three years after the final termination of this policy, as far as they relate to the subject matter of this insurance.
   These conditions apply:
   a. An audit to determine final premium under which the initial premium is based on an estimate of the ***Insured's*** exposure base shall be conducted within one hundred eighty (180) days after expiration of ***your*** policy.
   b. ***We*** shall, as soon as practicable following an audit, refund or credit ***your*** account for any return premium due or bill ***you*** and make a good faith effort to collect any additional premium due ***us*** as a result of the audit.
   c. ***Your*** failure to cooperate in the conduct of the audit shall be grounds for ***nonrenewal*** of this policy in accordance with the provisions of Sections 3426 of the Insurance Law.
8. **Policy Premium**-if this policy is issued without a specified expiration date, it may be continued by payment of the required premium for the next annual period. The premium must be paid to ***us*** on or before each anniversary date. The policy expires on any anniversary date that the premium has not been received by ***us***. The premium is subject to adjustment on the basis of the rates in effect at each anniversary date.
9. **Recoveries**-if ***we*** pay an ***insured*** for loss under this policy and lost or damaged property is recovered or payment is made by those responsible for the loss, the following provisions apply:
   a. The ***insured*** must notify ***us*** or ***we*** will notify the ***insured*** promptly if either recovers property or receives payment;
   b. Any proper expenses incurred by either patty in making the recovery are reimbursed first;
   c. The ***insured*** may keep recovered property by refunding to ***us*** the amount of the claim paid or any lesser amount to which ***we*** agree; and

d. If the claim paid is less than the agreed loss due to a deductible, special limit of insurance or other limiting ***terms*** of the policy, any recovery will be pro-rated between the ***insured*** and ***us*** based on ***our*** respective interests in the loss.

10. **Subrogation**:
    a. If ***we*** make a payment under this policy, ***we*** may require that the ***insured*** assign to ***us*** his or her right of recovery against any person for the loss to the extent of the payment. The ***insured*** must do everything necessary to make this assignment and secure ***our*** rights.
    b. ***We*** are not liable for any loss if an ***insured*** does anything after the loss occurs to impair ***our*** right to recover. ***You*** may waive ***your*** right of recovery in writing before a loss occurs without voiding the coverage.
    c. If ***we*** pay a loss to or on behalf of an ***insured*** and the ***insured*** recovers damages from another person for the same loss, the ***insured*** shall hold the amount recovered in trust for ***us*** and shall reimburse ***us*** as provided under Recoveries.
11. ***Suit Against Us***-No ***suit*** to recover for any property claim may be brought against ***us*** unless:
    a. the ***terms*** of this policy have been fully complied with; and
    b. the ***suit*** is commenced within two years after the loss. If any law of the state where the ***premises*** described in the Declarations are located makes this limitation invalid, then ***suit*** must begin within the shortest period permitted by law.
12. **Abandonment of Property**-***We*** may take the property or any part of it at the agreed or appraised value, but an ***insured*** may not abandon the covered property to ***us*** unless ***we*** specifically agree.
13. **Appraisal**-if ***you*** and ***we*** do not agree on the cost to repair or replace, actual cash value of or amount of loss to covered property when loss occurs, either party may demand that these amounts be determined by appraisal. If either makes a written demand for appraisal, each will select a competent, independent appraiser and notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers will then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, ***you*** or ***we*** can ask a judge of a court of record in the state where the property is located to select an umpire.
    The appraisers will then determine the amount of the damage stating separately, in detail: the cost to repair or replace, actual cash value of, and amount of loss to each building item and item of personal property. If the appraisers submit a written report of any agreement to ***us***, the amount agreed upon will be the amount of damage or value. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three sets the cost to repair or replace, actual cash value of and amount of loss to each item. Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire will be paid equally by ***you*** and ***us***.
14. **No Benefit to Bailee**-insurance under this policy shall not directly or indirectly benefit any hired carrier or anyone else who is paid for assuming custody of covered property.
15. **Secured Party Coverage**-Applies Only to Coverage on ***Business*** Property.
    (This entire clause is void unless the name of a secured party is inserted in the Declarations or the Supplemental Declarations. This clause applies only to the interest of a secured party and does not affect the ***insured's*** rights or duties under the policy.)
    If a secured party is named in this policy, any loss payable on property subject to the security interest shall be payable to the secured party and ***you*** as interest may appear. If there is more than one security interest in the same property, the order of payment shall be the same as their order of priority. If ***we*** deny ***your*** claim, that denial shall not apply to a valid claim of a secured party if such party has:
    a. notified ***us*** of any change in ownership, occupancy or substantial change in risk of which the secured party became aware;
    b. paid any premium due under the policy on demand if ***you*** have not made such payment; and
    c. submitted a signed, sworn proof of loss within 60 days if an ***Insured*** has failed to do so.
    Policy conditions relating to Appraisal, ***Suit*** Against ***us*** and Loss Payment apply to the secured party. If the policy is canceled by ***us***, the secured party shall be notified at least 15 days before the date cancellation takes effect. If ***we*** pay the secured party for any loss for which ***we*** have denied payment to ***you***:
    a. ***we*** are subrogated to all the rights of the secured party granted under the security agreement; or
    b. at ***our*** option ***we*** may pay the secured party the remaining amount due on the security agreement plus interest and receive a full assignment of the security agreement and any securities held as collateral for the agreement.
    However, the secured party's interest is not covered for conversion, embezzlement or secretion by an ***insured*** in possession of the encumbered property, unless specifically covered and a premium is paid for such.

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