AGENDA

California Avocado Commission
Finance Committee Meeting

Meeting Information

Date: August 10, 2026
Time: 2:00 p.m.
Location: Hybrid Meeting

Physical Meeting Location:
UC ANR South Coast Field Station
Conference Room
7601 Irvine Blvd.
Irvine, CA, 92618

Web/Teleconference URL:
https://californiaavocado.zoom.us/j/81014323709?pwd=DghRG8rJ1f3vCnsKcP0vGAZn3bA1Mj.1
Conference Call Number: (669) 900-6833
Meeting ID: 810 1432 3709
Passcode: 999176

Meeting materials will be posted online at least 24 hours prior to the meeting at:
https://www.californiaavocadogrowers.com/commission/industry-calendar

Committee Member Attendance

As of Thursday, August 6, 2026, the following Committee members have advised the Commission they will participate in this meeting:

John Berns
Maureen Cottingham
Al Stehly

Time	Item
2:00 p.m.	**1. Call to Order** a. Roll Call/Quorum b. Introductions **2. Opportunity for Public Comment** Persons may address the Board on subjects within the jurisdiction of the Commission. **3. Consider approval of Finance Committee meeting minutes of June 1, 2026** **4. 2025-26 Financial Updates** **5. CAC Internal Control Policies and Procedures Update**

Time	Item
	6. Review of Contracts over $25,000
	7. Cash Disbursement Audit
	8. Corporate Insurance Policies
	9. 2026-27 CAC Assessment Rate, Budget & Business Plan
4:00 p.m.	**10. Adjourn Meeting**

Disclosures

All meetings of the Commission are open to the public and subject to the Bagley-Keene Open Meeting Act. All agenda items are subject to discussion and possible action.

For information or a request regarding disability-related modification or accommodation for the meeting, please contact April Aymami at 949-341-1955 via email at aaymami@avocado.org. Such requests should be made at least 48 hours prior to the meeting.

This meeting schedule notice and agenda is available on the internet at https://www.californiaavocadogrowers.com/commission/meeting-agendas-minutes and http://it.cdfa.ca.gov/igov/postings/detail.aspx?type=Notices.

Contact April Aymami at aaymami@avocado.org or 949-341-1955 if you have any questions.

Summary Definition of Conflict of Interest

Committee members are responsible to determine whether they have a conflict of interest.

A member has a conflict of interest in a decision of the Committee if it is reasonably foreseeable that the decision will have a material effect, financial or otherwise, on the member or an immediate family member that is distinguishable from its effect on all persons subject to the Committee’s jurisdiction.

No Committee member shall make, or participate in making, any decision in which they know or should know they have a conflict of interest.

No Committee member shall, in any way, use their position to influence any decision in which they know or should know they have a conflict of interest.

COMMITTEE ACTION

ITEM 3: **Consider approval of Finance Committee meeting minutes of June 1, 2026**

SUMMARY:

The minutes of the Finance Committee meeting of June 1, 2026 are attached for the Committee's review and approval.

FISCAL ANALYSIS:

- Not applicable

COMMITTEE OPTIONS:

- Adopt minutes as presented
- Amend minutes
- Take no action

STAFF RECOMMENDATION:

- Approve minutes as presented

EXHIBITS / ATTACHMENTS:

- Minutes of the Finance Committee meeting of June 1, 2026

CALIFORNIA AVOCADO COMMISSION
FINANCE COMMITTEE MINUTES
June 1, 2026

A meeting of the Finance Committee of the California Avocado Commission (CAC) was held on June 1, 2026 at 2:00 p.m. with the following people present:

Members Present
Maureen Cottingham, Chair
John Berns
John Haskett
Jamie Shafer
Al Stehly
Rachael Laenen, *Ex-Officio*

Members Absent
None

Officially Present
Vickie Carpenter, *USDA*

Staff Present
April Aymami
Zac Benedict
Stacia Kierulff
Ken Melban
Cristina Wede

Guests Present
None

Item #1 Call to Order
Roll Call/Quorum – Item 1.a.
Maureen Cottingham, Finance Committee chair, called the meeting to order at 2:02 p.m. with a quorum present.

Introductions – Item 1.b.
April Aymami, CAC director of industry affairs and operations, introduced the US Department of Agriculture (USDA) representative and CAC staff participating in the meeting. She asked for all other guests to announce themselves and recorded all participants in attendance.

Item #2 Opportunity for Public Comment
There was no public comment.

Item #3 Consider approval of Finance Committee meeting minutes of September 30, 2025
Ms. Cottingham asked for a motion to approve the March 2, 2026 meeting minutes.

Motion:
The Finance Committee approves the March 2, 2026 meeting minutes as presented.
(Haskett/ Stehly) MSC Unanimous ***MOTION 26-6-1-1***

The *March 2, 2026 Meeting Minutes* are included in the June 2026 Finance Committee Packet and attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 3.

Item #4 2025-26 Financial Updates
Ms. Cottingham reviewed the financials provided in the Committee packet, which covered February through April 2026. The Committee discussed variances in expenditures versus budgets for specific line items of the financial statements including interest, operations travel, corporate insurance, consumer marketing, social media and grower outreach and legal expenses.

Specific to legal expenses, the Committee asked if the Board had been briefed on the year-to-date legal fees. Ken Melban, CAC president, reported that the legal fees, and more specifically costs

associated with the Grievance process, had been discussed at the Executive Committee level and would be discussed at the upcoming Board meeting.
The *2025-26 Financial Updates* are included in the June 2026 Finance Committee Packet and attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 4.

Item #5 Cash Disbursement Audit
The Committee reviewed the cash disbursement listings for the months of February through April 2026. Management responded to Committee inquiries regarding specific payment listings.

The *Cash Disbursement Audit, February through April 2026* is included in the June 2026 Finance Committee Packet and attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 5.

Item # 6 Corporate Insurance Schedule
Ms. Cottingham stated that the Board delegates the review of CAC's corporate insurance to the Finance Committee, which is conducted annually. She noted that included in the packet was the current schedule of insurance and associated premiums and asked the Committee for any questions or comments. Management responded to Committee questions regarding policies and decreases in premiums. There was a request to provide the Committee with details of the EQSL and E & O policies, as well as the schedule of values.

Motion:
The Finance Committee recommends maintaining the current schedule of insurance as presented.
(Shafer/Berns) MSC Unanimous ***MOTION 26-6-1-2***

The *CAC Schedule of Insurance* is included in the June 2026 Finance Committee Packet and identified as EXHIBIT A, Item 6.

Item #7 Consider Amended and Restated 401(a) and 457(b) Retirement Plans for ERISA Compliance
Ms. Cottingham reported that CAC is required to complete restatement of their retirement plans every six years to incorporate all regulatory changes and amendments that have been made since the last restatement. CAC has completed the restatements of the 401(a) and 457(b) retirement plans to comply with the periodic requirement and to ensure compliance with the SECURE 2.0 Act, no other changes have been made from CAC's existing plans. Stacia Kierulff, CAC business relations manager, provided examples of the portions of the plans that had been updated and restated for compliance with the SECURE 2.0 Act.

There was a brief discussion regarding the plan details, specifically the history of the vesting schedule.

Motion:
The Finance Committee recommends Board approval of the Amended and Restated 401(a) and 457(b) Retirement Plans as presented.
(Stehly/Haskett) MSC Unanimous ***MOTION 26-6-1-3***

The *Amended and Restated 401(a) and 457(b) Retirement Plans* are included in the June 2026 Finance Committee Packet and identified as EXHIBIT A, Item 7.
Item #8 Consider Approval of Budget Amendment #2
Ms. Aymami provided an overview of Budget Amendment #2 which increased spending by $214,115 for research projects recommended by CAC's Production Research Committee. In

addition, the budget amendment reallocated projected unspent funds within marketing, industry affairs and operations toward new initiatives with no net increase to the budgets within those departments.

The Committee discussed the legislative/regulatory and legal budgets, the anticipated expenses through year-end and whether the proposed budget amendment was adequate to cover those areas. Mr. Melban stated that management would continue to track closely and advise the Committee and Board if additional funds would be needed.

***Motion*:**
The Finance Committee recommends Board approval of Budget Amendment #2 as presented. (Haskett/Shafer) MSC Unanimous ***MOTION 26-6-1-4***

The *CAC Budget Amendment #2* is included in the June 2026 Finance Committee Packet and identified as EXHIBIT A, Item 8.

Item #9 2025-26 Financial Audit Services
Ms. Cottingham reported that at the March 2026 Finance Committee meeting the Committee was advised that CAC's current auditors, Baker Tilly, were listed as having a probationary status with the California Board of Accountancy. As requested, management has provided additional details of the circumstances leading to this status for the Committee's review.

The were no issues or concerns raised by the Finance Committee on this matter and management was advised that no change to CAC's current auditing firm was required.

Item #10 2026-27 CAC Assessment Rate & Budget
Rachael Laenen, CAC chair, stated that the Executive Committee had begun the planning process for 2026-27 and discussions regarding the CAC assessment rate. She noted that the CAC had switched from a percent of value to flat rate per pound in an effort to stabilize the amount paid by growers, but that the current assessment rate was set artificially low to draw down CAC's reserves. When considering the assessment rate, Ms. Laenen requested that the Finance Committee look toward stability and certainty of the assessment rate to growers for the next five years.

Committee members reviewed the historical assessment figures provided as part of the meeting materials, noting that moving to a flat rate per pound assessment had provided revenue stability for the organization and has proven easier to forecast having only one variable to estimate (crop size).

The Committee also reviewed various 2026-27 budget and assessment rate scenarios and discussed the history of CAC's reserve policy of keeping no less than $5 million in reserves at year-end.

During discussion it was noted that growers are largely not aware of the process involved in setting the CAC assessment rate and budget, especially with the recent evolution to move to a flat rate assessment. There was a sense that CAC could better communicate this process with growers, leading to a greater understanding of how the assessment rate is set.

The *Historical Assessments Charged to CA Growers* is included in the June 2026 Finance Committee Packet and identified as EXHIBIT A, Item 10.

ADJOURN
Ms. Cottingham adjourned the meeting at 3:31 p.m.

Respectfully submitted,

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April Aymami, Director of Industry Affairs and Operations

EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES

Exhibit A June 2026 Finance Committee Packet

Exhibit B June 1, 2026 Finance Committee Meeting AB 2720 Roll Call Vote Tally Summary

EXHIBIT B

CALIFORNIA AVOCADO COMMISSION

AB 2720 Roll Call Vote Tally Summary

To be attached to the Meeting Minutes

Meeting Name: *Finance Committee Meeting*	**Meeting Location:** *Hybrid Meeting In-person (Irvine) Online (Zoom)*	**Meeting Date:** *June 1, 2026*

Attendees Who Voted	***MOTION 26-6-1-1***	***MOTION 26-6-1-2***	***MOTION 26-6-1-3***	***MOTION 26-6-1-3***
Maureen Cottingham	Did Not Vote	Did Not Vote	Did Not Vote	Did Not Vote
John Berns	Yea	Yea	Yea	Yea
John Haskett	Yea	Yea	Yea	Yea
Jamie Shafer	Yea	Yea	Yea	Yea
Al Stehly	Yea	Yea	Yea	Yea
Outcome	**Unanimous**	**Unanimous**	**Unanimous**	**Unanimous**

COMMITTEE INFORMATION

ITEM 4: 2025-26 FINANCIAL UPDATES

SUMMARY:

Attached are CAC's 2025-26 financial statements through June 2026 as prepared by management. The reports include CAC statement of financial position, statement of activity and year-to-date actual versus budget comparisons.

FISCAL ANALYSIS:

- Not applicable

COMMITTEE OPTIONS:

- Discussion item only

STAFF RECOMMENDATION:

- Not applicable

EXHIBITS / ATTACHMENTS:

- 2025-26 CAC Financial Statements through the month ending June 2026

California Avocado Commission

Statement of Financial Position

As of Jun 30, 2026

	TOTAL			
	As of Jun 30, 2026	As of Jun 30, 2025 (PY)	$ Change (PY)	% Change (PY)
Assets				
Current Assets				
Bank Accounts				
10010-000 BMO Checking (5241) - CAC (deleted)	0.00	1,132,988.15	-1,132,988.15	-100.0 %
10015-000 WAB Checking (4129) - CAC	250,000.00	250,000.00	0.00	0.0 %
10110-000 BMO Money Market (5407) - CAC (deleted)	0.00	3,001,441.03	-3,001,441.03	-100.0 %
10115-000 WAB Money Market (6144) - Collateralized	2,818,179.43	-10.00	2,818,189.43	2.81818943E7 %
10210-000 Cash - LAIF - CAC	11,941.46	11,449.94	491.52	4.29 %
10215-000 WAB ICS Sweep Account	5,551,983.34	8,491,567.98	-2,939,584.64	-34.62 %
Total for Bank Accounts	**$8,632,104.23**	**$12,887,437.10**	**-$4,255,332.87**	**-33.02 %**
Accounts Receivable				
12901-000 Misc Receivables (A/R)	74,568.46	9,850.00	64,718.46	657.04 %
Total for Accounts Receivable	**$74,568.46**	**$9,850.00**	**$64,718.46**	**657.04 %**
Other Current Assets				
11001-000 CAC Assessment Receivable	789,000.00	227,400.00	561,600.00	246.97 %
11002-000 HAB Assessment Receivable	2,670,000.00	2,002,000.00	668,000.00	33.37 %
12004-000 Due from Avocado Inspection Program	0.00	757.15	-757.15	-100.0 %
12701-000 Grant Receivable	0.00	131,461.19	-131,461.19	-100.0 %
12801-000 Voluntary Life Benefit Receivable	-0.05	0.00	-0.05	
13001-000 Prepaid Deposits	4,050.00	11,352.50	-7,302.50	-64.33 %
13002-000 Prepaid Expenses	159,297.50	159,658.14	-360.64	-0.23 %
Misc Receivable (old non-AR)	0.00	0.00	0.00	
Total for Other Current Assets	**$3,622,347.45**	**$2,532,628.98**	**$1,089,718.47**	**43.03 %**
Total for Current Assets	**$12,329,020.14**	**$15,429,916.08**	**-$3,100,895.94**	**-20.1 %**
Fixed Assets				
15001-000 Furniture	26,160.00	26,160.00	0.00	0.0 %
15002-000 Accumulated Depreciation-Furniture	-26,160.00	-26,160.00	0.00	0.0 %
15101-000 Office Equipment	61,002.24	61,002.24	0.00	0.0 %
15102-000 Accumulated Depreciation-Office Equip.	-61,002.24	-61,002.24	0.00	0.0 %
15301-000 Software	15,021.62	15,021.62	0.00	0.0 %
15302-000 Accumulated Depreciation-Software	-15,021.62	-15,021.62	0.00	0.0 %
15401-000 Land Improvements	108,558.63	108,558.63	0.00	0.0 %
15402-000 Accumulated Depreciation-Land Improvements	-108,558.63	-108,558.63	0.00	0.0 %
Total for Fixed Assets	**$0.00**	**$0.00**	**$0.00**	
Other Assets				
16001-000 Mauchly Office Lease	634,984.73	634,984.73	0.00	0.0 %
16002-000 Mauchly Amortization	-634,984.69	-582,941.24	-52,043.45	-8.93 %
16003-000 Pine Tree Lease	117,984.95	117,984.95	0.00	0.0 %
16004-000 Pine Tree Amortization	-53,093.29	-29,496.25	-23,597.04	-80.0 %
16101-000 Quadient Capital Lease	3,435.74	3,435.74	0.00	0.0 %
16102-000 Quadient Amortization	-3,435.77	-3,435.77	0.00	0.0 %

California Avocado Commission

Statement of Financial Position

As of Jun 30, 2026

	TOTAL			
	As of Jun 30, 2026	As of Jun 30, 2025 (PY)	$ Change (PY)	% Change (PY)
16103-000 CBE 2020 Sharp Capital Lease	0.00	0.00	0.00	
16104-000 CBE 2020 Sharp Amortization	0.00	0.00	0.00	
16105-000 CBE 2022 Sharp Capital Lease	13,543.55	13,543.55	0.00	0.0 %
16106-000 CBE 2022 Sharp Amortization	-13,543.57	-10,078.86	-3,464.71	-34.38 %
16107-000 CBE 2020 Ricoh Capital Lease	0.00	0.00	0.00	
16108-000 CBE 2020 Ricoh Amortization	0.00	0.00	0.00	
16109-000 CBE 2022 Ricoh Capital Lease	13,652.62	13,652.62	0.00	0.0 %
16110-000 CBE 2022 Ricoh Amortization	-13,652.63	-10,618.71	-3,033.92	-28.57 %
17000-000 Merchandise Shop Inventory	0.00	0.00	0.00	
Total for Other Assets	**$64,891.64**	**$147,030.76**	**-$82,139.12**	**-55.87 %**
Total for Assets	**$12,393,911.78**	**$15,576,946.84**	**-$3,183,035.06**	**-20.43 %**
Liabilities and Equity				
Liabilities				
Current Liabilities				
Accounts Payable				
20001-000 Accounts Payable (A/P)	1,270,473.98	1,133,766.56	136,707.42	12.06 %
Total for Accounts Payable	**$1,270,473.98**	**$1,133,766.56**	**$136,707.42**	**12.06 %**
Other Current Liabilities				
20002-000 Accounts Payable - Clearing	0.00	0.00	0.00	
20009-000 Miscellaneous Payable	0.00	0.00	0.00	
20101-000 Accrued Expenses	224,797.71	209,528.82	15,268.89	7.29 %
21011-000 Section 125 Payable	0.00	0.00	0.00	
21021-000 Vacation Payable - Short Term	61,859.05	67,904.44	-6,045.39	-8.9 %
21031-000 Deferred Compensation Payable	0.00	0.00	0.00	
24001-000 ST Lease Liability - LACA1	-0.01	55,755.79	-55,755.80	-100.0 %
24002-000 ST Lease Liability - CAPO1	24,018.68	21,740.39	2,278.29	10.48 %
24101-000 ST Lease Liability - MAFI1	0.00	0.00	0.00	
24102-000 ST Lease Liability - CBE 2020 Sharp	0.00	0.00	0.00	
24103-000 ST Lease Liability - CBE 2022 Sharp	0.00	3,622.94	-3,622.94	-100.0 %
24104-000 ST Lease Liability - CBE 2020 Ricoh	0.00	0.00	0.00	
24105-000 ST Lease Liability - CBE 2022 Ricoh	0.00	3,184.73	-3,184.73	-100.0 %
Total for Other Current Liabilities	**$310,675.43**	**$361,737.11**	**-$51,061.68**	**-14.12 %**
Total for Current Liabilities	**$1,581,149.41**	**$1,495,503.67**	**$85,645.74**	**5.73 %**
Long-term Liabilities				
28011-000 LT Lease Liability - CAPO1	47,925.10	71,943.75	-24,018.65	-33.39 %
28110-000 LT Lease Liability - MAFI1	0.00	0.00	0.00	
28111-000 LT Lease Liability - LACA1	0.00	0.00	0.00	
28112-000 LT Lease Liability - CBE 2022 Sharp	0.00	0.00	0.00	
28114-000 LT Lease Liability - CBE 2022 Ricoh	0.00	0.00	0.00	
Total for Long-term Liabilities	**$47,925.10**	**$71,943.75**	**-$24,018.65**	**-33.39 %**
Total for Liabilities	**$1,629,074.51**	**$1,567,447.42**	**$61,627.09**	**3.93 %**

California Avocado Commission

Statement of Financial Position

As of Jun 30, 2026

	TOTAL			
	As of Jun 30, 2026	As of Jun 30, 2025 (PY)	$ Change (PY)	% Change (PY)
Equity				
32010-000 Net Assets	$0.00	$0.00	$0.00	
32011-000 Net Assets-Restricted for Marketing	1,661,386.27	1,233,721.82	427,664.45	34.66 %
32012-000 Net Assets-Invested in Leased Assets	-6,954.00	-197,793.53	190,839.53	96.48 %
32013-000 Net Assets-Unrestricted	1,339,398.39	1,957,902.37	-618,503.98	-31.59 %
Total for 32010-000 Net Assets	**$2,993,830.66**	**$2,993,830.66**	**$0.00**	**0.0 %**
32000-000 Retained Earnings	7,853,767.63	13,095,466.33	-5,241,698.70	-40.03 %
Net Revenue	-82,761.02	-2,079,797.57	1,997,036.55	96.02 %
Total for Equity	**$10,764,837.27**	**$14,009,499.42**	**-$3,244,662.15**	**-23.16 %**
Total for Liabilities and Equity	**$12,393,911.78**	**$15,576,946.84**	**-$3,183,035.06**	**-20.43 %**

California Avocado Commission

MEC Statement of Activity vs. Prior Year

November, 2025-June, 2026

	TOTAL			
	Nov 1 2025 - Jun 30 2026	Nov 1 2024 - Jun 30 2025 (PY)	$ Change (PY)	% Change (PY)
Revenue				
40001-000 CAC Assessment Revenue-Current Year	2,138,338.25	965,046.43	1,173,291.82	121.58 %
40002-000 CAC Assessment Revenue-Prior Year	-63.21	609.11	-672.32	-110.38 %
40011-000 HAB Rebate Assess. Revenue-Current Year	3,985,866.37	3,897,461.00	88,405.37	2.27 %
40012-000 HAB Rebate Assess. Revenue-Prior Year	0.00	-4,761.19	4,761.19	100.0 %
42001-000 Accounting/Administration Fee Revenue (AIP)	42,000.00	40,833.31	1,166.69	2.86 %
46000-000 Grant Funding				
46022-000 USDA Grant - FAS MAP China/North Asia - Revenue	114,437.51		114,437.51	
Total for 46000-000 Grant Funding	**$114,437.51**		**$114,437.51**	
48001-000 Interest Income	142,639.52	17,824.47	124,815.05	700.25 %
48003-000 Other - Pine Tree Ranch Crop Income	16,489.03	446,297.53	-429,808.50	-96.31 %
48009-000 Other Income - Misc	755.00	3,138.05	-2,383.05	-75.94 %
48009-118 Other Income - From the Grove	31,200.00	36,300.00	-5,100.00	-14.05 %
Total for Revenue	**$6,471,662.47**	**$5,402,748.71**	**$1,068,913.76**	**19.78 %**
Cost of Goods Sold				
Gross Profit	**$6,471,662.47**	**$5,402,748.71**	**$1,068,913.76**	**19.78 %**
Expenditures				
50000-000 Marketing				
51000-000 Consumer Marketing				
51001-072 Media Planning & Buying-Curious Plot	603,689.74	834,526.68	-230,836.94	-27.66 %
51002-072 Creative Strategy, Content & Production-Curious Plot	239,628.17	612,384.27	-372,756.10	-60.87 %
51004-072 Consumer Marketing-Retail-Curious Plot	277,841.80	515,169.84	-237,328.04	-46.07 %
51801-072 Account Administration-Curious Plot	172,087.84	243,112.46	-71,024.62	-29.21 %
54001-072 Consumer PR-Curious Plot	184,214.80	309,852.67	-125,637.87	-40.55 %
55101-072 Consumer Email Marketing & Website-Curious Plot	85,313.08	124,327.89	-39,014.81	-31.38 %
55103-072 Social Media & Content Marketing-Curious Plot	351,002.31	324,881.49	26,120.82	8.04 %
57002-072 Consumer Tracking Study & Research-Curious Plot	31,385.00		31,385.00	
51002-000 Production		1,268.58	-1,268.58	-100.0 %
Total for 51000-000 Consumer Marketing	**$1,945,162.74**	**$2,965,523.88**	**-$1,020,361.14**	**-34.41 %**

California Avocado Commission

MEC Statement of Activity vs. Prior Year
November, 2025-June, 2026

	TOTAL			
	Nov 1 2025 - Jun 30 2026	Nov 1 2024 - Jun 30 2025 (PY)	$ Change (PY)	% Change (PY)
52000-000 Trade - Retail				
52000-001 Trade Relations				
52001-066 Trade Advertising-Media-Fusion	72,692.77	98,511.76	-25,818.99	-26.21 %
52002-066 Trade Advertising-Production-Fusion	22,417.98	28,393.46	-5,975.48	-21.05 %
52022-000 Dues	10,029.18	10,271.58	-242.40	-2.36 %
52042-000 Conventions	15,001.18	18,261.39	-3,260.21	-17.85 %
52052-081 Program Admin/Strategy/Planning-PJ/PR	12,500.11	13,285.72	-785.61	-5.91 %
52055-081 Key Account Marketing Communications-Fees-PJ/PR	208,483.33	202,847.64	5,635.69	2.78 %
52059-081 Retail Co-Promotion-PJ/PR	8,750.00		8,750.00	
52060-081 Cross-Functional Shopper Insights Survey-PJ/PR	21,950.00		21,950.00	
52071-075 Key Account Coverage-TX/MW/SE-Anderson	93,225.90	77,448.08	15,777.82	20.37 %
52075-013 Key Account Coverage-SW/NW-Becker	118,000.00	112,409.08	5,590.92	4.97 %
52015-000 Trade PR Expenses (deleted)		6,939.96	-6,939.96	-100.0 %
52058-081 Retailer/Immersive Experiences-Expenses-PJ/PR (deleted)		16,090.98	-16,090.98	-100.0 %
Total for 52000-001 Trade Relations	**$583,050.45**	**$584,459.65**	**-$1,409.20**	**-0.24 %**
52010-000 Retail & Consumer Promotions				
52124-000 Retail Performance Programs-Retail Promotions	274,593.37	300,960.38	-26,367.01	-8.76 %
52125-000 Retail Brand Awareness Programs	166,004.01	106,365.70	59,638.31	56.07 %
52128-066 Retail Trade Promotions-Fusion	21,148.95	28,539.36	-7,390.41	-25.9 %
52129-000 Retailer Social Media Advertising Support	101.02	500.00	-398.98	-79.8 %
52131-000 Retail Merchandising Services (POS Placement)	570.90		570.90	
52132-000 Retail Identity Programs-Display Bins	3,717.75	90,000.00	-86,282.25	-95.87 %
52301-000 Premiums	0.00	3,754.23	-3,754.23	-100.0 %
52303-000 Storage/Fulfillment	10,050.85	24,099.01	-14,048.16	-58.29 %
52016-000 Recipe Development (deleted)		0.00	0.00	
52302-000 POS Materials		8,175.00	-8,175.00	-100.0 %
Total for 52010-000 Retail & Consumer Promotions	**$476,186.85**	**$562,393.68**	**-$86,206.83**	**-15.33 %**
52200-000 Data, Research & Analysis				
52202-000 Retail POS Scan Data-Circana	49,523.25	49,523.25	0.00	0.0 %
52204-066 Data Analysis & Retail Research-FUSION	66,544.38	81,347.69	-14,803.31	-18.2 %
52206-086 Inventory Reporting-AVMA	1,800.00	1,800.00	0.00	0.0 %
52211-066 California Avocado Market Analysis-Fusion	47,177.40	46,513.02	664.38	1.43 %
52213-066 Retail Support, Consultation, Planning, Program & Data Admin-Fusion	16,960.71	32,497.62	-15,536.91	-47.81 %
Total for 52200-000 Data, Research & Analysis	**$182,005.74**	**$211,681.58**	**-$29,675.84**	**-14.02 %**
52400-000 Administration & Other				
52140-098 Grower Communications-GingerRoot	2,992.50	4,760.00	-1,767.50	-37.13 %
52401-004 Travel Expenses - Splane	864.66	5,221.26	-4,356.60	-83.44 %
52401-019 Travel Expenses - Marketing Staff	13,754.08	15,544.60	-1,790.52	-11.52 %
52411-000 Office Expenses - Marketing	7,175.88	10,375.11	-3,199.23	-30.84 %
Total for 52400-000 Administration & Other	**$24,787.12**	**$35,900.97**	**-$11,113.85**	**-30.96 %**

California Avocado Commission

MEC Statement of Activity vs. Prior Year

November, 2025-June, 2026

	TOTAL			
	Nov 1 2025 - Jun 30 2026	Nov 1 2024 - Jun 30 2025 (PY)	$ Change (PY)	% Change (PY)
Total for 52000-000 Trade - Retail	**$1,266,030.16**	**$1,394,435.88**	**-$128,405.72**	**-9.21 %**
53000-000 Trade - Foodservice				
53001-070 Media-Agency	20,425.00	29,124.05	-8,699.05	-29.87 %
53002-070 Production-Agency	15,817.00	30,257.04	-14,440.04	-47.72 %
53101-070 Public Relations-Agency	35,344.18	59,136.97	-23,792.79	-40.23 %
53103-070 Foodservice Events-Agency	52,046.55	90,042.17	-37,995.62	-42.2 %
53104-070 Chain Promotions-Agency	94,414.18	132,041.83	-37,627.65	-28.5 %
53105-070 Culinary Education Program-Agency	550.00	1,160.00	-610.00	-52.59 %
53801-070 Program Administration Fees-Agency	13,700.00	24,250.00	-10,550.00	-43.51 %
53802-070 Program Administration Expenses-Agency	704.39	1,268.27	-563.88	-44.46 %
Total for 53000-000 Trade - Foodservice	**$233,001.30**	**$367,280.33**	**-$134,279.03**	**-36.56 %**
59000-000 Marketing Activities Support				
51003-000 Buy California Marketing Agreement	16,666.68	12,499.98	4,166.70	33.33 %
51803-067 Marketing Planning/Special Projects-RoMo	29,600.00	44,000.00	-14,400.00	-32.73 %
51805-000 Marketing Personnel Expense	413,800.03	531,880.36	-118,080.33	-22.2 %
52134-000 Export Program	12,600.00	15,000.00	-2,400.00	-16.0 %
51803-000 Marketing/Planning		942.97	-942.97	-100.0 %
Total for 59000-000 Marketing Activities Support	**$472,666.71**	**$604,323.31**	**-$131,656.60**	**-21.79 %**
Total for 50000-000 Marketing	**$3,916,860.91**	**$5,331,563.40**	**-$1,414,702.49**	**-26.53 %**
64000-000 Industry Affairs				
64000-001 Industry Statistics and Information				
64001-000 AMRIC Operation	2,655.17	2,108.81	546.36	25.91 %
64001-130 AMRIC Operation-Hooman Mohammadpour	9,900.00	9,386.45	513.55	5.47 %
64002-000 Crop Forecasting and Analysis	1,842.69	3,764.62	-1,921.93	-51.05 %
64002-104 Crop Forecasting And Analysis-Land IQ	39,436.00	38,287.50	1,148.50	3.0 %
64004-000 Grove ID GIS Project Dmnt	2,399.00		2,399.00	
64004-104 Grove ID GIS Project Dmnt-Land IQ		1,546.25	-1,546.25	-100.0 %
Total for 64000-001 Industry Statistics and Information	**$56,232.86**	**$55,093.63**	**$1,139.23**	**2.07 %**
64100-000 Grower Communications				
64105-000 Online Information	2,648.46	1,868.17	780.29	41.77 %
64105-098 Online Information-GingerRoot	11,227.50	7,480.00	3,747.50	50.1 %
64105-099 Online Information-Fishhook	3,937.50	5,000.00	-1,062.50	-21.25 %
64106-000 Publications	1,602.88	405.65	1,197.23	295.14 %
64106-067 Publications-ROMO	1,125.00	1,125.00	0.00	0.0 %
64106-085 Publications-Fox Wthr	880.00	880.00	0.00	0.0 %
64106-098 Publications-GingerRoot	13,320.00	5,300.00	8,020.00	151.32 %
64106-118 Publications-Champ	33,011.11	32,242.46	768.65	2.38 %

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November, 2025-June, 2026

	TOTAL			
	Nov 1 2025 - Jun 30 2026	Nov 1 2024 - Jun 30 2025 (PY)	$ Change (PY)	% Change (PY)
64107-000 Annual Meeting	5,092.13	14,228.38	-9,136.25	-64.21 %
64108-098 Annual Report-GingerRoot		3,560.00	-3,560.00	-100.0 %
Total for 64100-000 Grower Communications	**$72,844.58**	**$72,089.66**	**$754.92**	**1.05 %**
64200-000 Issues Management				
64204-000 Research Program Coordination & Outreach	65,578.87	72,471.63	-6,892.76	-9.51 %
64206-000 Legislative & Regulatory Advocacy	374,929.92	263,254.35	111,675.57	42.42 %
Total for 64200-000 Issues Management	**$440,508.79**	**$335,725.98**	**$104,782.81**	**31.21 %**
64300-000 Legal & Governance				
64301-000 Elections	1,046.81	918.29	128.52	14.0 %
64302-000 Legal Support	179,636.83	111,580.00	68,056.83	60.99 %
64303-000 Governance Support	5,302.78	4,529.11	773.67	17.08 %
64304-000 Referendum	2,082.78		2,082.78	
64305-000 Redistricting	1,380.00		1,380.00	
Total for 64300-000 Legal & Governance	**$189,449.20**	**$117,027.40**	**$72,421.80**	**61.88 %**
64400-000 Demonstration Grove				
64401-000 Pine Tree - Rent	0.00	0.00	0.00	
64402-000 Pine Tree - Grove Management	18,205.98	23,421.06	-5,215.08	-22.27 %
64403-000 Pine Tree - Utilities	-2,259.83	-745.89	-1,513.94	-202.97 %
64404-000 Pine Tree - Property Tax & Insurance	2,257.95	2,118.65	139.30	6.57 %
64405-000 Pine Tree - Miscellaneous Expense	1,101.71	32,039.87	-30,938.16	-96.56 %
64406-000 Pine Tree - Crop Harvesting	7,740.73	47,285.61	-39,544.88	-83.63 %
64408-000 Pine Tree - CAC Assessment	179.59	1,126.42	-946.83	-84.06 %
64409-000 Pine Tree - HAB Assessment	449.28	5,589.20	-5,139.92	-91.96 %
Total for 64400-000 Demonstration Grove	**$27,675.41**	**$110,834.92**	**-$83,159.51**	**-75.03 %**
64500-000 Education & Outreach				
64502-000 Pine Tree Ranch Field Days	283.25	1,291.61	-1,008.36	-78.07 %
64503-000 Grower Outreach	55,396.25	212.00	55,184.25	26030.31 %
Total for 64500-000 Education & Outreach	**$55,679.50**	**$1,503.61**	**$54,175.89**	**3603.05 %**
64800-000 Other Industry Affairs				
64801-000 Coalition Dues, Sponsorships , Registrations & Rep	34,727.80	25,900.00	8,827.80	34.08 %
64801-086 Industry Reports-AVMA	320.00	320.00	0.00	0.0 %
64803-000 Travel Expenses - Industry Affairs	6,193.29	18,207.18	-12,013.89	-65.98 %
64804-000 Office Expenses - Industry Affairs	920.67	1,821.58	-900.91	-49.46 %
64805-000 Committee Meeting Expense	1,971.45		1,971.45	
64901-000 Misc IA Exps (Theft Reward)	181.83	3,157.51	-2,975.68	-94.24 %
Total for 64800-000 Other Industry Affairs	**$44,315.04**	**$49,406.27**	**-$5,091.23**	**-10.3 %**
Total for 64000-000 Industry Affairs	**$886,705.38**	**$741,681.47**	**$145,023.91**	**19.55 %**

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November, 2025-June, 2026

	TOTAL			
	Nov 1 2025 - Jun 30 2026	Nov 1 2024 - Jun 30 2025 (PY)	$ Change (PY)	% Change (PY)
65000-000 Production Research				
65100-000 Pest & Disease				
65133-000 Chemical Synthesis and Field Evaluation of an Enantiopure (+)-Grandisol	197,513.00		197,513.00	
65135-000 Integrating Chemical and Cultural Practices for Bot Canker Control in Avocado	6,000.00		6,000.00	
65137-000 Improve Phytophthora cinnamomi management by monitoring field populations for changes in fungicide s	50,633.00		50,633.00	
65139-000 Investigating conditional host status of GEM avocado to fruit fly	7,150.00		7,150.00	
Total for 65100-000 Pest & Disease	**$261,296.00**		**$261,296.00**	
65200-000 Breeding, Varieties & Genetics				
65218-000 CAL POLY Continued Research at the San Luis Obispo Rootstock Trial Site (2025-2027)	12,000.00		12,000.00	
65216-000 Commercial-Scale Field Testing of Advanced Rootstock (deleted)		44,814.00	-44,814.00	-100.0 %
65217-000 CAL POLY - Commercial-scale field testing and potential release of five elite advanced ro (deleted)		1,536.65	-1,536.65	-100.0 %
Total for 65200-000 Breeding, Varieties & Genetics	**$12,000.00**	**$46,350.65**	**-$34,350.65**	**-74.11 %**
65300-000 Cultural Management				
65323-000 Develop tools and info on crop water use (deleted)	0.00	27,802.00	-27,802.00	-100.0 %
65325-000 Artificial Pollination Research	31,058.00	31,360.00	-302.00	-0.96 %
65326-000 Addressing the relationship between soil characteristics and soil salinity in CA avocado groves	755.00		755.00	
65327-000 Creating a Weather Station Network to Guide Irrigation Decision of Avocados	88,375.00		88,375.00	
65328-000 Assessing irrigation management tools and strategies on avocado fruit quality and yield impacts	14,428.87		14,428.87	
65324-000 Adapting a User-friendly Online Irrigation Calculator for Avocados (deleted)		0.00	0.00	
Total for 65300-000 Cultural Management	**$134,616.87**	**$59,162.00**	**$75,454.87**	**127.54 %**
65400-000 Industry Research Support				
65403-000 FFAR Fellow Sponsor - Landesman	32,500.00		32,500.00	
Total for 65400-000 Industry Research Support	**$32,500.00**		**$32,500.00**	
Total for 65000-000 Production Research	**$440,412.87**	**$105,512.65**	**$334,900.22**	**317.4 %**
66010-000 Grant Programs				
66015-000 Export Marketing				
66022-000 USDA Grant - FAS MAP China/North Asia	131,007.92	108,290.57	22,717.35	20.98 %
66021-000 USDA Grant - FAS MAP China (deleted)		8,000.00	-8,000.00	-100.0 %
Total for 66015-000 Export Marketing	**$131,007.92**	**$116,290.57**	**$14,717.35**	**12.66 %**
66100-000 Unreimbursed Grant Receivables	8,115.42	31,787.99	-23,672.57	-74.47 %
Total for 66010-000 Grant Programs	**$139,123.34**	**$148,078.56**	**-$8,955.22**	**-6.05 %**

California Avocado Commission

MEC Statement of Activity vs. Prior Year
November, 2025-June, 2026

	TOTAL			
	Nov 1 2025 - Jun 30 2026	Nov 1 2024 - Jun 30 2025 (PY)	$ Change (PY)	% Change (PY)
70000-000 Operations				
71100-000 Office Expense				
71101-000 Office Rent - CAC Mauchly, Irvine	0.00	0.00	0.00	
71102-000 Rent-CAM, Ins, Prop Tax	1,418.71	21,736.68	-20,317.97	-93.47 %
71104-000 Rent-Offsite Storage	6,840.00	6,640.00	200.00	3.01 %
71111-000 Insurance-Liability	51,527.90	53,768.98	-2,241.08	-4.17 %
71121-000 Office Expenses - Operations	5,577.74	3,542.03	2,035.71	57.47 %
71122-000 Office Supplies	1,833.58	1,013.80	819.78	80.86 %
71123-000 Janitorial	489.00	4,035.87	-3,546.87	-87.88 %
71131-000 Office Utilities	265.90	6,374.95	-6,109.05	-95.83 %
71141-000 Bank & Payroll Fees	26,508.56	6,106.04	20,402.52	334.14 %
71151-000 Equipment Maintenance & Expense	215.54	4,875.58	-4,660.04	-95.58 %
71161-000 Telephone	2,815.84	5,467.43	-2,651.59	-48.5 %
71162-000 Employee Communication Expense	9,000.00	9,075.00	-75.00	-0.83 %
71181-000 Postage & Courier Service	238.55	201.10	37.45	18.62 %
Total for 71100-000 Office Expense	**$106,731.32**	**$122,837.46**	**-$16,106.14**	**-13.11 %**
71200-000 Professional Fees				
71201-000 CPA-Financial Audits	42,997.50	41,200.00	1,797.50	4.36 %
71207-000 CDFA Fiscal and Compliance Audit	10,762.50	10,290.00	472.50	4.59 %
71211-000 Calif. Department of Food & Ag.-CDFA	60,546.97	53,721.05	6,825.92	12.71 %
71221-000 Dept. of Ag-USDA/AMS	31,943.99	27,338.95	4,605.04	16.84 %
71235-000 Legal-Ballard/Rosenberg-Labor Issues	6,413.00	6,497.50	-84.50	-1.3 %
78301-000 Pension Adm & Legal	19,825.92	15,022.10	4,803.82	31.98 %
71203-000 CPA-Assessment Audits		0.00	0.00	
71236-000 Outsourced Accounting		21,649.98	-21,649.98	-100.0 %
Total for 71200-000 Professional Fees	**$172,489.88**	**$175,719.58**	**-$3,229.70**	**-1.84 %**
71300-000 Personnel Expenses				
71301-000 Salaries/Wages				
71302-000 Salaries/Wages - IA & Ops	455,248.67	419,952.65	35,296.02	8.4 %
71303-000 Salaries/Wages - Marketing	54,791.75	63,657.87	-8,866.12	-13.93 %
Total for 71301-000 Salaries/Wages	**$510,040.42**	**$483,610.52**	**$26,429.90**	**5.47 %**
71311-000 Pension Expense				
71312-000 Pension Expense - IA & Ops	46,483.36	41,029.48	5,453.88	13.29 %
71313-000 Pension Expense - Marketing	4,770.14	6,592.60	-1,822.46	-27.64 %
Total for 71311-000 Pension Expense	**$51,253.50**	**$47,622.08**	**$3,631.42**	**7.63 %**
71321-000 Payroll Tax & Work Comp				
71322-000 Payroll Tax & Work Comp - IA & Ops	34,336.51	31,384.29	2,952.22	9.41 %
71323-000 Payroll Tax & Work Comp - Marketing	4,308.07	6,136.40	-1,828.33	-29.79 %

California Avocado Commission

MEC Statement of Activity vs. Prior Year
November, 2025-June, 2026

	TOTAL			
	Nov 1 2025 - Jun 30 2026	Nov 1 2024 - Jun 30 2025 (PY)	$ Change (PY)	% Change (PY)
Total for 71321-000 Payroll Tax & Work Comp	**$38,644.58**	**$37,520.69**	**$1,123.89**	**3.0 %**
71331-000 Benefits		$0.00	$0.00	
71332-000 Benefits - IA & Ops	82,069.78	74,801.76	7,268.02	9.72 %
71333-000 Benefits - Marketing	9,411.35	10,548.12	-1,136.77	-10.78 %
Total for 71331-000 Benefits	**$91,481.13**	**$85,349.88**	**$6,131.25**	**7.18 %**
Total for 71300-000 Personnel Expenses	**$691,419.63**	**$654,103.17**	**$37,316.46**	**5.7 %**
71400-000 Commissioner Expenses				
71403-000 Travel Expenses - Board Members	14,132.31	4,415.48	9,716.83	220.06 %
71404-000 Board Meeting Expenses	21,890.16	18,998.37	2,891.79	15.22 %
71405-000 HAB BOLD Participation	3,656.92	6,392.34	-2,735.42	-42.79 %
71406-000 District Designated Funds	15,065.97		15,065.97	
Total for 71400-000 Commissioner Expenses	**$54,745.36**	**$29,806.19**	**$24,939.17**	**83.67 %**
73000-000 Information Technology				
73001-000 Network Maintenance	18,870.62	8,855.05	10,015.57	113.11 %
73002-000 Network Hardware, Software & Licenses	9,868.35	2,116.42	7,751.93	366.28 %
73003-000 IT Support & Consulting	12,920.00	20,584.50	-7,664.50	-37.23 %
73004-000 Accounting & Assessment System	3,674.75	5,175.58	-1,500.83	-29.0 %
73005-000 IT Services	820.00	6,560.00	-5,740.00	-87.5 %
Total for 73000-000 Information Technology	**$46,153.72**	**$43,291.55**	**$2,862.17**	**6.61 %**
78000-000 Depreciation, Interest & Other Operations				
78101-000 Travel Expenses - Operations	23,377.61	1,812.76	21,564.85	1189.61 %
78501-000 Dues, Education, Training, Recruitment & Other	14,581.15	17,858.93	-3,277.78	-18.35 %
79001-000 Amortization Expense	26,140.06	106,204.26	-80,064.20	-75.39 %
79100-000 Interest Expense	2,813.44	4,076.30	-1,262.86	-30.98 %
79200-000 Fraud Loss	26,475.00		26,475.00	
Total for 78000-000 Depreciation, Interest & Other Operations	**$93,387.26**	**$129,952.25**	**-$36,564.99**	**-28.14 %**
Total for 70000-000 Operations	**$1,164,927.17**	**$1,155,710.20**	**$9,216.97**	**0.8 %**
Total for Expenditures	**$6,548,029.67**	**$7,482,546.28**	**-$934,516.61**	**-12.49 %**
Net Operating Revenue	**-$76,367.20**	**-$2,079,797.57**	**$2,003,430.37**	**96.33 %**
Other Revenue				
Other Expenditures				
99999-000 Suspense	6,393.82		6,393.82	
Total for Other Expenditures	**$6,393.82**		**$6,393.82**	
Net Other Revenue	**-$6,393.82**		**-$6,393.82**	
Net Revenue	**-$82,761.02**	**-$2,079,797.57**	**$1,997,036.55**	**96.02 %**

California Avocado Commission

Budget vs. Actuals: CAC 2025-26 Budget Amendment #2 - FY26 P&L Classes

November 2025 - June 2026

	RESTRICTED				UNRESTRICTED				TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Revenue												
40001-000 CAC Assessment Revenue-Current Year					2,138,338.25	2,011,300.00	127,038.25	106.32 %	$2,138,338.25	$2,011,300.00	$127,038.25	106.32 %
40002-000 CAC Assessment Revenue-Prior Year					-63.21		-63.21		$ -63.21	$0.00	$ -63.21	0.00%
40011-000 HAB Rebate Assess. Revenue-Current Year	3,985,866.37	4,081,500.00	-95,633.63	97.66 %					$3,985,866.37	$4,081,500.00	$ -95,633.63	97.66 %
42001-000 Accounting/Administration Fee Revenue (AIP)					42,000.00	48,000.00	-6,000.00	87.50 %	$42,000.00	$48,000.00	$ -6,000.00	87.50 %
46000-000 Grant Funding									$0.00	$0.00	$0.00	0.00%
46022-000 USDA Grant - FAS MAP China/North Asia - Revenue					114,437.51	50,000.00	64,437.51	228.88 %	$114,437.51	$50,000.00	$64,437.51	228.88 %
Total 46000-000 Grant Funding					**114,437.51**	**50,000.00**	**64,437.51**	**228.88 %**	**$114,437.51**	**$50,000.00**	**$64,437.51**	**228.88 %**
48001-000 Interest Income	13,176.45	33,333.36	-20,156.91	39.53 %	129,463.07	126,666.64	2,796.43	102.21 %	$142,639.52	$160,000.00	$ -17,360.48	89.15 %
48003-000 Other - Pine Tree Ranch Crop Income					16,489.03	31,250.00	-14,760.97	52.76 %	$16,489.03	$31,250.00	$ -14,760.97	52.76 %
48009-000 Other Income - Misc					755.00		755.00		$755.00	$0.00	$755.00	0.00%
48009-118 Other Income - From the Grove					31,200.00	30,000.00	1,200.00	104.00 %	$31,200.00	$30,000.00	$1,200.00	104.00 %
Total Revenue	**$3,999,042.82**	**$4,114,833.36**	**$ -115,790.54**	**97.19 %**	**$2,472,619.65**	**$2,297,216.64**	**$175,403.01**	**107.64 %**	**$6,471,662.47**	**$6,412,050.00**	**$59,612.47**	**100.93 %**
GROSS PROFIT	**$3,999,042.82**	**$4,114,833.36**	**$ -115,790.54**	**97.19 %**	**$2,472,619.65**	**$2,297,216.64**	**$175,403.01**	**107.64 %**	**$6,471,662.47**	**$6,412,050.00**	**$59,612.47**	**100.93 %**
Expenditures												
50000-000 Marketing									$0.00	$0.00	$0.00	0.00%
51000-000 Consumer Marketing									$0.00	$0.00	$0.00	0.00%
51001-072 Media Planning & Buying-Curious Plot	603,689.74	445,507.00	158,182.74	135.51 %					$603,689.74	$445,507.00	$158,182.74	135.51 %
51002-072 Creative Strategy, Content & Production-Curious Plot	239,628.17	250,000.00	-10,371.83	95.85 %					$239,628.17	$250,000.00	$ -10,371.83	95.85 %
51004-072 Consumer Marketing-Retail-Curious Plot	193,255.75	207,418.00	-14,162.25	93.17 %	84,586.05	145,000.00	-60,413.95	58.34 %	$277,841.80	$352,418.00	$ -74,576.20	78.84 %
51801-072 Account Administration-Curious Plot	172,087.84	175,838.00	-3,750.16	97.87 %		0.00	0.00		$172,087.84	$175,838.00	$ -3,750.16	97.87 %
54001-072 Consumer PR-Curious Plot	184,214.80	244,100.00	-59,885.20	75.47 %	0.00		0.00		$184,214.80	$244,100.00	$ -59,885.20	75.47 %
55101-072 Consumer Email Marketing & Website-Curious Plot	85,313.08	125,340.00	-40,026.92	68.07 %					$85,313.08	$125,340.00	$ -40,026.92	68.07 %
55103-072 Social Media & Content Marketing-Curious Plot	236,754.10	92,000.00	144,754.10	257.34 %	114,248.21	183,000.00	-68,751.79	62.43 %	$351,002.31	$275,000.00	$76,002.31	127.64 %
57002-072 Consumer Tracking Study & Research-Curious Plot					31,385.00	31,385.00	0.00	100.00 %	$31,385.00	$31,385.00	$0.00	100.00 %
Total 51000-000 Consumer Marketing	**1,714,943.48**	**1,540,203.00**	**174,740.48**	**111.35 %**	**230,219.26**	**359,385.00**	**-129,165.74**	**64.06 %**	**$1,945,162.74**	**$1,899,588.00**	**$45,574.74**	**102.40 %**
52000-000 Trade - Retail									$0.00	$0.00	$0.00	0.00%
52000-001 Trade Relations									$0.00	$0.00	$0.00	0.00%
52001-066 Trade Advertising-Media-Fusion	72,692.77	91,455.59	-18,762.82	79.48 %					$72,692.77	$91,455.59	$ -18,762.82	79.48 %
52002-066 Trade Advertising-Production-Fusion	22,417.98	27,950.00	-5,532.02	80.21 %					$22,417.98	$27,950.00	$ -5,532.02	80.21 %
52022-000 Dues	10,029.18	9,260.00	769.18	108.31 %					$10,029.18	$9,260.00	$769.18	108.31 %
52042-000 Conventions	15,001.18	0.00	15,001.18						$15,001.18	$0.00	$15,001.18	0.00%
52052-081 Program Admin/Strategy/Planning-PJ/PR	13,333.44	13,336.00	-2.56	99.98 %	0.00		0.00		$13,333.44	$13,336.00	$ -2.56	99.98 %
52055-081 Key Account Marketing Communications-Fees-PJ/PR	0.00		0.00		206,400.00	206,400.00	0.00	100.00 %	$206,400.00	$206,400.00	$0.00	100.00 %

	RESTRICTED				UNRESTRICTED				TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
52059-081 Retail Co-Promotion-PJ/PR	10,000.00	10,000.00	0.00	100.00 %					$10,000.00	$10,000.00	$0.00	100.00 %
52060-000 Cross-Functional Shopper Insights Survey		11,950.00	-11,950.00						$0.00	$11,950.00	$ -11,950.00	0.00%
52060-081 Cross-Functional Shopper Insights Survey-PJ/PR	21,950.00	10,700.00	11,250.00	205.14 %					$21,950.00	$10,700.00	$11,250.00	205.14 %
52071-075 Key Account Coverage-TX/MW/SE-Anderson	93,225.90	92,000.00	1,225.90	101.33 %					$93,225.90	$92,000.00	$1,225.90	101.33 %
52075-013 Key Account Coverage-SW/NW-Becker	118,000.00	118,000.00	0.00	100.00 %					$118,000.00	$118,000.00	$0.00	100.00 %
Total 52000-001 Trade Relations	**376,650.45**	**384,651.59**	**-8,001.14**	**97.92 %**	**206,400.00**	**206,400.00**	**0.00**	**100.00 %**	**$583,050.45**	**$591,051.59**	**$ -8,001.14**	**98.65 %**
52010-000 Retail & Consumer Promotions		0.00	0.00						$0.00	$0.00	$0.00	0.00%
52124-000 Retail Performance Programs-Retail Promotions	274,593.37	250,000.00	24,593.37	109.84 %		345,000.00	-345,000.00		$274,593.37	$595,000.00	$ -320,406.63	46.15 %
52125-000 Retail Brand Awareness Programs	166,004.01	390,000.00	-223,995.99	42.57 %					$166,004.01	$390,000.00	$ -223,995.99	42.57 %
52128-066 Retail Trade Promotions-Fusion	21,148.95	25,450.00	-4,301.05	83.10 %					$21,148.95	$25,450.00	$ -4,301.05	83.10 %
52129-000 Retailer Social Media Advertising Support		22,500.00	-22,500.00		101.02		101.02		$101.02	$22,500.00	$ -22,398.98	0.45 %
52131-000 Retail Merchandising Services (POS Placement)	570.90	125,000.00	-124,429.10	0.46 %					$570.90	$125,000.00	$ -124,429.10	0.46 %
52132-000 Retail Identity Programs-Display Bins	3,717.75	191,000.00	-187,282.25	1.95 %					$3,717.75	$191,000.00	$ -187,282.25	1.95 %
52301-000 Premiums	0.00	5,000.00	-5,000.00	0.00 %					$0.00	$5,000.00	$ -5,000.00	0.00 %
52302-000 POS Materials		5,000.00	-5,000.00						$0.00	$5,000.00	$ -5,000.00	0.00%
52303-000 Storage/Fulfillment	10,050.85	20,500.00	-10,449.15	49.03 %					$10,050.85	$20,500.00	$ -10,449.15	49.03 %
Total 52010-000 Retail & Consumer Promotions	**476,085.83**	**1,034,450.00**	**-558,364.17**	**46.02 %**	**101.02**	**345,000.00**	**-344,898.98**	**0.03 %**	**$476,186.85**	**$1,379,450.00**	**$ -903,263.15**	**34.52 %**
52200-000 Data, Research & Analysis									$0.00	$0.00	$0.00	0.00%
52202-000 Retail POS Scan Data-Circana	49,523.25	50,250.00	-726.75	98.55 %					$49,523.25	$50,250.00	$ -726.75	98.55 %
52204-066 Data Analysis & Retail Research-FUSION	66,544.38	83,300.00	-16,755.62	79.89 %					$66,544.38	$83,300.00	$ -16,755.62	79.89 %
52206-086 Inventory Reporting-AVMA		0.00	0.00		1,800.00	1,800.00	0.00	100.00 %	$1,800.00	$1,800.00	$0.00	100.00 %
52211-066 California Avocado Market Analysis-Fusion	47,177.40	53,150.00	-5,972.60	88.76 %					$47,177.40	$53,150.00	$ -5,972.60	88.76 %
52213-066 Retail Support, Consultation, Planning, Program & Data Admin-Fusion	16,960.71	32,000.00	-15,039.29	53.00 %					$16,960.71	$32,000.00	$ -15,039.29	53.00 %
Total 52200-000 Data, Research & Analysis	**180,205.74**	**218,700.00**	**-38,494.26**	**82.40 %**	**1,800.00**	**1,800.00**	**0.00**	**100.00 %**	**$182,005.74**	**$220,500.00**	**$ -38,494.26**	**82.54 %**
52400-000 Administration & Other									$0.00	$0.00	$0.00	0.00%
52140-098 Grower Communications-GingerRoot					2,992.50	6,040.00	-3,047.50	49.54 %	$2,992.50	$6,040.00	$ -3,047.50	49.54 %
52401-004 Travel Expenses - Splane	864.66	2,500.00	-1,635.34	34.59 %					$864.66	$2,500.00	$ -1,635.34	34.59 %
52401-019 Travel Expenses - Marketing Staff	13,754.08	12,250.00	1,504.08	112.28 %					$13,754.08	$12,250.00	$1,504.08	112.28 %
52411-000 Office Expenses - Marketing	7,175.88	11,500.00	-4,324.12	62.40 %	0.00		0.00		$7,175.88	$11,500.00	$ -4,324.12	62.40 %
Total 52400-000 Administration & Other	**21,794.62**	**26,250.00**	**-4,455.38**	**83.03 %**	**2,992.50**	**6,040.00**	**-3,047.50**	**49.54 %**	**$24,787.12**	**$32,290.00**	**$ -7,502.88**	**76.76 %**
Total 52000-000 Trade - Retail	**1,054,736.64**	**1,664,051.59**	**-609,314.95**	**63.38 %**	**211,293.52**	**559,240.00**	**-347,946.48**	**37.78 %**	**$1,266,030.16**	**$2,223,291.59**	**$ -957,261.43**	**56.94 %**
53000-000 Trade - Foodservice									$0.00	$0.00	$0.00	0.00%
53001-070 Media-Agency	20,425.00	66,700.00	-46,275.00	30.62 %					$20,425.00	$66,700.00	$ -46,275.00	30.62 %
53002-070 Production-Agency	15,817.00	22,000.00	-6,183.00	71.90 %					$15,817.00	$22,000.00	$ -6,183.00	71.90 %
53101-070 Public Relations-Agency	35,344.18	53,100.00	-17,755.82	66.56 %					$35,344.18	$53,100.00	$ -17,755.82	66.56 %
53103-070 Foodservice Events-Agency	52,046.55	66,000.00	-13,953.45	78.86 %					$52,046.55	$66,000.00	$ -13,953.45	78.86 %
53104-070 Chain Promotions-Agency	97,744.32	122,475.00	-24,730.68	79.81 %	-3,330.14		-3,330.14		$94,414.18	$122,475.00	$ -28,060.82	77.09 %

California Avocado Commission

Budget vs. Actuals: CAC 2025-26 Budget Amendment #2 - FY26 P&L Classes

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	RESTRICTED				UNRESTRICTED				TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
53105-070 Culinary Education Program-Agency	550.00	1,350.00	-800.00	40.74 %					$550.00	$1,350.00	$ -800.00	40.74 %
53801-070 Program Administration Fees-Agency	13,700.00	25,000.00	-11,300.00	54.80 %					$13,700.00	$25,000.00	$ -11,300.00	54.80 %
53802-070 Program Administration Expenses-Agency	704.39	1,500.00	-795.61	46.96 %					$704.39	$1,500.00	$ -795.61	46.96 %
Total 53000-000 Trade - Foodservice	**236,331.44**	**358,125.00**	**-121,793.56**	**65.99 %**	**-3,330.14**		**-3,330.14**		**$233,001.30**	**$358,125.00**	**$ -125,123.70**	**65.06 %**
59000-000 Marketing Activities Support									$0.00	$0.00	$0.00	0.00%
51003-000 Buy California Marketing Agreement	16,666.68	16,665.00	1.68	100.01 %					$16,666.68	$16,665.00	$1.68	100.01 %
51803-067 Marketing Planning/Special Projects-RoMo					29,600.00	29,600.00	0.00	100.00 %	$29,600.00	$29,600.00	$0.00	100.00 %
51805-000 Marketing Personnel Expense	413,800.03	523,874.00	-110,073.97	78.99 %					$413,800.03	$523,874.00	$ -110,073.97	78.99 %
52134-000 Export Program					12,600.00	15,000.00	-2,400.00	84.00 %	$12,600.00	$15,000.00	$ -2,400.00	84.00 %
Total 59000-000 Marketing Activities Support	**430,466.71**	**540,539.00**	**-110,072.29**	**79.64 %**	**42,200.00**	**44,600.00**	**-2,400.00**	**94.62 %**	**$472,666.71**	**$585,139.00**	**$ -112,472.29**	**80.78 %**
Total 50000-000 Marketing	**3,436,478.27**	**4,102,918.59**	**-666,440.32**	**83.76 %**	**480,382.64**	**963,225.00**	**-482,842.36**	**49.87 %**	**$3,916,860.91**	**$5,066,143.59**	**$ -1,149,282.68**	**77.31 %**
64000-000 Industry Affairs									$0.00	$0.00	$0.00	0.00%
64000-001 Industry Statistics and Information									$0.00	$0.00	$0.00	0.00%
64001-000 AMRIC Operation					2,655.17	2,400.00	255.17	110.63 %	$2,655.17	$2,400.00	$255.17	110.63 %
64001-130 AMRIC Operation-Hooman Mohammadpour					9,900.00	9,600.00	300.00	103.13 %	$9,900.00	$9,600.00	$300.00	103.13 %
64002-000 Crop Forecasting and Analysis					1,842.69	5,000.00	-3,157.31	36.85 %	$1,842.69	$5,000.00	$ -3,157.31	36.85 %
64002-104 Crop Forecasting And Analysis-Land IQ					39,436.00	39,500.00	-64.00	99.84 %	$39,436.00	$39,500.00	$ -64.00	99.84 %
64004-000 Grove ID GIS Project Dmnt					2,399.00	2,400.00	-1.00	99.96 %	$2,399.00	$2,400.00	$ -1.00	99.96 %
Total 64000-001 Industry Statistics and Information					**56,232.86**	**58,900.00**	**-2,667.14**	**95.47 %**	**$56,232.86**	**$58,900.00**	**$ -2,667.14**	**95.47 %**
64100-000 Grower Communications									$0.00	$0.00	$0.00	0.00%
64105-000 Online Information					2,648.46	2,200.00	448.46	120.38 %	$2,648.46	$2,200.00	$448.46	120.38 %
64105-098 Online Information-GingerRoot					11,227.50	14,400.00	-3,172.50	77.97 %	$11,227.50	$14,400.00	$ -3,172.50	77.97 %
64105-099 Online Information-Fishhook					3,937.50	2,800.00	1,137.50	140.63 %	$3,937.50	$2,800.00	$1,137.50	140.63 %
64106-000 Publications					1,602.88	2,000.00	-397.12	80.14 %	$1,602.88	$2,000.00	$ -397.12	80.14 %
64106-067 Publications-ROMO					1,125.00	1,125.00	0.00	100.00 %	$1,125.00	$1,125.00	$0.00	100.00 %
64106-085 Publications-Fox Wthr					880.00	880.00	0.00	100.00 %	$880.00	$880.00	$0.00	100.00 %
64106-098 Publications-GingerRoot					13,320.00	12,325.00	995.00	108.07 %	$13,320.00	$12,325.00	$995.00	108.07 %
64106-118 Publications-Champ					33,011.11	36,000.00	-2,988.89	91.70 %	$33,011.11	$36,000.00	$ -2,988.89	91.70 %
64107-000 Annual Meeting					5,092.13	15,000.00	-9,907.87	33.95 %	$5,092.13	$15,000.00	$ -9,907.87	33.95 %
64108-000 Annual Report						9,000.00	-9,000.00		$0.00	$9,000.00	$ -9,000.00	0.00%
64108-098 Annual Report-GingerRoot						8,000.00	-8,000.00		$0.00	$8,000.00	$ -8,000.00	0.00%
Total 64100-000 Grower Communications					**72,844.58**	**103,730.00**	**-30,885.42**	**70.23 %**	**$72,844.58**	**$103,730.00**	**$ -30,885.42**	**70.23 %**
64200-000 Issues Management									$0.00	$0.00	$0.00	0.00%
64202-000 Field/Technical Support						20,000.00	-20,000.00		$0.00	$20,000.00	$ -20,000.00	0.00%
64204-000 Research Program Coordination & Outreach					65,578.87	66,000.00	-421.13	99.36 %	$65,578.87	$66,000.00	$ -421.13	99.36 %
64206-000 Legislative & Regulatory Advocacy					374,929.92	375,000.00	-70.08	99.98 %	$374,929.92	$375,000.00	$ -70.08	99.98 %

California Avocado Commission

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	RESTRICTED				UNRESTRICTED				TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Total 64200-000 Issues Management					**440,508.79**	**461,000.00**	**-20,491.21**	**95.56 %**	**$440,508.79**	**$461,000.00**	**$ -20,491.21**	**95.56 %**
64300-000 Legal & Governance									$0.00	$0.00	$0.00	0.00%
64301-000 Elections					1,046.81	1,500.00	-453.19	69.79 %	$1,046.81	$1,500.00	$ -453.19	69.79 %
64302-000 Legal Support					179,636.83	180,000.00	-363.17	99.80 %	$179,636.83	$180,000.00	$ -363.17	99.80 %
64303-000 Governance Support					5,302.78	5,000.00	302.78	106.06 %	$5,302.78	$5,000.00	$302.78	106.06 %
64304-000 Referendum					2,082.78	5,000.00	-2,917.22	41.66 %	$2,082.78	$5,000.00	$ -2,917.22	41.66 %
64305-000 Redistricting					1,380.00	3,500.00	-2,120.00	39.43 %	$1,380.00	$3,500.00	$ -2,120.00	39.43 %
Total 64300-000 Legal & Governance					**189,449.20**	**195,000.00**	**-5,550.80**	**97.15 %**	**$189,449.20**	**$195,000.00**	**$ -5,550.80**	**97.15 %**
64400-000 Demonstration Grove									$0.00	$0.00	$0.00	0.00%
64402-000 Pine Tree - Grove Management					18,205.98	34,665.00	-16,459.02	52.52 %	$18,205.98	$34,665.00	$ -16,459.02	52.52 %
64403-000 Pine Tree - Utilities					-2,259.83	3,600.00	-5,859.83	-62.77 %	$ -2,259.83	$3,600.00	$ -5,859.83	-62.77 %
64404-000 Pine Tree - Property Tax & Insurance					2,257.95	1,704.00	553.95	132.51 %	$2,257.95	$1,704.00	$553.95	132.51 %
64405-000 Pine Tree - Miscellaneous Expense					1,101.71	0.00	1,101.71		$1,101.71	$0.00	$1,101.71	0.00%
64406-000 Pine Tree - Crop Harvesting					7,740.73	6,250.00	1,490.73	123.85 %	$7,740.73	$6,250.00	$1,490.73	123.85 %
64408-000 Pine Tree - CAC Assessment					179.59	250.00	-70.41	71.84 %	$179.59	$250.00	$ -70.41	71.84 %
64409-000 Pine Tree - HAB Assessment	0.00		0.00		449.28	625.00	-175.72	71.88 %	$449.28	$625.00	$ -175.72	71.88 %
Total 64400-000 Demonstration Grove	**0.00**		**0.00**		**27,675.41**	**47,094.00**	**-19,418.59**	**58.77 %**	**$27,675.41**	**$47,094.00**	**$ -19,418.59**	**58.77 %**
64500-000 Education & Outreach									$0.00	$0.00	$0.00	0.00%
64501-000 Field Meetings, Seminars & Workshops						5,000.00	-5,000.00		$0.00	$5,000.00	$ -5,000.00	0.00%
64502-000 Pine Tree Ranch Field Days					283.25	2,000.00	-1,716.75	14.16 %	$283.25	$2,000.00	$ -1,716.75	14.16 %
64503-000 Grower Outreach					55,396.25	60,000.00	-4,603.75	92.33 %	$55,396.25	$60,000.00	$ -4,603.75	92.33 %
Total 64500-000 Education & Outreach					**55,679.50**	**67,000.00**	**-11,320.50**	**83.10 %**	**$55,679.50**	**$67,000.00**	**$ -11,320.50**	**83.10 %**
64800-000 Other Industry Affairs						0.00	0.00		$0.00	$0.00	$0.00	0.00%
64801-000 Coalition Dues, Sponsorships , Registrations & Rep					34,727.80	35,000.00	-272.20	99.22 %	$34,727.80	$35,000.00	$ -272.20	99.22 %
64801-086 Industry Reports-AVMA					320.00	320.00	0.00	100.00 %	$320.00	$320.00	$0.00	100.00 %
64803-000 Travel Expenses - Industry Affairs					6,193.29	15,200.00	-9,006.71	40.75 %	$6,193.29	$15,200.00	$ -9,006.71	40.75 %
64804-000 Office Expenses - Industry Affairs					920.67	2,500.00	-1,579.33	36.83 %	$920.67	$2,500.00	$ -1,579.33	36.83 %
64805-000 Committee Meeting Expense					1,971.45	3,200.00	-1,228.55	61.61 %	$1,971.45	$3,200.00	$ -1,228.55	61.61 %
64901-000 Misc IA Exps (Theft Reward)					181.83	500.00	-318.17	36.37 %	$181.83	$500.00	$ -318.17	36.37 %
Total 64800-000 Other Industry Affairs					**44,315.04**	**56,720.00**	**-12,404.96**	**78.13 %**	**$44,315.04**	**$56,720.00**	**$ -12,404.96**	**78.13 %**
Total 64000-000 Industry Affairs	**0.00**		**0.00**		**886,705.38**	**989,444.00**	**-102,738.62**	**89.62 %**	**$886,705.38**	**$989,444.00**	**$ -102,738.62**	**89.62 %**
65000-000 Production Research									$0.00	$0.00	$0.00	0.00%
65100-000 Pest & Disease									$0.00	$0.00	$0.00	0.00%
65133-000 Chemical Synthesis and Field Evaluation of an Enantiopure (+)-Grandisol					197,513.00	197,513.00	0.00	100.00 %	$197,513.00	$197,513.00	$0.00	100.00 %
65135-000 Integrating Chemical and Cultural Practices for Bot Canker Control in Avocado					6,000.00	6,000.00	0.00	100.00 %	$6,000.00	$6,000.00	$0.00	100.00 %
65137-000 Improve Phytophthora cinnamomi management by monitoring field populations for changes in fungicide s					50,633.00	50,633.00	0.00	100.00 %	$50,633.00	$50,633.00	$0.00	100.00 %
65139-000 Investigating conditional host status of GEM avocado to fruit fly					7,150.00	7,150.00	0.00	100.00	$7,150.00	$7,150.00	$0.00	100.00

California Avocado Commission

Budget vs. Actuals: CAC 2025-26 Budget Amendment #2 - FY26 P&L Classes

November 2025 - June 2026

	RESTRICTED				UNRESTRICTED				TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
								%				%
Total 65100-000 Pest & Disease					**261,296.00**	**261,296.00**	**0.00**	**100.00 %**	**$261,296.00**	**$261,296.00**	**$0.00**	**100.00 %**
65200-000 Breeding, Varieties & Genetics									$0.00	$0.00	$0.00	0.00%
65218-000 CAL POLY Continued Research at the San Luis Obispo Rootstock Trial Site (2025-2027)					12,000.00	12,000.00	0.00	100.00 %	$12,000.00	$12,000.00	$0.00	100.00 %
Total 65200-000 Breeding, Varieties & Genetics					**12,000.00**	**12,000.00**	**0.00**	**100.00 %**	**$12,000.00**	**$12,000.00**	**$0.00**	**100.00 %**
65300-000 Cultural Management									$0.00	$0.00	$0.00	0.00%
65325-000 Artificial Pollination Research					31,058.00	31,058.00	0.00	100.00 %	$31,058.00	$31,058.00	$0.00	100.00 %
65326-000 Addressing the relationship between soil characteristics and soil salinity in CA avocado groves					755.00	755.00	0.00	100.00 %	$755.00	$755.00	$0.00	100.00 %
65327-000 Creating a Weather Station Network to Guide Irrigation Decision of Avocados					88,375.00	88,375.00	0.00	100.00 %	$88,375.00	$88,375.00	$0.00	100.00 %
65328-000 Assessing irrigation management tools and strategies on avocado fruit quality and yield impacts					14,428.87	75,413.00	-60,984.13	19.13 %	$14,428.87	$75,413.00	$ -60,984.13	19.13 %
Total 65300-000 Cultural Management					**134,616.87**	**195,601.00**	**-60,984.13**	**68.82 %**	**$134,616.87**	**$195,601.00**	**$ -60,984.13**	**68.82 %**
65400-000 Industry Research Support									$0.00	$0.00	$0.00	0.00%
65403-000 FFAR Fellow Sponsor - Landesman					32,500.00	32,500.00	0.00	100.00 %	$32,500.00	$32,500.00	$0.00	100.00 %
Total 65400-000 Industry Research Support					**32,500.00**	**32,500.00**	**0.00**	**100.00 %**	**$32,500.00**	**$32,500.00**	**$0.00**	**100.00 %**
Total 65000-000 Production Research					**440,412.87**	**501,397.00**	**-60,984.13**	**87.84 %**	**$440,412.87**	**$501,397.00**	**$ -60,984.13**	**87.84 %**
66010-000 Grant Programs									$0.00	$0.00	$0.00	0.00%
66015-000 Export Marketing									$0.00	$0.00	$0.00	0.00%
66022-000 USDA Grant - FAS MAP China/North Asia					131,007.92	135,000.00	-3,992.08	97.04 %	$131,007.92	$135,000.00	$ -3,992.08	97.04 %
Total 66015-000 Export Marketing					**131,007.92**	**135,000.00**	**-3,992.08**	**97.04 %**	**$131,007.92**	**$135,000.00**	**$ -3,992.08**	**97.04 %**
66100-000 Unreimbursed Grant Receivables					8,115.42		8,115.42		$8,115.42	$0.00	$8,115.42	0.00%
Total 66010-000 Grant Programs					**139,123.34**	**135,000.00**	**4,123.34**	**103.05 %**	**$139,123.34**	**$135,000.00**	**$4,123.34**	**103.05 %**
70000-000 Operations									$0.00	$0.00	$0.00	0.00%
71100-000 Office Expense									$0.00	$0.00	$0.00	0.00%
71102-000 Rent-CAM, Ins, Prop Tax					1,418.71	4,000.00	-2,581.29	35.47 %	$1,418.71	$4,000.00	$ -2,581.29	35.47 %
71104-000 Rent-Offsite Storage					6,840.00	7,200.00	-360.00	95.00 %	$6,840.00	$7,200.00	$ -360.00	95.00 %
71111-000 Insurance-Liability					51,527.90	68,000.00	-16,472.10	75.78 %	$51,527.90	$68,000.00	$ -16,472.10	75.78 %
71121-000 Office Expenses - Operations					5,577.74	2,500.00	3,077.74	223.11 %	$5,577.74	$2,500.00	$3,077.74	223.11 %
71122-000 Office Supplies					1,833.58	2,000.00	-166.42	91.68 %	$1,833.58	$2,000.00	$ -166.42	91.68 %
71123-000 Janitorial					489.00	2,050.00	-1,561.00	23.85 %	$489.00	$2,050.00	$ -1,561.00	23.85 %
71131-000 Office Utilities					265.90	0.00	265.90		$265.90	$0.00	$265.90	0.00%
71141-000 Bank & Payroll Fees					26,508.56	42,600.00	-16,091.44	62.23 %	$26,508.56	$42,600.00	$ -16,091.44	62.23 %
71151-000 Equipment Maintenance & Expense					215.54	0.00	215.54		$215.54	$0.00	$215.54	0.00%
71161-000 Telephone					2,815.84	5,600.00	-2,784.16	50.28 %	$2,815.84	$5,600.00	$ -2,784.16	50.28 %
71162-000 Employee Communication Expense					9,000.00	9,600.00	-600.00	93.75 %	$9,000.00	$9,600.00	$ -600.00	93.75 %
71181-000 Postage & Courier Service					238.55	700.00	-461.45	34.08 %	$238.55	$700.00	$ -461.45	34.08 %

California Avocado Commission

Budget vs. Actuals: CAC 2025-26 Budget Amendment #2 - FY26 P&L Classes

November 2025 - June 2026

	RESTRICTED				UNRESTRICTED				TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Total 71100-000 Office Expense					**106,731.32**	**144,250.00**	**-37,518.68**	**73.99 %**	**$106,731.32**	**$144,250.00**	**$ -37,518.68**	**73.99 %**
71200-000 Professional Fees									$0.00	$0.00	$0.00	0.00%
71201-000 CPA-Financial Audits					42,997.50	43,000.00	-2.50	99.99 %	$42,997.50	$43,000.00	$ -2.50	99.99 %
71203-000 CPA-Assessment Audits						30,000.00	-30,000.00		$0.00	$30,000.00	$ -30,000.00	0.00%
71207-000 CDFA Fiscal and Compliance Audit					10,762.50	11,000.00	-237.50	97.84 %	$10,762.50	$11,000.00	$ -237.50	97.84 %
71211-000 Calif. Department of Food & Ag.-CDFA					60,546.97	50,000.00	10,546.97	121.09 %	$60,546.97	$50,000.00	$10,546.97	121.09 %
71221-000 Dept. of Ag-USDA/AMS					31,943.99	33,600.00	-1,656.01	95.07 %	$31,943.99	$33,600.00	$ -1,656.01	95.07 %
71235-000 Legal-Ballard/Rosenberg-Labor Issues					6,413.00	2,000.00	4,413.00	320.65 %	$6,413.00	$2,000.00	$4,413.00	320.65 %
78301-000 Pension Adm & Legal					19,825.92	16,300.00	3,525.92	121.63 %	$19,825.92	$16,300.00	$3,525.92	121.63 %
Total 71200-000 Professional Fees					**172,489.88**	**185,900.00**	**-13,410.12**	**92.79 %**	**$172,489.88**	**$185,900.00**	**$ -13,410.12**	**92.79 %**
71300-000 Personnel Expenses									$0.00	$0.00	$0.00	0.00%
71301-000 Salaries/Wages									$0.00	$0.00	$0.00	0.00%
71302-000 Salaries/Wages - IA & Ops					455,248.67	458,550.00	-3,301.33	99.28 %	$455,248.67	$458,550.00	$ -3,301.33	99.28 %
71303-000 Salaries/Wages - Marketing					54,791.75	70,536.00	-15,744.25	77.68 %	$54,791.75	$70,536.00	$ -15,744.25	77.68 %
Total 71301-000 Salaries/Wages					**510,040.42**	**529,086.00**	**-19,045.58**	**96.40 %**	**$510,040.42**	**$529,086.00**	**$ -19,045.58**	**96.40 %**
71311-000 Pension Expense									$0.00	$0.00	$0.00	0.00%
71312-000 Pension Expense - IA & Ops					46,483.36	45,858.00	625.36	101.36 %	$46,483.36	$45,858.00	$625.36	101.36 %
71313-000 Pension Expense - Marketing					4,770.14	6,280.00	-1,509.86	75.96 %	$4,770.14	$6,280.00	$ -1,509.86	75.96 %
Total 71311-000 Pension Expense					**51,253.50**	**52,138.00**	**-884.50**	**98.30 %**	**$51,253.50**	**$52,138.00**	**$ -884.50**	**98.30 %**
71321-000 Payroll Tax & Work Comp									$0.00	$0.00	$0.00	0.00%
71322-000 Payroll Tax & Work Comp - IA & Ops					34,336.51	32,810.64	1,525.87	104.65 %	$34,336.51	$32,810.64	$1,525.87	104.65 %
71323-000 Payroll Tax & Work Comp - Marketing					4,308.07	5,222.64	-914.57	82.49 %	$4,308.07	$5,222.64	$ -914.57	82.49 %
Total 71321-000 Payroll Tax & Work Comp					**38,644.58**	**38,033.28**	**611.30**	**101.61 %**	**$38,644.58**	**$38,033.28**	**$611.30**	**101.61 %**
71331-000 Benefits									$0.00	$0.00	$0.00	0.00%
71332-000 Benefits - IA & Ops					82,069.78	85,788.00	-3,718.22	95.67 %	$82,069.78	$85,788.00	$ -3,718.22	95.67 %
71333-000 Benefits - Marketing					9,411.35	13,514.00	-4,102.65	69.64 %	$9,411.35	$13,514.00	$ -4,102.65	69.64 %
Total 71331-000 Benefits					**91,481.13**	**99,302.00**	**-7,820.87**	**92.12 %**	**$91,481.13**	**$99,302.00**	**$ -7,820.87**	**92.12 %**
Total 71300-000 Personnel Expenses					**691,419.63**	**718,559.28**	**-27,139.65**	**96.22 %**	**$691,419.63**	**$718,559.28**	**$ -27,139.65**	**96.22 %**
71400-000 Commissioner Expenses									$0.00	$0.00	$0.00	0.00%
71403-000 Travel Expenses - Board Members					14,132.31	30,000.00	-15,867.69	47.11 %	$14,132.31	$30,000.00	$ -15,867.69	47.11 %
71404-000 Board Meeting Expenses					21,890.16	28,500.00	-6,609.84	76.81 %	$21,890.16	$28,500.00	$ -6,609.84	76.81 %
71405-000 HAB BOLD Participation					3,656.92	4,000.00	-343.08	91.42 %	$3,656.92	$4,000.00	$ -343.08	91.42 %
71406-000 District Designated Funds					15,065.97	16,000.00	-934.03	94.16 %	$15,065.97	$16,000.00	$ -934.03	94.16 %
Total 71400-000 Commissioner Expenses					**54,745.36**	**78,500.00**	**-23,754.64**	**69.74 %**	**$54,745.36**	**$78,500.00**	**$ -23,754.64**	**69.74 %**
73000-000 Information Technology									$0.00	$0.00	$0.00	0.00%
73001-000 Network Maintenance					18,870.62	20,080.00	-1,209.38	93.98 %	$18,870.62	$20,080.00	$ -1,209.38	93.98 %
73002-000 Network Hardware, Software & Licenses					9,868.35	8,496.00	1,372.35	116.15 %	$9,868.35	$8,496.00	$1,372.35	116.15 %
73003-000 IT Support & Consulting					12,920.00	20,720.00	-7,800.00	62.36 %	$12,920.00	$20,720.00	$ -7,800.00	62.36 %

California Avocado Commission

Budget vs. Actuals: CAC 2025-26 Budget Amendment #2 - FY26 P&L Classes

November 2025 - June 2026

	RESTRICTED				UNRESTRICTED				TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
73004-000 Accounting & Assessment System					3,674.75	2,800.00	874.75	131.24 %	$3,674.75	$2,800.00	$874.75	131.24 %
73005-000 IT Services					820.00	3,500.00	-2,680.00	23.43 %	$820.00	$3,500.00	$ -2,680.00	23.43 %
Total 73000-000 Information Technology					**46,153.72**	**55,596.00**	**-9,442.28**	**83.02 %**	**$46,153.72**	**$55,596.00**	**$ -9,442.28**	**83.02 %**
78000-000 Depreciation, Interest & Other Operations									$0.00	$0.00	$0.00	0.00%
78101-000 Travel Expenses - Operations					23,377.61	39,600.00	-16,222.39	59.03 %	$23,377.61	$39,600.00	$ -16,222.39	59.03 %
78501-000 Dues, Education, Training, Recruitment & Other					14,581.15	15,000.00	-418.85	97.21 %	$14,581.15	$15,000.00	$ -418.85	97.21 %
79001-000 Amortization Expense					26,140.06	26,144.00	-3.94	99.98 %	$26,140.06	$26,144.00	$ -3.94	99.98 %
79100-000 Interest Expense					2,813.44	3,570.00	-756.56	78.81 %	$2,813.44	$3,570.00	$ -756.56	78.81 %
79200-000 Fraud Loss					26,475.00		26,475.00		$26,475.00	$0.00	$26,475.00	0.00%
Total 78000-000 Depreciation, Interest & Other Operations					**93,387.26**	**84,314.00**	**9,073.26**	**110.76 %**	**$93,387.26**	**$84,314.00**	**$9,073.26**	**110.76 %**
Total 70000-000 Operations					**1,164,927.17**	**1,267,119.28**	**-102,192.11**	**91.94 %**	**$1,164,927.17**	**$1,267,119.28**	**$ -102,192.11**	**91.94 %**
Total Expenditures	**$3,436,478.27**	**$4,102,918.59**	**$ -666,440.32**	**83.76 %**	**$3,111,551.40**	**$3,856,185.28**	**$ -744,633.88**	**80.69 %**	**$6,548,029.67**	**$7,959,103.87**	**$ -1,411,074.20**	**82.27 %**
NET OPERATING REVENUE	**$562,564.55**	**$11,914.77**	**$550,649.78**	**4,721.57 %**	**$ -638,931.75**	**$ -1,558,968.64**	**$920,036.89**	**40.98 %**	**$ -76,367.20**	**$ -1,547,053.87**	**$1,470,686.67**	**4.94 %**
Other Expenditures												
99999-000 Suspense					6,393.82		6,393.82		$6,393.82	$0.00	$6,393.82	0.00%
Total Other Expenditures	**$0.00**	**$0.00**	**$0.00**	**0.00%**	**$6,393.82**	**$0.00**	**$6,393.82**	**0.00%**	**$6,393.82**	**$0.00**	**$6,393.82**	**0.00%**
NET OTHER REVENUE	**$0.00**	**$0.00**	**$0.00**	**0.00%**	**$ -6,393.82**	**$0.00**	**$ -6,393.82**	**0.00%**	**$ -6,393.82**	**$0.00**	**$ -6,393.82**	**0.00%**
NET REVENUE	**$562,564.55**	**$11,914.77**	**$550,649.78**	**4,721.57 %**	**$ -645,325.57**	**$ -1,558,968.64**	**$913,643.07**	**41.39 %**	**$ -82,761.02**	**$ -1,547,053.87**	**$1,464,292.85**	**5.35 %**

COMMITTEE INFORMATION

ITEM 6: REVIEW OF 2025-26 CONTRACTS OVER $25,000

SUMMARY:

As part of its fiduciary responsibility, each year the Finance Committee reviews CAC contracts over $25,000. Attached here is a listing of the current contracts for 2025-26 that CAC has entered into, in excess of $25,000.

FISCAL ANALYSIS:

- Not applicable

COMMITTEE OPTIONS:

- Review contract listing and ask questions of CAC management, if necessary, for information or understanding

STAFF RECOMMENDATION:

- N/A

EXHIBITS / ATTACHMENTS:

- Listing of 2025-26 CAC Contracts over $25,000

California Avocado Commission
List of Contracts
FY 2025-26

Other Party's Name	Effective Date	Total Contract Amount	Fees	Expenses	Program Costs	Termination Date	Brief Explanation
Ag Food Consulting	5/1/2025	$115,000.00	$60,000.00	$15,000.00	$40,000.00	12/31/2025	Manage CAC's FAS MAP Asia export marketing program and serve as the primary representative of the California avocado industry for export trade servicing, marketing, and market communications.
Ag Food Consulting,	4/1/2026	$80,000.00	$60,000.00	$15,000.00	$5,000.00	12/31/2026	Manage CAC's FAS MAP Asia export marketing program and serve as the primary representative of the California avocado industry for export trade servicing, marketing, and market communications (USDA Grant - FAS MAP Greater China/North Asia).
Albertsons Safeway Southwest	05/1/26 06/01/26	$40,000.00	$40,000.00			05/31/26 06/31/26	**These two promotions (GEM 4U Offer/Big Book Ad Feature)** will include Fresh California Avocados featured in a Big Book Ad feature and 4U digital coupon ("Promotion"). CAC's California Avocados brand logo will be used on Big Book ad, coupons and social media posts (collectively "Promotional Materials")
Albertsons/Vons/Pavilions	05/01/2026 & 06/10/2026	$110,000.00	$110,000.00			06/30/2026 & 06/23/2026	**There are two promotions (4U Digital Coupon-Bulk/California Avocado Sales Contest)**, which include activities 4U digital coupon on bulk medium and large PLU. In addition, California Avocados will be featured in a sales contest over Father's Day in stores with CAC display bins. CAC's California Avocados brand logo will be used on digital coupon and ad flyers, or Albertsons/Vons/Pavilions may use their local-grown logo in ad.
Albertsons/Vons/Pavilions	5/1/2026 07/22/26 06/15/26	$120,000 [$10,000 per ad flyer for up to 12 ads total] $20,000 $10,000 Total: $150,000	$120,000 [$10,000 per ad flyer for up to 12 ads total] $20,000 $10,000 Total: $150,000			8/31/2026 8/04/26 07/30/26	**These three promotions (Ad Flyers – California Avocados/National Avocado Day Sales Contest/Demos with CA Grown)** the desire to work together to promote California Avocados, California Avocados featured in Albertsons/Vons/Pavilions ad flyers, sales contest, and demos with CA Grown. CAC's California Avocados brand logo will be used on sales contest communication and sign for demo tables. Ad flyers qualify if Albertsons/Vons/Pavilions use their local-grown logo in ad.
Albertsons-Safeway Corp	4/29/2026 & 06/01/2026	$100,000.00	$100,000.00			05/05/20226 & 07/15/2026	These are **two promotions (Cinco de Mayo Own Brands Promotion/Albertsons Media Collective Shopper Campaign)**, which features Fresh California Avocados with a $1.00 digital coupon on bagged avocados during May, timed around Cinco de Mayo, across Southern California, Northern California, and Arizona divisions. Additionally, from June 1 to July 15, 2026, Albertsons Media Collective will run website and mobile ads highlighting California avocados as local and in-season across Albertsons/Safeway western divisions, incorporating the California Avocados brand logo in promotional materials.
Anderson Food Sales and Marketing	11/1/2025	$129,000.00	$129,000.00			10/31/2026	Retail Marketing Director - Texas, Midwest, Southwest, and Corporate Accounts: Develop and maintain relationships between key retail accounts and the Commission, communicate Commission's consumer advertising, promotion and public relations activities to key accounts within the designated territories, with the objective of securing tie-in activities by individual retailers.

California Avocado Commission
List of Contracts
FY 2025-26

Other Party's Name	Effective Date	Total Contract Amount	Fees	Expenses	Program Costs	Termination Date	Brief Explanation
Anderson Food Sales and Marketing	4/1/2026	$143,000.00	$143,000.00			10/31/2027	(First Amendment) Retail Marketing Director - Texas, Midwest, Southwest, and Corporate Accounts: Develop and maintain relationships between key retail accounts and the Commission, communicate Commission's consumer advertising, promotion and public relations activities to key accounts within the designated territories, with the objective of securing tie-in activities by individual retailers.
Bakertilly	12/2/2025	$40,950.00	$40,950.00			2/1/2026	Annual audit of CAC's financial statements, including required USDA reporting.
BRAINS COMPANY (ASAHI Agency)	4/1/2026	$49,963.55	$40,857.55		$9,106.00	12/31/2026	Develop and coordinate promotional activities for California Avocados in the Japan market
Cal Poly Pomona Foundation	4/1/2024	$ 134,856.00	$ 134,856.00			3/31/2029	Single Tenant Lease from Cal Poly Pomona Foundation for Pine Tree Ranch in Santa Paula
California Department of Food and Agriculture (CDFA) - AIP	7/1/2026	$312,709.00	Revenue due to CDFA			6/30/2027	CAC will provide CDFA with funding for the California Avocado Inspection Program (AIP) under the authority of the Food and Agriculture Code.
California Department of Food and Agriculture (CDFA) - AIP	7/1/2025	$ 303,514.00	Revenue due to CDFA			6/30/2026	CAC will provide CDFA with funding for the California Avocado Inspection Program (AIP) under the authority of the Food and Agriculture Code.
Champ Publishing	11/1/2025	$56,300.00	$31,300.00		$25,000.00	10/31/2026	Editorial & Management Services (From the Grove/Annual Report)
Circana Software	12/1/2025	$66,031.00	$66,031.00			10/31/2026	Master service agreement for access to Avocado and Produce POS data for identified retailers.
CL Marketing (Carolyn Becker)	11/1/2025	$168,000.00	$168,000.00			10/31/2026	Retail Marketing Director - Idaho, California, Arizona, Oregon, Washington, Colorado and Utah: develop & maintain relationships between key retail accounts and communicate the Commissions consumer advertising, promotions, and public relations activities to key accounts within the designated territories, with the objective of securing tie-in activities by individual retailers.
CL Marketing (Carolyn Becker) Amendment #1	4/1/2026	$182,000.00	$182,000.00			10/31/2027	(First Amendment) Retail Marketing Director - Idaho, California, Arizona, Oregon, Washington, Colorado and Utah: develop & maintain relationships between key retail accounts and communicate the Commissions consumer advertising, promotions, and public relations activities to key accounts within the designated territories, with the objective of securing tie-in activities by individual retailers.
Cooperative Agricultural Support Services Authority - AIP	11/1/2025	$962,751.48	$63,454.27		$962,751.48	10/30/2027	Provide management of Avocado Inspection Program (AIP) personnel including employment and payment of AIP staff personnel expenses and human resources.
Costco	6/1/2026	$285,000.00	$285,000.00			8/31/2026	This promotion includes Fresh California Avocados featured in Costco buildings at a Temp Price Discount (TPD) CAC’s California Avocados brand logo will be used on master cases and applied by participating handlers. (collectively.
Curious Plot	11/1/2025	$4,597.600.00	$1,590,000.00	$45,000.00	$2,962,600.00	10/31/2026	Provide advertising and marketing communication, website, information technology, on-line marketing, social media and blog services.
Foodservice Connections LLC	11/1/2025	$650,000.00	$650,000.00			10/31/2026	General management and implementation of Foodservice Program services including advertising, public relations, chain promotions, culinary education and account management.
Foodservice Connections LLC	11/1/2025	$650,000.00	$256,850.00	$24,725.00	$368,425.00	10/31/2026	(Frist Amendment) General management and implementation of Foodservice Program services including advertising, public relations, chain promotions, culinary education and account management.

California Avocado Commission
List of Contracts
FY 2025-26

Other Party's Name	Effective Date	Total Contract Amount	Fees	Expenses	Program Costs	Termination Date	Brief Explanation
GingerRoot	11/1/2025	$57,900.00	$57,900.00			10/31/2026	Provide research, strategy, consulting, and writing services pertaining to grower communication.
H.E.B.	7/1/2026	$80,000.00	$80,000.00			7/22/2026	This promotion will include Fresh California Avocados featured on digital channels. CAC's California Avocados brand logo will be used on digital product description page for duration of promotion and any paid social media.
Inmar_Mandilk_Sprouts Farmers Market	7/29/2026	up to $80,000	up to $ 80,000			8/5/2026	This promotion will include Fresh California Avocados featured in a digital coupon offer for $1 off bagged avocados during July-August (Sprouts Bag Digital Coupon).
INR PR Consulting Group Inc.,	4/1/2026	$79,600.00	$47,700.00		$31,900.00	12/31/2026	This contract covers social media, chef demos for YouTube upload, and online retail promotion at SSG.com (USDA Grant - FAS MAP North Asia).
Jill England	11/1/2025	Not specified, billed hourly as needed	Hourly Rates ranging $300-$500			10/31/2026	Scope of Services: The firm to provide legal advice and representation for: Transactional matters, such as drafting and reviewing contracts and promotional agreements, handling sweepstakes and promotions, managing trademark filings and renewals, and protecting intellectual property. Corporate governance and operational issues, including elections and interpretation of state law.
Kahn, Soares & Conway, LLP	11/1/2025	Not specified, billed hourly as needed	Hourly Rate $500			10/31/2026	Scope of services: 1) provide counsel on governance and operational matters, including personnel, internal policies and procedures, elections and interpretation of state law; 2) serve as liaison between CAC and the California Department of Food and Agriculture; 3) provide representation before members of the California State Legislature and state regulatory bodies on issues of importance to CAC, including but not limited to water availability and regulatory agency actions; 4) handle transactional matters including, but not limited to drafting and review contracts and promotional agreements; and 5) other projects as assigned by CAC and agreed to by KSC.
Kathleen Johnson	11/1/2025	$180,150.00	$180,150.00			10/31/2026	Position California Avocados as a premium product in order to optimize value through retail communications and outreach, nutrition newsletter, responsive communications, sponsorships, and grove tours.
KME Systems, Inc.	11/1/2024	$ 40,989.00	$ 40,989.00			10/31/2025	Managed IT support services for CAC information systems
Kroger Company	6/1/2026	$353,000.00	$353,000.00			8/31/2026	This promotion will include Fresh California Avocados featured in targeted digital coupons, in-store merchandising bins provided by CAC. CAC's California Avocados brand logo will be used on in-store bins.
Land IQ	11/1/2025	$93,682.00	$93,682.00			10/31/2026	Provide avocado acreage mapping, crop estimating tools and GIS portal hosting and maintenance services.
Laura Paden	11/1/2025	$180,150.00	$180,150.00			10/31/2026	Position California Avocados as a premium product in order to optimize value through retail communications and outreach, nutrition newsletter, responsive communications, sponsorships, and grove tours.
Market Insight, LLC, dba Fusion Marketing	11/1/2025	$406,550.00	$286,050.00	$1,500.00	$119,000.00	10/31/2026	Provide retail trade advertising, support and POS materials, retail category development and related data-driven projects/services.
McDermott Will & Schulte LLP	11/1/2025	Not specified, billed hourly as needed	Hourly Rates ranging $340-$1700			10/31/2026	Scope of Service: Trade counsel to the California Avocado Commission ("CAC") on matters relating to the US-Mexico-Canada Agreement, trade remedy options, and other trade developments and concerns relevant to the California avocado industry.
Praetorian Public Relations	11/1/2025	$275,000.00	$275,000.00			10/31/2026	Public relations advocacy services in support of the CAC's efforts to petition the federal government to reestablish the avocado pest inspection program in Mexico.

California Avocado Commission
List of Contracts
FY 2025-26

Other Party's Name	Effective Date	Total Contract Amount	Fees	Expenses	Program Costs	Termination Date	Brief Explanation
PTS Marketing Group	11/1/2025	$40,000.00	$40,000.00			10/31/2026	Fulfillment and Warehouse
Publix Supermarkets	Healthy Family: 05//07/2026 Goodway Group: 06/2026	Healthy Family: $40,000.00 Goodway Group: $42,500.00 Total: $82,500.00	Healthy Family: $40,000.00 Goodway Group: $42,500.00 Total: $82,500.00			8/15/2026	This promotion will include Fresh California Avocados featured in "Produce for Kids". CAC's California Avocados brand logo will be used in digital communication, in store point of sale signage and social media posts.
Raley's	5/1/2026 & 06/15/2026	$150,000.00	$150,000.00			8/31/2026 & 7/15/2026	These are t**wo promotions (Raley's Season Promos/Raley's Avocado Shopper Marketing Campaign**), which included PDF images of digital coupons, $5 Monday Deals, and ad flyers using CAC Logo, a minimum of two (2) promotions monthly during Term, Volume movement data on avocado promotion compared to YOY. And drive awareness of California Avocados in season through in-store Peak Produce signage, drive online sales on all categories of California Avocados through Shopper Marketing.
Republic Strategy Group	6/18/2026	$52,500.00	$47,500.00	$5,000.00		10/31/2026	This contract is for the USMCA. The contractor will represent the COMMISSION and its subsidiaries before key U.S. government bodies to advocate for a Tariff-Rate Quota on Mexican Avocados, aiming to protect California Avocados. The CONTRACTOR will report directly to the COMMISSION's representative, provide at least weekly verbal updates, and maintain control over staffing decisions for this work.
Rockwell Morrow	11/1/2025	$46,500.00	$46,500.00			10/31/2026	Provide marketing support, strategic planning and special projects to facilitate planning and program execution.
Safeway NorCal Division	07/01/2026 07/22/2026 07/08/2026	$50,000.00	$50,000.00			07/31/2026 07/28/2026 07/14/2026	**These are three promotions (Summer Digital Ad/Spotlight Ad & July 4U Offer**)which will include Fresh California Avocados featured in a digital ad feature, Spotlight Ad, and 4U digital coupon offer on bagged avocados. CAC's California Avocados brand logo will be used on Spotlight Ad and digital coupon.
Sams Club	6/15/2026	$70,000.00	$70,000.00			7/15/2026	This promotion will include Fresh California Avocados featured in search, on and off-site media. CAC's California Avocados brand logo will be used on all paid advertising.
Sierra Pacific Farms Inc	11/1/2025	Billed $12.00 per acre per month, plus additional monthly billing services as needed	Management fees $12.00 per acre (11 acres) $132.00 per month or $1,584.00 yearly			10/31/2026	Agricultural farming operations and provide, without limitation, the following farming services, labor, materials, and equipment on Pine Tree Ranch.
Spann Ag Research & Consulting LLC	11/1/2025	$101,000.00	$96,000.00	$5,000.00		10/31/2026	Manage the CAC-funded research program, author FTG magazine articles & GreenSheet messages, manage Pine Tree Ranch activities, etc
Sprouts Farmers Market	5/1/2026	$40,000.00	$40,000.00			6/30/2026	This promotion includes Fresh California Avocados featured in ad flyers during May-June on California avocados. CAC's California Avocados brand logo or the mention of California is required as proof of performance in ad flyers.
State Place Partners, LLC (AIP)	10/1/2025	$ 46,632.00	$ 46,632.00			9/30/2027	2-Year Multi-tenant lease agreement for AIP Escondido Office
State Place Partners, LLC (AIP)	10/1/2023	$ 43,200.00	$ 43,200.00			9/30/2025	2-Year Multi-tenant lease agreement for AIP Escondido Office

California Avocado Commission
List of Contracts
FY 2025-26

Other Party's Name	Effective Date	Total Contract Amount	Fees	Expenses	Program Costs	Termination Date	Brief Explanation
Stater Bros. Markets	6/01/2026 & 06/01/2026	$35,000.00	$35,000.00			8/31/2026 & 06/30/2026	These are **two promotions (Digital Marketing-Stater Bros. Markets 90th Anniversary/ Produce Promotions 2026),** which include activities featuring Fresh California Avocados in digital advertising campaign, social media posts and a digital coupon offer on bagged avocados. CAC's brand logo will be used on digital campaign and display bins in stores.
Tate Enterprises Inc. (AIP)	5/1/2024	$ 38,972.64	$ 38,972.64			4/30/2027	3-Year extension of lease agreement for AIP Santa Paula Office
Wakefern	4/22/2026	$40,000.00	$40,000.00			8/31/2026	This promotion includes will Fresh California Avocados featured in Shoprite stores flyer advertisements. Featuring GEM for May, and jumbo bags for later in the season. CAC's California Avocados brand logo will be used on Shoprite consumer advertisements and social media posts.
Walmart Stores	6/1/2026	$300,000.00	$300,000.00			7/15/2026	This Promotion include Fresh California Avocados featured in both onsite and offsite media networks. CAC's California Avocados brand logo will be used on all digital advertising creative.
Western United States Agricultural Trade Association (WUSATA)	1/1/2026	$12,600 Admin Fee + $105,00.00 In-kind			$105,000.00 In-kind	12/31/2026	FAS MAP Asia Market Grant Administrator. CAC will receive reimbursement of up to $210,000 in federal grant funds for export marketing in Asia markets. CAC agrees to pay an administrative fee to WUSATA, as well as an in-kind contribution in support of export marketing efforts.
Western United States Agricultural Trade Association (WUSATA)	3/26/2025	$15,000.00 Admin Fee + $125,000.00 In-kind	$ 15,000.00		$125,000.00 In-kind	12/31/2025	FAS MAP Asia Market Grant Administrator. CAC will receive reimbursement of up to $250,000 in federal grant funds for export marketing in Asia markets. CAC agrees to pay an administrative fee to WUSATA, as well as an in-kind contribution in support of export marketing efforts.
Whole Foods Markets	5/1/2026	$40,000.00	$40,000.00			7/15/2026	This promotion will include Fresh California Avocados featured in onsite advertising with in-store displays showcasing California Avocado imagery. CAC's California Avocados brand logo will be used on display both digital and in store.

California Avocado Commission
List of Contracts (U.C. Research Agreements)
FY 2025-26

Other Party's Name	Effective Date	Total Contract Amount	Contract Amount This Fiscal Year	Termination Date	Brief Explanation
Cal Poly Corporation	1/1/2025	Total 2 years = $58,065.00	$29,232.00	10/31/2027	Garner, Rootstock Trail Evaluation Research: The objectives and activities as described. Continue to collect and analyze tree growth, health, and yield data for the multi-site rootstock study. Continue to maintain the orchard plot to provide a well-maintained northern growing region study site for CAC-funded pest surveys and/or potential biocontrol releases. (Research Project Title: Continued Research at the San Luis Obispo Rootstock Trial Site (2025-2027)).
HORT HEALTH PTY LTD.	6/15/2026	$42,000.00	$42,000.00	1/1/2027	Elizabeth Dann - Hort Healthy Pty, Ltd. **Objectives of the Research:** • Determine if GEM avocados, in their mature, hard-green state, are susceptible to attack by the Queensland fruit fly (Bactrocera tryoni) **Deliverables**: • Data on the susceptibility of mature, hard-green GEM fruit to attack by Queensland fruit fly under laboratory conditions.
Jessica Landesman - University of California - Santa Barbara	8/1/2024	Total 3 years = $97,500	$32,500.00	7/31/2027	Landermans's FFAR Fellow grant program for the work to understand exactly what salinity is doing to soil health and what may be done to ameliorate these changes is urgently needed. As Jesse’s industry sponsor, the California Avocado Commission is committed to: 1. Providing $32,500 of funding annually for each of the 3-years of the fellowship; 2. Work closely with Jesse in a mentorship capacity, so she is prepared to serve the avocado industry or another agricultural commodity in the future; 3. Help Jesse develop her research proposal to effectively address the industry’s questions and share her research results with industry members.

California Avocado Commission
List of Contracts (U.C. Research Agreements)
FY 2025-26

Other Party's Name	Effective Date	Total Contract Amount	Contract Amount This Fiscal Year	Termination Date	Brief Explanation
The Regents of the University of California	1/1/2026	Total 3 years = $324,901.00	$101,266.00	10/31/2028	Manosalva, Improve Phytophthora cinnamomi management by monitoring field populations for changes in fungicide sensitivity and conducting efficacy field trials. Research. Objective: Survey Pc populations across major CA avocado growing regions and assess their in vitro sensitivities to registered and new Oomycota fungicides to compare those with established baseline sensitivities. Conduct fungicide efficacy trials under commercial conditions to determine the best protocol to maximize chemical protection and reduce the emergence of Pc resistant isolates.
The Regents of the University of California	11/1/2025	Total 2 years = $92,746.00	$88,375.00	2/28/2027	Biscaro, Creating a Weather Station Network to Guide Irrigation Decision of Avocados. Objective: The project will partner with three cooperating growers to establish 100×100 ft well-watered grass areas where weather stations will be installed, connected to an irrigation calculator, and made freely accessible online. A fourth grower will host a 4-acre grass site equipped with a weather station and mobile sensors to compare ETo accuracy between measurements taken at the center and at varying distances from the field edge. The study will analyze how grass area size affects data accuracy and expand growers' access to reliable weather information for improved irrigation management.
The Regents of the University of California	11/1/2026	Total 3 years = $219,110.00	$116,325.00	10/31/2028	Montazar, Assessing irrigation management tools and strategies on avocado fruit quality and yield impacts Research. Objective: Verify the developed Kc seasonal curves for California Hass avocados in regards with avocado fruit quality and yield impacts. Assess the impact of irrigation tools (ET-based irrigation, OpenET satellite data, soil moisture sensing, Implexx Sap Flow sensor) and irrigation management strategies (various water application rates) on yield and fruit quality of avocados. Quantify water use efficiency enhancement following improved irrigation management practices. Disseminate project findings to growers and stakeholders.

California Avocado Commission
List of Contracts (U.C. Research Agreements)
FY 2025-26

Other Party's Name	Effective Date	Total Contract Amount	Contract Amount This Fiscal Year	Termination Date	Brief Explanation
The Regents of the University of California	12/1/2024	Total 3 years = $172,825	$ 62,719.00	6/30/2027	Arpaia research project: Does artificial pollination improve yield of 'Hass' and 'GEM' avocado?
The Regents of the University of California	4/1/2025	Total 3 years = $510,202	$ 94,093.00	10/31/2027	Hoddle research project: Surveys for avocado fruit feeding insect pests in Guatemala
The Regents of the University of California	4/1/2025	Total 3 years = $349,212	$ 116,773.00	10/31/2027	Kou/Hoddle research project: Chemical Synthesis and Field Evaluation of an Enantiopure (+)-Grandisol, the Putative Avocado Seed Weevil (Heilipus lauri) Aggregation Pheromone
The Regents of the University of California	7/1/2025	Total 3 years = $53,097	$ 47,590.00	10/31/2027	King/Landesman research project: Addressing the relationship between soil characteristics and soil salinity in California avocado orchards
The Regents of the University of California	7/1/2025	Total 5 years = $33,460	$ 9,411.00	10/31/2029	Cohen research project: A pesticide resistance monitoring program for avocado thrips
The Regents of The Univesity of California	2/1/2026	Total 2 years = $157,119.00	$77,149.00	10/31/2027	Khodadadi, Integrating Chemical and Cultural Practices for Bot Canker Control in Avocado Research. Objective: This project evaluates the effectiveness of different fungicides against Botryosphaeria species through laboratory and field trials, comparing preventative and curative applications to determine optimal timing and frequency. It also investigates how varying irrigation levels influence branch canker development in avocado trees under greenhouse and field conditions. Additionally, the study examines the salinity tolerance of Botryosphaeria and assesses how salinity stress affects disease progression and avocado tree health. The findings will be integrated into a practical Integrated Disease Management (IDM) guide and shared with growers through extension activities.

COMMITTEE INFORMATION

ITEM 7: CASH DISBURSEMENT AUDIT

SUMMARY:

Attached are the monthly payment history reports for the months of May through June 2026.

FISCAL ANALYSIS:

- Not applicable

COMMITTEE OPTIONS:

- Discussion item only

STAFF RECOMMENDATION:

- Not applicable

EXHIBITS / ATTACHMENTS:

- Payment History Reports for May through June 2026

California Avocado Commission
CAC Check Detail Report
May-June, 2026

Date	Number	Name		Amount	Comments
05/20/2026	W-00000774	Ag. Food. Consulting AFC	$	6,667.00	
06/17/2026	W-00000843	Ag. Food. Consulting AFC	$	6,667.00	
		Ag. Food. Consulting AFC Total	**$**	**13,334.00**	
05/20/2026	W-00000803	Alya Hijazi	$	442.65	
06/25/2026	W-00000868	Alya Hijazi	$	92.21	
		Alya Hijazi Total	**$**	**534.86**	
05/20/2026	W-00000775	Amazon Business	$	950.37	
06/25/2026	W-00000869	Amazon Business	$	460.47	
		Amazon Business Total	**$**	**1,410.84**	
05/07/2026	W-00000749	American Express	$	10,050.69	
06/12/2026	W-00000839	American Express	$	6,732.37	
		American Express Total	**$**	**16,783.06**	
05/20/2026	W-00000776	Anderson Food Sales/Marketing	$	12,750.00	
06/17/2026	W-00000844	Anderson Food Sales/Marketing	$	12,750.00	
		Anderson Food Sales/Marketing Total	**$**	**25,500.00**	
05/20/2026	W-00000777	April Aymami	$	1,523.78	
06/12/2026	W-00000829	April Aymami	$	312.59	
06/25/2026	W-00000870	April Aymami	$	235.80	
		April Aymami Total	**$**	**2,072.17**	
05/27/2026	W-00000810	Avocado Marketing Services Inc	$	265.00	
		Avocado Marketing Services Inc Total	**$**	**265.00**	
05/07/2026	W-00000750	Ballard, Rosenberg,Golper, Sav	$	3,390.00	
05/14/2026	W-00000762	Ballard, Rosenberg,Golper, Sav	$	1,312.50	
		Ballard, Rosenberg,Golper, Sav Total	**$**	**4,702.50**	
05/20/2026	W-00000778	BRAINS COMPANY, Inc.	$	4,539.73	
06/17/2026	W-00000845	BRAINS COMPANY, Inc.	$	4,539.73	
		BRAINS COMPANY, Inc. Total	**$**	**9,079.46**	
06/03/2026	W-00000820	Cal Poly Pomona Foundation	$	2,616.18	
		Cal Poly Pomona Foundation Total	**$**	**2,616.18**	
05/14/2026	W-00000763	California Avocado Society	$	5,000.00	
		California Avocado Society Total	**$**	**5,000.00**	
05/07/2026	0001871689	California Specialty Crops Council	$	-	Voided Check - Reissued in July
05/27/2026	0001935273	California Specialty Crops Council	$	-	Voided Check - Reissued in July
		California Specialty Crops Council Total	**$**	**-**	
05/14/2026	0001896849	Camlam Farms, Inc.	$	2,567.13	
		Camlam Farms, Inc. Total	**$**	**2,567.13**	
06/17/2026	W-00000846	Catherine Wolferd	$	237.60	
		Catherine Wolferd Total	**$**	**237.60**	
05/07/2026	0001871693	CDFA Cashier	$	7,681.73	
06/12/2026	0001995364	CDFA Cashier	$	5,960.86	
		CDFA Cashier Total	**$**	**13,642.59**	

California Avocado Commission
CAC Check Detail Report
May-June, 2026

Date	Number	Name	Amount		Comments
05/14/2026	W-00000764	Champ Publishing	$	10,270.00	
		Champ Publishing Total	**$**	**10,270.00**	
05/07/2026	0001871694	Cindy Roberts	$	63.21	
		Cindy Roberts Total	**$**	**63.21**	
05/20/2026	W-00000779	Circana	$	16,507.75	
		Circana Total	**$**	**16,507.75**	
05/20/2026	W-00000780	CL Marketing LLC	$	16,000.00	
06/17/2026	W-00000847	CL Marketing LLC	$	16,000.00	
		CL Marketing LLC Total	**$**	**32,000.00**	
05/07/2026	W-00000751	Cristina Wede	$	276.00	
		Cristina Wede Total	**$**	**276.00**	
05/20/2026	W-00000781	Curious Plot	$	175,080.64	
06/17/2026	W-00000848	Curious Plot	$	476,197.44	
		Curious Plot Total	**$**	**651,278.08**	
06/12/2026	0001995369	Daniel Klittich	$	278.39	
		Daniel Klittich Total	**$**	**278.39**	
05/20/2026	W-00000782	Del Rey Avocado	$	290.00	
		Del Rey Avocado Total	**$**	**290.00**	
06/25/2026	W-00000871	Doug O'Hara	$	319.01	
		Doug O'Hara Total	**$**	**319.01**	
06/03/2026	W-00000821	Douglas-McCarty Insurance	$	13,439.43	
		Douglas-McCarty Insurance Total	**$**	**13,439.43**	
05/27/2026	W-00000811	Edelman Financial Engines, LLC	$	3,932.88	
		Edelman Financial Engines, LLC Total	**$**	**3,932.88**	
05/07/2026	W-00000752	Employee Benefits Law Group PC	$	1,241.00	
		Employee Benefits Law Group PC Total	**$**	**1,241.00**	
05/20/2026	W-00000783	Enterprise Rent-A-Car	$	877.69	
06/17/2026	W-00000849	Enterprise Rent-A-Car	$	405.28	
		Enterprise Rent-A-Car Total	**$**	**1,282.97**	
05/21/2026	W-00000806	Extra Space Storage	$	855.00	
06/23/2026	W-00000867	Extra Space Storage	$	855.00	
		Extra Space Storage Total	**$**	**1,710.00**	
06/25/2026	W-00000872	Farm Journal Inc	$	15,000.00	
		Farm Journal Inc Total	**$**	**15,000.00**	

California Avocado Commission
CAC Check Detail Report
May-June, 2026

Date	Number	Name		Amount	Comments
05/04/2026	W-00000748	FedEx	$	16.45	
05/11/2026	W-00000761	FedEx	$	104.32	
05/18/2026	W-00000773	FedEx	$	578.98	
05/26/2026	W-00000809	FedEx	$	372.74	
06/01/2026	W-00000818	FedEx	$	799.49	
06/04/2026	W-00000828	FedEx	$	36.34	
06/15/2026	W-00000840	FedEx	$	290.14	
06/22/2026	W-00000866	FedEx	$	2,261.80	
06/29/2026	W-00000887	FedEx	$	101.86	
		FedEx Total	**$**	**4,562.12**	
05/20/2026	W-00000784	Fishhook Development, LLC	$	1,282.50	
06/17/2026	W-00000850	Fishhook Development, LLC	$	405.00	
		Fishhook Development, LLC Total	**$**	**1,687.50**	
05/07/2026	W-00000753	Foodservice Connections LLC	$	1,100.00	
05/20/2026	W-00000785	Foodservice Connections LLC	$	49,758.18	
06/17/2026	W-00000851	Foodservice Connections LLC	$	40,444.07	
		Foodservice Connections LLC Total	**$**	**91,302.25**	
05/07/2026	W-00000754	Fox Weather, LLC	$	110.00	
06/03/2026	W-00000822	Fox Weather, LLC	$	110.00	
		Fox Weather, LLC Total	**$**	**220.00**	
05/14/2026	0001896847	Gary Franscioni & Sons Inc	$	-	Voided Check - Reissued in June
06/12/2026	W-00000830	Gary Franscioni & Sons Inc	$	534.60	
06/25/2026	W-00000873	Gary Franscioni & Sons Inc	$	925.41	
		Gary Franscioni & Sons Inc Total	**$**	**1,460.01**	
06/30/2026	W-00000890	Genworth Life and Annuity	$	2,545.00	
		Genworth Life and Annuity Total	**$**	**2,545.00**	
05/20/2026	W-00000786	GINGERROOT LLC	$	3,870.00	
06/17/2026	W-00000852	GINGERROOT LLC	$	2,700.00	
		GINGERROOT LLC Total	**$**	**6,570.00**	
05/14/2026	W-00000765	GM Graphics Inc. d.b.a. PTS Marketing Group	$	775.00	
05/27/2026	W-00000812	GM Graphics Inc. d.b.a. PTS Marketing Group	$	1,114.03	
06/12/2026	W-00000831	GM Graphics Inc. d.b.a. PTS Marketing Group	$	740.00	
		GM Graphics Inc. d.b.a. PTS Marketing Group Total	**$**	**2,629.03**	
06/03/2026	W-00000823	Gourmet Demonstration Services, Inc.	$	-	ACH Returned - Reissued 6/12/26
06/12/2026	W-00000832	Gourmet Demonstration Services, Inc.	$	6,608.80	
		Gourmet Demonstration Services, Inc. Total	**$**	**6,608.80**	
05/20/2026	W-00000787	Hooman Mohammadpour	$	1,200.00	
06/17/2026	W-00000853	Hooman Mohammadpour	$	1,200.00	
		Hooman Mohammadpour Total	**$**	**2,400.00**	
05/07/2026	0001871696	HR Direct	$	17.35	
		HR Direct Total	**$**	**17.35**	

California Avocado Commission
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Date	Number	Name		Amount	Comments
05/07/2026	W-00000759	INR Inc.	$	24,400.00	
05/20/2026	W-00000788	INR Inc.	$	12,800.00	
06/17/2026	W-00000854	INR Inc.	$	5,300.00	
		INR Inc. Total	**$**	**42,500.00**	
05/20/2026	W-00000804	Intuit/QuickBooks	$	383.00	
06/22/2026	W-00000865	Intuit/QuickBooks	$	327.50	
		Intuit/QuickBooks Total	**$**	**710.50**	
05/20/2026	W-00000789	Kahn, Soares & Conway	$	8,370.00	
06/17/2026	W-00000855	Kahn, Soares & Conway	$	15,530.00	
		Kahn, Soares & Conway Total	**$**	**23,900.00**	
05/20/2026	W-00000790	Kathleen Norris Johnson	$	14,983.33	
06/17/2026	W-00000856	Kathleen Norris Johnson	$	14,983.33	
		Kathleen Norris Johnson Total	**$**	**29,966.66**	
05/27/2026	W-00000813	Kenneth Melban	$	2,737.92	
06/17/2026	W-00000857	Kenneth Melban	$	1,099.49	
		Kenneth Melban Total	**$**	**3,837.41**	
05/07/2026	W-00000755	KME System, LLC	$	2,318.11	
05/15/2026	W-00000769	KME System, LLC	$	5,400.00	
05/20/2026	W-00000791	KME System, LLC	$	1,320.83	
06/12/2026	W-00000833	KME System, LLC	$	2,318.11	
06/25/2026	W-00000874	KME System, LLC	$	1,347.26	
		KME System, LLC Total	**$**	**12,704.31**	
05/20/2026	W-00000792	Laura Rice Paden	$	14,983.33	
		Laura Rice Paden Total	**$**	**14,983.33**	
05/20/2026	W-00000793	Lori Small	$	62.57	
06/25/2026	W-00000875	Lori Small	$	629.43	
		Lori Small Total	**$**	**692.00**	
05/20/2026	W-00000794	Market Insight LLC dba Fusion	$	38,418.75	
06/17/2026	W-00000858	Market Insight LLC dba Fusion	$	37,912.31	
		Market Insight LLC dba Fusion Total	**$**	**76,331.06**	
06/25/2026	W-00000876	Maureen Cottingham	$	452.16	
		Maureen Cottingham Total	**$**	**452.16**	
05/15/2026	W-00000770	McDermott, Will & Schulte LLP	$	-	Voided ACH - Reissued in June
06/25/2026	W-00000877	McDermott, Will & Schulte LLP	$	24,875.00	
		McDermott, Will & Schulte LLP Total	**$**	**24,875.00**	
05/07/2026	W-00000756	Musick, Peeler & Garrett LLP	$	990.00	
06/17/2026	W-00000859	Musick, Peeler & Garrett LLP	$	330.00	
		Musick, Peeler & Garrett LLP Total	**$**	**1,320.00**	
05/15/2026	W-00000768	Naturally Fit, LLC	$	6,050.00	
		Naturally Fit, LLC Total	**$**	**6,050.00**	

California Avocado Commission
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Date	Number	Name		Amount	Comments
06/25/2026	W-00000878	North Carolina State University	$	32,500.00	
		North Carolina State University Total	**$**	**32,500.00**	
05/14/2026	W-00000767	On Tour 24/7 Staffing Inc	$	18,000.00	
		On Tour 24/7 Staffing Inc Total	**$**	**18,000.00**	
06/01/2026	W-00000819	Optum Bank, Inc.	$	14,225.00	
		Optum Bank, Inc. Total	**$**	**14,225.00**	
05/15/2026	W-00000771	Paychex of New York LLC	$	191.92	
05/20/2026	W-00000805	Paychex of New York LLC	$	116.20	
05/29/2026	W-00000816	Paychex of New York LLC	$	191.92	
06/15/2026	W-00000841	Paychex of New York LLC	$	191.92	
06/22/2026	W-00000864	Paychex of New York LLC	$	116.20	
06/30/2026	W-00000888	Paychex of New York LLC	$	191.92	
		Paychex of New York LLC Total	**$**	**1,000.08**	
05/20/2026	W-00000795	Praetorian Public Relations	$	22,500.00	
06/25/2026	W-00000879	Praetorian Public Relations	$	22,500.00	
		Praetorian Public Relations Total	**$**	**45,000.00**	
06/12/2026	W-00000834	Provident Life & Accident Ins.	$	121.80	
		Provident Life & Accident Ins. Total	**$**	**121.80**	
06/03/2026	W-00000824	Rachael Laenen	$	121.82	
		Rachael Laenen Total	**$**	**121.82**	
06/25/2026	W-00000880	Republic Strategy Group, LLC	$	7,500.00	
		Republic Strategy Group, LLC Total	**$**	**7,500.00**	
05/20/2026	W-00000796	Rockwell Morrow	$	3,700.00	
06/17/2026	W-00000860	Rockwell Morrow	$	4,300.00	
		Rockwell Morrow Total	**$**	**8,000.00**	
06/03/2026	W-00000825	Sangoma US Inc	$	212.54	
06/25/2026	W-00000881	Sangoma US Inc	$	212.54	
		Sangoma US Inc Total	**$**	**425.08**	
05/07/2026	W-00000757	Sierra Pacific Farms, Inc.	$	4,315.89	
06/12/2026	W-00000835	Sierra Pacific Farms, Inc.	$	9,803.03	
		Sierra Pacific Farms, Inc. Total	**$**	**14,118.92**	
06/12/2026	W-00000836	Southeast Produce Council, Inc	$	750.00	
		Southeast Produce Council, Inc Total	**$**	**750.00**	
05/20/2026	W-00000797	Spann Ag Research & Consulting, LLC	$	8,000.00	
06/17/2026	W-00000861	Spann Ag Research & Consulting, LLC	$	8,000.00	
		Spann Ag Research & Consulting, LLC Total	**$**	**16,000.00**	
06/03/2026	W-00000826	Stacia Kierulff	$	152.99	
06/17/2026	W-00000862	Stacia Kierulff	$	226.29	
		Stacia Kierulff Total	**$**	**379.28**	
05/27/2026	W-00000814	Sundance Press	$	6,582.10	
		Sundance Press Total	**$**	**6,582.10**	

California Avocado Commission
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Date	Number	Name	Amount	Comments
05/14/2026	W-00000766	The Office Express / Foodja	$ 431.78	
		The Office Express / Foodja Total	**$ 431.78**	
05/27/2026	0001935272	The Regents of the University of California	$ 100.28	
		The Regents of the University of California Total	**$ 100.28**	
05/07/2026	0001871692	U.C. Regents	$ 114,773.00	
06/03/2026	0001960197	U.C. Regents	$ 25,317.00	
		U.C. Regents Total	**$ 140,090.00**	
05/15/2026	W-00000772	U.S. The Retirement Plan Company (Matrix Trust)	$ 2,288.48	
05/26/2026	W-00000807	U.S. The Retirement Plan Company (Matrix Trust)	$ 376.31	
05/26/2026	W-00000808	U.S. The Retirement Plan Company (Matrix Trust)	$ 520.94	
05/29/2026	W-00000817	U.S. The Retirement Plan Company (Matrix Trust)	$ 2,321.36	
06/15/2026	W-00000842	U.S. The Retirement Plan Company (Matrix Trust)	$ 2,374.25	
06/30/2026	W-00000889	U.S. The Retirement Plan Company (Matrix Trust)	$ 2,342.20	
		U.S. The Retirement Plan Company (Matrix Trust) Total	**$ 10,223.54**	
06/25/2026	W-00000882	University of California Davis	$ 3,077.51	
		University of California Davis Total	**$ 3,077.51**	
05/20/2026	W-00000798	USDA Agricultural Mktg Svc	$ 3,269.50	
06/25/2026	W-00000883	USDA Agricultural Mktg Svc	$ 3,284.65	
		USDA Agricultural Mktg Svc Total	**$ 6,554.15**	
05/07/2026	W-00000758	V Media LLC	$ 812.13	
05/20/2026	W-00000799	V Media LLC	$ 1,030.56	
		V Media LLC Total	**$ 1,842.69**	
05/07/2026	W-00000760	West Pak Avocado - Vendor	$ 284.50	
05/20/2026	W-00000801	West Pak Avocado - Vendor	$ 140.75	
05/27/2026	W-00000815	West Pak Avocado - Vendor	$ 614.50	
06/12/2026	W-00000837	West Pak Avocado - Vendor	$ 187.50	
06/17/2026	W-00000863	West Pak Avocado - Vendor	$ 170.50	
06/25/2026	W-00000886	West Pak Avocado - Vendor	$ 52.50	
		West Pak Avocado - Vendor Total	**$ 1,450.25**	
06/25/2026	W-00000884	Western Growers Association	$ 400.00	
		Western Growers Association Total	**$ 400.00**	
05/20/2026	W-00000800	Westmark Group, LLC	$ 330.00	
06/25/2026	W-00000885	Westmark Group, LLC	$ 330.00	
		Westmark Group, LLC Total	**$ 660.00**	
05/20/2026	W-00000802	Zachary Benedict	$ 1,851.22	
06/03/2026	W-00000827	Zachary Benedict	$ 192.96	
06/12/2026	W-00000838	Zachary Benedict	$ 431.31	
		Zachary Benedict Total	**$ 2,475.49**	
		Grand Total	**$ 1,535,988.37**	

COMMITTEE INFORMATION

ITEM 8: **Corporate Insurance Policies**

SUMMARY:

At the June 2026 Finance Committee meeting there was a request that the Committee be provided with the details of the EQSL and E & O policies, as well as the schedule of values. The requested items are attached to this item for the Committee's review.

FISCAL ANALYSIS:

- Not applicable

COMMITTEE OPTIONS:

- Discussion item only

STAFF RECOMMENDATION:

- Not applicable

EXHIBITS / ATTACHMENTS:

- 2026 Schedule of Values
- General Liability Insurance Policy (covers EQSL)
- Errors & Omissions / Professional Liability-Media Policy

California Avocado Commission 01/01/2026 to 01/01/2027

Location	# of Stories	Const Type	Yr Blt	Total Sq ft	OCC Sq Ft	Sprinklers	Buildings	BPP/ TIB	Valuable Papers	EDP Hardware (* /**)	EDP Software (Inland Marine)	Inland Marine	Extra Expense	Location Total
1. 326 State Place Escondido, CA 92029 AIP Office	1	JM	1991	13,660	1,200	Y	N/A	$ 40,000	$ -	$ 17,000	$ -	$ 15,000	N/A	$ 72,000
2. 27537 Commerce Center Dr. #103 Temecula, CA 92590 AIP Office	2	Frame/ stucco	1988 (Roof 2019/AC-est 2015)	10,190	400	Y	N/A	$ 15,000	$ -	$ 16,000	$ -	$ 8,000	N/A	$ 39,000
3. 15875 Laguna Canyon Rd Irvine, CA 92618 - Off-site storage (Extra Space Storage - 3 separate 10x10 units - D224, D225 & D226)	1	JM	2003	140,000	300	Y	N/A	$ -	$ 250,000	$ -	$ -	$ -	N/A	$ 250,000
4. 705 E. Main Street, Suite A Santa Paula CA 93060 AIP Office	1	Block / JM	1936 (Roof est 1995; no nob/tube; updates as needed)	2,000	1,050	N	N/A	$ 25,000	$ -	$ 9,000	$ -	$ 10,000	N/A	$ 44,000
5. 19455 E. Telegraph Road Santa Paula, CA 93060. (Group lease of 11 acres, part of 53 acres - Pine Tree Ranch)			N/A		N/A	NA	N/A	N/A (trees cannot be covered under BPP)	$ -	N/A	N/A	N/A	N/A	$ -
6. PTS Marketing Group (Storage and Fulfillment Center) 1382 Valencia Ave. Unit B Tustin, CA 92780								Unnamed location	N/A	$ -	N/A	N/A	N/A	$ 100,000
7. Inland Marine - See Sched below												$ 35,000		
Blanket Limits								**$ 80,000**	**$ 250,000**	**$ 42,000**	**$ -**	**$ 68,000**	**$ -**	**$ 505,000**

LOCATION 1	
BPP/TIB Schedule	
Office Furniture	$ 30,000
2 Digital Scales @1,500	$ 3,000
Testing Microwaves/Equip	$ 5,000
Misc BPP (Shredder, etc)	$ 2,000
Total	**$ 40,000**
EDP Schedule	
2 Deskops, 1 laptop (3 @ $3,500)	$ 10,500
AT&T Office Phones	$ 1,500
Printer, routers, etc.	$ 5,000
Total	**$ 17,000**

LOCATION 2	
BPP/TIB Schedule	
Office Furniture	$ 5,000
2 Digital Scales @1,500	$ 3,000
Testing Microwaves/Equip	$ 6,000
Misc BPP	$ 1,000
Total	**$ 15,000**
EDP Schedule	
1 Deskop, 3 laptops (4 @ $3,500)	$ 14,000
Panasonic Office Phones	$ 1,000
Printer, routers, etc.	$ 1,000
Total	**$ 16,000**

LOCATION 3	
Valuable Papers	
Unit D224	$ 33,333
Unit D225	$ 33,333
Unit D226	$ 33,334
Total	**$ 100,000**

LOCATION 4	
BPP/TIB Schedule	
Office Furniture	$ 10,000
2 Digital Scales @1,500	$ 3,000
Testing Microwaves/Equip	$ 10,000
Misc BPP (Refrigerator, microwave, etc.)	$ 2,000
Total	**$ 25,000**
Inland Marine Schedule	
1 Deskop, 1 laptop (2 @ $3,500)	$ 7,000
Vtech Office Phones	$ 1,000
Printer, routers, etc.	$ 1,000
Total	**$ 9,000**

LOCATION 5	
No coverage for tree replacement	
Total	**$ -**

LOCATION 6	
Unnamed Location	
Various marketing premiums and event supplies	$ 100,000
Total	**$ 100,000**

LOCATION 7	
Inland Marine Schedule	
10 Laptops @ $3,500 now located at Employee Home Offices	$35,000
Total	**$35,000**

Allianz Global Corporate & Specialty®

Allianz
Insurance Policy

Allianz

Arch Underwriters Inc.
Harborside 3
210 Hudson Street, Suite 300
Jersey City NJ 07311-1107

T: 201 743 4000
F: 201 743 4005

archunderwritersinc.com

To whom it may concern,

Arch Underwriters Inc. ("AUI") is the managing general agent for the Issuing Company with respect to the enclosed documents. This developed from Arch Insurance North America's (Arch Insurance, part of Arch Capital Group Ltd., Nasdaq: ACGL) acquisition of the U.S. MidCorp and Entertainment insurance businesses from Allianz Global Corporate & Specialty SE (AGCS).

AUI believes that customers are the foundation of its success, and it strives to provide the best possible customer service. We appreciate your patience as we work to fully rebrand all documents to reflect the acquisition by Arch Insurance. Please continue to contact your current account representative, broker or program manager for any questions or policy servicing needs.

Best regards,

Sue Srinivasan

Executive Vice President
Arch Underwriters Inc.

Common Declarations

Fireman's Fund Insurance Company
A Stock Company
225 W. Washington Street, Suite 1800
Chicago, IL 60606-3484

COMMON POLICY DECLARATIONS

Policy No: AXMP24000142-02 **Policy Period:** **From:** 1/1/2026 **To:** 1/1/2027

Beginning and ending at 12:01 a.m., standard time at the mailing address of the Named Insured shown below.

Named Insured and Mailing Address:
California Avocado Commission
2271 W Malvern Ave,PMB 234

Fullerton, CA 92833
(Refer to Named Insured Schedule)

Producer Name and Mailing Address:
Brown & Brown Insurance
Services of California, Inc
Katia Thomas
2 Park Plaza Suite 440
Irvine, CA 92614

In return for the payment of the premium, and subject to all terms of this policy, we agree with you to provide the insurance as stated in this policy.

Premium Summary

Property	$5,312
General Liability	$9,165
Commercial Auto	$786
Inland Marine	$570
Certified Terrorism	$316

Surcharges, Taxes & Fees*

Total Amount Payable by the Insured	**$16,149.00**

Allianz

Named Insured Schedule

Named Insured	Legal Entity
California Avocado Commission	Corporation

Location Schedule

Location #	Address	City	County	State	Zip Code	Description
1	326 State Place	Escondido	San Diego	CA	92029	
2	27537 Commerce Center Dr., Suite 103	Temecula	Riverside	CA	92590	
3	15875 Laguna Canyon Rd	Irvine	Orange	CA	92618	
4	705 E. Main St., Suite A	Santa Paula	Ventura	CA	93060	
5	19455 E Telegraph Rd	Santa Paula	Ventura	CA	93060	

Forms Schedule

The following policy forms and endorsements have been attached to and made a part of the policy at Inception:

FORM NUMBER	FORM NAME
COMMON Dec	Common Policy Section - Declarations
145990 08 17	Signature Page
05GE0002 08 21	Reporting a Claim
386359 06 17	Important Disclosure Notice Regarding Terrorism Coverage
386636 03 21	Policyholder Message
145998 02 23	CA Fraud Statement
2023 California Privacy Notice	Allianz Global Risks US Insurance Companies Privacy and Security Statement
386396 05 04	Policyholder Message - Silica Particles Exclusion
386629 05 14	Policyholder Notification - General Liability Access or Disclosure of Confidential or Personal Information Exclusion
145927 01 15	Disclosure of Premium and Estimated Premium for Acts of Terrorism Coverage
IL 00 03 09 08	Calculation of Premium
IL 00 17 11 98	Common Policy Conditions
IL 00 21 09 08	Nuclear Energy Liability Exclusion Endorsement (Broad Form)
IL 02 70 09 12	California Changes - Cancellation and Nonrenewal
CP Dec	Property Coverage Section - Declarations

250000 01 13	Property-Gard - Pinnacle Coverage Form
250048 01 13	Property-Gard - Pinnacle - Equipment Breakdown Coverage Endorsement
250050 01 13	Property-Gard Pinnacle - Conditional Vacancy Exclusion
250062 10 22	Property-Gard Pinnacle - Crisis Management Coverage
250070 CA 01 13	Property-Gard Pinnacle - California State Exception Endorsement
250001 01 13	Property-Gard Pinnacle - Additional Covered Causes of Loss
250126 01 15	Property-Gard Pinnacle - Blanket Mortgage Holder or Loss Payee Provisions
250131 10 17	Property-Gard Pinnacle - Mobile Equipment Coverage
250016 01 13	Property-Gard Pinnacle - Protective Safeguard and Conditional Exclusion Endorsement
CGL Dec	General Liability Coverage Section - Declarations
CG 00 01 04 13	Commercial General Liability Coverage Form
145917CA 03 19	Silica Particles Exclusion - California
CG 73 26 07 21	Communicable Disease Coverage Sublimit – Defense Within Limits
CG 73 27 07 21	Communicable Disease Coverage Sublimit – Defense Within Limits – With Foodborne Illness Exception
CG 21 47 12 07	Employment- Related Practices Exclusion
CG 70 92 03 19	Complete Lead Poisoning and Lead Contamination Exclusion
CG 71 93 03 19	MultiCover - Without Medical Payments
CG 72 86 12 08	Emergency First Aid Endorsement
EB 70 00 03 19	Employee Benefits Administration Errors and Omissions Insurance
CG 32 34 01 05	California Changes
CG 70 93 03 19	Complete Asbestos Exclusion
145919 01 15	Conditional Exclusion of Terrorism Involving Nuclear, Biological or Chemical Terrorism (Relating to Disposition of Federal Terrorism Risk Insurance Act)
CG 72 94 03 19	Cross Suits Exclusion (Any Insured)
CG 25 04 05 09	Designated Location(s) General Aggregate Limit
145901 01 02	Detrimental Code Exclusion
145985 06 14	Economic or Trade Sanctions Compliance
CG 72 98 03 19	Exclusion - Development Construction or Reconstruction
CG 72 18 04 08	Fungi or Bacteria Exclusion
386360 01 15	Important Disclosure Notice Regarding Terrorism Coverage
386357 06 17	Important Disclosure Notice Regarding Terrorism Coverage
386406 01 15	Notice to Policyholders
CG 72 75 03 19	Personal and Advertising Injury Hazard Redefined
385542 CA 07 16	Policyholder Message
PHN7140 CA 08 17	California Policyholder Message
BADIV	Business Auto Divider Page
CA Dec	Business Auto Coverage Section - Declarations
CA 00 01 03 10	Business Auto Coverage Form
IL 70 05 02 96	Amendment of Policy - Additional Condition
CA 01 43 05 17	California Changes
CA 70 82 01 06	Exclusion of Terrorism Involving Nuclear, Biological or Chemical
CA 70 78 01 06	Exclusion of Terrorism Involving Nuclear, Biological or Chemical

	Terrorism
CA 70 03 10 01	Explanation of Premium Basis
SPDEC	Scheduled Property Floater Coverage Section - Declarations
8601CA 01 10	Amendatory Endorsement - California
NIM 1050 02 16	Commercial Inland Marine Conditions
SA 5011 01 10	Scheduled Property Floater Coverage Form

SIGNATURE PAGE

IN WITNESS WHEREOF, the Company indicated on the Declarations Page of the policy has caused the policy to be signed by its President and Secretary.

Secretary

President

Reporting a Claim

Allianz Global Corporate & Specialty is committed to providing insureds and clients with effective claim service.

In the event of an incident which may result in a claim, an actual claim, or your receipt of suit papers, please follow the procedures outlined below.

PROCEDURES FOR REPORTING CLAIMS

NOTICE OF EACH INCIDENT, CLAIM OR SUIT SHOULD IMMEDIATELY BE REPORTED TO:

Allianz Global Corporate & Specialty
Phone Number: 1-888-347-3428

Please fill out the online claim reporting form which is available at www.agcs.allianz.com/usclaims or send an email to NewLoss@agcs.allianz.com. For assistance contact your agent or broker.

Important Disclosure Notice Regarding Terrorism Coverage - 386359 06 17

This notice applies to the type(s) of insurance provided under this policy that are subject to the Terrorism Risk Insurance Act, as amended ("The Act"). You are hereby notified that under The Act, you have a right to purchase insurance coverage for losses arising out of **certified acts of terrorism**, as defined in Section 102(1) of The Act: The term **certified act of terrorism** means any act or acts that are certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, as amended, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property; or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHEN COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM **CERTIFIED ACTS OF TERRORISM**, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020 OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A $100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURER'S LIABILITY FOR LOSSES RESULTING FROM **CERTIFIED ACTS OF TERRORISM** WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS $100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEEDS $100 BILLION, YOUR COVERAGE MAY BE REDUCED.

Our records indicate that you previously accepted our offer of terrorism coverage, which was made at the time we issued our quote. Accordingly, the policy referenced above includes coverage for **certified acts of terrorism**, as defined in The Act. If your policy provides workers compensation coverage, you cannot reject that coverage because applicable workers compensation laws in your state mandate that this coverage be included. No additional action on your part is required at this time.

If you have any questions about this or any other insurance matter, please contact your agent or broker representing the Allianz Insurance Companies.

Policyholder Message - 386636 03 21

Important Information for Policyholders

If you have questions about your policy, please contact your independent agent or broker. If you have additional questions, you can contact the company issuing the policy listed on your Declarations page at the following address:

Allianz Global Risks US Insurance Company
225 W. Washington Street, Suite 1800
Chicago, IL 60606-3484

Toll Free Telephone: 1-(888) 466-7883

Website: https://www.agcs.allianz.com/global-offices/united-states.html

Email address for First Notice of Loss: NewLoss@agcs.allianz.com
Toll Free Number for Claims First Notice of Loss: 1-(800) 347-3428
Toll Free Number for Existing Claims: 1-(800) 870-8857

The information above supersedes any other Company contact information you may have received with your policy.

Allianz Global Risks US Insurance Company
Privacy and Security Statement

Protecting you from loss is important to Allianz Global Risks US. Just as important to us is protecting your personal information. Our pledge to protect your privacy is reflected in our Privacy and Security Statement, which outlines our principles for collecting, using and protecting your personal information.

Our Privacy and Security Statement applies to all of the companies within the Allianz Global Risks US family of companies. In most cases, these companies use the same processing systems and employees to maintain your insurance coverage. The law allows us to share personal information among our insurance companies. The law does not allow customers to prevent these disclosures. A list of our companies can be found at the end of this notice.

Allianz Global Risks US does not sell your personal information to anyone. We do not share your personal information with anyone for their own marketing purposes. For this reason, your consent or an "opt-in" is not required. We also do not share your personal information with any of our affiliated companies outside of the Allianz Global Risks US family of insurance companies for their own marketing purposes.

Personal Information about You Allianz Global Risks US collects
We collect personal information about you that is necessary to process the insurance transactions you request. We limit the amount of personal information collected to what we feel is needed to maintain your account. We may collect your personal information from the following sources:

- From you, either directly or through your broker. This may include information on your insurance application or other forms you may complete.
- From others, through the process of handling a claim. This may include information from medical or accident reports.
- From your relationship with us. Such as the number of years you have been a customer or the types of insurance products you purchased.
- From a consumer reporting agency. Such as a credit or motor vehicle report. The information in these reports may be kept by the consumer reporting agency and shared with others.

If you visit one of our websites, we may use “cookies” (small text files sent from our site to your hard drive). These cookies help us to recognize repeat visitors and allow easy access to and use of the site. We do not use cookies to gather personal information. The cookies only enable you to use our website more easily.

Personal Information about You Allianz Global Risks US Shares
We do not share personal information about current or former customers to anyone, except as “allowed by law.” “Allowed by law” means that we may share your personal information, such as your name, address and policy information, as follows:

- To consumer reporting agencies to obtain a credit report or motor vehicle report. These reports are used to determine eligibility for coverage or to process your requested transactions.
- To your insurance broker so that they can perform services for you.
- To medical professionals in order to process your claim.
- To a state Department of Insurance in order to examine our records or business practices.
- To state or federal law enforcement agency, as required by law or to report suspected fraud activities.
- To research groups to conduct studies on claims results. No individual is identified in any study or report.

We advise the vendors with whom we legally share your personal information, of our privacy policy. We make every effort to use vendors whose privacy policy reflects our own.

Allianz Global Risks US’s Policies and Practices Regarding Security of Personal Information
Allianz Global Risks US uses a variety of computer hardware and software tools to maintain physical, electronic and procedural safeguards that comply with applicable federal and state regulations to guard your personal information. We restrict access to personal information about you to those employees who need the information to service your policy. Allianz Global Risks US works hard to ensure that our websites are secure. We use state of the art technology to protect the personal information that may be shared over these sites.

Allianz Global Risks US Insurance Company
Privacy and Security Statement

Your Rights Regarding Your Personal Information

You have a number of rights with respect to your personal information. You have the right to make a request:

- To access your personal information. Once we verify your request, we will deliver a copy of your personal information to you by mail or electronically. If provided electronically, it will be in a readily useable format (to the extent that possible to do so). The information will be provided to you free of charge.
- For us to delete your personal information. We will review your request and delete your personal information unless it is necessary for us to maintain it (e.g., in order to complete a transaction or to comply with a legal or regulatory requirement). If we are unable to delete it, we will let you know why.
- For us to provide the types and specific pieces of personal information we collect about you, the types of sources from which the personal information is collected, and the business purpose for collecting the personal information.

If you wish to make any of the above requests regarding your personal information, please contact us by email at privacyrequests@agcs.allianz.com or using the toll-free number 800-807-8810. Be prepared to provide your full name, address and policy or claim number(s). We may require additional information to verify your identity in order to protect you and your personal data.

We will respond to your request within 30 working days. Please be aware that you will not be given access to your information collected or in connection with a claim, or a civil or criminal proceeding. If medical information is contained in your file, we may request that you name a medical professional to whom we will send the information.

If you believe any of your information is incorrect, you can notify us in writing. We will let you know if our review has resulted in a correction of your information. If we do not make a correction, you may file a statement disputing the information. We will attach the statement to your file. We will send any corrections we make, or your statement, to anyone we shared your information with over the past two years. And to anyone who may receive your information from us in the future.

No Discrimination

We will not discriminate against you if you choose to exercise one of your rights. We will not:

- Deny goods or services
- Charge different prices or rates for goods or services
- Provide a different level or quality of goods or services
- Suggest that you will receive a different price or rate or a different level or quality of goods or services

Notification of Change

Your trust is one of our most important assets. If we revise our privacy practices in the future, we will notify you prior to introducing any changes. A summary of our Privacy Policy, along with instructions for reviewing or making other requests regarding your personal information, is displayed on our website (https://www.agcs.allianz.com/global-offices/united-states/).

For More Information or if You have Questions

Should you have further questions regarding our privacy policy, you can contact us in a number of ways. You may email us at nacorpcompliance@agcs.allianz.com or you can write to us at:

Allianz Global Risks US
Corporate Compliance Department
225 W. Washington Street, Suite 1800
Chicago, IL 60606

Allianz Global Risks US Insurance Company
Privacy and Security Statement

Allianz Global Risks US's Family of Companies
The following lists the companies Allianz Global Risks US uses to issue insurance policies nationwide:

AGCS Marine Insurance Company
Allianz Global Risks US Insurance Company
Allianz Underwriters Insurance Company
American Automobile Insurance Company
Associated Indemnity Corporation
Chicago Insurance Company
Fireman's Fund Insurance Company
Fireman's Fund Indemnity Corporation
Interstate Fire & Casualty Company
National Surety Corporation
The American Insurance Company

FRAUD STATEMENT - California

IMPORTANT INFORMATION - PLEASE READ

For your protection, California law requires the following to appear on this form: Any person who knowingly presents false or fraudulent information to obtain or amend insurance coverage or to make a claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

Allianz Global Risks US Insurance Company
Privacy and Security Statement

Protecting you from loss is important to Allianz Global Risks US. Just as important to us is protecting your privacy and the personal or sensitive personal information we use to provide you with superior products and service.

At Allianz Global Risks US, and its subsidiaries, our policy is to maintain appropriate confidentiality with regard to all personal or sensitive personal information obtained in the course of doing business with you. Our pledge to protect your privacy is reflected in this Privacy and Security Statement which outlines our principles in collecting, using and safeguarding your personal or sensitive personal information and information about your relationship with us.

Personal or sensitive personal information can include the following types of information:

- Social Security number
- Driver's license, State Identification card, or passport number
- Health data
- Financial accounts
- Account log-in credentials
- Racial or ethnic origin

Allianz Global Risks US does not sell your personal or sensitive personal information to anyone. We do not share your personal or sensitive personal information with anyone for their own marketing purposes. For this reason, your consent or an "opt-in" is not required. We also do not share your personal or sensitive personal information with any of our affiliated companies outside of the Allianz Global Risks US family of insurance companies for their own marketing purposes.

Personal or Sensitive Personal Information Allianz Global Risks US Collects

Allianz Global Risks US only collects personal or sensitive personal information about you when it is necessary to conduct the business of insurance. We limit the collection of personal or sensitive personal information to what we reasonably believe is needed to administer your account. As a result, we collect personal or sensitive personal information from the following sources:

- Personal or sensitive personal information you share with us either directly or through your broker, such as the information on your insurance application, requested policy change information or other forms you may complete.
- Personal or sensitive personal information you provide or which is obtained through the process of handling a claim, including medical information, such as from an accident report.
- Personal or sensitive personal information about you from your transactions with us, our affiliates or others such as the number of years you have been a policyholder with Allianz Global Risks US or the types of coverage you purchase.
- Personal or sensitive personal information about you from a consumer reporting agency, such as a credit report or a Motor Vehicle Report. The information in these reports may be retained by the consumer reporting agency and disclosed to others.

If you visit or use the Allianz Global Risks US website, or one of our subsidiaries, we may use "cookies" (small text files transferred from our website to your hard drive) to recognize repeat users, track usage and facilitate your access to and use of the site. We do not use "cookies" to gather personal or sensitive personal information, and we do not link cookies to identifiable information, such as your policy number. The "cookies" only enable you to use our website more easily.

Personal or Sensitive Personal Information Allianz Global Risks US Discloses

Allianz Global Risks US does not disclose any personal or sensitive personal information about current or former customers to anyone, except as permitted by law. We may disclose the personal or sensitive personal information we collect as follows:

- To consumer reporting agencies for the purposes of obtaining a credit report or a Motor Vehicle Report in order to determine eligibility for coverage or to process your requested transaction.
- To your insurance broker to allow them to perform their normal insurance related services for you.
- To medical professionals in order to process your claim.
- To an insurance regulatory authority pursuant to an examination of our records or business practices.
- To law enforcement or other government agency as required by law or to report suspected fraud activities.
- To actuarial or research organizations to conduct studies regarding claims results and insurance practices provided that no individual is identified in any study or report.
- To our affiliates for processing or marketing of our insurance related products or services.
- To group policyholders for the purpose of reporting claims experience or conducting an audit of our operations.

Allianz Global Risks US Insurance Company
Privacy and Security Statement

When possible, we advise our vendors and other nonaffiliated third parties, to whom we legally provide your personal or sensitive personal information in the course of conducting our insurance business, of our privacy policy. We make every effort to use vendors whose approach to customer privacy reflects our own.

Retention of Data

We will retain your personal data generally for 10 [ten] years from the date the insurance policy or product expires, a claim has been settled or the business relationship ends basically, unless a longer retention period is required or is permitted by law.

We will not retain your personal data for longer than necessary and we will hold it only for the purposes for which it was obtained.

Allianz Global Risks US's Policies and Practices with Respect to Security of Personal or Sensitive Personal information

Allianz Global Risks US uses a variety of computer hardware and software tools to maintain physical, electronic and procedural safeguards that comply with applicable federal and state regulations to guard your personal or sensitive personal information. We restrict access to personal or sensitive personal information about you to only those employees who need that information to provide products or services to you.

Allianz Global Risks US, and its subsidiaries, also work hard to ensure that our websites are secure. We employ firewalls, encryption technology, user authentication systems and access control mechanisms to control access to the personal or sensitive personal information that may be shared over these sites.

Your Rights Regarding Your Personal or Sensitive Personal Information

Depending on your state of residence, you may have a number of rights with respect to your personal or sensitive personal information. They may include your right to make a request:

- To access your personal or sensitive personal information. Once we verify your request, we will deliver a copy of your personal or sensitive personal information to you by mail or electronically. If provided electronically, it will be in a readily useable format (to the extent that possible to do so). The information will be provided to you free of charge.
- To request correction of your personal or sensitive personal information. We will investigate and let you know if our investigation results in correction of your information. If we do not believe an error exists, you may file a statement disputing the information. We will send any corrections we make or your statement to any person or organization to whom we provided your information within the last two years or who may receive your information from us in the future.
- For us to restrict the use or disclosure of sensitive personal or sensitive personal information that is collected about you
- For us to delete your personal or sensitive personal information. We will review your request and delete your personal or sensitive personal information unless it is necessary for us to maintain it (e.g., in order to complete a transaction or to comply with a legal or regulatory requirement). If we are unable to delete it, we will let you know why.
- For us to provide the types and specific pieces of personal or sensitive personal information we collect about you, the types of sources from which the personal or sensitive personal information is collected, and the business purpose for collecting the personal or sensitive personal information.

If you or your authorized agent wish to make any of the above requests regarding your personal or sensitive personal information, please complete the Privacy Request Form located on our website at https://www.agcs.allianz.com/global-offices/united-states/privacy-security-statement.html and submit it to us via email at privacyrequests@agcs.allianz.com. Alternatively you may contact us via telephone using a toll-free number 800-807-8810 and request that we send you a copy of the Privacy Request Form via postal mail. Be prepared to provide your full name and address. You may mail the completed form to us at the address provided or scan and return to us via the email address listed above. Please note that once we have reviewed the information you have provided we may contact you for additional information. This is so that we may verify your identity in order to protect you and your personal data.

We will respond to your request within 45 days. Please be aware that you will not be given access to your information collected or in connection with a claim, or a civil or criminal proceeding. If medical information is contained in your file, we may request that you name a medical professional to whom we will send the information.

We will confirm receipt any of the above requests no later than 10 business days after receipt and will provide information about howwe will process your request, our verification process, and when you should expect a response (except in circumstances where we have already granted or denied such request). We will respond to your request within 45 days if we are able to verify your identity.

No Discrimination

We will not discriminate or retaliate against you if you choose to exercise one of your rights. We will not:

- Deny goods or services.
- Charge different prices or rates for goods or services.
- Provide a different level or quality of goods or services.
- Suggest that you will receive a different price or rate or a different level or quality of goods or services.

Notification of Change

At Allianz Global Risks US, your trust is one of our most important assets. We will continually work to protect the privacy of our individual customers and will continually review our privacy policy. If at some point in the future we revise our privacy practices thataffect your personal or sensitive personal information, we will notify you prior to introducing any changes.

For More Information or if You have Questions

Should you have further questions regarding our privacy policy, you can contact us in a number of ways. You may email usat nacorpcompliance@agcs.allianz.com or you can write to us at:

Allianz
Global Risks
US Corporate
Compliance
Department
225 W. Washington Street, Suite 1800
Chicago, IL 60606

Allianz Global Risks US's Family of Companies

The following lists the issuing companies Allianz Global Risks US uses to issue insurance policies nationwide:

- AGCS Marine Insurance Company
- Allianz Global Risks US Insurance Company
- Allianz Underwriters Insurance Company
- American Automobile Insurance Company
- Chicago Insurance Company
- Fireman's Fund Insurance Company
- Fireman's Fund Indemnity Corporation
- Interstate Fire & Casualty Company
- National Surety Corporation

2023 CA Privacy Addendum

A. PRIVACY RULES AND REGULATIONS

1. Applicability and Compliance

(a) Under federal and state laws and regulations governing the privacy interests of consumers, customers and employees, AGRUS is required to prevent disclosure of personal information concerning consumers, customers andemployees except as permitted by law and regulations. Supplier may obtain personal information in the course of performing services for AGRUS. Supplier has reviewed and understands its responsibilities regarding the reusing and sharing of personal information under federal and state laws and regulations. Supplier shall comply with such laws and regulations to the extent applicable to it, including but not limited to: Title V of Public Law 106-102 (Gramm-Leach-Bliley or "GLB"), codified at 15 U.S.C. § 6801 et seq.; the Fair Credit Reporting Act, codified at 15 U.S.C. § 1681 et seq.; National Association of Insurance Commissioner's (NAIC's) Model Regulation on Privacy of Consumer Financial and Health Information as adopted by individual states; NAIC's Insurance Information and Privacy Protection Act Model Regulation as adopted by individual states; the California Consumer Privacy Act ("CCPA") and/or the California Privacy Rights Act ("CPRA"); the European Union General Data Protection Regulations ("GDPR") pertaining to the personal data of a European Resident stored, accessed or processed in the U.S.; the Canadian Privacy Act (R.S.C., 1985, c. P-21); and the Personal Information Protection and Electronic Documents Act (S.C. 2000, c. 5)("PIPEDA").

(b) Under state laws and regulations governing the security of "Nonpublic Information" of regulated entities, AGRUS is required to maintain a program that is designed to protect the confidentiality, integrity and availability ofelectronic customer and company data that is contained in its information systems (e.g., "Cybersecurity Program;" "Information Security Program"). "Nonpublic Information" includes any information which can be used to identifyan individual, as well as business related information that would cause a material adverse impact to the business, operations, or security of the entity to which it pertains if it was tampered with or was subject to unauthorized disclosure, access or use. For the remainder of this Addendum, references to Nonpublic Information include both personal information and business related information as defined above. Supplier has reviewed and understands its responsibilities under these laws and regulations as they relate to the security of AGRUS Nonpublic Information. Supplier shall comply with such laws and regulations to the extent applicable to it, including but not limited to: the New York State Department of Financial Services Cybersecurity Requirements for Financial Services Companies Regulations, codified at 23 NYCRR 500 et seq.; and the National Association of Insurance Commissioner's (NAIC's) Insurance Data Security Model Law as adopted by individual states.

2. Supplier Covenants, Representations and Warranties

(a) Supplier covenants, represents, and warrants that it shall use Nonpublic Information only in the performance of its duties for AGRUS. Subject to the confidentiality provisions of this MSA, Supplier shall share data received from AGRUS with other third parties or their affiliates only for the express purposes for which Supplier received the information and only to the extent needed to perform the Services. Supplier shall retain Nonpublic Information only for as long as it is necessary to perform its duties for AGRUS, and in all cases in accordance with the confidentiality provisions of this MSA.

(b) Use of Subcontractors. Supplier shall have appropriate controls in place to ensure that any authorized subcontractor used by Supplier (as provided under the MSA) meets the objectives of this Subsection A.2(b), and Supplier shall exercise oversight over each of its authorized subcontractors to ensure ongoing compliance with the objectives of this Subsection A.2(b).

3. Supplier Obligations

(a) Supplier shall have appropriate monitoring practices in place to assure on-going compliance with all privacy lawsand regulations.

(b) Supplier hereby certifies that it understands the requirements of the CPRA for both "service providers" and "contractors" and that it will abide by all such requirements, including the obligation to provide the same level of privacy protection as the CPRA requires AGRUS to provide. Supplier shall notify AGRUS immediately if at any time, it cannot meet its obligations under the CPRA. Supplier hereby grants permission to AGRUS to monitor its compliance with the requirements of the CPRA, including the right to access and audit the Supplier's systems, books and records upon request, with reasonable notice.

Further, Supplier shall not: (i) Sell or share any personal information received from AGRUS; (ii) Retain, use, or disclose personal information for any purpose other than the business purpose specified in an agreement with AGRUS;
(iii) Retain, use, or disclose personal information outside of the direct relationship between the Supplier and AGRUS;or (iv) Combine personal information received from AGRUS with personal information received from other sources.

(c) Security Breach. Supplier shall immediately notify AGRUS if Supplier determines there has been a material breach or a serious attempt to breach its security safeguards required by this Subsection A.3(b), or if the security of Nonpublic Information of AGRUS has been or likely may have been compromised for any reason. The notificationmust include the date or approximate date and nature of the breach, any steps the Supplier has taken or plans to takerelating to the breach and the person responsible for the breach of security, if known. AGRUS may take all reasonable steps to protect Nonpublic Information of AGRUS in such event, including, but not limited to, as

appropriate, an audit of Supplier's security safeguards required by this Subsection A.3(b), and Supplier's security and system log files from workstations and supporting servers containing or facilitating the flow of Nonpublic Information of AGRUS. Supplier shall have an incident management plan that enables Supplier to take appropriateactions to address incidents of unauthorized access to or misuse of Nonpublic Information of AGRUS and to notifythe appropriate regulatory official(s) as required by law. Such plan shall also enable AGRUS to expeditiously implement its own response program. Supplier shall notify consumers and customers of AGRUS of any breach as required by law at Supplier's expense unless otherwise directed by AGRUS. If AGRUS elects to notify its consumers and customers directly of the breach or is required by law to do so Supplier shall reimburse AGRUS forAGRUS' expenses relating thereto.

(d) EU Resident Personal Data. Supplier shall immediately notify AGRUS in the event Supplier is contacted by an EU resident ("Data Subject") regarding their data subject rights. Supplier shall implement measures to assist AGRUSin responding to requests from Data Subjects exercising their rights in respect of their personal data.

(e) Personal Data Rights Requests. Supplier shall immediately notify AGRUS in the event Supplier is contacted by an individual regarding their privacy rights with respect to personal data AGRUS shares with Supplier. Supplier shallimplement measures to assist AGRUS in responding to requests from individuals exercising their rights in respect ofthe personal data AGRUS shares with Supplier.

(f) These privacy provisions, confidentiality provisions and security provisions apply to all data that has been sharedboth prior to the effective date of the MSA or any Participation Agreement and on an ongoing basis. Upon terminationor expiration of this MSA and/or any Participation Agreement, Supplier shall continue to adhere to all applicable lawsregarding the data AGRUS has shared with Supplier.

4. **Compliance with Pretexting Laws**

Supplier shall assure compliance with all state and federal laws governing the use of pretexting activities and in all cases obtain any individual's written consent prior to obtaining telephone records from anyone other than such individual.

Policyholder Message - Silica Particles Exclusion - 386396 05 04

THIS MESSAGE IS INTENDED TO ALERT YOU OF CHANGES TO YOUR POLICY. THIS MESSAGE DOES NOT REPLACE ANY PROVISION OF YOUR POLICY OR ANY ENDORSEMENT TO YOUR POLICY. PLEASE REVIEW YOUR POLICY AND THE ENDORSEMENTS FOR COMPLETE COVERAGE INFORMATION.

Silica Particles Exclusion

Your policy contains a silica particles exclusion.

If you have any questions, please contact your Allianz Global Risks US Companies® insurance representative.

Policyholder Notification - General Liability Access or Disclosure of Confidential or Personal Information Exclusion - 386629 05 14

This Notice does not form part of your policy. No coverage is provided by this Notice nor can it be construed to replace any provision of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided. If there is any conflict between the Policy and this Notice, **THE PROVISIONS OF THE POLICY SHALL PREVAIL .**

Carefully read your policy, including the endorsements attached to your policy.

This Notice provides information concerning the following new endorsements, which applies to your renewal policy being issued by us:

CG 21 06 05 14 - Exclusion - Access or Disclosure of Confidential or Personal Information and Data-related Liability - With Limited Bodily Injury Exception (For Use With the Commercial General Liability Coverage Part)

When this endorsement is attached to your policy:

- Under Coverage A - Bodily Injury And Property Damage Liability, coverage is excluded for damages arising out of any access to or disclosure of confidential or personal information. This is a reinforcement of coverage.
- Under Coverage B - Personal And Advertising Injury Liability, coverage is excluded for personal and advertising injury arising out of any access to or disclosure of confidential or personal information. To the extent that any access or disclosure of confidential or personal information results in an oral or written publication that violates a person's right of privacy, this may result in a reduction in coverage.

CG 21 07 05 14 - Exclusion - Access or Disclosure of Confidential or Personal Information and Data-related Liability - Limited Bodily Injury Exception Not Included (For Use With the Commercial General Liability Coverage Part)

When this endorsement is attached to your policy:

- Under Coverage A - Bodily Injury And Property Damage Liability, coverage is excluded for damages arising out of any access to or disclosure of confidential or personal information. This is a reinforcement of coverage. However, when this endorsement is attached, it will result in a reduction of coverage due to the deletion of an exception with respect to damages because of bodily injury arising out of loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.
- Under Coverage B - Personal And Advertising Injury Liability, coverage is excluded for personal and advertising injury arising out of any access to or disclosure of confidential or personal information. To the extent that any access or disclosure of confidential or personal information results in an oral or written publication that violates a person's right of privacy, this may result in a reduction in coverage.

CG 21 08 05 14 - Exclusion - Access or Disclosure of Confidential or Personal Information (Coverage B Only) (For Use With the Commercial General Liability Coverage Part)

When this endorsement is attached to your policy, coverage is excluded for personal and advertising injury arising out of any access to or disclosure of confidential or personal information. To the extent that any access or disclosure of confidential or personal information results in an oral or written publication that violates a person's right of privacy, this may result in a reduction in coverage.

Allianz

Disclosure of Premium and Estimated Premium for Certified Acts of Terrorism Coverage (Pursuant to Terrorism Risk Insurance Act) 145927 01 15

This Endorsement is attached to and made part of your policy in response to the disclosure requirements of the Terrorism Risk Insurance Act.

A. **Disclosure of Premium**

In accordance with the federal Terrorism Risk Insurance Act, as amended, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act, as amended ("**certified acts of terrorism**"). The portion of your premium attributable to such coverage is shown in the policy Declarations. This premium is based on the rates in effect at the time of policy issuance or policy anniversary and was calculated for the full term of the current policy period.

B. **Disclosure of Federal Participation in Payment of Terrorism Losses**

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019 and 80% beginning on January 1, 2020 of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act, as amended, exceed $100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceed $100 billion.

C. **Cap on Insurer Participation in Payment of Terrorism Losses**

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act, as amended, exceed $100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, as amended, then we shall not be liable for the payment of any portion of the amount of such losses that exceeds $100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

D. **Possibility of Additional or Return Premium**

The premium for **certified acts of terrorism**
coverageis calculated based in part on the federal participation in payment of terrorism losses as set forth in the Terrorism Risk Insurance Act, as amended. If the federal program terminates or if the level or terms of federal participation change, the premium charge for acts of terrorism as shown in the Declarations of this policy may also change. If this policy contains a Conditional Exclusion, continuation of coverage for **certified acts of terrorism**, or termination of such coverage, will be determined upon disposition of the federal program, subject to the terms and conditions of the Conditional Exclusion. If this policy does not contain a Conditional Exclusion, coverage for **certified acts of terrorism** will continue. In either case, when disposition of the federal program is determined, we will recalculate the premium charge made for those acts of terrorism covered by the Terrorism Risk Insurance Act, as amended, that remain covered by this policy after the disposition of the federal program. We will calculate the premium charge as follows:

1. We will calculate the pro-rated premium shown in the Declarations for **certified acts of terrorism** from the effective date of your policy to the date of expiration or change of the federal program.
2. We will calculate the pro-rated premium charge for acts of terrorism that remain covered for the policy period that remains in effect from the expiration or change of the federal Program to the anniversary or expiration date of your policy.

3. We will add the amount determined in D.1. above to the amount determined in D.2. above. Such premium will be your revised annual premium for coverage for acts of terrorism.
   a. If the revised annual premium determined above is an additional premium, this additional premium may be waived by us for the remainder of the policy term.
   b. If the revised annual premium determined above is a return premium, we will refund this amount to you.

All other terms and conditions of the policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALCULATION OF PREMIUM

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

The following is added:

The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation, or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.

2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or

b. 30 days before the effective date of cancellation if we cancel for any other reason.

3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.

4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.

6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:

a. Make inspections and surveys at any time;

b. Give you reports on the conditions we find; and

c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

a. Are safe or healthful; or

b. Comply with laws, regulations, codes or standards.

3. Paragraphs **1.** and **2.** of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph **2.** of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and

2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT (Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:

A. Under any Liability Coverage, to “bodily injury” or “property damage”:

(1) With respect to which an “insured” under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(2) Resulting from the “hazardous properties” of “nuclear material” and with respect to which **(a)** any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or **(b)** the “insured” is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. Under any Medical Payments coverage, to expenses incurred with respect to “bodily injury” resulting from the “hazardous properties” of “nuclear material” and arising out of the operation of a “nuclear facility” by any person or organization.

C. Under any Liability Coverage, to “bodily injury” or “property damage” resulting from “hazardous properties” of “nuclear material”, if:

(1) The “nuclear material” **(a)** is at any “nuclear facility” owned by, or operated by or on behalf of, an “insured” or **(b)** has been discharged or dispersed therefrom;

(2) The “nuclear material” is contained in “spent fuel” or “waste” at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an “insured”; or

(3) The “bodily injury” or “property damage” arises out of the furnishing by an “insured” of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any “nuclear facility”, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion **(3)** applies only to “property damage” to such “nuclear facility” and any property thereat.

2. As used in this endorsement:

“Hazardous properties” includes radioactive, toxic or explosive properties.
“Nuclear material” means “source material”, “special nuclear material” or “by-product material”.

“Source material”, “special nuclear material”, and “by-product material” have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

“Spent fuel” means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a “nuclear reactor”.

"Waste" means any waste material **(a)** containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and **(b)** resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

(a) Any "nuclear reactor";

(b) Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";

(c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraphs **2.** and **3.** of the **Cancellation** Common Policy Condition are replaced by the following:

2. All Policies In Effect For 60 Days Or Less

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

a. 10 days before the effective date of cancellation if we cancel for:

(1) Nonpayment of premium; or

(2) Discovery of fraud by:

(a) Any insured or his or her representative in obtaining this insurance; or

(b) You or your representative in pursuing a claim under this policy.

b. 30 days before the effective date of cancellation if we cancel for any other reason.

3. All Policies In Effect For More Than 60 Days

a. If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:

(1) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.

(2) Discovery of fraud or material misrepresentation by:

(a) Any insured or his or her representative in obtaining this insurance; or

(b) You or your representative in pursuing a claim under this policy.

(3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.

(4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.

(5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.

(6) A determination by the Commissioner of Insurance that the:

(a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or

(b) Continuation of the policy coverage would:

(i) Place us in violation of California law or the laws of the state where we are domiciled; or

(ii) Threaten our solvency.

(7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.

b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:

(1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium or discovery of fraud; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph **3.a.**

B. The following provision is added to the **Cancellation** Common Policy Condition:

7. Residential Property

This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part

Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

a. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in **b.** and **c.** below.

b. We may not cancel this policy solely because the first Named Insured has:

(1) Accepted an offer of earthquake coverage; or

(2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.

c. We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This restriction **(c.)** applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:

(1) Commercial Property Coverage Part – Causes Of Loss – Special Form; or

(2) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph **D.** Covered Causes Of Loss – Special.

C. The following is added and supersedes any provisions to the contrary:

Nonrenewal

1. Subject to the provisions of Paragraphs **C.2.** and **C.3.** below, if we elect not to renew this policy, we will mail or deliver written notice, stating the reason for nonrenewal, to the first Named Insured shown in the Declarations, and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

2. Residential Property

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part

Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

a. We may elect not to renew such coverage for any reason, except as provided in **b., c.** and **d.** below.

b. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage.

However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

(1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;

(2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or

(3) We have:

(a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or

(b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and

the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.

c. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority, that included an earthquake policy premium surcharge.

d. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This restriction **(d.)** applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:

(1) Commercial Property Coverage Part – Causes Of Loss – Special Form; or

(2) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph **D.** Covered Causes Of Loss – Special.

3. We are not required to send notice of nonrenewal in the following situations:

a. If the transfer or renewal of a policy, without any changes in terms, conditions or rates, is between us and a member of our insurance group.

b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph **C.1.**

c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.

d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.

e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.

f. If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in Paragraph **C.1.,** to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

PROPERTY COVERAGE SECTION - DECLARATIONS

- These Declarations, together with the Common Policy Declarations and Policy Conditions, Coverage Form(s) and any Endorsement(s), complete this policy.
- If a coverage shown in the Declarations does not show a corresponding Limit of Insurance, then no insurance is provided for such coverage.
- If “0”, “N/A”, or “not covered” appears as a Limit of Insurance in the Declarations for a described coverage, then no insurance is provided for such described coverage.
- If the term “included” appears as a Limit of Insurance in the Declarations for a described coverage, then the Limit of Insurance for such coverage is included within, not in addition to, the applicable Limit of Insurance shown in the Declarations for Business Real Property, Business Personal Property, or Business Income and Extra Expense.
- If one or more numbers are shown in the Location(s) column of these Declarations, then each number represents that specific location(s) as displayed on the Common Policy Declarations. If the word **"ALL"** is shown in the Location(s) column shown in these Declarations, then such word means **Locations 1** as displayed on the Common Policy Declarations

Property–Gard Pinnacle Coverage Form

Blanket Details Schedule

Location(s)	Blanket Description	Blanket Limit
1,2,3,4	Business Personal Property	$122,000
1,2,3,4	Business Income	$250,000
All	EQSL 1	$1,000,000

Limits of Insurance

Location Number	Subject(s) of Insurance	Limit of Insurance	Limit Type	Actual Cash Value
1	Business Personal Property	$57,000	Blanket	No
1	Business Income Include Extra Expense	$250,000	Blanket	N/A
2	Business Personal Property	$31,000	Blanket	No
4	Business Personal Property	$34,000	Blanket	N/A

Business Income and Extra Expense Coverage Includes Ordinary Payroll unless limited or excluded below:

Business Personal Property Subject to Sublimits of Insurance

Subject of Insurance	Location(s)	Sublimits

Accounts Receivable	All	$1,000,000
Data, Media, Software	All	$1,000,000
Personal Effects	All	$500,000
Personal Property of Others	All	$500,000
Prototypes	All	$250,000
Research and Development Documentation	All	$250,000
Valuable Papers and Records	All	$250,000

Deductibles

Location(s)	Subjects of Insurance	Deductible
All	Business Real Property	$2,500
All	Business Personal Property	$2,500
All	Business Income	24 Hours
All	Wind/Hail	None
All	EQSL 1	$25,000

If wind deductible shows "none" then the policy deductible applies to wind. If other value, the higher of the wind deductible or the policy deductible would apply.

Extensions of Coverage

The Extensions of Coverage applicable to Property Coverage and Business Income and Extra Expense Coverage only apply to the extent to which you have purchased Property Coverage, Business Income Coverage and/or ExtraExpense Coverage for locations as stated in the Declarations.

Property Damage	Location(s)	Limit of Insurance	Deductible
Consequential Loss Assumption Coverage	All	$100,000	Policy Deductible
Contract Penalty Clause Coverage	All	$100,000	Policy Deductible
Debris Removal Coverage	All		
Debris of Property Insured	All	$5,000,000	No Deductible
Debris of Property Owned by Others	All	$100,000	Policy Deductible
Extended Warranty Coverage	All	$100,000	Policy Deductible
Fine Arts Coverage			
Miscellaneous Unscheduled Fine Arts			
Any One Item, Pair or Set	All	$10,000	Policy Deductible
Per Occurrence or Loss Event	All	$250,000	Policy Deductible
Fine Arts while at an Exhibition, Exposition, Fair,or Trade Show	All	$25,000	Policy Deductible
Fire Department Service Charge Coverage	All	$100,000	Policy Deductible
Fire Equipment Protection Coverage	All	$100,000	No Deductible

Installation Coverage	All	$100,000	Policy Deductible
Loss Avoidance or Mitigation Coverage	All	$100,000	No Deductible
Mobile Communication Equipment Coverage	All	$100,000	Policy Deductible
Money and Securities Coverage	All	$100,000	Policy Deductible
Money Orders and Counterfeit Currency Coverage	All	$100,000	Policy Deductible
Realty Tax Coverage	All	$100,000	Policy Deductible
Removal of Property Coverage	All	$100,000	No Deductible
Reward Coverage			
Any One Person	All	$10,000	No Deductible
Per Occurrence or Loss Event	All	$50,000	No Deductible
Salesperson's Samples Coverage	All	$100,000	Policy Deductible
Tenant's Lease Agreement Coverage	All	$100,000	Policy Deductible
Theft of Precious Commodities Coverage	All	$25,000	Policy Deductible

Extensions of Coverage (Continued)

Business Income and Extra Expenses	Location(s)	Limit of Insurance	Deductible	Miles or Days
Business Access Coverage	All	$500,000	24 hour(s)	1 Mile
Civil Authority Coverage	All	$500,000	24 hour(s)	1 Mile
Delayed Occupancy Coverage	All	$100,000	Policy Deductible	
Expediting Expense Coverage	All	$100,000	No Deductible	
Extended Business Income and Extra Expense Coverage				
Business Income Coverage	All		No Deductible	180 Day(s)
Extra Expense Coverage	All		No Deductible	180 Day(s)
Leasehold Interest Coverage	All	$250,000	Policy Deductible	
Research and Development Operations Coverage	All	$250,000	Policy Deductible	
Tenant Moving Coverage	All	$250,000	Policy Deductible	

Property, Business Income and Extra Expenses	Location(s)	Limit of Insurance	Deductible
Communicable Disease Coverage			
Per Occurrence or Loss Event	All	$250,000	Policy Deductible
Annual Aggregate	All	$250,000	
Fungus Remediation Coverage	All	$100,000	Policy Deductible
Loss Adjustment Expense Coverage	All	$100,000	Policy Deductible

Newly Acquired Location Coverage	All	$1,000,000	Policy Deductible
Outdoor Trees, Shrubs, Plants, and Lawn Coverage	All		
Any One Tree, Shrub, Plant, or Lawn	All	$2,500	No Deductible
Per Occurrence or Loss Event	All	$100,000	Policy Deductible
Pollutant Cleanup Coverage	All		
Per Occurrence or Loss Event	All	$100,000	Policy Deductible
Annual Aggregate	All	$100,000	
Trade Show Coverage	All	$250,000	Policy Deductible
Transit Coverage	All		
Your Vehicles	All	$100,000	Policy Deductible
Carriers for Hire	All	$100,000	Policy Deductible
International Air Shipments	All	$100,000	Policy Deductible
Unintentional Property Errors and Omissions Coverage	All	$1,000,000	Policy Deductible
Unnamed Location Coverage	All	$1,000,000	Policy Deductible
Utility Services Coverage	All	$500,000	
Business Income Deductible			24 hours
Overhead Transmission Lines and Equipment: Excluded			

Ordinance or Law Coverage

Location(s)	Coverage A	Coverage B & C Blanket	Coverage D	Coverage E
ALL	Included	$1,000,000	$1,000,000	$1,000,000

Unscheduled Dependent Property

Dependent Property Address	Blanket Per Occurrence Limit(s) of Insurance	Time Element Deductible	Time Element Minimum Deductible
Unscheduled	$ 500,000	24 Hour(s)	$ 10,000

Endorsements

Property-Gard Pinnacle - Equipment Breakdown Coverage Endorsement

Equipment Breakdown Coverage is subject to the Limits of Insurance shown in the Property-Gard Pinnacle - Equipment Breakdown Coverage Endorsement, except as specifically shown below. If no limit is shownbelow, then the limit shown in the Property-Gard Pinnacle - Equipment Breakdown Coverage Endorsement will apply.

Equipment Breakdown Coverage Limits of Insurance	
Coverage Description	**Limit of Insurance Per Accident**
Property Insured	Follows Applicable Limit
Business Income Coverage	Follows Applicable Limit
Extra Expense Coverage	Follows Applicable Limit
Expediting Expense Coverage	$250,000
Hazardous Substance Coverage	$250,000
Perishable Stock Coverage	$250,000
Data Restoration Coverage	$250,000
Service Interruption Coverage	$50,000
Fungus Remediation Coverage	$50,000

Equipment Breakdown Coverage Deductibles	
Deductible Description	**Deductible Per Accident**
Property Insured	Follows Applicable Deductible
Time Element Loss	Follows Applicable Deductible

Property-Gard Pinnacle – Crisis Management Coverage (250062 01 13)

Extensions of Coverage Applicable only to Business Income and Extra Expense Coverage			
Coverage Description	**Limit of Insurance**	**Deductible Time Loss**	**Minimum Time Element Deductible**
Crisis Event Response Communication Cost			
Per Occurrence or Loss Event	$25,000	No Deductible	
Annual Aggregate	$25,000		
Crisis Event Business Income and Extra Expense Coverage			
Per Occurrence or Loss Event	$25,000	Policy Deductible	Policy Deductible
Annual Aggregate	$25,000		
Post Crisis Event Expense Coverage			
Per Occurrence or Loss Event	$25,000	No Deductible	
Annual Aggregate	$25,000		

Property-Gard - Pinnacle® Coverage Form - 250000 01 13

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Property-Gard Pinnacle® Coverage Form - 250000 01 13

Commercial Property Coverage Section

This Property-Gard Pinnacle Coverage Form - 250000 (hereinafter referred to as "Coverage Form"), together with its Declarations and endorsements, complete the coverage provided under the Commercial Property Coverage Section of this Policy.

- Insurance is provided only for those coverages for which an entry is shown by an X on the applicable line and for which Limits of Insurance are shown in the place provided in the Declarations attached to this Policy. Such Declarations are issued with and are a part of this Coverage Form.
- If the Declarations do not show a Limit of Insurance providing a specific Coverage or Coverage Extension, then such Coverage or Coverage Extension is not provided by this Policy even though the language for such Coverage or Coverage Extension may appear within the Policy.
- Various provisions in this Coverage Form restrict coverage, such as but not limited to the following sections: Property Not Insured, Exclusions, Limitations of Coverage, and Limits of Insurance.
- Section XII. Loss Conditions describe your duties in the event of a loss and other provisions which apply to loss settlement under the Commercial Property Coverage Section.
- Section XIII. General Conditions describe the conditions that apply in common to all coverage provided within the Commercial Property Coverage Section.
- Endorsements describe enhancements in coverage or restrictions in coverage which may amend this Coverage Form or the Declarations.
- State Exception or State Amendatory Endorsements alter coverage provided under the Commercial Property Coverage Section in accordance with state law.

The titles of paragraphs contained in this Coverage Form and the subsequent endorsements that make up the Commercial Property Coverage Section are inserted solely for the convenience of reference and shall not be deemed in any way to limit or affect the provisions to which they relate.

Throughout the Commercial Property Coverage Section the words you and your refer to the Named Insured shown on the Declarations. The words we, us and our, refer to the Company providing this insurance.

Other words and phrases that appear in **bold face** have special meaning. Refer to the Definitions Section of this Coverage Form or the Additional Definitions Section located within any endorsements that may be attached which make up the Commercial Property Coverage Section.

Read the entire Policy carefully to determine rights, duties and what is and is not covered.

This Form must be attached to Change Endorsement when issued after the policy is written.
One of the **Allianz Global Risks US Companies** as named in the policy.

Secretary

President

I. Property Coverage

A. If a Limit of Insurance for Business Real Property or Business Personal Property is shown in the Declarations, then we will pay for direct physical loss or damage to **Property Insured** while at a **location**, including such property in the open (or in a **vehicle** in the open) within 1,000 feet of such **location**, caused by or resulting from a **covered cause of loss** during the Policy Period.

B. We insure **Property Insured**:

1. Which you own;
2. In which you have an insurable interest; or
3. Which you lease or rent from others under a written agreement.

For coverage to apply to property leased or rented from others, you must be legally or contractually required to provide property insurance covering such property.

C. The following types of **business personal property** are subject to Sublimits of Insurance shown in the Declarations:

1. **Accounts receivable;**
2. **Data, media**, and **software**;
3. **Personal effects**;
4. **Personal property of others**;
5. **Prototypes**;
6. **Research and development documentation**; and
7. **Valuable papers and records**.

The Sublimits of Insurance applicable to the types of **business personal property** shown above are the most we will pay for loss or damage to such property. If more than one Sublimit of Insurance applies to the lost or damaged property shown above, then the Sublimit of Insurance most specifically applicable to such property will apply.

II. Business Income and Extra Expense Coverage

A If a Limit of Insurance for Business Income and Extra Expense is shown in the Declarations, then we will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension** of your **operations** during the **period of restoration** arising from direct physical loss or damage to property at a **location**, or within 1,000 feet of such **location,** caused by or resulting from a **covered cause of loss**.

B. If a Sublimit of Insurance is shown in the Declarations applicable to a type of **business personal property** listed in Item I.C. above, then any payments under Business Income and Extra Expense, made necessary due to the loss or damage of such types of **business personal property**, are included within and not in addition to such Sublimit of Insurance.

III. Property Not Insured

This Coverage Form does not insure any of the following property:

A. Land or land values; destabilization of land; or the cost of stabilizing, restoring, or remediating of land; air; or water; except **processing water**.

B. Digging, excavating, backfilling, filling, compaction, or grading of land not directly related to the repair, rebuilding, or replacement of **business real property**.

C. Growing crops; standing timber; or outdoor trees, shrubs, plants, or lawns; except to the extent such coverage may be specifically provided by Item V.F.6. Outdoor Trees, Shrubs, Plants, and Lawn Coverage in this Coverage Form, if the Declarations show that you have such coverage.

D. Live eggs, embryos, or animals; except animals owned by others while in your care, custody, or control; or animals you sell as **stock**.

E. Bullion; accounts, notes, bills, evidences of debt or title, letters of credit, or deeds; except to the extent such coverage may be specifically provided by **business personal property** for **valuable papers and records** in this Coverage Form, if the Declarations show that you have such coverage

F. **Fine arts**, **money**, **securities**, or **salesperson's samples** except to the extent such coverage may be specifically provided by:

   1. Item V.D.5. Fine Arts Coverage;
   2. Item V.D.11. Money and Securities Coverage; or
   3. Item V.D.16. Salespersons Samples Coverage;

   in this Coverage Form, if the Declarations show that you have such coverage(s).

G. Aircraft, spacecraft, satellites, watercraft while afloat, and any property contained therein.

H. **Vehicles** including **vehicles** held for sale.

I. Dams, dikes, tunnels, trestles, air-supported structures, underground mines, mine shafts, caverns, caves, and any property contained therein.

J. Property which you have sold under conditional sale, trust agreement, installment payment or other deferred payment plan, or property which you have retained a security interest after delivery to customers.

K. Contraband or property in the course of illegal transportation or trade.

L. Confidential information of another person or entity which is held by you including, financial information, medical information, personal information, credit card information, or other similar non-public information.

M. Property which is more specifically described and covered under another Coverage Section of this Policy or under any other Policy.

IV. Exclusions

A. Exclusions Applicable to all Coverages: We will not pay under Property Coverage, Business Income and Extra Expense Coverage, or any Extensions of Coverage, for any loss, damage, or expense caused directly or indirectly by or resulting from any of the following excluded causes of loss; such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss:

   1. Regardless of how the cause of loss occurs, we will not pay for direct physical loss, damage, or expense caused by or resulting from the following causes of loss:

      a. Boiler Explosion

         Explosion, implosion, bursting, burning, bulging, or cracking of boilers, turbines, engines, or any unfired vessel normally subject to vacuum or internal pressure, including piping, or apparatus attached to and forming a part thereof; or any other internal condition or event occurring inside such equipment. This exclusion does not apply to 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.

      b. Collapse

         Collapse. This Collapse exclusion only applies if **collapse** is caused by or results from **flood** or **earth movement**.

      c. Consequential Loss, Loss of Market, and Other Indirect Losses

         (1) Delay, loss of use, loss of market, loss of occupancy;

         (2) Suspension, lapse, or cancellation of any contract;

         (3) Delay in completion of contract terms or noncompliance with contract terms or conditions;

(4) Any guarantee or warranty (express or implied);

(5) Loss of bonuses, fines, penalties, or liquidated damages; or

(6) Any other consequential, indirect, or remote loss of any kind.

d. Detrimental Code

Detrimental Code. This Detrimental Code exclusion applies regardless of how the **Detrimental Code** was introduced or acquired.

e. Disappearance or Shortages

(1) The disappearance of covered property ("covered property" here and hereinafter refers to property not excluded or limited from coverage in this Coverage Form) where there is no physical evidence to show what happened to such property; or the only evidence of loss is an audit, an inventory computation, or a profit and loss computation; or any combination thereof.

(2) Where you have independently established that you have sustained an otherwise insurable loss under this Coverage Form, then you may offer your audit, inventory computation, profit and loss computation, or any combination thereof in support of the amount of loss claimed.

f. Dishonesty

(1) Dishonest, fraudulent, or criminal acts or omissions by you, any of your partners, **members**, **managers**, officers, directors, trustees, employees (including leased employees), authorized representatives, or anyone to whom you entrust property for any purpose:

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

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

(2) This Dishonesty exclusion does not apply to:

(a) Covered property that is entrusted to others who are bailees or carriers for hire; or

(b) Acts of vandalism or destruction by any of your employees (including leased employees), but theft by any of your employees (including leased employees) is not covered.

g. Fungus

Fungus. This Fungus exclusion does not apply to **fungus** caused by or resulting from fire, explosion, or lightning, provided that such causes of loss are **covered causes of loss** under this Coverage Form.

h. Mortality and Disease

Mortality, death by natural causes, disease, sickness, any condition of health, bacteria, or virus.

i. Ordinance or Law

The enforcement of any **ordinance or law**, except to the extent such coverage may be specifically provided by Item V.F.5. Ordinance or Law Coverage in this Coverage Form, if the Declarations show that you have such coverage.

j. Testing

(1) Hydrostatic, pneumatic, or gas pressure testing; or

(2) Electrical insulation breakdown testing of any type of electrical equipment.

k. Voluntary Parting

Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device, or false pretense; or unauthorized instructions to transfer property to any person or any place.

l. War and Military Action

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority or military authority, whether de jure or de facto, in hindering or defending against any of these.

2. If a cause of loss which is excluded below causes or results in a **covered cause of loss**, then we will pay for the direct physical loss or damage caused by or resulting from such **covered cause of loss** up to the Limits of Insurance stated in the Declarations:

a. Computer Fraud

Theft of any property, regardless of ownership, arising from the use of any computer.

b. Errors, Omissions, Acts, or Decisions

Errors or omissions in, or faulty, inadequate, or defective:

(1) Manufacturing, processing, installation, research or development, or testing operations;

(2) Accounting, bookkeeping, calibrating, copying, developing, distributing, math, record-keeping, billing, erasure, or the alteration of such errors or omissions;

(3) Development of, programming of, or instructions to: **Data**, **media**, **or software**; **electronic data processing equipment**; **mobile communication equipment; voice communications systems**; or any other machinery or equipment;

(4) Specifications; design; planning; zoning; development; surveying; siting; grading; compaction; maintenance; workmanship; repair; or materials used in repair, construction, renovation, or remodeling except if **collapse** is caused by or results from this cause of loss, but only if such cause of loss is hidden or is not known by you prior to such **collapse**; or

(5) Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body other than you;

which results in loss or damage to **Property Insured** under this Coverage Form.

c. Mechanical Breakdown

Mechanical breakdown however caused, including any malfunction of machinery or equipment caused by or resulting from any:

(1) Rupture or bursting caused by centrifugal force; or

(2) Condition or event within machinery or equipment.

d. Insects, Animals, or Other Vermin

Insects, animals, or other vermin including any:

(1) Nesting or infestation; or

(2) Discharge or release of any secretions or waste products.

This exclusion does not apply if **collapse** is caused by or results from this cause of loss, but only if such cause of loss is hidden or is not known by you prior to such **collapse**.

e. Pollution

(1) The actual, alleged, or threatened discharge, dispersal, seepage, migration, release, or escape of **pollutants**.

(2) If the discharge, dispersal, seepage, migration, release, or escape of **pollutants** is caused by or results from a **covered cause of loss**, then we will pay for the direct physical loss or

damage caused by the actual contact of the **pollutant** with covered property up to the Limits of Insurance stated in the Declarations.

f. Theft of Precious Commodities

Theft of jewelry comprised of precious or semi-precious stones, metals, or alloys; precious or semi-precious stones, metals or alloys; watches or watch movements; furs, fur garments, or garments trimmed with fur.

g. Utility Supply Failure

The reduction, interruption, or failure of **utility services**, however caused.

h. Wear and Tear, Deterioration, Latent Defect, or Other Developing Losses

The action or effects of:

(1) Smog, smoke, fumes, vapors, dust, or other developing losses such as **pollutants** from agricultural smudging or industrial operations;

(2) Wear and tear, deterioration, decomposition, inherent vice, hidden or latent defect, any quality in property that causes it to damage or destroy itself, erosion, rust, oxidation, corrosion, decay, wet or dry rot, except if **collapse** is caused by or results from this cause of loss, but only if such cause of loss is hidden or is not known by you prior to such **collapse**;

(3) Depletion, leakage of contents, or spillage;

(4) Cracking, settling, sagging, bending, bulging, shifting, or leaning;

(5) The pressure or impact of ice forming under floors or foundations;

(6) Water, ice, or impact of watercraft on retaining walls, bulkheads, docks, piers, pilings, wharves and property located thereon;

(7) Spoilage or contamination;

(8) Exposure to light;

(9) Change in color, flavor, texture, or finish;

(10) Evaporation or dissipation;

(11) Shrinkage or expansion;

(12) Any refrigerant including ammonia; or

(13) Condensation, vapor, moisture, humidity, changes in humidity, dampness or dryness of atmosphere, changes in or extremes of temperature, all whether atmospheric or not.

3. If fire or explosion is a **covered cause of loss** under this Coverage Form, and fire or explosion results from the causes of loss excluded below, then we will pay for the direct physical loss or damage caused by such fire or explosion up to the Limits of Insurance stated in the Declarations:

a. Earth Movement

Any **earth movement**. This Earth Movement exclusion does not apply to Transit Coverage.

b. Flood

Flood. This Flood exclusion does not apply to Transit Coverage.

4. If fire is a **covered cause of loss** under this Coverage Form, and fire results from the cause of loss excluded below, then we will pay for the direct physical loss or damage caused by such fire up to the Limits of Insurance stated in the Declarations:

Electrical Arcing

a. Artificially generated electrical, magnetic, or electromagnetic energy that damages, disturbs, disrupts, or otherwise interferes with any:

(1) Electrical or electronic wire, device, appliance, system, or network; or

(2) Device, appliance, system, or network utilizing cellular or satellite technology.

b. For the purpose of this exclusion, electrical, magnetic, or electromagnetic energy includes but is not limited to:

(1) Electrical current, including arcing;

(2) Electrical charge produced or conducted by a magnetic or electromagnetic field;

(3) Pulse of electromagnetic energy; or

(4) Electromagnetic waves or microwaves.

5. Nuclear Hazard

Nuclear reaction, nuclear radiation, or radioactive contamination, however caused. If nuclear reaction, nuclear radiation, or radioactive contamination results in fire, then we will pay for the direct physical loss or damage caused by or resulting from such fire up to the Limits of Insurance stated in the Declarations but only if there is a statute in effect in the jurisdiction where the loss or damage occurs that expressly prohibits us from excluding such ensuing loss or damage caused by fire.

6. Government Action

Actions or orders of any governmental agency or military authority, whether de jure or de facto, that result in:

a. You incurring expenses you would not otherwise have incurred;

b. You paying taxes, fines, or penalties; or

c. Seizure or destruction of covered property.

If fire is a **covered cause of loss** under this Coverage Form, and acts of destruction are ordered by a governmental or military authority in order to prevent the spread of a fire, then we will pay for the direct physical loss or damage to covered property caused by or resulting from such acts of destruction up to the applicable Limits of Insurance stated in the Declarations.

B. Exclusions Applicable to Business Income and Extra Expense Coverage: We will not pay for any loss or expense under Business Income and Extra Expense Coverage or any Extensions of Coverage, caused by or resulting from:

1. Damage to or destruction of **finished stock** or the time required to reproduce **finished stock**. This exclusion does not apply to **extra expense**.

2. Any increase in loss caused by or resulting from:

a. Delay in rebuilding, repairing, or replacing property or resuming **operations** due to interference at the location of loss by strikers or other persons.

b. (1) Suspension, lapse, or cancellation of any license, lease, rental agreement, or contract.

(2) However, if the suspension, lapse, or cancellation is directly caused by a **suspension of operations** which is caused by or resulting from a covered loss, then we will cover your loss of **business income** and **extra expense** incurred during the **period of restoration**. If Extended Business Income and Extra Expense Coverage applies, then we will also cover the **period of restoration** in accordance with the terms of such coverage provided below under Item V.E.6.

c. The **extra expense** you incur for the demolition or removal of debris.

d. Any period of time during which your **operations** could not have been conducted or were not expected to have been conducted had no loss or damage occurred.

V. Extensions of Coverage

A. The Extensions of Coverage are subject to the terms and conditions of this Coverage Form and the Policy to which it is attached. If the Declarations do not show a Limit of Insurance providing a specific Coverage Extension, then such Coverage Extension is not provided by this Policy even though the language for such Coverage Extension may appear within the Policy.

B. We will not pay under Business Income and Extra Expense Coverage or consequential loss of any kind or nature following a covered loss sustained under the Extensions of Coverage unless specifically provided within an Extension of Coverage. If an Extension of Coverage does grant Business Income and Extra Expense Coverage, then such coverage will be governed by the terms and conditions of Business Income and Extra Expense Coverage provided under this Coverage Form.

C. Unless otherwise specifically stated, the Limits of Insurance or Sublimits of Insurance provided under the Extensions of Coverage are in addition to any Limit of Insurance stated in the Declarations applicable to **Property Insured** or Business Income and Extra Expense Coverage.

D. Extensions of Coverage Applicable only to Property Coverage:

1. Consequential Loss Assumption Coverage

a. We will pay the reduction in **fair market value** of the undamaged parts of **stock**, which are part of a pair or set, when the reduction in **fair market value** is caused by direct physical loss or damage by a **covered cause of loss** to other parts of the pair or set at a location and the undamaged parts cannot be used in conjunction with other **stock**.

b. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Consequential Loss Assumption Coverage.

2. Contract Penalty Clause Coverage

a. (1) We will pay the contractual penalties you are required to pay to your customers, as a result of any clause in contracts you enter into prior to a loss, for failure to timely deliver your product according to the contract terms.

(2) Such penalties must solely result from direct physical loss or damage to **Property Insured** caused by or resulting from a **covered cause of loss** at a location.

b. The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, regardless of the number of contracts affected, is the Limit of Insurance shown in the Declarations applicable to Contract Penalty Clause Coverage.

3. Debris Removal Coverage

a. Debris of Property Insured

If direct physical loss or damage occurs to **Property Insured** caused by or resulting from a **covered cause of loss** at a location, then we will pay the necessary expense you incur to remove the debris from such location. Necessary debris removal expense includes:

(1) Planning, testing, monitoring, and debris classification related to the process of debris removal;

(2) Demolition of damaged property; and

(3) Clean up, removal, and disposal of debris.

b. Debris of Property Owned by Others

We will also pay the necessary expense you incur at a location to remove the debris of property owned by others, not covered under this Policy, but only if such debris is caused by or resulting from a **covered cause of loss**.

c. We will not pay under Debris Removal Coverage for:

(1) Any expense to:

(a) Demolish and clear the site of the undamaged portion of **Property Insured**;

(b) Extract **pollutants** from land, water or air;

(c) Remove, restore, or replace polluted land, water, or air; or

(d) Otherwise test for, monitor, mitigate, clean up, remove, contain, treat, remediate, detoxify, neutralize, or in any way respond to or assess the effects of **pollutants**.

(2) A claim that has been reported to us in writing after one hundred eighty (180) consecutive calendar days from the date that covered loss or damage occurred.

d. Subject to the applicable Limit of Insurance shown in the Declarations for **Property Insured**, the most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations for Debris Removal Coverage - Debris of Property Insured, or Debris Removal Coverage - Debris of Property Owned by Others, or both, as may be applicable.

4. Extended Warranty Coverage

a. If a **covered cause of loss** results in a direct total physical loss to an item of **Property Insured** at a location, then we will pay the unused pro-rata portion of the non-refundable purchase price for extended warranties or service contracts which you purchased for such destroyed property. An extended warranty does not include the basic warranty that is provided by the manufacturer of the destroyed property.

b. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Extended Warranty Coverage.

5. Fine Arts Coverage

a. We will pay for direct physical loss or damage to **fine arts** caused by or resulting from a **covered cause of loss**, but only while located within the interior portion of a **premises** at a **location**.

b. We will also pay for direct physical loss or damage to **fine arts** caused by or resulting from a **covered cause of loss** while such property is away from a **location** and:

(1) In transit to;

(2) Situated at; and

(3) In transit back from;

an exhibition, exposition, fair, or trade show, but only while within the Coverage Territory.

c. We will not pay under Fine Arts Coverage for any loss, damage, or expense caused by or resulting from:

(1) Any **fine arts** while leased, rented, or loaned to others.

(2) Any **fine arts** while in the possession of others under an agreement of sale.

(3) Any repairing, restoration, refinishing, or retouching processes.

(4) Any waterborne shipments except when **fine arts** are being transported on a **vehicle** aboard a licensed ferry on an inland waterway. If property covered under Fine Arts Coverage suffers loss or damage while being transported on such **vehicle**, then we will pay for general average and salvage charges that may be assessed against such **vehicle.**

(5) Shipments covered by ocean marine or cargo insurance.

d. Miscellaneous Unscheduled Fine Arts

(1) The most we will pay under this Extension of Coverage for any one item, pair of items, or set of related items, in any one occurrence or **loss event**, is the Limit of Insurance shown in the Declarations applicable to Miscellaneous Unscheduled Fine Arts under Fine Arts Coverage.

(2) The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, regardless of the number of **fine arts** lost or damaged, is the Per Occurrence Limit of Insurance shown in the Declarations applicable to Miscellaneous Unscheduled Fine Arts under Fine Arts Coverage.

e. Individually Scheduled Fine Arts

The most we will pay under this Extension of Coverage for each individually scheduled item of **fine art** in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to such item of **fine art**.

f. Fine Arts at an Exhibition, Exposition, Fair, or Trade Show

The most we will pay under Item 5.b. of this Extension of Coverage for **fine art**, whether individually scheduled or not, in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Fine Arts at an Exhibition, Exposition, Fair, or Trade Show.

6. Fire Department Service Charge Coverage

a. If a fire department or other government agency charged with preserving public safety is called to save or protect **Property Insured** against direct physical loss or damage from a **covered cause of loss** at a location, then we will pay the fire department service charges you incur and are legally required to pay.

b. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Fire Department Service Charge Coverage.

7. Fire Protection Equipment Coverage

a. (1) We will pay the necessary costs to recharge or refill **fire protection equipment**, and clean up and remove the fire extinguishing agent, caused by or resulting from the discharge of a fire extinguishing agent from **fire protection equipment** at a location.

(2) No deductible applies to Fire Protection Equipment Coverage

b. We will not pay under Fire Protection Equipment Coverage for any loss, damage, or expense caused by or resulting from your failure to use reasonable care to maintain the **fire protection equipment** in proper operating condition prior to the loss.

c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Fire Protection Equipment Coverage.

8. Installation Coverage

a. (1) We will pay for direct physical loss or damage to **business personal property** destined to become a permanent part of an installation or erection that you have contracted to perform at a location not specifically described in the Declarations caused by or resulting from a **covered cause of loss**:

(a) While awaiting installation at a temporary warehouse;

(b) During installation or testing at a job site; or

(c) While awaiting acceptance by the buyer.

b. (2) Installation Coverage terminates the earlier of the following events:

(a) Your interest in the property that you have contracted to install or erect ceases;

(b) The installation or erection of the property is completed and accepted by the buyer;

(c) The property you have contracted to install or erect is put to use for its intended purpose; or

(d) This Policy expires or is cancelled.

b. We will not pay under Installation Coverage for any loss, damage, or expense caused by or resulting from:

(1) **Business personal property** destined to become a permanent part of the installation or erection while at a location that you own, lease, or operate;

(2) **Business personal property** while at the location of a manufacturer or supplier, whether or not such property is designated for a specific installation covered under Installation Coverage; or

(3) Interest on money loaned, advances for installation projects, or **soft costs**.

c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, regardless of the number of locations involved, is the Limit of Insurance shown in the Declarations applicable to Installation Coverage.

9. Loss Avoidance or Mitigation Coverage

a. We will pay the necessary expense you incur to protect, avoid, or significantly mitigate potential covered loss or damage that is actually and imminently threatening **Property Insured**, including:

(1) Removal of ice or snow from the roof or balconies of **business real property** that has accumulated during and due to a **storm**;

(2) Pumping of standing water away from **business real property** that has accumulated during and due to a **flood**, **hurricane**, **named storm**, or **storm**;

(3) Application of fire retardant foam or similar fire suppression or extinguishing material to **business real property** as protection against an approaching fire; and

(4) Boarding up or sandbagging of doors, windows, or other external openings in **business real property** as protection against an approaching **flood**, **hurricane**, **named storm**, or **storm**.

However, we will not pay for any loss, damage, or expense caused by or resulting from such loss prevention actions.

b. No Deductible applies to Loss Avoidance or Mitigation Coverage.

c. To the extent possible, you must promptly notify us that you intend to incur necessary loss prevention expense.

d. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Loss Avoidance or Mitigation Coverage.

10. Mobile Communication Equipment Coverage

a. We will pay for direct physical loss or damage to your **mobile communication equipment** caused by or resulting from a **covered cause of loss** while away from a location and situated in anywhere the world.

b. We will not pay under Mobile Communications Equipment Coverage for any loss or damage to **data**, **research and development documentation, or valuable records and papers**.

c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Mobile Communication Equipment Coverage.

11. Money and Securities Coverage

a. We will pay for direct physical loss or damage to **money**, **securities**, or both as shown by your records, caused by or resulting from a **covered cause of loss** while:

   (1) Located within the interior portions of a **premises**; or

   (2) Being carried to or from such **premises** while in the care, custody, or control of a **messenger** or an armored motor vehicle company.

b. We will not pay under Money and Securities Coverage for any loss, damage, or expense caused by or resulting from **forgery**, alterations, or the giving or surrendering of **money**, **securities,** or both in exchange or purchase.

c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Money and Securities Coverage.

12. Money Orders and Counterfeit Currency Coverage

a. We will pay for your loss which directly results from you accepting:

   (1) **Counterfeit** United States or Canadian currency not accepted upon presentation; or

   (2) **Counterfeit** money orders purporting to have been issued by any United States or Canadian post office, express company, or bank not paid upon presentation;

   in good faith and in exchange for merchandise, **money**, or services.

b. The most we will pay under this Extension of Coverage in any one occurrence, regardless of the number of items contributing to the loss, is the Limit of Insurance shown in the Declarations applicable to Money Orders and Counterfeit Currency Coverage.

13. Realty Tax Coverage

a. If direct physical loss or damage to **Property Insured** is caused by or results from a **covered cause of loss** at a location, then we will reimburse you for the increased realty tax liability attributable to the repair or rebuilding of such damaged property.

b. We will pay for such increased realty tax liability if it is assessed within two (2) years of a covered loss. However, we will only pay the first such increased assessment following any realty tax assessment increase that is insured under this Extension of Coverage.

c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Realty Tax Coverage.

14. Removal of Property Coverage

a. (1) If you must move **Property Insured** from a location in order to protect such property from imminent or further direct physical loss or damage caused by or resulting from a **covered cause of loss**, then we will pay for direct physical loss or damage caused by a **covered cause of loss** to **Property Insured** while such property is:

      (a) Being moved to a safe temporary storage location;

      (b) Situated at a safe temporary storage location;

      (c) Being returned from a safe temporary storage location to its original **location**; or

      (d) In the due course of **transit** between such locations.

   (2) We will also pay the necessary expense associated with moving **Property Insured** to a safe temporary storage location in order to avoid loss or damage. Such expense includes transportation and renting storage space at a safe temporary storage location.

   (3) Removal of Property Coverage applies for one hundred and twenty (120) consecutive calendar days from the date **Property Insured** is removed from a **location**.

   (4) No Deductible applies to Removal of Property Coverage.

b. We will not pay under Removal of Property Coverage for any loss, damage, or expense while **Property Insured** is removed from a **location** for normal storage.

c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, including any **Property Insured** while in the due course of **transit**, is the Limit of Insurance shown in the Declarations applicable to Removal of Property Coverage.

15. Reward Coverage

a. (1) We will reimburse you the rewards you pay for information leading to the arrest and subsequent conviction of the person or persons responsible for a covered loss under this Coverage Form caused by or resulting from an unlawful act.
(2) No deductible applies to Reward Coverage.

b. (1) The most we will pay under this Extension of Coverage in any one occurrence or **loss event** for any one person is the Any One Person Limit of Insurance shown in the Declarations applicable to Reward Coverage.
(2) The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, regardless of the number of people being rewarded, is the Per Occurrence or Loss Event Limit of Insurance shown in the Declarations applicable to Reward Coverage.

16. Salesperson's Samples Coverage

a. We will pay for direct physical loss or damage to **salesperson's samples** caused by or resulting from a **covered cause of** l**oss** while located anywhere within the Coverage Territory.

b. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Salesperson's Samples Coverage.

17. Tenant's Lease Agreement Coverage

a. If a Limit of Insurance for Business Real Property is not shown in the Declarations, then we cover **business real property** at a **location** you have leased or rented and is occupied by you, if your lease or rental agreement specifically requires you to insure such property or makes you responsible for loss or damage to such property. We cover such **business real property** against direct physical loss or damage caused by or resulting from a **covered cause of loss**.

b. Item XIII.P. Other Insurance does not apply to Tenant's Lease Agreement Coverage if your lease or rental agreement specifically requires you to provide primary insurance on the property described above in Item V.D.17.a. or makes you responsible for loss or damage to such property.

c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, regardless of the number of property items lost or damaged, is the Limit of Insurance shown in the Declarations applicable to Tenant's Lease Agreement Coverage.

18. Theft of Precious Commodities Coverage

a. We will pay for direct physical loss or damage to the following property at a **location** caused by or resulting from **theft**: Jewelry comprised of precious or semi-precious stones, metals, or alloys; precious or semi-precious stones, metals or alloys; watches or watch movements; furs, fur garments, or garments trimmed with fur.

b. The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, regardless of the number of items lost or damaged, is the Limit of Insurance shown in the Declarations applicable to Theft of Precious Commodities Coverage.

E. Extensions of Coverage Applicable only to Business Income and Extra Expense Coverage:

If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then the following Extensions of Coverage apply, but only if the Declarations also show that you have such Extensions of Coverage:

1. Business Access Coverage

   a. We will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension** of **operations** at a **location** if access to such **location** is impaired or obstructed. Such impairment or obstruction must:

      (1) Arise from direct physical loss or damage to property other than at such **location**; and

      (2) Be caused by or result from a **covered cause of loss**; and

      (3) Occur within the number of miles stated in the Declarations from such **location**.

   b. We will not pay under Business Access Coverage for **business income** loss or **extra expense** incurred caused by or resulting from action of civil authority or military authority.

   c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Business Access Coverage.

2. Civil Authority Coverage

   a. We will pay for the actual loss of **business** income and necessary **extra expense** you sustain due to the necessary **suspension** of your **operations** caused by action of civil authority that prohibits access to a **location.** Such prohibition of access to such **location** by a civil authority must:

      (1) Arise from direct physical loss or damage to property other than at such **location**; and

      (2) Be caused by or result from a **covered cause of loss**; and

      (3) Occur within the number of miles stated in the Declarations from such **location**.

   b. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Civil Authority Coverage.

   c. Actions of civil authority do not include actions of military authority.

3. Delayed Occupancy Coverage

   a. We will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary delay in starting **operations** during the **period of restoration** arising from direct physical loss or damage to property at a **location** caused by or resulting from a **covered cause of loss**. The **period of restoration** begins immediately after the time that **operations** would have begun if the covered loss or damage had not occurred.

   b. If a covered loss occurs under Delayed Occupancy Coverage, then we will also pay for the necessary **soft costs** you incur which are over and above such expense that you would have incurred during the **period of restoration** had there been no loss.

   c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Delayed Occupancy Coverage.

4. Dependent Property Coverage

   a. Dependent Property Coverage

      (1) We will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension** of **operations** during the **period of restoration** at a **location**.

      (2) The **suspension** must be due to direct physical loss or damage at the **location** of a **dependent property**, situated inside or outside of the Coverage Territory, caused by or resulting from a **covered cause of loss**.

   b. Dependent Property Coverage does not insure any loss or damage caused by or resulting from **earth movement**, **fire protection equipment leakage from earth movement**, **flood, hurricane, named storm**, or **storm** causes of loss unless:

(1) Such causes of loss are included as **covered causes of loss** in this Coverage Form or an endorsement attached to this Coverage Form which comprises a part of the Commercial Property Coverage Section; and

(2) Such causes of loss are also shown as included in the Declarations applicable to Dependent Property Coverage.

c. We will reduce the amount of your:

(1) **Business income loss**, other than **extra expense**, to the extent you can resume **operations**, in whole or in part, by using any other available source of materials, or outlet for your products; and

(2) **Extra expense** loss to the extent you can return **operations** to normal and discontinue such **extra expense**.

d. With respect to Dependent Property Coverage the **period of restoration** begins immediately after the time that direct physical loss or damage occurs at the **location** of the **dependent property** caused by or resulting from a **covered cause of loss**.

e. The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, regardless of the number of **locations** or **dependent properties** involved, is the Limit of Insurance shown in the Declarations applicable to Dependent Property Coverage.

5. Expediting Expense Coverage

a. (1) We will pay the necessary **expediting expense** you sustain due to direct physical loss or damage to property at a **location** caused by or resulting from a **covered cause of loss**.

(2) No Deductible applies to Expediting Expense Coverage.

b. We will not pay under Expediting Expense Coverage for:

(1) Expenses recoverable elsewhere under this Coverage Form or the Commercial Property Coverage Section of this Policy, such as but not limited to Extra Expense Coverage; or

(2) Your costs incurred for the temporary rental of property or temporary replacement of damaged property.

c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Expediting Expense Coverage.

6. Extended Business Income and Extra Expense Coverage

a. If a **business income** and **extra expense** loss is covered under this Coverage Form, then subject to the Limit of Insurance for Business Income and Extra Expense Coverage:

(1) We will pay for the actual loss of **business income** you sustain during the period that begins on the date property (except **finished stock**) is actually repaired, rebuilt, or replaced, and **operations** are resumed and ends on the earlier of:

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

(b) The number of consecutive calendar days, stated in the Declarations, after the date **operations** are resumed.

(2) We will pay the necessary **extra expense** you incur for advertising, direct mail, discount coupons, or other promotional expense you incur to attract customers back to **your business** during the period that begins on the date property (except **finished stock**) is actually repaired, rebuilt, or replaced, and **operations** are resumed and ends on the earlier of:

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

(b) The number of consecutive calendar days, stated in the Declarations, after the date **operations** are resumed.

b. We will not pay for the loss of **business income** or **extra expense** sustained as a result of unfavorable business conditions caused by the impact of the **covered cause of loss** in the area where the **location** is situated.

7. Leasehold Interest Coverage

a. We will pay for the actual loss of the following Leasehold Interest Coverages you sustain due to the cancellation of your lease which results from direct physical loss or damage to property at a location caused by or resulting from a **covered cause of loss**:

(1) Lessee's Leasehold Interest Coverage

(a) If you are a lessee and your lease or rental agreement is cancelled pursuant to the terms of the lease agreement due to a covered loss, then we will pay you for your Gross Lessee's Leasehold Interest for the first twelve (12) months following covered loss and for your **net leasehold interest** for the remaining unexpired term of the lease or rental agreement.

(b) Gross Lessee's Leasehold Interest means the difference between the actual rent you currently pay for the same or similar replacement property and the rent you would have otherwise paid at the location had there been no covered loss for each month during the unexpired term of your lease or rental agreement.

(c) Rent means the actual monthly rent including taxes, insurance, janitorial, or other services that you pay for as part of the rent and does not change whether you occupy all or part of the location or if you sublet the location.

(2) Lessor's Leasehold Interest Coverage

(a) If you are a lessor and your lease or rental agreement is cancelled pursuant to the terms of the lease agreement due to a covered loss, then we will pay you for your Gross Lessor's Leasehold Interest for the first twelve (12) months following covered loss and for your **net leasehold interest** for the remaining unexpired term of the lease or rental agreement.

(b) Gross Lessor's Leasehold Interest means the difference between the actual rent paid by a tenant for your property and the rent you would have otherwise received at the location had there been no covered loss for each month during the unexpired term of your lease or rental agreement.

(c) Rent means the actual monthly rent including taxes, insurance, janitorial, or other services that you charge as part of the rent for the location.

(3) Bonus Payments Coverage
We will pay you for the unamortized portion of a bonus payment that will not be refunded to you due to a covered loss. A bonus payment is a sum of money you paid to acquire your lease. Bonus payments do not include rent, whether or not prepaid, or security deposits.

(4) Prepaid Rent Coverage
We will pay you for the unamortized portion of prepaid rent that will not be refunded to you due to a covered loss. Prepaid rent is a sum of money you paid as advance rent. Prepaid rent does not include the customary rent due at the beginning of each month or any other rental period.

(5) Tenant's Improvements and Betterments Coverage
We will pay you for the unamortized portion of payments made by you for **tenant's improvements and betterments** that will not be refunded to you due to a covered loss.

Tenant's Improvements and Betterments Coverage does not include the value of such improvements and betterments recoverable under any other insurance, but only to the extent of such other insurance.

b. If you suffer a loss under this Additional Coverage, then you must use any suitable property or service owned or controlled by you or obtainable from another source in order to reduce any loss sustained under Leasehold Interest Coverage.

c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Leasehold Interest Coverage.

8. Research and Development Operations Coverage

a. We will pay for the actual loss of **business income** and necessary **extra expense** you sustain during the **period of restoration**, due to a necessary **suspension** of your **research and development operations**, which in turn causes a delay in the introduction of a new product or the enhancement of an existing product.

b. The **suspension** must be caused by direct physical loss or damage by a **covered cause of loss** to property directly related to your **research and development operations** at a **location.**

c. Payment will be made only:

(1) After the new product or the enhanced product is made available in the marketplace; and

(2) If you discover the **business income** loss within two years after the date of loss or damage.

d. If a competitor introduces a similar product prior to the date you scheduled the introduction of your new or enhanced product, then we will reduce the amount of such actual **business income** loss to the extent attributable to the competitor's product.

e. We will not pay under this Extension of Coverage for the loss of **business income** or **extra expense** you incur solely due to loss or damage to **research and development documentation**.

f. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Research and Development Operations Coverage.

9. Tenant Moving Coverage

a. We will pay the necessary **tenant moving costs** incurred by tenants who temporarily vacate a portion of your **premises** that is rendered untenable due to direct physical loss or damage to property at such location caused by or resulting from a **covered cause of loss**.

b. The tenant who has moved out of the **premises** must move back to such **premises** within 60 days after the damaged portion of the covered **business real property** rented by the tenant has been repaired or rebuilt and is ready for occupancy or we will not pay the **tenant moving costs** related to such tenant move-back.

c. We will pay for **tenant moving costs** related to moving out of and moving back to the **premises** whether or not the tenants have moved back before the expiration date of this Policy.

d. The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, regardless of the number of tenants requiring relocation, is the Limit of Insurance shown in the Declarations applicable to Tenant Moving Coverage.

F. Extensions of Coverage Applicable to Property, Business Income, and Extra Expense Coverages:

1. Communicable Disease Coverage

a. (1) We will pay for direct physical loss or damage to **Property Insured** caused by or resulting from a covered **communicable disease event** at a location including the following necessary costs incurred to:

(a) Tear out and replace any part of **Property Insured** in order to gain access to the **communicable disease**;

(b) Repair or rebuild **Property Insured** which has been damaged or destroyed by the **communicable disease**; and

(c) Mitigate, contain, remediate, treat, clean, detoxify, disinfect, neutralize, cleanup, remove, dispose of, test for, monitor, and assess the effects the **communicable disease**.

(2) If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to he necessary **suspension** of **operations** during the **period of restoration** The **suspension** must be due to direct physical loss or damage to property at a location caused by or resulting from a covered **communicable disease event**.

b. (1) We will not pay under Communicable Disease Coverage for any loss, damage, or expense caused by or resulting from:

(a) A loss incurred prior to the Policy Period shown in the Declarations;

(b) Testing or monitoring to assess the existence, concentration, or effects of a **communicable disease** or **pollutants** beyond ninety (90) consecutive calendar days following the date when damaged property is remediated, repaired, rebuilt, or any combination thereof; or

(c) A claim that has been reported to us in writing after thirty (30) consecutive calendar days from the date the **public health authority** ordered the location to be evacuated, decontaminated, or disinfected due to the **communicable disease event**.

(d) A covered loss under Communicable Disease Coverage does not create, nor will it invoke coverage for Debris Removal Coverage, as described above under Item V.D.3. of this Coverage Form, except as provided by Communicable Disease Coverage.

c. (1) The most we will pay under this Extension of Coverage in any one occurrence or **loss event** including **business income, extra expense**, and debris removal, is the Per Occurrence or Loss Event Limit of Insurance shown in the Declarations applicable to Communicable Disease Coverage.

(2) The most we will pay under this Extension of Coverage in all occurrences or **loss events** during any one Policy Period is the **Annual Aggregate** Limit of Insurance shown in the Declarations applicable to Communicable Disease Coverage.

2. Fungus Remediation Coverage

a. (1) If **fungus** is caused by or results from a **covered cause of loss** other than fire, explosion, or lightning at a location, then we will pay for the necessary expense incurred to:

(a) Tear out and replace any part of **Property Insured** in order to gain access to **fungus;**

(b) Repair or rebuild **Property Insured** which has been damaged or destroyed by **fungus;** and

(c) Mitigate, contain, remediate, treat, clean, detoxify, disinfect, neutralize, cleanup, remove, dispose of, test for, monitor, and assess the effects of **fungus.**

(2) (a) If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay for the actual loss of **business income** and necessary **extra expense** you sustain during the increased **period of restoration** due to the presence of **fungus.**

(b) Such increased **period of restoration** caused by the presence of **fungus** includes any increased period of time beyond the **period of restoration** required to remediate **fungus.**

(c) The expiration date of this Policy will not cut short the increased **period of restoration**

b. (1) We will not pay under Fungus Remediation Coverage for any loss, damage, or expense caused by or resulting from:

(a) A loss incurred prior to the Policy Period shown in the Declarations;

(b) Testing or monitoring to assess the existence, concentration, or effects of **fungus** beyond ninety (90) consecutive calendar days following the date when damaged property is remediated, repaired, rebuilt, or any combination thereof; or

(c) A claim that has been reported to us in writing after thirty (30) consecutive calendar days from the date that covered loss or damage occurred.

(2) A covered loss under Fungus Remediation Coverage does not create, nor will it invoke coverage for Debris Removal Coverage, as described above under Item V.D.3. of this Coverage Form, except as provided by Fungus Remediation Coverage.

c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** including **business income, extra expense**, and debris removal, is the Limit of Insurance shown in the Declarations applicable to Fungus Remediation Coverage.

3. Loss Adjustment Expense Coverage

a. If covered loss or damage occurs under this Coverage Form, then we will pay the necessary loss adjustment expenses you incur that would not have been incurred had there not been a covered loss. Loss adjustment expenses include but are not limited to:

(1) Extra wages paid to your employees for preparing inventories;

(2) Expenses incurred to document your **business income** loss or **extra expense** sustained;

(3) Public Accountant or Certified Public Accountant fees;

(4) The cost of appraisals; or

(5) Other expenses incurred to obtain loss data in support your claim or to complete your proof of loss.

b. We will not pay under Loss Adjustment Expense for:

(1) Any expenses or fees paid to legal counsel, public adjusters, insurance agents or brokers, property managers, consultants, or any of their employees, representatives or consultants; any of your subsidiaries or affiliates; or

(2) Costs you incur to prove if a loss is a covered loss under this Policy.

c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Loss Adjustment Expense.

4. Newly Acquired Location Coverage

a. (1) We will pay for direct physical loss or damage to **Property Insured** caused by or resulting from a **covered cause of loss** occurring at a newly acquired location not specifically described in the Declarations.

(2) If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension** of **operations** during the **period of restoration.** The **suspension** must be due to direct physical loss or damage to property at a newly acquired location not specifically described in the Declarations caused by or resulting from a **covered cause of loss**.

b. (1) For each newly acquired location, Newly Acquired Location Coverage ends one hundred and twenty (120) consecutive calendar days from the date you acquire the location, on the date you report the values of the property to us, or on the date this Policy expires, whichever occurs first..

(2) When you report the values of the property to us, you will owe us additional premium from the date of acquisition or the date construction begins.

c. We will not pay under Newly Acquired Location Coverage for:

(1) Any loss or damage to:

(a) **Property Insured** while in **transit;**

(b) **Buildings while in the course of construction** for which separate insurance coverage has been obtained and such separate insurance covers your interest;

(c) Property acquired through any foreclosure process that you have initiated; or

(2) Any loss, damage, or expense caused by or resulting from **earth movement** or **flood,** even if such causes of loss are insured by endorsement to this Policy.

d. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** including **business income** and **extra expense** is the Limit of Insurance shown in the Declarations applicable to Newly Acquired Location Coverage.

5. Ordinance or Law Coverage

a. We will pay under Ordinance or Law Coverage A through E described below if:

(1) **Property Insured** at a **location** sustains direct physical loss or damage caused by or resulting from a **covered cause of loss**; and

(2) Such covered loss or damage results in the enforcement of a covered **ordinance or law.**

b. Coverage A - Loss of Value

(1) Loss in Value to the Undamaged Portion of Property Insured

We will pay under Coverage A for the loss in **value** to the undamaged portion of **Property Insured** that is a consequence of the enforcement of an **ordinance or law** which requires the demolition of undamaged parts of such **Property Insured.**

(2) Loss in Value of Non-conforming Property

(a) We will pay under Coverage A for the loss in value of **non-conforming property**, a portion of which is not repaired or rebuilt as a consequence of the enforcement of any **ordinance or law** that does not permit the repair or rebuilding of **non-conforming property**.

(b) If the enforcement of an **ordinance or law** does not permit you to repair or rebuild **Property Insured** to the same height, floor area, number of units, leasable square footage, occupancy, or style that existed immediately preceding covered loss, then Replacement Cost Item VI.A.2.b.(2) will not prohibit coverage for the loss in **value** of the portion of **Property Insured** that is not rebuilt which is provided by Ordinance or Law Coverage A.

c. Coverage B - Demolition Cost: We will pay under Coverage B for the amount you actually spend to demolish and clear the site of undamaged parts of **Property Insured** caused by the enforcement of an **ordinance or law** at a **location.**

d. Coverage C - Increased Cost of Construction: We will pay the necessary increased costs to repair or rebuild **Property Insured** caused by the enforcement of an **ordinance or law.**

e. Coverage D - Increased Period of Restoration:

(1) If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay under Coverage D for the actual loss of **business income** and necessary **extra expense** you sustain during the increased **period of restoration**.

(2) With respect only to insurance provided under Coverage D, the **period of restoration** includes any increased period of time beyond the **period of restoration** required to demolish, repair, or rebuild **Property Insured** in order to comply with the minimum standards of any **ordinance or law** in force at the time of loss. The expiration date of this Policy will not cut short the increased **period of restoration**.

f. Coverage E - Loss of Business Income from Non-Conforming Property

(1) If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay under Coverage E for the actual loss of **business income** and necessary **extra expense** you sustain beyond the **period of restoration** due to the reduction in leasable square footage caused by or resulting from the inability to repair or rebuild a portion of **non-conforming property** at a **location** due to the enforcement of an **ordinance or law**.

(2) We will not pay under Coverage E for the same **business income** loss or **extra expense** incurred that is payable under Coverage D - Increased Period of Restoration.

(3) The expiration date of this Policy will not cut short the duration of the coverage provided by this Extension of Coverage.

g. We will not pay under Ordinance or Law Coverage A through E for any loss, damage, or expense caused by or resulting from:

(1) Compliance with any recommended actions or standards that exceed the actual minimum requirements of a covered **ordinance or law**.

(2) The enforcement of any **ordinance or law** which requires:

(a) The demolition, repair, rebuilding or remediation of any property due to contamination by **pollutants**; or

(b) Any insured or others to test for, monitor, mitigate, clean up, remove, contain, treat, remediate, detoxify, neutralize, or in any way respond to, or assess the effects of **pollutants**.

(3) (a) The enforcement of any **ordinance or law** that is attributable to an excluded cause of loss. However, if **Property Insured**:

1) Sustains loss or damage that is covered under this Coverage Form; and

2) Sustains loss or damage that is excluded under this Coverage Form; and

3) Such loss or damage results in the enforcement an **ordinance or law**;

then we will pay that portion of such loss under Ordinance or Law Coverage equal to the proportion that the covered loss or damage bears to the total loss or damage sustained, not including costs that are a consequence of the enforcement of any **ordinance or law**.

(b) If the covered loss or damage, alone, would have resulted in enforcement of the covered ordinance or law, then we will pay the full amount of Ordinance or Law Coverage payable under this Extension of Coverage.

(4) Any **ordinance or law** that you were required to comply with before the loss but you failed to comply.

(5) The enforcement of any **ordinance or law** which requires alteration, remediation, repair, or rebuilding of any **Property Insured** which has not sustained direct physical loss or damage caused by or resulting from a **covered cause of loss**.

h. We will not pay under Ordinance or Law Coverage C for any loss, damage, or expense caused by or resulting from increased cost of construction:

(1) If the **actual cash value** method of valuation applies to **Property Insured**;

(2) If the repair or rebuilding is not intended for similar height, floor area, number of units, leasable square footage, occupancy, style, and like kind and quality of the original **Property Insured** which existed immediately preceding the covered loss or damage, unless such construction characteristic or occupancy is not permitted by an **ordinance or law**;

(3) Until the property is actually repaired or rebuilt at the same **location** or another site; or

(4) Unless the damaged property is repaired or rebuilt as soon as reasonably possible after the loss or damage, not to exceed two years.

i. (1) Coverage A through E: The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, regardless of the number of **locations** involved, is the Blanket Limit of Insurance shown in the Declarations applicable to Ordinance or Law Coverage. However, the most we will pay under this Extension of Coverage in any one occurrence or **loss event** with respect to a **location** that has been assigned a Sublimit of Insurance applicable to Ordinance or Law Coverage is the applicable Sublimit of Insurance shown in the Declarations.

(2) If the Declarations applicable to Ordinance or Law Coverage show a Blanket Limit of Insurance in conjunction with a Sublimit of Insurance, then such sublimit is included within, not in addition to, the corresponding Blanket Limit of Insurance.

(3) Coverage A: If the Limit of Insurance for Coverage A is shown as "included" or a dollar amount is shown in the Declarations, then Coverage A is included within, not in addition to, the Limit of Insurance shown in the Declarations for **Property Insured**.

(4) Coverage B - Demolition Cost Coverage: Unless Item V.F.5.i.(6) applies, the most we will pay in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Coverage B.

(5) Coverage C - Increased Cost of Construction Coverage: Unless Item V.F.5.i.(6) applies, the most we will pay in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Coverage C.

(6) Coverage B and C Blanket:

(a) If a Limit of Insurance is shown in the Declarations for Coverage B and C Blanket, then Items V.F.5.i.(4) and (5) described above do not apply. Instead, the most we will pay in any one occurrence or **loss event** under Coverage B and C Blanket is the least of:

1) Any combination of covered losses under Coverage B or Coverage C; or

2) The Limit of Insurance shown in the Declarations applicable to Coverage B and C Blanket.

(b) If the Declarations show a Limit of Insurance for Coverage B and C Blanket, in addition to a Limit of Insurance for Coverage B or Coverage C, then only the Coverage B and C Blanket applies.

(7) Coverage D - Increased Period of Restoration: The most we will pay in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Coverage D - Increased Period of Restoration.

(8) Coverage E - Loss of Business Income from Non-Conforming Property: The most we will pay in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to Coverage E - Loss of Business Income from Non-Conforming Property.

6. Outdoor Trees, Shrubs, Plants, and Lawn Coverage

a. (1) We will pay for direct physical loss or damage to your trees, shrubs, plants, and lawns growing and situated outside of covered **business real property** at a location caused by or resulting from any of the following causes of loss: Aircraft; explosion; fire; lightning; riot or civil commotion; smoke; vandalism or malicious mischief; or **vehicles**.

(2) Outdoor Trees, Shrubs, Plants, and Lawn Coverage includes the necessary expense incurred to:

(a) Trim, remove, replace, replant, or reposition trees, shrubs, plants, or lawns; and

(b) Cleanup, remove, and dispose of the debris of covered trees, shrubs, plants, and lawns;

anywhere at your location which have suffered covered loss or damage.

(3) If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension** of **operations** during the **period of restoration**. The **suspension** must be due to direct physical loss or damage to your trees, shrubs, plants, and lawns growing and situated at a location caused by or resulting from a **covered cause of loss** described above in Item V.F.6.a.(1).

b. We will not pay under Outdoor Trees, Shrubs, Plants, and Lawn Coverage:

(1) To replace or repair trees, shrubs, plants, or lawns under this Extension of Coverage until such property has been repaired or replaced. However, this restriction does not apply to the cost to remove such property from a location; or

(2) For any loss, damage, or expense caused by or resulting from:

(a) Outdoor trees, shrubs, plants, or lawn that you hold for sale; or

(b) Growing crops.

c. A covered loss under this Extension of Coverage does not create, nor will it invoke coverage for Debris Removal Coverage, as described above under Section V.D.3. of this Coverage Form, except as provided by Outdoor Trees, Shrubs, Plants, and Lawn Coverage.

d. (1) The most we will pay under this Extension of Coverage for any one tree, shrub, plant, or lawn, in any one occurrence or **loss event**, is the Limit of Insurance shown in the Declarations applicable to Any One Tree, Shrub, Plant, or Lawn shown under Outdoor Trees, Shrubs, Plants, and Lawn Coverage.

(2) The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, including **business income**, **extra expense**, and debris removal, is the Per Occurrence or Loss Event Limit of Insurance shown in the Declarations applicable to Outdoor Trees, Shrubs, Plants, and Lawn Coverage.

7. Pollutant Cleanup Coverage

a. (1) We will pay the necessary expense you incur to cleanup, remove, extract, and dispose of **pollutants** from land, water, or air, at a **location**, if the discharge, dispersal, seepage, migration, release, or escape of such **pollutants** is the result of direct physical loss or damage to **Property Insured** caused by or resulting from a **covered cause of loss** during the Policy Period at a **location**.

(2) If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay for the actual loss of **business income** and necessary **extra expense** you sustain during the increased **period of restoration** due to the cleanup, removal, extraction, and disposal of **pollutants**

(a) Such increased **period of restoration** caused by a covered loss under Pollutant Cleanup Coverage includes any increased period of time beyond the **period of restoration** required to cleanup, remove, extract, and dispose of **pollutants**.

(b) The expiration date of this Policy will not cut short the increased **period of restoration**.

b. We will not pay under Pollutant Cleanup Coverage for:

(1) Any expense caused by or resulting from testing or monitoring to assess the existence, concentration, or effects of **pollutants** beyond ninety (90) consecutive calendar days following the date that **pollutants** have been cleaned up, removed, and extracted from land, water, or air; or

(2) A claim that has been reported to us in writing after one hundred and eighty (180) consecutive calendar days from the date that an actual discharge, dispersal, seepage, migration, release, or escape of **pollutants** has occurred.

c. (1) Suspension, lapse, or cancellation of any license, lease, rental The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, including **business income** and **extra expense**, is the Per Occurrence or Loss Event Limit of Insurance shown in the Declarations applicable to Pollutant Cleanup Coverage.

(2) The most we will pay under this Extension of Coverage in all occurrences or **loss events** during any one Policy Period is the **Annual Aggregate** Limit of Insurance shown in the Declarations applicable to Pollutant Cleanup Coverage.

8. Trade Show Coverage

a. (1) We will pay for direct physical loss or damage to **Property Insured** caused by or resulting from a **covered cause of loss** while such property is away from a location within the Coverage Territory and located at an exhibition, exposition, fair, or trade show.

(2) Trade Show Coverage includes the necessary expense incurred to cleanup, remove, and dispose of the debris of **Property Insured** which is caused by a covered loss.

b. If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension** of **operations** during the **period of restoration**. The **suspension** must be due to direct physical loss or damage to **Property Insured** while located at an exhibition, exposition, fair, or trade show not specifically described in the Declarations caused by or resulting from a **covered cause of loss**.

c. We will not pay under Trade Show Coverage for any:

(1) Loss or damage to **fine arts** or **mobile communication equipment**; or

(2) Loss, damage, or expense caused by or resulting from **earth movement** or **flood**, even if such causes of loss are insured by endorsement to this Policy.

d. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** including **business income**, **extra expense**, and debris removal, is the Limit of Insurance shown in the Declarations applicable to Trade Show Coverage.

9. Transit Coverage

a. (1) Domestic Shipments

We will pay for direct physical loss or damage to **Property Insured** caused by or resulting from a **covered cause of loss** while in the due course of **transit** by the following modes of transportation anywhere within the Coverage Territory:

(a) Your Vehicles: This mode of transportation covers **Property Insured** while being transported by a **vehicle** which you own, lease, rent, or operate; and

(b) Carriers for Hire: This mode of transportation covers **Property Insured** while in the care, custody, or control of a carrier for hire including any **vehicle**, rail, or licensed air transportation delivery service.

(2) International Air Shipments

We will pay for direct physical loss or damage to **Property Insured** caused by or resulting from a **covered cause of loss** while in the care, custody, or control of a licensed air transportation delivery service and being shipped:

(a) By you from any location within the Coverage Territory to anywhere in the world; and

(b) To you from anywhere in the world to any location within the Coverage Territory.

Coverage applies from the delivery of **Property Insured** at the point of origin shown in the air waybill until it is discharged at the destination shown in the air waybill.

(3) Transit Coverage includes loss or damage to such property caused by or resulting from:

(a) **Loading** and **unloading** of **Property Insured** from a transporting conveyance provided such loss or damage is caused by or results from a **covered cause of loss**;

(b) Your interest in property shipped Free on Board (F.O.B.) after the title of a shipment passes to the consignee;

(c) Your interest in property shipments which have been refused by the consignee, ending the earlier of:

1) Fifteen (15) consecutive calendar days after such property has been refused; or

2) The time that the returned shipment of property arrives at a location that you own, lease, or operate;

(d) Fraud or deceit perpetrated by any person or persons who may represent themselves to be the proper party or parties to receive or accept goods for shipment; or

(e) The necessary additional expense you incur to inspect, repackage and reship **Property Insured** which has been damaged by a **covered cause of loss**.

(4) If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension** of **operations** during the **period of restoration**. The **suspension** must be due to direct physical loss or damage to **Property Insured** while in the due course of **transit** caused by or resulting from a **covered cause of loss**.

b. We will not pay under Transit Coverage for any loss, damage, or expense caused by or resulting from:

(1) Shipments by mail from the time **Property Insured** passes into the custody of a public or private mail delivery service.

(2) Any waterborne shipments except when on a **vehicle** aboard a licensed ferry on an inland waterway. If property covered under Transit Coverage suffers loss or damage while on such **vehicle**, then we will pay for general average and salvage charges that may be assessed against such **vehicle**.

(3) Shipments covered by ocean marine or cargo insurance.

(4) Property owned by others while you are acting as a carrier for hire, such as but not limited to a common carrier, contract carrier, broker, or freight forwarder.

(5) Jewelry comprised of precious or semi-precious stones, metals, or alloys; precious or semi-precious stones, metals or alloys; watches or watch movements; furs, fur garments, or garments trimmed with fur; **fine arts**; **money**; **securities**; or **salespersons samples**.

(6) Concealed damage to **Property Insured** or expenses you incur to recalibrate or adjust **Property Insured**, unless there are visible marks on the container or packing material surrounding the damaged item, evidencing that direct physical loss or damage was caused by or resulting from an external **covered cause of loss**.

c. Expiration or cancellation of this Policy will not interrupt the insurance provided by Transit Coverage until the property being shipped:

(1) Is accepted by or on behalf of the consignee or receiver at the intended destination; or

(2) Arrives at a location that you own, lease, or operate;

but for no longer than 30 days after the date of shipment from the point of origination.

d. The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, including **business income** and **extra expense**, regardless of the number of **vehicles**, railroad cars, or aircraft involved, are the Limits of Insurance shown in the Declarations applicable to Transit Coverage.

10. Unintentional Property Errors and Omissions Coverage

a. We will pay for:

(1) Direct physical loss or damage to property; and

(2) If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay for the resulting actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension** of **operations** during the **period of restoration**.

b. We will only pay under Item V.F.10.a. described above if the loss or damage is caused by or results from a **covered cause of loss** which is not payable under this Policy because of an unintentional error or omission at the time of Policy inception in:

(1) Determining or reporting values; or

(2) Describing or including the address of a location to be included as **Property Insured**.

Such error or omission shall not void or impair coverage by this Coverage Form to the extent we would have provided coverage had the unintentional error or omission not been made.

c. You must report such errors or omissions to us in writing as soon as you discover them and you will pay such additional premium as may be appropriate.

d. We will not pay under Unintentional Property Errors and Omissions Coverage for any loss, damage, or expense caused by or resulting from **earth movement** or **flood**, even if such causes of loss are insured by endorsement to this Policy.

e. This coverage does not apply if there is coverage available under Newly Acquired Location Coverage, Unnamed Location Coverage, or any other provision in this Policy.

f. The most we will pay under this Extension of Coverage in any one occurrence or **loss event**, including **business income** and **extra expense**, is the Limit of Insurance shown in the Declarations applicable to Unintentional Property Errors and Omissions Coverage.

11. Unnamed Location Coverage

a. (1) If the Declarations show a Limit of Insurance for Business Real Property or Business Personal Property, then we will pay for direct physical loss or damage to such property for which a limit of insurance is shown and is insured under this Coverage Form while situated at a location not specifically described in the Declarations caused by or resulting from a **covered cause of loss**

(2) If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension** of **operations** during the **period of restoration**. The **suspension** must be due to direct physical loss or damage to property at a location not specifically described in the Declarations caused by or resulting from a **covered cause of loss**.

b. We will not pay under Unnamed Location Coverage for:

(1) Any loss or damage to **Property Insured**:

(a) Insured under Newly Acquired Location Coverage;

(b) While at an exhibition, exposition, fair, or trade show;

(c) While in **transit**;

(d) Insured under Installation Coverage;

(e) Insured under Mobile Communication Equipment Coverage;

(f) That is **mobile equipment**;

(g) Acquired through any foreclosure process that you have initiated; or

(2) Any loss, damage, or expense caused by or resulting from **earth movement** or **flood**, even if such causes of loss are insured by endorsement to this Policy.

c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** including **business income** and **extra expense** is the Limit of Insurance shown in the Declarations applicable to Unnamed Location Coverage.

12. Utility Services Coverage

a. (1) We will pay for direct physical loss or damage to **Property Insured** at a **location** caused by the interruption of **utility services**. The interruption of **utility services** must result from direct physical loss or damage by a **covered cause of loss** to **utility services** property not owned by you

(2) If the Declarations show a Limit of Insurance for Business Income and Extra Expense Coverage, then we will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension** of **operations** during the **period of restoration** caused by the interruption of **utility services**. The interruption of **utility services** and subsequent **suspension** of **operations** must be due to direct physical loss or damage to **utility services** property not owned by you and be caused by or result from a **covered cause of loss**.

b. We will not pay under Utility Services Coverage for any loss, damage, or expense caused by or resulting from:

(1) An interruption of **utility services** due to direct physical loss or damage to:

(a) Satellites; or

(b) Any type of **overhead transmission lines and equipment**, unless shown as included in the Declarations; or

(2) An interruption of **cloud computing** services.

c. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** including **business income** and **extra expense** is the Limit of Insurance shown in the Declarations applicable to Utility Services Coverage.

VI. Valuation

A. The valuation provisions described below apply to **property damage loss** insured under this Coverage Form:

1. a. Subject to the applicable Limit of Insurance and the valuation provisions described below, if covered loss or damage occurs, then we will either:

(1) Pay the **value** of covered property which has sustained loss or damage in exchange for such property; or

(2) Repair, rebuild, or replace covered property which has sustained loss or damage with other such property of like kind and quality for the same use or occupancy.

b. The cost of repair or replacement under any of the valuation provisions described below does not include the increased cost attributable to the enforcement of any **ordinance or law**.

2. Replacement Cost

a. If covered loss or damage occurs, then we will determine the **value** of covered property which has sustained loss or damage on a **replacement cost** basis at the time of loss or damage unless:

(1) A different valuation basis is shown in the Declarations; or

(2) A different valuation method applies under Section VI. Valuation.

b. We will not pay more for covered property which has sustained loss or damage than the least of the following dollar amounts:

(1) The **replacement cost** of the covered property;

(2) The amount you actually spend to repair or replace the covered property; or

(3) The Limit of Insurance shown in the Declarations applicable to covered property.

c. You may make a claim for loss or damage covered by this insurance on an **actual cash value** basis instead of a **replacement cost** basis. In the event you elect to have loss or damage settled on an **actual cash value** basis, you may still make a claim for the additional coverage which **replacement cost** provides if you notify us of your intent to do so within 180 days after the loss or damage and you comply with Item VI.A.2.d. described below.

d. We will not pay on a **replacement cost** basis until you actually repair or replace the lost or damaged property. The repair or replacement of damaged property must be made as soon as reasonably possible, but in no event later than two years after the date that you sustained covered loss or damage.

e. Until the lost or damaged property is actually repaired or replaced, we will only pay the **value** of such property on an **actual cash value** basis as of the time of the loss or damage.

f. If there is a total loss to a building that is **business real property**, then you may voluntarily elect to purchase another existing building or rebuild on another site but we will not pay more than the amount of loss or damage that we would have otherwise paid to rebuild at the current location.

g. With respect to **tenant's improvements and betterments:**

(1) If **tenant's improvements and betterments** have not been repaired or replaced within two years of the covered loss or damage, then we will pay the unamortized portion of your original cost of **tenant's improvements and betterments.** We will determine the unamortized portion of such cost as follows:

(a) Multiply the original cost of **tenant's improvements and betterments** by the number of days from the loss or damage to the expiration of the lease or rental agreement; and

(b) Divide the amount determined above in Item VI.A.2.g.(1)(a) by the number of days from the installation of **tenant's improvements and betterments** to the expiration of the lease or rental agreement.

(2) If your lease or rental agreement contains a renewal option, then the expiration of the renewal option period will replace the expiration of the lease or rental agreement in this procedure.

(3) We will deduct from the total amount of covered loss or damage insured under **tenant's improvements and betterments** any dollar amounts that are paid by others, or covered elsewhere under any other insurance Policy, whether collectible or not.

3. Actual Cash Value

a. If covered loss or damage occurs and the valuation basis for covered property shown in the Declarations is designated as **actual cash value**, then we will determine the **value** of such property which has sustained loss or damage on an **actual cash value** basis at the time of loss or damage.

b. We will not pay more for covered property which has sustained loss or damage than the least of the following dollar amounts:

(1) The **actual cash value** of the covered property;

(2) The amount you actually spend to repair or replace the covered property; or

(3) The Limit of Insurance shown in the Declarations applicable to covered property.

c. **Actual cash value** valuation applies to covered property regardless of whether such property has sustained partial or total loss or damage and may be significantly less than its **value** on a **replacement cost** basis.

4. Accounts Receivable

Subject to the applicable Limit of Insurance shown in the Declarations, if covered loss or damage occurs to **accounts receivable**, then we will determine the **value** of such property at the time of loss or damage as follows:

a. We will **value** accounts receivable at:

(1) The necessary expenses that you incur to re-establish your records of **accounts receivable;**

(2) All amounts due from your customers on current accounts that you are unable to collect;

(3) Interest charges on any loan required to offset amounts you are unable to collect; and

(4) Collection expenses in excess of your normal collection expenses that directly result from the loss.

b. When a covered loss has occurred but you cannot accurately establish the amount of **accounts receivable** outstanding at the time of the loss, the following method will be used:

(1) Determine the total of the average monthly amounts of **accounts receivable** for the 12 months immediately preceding the month in which the loss occurs; and

(2) Adjust that total for any normal fluctuations in the amount of **accounts receivable** for the month(s) in which the loss occurred or for any demonstrated variance from the average for that month.

c. The following will be deducted from the total amount of **accounts receivable,** however that amount is established:

(1) The amount of any accounts from which there is no loss;

(2) The amount of any accounts that you are able to establish or collect;

(3) The amount normally allowed for probable bad debts that you are unable to collect; and

(4) All unearned interest and service charges.

d. You will pay us the amount of all recoveries you receive for a loss paid by us. Any recoveries in excess of the amount we have paid belong to you.

5. Animals

If covered loss or damage occurs to an animal, then we will determine the **value** of such animal at the time of loss or damage as follows:

a. We will not pay more for a covered animal which has sustained loss or damage than the least of the following dollar amounts:

(1) The cost to purchase a replacement animal of comparable species, age, and quality;

(2) The amount you actually spend to replace the animal; or

(3) The applicable Limit of Insurance shown in the Declarations.

b. We will not pay the cost to replace an animal until you actually replace such animal. The replacement of the animal must be made as soon as reasonably possible, but in no event later than two years after the date that you sustained covered loss or damage.

6. Brands, Labels, and Trademarks

a. (1) If covered loss or damage occurs to your **stock** or similar **personal property of others** and such damaged property has a brand, label, trademark, or other similar identification, then at your option, we will pay for the cost of removing brands, labels, trademarks, or other similar identification from your **stock**. You may:

(a) Remove the brand, label, trademark, or other similar identification from the damaged property;

(b) Re-label or stamp the damaged property as salvage; or

(c) Dispose of the damaged property in a manner you deem appropriate.

(2) Under any option described above, the re-labeling or disposal of damaged property must be accomplished in accordance with applicable law or regulations and we will not pay for any further loss or damage during the process of removing, re-labeling, or stamping damaged property.

b. We will deduct from the amount of loss otherwise payable, the **fair market value** of the salvage which could have been obtained by the sale or other disposition of damaged property through customary insurance industry salvage practices. The salvage value of damaged property will be determined after the removal or relabeling of brands, labels, trademarks, or other similar identification.

c. Payments under Brand, Label, and Trademark Coverage are included within, not in addition to, the Limits of Insurance for **business personal property** shown in the Declarations.

7. Fine Arts

If covered loss or damage occurs to **fine arts**, then we will determine the **value** of such property which has sustained loss or damage at the time of loss or damage in the following manner:

a. Subject to the applicable Limit(s) of Insurance shown in the Declarations, for partial losses we will pay:

(1) The cost to restore the article to its condition immediately before the loss or damage; or

(2) If we agree that such restoration cannot fully restore the article to its condition immediately before the loss or damage, then we will pay the difference between the article's **fair market**

value immediately before and after the loss or damage. We will pay this amount in addition to the cost incurred in attempting to restore the article.

b. Subject to the applicable Limit(s) of Insurance shown in the Declarations, for total losses, we will pay:

(1) The **fair market value** of each article of **fine art** that would have applied immediately before the loss or damage if the article of **fine art** is not specifically declared and individually described in the Declarations under the Schedule of Individual **Fine Arts**.

(2) The Limit of Insurance applicable to the article of **fine art** which is lost or damaged if such article is specifically declared and individually described in the Declarations under the Schedule of Individual **Fine Arts**.

8. Gold, Silver, and Platinum Commodities

Subject to the applicable Limit of Insurance shown in the Declarations, if covered loss or damage occurs to the following metals or metal salts held as **stock** that are not already incorporated into other **business personal property**, then we will determine the **value** of such property which has sustained loss or damage based upon the applicable closing price at the Chicago Board of Trade on the day the covered loss occurred, less all applicable discounts and un-incurred expenses:

a. Gold;

b. Silver; and

c. Platinum.

9. Information Restoration Cost

a. If covered loss or damage occurs to the following covered property, then we will determine the **value** of such property which has sustained loss or damage on an **information restoration cost** basis at the time of loss or damage:

(1) **Data** or **software**;

(2) **Research and development documentation**; and

(3) **Valuable papers and records**.

b. We will not pay more for covered property described above in Item VI.A.9.a. than the applicable Limit of Insurance shown in the Declarations for:

(1) **Data, media** or **software**;

(2) **Research and development documentation**; or

(3) **Valuable papers and records**.

c. We will only pay under Information Restoration Cost if you actually research, repair, restore, recreate, and replace the covered property described above in Item VI.A.9.a. as soon as reasonably possible, but in no event later than two years after the date such covered loss or damage occurs.

10. Installation Coverage

If covered loss or damage occurs to **business personal property** that you have contracted to install or erect, then we will determine the **value** of such property which has sustained loss or damage at the time of loss or damage as follows:

a. We will not pay more for covered property which has sustained loss or damage than the least of the following dollar amounts:

(1) The **replacement cost** of covered property plus your interest in labor, materials, or services furnished or arranged by you and other expenses accrued; or

(2) The amount you actually spend to repair or replace the covered property; or

(3) The Limit of Insurance shown in the Declarations applicable to Installation Coverage.

b. You may make a claim for loss or damage covered by this insurance on an **actual cash value** basis instead of a **replacement cost** basis. In the event you elect to have loss or damage settled on an **actual cash value** basis, you may still make a claim for the additional coverage which **replacement cost** provides if you notify us of your intent to do so within 180 days after the occurrence of covered loss or damage and you comply with Item VI.A.10.c. below.

c. We will not pay under Installation Coverage until you actually repair or replace the lost or damaged property. The repair or replacement of damaged property must be made as soon as reasonably possible, but in no event later than two years after the date that you sustained covered loss or damage.

d. Until the lost or damaged property is actually repaired or replaced, we will only pay the **value** of such property on an **actual cash value** basis as of the time of the loss or damage.

11. Operational Replacement Cost

a. If covered loss or damage occurs to the following covered property, then we will determine the **value** of such property which has sustained loss or damage on an **operational replacement cost** basis at the time of loss or damage:

(1) **Electronic Data Processing Equipment**;

(2) Keys, Locks, and Security Systems; and

(3) **Media**.

b. We will not pay more for covered property described above in Item VI.A.11.a. which has sustained loss or damage than the least of the following dollar amounts:

(1) The **operational replacement cost** of covered property;

(2) The amount you actually spend to repair or replace covered property; or

(3) The Limit of Insurance shown in the Declarations applicable to covered property.

c. You may make a claim for loss or damage covered by this insurance on an **actual cash value** basis instead of a **operational replacement cost** basis. In the event you elect to have loss or damage settled on an **actual cash value** basis, you may still make a claim for the additional coverage which **operational replacement cost** provides if you notify us of your intent to do so within 180 days after the loss or damage and you comply with Item VI.A.11.d. below.

d. We will not pay on an **operational replacement cost** basis until you actually repair or replace the lost or damaged property. The repair or replacement of damaged property must be made as soon as reasonably possible, but in no event later than two years after the date that you sustained covered loss or damage.

e. Until the lost or damaged property is actually repaired or replaced, we will only pay the **value** of such property on an **actual cash value** basis as of the time of the loss or damage.

12. Ordinance or Law Coverage

a. Coverage A: The **value** of Coverage A will be determined at the least of the following dollar amounts described in (1) through (3) below:

(1) (a) If the **replacement cost** valuation applies and the property is repaired or rebuilt at the same **location** or another site, then we will pay the **replacement cost** amount it would actually cost you to rebuild:

1) The undamaged portion of **Property Insured** that the **ordinance or law** requires you to demolish; or

2) The portion of **nonconforming property** that the **ordinance or law** does not permit you to repair or rebuild.

(b) If the **replacement cost** valuation applies and the property is not repaired or rebuilt, or if the **replacement cost** valuation does not apply, then the **actual cash value** provisions of this Coverage Form apply and we will pay the **actual cash value** of:

1) The undamaged portion of **Property Insured** that the **ordinance or law** requires you to demolish; or

2) The portion of **nonconforming property** that the **ordinance or law** does not permit you to repair or rebuild.

(c) In determining either the **replacement cost** or the **actual cash value** amount, the **value** of Ordinance or Law Coverage A will be determined at the **location** and will be based upon the same height, floor area, number of units, leasable square footage, occupancy, style, and like kind and quality of the original **Property Insured** which existed immediately preceding the covered loss.

(2) The remaining applicable Limit of Insurance for **Property Insured** shown in the Declarations, after payment of the covered direct physical loss or damage using the valuation method indicated in the Declarations.

(3) The Limit of Insurance or Sublimit of Insurance, whichever is less, shown in the Declarations applicable to Ordinance or Law - Coverage A.

b. Coverage B: The **value** of Coverage B will be determined at the least of the following dollar amounts described below:

(1) The amount you actually spend to demolish and clear the **location** of undamaged parts of **Property Insured** caused by the enforcement of an **ordinance or law**.

(2) The Limit of Insurance or Sublimit of Insurance, whichever is less, shown in the Declarations applicable to Ordinance or Law Coverage B.

c. Coverage C: The **value** of Coverage C will be determined at the least of the following dollar amounts described below:

(1) (a) The **replacement cost** amount to repair or rebuild damaged or undamaged portions of **Property Insured**, whether or not demolition is required, at the same **location** if:

1) **Property Insured** is repaired or rebuilt at the same **location**; or

2) The **ordinance or law** allows you to repair or rebuild at the same **location**, but you elect to rebuild **Property Insured** at another site or move **Property Insured** to another site.

(b) The **replacement cost** amount to repair or rebuild at a new site, but only if the **ordinance or law** will not allow you to repair or rebuild at the same **location.**

(2) The amount you actually spend to repair or rebuild **Property Insured** which has sustained loss or damage.

(3) The Limit of Insurance or Sublimit of Insurance, whichever is less, shown in the Declarations applicable to Ordinance or Law - Coverage C.

13. Personal Property of Others

If covered loss or damage occurs to **personal property of others**, then we will determine the **value** of such property which has sustained loss or damage using the applicable valuation provisions, but we will not pay more than the amount for which you are legally liable, or the applicable Limit of Insurance, whichever is less.

14. Stock

Subject to the applicable Limit of Insurance shown in the Declarations, if covered loss or damage occurs to **stock**, then we will determine the **value** of such property which has sustained loss or damage at the time of loss or damage as follows:

a. The **value** of the following types of **stock** will be determined on a **replacement cost** basis:

(1) Supplies or raw materials; and

(2) **Stock** that you have purchased from others for resale.

b. The **value** of **stock** that is work-in-process will be determined at the cost of raw materials, supplies, labor, and overhead incurred.

c. The **value** of **finished stock** will be determined at your selling price less all applicable discounts and un-incurred expenses.

d. The **value** of **stock** that has been sold but not delivered will be determined at your selling price less all applicable discounts and un-incurred expenses.

e. The **value** of **stock** that is economically or technologically obsolete or used will be determined at its wholesale **fair market value** at the time of the loss or damage.

15. Transit Coverage

Subject to the applicable Limit of Insurance shown in the Declarations, if covered loss or damage occurs to **Property Insured** which is in **transit,** then we will determine the **value** of such property which has sustained loss or damage at the time of the loss or damage as follows:

a. The **value** of **Property Insured** which is in **transit** will be determined at the dollar amount stated on the invoice plus any additional expenses that have accrued and been incurred, less all applicable discounts and un-incurred expenses.

b. The **value** of **Property Insured** which is in **transit** but not under invoice will be determined in accordance with the applicable valuation method for the type of property described under Section VI. Valuation plus any additional expenses that have accrued and been incurred, less all applicable discounts and un-incurred expenses.

B. The valuation provisions described below apply to **time element loss** insured under this Coverage Form:

1. In making any determination of **business income** loss or the amount of **extra expense** incurred, we may utilize any relevant sources of information, including your:

a. Balance sheets, income statements, general ledgers, payroll records, and other financial records which have been prepared in accordance with generally acceptable accounting principles;

b. Bank statements;

c. Accounting procedures;

d. Budgeting, forecasting, and marketing records;

e. Bills, invoices, bill of materials, and other vouchers;

f. Deeds, liens, or contracts, including contracts with customers (verified through confirmations).

If your financial records are not prepared in accordance with generally acceptable accounting principles, then additional accounting procedures may be required.

2. Business Income Coverage:

a. The amount of covered **business income** loss will be determined based on:

(1) The net profit or loss before income taxes of your **operations** before covered loss or damage occurred;

(2) The likely net profit or loss before income taxes of your **operations** if no covered loss or damage occurred, not including any **business income** that would likely have been earned as

a result of an increase in the volume of business due to favorable business conditions caused by the impact of the **covered cause of loss** on customers or on other businesses; and

(3) The continuing normal operating expenses, including your continuing normal payroll expenses, necessary to resume your **operations** with the same quality of service that existed just before the covered direct physical loss or damage. Continuing expenses will be calculated based on the:

(a) **Period of restoration**; or

(b) Period of time provided for **business income** as described above under Extension of Coverage - Item V.E.6.a.(1);

whichever is applicable.

b. The amount of payroll expense covered when determining the amount of a **business income** loss will be determined based on the following:

(1) If your **ordinary payroll expense** is not shown in the Declarations as limited or excluded, then your **ordinary payroll expense** is covered and your **ordinary payroll expense** will be included when determining your **business income** loss.

(2) (a) If your **ordinary payroll expense** is shown in the Declarations as limited, then **business income** includes your **ordinary payroll expense** but for only the number of days stated in the Declarations when determining your **business income** loss. The number of days need not be consecutive but must fall within:

1) The **period of restoration**; or,

2) The period of time provided for **business income** as described above under Extension of Coverage - Item V.E.6.a.(1);

(b) In determining the annual operating expenses for Coinsurance purposes, payroll expenses will only include the **ordinary payroll expense** incurred during the number of days shown in the Declarations. If the **ordinary payroll expense** varies during the Policy year, then the period of greatest **ordinary payroll expense** will be used.

(3) If your **ordinary payroll expense** is shown in the Declarations as excluded, then your entire **ordinary payroll expense** will be deducted when determining your **business income** loss.

c. If you are operating at a net loss, then continuing normal operating expenses will be offset by the net loss.

3. Extra Expense Coverage:

The amount of covered **extra expense** incurred will be determined based on necessary expenses that:

a. Exceed your normal operating expenses that would have been incurred by your **operations,** had no covered loss or damage occurred, during the following periods of time:

(1) The **period of restoration**; or

(2) The period of time provided for **extra expense** as described above under Extension of Coverage - Item V.E.6.a.(2).

b. Reduce the **business income** loss that otherwise would have been incurred.

c. We will deduct from the total of such expenses:

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

(2) Any **extra expense** that is paid for by other insurance.

4. Resumption of Your Business Operations

   a. We will reduce the amount of your **business income** loss, other than **extra expense**, to the extent you can resume your **operations,** in whole or in part, by using damaged or undamaged property (including merchandise or **stock**) at the **location** or elsewhere.

   b. We will reduce the amount of your **extra expense** to the extent you can return your **operations** to normal and discontinue such **extra expense**.

   c. If you do not resume all or part of your **operations,** or do not resume all or part of your **operations** as quickly as possible, then we will pay based on the length of time it would have taken to resume your **operations** as quickly as possible.

5. In no event or circumstance will the loss computation result in payments greater than the actual loss sustained or the applicable Limit of Insurance, whichever is less.

VII. Mortgage Holders or Loss Payee Provisions

A. Lender's Loss Payable Provisions

1. The Loss Payee shown in the Declarations is a creditor, mortgage holder, trustee, or receiver whose interest in covered property is established by the following written instruments:

   a. Warehouse receipts;

   b. A contract for deed;

   c. Bills of lading;

   d. Financing statements;

   e. Mortgages, deeds of trust, or security agreements; or

   f. Court order.

2. If a covered loss occurs to covered property in which both you and a Loss Payee have an insurable interest, and such Loss Payee is described in the Declarations as a Lenders Loss Payable prior to such covered loss, then:

   a. We will pay for covered loss or damage to each Loss Payee shown in the Declarations in their order of precedence, as interests may appear.

   b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the covered property.

   c. If we deny your claim because of your acts or because you have failed to comply with the terms of this Policy, then the Loss Payee will still have the right to receive loss payment if the Loss Payee:

      (1) Pays any premium due under this Policy at our request if 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) Has notified us of any change in ownership, occupancy, or substantial change in risk known to the Loss Payee.

      All of the terms of this Policy will then apply directly to the Loss Payee.

   d. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Policy, then:

      (1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and

      (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

3. If we cancel or elect not to renew this Policy, then we will give the Loss Payee the same written notice that we give you.

B. Loss Payable Provisions

If a covered loss occurs to covered property which both you and a Loss Payee have an insurable interest and such Loss Payee is described in the Declarations as a Loss Payable prior to such covered loss, then we will:

1. Adjust losses with you; and
2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

C. Contract of Sale Provisions

1. The Loss Payee is described in the Declarations as a Contract of Sale and is a person or organization you have entered a contract with for the sale of covered property.
2. If a covered loss occurs to covered property in which both you and the Loss Payee have an insurable interest, and such Loss Payee is described in the Declarations prior to such covered loss, then we will:
   a. Adjust losses with you; and
   b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
3. The following is added to the Other Insurance Clause contained in Section XIII. General Conditions:

   For covered property that is the subject of a contract of sale, the word you includes such Loss Payee.

VIII. Coverage Options

Val-U-Gard Coverage

If the Declarations indicate that Val-U-Gard Coverage applies to **Property Insured**, then at the time of covered loss or damage, the Limit of Insurance for such **Property Insured** will automatically increase by the percentage shown in the Declarations applicable to Val-U-Gard Coverage. The amount of increase will be determined as follows:

Step 1: Multiply the Limit of Insurance that applied at the time of covered loss or damage by the Val-U-Gard percentage shown in the Declarations, expressed as a decimal (Example: 5% = .05).

Step 2: Multiply the result of Step 1 by the number of days since such Limit of Insurance most recently became effective.

Step 3: Divide the result of Step 2 by 365 to determine the amount of inflationary increase in the Limit of Insurance applicable to **Property Insured**.

IX. Limitations of Coverage

A. Coverage for Animals

1. a. We will pay for direct physical loss or damage to the following covered animals caused by or resulting from a **covered cause of loss**:
      (1) Owned by others while in your care, custody, or control; or
      (2) You sell as **stock**;
   b. Coverage includes the following necessary expenses you incur which are directly attributable to a covered loss under Coverage for Animals:
      (1) The expense of transporting the covered animal to a licensed veterinarian;

(2) The expense of veterinarian services in order to provide medical treatment to an injured animal; and

(3) The humane destruction of covered animals if necessary. Humane destruction means the necessary euthanasia of an animal by a licensed veterinarian when such animal suffers an injury that is so excessive that immediate destruction is necessary for humane reasons.

2. We will not pay under Coverage for Animals for any loss, damage, or expense caused by or resulting from any treatment or process, or the rendering or failure to render any professional services.

B. Damage From Water or Other Liquid - Tear Out and Repair

If a covered loss is caused by or results from the escape of water or other liquid, including molten material, we will not pay for the cost to repair or replace the defective system or appliance from which such substances escaped. However, subject to the applicable limit of insurance, we will pay for the cost to:

1. Tear out and replace parts of **Property Insured**, whether or not such property is damaged, in order to repair covered loss or damage; and

2. Repair or replace damaged parts of **fire protection equipment** if such covered loss is caused by or results from the discharge of any substance from such **fire protection equipment**.

C. Expenses to Reduce a Business Income Loss

If a covered **business income** loss is sustained under this Coverage Form, then we will pay the necessary expenses you incur, except the cost of extinguishing a fire, to reduce or avoid further **business income** loss, but only to the extent they do not exceed the amount of **business income** loss that would otherwise have been paid.

X. Deductibles

A. Property Damage Loss

We will not pay for a **property damage loss** in any one occurrence or **loss event** until the amount of such **property damage loss** exceeds the Dollar Deductible Amount shown in the Declarations. Subject to Section XI. Limits of Insurance, we will then pay the amount of such **property damage loss** in excess of the deductible.

B. Time Element Loss

1. We will not pay for a **time element loss** in any one occurrence or **loss event** until the amount of such **time element loss** exceeds the deductible shown in the Declarations. Subject to Section XI. Limits of Insurance, we will then pay the amount of such **time element loss** in excess of the deductible.

2. How Your Business Income Deductible(s) will be Determined

a. If the deductible stated in the Declarations is a Dollar Deductible Amount, then the stated dollar amount is the sum we will subtract from a **time element loss** in any one occurrence or **loss event**.

b. If the deductible stated in the Declarations is an Hour Deductible, then we will not pay for any **time element loss** you sustain during the specified number of consecutive hours immediately following the occurrence of covered loss or damage. However, if a Minimum Deductible Amount is stated in the Declarations, then we will subtract at least the Minimum Deductible Amount from the **time element loss** you sustain in any one occurrence or **loss event**.

C. The following deductible provisions apply to Section V. Extensions of Coverage:

1. If the Declarations specify that a single deductible applies to **business real property** and **business personal property**, then such deductible applies to all **property damage loss** insured under Section V. Extensions of Coverage unless a specific deductible is shown in the Declarations.

2. If the Declarations specify that different deductibles apply to **business real property** and **business personal property** then:

a. The deductible described in the Declarations for **business real property** applies to all **property damage loss** insured under Newly Acquired Property Coverage and Unnamed Location Coverage; and

b. The deductible described in the Declarations for **business personal property** applies to all **property damage loss** insured under other Extensions of Coverage;

unless a specific deductible is shown in the Declarations applicable to a specified Extension of Coverage.

3. If the Declarations specify that a deductible applies to **time element loss**, then such deductible applies to a **time element loss** insured under Section V. Extensions of Coverage, unless a specific deductible is shown in the Declarations applicable to a specified Extension of Coverage.

4. If the Declarations specify that different deductibles apply to a **property damage loss** and a **time element loss**, and a **property damage loss** and a **time element loss** are insured under a single coverage provided under Section V. Extensions of Coverage, then deductibles will be applied as described below under Item X.D. of this Coverage Form.

D. When Multiple Deductibles Apply

If more than one deductible is applicable to a covered loss insured under this Coverage Form or the Commercial Property Coverage Section, then we will only apply the single highest deductible that is applicable. However, if deductibles are shown in the Declarations for a **property damage loss** and a **time element loss**, then each deductible will be subtracted from the applicable **property damage loss** and the applicable **time element loss** in any one occurrence or **loss event**.

E. Extra Expense or Expediting Expense Coverage

The deductibles stated in the Declarations do not apply to Extra Expense Coverage or Expediting Expense Coverage.

XI. Limits of Insurance

A. The most we will pay for covered loss, damage, or expense in any one occurrence or **loss event** is the applicable Limit of Insurance or Sublimit of Insurance, whichever is less, shown in:

1. The Declarations of this Coverage Form;

2. The provisions within this Coverage Form; or

3. Any endorsement attached to this Coverage Form which comprises a part of the Commercial Property Coverage Section.

B. Payments under any Sublimit of Insurance shown in the Declarations are included within, not in addition to, any Limit of Insurance provided by this Coverage Form.

C. Insurance is only provided for those coverages for which:

1. An entry is shown by an X on the applicable line in the Declarations; and

2. A dollar amount is shown as a Limit of Insurance or Sublimit of Insurance in the Declarations.

D. If a coverage shown in the Declarations does not show a corresponding Limit of Insurance, then no insurance is provided for such coverage.

E. If "0", "N/A", or "not covered" appears as a Limit of Insurance in the Declarations for a described coverage, then no insurance is provided for such described coverage.

F. If the term "included" appears as a Limit of Insurance in the Declarations for a described coverage, then the Limit of Insurance for such coverage is included within, not in addition to, the applicable Limit of Insurance shown in the Declarations for Business Real Property, Business Personal Property, or Business Income and Extra Expense.

XII. Loss Conditions

A. Abandonment

There can be no abandonment of any property to us.

B. Appraisal

1. If we and you disagree on the **value** of the property, the amount of net income (net profit or loss before income taxes), the amount of operating expenses, or the amount of loss, then either party may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, then either party may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the applicable **value** of such property, the amount of such net income (net profit or loss before income taxes), the amount of such operating expenses, or the amount of such loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two parties will be binding. Each party will:

   a. Pay its chosen appraiser; and

   b. Bear the other expenses of the appraisal and umpire equally.

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

C. Duties In The Event Of Loss Or Damage

1. In the event of covered loss or damage you must see that the following are done:

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

   b. Give us prompt notice of the loss or damage. Include a description of the property involved.

   c. Give us a description of how, when, and where loss or damage occurred as soon as possible.

   d. Take all reasonable steps to protect the covered property from further damage and, if feasible, set the damaged property aside and in the best possible order for examination. We will not pay for any subsequent loss or damage that is caused by or results from your failure to take such steps.

   e. Keep a record of your necessary expenses that you incurred:

      (1) To protect covered property from further damage; and

      (2) For emergency and temporary repairs;

      for consideration in the settlement of the claim. Such expenses incurred, if covered, will not increase the Limit of Insurance.

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

   g. As often as may be reasonably be required, permit us to:

      (1) Inspect your property in order to prove the loss or damage;

      (2) Take samples of damaged and undamaged property for inspection, testing, and analysis; and

      (3) Examine your books and records and make copies of such books and records.

   h. Send us a signed, sworn statement of loss containing the information we request to investigate the claim. We will supply the necessary forms. You must complete such forms within ninety (90) consecutive calendar days of our request.

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

2. We may examine under oath:

   a. You, your partners, or **members**;

b. **Managers**, officers, directors, trustees, or employees (including leased employees);

c. Authorized representatives, or anyone to whom you entrust property for any purpose;

while not in the presence of other such persons (other than your legal counsel), and at such times as may reasonably be required, about any matter relating to this Policy or a claim under this Policy, including your books and records. In the event of an examination under oath, the person being examined must verify that their answers are accurately recorded.

3. The failure of any person, other than:

   a. You, your partners, or **member** of **your business**;

   b. A person employed by **your business** as a **manager**, officer, director, or member of your management level staff; or

   c. A trustee or other person with legal authority over **your business**;

   to notify us of any loss or damage that may be covered under this Coverage Form, shall not invalidate the insurance afforded by this Policy.

D. Loss Payment

1. Within 30 days of receiving the properly executed, sworn statement of loss, we will give you notice that:

   a. Your claim is denied;

   b. Your claim will be paid; or

   c. We need more time to determine whether your claim will be denied or paid;

   in whole or in part.

2. If your claim is denied, then such notice will be in writing and will state any applicable Policy provision, condition, or exclusion used as the basis for the denial.

3. For that portion of the loss or damage that is covered under this Coverage Form, we will pay your claim within 30 days of receiving the properly executed sworn statement of loss, if:

   a. You have complied with all of the terms and conditions of the Policy; and

   b. We have reached agreement with you on the amount of loss or an appraisal award has been made.

   However, we will not pay you more than your financial interest in lost or damaged property.

4. If more time is needed to determine whether your claim should be denied or paid, then we will notify you in writing and state why more time is needed.

5. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, then such payments will satisfy your claims against us for the owners' property.

E. Pair or Set

If a covered loss occurs to your covered property that is part of a pair or set, then we will only pay for a reasonable and fair proportion of the total value of the pair or set. We will not pay on the basis of a loss to the entire pair or set.

F. Recovered Property

1. If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. If the recovered property is returned to you, then you must return to us the amount of the claim we paid to you for the property.

2. Subject to the Limit of Insurance described in the Declarations:

   a. We will pay recovery expenses and the expenses to repair the recovered property; and

b. If the recovered property is damaged and we agree that it cannot be restored, but you wish to keep the damaged property, then you will pay us the property's **fair market value** immediately after the recovery, but not more than the amount of the claim we paid you for the property.

XIII. General Conditions

A. Authorization and Notices

You agree that the first Named Insured shown in the Declarations shall act on behalf of all other Named Insureds. All correspondence concerning the Commercial Property Coverage Section of this Policy will take place between the first Named Insured and us. Notice sent to the first Named Insured at the address of such first Named Insured stated in the Declarations shall also constitute notice to all Named Insureds.

B. Calculation of Premium

The premium shown in the Declarations was computed based on rates in effect at the time the Policy was issued. On each renewal, continuation, or anniversary of the effective date of this Policy, we will compute the premium in accordance with our rates and rules then in effect.

C. Cancellation and Nonrenewal

1. Cancellation

a. The first Named Insured in the Declarations may cancel this Policy by mailing or delivering to us advance written notice of cancellation. The Policy will end on the effective date requested.

b. We may cancel this Policy by mailing by first class mail or delivering to the first Named Insured and to the agent or broker of record, at the address shown in the Declarations, written notice of cancellation stating the reason for cancellation at least:

(1) Ten (10) consecutive calendar days before the effective date of cancellation if we cancel for nonpayment of premium; or

(2) Thirty (30) consecutive calendar days before the effective date of cancellation if we cancel for any other reason.

c. Notice of cancellation will state the effective date of cancellation. The Policy Period will end on that date.

d. If this Policy is canceled, then we will send the first Named Insured any premium refund due. If we cancel, then the refund will be pro rata. If the first Named Insured cancels, then the refund may be less than pro rata but no less than the amount determined by our rules in effect at the time. The cancellation will be effective even if we have not made or offered a refund.

e. If notice is mailed, then proof of mailing will be sufficient proof of notice.

2. Nonrenewal

a. We are not required to renew this Policy when it expires.

b. If we elect not to renew this Policy, then we will mail by first class or deliver to the first Named Insured and the agent or broker of record, at their address shown in the Declarations, written notice stating the reason for nonrenewal, at least sixty (60) consecutive calendar days but not more than one hundred and twenty (120) consecutive calendar days before the effective date of nonrenewal.

c. Notice of nonrenewal will state the effective date of nonrenewal. The Policy Period will end on the date of nonrenewal.

d. If the notice is mailed, then proof of mailing will be sufficient proof of notice.

D. Changes

The Policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this Policy with our consent. This Policy's terms can be amended or waived only by endorsement issued by us and made a part of this Policy.

E. Concealment, Misrepresentation, or Fraud

This Policy is void in any case of fraud by you. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning this Policy, covered property within this Policy, your interest in such covered property, or a claim under this Policy.

F. Conformity to Statute

Terms of the Coverage Form which are in conflict with the statutes of the state where such Policy is issued are amended to conform to such statutes.

G. Control of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance. The breach of any condition of this Policy at any one or more locations will not affect coverage at any one location where, at the time of loss or damage, the breach of condition does not exist.

H. Coverage Territory

Except as more specifically provided in this Coverage Form or the Commercial Property Coverage Section of this Policy, the coverage provided this Coverage Form and by the Commercial Property Coverage Section of this Policy applies as follows:

1. Other Than Transit Coverage

   The Coverage Territory, other than for Transit Coverage, is the 48 contiguous States of the United States of America, the State of Alaska, the State of Hawaii, the District of Columbia, Puerto Rico, territories and possessions of the United States of America, and Canada.

2. Transit Coverage

   The Coverage Territory for Transit Coverage is within and between the 48 contiguous States of the United States of America, the State of Alaska, the State of Hawaii, the District of Columbia, Puerto Rico, territories and possessions of the United States of America, and Canada.

I. Defense Costs

1. We may elect to defend any suit against you alleging direct physical loss or damage resulting from a **covered cause of loss** to **personal property of others**, if such **personal property of others** is insured under this Policy. However, we will not defend you against any suit, or that portion of a suit, for direct physical loss or damage to which this insurance does not apply.
2. If we elect to defend you, then we will do so at our expense to the extent of your liability, even if such suit is groundless, false, or fraudulent. We may, without prejudice, make such investigation, negotiation, or settlement of any such claim or suit as we deem expedient. But:
   a. The most we will pay for a covered loss to **personal property of others** is the applicable Limit of Insurance shown in the Declarations;
   b. Payments for our defense costs are in addition to the applicable Limit of Insurance; and
   c. Our defense of the suit will end when we have used up the applicable Limit of Insurance in the payment of judgments or settlements.

J. Examination of Your Books and Records

We may examine and audit your books and records as they relate to this Policy at any time during the Policy Period and up to three years afterward.

K. Inspections and Surveys

1. We have the right but are not obligated to make inspections and surveys at any time, give you reports on the conditions we find, and recommend changes.
2. Any such inspections, surveys, reports, or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections and we do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. We do not warrant that conditions are safe, healthful, or comply with laws, regulations, codes, or standards.
3. Items XIII.K.1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service, or similar organization which makes insurance inspections, surveys, reports, or recommendations.
4. Item XIII.K.2. of this condition does not apply to any inspections, surveys, reports or recommendations we make, or any other inspection service or other similar organization may make, relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels, or elevators.

L. Insurance Under Two or More Coverages

1. If two or more of this Policy's coverages apply to the same loss, damage, or expense, then we will not pay more than the actual amount of such loss, damage, or expense.
2. If two or more coverages apply to the same item of property which suffers covered loss or damage under:
   a. This Coverage Form;
   b. An Endorsement to this Coverage Form; or
   c. This Policy;

   then the most we will pay for any loss, damage, or expense is the largest single Limit of Insurance shown in the Declarations applicable to such covered property.
3. The applicable Limit of Insurance shown in the Declarations is the most we will pay for loss, damage, or expense under any coverage in this Coverage Form or the Commercial Property Coverage Section regardless of the number of Named Insureds or other interests that have suffered such loss, damage, or expense. Payments made under this Policy will not exceed the actual amount of covered loss, damage, or expense.

M. Legal Action Against Us

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

1. There has been full compliance with all of the terms of this Policy; and
2. The legal action is brought within 2 years after the date upon which the direct physical loss or damage occurred.

N. Liberalization Clause

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

O. No Benefit to Bailee

No person or organization, other than you, having custody of covered property will benefit from this insurance.

P. Other Insurance

1. If you have other insurance subject to the same plan, terms, conditions, and provisions as the insurance provided under this Policy, then we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Policy bears to the total Limits of Insurance for all insurance covering such loss or damage on the same basis.

2. If there is other insurance covering the same covered loss or damage, other than that described above in XIII.P.1., then subject to the deductible shown in the Declarations, 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. Our payment for any covered loss or damage is subject to the terms and conditions of this Policy and the applicable Limit of Insurance shown in the Declarations.

Q. Policy Period

Under this Policy we insure covered loss or damage commencing during the Policy Period shown in the Declarations.

R. Premiums

The first Named Insured shown in the Declarations is responsible for the payment of all premiums and will be the payee for any return premiums we pay.

S. Reinstatement of Limits After a Loss

Covered loss or damage sustained under this Coverage Form shall not reduce the Limits of Insurance shown in the Declarations, except where an **Annual Aggregate** Limit of Insurance applies. The reinstatement of any exhausted **Annual Aggregate** Limit of Insurance is not permitted unless authorized by us in writing.

T. Subrogation

1. Other Than Transit Coverage

If any person or organization to or for whom we make payment under this Coverage Form has rights to recover damages from another, then those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

a. Prior to loss to your covered property or covered income.

b. After a loss to your covered property or covered income only if, at the time of loss, that party is one of the following:

(1) Someone insured by this insurance;

(2) A business firm owned or controlled by you or that owns or controls you; or

(3) Your tenant.

This will not restrict your insurance.

2. Transit Coverage

With respect to covered property under Transit Coverage, you are permitted to accept released value bills of lading from carriers for hire. You are not permitted to enter into any special agreements with carriers or bailees releasing them from their common law or statutory liability. We will not be liable for any loss or damage which, without our written consent, has been settled or compromised by you.

U. Trade or Economic Sanctions

Whenever coverage under this Policy would be in violation of any U.S. trade or economic sanctions such as, but not limited to, those sanctions administered and enforced by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), such coverage shall be null and void.

V. Transfer of Your Rights and Duties Under This Policy

1. Your rights and duties under this Policy may not be transferred without our written consent except in the case of death of an individual named insured.

2. If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed,

anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

XIV. Definitions

A. Words and phrases contained within this Coverage Form that appear in **bold face** have special meaning. When words or phrases that appear below in **bold face** do not appear in **bold face** in this Coverage Form, then those words or phrases are to be interpreted using their common meaning. The section below defines the following terms appearing in **bold face** which are used in this Coverage Form or in the Declarations applicable to this Coverage Form:

1. **Accounts receivable** means all records of amounts due from your customers on current accounts.

2. a. **Actual cash value** means the cost to repair or replace covered property which has sustained loss or damage with other property:

(1) Of like kind, quality, usefulness, size, and capacity, as that with which it was originally constructed; and

(2) Used for the same occupancy and purpose;

subject to a deduction for deterioration, depreciation, depletion, obsolescence, or a combination thereof.

b. **Actual cash value** includes your interest in labor, materials, or services furnished or arranged by you and other expenses accrued, but only with respect to **buildings while in the course of construction**.

3. **Annual aggregate** means the most we will pay for all loss, damage, or expense arising from all occurrences, **loss events**, or both (as applicable), during any one Policy Period. **Annual Aggregate** Limits of Insurance are reduced by the amount of any paid loss.

If the Policy is written for a term of more than one year, then we will apply the **Annual Aggregate** Limit of Insurance separately to each consecutive year of the Policy Period. If the Policy is extended for a period of time that is less than a year, then the remaining **annual aggregate** from the prior term applies to the extended period of time.

4. a. **Buildings while in the course of construction** means **business real property** while in the course of initially being constructed or while undergoing alterations, remodeling, or renovations, including the following types of property:

(1) Any property used in the course of construction, alteration, remodeling, or renovation activities that is destined to become a permanent part of the building or realty surrounding such building; and

(2) Temporary structures built or assembled on the site which support such construction, alteration, remodeling, or renovation activities including cribbing, scaffolding, or construction forms.

b. **Buildings while in the course of construction** does not mean:

(1) Outdoor trees, shrubs, plants or lawns;

(2) **Buildings while in the course of construction** for which separate insurance coverage has been obtained and such separate insurance covers your interest; or

(3) **Soft costs**.

5. a. **Business income** means:

(1) The net profit or loss before income taxes from your **operations** including:

(a) The sales of merchandise or services;

(b) The net sales value of manufacturing production;

(c) Previously documented grants, research contracts, fund raising, or donations likely to reoccur;

(d) The lease or rental of tenant occupancies at a location, as furnished and equipped by you;

(2) Continuing normal operating expenses incurred, including your continuing normal payroll expenses;

(3) Charges which are the legal obligation of your tenants but would otherwise be your obligations; and

(4) The fair rental value of any portion of a location occupied by you;

that would have been earned or incurred by you had there been no covered loss or damage.

b. If **ordinary payroll expense** is covered under this Coverage Form, then **business income** includes tip income of your employees as reported by you to the Internal Revenue Service.

c. **Business income** does not mean bank interest or investment income.

6. **Business personal property** means the following types of property:

a. **Accounts receivable**;

b. Animals owned by others while in your care, custody, or control, or animals you sell as **stock;**

c. **Data, media,** and **software;**

d. Furniture, fixtures, machinery, equipment, **mobile equipment,** materials, and supplies;

e. **Electronic data processing equipment**;

f. **Mobile communication equipment**;

g. Patterns, molds and dies;

h. **Personal effects**;

i. **Personal property of others**;

j. **Processing water**;

k. **Prototypes**;

l. **Research and development documentation**;

m. **Stock**;

n. **Tenant's improvements and betterment**s;

o. Trees, shrubs and plants used inside the building as decoration; and

p. **Valuable papers and records**.

Business personal property does not mean outdoor trees, shrubs, plants, or lawns; **fine arts; money; securities**; or **salesperson's samples**.

7. **Business real property** means the following types of property:

a. Buildings or structures, foundations, completed alterations, repairs, and additions to such buildings or structures; fixtures, permanently installed machinery and equipment; awnings; or glass forming a part of the structure, including lettering and ornamentation, whether located on the exterior or interior of such building or structure;

b. Underground pipes, flues, or drains necessary for the service of **business real property**;

c. Radio or television towers, antennas, and satellite dishes, including attachments;

d. Personal property used to maintain or service the building including fire extinguishing equipment; outdoor furniture; floor coverings; and appliances used for refrigerating, ventilating, cooking, dishwashing, or laundering;

e. Outdoor fixtures and structures, including light standards, fences, signs, well-housings; and artificial trees, shrubs, plants, and lawns; and

f. **Buildings while in the course of construction**.

Business real property does not mean trees, shrubs, plants, or growing outdoors; any item which meets the definition of **fine arts**; or any item that is insured under Fine Arts Coverage contained in this Coverage Form.

8. **Cloud computing** means computer or information technology capabilities hosted by others and accessed through the internet or other means, including storage, software, applications, computing power, specially crafted development environments, and other computer or information technology related capabilities that are provided as a service.

9. **Collapse** means the actual abrupt falling down or caving in of a building or part of a building with the result that the building or part of the building cannot be occupied for its intended purpose. **Collapse** does not mean:

   a. The threat of **collapse,** even if **collapse** is imminent; or

   b. Impairment whether or not substantial; or

   c. A condition of a building still standing including cracking, bulging, sagging, bending, shifting, leaning, settling, shrinkage, or expansion that could lead to or contribute to its actual abrupt falling down; or

   As used in the definition of **collapse,** the term "building" does not include retaining walls or other structures that do not provide structural support to such building.

10. **Communicable disease** means any disease, bacteria, or virus that may be transmitted directly or indirectly from human or animal to a human.

11. **Communicable disease event** means an event in which a **public health authority** has ordered that a location be evacuated, decontaminated, or disinfected due to the outbreak of a **communicable disease** at such location.

12. **Counterfeit** means an imitation of an actual valid original intended to deceive and to be taken as the original.

13. **Covered cause of loss** means risks of direct physical loss or damage not excluded or limited in this Coverage Form.

14. **Data, media**, and **software:**

    a. The Definitions described below in XIV.A.14.b. apply separately to **data, media,** and **software** which

       (1) You own; or

       (2) Is owned by others and is in your care, custody, or control.

    b. (1) **Data** means information other than **software,** which has been recorded, installed, or stored on media and is usable in your **electronic data processing equipment** or **mobile communication equipment. Data** also means the original source **data** installed or included within **electronic data processing equipment** or **mobile communications equipment**.

       (2) **Media** means the physical materials upon which **data** or **software** are recorded, installed, or stored; and **media** originally installed or included within **electronic data processing equipment** or **mobile communication equipment.**

(3) **Software** means instructions, programs, or routines that are recorded, installed, or stored on **media** which are used to control or direct processes, computing, or other functions in your **electronic data processing equipment** or **mobile communication equipment. Software** also means the original **software** installed or included within **electronic data processing equipment** or **mobile communication equipment** used to program or control the functions and processes of such equipment.

(4) **Data, media,** or **software** does not mean **data, media**, or **software:**

(a) Held for sale; or

(b) No longer used in your **operations.**

15. **Dependent property** means property operated by others upon whom you depend to:

a. Deliver materials or services to you or to others for your account other than **utility services** (Contributing Locations);

b. Accept your products or services (Recipient Locations);

c. Manufacture products for delivery to your customers under contract of sale (Manufacturing Locations); and

d. Attract customers to your business (Leader Locations).

16. **Detrimental code** means any computer virus, malware, program, routine, sub-routine, trojan horse, worm, script, or other code string that damages, destroys, alters, or corrupts **Property Insured** or **personal property of others**.

17. **Earth movement** means any natural or man-made earth movement, including **earthquake;** landslide; avalanche; **volcanic action**; the sinking, rising, shifting, subsidence, settling, erosion, expansion, or contraction of earth; or **mine subsidence. Earth movement** includes:

a. Tsunami or tidal waves caused by or resulting from **earth movement**; and

b. **Fire protection equipment leakage from earth movement.**

Earth movement does not include **sinkhole collapse**.

18. **Earthquake means,** tremors or vibrations within and upon the earth's crust caused by seismic displacement, rupture or creation of faults within the earth's crust that are associated with natural tectonic processes.

19. a. **Electronic data processing equipment** means:

(1) Computer hardware;

(2) Machinery or equipment; and

(3) **Voice communication systems**;

which uses **software** for the input, output, processing, or storage of **data;** or to control or direct processes.

b. **Electronic data processing equipment** does not mean:

(1) **Electronic data processing equipment** held for sale; or

(2) **Mobile communication equipment**.

20. **Expediting expense** means the following necessary extra costs, including overtime wages and express freight or other rapid means of transportation, in order to expedite:

a. Emergency or temporary repairs of damaged covered property; or

b. Permanent repair or replacement of such damaged property.

21. **Extra expense** means the necessary expenses you incur during the **period of restoration**, over and above the expenses you would have normally incurred had there been no covered loss, in order to:

    a. Avoid or minimize the **suspension** of business and to continue **operations** at the location or at replacement or temporary locations, including relocation expenses and costs to equip and operate such replacement or temporary locations;

    b. Minimize the **suspension** of business if you cannot continue **operations;** or

    c. Repair or replace covered property, but only to the extent it reduces the amount of loss that otherwise would have been payable under Business Income and Extra Expense Coverage.

22. **Fair market value** means the price that a willing buyer would pay to a willing seller in an open market if the property had been offered for sale on the date of the loss.

23. **Fine arts** means the following types of property that are bona fide works of art which:

    1. You own; or

    2. Are owned by others and are in your care, custody, or control;

    including items that are part of a pair or set: Paintings; rare books; etchings; pictures; prints; drawings; tapestries; rugs; sculptures; statuary; pottery; marbles; bronzes; antique furniture; antique silver; manuscripts; porcelains; rare glass; stained glass, whether a part of **business real property** or not; and items of rarity, historical value, or artistic merit, including trophies, scientific instruments or experiments, or musical instruments.

24. **Finished stock** means **stock** you have manufactured including whiskey and alcoholic products being aged, but does not include **stock** you have manufactured which is in its completed state and held for sale at the **location** of any distribution warehouse, wholesale outlet, or retail outlet.

25. **Fire protection equipment** means wet, dry, chemical, or gaseous fire suppression systems including sprinklers or discharge nozzles; supply lines, ducts, or piping; fire suppression supply tanks; pumps; water mains or hydrants; standpipes or outlets; and their component parts or supports; which you own, lease, or rent from others.

26. **Fire protection equipment leakage from earth movement** means leakage or discharge of any substance from **fire protection equipment** caused by or resulting from **earth movement**.

27. **Flood** means a general and temporary condition of partial or complete inundation of normally dry land areas from the following, regardless of how caused, whether driven by wind or not:

    a. Waves, tides, tidal waves, tsunami, or storm surge;

    b. The unusual and rapid accumulation or run-off of surface waters from any source;

    c. Mud flow or mudslides caused or precipitated by accumulation of water on or under the ground;

    d. The overflow or expansion beyond normal boundaries of inland or tidal waters, including natural or man-made lakes, reservoirs, ponds, brooks, rivers, streams, harbors, seas, oceans, or any other body of water or watercourse; or

    e. Any material, object, or debris that is carried, propelled, or in any manner moved by a **flood.**

    Flood is not any weather condition as referenced in the definitions of **hurricane, named storm,** or **storm.**

28. **Forgery** means the signing of the name of another person or organization with intent to deceive. **Forgery** does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.

29. **Fungus** means all types of fungus, such as mildew and mold, and all of their resulting spores and byproducts, including mycotoxins and allergens. **Fungus** does not mean **fungus** for human ingestion.

30. a. **Hurricane** means a hurricane, typhoon, or tropical cyclone that, as reported or recorded by the National Weather Service:

    (1) Has sustained wind speed of 74 miles per hour or greater; or

    (2) Has been declared to be a hurricane.

    b. **Hurricane** includes loss or damage to the interior of any covered building or structure or to covered property located inside any building or structure which is caused by or resulting from:

    (1) An opening in such building or structure created by the force of a **hurricane;**

    (2) One or more tornados that are the result of a **hurricane;**

    (3) Any hail, rain, material, object, or debris that is carried, propelled, or in any manner moved by a **hurricane;** and

    (4) Any weather condition other than a **hurricane**, if such loss or damage would not have occurred but for the occurrence of a **hurricane.**

31. **Information restoration cost** means the least of the following dollar amounts:

    a. The cost to reproduce covered property from back-up files or original source documents;

    b. The cost to purchase covered property of comparable kind, functionality, and quality, intended to be used for the same purpose that existed immediately before loss or damage;

    c. The necessary cost to research, repair, restore, recreate, or replace covered property, used for the same purpose and to the same condition that existed immediately before loss or damage; or

    d. The amount you actually spend to research, repair, restore, recreate, or replace covered property used for the same purpose and to the same condition that existed immediately before loss or damage;

    without a deduction for physical deterioration, depreciation, depletion, or obsolescence.

32. **Loading** means the act of moving **Property Insured** from the ground or a platform immediately adjacent to the transporting conveyance onto the transporting conveyance. **Loading** begins when the slings or other devices used to move **Property Insured** have been attached, or the act of lifting or moving such property onto the transporting conveyance has begun. **Loading** ends when **Property Insured** has been placed on the transporting conveyance and any slings or other devices used to move such property have been released.

33. **Location** means the legal boundaries of a parcel of property at the address described in the Declarations. If the word "location" is not shown in **bold face**, then such reference includes all of the following:

    a. **Location(s)**; and

    b. The legal boundaries of a parcel of property insured by Newly Acquired Location Coverage, or Unnamed Location Coverage, or both.

34. **Loss event** means:

    a. With respect to a single **hurricane,** all elements of loss, regardless of the number of locations involved, caused by or resulting from a **hurricane** and includes the period of time:

    (1) When a **hurricane** watch or warning with respect to such **hurricane** is declared; and

    (2) The entire duration of the **hurricane**; and

    (3) 72 hours immediately following the reclassification of a **hurricane** to a lesser **storm** or **named storm**;

    as reported or recorded by the National Weather Service (NWS). A single **hurricane** will constitute a single **loss event.**

b. With respect to subsequent **hurricanes** that cause loss or damage after a **hurricane** begins as described in Item XIV.A.34.a.(1) above, all elements of loss, regardless of the number of locations involved, caused by or resulting from such subsequent **hurricanes** that:

(1) Cause loss or damage at your location(s) subsequent to the initial **hurricane** affecting such location(s); and

(2) Are declared a **hurricane** before, with respect to the initial **hurricane**, the expiration of the time period described in Item XIV.A.34.a(3) above; and

(3) Occur within the interval of time described in Item XIV.A.34.a. above, such that assignment of loss or damage to a specific **hurricane** is not possible.

Multiple **hurricanes** that originate within this defined period of time will constitute a single **loss event**.

c. With respect to a single **named storm**, all elements of loss, regardless of the number of locations involved, caused by or resulting from a **named storm** and includes the period of time:

(1) When the NWS issues a watch or warning with respect to such **named storm**; and

(2) The entire duration of the **named storm**; and

(3) Ends when such watch or warning is terminated by the NWS with respect to such **named storm**.

d. With respect to subsequent **named storms** that cause loss or damage after a **named storm** begins as described in Item XIV.A.34.c.(1) above, all elements of loss, regardless of the number of locations involved, caused by or resulting from such subsequent **named storms** that:

(1) Cause loss or damage at your location(s) subsequent to the initial **named storm** affecting such location(s); and

(2) Are declared a **named storm** before, with respect to the initial **named storm**, the expiration of the time period described in Item XIV.A.34.c(3) above; and

(3) Occur within the interval of time described in Item XIV.A.34.c. above, such that assignment of loss or damage to a specific **named storm** is not possible.

Multiple **named storms** that originate within this defined period of time will constitute a single **loss event**.

e. With respect to a single **storm,** all elements of loss, regardless of the number of locations involved, caused by or resulting from such **storm** as reported or recorded by the NWS or other similar weather reporting agency. A single **storm** will constitute a single **loss event**.

f. With respect to multiple **storms** all elements of loss, regardless of the number of locations involved, caused by or resulting from such multiple **storms** where assignment of the loss to a specific **storm**,as reported or recorded by the NWS or other similar weather reporting agency, is not possible because the **storms** occur within an interval of time that makes assignment to a specific storm impossible. Multiple **storms** that originate within this defined period of time will constitute a single **loss event**.

g. The expiration of this Policy will not reduce the time periods described above in Item XIV.A.34.a., b., c., d., e., and f.

35. **Manager** means a person or entity responsible for managing a limited liability company.

36. **Member** means an owner of a limited liability company represented by its membership interest, who also may serve as a **manager.**

37. **Messenger** means you, your partners, **members,** officers, **managers,** directors, trustees, or employees (including leased employees) while having care, custody, or control of **money, securities,** or both outside the **premises.**

38. **Mine subsidence** means a failure or subsidence initiated at the mine level of a man-made underground mine, including coal, clay, limestone, or fluorspar mines, whether or not mining activity has ceased.

39. a. **Mobile communication equipment** means handheld communication devices which:

    (1) You own; or

    (2) Are owned by others and are in your care, custody, or control;

    including portable laptop computers, cellular telephones, computer tablets, pagers, personal digital assistants (PDAs), global positioning devices, and their accessories.

    b. **Mobile communication equipment** does not mean **mobile communication equipment** held for sale.

40. a. **Mobile equipment** means mobile machinery and equipment which:.

    (1) You own; or

    (2) Is owned by others and is in your care, custody, or control;

    whether or not such property is permanently mounted on a **vehicle.** If **mobile equipment** is permanently mounted on a **vehicle,** then such **vehicle** will also be considered **mobile equipment. Mobile equipment** includes cranes; backhoes; bulldozers; tractors; graders; hand tools; and accessories, repair parts, or spare parts, intended for use in the operation or maintenance of such **mobile equipment**.

    b. **Mobile equipment** does not mean:

    (1) A **vehicle;**

    (2) **Mobile equipment** held for sale; or

    (3) **Mobile equipment** covered under any other insurance.

41. **Money** means:

    a. Currency, coins, and bank notes in current use and having a face value; and

    b. Unused money orders, food stamps, travelers checks, register checks, tokens, lottery and other tickets; but only when held by you in storage or for sale to the public.

42. a. **Named storm** means a specific storm system, including **hurricane,** that has been named by the National Weather Service.:

    b. **Named storm** includes loss or damage to the interior of any covered building or structure or to covered property located inside any building or structure which is caused by or resulting from:

    (1) An opening in such building or structure created by the force of a **named storm**;

    (2) One or more tornados that are the result of a **named storm**;

    (3) Any hail, rain, material, object, or debris that is carried, propelled, or in any manner moved by a **named storm**; and

    (4) Any weather condition other than a **named storm,** if such loss or damage would not have occurred but for the occurrence of a **named storm**.

43. **Net leasehold interest** means the present value of your Gross Lessee's Leasehold Interest or Gross Lessor's Leasehold Interest for each remaining month, or portion thereof, of the unexpired term of the lease or rental agreement computed at the prime rate of interest in effect at the time of loss.

44. **Non-conforming property** means **Property Insured** whose height, floor area, number of units, leasable square footage, occupancy, or style was permitted at the time of original construction, but whose height, floor area, number of units, leasable square footage, occupancy, or style is not permitted by an **ordinance or law** in force at the time of the covered loss.

45. **Operational replacement cost** means:

(a) The cost to repair covered property which has sustained loss or damage to the same functionality and purpose that existed immediately before such loss or damage without deduction for physical deterioration, depreciation, depletion, or obsolescence; or

(b) If repair of covered property which has sustained loss or damage is not possible due to the extent of loss or damage, or as a result of obsolescence, then the cost to replace such property, including delivery and setup costs, with similar new property to be used for the same purpose and which provides the same functionality that such property provided immediately before such loss or damage, even if the capacity of the replaced property is improved, without deduction for physical deterioration, depreciation, depletion, or obsolescence.

46. **Operations** means the usual and customary business activities in the conduct of **your business** occurring at the **location,** including the tenability of the **premises**.

47. **Ordinance or law** means any ordinance, law, regulation, or rule that is in force at the time of the covered loss or damage and:

a. Regulates the construction, use, occupancy, operation, improvement, replacement, modification, installation, zoning, or repair of any property; or

b. Requires the demolition or tearing down of any property, including the cost of removing its debris.

48. **Ordinary payroll expense** means payroll expenses for all your employees except: Officers; executives; department managers; employees under contract; and any Additional Exemptions From Ordinary Payroll as described in the Declarations under the heading Job Classifications or Employees.

Ordinary payroll expense includes payroll; employee benefits, if directly related to payroll; FICA payments you pay; union dues you pay; and workers compensation premiums.

49. **Overhead transmission lines and equipment** means:

a. Overhead transmission or distribution lines supplying electricity, telephone, radio, internet, television, or other services to a **location;** and

b. Overhead transformers or other overhead equipment which assist in supplying electricity, telephone, radio, internet, television, or other services to a **location;** and

c. Any towers, poles, or similar supporting structures.

50. a. **Period of restoration** means the period of time that begins immediately after the time of direct physical loss or damage caused by or resulting from a **covered cause of loss** to property at the **location** and ends on the earlier of:

(1) The date when such property at the **location** should be repaired, rebuilt, or replaced with reasonable speed and like kind and quality; or

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

b. **Period of restoration** does not include any increased period due to the enforcement of any **ordinance or law**, including any **ordinance or law** that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of **pollutants.**

c. The expiration date of this Policy will not cut short the **period of restoration**.

51. **Personal effects** means apparel, tools, and other personal possessions owned by you, your partners, **members**, officers, **managers,** directors, trustees, or employees (including leased employees). **Personal effects** does not mean a vehicle.

52. **Personal property of others** means personal property that does not belong to you and is in your care, custody, or control. **Personal property of others** does not mean personal property you lease or rent from others or **personal effects**.

53. **Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, asbestos, and waste. Waste includes material to be recycled, reconditioned, or reclaimed.

54. **Premises** means the building(s) at the **location** you occupy. If you occupy only part of the building at the **location,** then your **premises** is the portion of the building which you rent, lease, or occupy.

55. **Processing water** means water used in your **operations,** which is contained within any enclosed water storage tanks, associated piping used for the delivery of such water; or processing equipment.

56. **Property damage loss** means covered loss, damage, or expense insured under any coverage provided by this Coverage Form, other than that insured under a **time element loss**.

57. **Property Insured** means **business real property, business personal property,** or both.

58. a. **Prototype** means an original version or model of a newly designed product which:

    (1) You own; or

    (2) Is owned by others and is in your care, custody, or control.

    A **prototype** includes cultures, sample designs, experimental models or displays integral to the manufacture of the original version or model of a newly designed product.

    b. **Prototype** does not mean stock held for sale.

59. **Public health authority** means the governmental authority having jurisdiction over your **operations** relative to health and hygiene standards necessary for the protection of the public.

60. a. **Replacement cost** means the cost to repair or replace covered property which has sustained loss or damage with other property:

    (1) Of like kind, quality, size, and capacity, as that with which it was originally constructed; and

    (2) Used for the same occupancy and purpose;

    without a deduction for physical deterioration, depreciation, depletion, or obsolescence.

    b. **Replacement cost** includes:

    (1) The cost of digging, excavating, backfilling, filling, or grading of land directly related to the repair, rebuilding, or replacement of **business real property**; and

    (2) Your interest in labor, materials, or services furnished or arranged by you and other expenses accrued, but only with respect to **buildings while in the course of construction** or **business personal property** insured under Installation Coverage.

61. **Research and development documentation** means recorded evidence of your **research and development operations** which:

    a. You own; or

    b. Is owned by others and is in your care, custody, or control.

    Research and development documentation includes facts, information, research, concepts, processes, or formulas that are directly related to the development of new products or enhancement of existing products.

    Research and development documentation does not mean **research and development documentation** no longer used in your **research and development operations**.

62. **Research and development operations** means your **operations** that are directly related to the development of new products or enhancement of existing products.

63. **Salesperson's samples** means samples of **stock** while in the care, custody, or control of a salesperson employed by you.

64. **Securities** means negotiable and nonnegotiable instruments or contracts representing either **money** or property and includes:

    a. Checks, drafts, money orders, travelers checks, and register checks drawn to your order that you have accepted as payment;

    b. Revenue and other stamps in current use (whether represented by actual unused stamps or unused value in a meter); and

    c. Evidences of debt issued in connection with credit or charge cards that you have accepted as payment, which cards are not issued by you.

    Securities does not include **money.**

65. **Sinkhole collapse** means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. **Sinkhole collapse** does not mean sinking, subsidence, or collapse of land into a man-made underground mine or other such cavity, or the cost of filling sinkholes.

66. **Soft costs** mean:

    a. Realty taxes or other government assessments which you incur;

    b. Insurance premiums;

    c. Marketing, advertising, and promotional expenses;

    d. Commissions which result from renegotiation of leases and other similar extra expenses;

    e. Fees for services from attorneys, architects, engineers, surveyors, public accountants, or Certified Public Accountants;

    f. Permit fees; and

    g. Interest expense incurred including bond interest, financing fees or charges, or other debt service payments, on money you borrow in order to finance construction or repair.

    Soft costs do not include fees for any services from a public adjuster.

67. a. **Stock** means the following:

        (1) Merchandise including animals which are held for sale, or for delivery after sale;

        (2) Raw materials, in the state in which you receive it, used for conversion into **finished stock**;

        (3) Stock-in-process, which is raw materials that are undergoing the mechanical process of manufacturing, aging, or seasoning but which is not yet **finished stock**; or

        (4) **Finished stock**.

    b. **Stock** includes:

        (1) Your interest in labor, materials, or services furnished or arranged by you on **personal property of others**; or

        (2) Supplies used in packing or shipping of any of these items described as **stock** including the shipping or marketing container.

68. a. **Storm** means all types of weather conditions, atmospheric disturbances, precipitation, or any combination thereof, including tornados, wind, hail, rain, snow, ice, sleet, sand, or dust, whether driven by wind or not, but not including **hurricane, named storm**, or changes in temperature.

    b. **Storm** includes loss or damage to the interior of any covered building or structure or to covered property located inside any building or structure which is caused by or resulting from:

        (1) An opening in such building or structure created by the force of a **storm**;

(2) The weight or accumulation of hail, rain, snow, ice, sleet, sand, or dust; or

(3) Any hail, rain, material, object, or debris that is carried, propelled, or in any manner moved by the force of a **storm**.

69. **Suspension** means the slowdown or cessation of your **operations,** or that a part or all of the described **premises** is rendered untenable.

70. a. **Tenant's improvements and betterments** means fixtures, alterations, installations, or additions:

(1) Made a part of the **business real property** you occupy but do not own; and

(2) You acquired or made at your expense, exclusive of rent paid by you, and cannot legally remove.

b. **Tenant's improvements and betterments** also means **business personal property**, including the value of any repairs, additions, or improvements, while awaiting or during the course of construction or renovation activities as long as such property is destined to become a **tenant improvement and betterment** and a permanent part of **business real property**.

c. **Tenant's improvements and betterments** while in the course of construction does not mean:

(1) **Soft costs**; or

(2) **Tenant's improvements and betterments** for which separate insurance coverage has been obtained and such separate insurance covers your interest.

71. **Tenant moving costs** means the following documented and necessary costs or fees associated with moving from and moving back to the **premises** for:

a. Packing, insuring, and carting **business personal property**;

b. Re-establishing utility services that were in place prior to the tenant moving from the **premises**, less refunds from discontinued services;

c. Assembling and setting up fixtures and equipment;

d. Unpacking and re-shelving of **stock** and supplies; and

e. Rent abatement offered to the tenant(s) as an incentive to reoccupy the premises.

72. **Theft** means any act of stealing, including robbery or burglary.

73. **Time element loss** means a covered **business income** or **extra expense** loss such as losses insured under the following types of coverage: Business Income Coverage; Extra Expense Coverage; Business Income with Extra Expense; Extended Business Income and Extra Expense Coverage; Dependent Property Coverage; Rental Value Coverage; Utility Services Coverage.

74. **Transit** means the transportation or shipping of **Property Insured** using your **vehicles** or carriers for hire:

a. If the mode of transportation is a **vehicle** which you own, lease, rent, or operate, then **transit** begins from the time **Property Insured** departs from your location or the originating point of shipment.

b. If the mode of transportation is a carrier for hire, then **transit** begins from the time **Property Insured** is placed in the care, custody, or control of any carrier for hire.

c. **Transit** extends continuously thereafter, while in the due course of **transit**, and includes any reasonable stops, interruptions, delays or transfers incidental to the route and method of shipment including connecting carriers.

d. **Transit** ends on the earlier of the following:

(1) When responsibility for the **Property Insured** is the buyer's in accordance with the terms of sale or bill of lading, as applicable;

(2) When the **Property Insured** is accepted by or on behalf of the consignee or receiver at the intended destination; or

(3) When the **Property Insured** arrives at a location.

75. **Unloading** means the act of moving **Property Insured** from the transporting conveyance to a consignee's conveyance, a platform, or the ground immediately adjacent to the transporting conveyance. **Unloading** ends when **Property Insured** has been placed on the consignee's conveyance, ground, or loading platform and the any slings or other devices used to move such property have been released.

76. **Utility services** means services that are necessary to conduct your **operations** at the **location**, including:

a. Water Supply Services, defined as the following types of property supplying water to the **location**: Pumping stations and water mains.

b. Communication Supply Services, defined as the following types of property supplying telephone, internet, cellular, radio, microwave, **cloud computing**, or television services to the **location**: Communication transmission or distribution lines, including fiber optic transmission or distribution lines; coaxial cables; microwave radio relays; and satellites.

c. Power Supply Services, defined as the following types of property supplying electricity to the **location**: Utility generating plants; switching stations; substations; transformers; and transmission or distribution lines.

d. Sewage Treatment Services, defined as the following types of property discharging sewage from the **location**: Pumping stations; sewer lines; and public waste treatment plants.

e. Other Supply Services supplying goods or services to the **location** necessary for your **operations**, including refrigeration, steam, gas, or fuel.

77. a. **Valuable papers and records** mean the following types of property which you own; or is owned by others and is in your care, custody, or control:

(1) Inscribed, printed, or written documents such as: Passports; manuscripts or records; abstracts; books; magazines; periodicals; newspapers; deeds; drawings; mechanical drawings; maps; stamp collections; mortgages or leases; and

(2) Recordings of any type such as: Film, negatives, slides, photographs, videotape, cylinders, or vinyl records, including such records which exist in electronic or magnetic media, discs, or tape.

b. **Valuable papers and records** do not mean:

(1) **Money** or **securities;**

(2) **Valuable papers and records** held for sale; or

(3) **Valuable papers and records** no longer used in your **operations.**

78. **Value** means the monetary worth of covered property at the time of covered loss or damage that is determined based on the applicable valuation method.

79. **Vehicle(s)** means any:

a. Self-propelled land motor vehicle required to be licensed for use on public roads including: Automobiles, buses, motorcycles, trucks, or tractors;

b. Trailers or semi-trailers required to be licensed for use on public roads; or

c. Similar means of transporting people or property on land.

Two or more **vehicles** connected together will be considered a single **vehicle.** A **vehicle** does not mean **mobile equipmen**t.

80. **Voice communication systems** means telephone systems, telephone switch-gear including operating programs and related **software**,voice terminals, telephone circuit packs, and other such equipment and component parts whose function is the transmission of voice communications.

81. **Volcanic action** means the eruption, explosion, or effusion of a volcano including the airborne volcanic blast; airborne shock waves; ash, dust, or particulate matter; lava flow, mud flow, or other debris flow.

82. **Your business** means the trade, profession, or occupation in which you are engaged.

B. Additional Definitions may be included within endorsements that may be attached to this Coverage Form.

Property-Gard - Pinnacle® - Equipment Breakdown Coverage Endorsement 250048 01 13

Policy Amendment(s) Commercial Property Coverage

This Endorsement modifies Insurance provided under the Property-Gard - Pinnacle Coverage Form - 250000.

Equipment Breakdown Coverage Endorsement

A. The following is added to the Property-Gard Pinnacle Coverage Form - 250000 as an additional **covered cause of loss**:

Equipment Breakdown Coverage

The term **covered cause of loss** includes coverage as described and limited below;

1. We will pay for direct physical loss or damage to **Property Insured** that is the direct result of an **accident**.
2. Unless otherwise shown in the Declarations applicable to Equipment Breakdown Coverage, the following coverages also apply as a direct result of an **accident**. These coverages do not provide additional amounts of insurance.

a. Expediting Expenses Coverage

With respect to your damaged **Property Insured**, we will pay the necessary extra cost to:

(1) Make temporary repairs; and

(2) Expedite permanent repairs or permanent replacement.

The most we will pay for under this Expediting Expenses Coverage in any one **accident** is $250,000 unless otherwise shown in the Declarations applicable to Expediting Expense Coverage provided by Equipment Breakdown Coverage.

b. Hazardous Substances Coverage

We will pay for the additional cost to repair or replace **Property Insured** because of contamination by a **hazardous substance**. This includes the additional expenses to clean up or dispose of such property.

This does not include contamination of **perishable stock** by refrigerant, including but not limited to ammonia, which is addressed in A.2.c. below. As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no **hazardous substance** been involved.

The most we will pay under this Hazardous Substances Coverage in any one **accident**, including actual loss of **business income** you sustain and necessary **extra expense** you incur, if shown as covered, is $250,000 unless otherwise shown in the Declarations applicable to Hazardous Substances Coverage provided by Equipment Breakdown Coverage.

c. Perishable Stock Coverage

(1) We will pay for:

(a) Direct physical loss or damage to **perishable stock** due to spoilage;

(b) Direct physical loss or damage to **perishable stock** due to contamination from the release of refrigerant, including but not limited to ammonia; and

(c) Any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

(2) If you are unable to replace the **perishable stock** before its anticipated sale, then the amount of our payment will be determined on the basis of the sales price of the **perishable stock** at the time of the **accident**, less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation provision for **stock**.

The most we will pay under this Perishable Stock Coverage in any one **accident** is $250,000 unless otherwise shown in the Declarations applicable to Perishable Stock Coverage provided by Equipment Breakdown Coverage.

d. Data Restoration Coverage

If an **accident** occurs causing loss or damage to **data**, then we will pay the **information restoration cost** with respect to such **data**.

The most we will pay under this Data Restoration Coverage in any one **accident**, including actual loss of **business income** you sustain and necessary **extra expense** you incur, if shown as covered, is $250,000 unless otherwise shown in the Declarations applicable to Data Restoration Coverage provided by Equipment Breakdown Coverage.

e. Service Interruption Coverage

(1) Any insurance provided for **business income, extra expense** or **perishable stock** is extended to apply to your loss, damage, or expense caused by the interruption of utility services. The interruption must result from an **accident** to equipment, including **overhead transmission lines**, that is owned by a utility, landlord, a landlord's utility or other supplier who provides you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks, or **data** transmission. Such equipment must meet the definition of **covered equipment** with the exception that it need not be **Property Insured**.

(2) We will not pay for any loss of **business income** you sustain that results from the interruption of utility services during the first 24 hours following the **accident**. However, if the **Time Element Loss** deductible shown in the Declarations applicable to Service Interruption Coverage provided by Equipment Breakdown Coverage as provided for in paragraph C. below is expressed as a time period and is greater than 24 hours, then such deductible or time period will apply instead of the 24 hours provided for in this paragraph.

(3) The most we will pay under this Service Interruption Coverage in any **one accident** is the applicable Limit of Insurance for **business income**, **extra expense**, or **perishable stock**, except that if a Limit of Insurance is shown in the Declarations applicable to Service Interruption Coverage provided by Equipment Breakdown Coverage, then such Limit of Insurance will apply to **business income** and **extra expense** loss under this Service Interruption coverage.

f. Business Income and Extra Expense Coverage

(1) Any insurance provided under the Property-Gard Pinnacle Coverage Form - 250000 for **business income** or **extra expense** is extended to the coverage provided by this Equipment Breakdown Coverage Endorsement. However, if a deductible is shown in the Declarations applicable to Business Income and Extra Expense Coverage provided by Equipment Breakdown Coverage, then as respects Equipment Breakdown Coverage, the **period of restoration** will begin immediately after the **accident**, and the deductible for **Time Element Loss** shown in the Declarations applicable to Business Income and Extra Expense Coverage provided by Equipment Breakdown Coverage will apply.

(2) The most we will pay for the actual loss of **business income** or necessary **extra expense** under this coverage in any one **accident** is the applicable Limit of Insurance stated in the Declarations for **business income** and **extra expense** provided by the Property-Gard Pinnacle Coverage Form - 250000, unless otherwise shown in the Declarations applicable to Business Income and Extra Expense Coverage provided by Equipment Breakdown Coverage.

g. Fungus Remediation Coverage

Any insurance provided under the Property-Gard Pinnacle Coverage Form - 250000 for **fungus** remediation coverage is extended to the coverage provided by this Endorsement. This does not include spoilage of **perishable stock**, which is addressed in A.2.c. Perishable Stock Coverage, above. The most we will pay under this Fungus Remediation Coverage in any one **accident** is the amount shown in the Declarations applicable to Fungus Remediation Coverage provided by the Property-Gard Pinnacle Coverage Form - 250000.

3. The following exclusions contained in Section IV. Exclusions of the Property-Gard - Pinnacle Coverage Form - 250000 do not apply, but only with respect to coverage provided by this Endorsement:

a. Exclusion IV.A.1.a. Boiler Explosion;

b. Exclusion IV.A.2.c. Mechanical Breakdown; and

c. Exclusion IV.A.4. Electrical Arcing.

B. Exclusions

1. We will not pay under this Endorsement for any loss, damage, or expense caused directly or indirectly by or resulting from any of the following excluded causes of loss; such loss, damage, or expense is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage:

a. Fire or water or other means used to extinguish a fire, lightning, explosion (except as specifically provided in F.1.c. below), **hurricane, named storm, storm**, smoke, aircraft or vehicles, riot or civil commotion, vandalism, leakage from **fire protection equipment**, elevator collision, molten material, breakage of glass, falling objects, **collapse**, or weight of snow, ice or sleet;

b. Freezing from weather related events;

c. Any **earth movement**, such as an **earthquake**, landslide, **mine subsidence** or earth sinking, rising or shifting;

d. **Flood**, however, if electrical **covered equipment** requires drying out because of a **flood**, then we will pay for the direct expense of such drying out subject to the applicable Limit of Insurance and Deductible;

e. A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment;

f. Any of the following:

(1) Defect, programming error, programming limitation, computer virus, malicious code, loss of **data**, loss of access, loss of use, loss of functionality or other condition within or involving **data, media**, or **software** of any kind; or

(2) Misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.

However, if an **accident** results, we will pay for the resulting loss, damage, or expense caused by such **accident**; or

g. **Fungus** whether or not caused by or resulting from an **accident**. However, this exclusion does not apply to the extent that coverage is provided above in A.2.g. Fungus Remediation or for spoilage of personal

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property that is **perishable stock**, to the extent that spoilage is covered under A.2.c. Perishable Stock Coverage, above.

2. We will not pay under this Endorsement for any loss or damage to animals.

C. Deductible

As respects this Endorsement only, Section X. Deductibles within the Property-Gard Pinnacle Coverage Form - 250000 is deleted and replaced with the following:

1. The coverage provided by this Endorsement may be subject to one or more of the following deductibles if shown in the Declarations applicable to Equipment Breakdown Coverage:

   a. **Time Element Loss**: Such deductibles apply to **time element loss**, including **time element loss** under Service Interruption coverage.

   b. **Perishable Stock** : Such deductibles apply to loss, damage, or expense to **perishable stock**, including **perishable stock** loss under Service Interruption coverage.

   c. **Production Machinery**: Such deductible applies to loss, damage, or expense to **production machinery**.

   d. **Property Insured**: Such deductible applies to all other loss, damage, or expense covered by this Endorsement including loss to **perishable stock** if no other **Perishable Stock** Deductible is specified and **time element loss** if no other **Time Element Loss** Deductible is specified and loss to **production machinery** if no other **Production Machinery** Deductible is specified.

2. If a dollar deductible is shown in the Declarations applicable to Equipment Breakdown Coverage, then we will not pay for covered loss, damage, or expense resulting from any **one accident** until the amount of such loss, damage, or expense exceeds the applicable Deductible shown. We will then pay the amount of covered loss, damage, or expense in excess of the applicable Deductible or Deductibles, up to the applicable Limit of Insurance.

3. If a time deductible is shown in the Declarations applicable to Equipment Breakdown Coverage for **Time Element Loss**, then we will not be liable for any loss occurring during the specified number of hours or days immediately following the **accident**. If a time deductible is expressed in days, then each day shall mean twenty-four (24) consecutive hours.

4. If a Multiplier is shown in the Declarations applicable to Equipment Breakdown Coverage for **Time Element Loss**, then the deductible is calculated by multiplying the One Hundred Percent Average Daily Value (100% ADV) times the Multiplier.

   a. The 100% ADV is calculated by dividing the sum of the total:

      (1) net profits; and

      (2) normal continuing expenses (including your normal continuing payroll expenses);

      that are covered by the Property-Gard Pinnacle Coverage Form - 250000, and that would have been earned had no damage occurred during the **suspension** of **operations**, by the number of working days in that **suspension** period.

   b. No reduction shall be made for net profits and normal continuing expenses (including your normal continuing payroll expenses) not being earned, or in the number of working days in the **suspension period**, because of the physical loss or damage to **Property Insured** or other scheduled or unscheduled shutdown(s) during the **suspension**.

   c. The ADV applies to all locations included in the valuation of the loss.

5. If a **Perishable Stock** Deductible is expressed as a percentage of loss, then we will not be liable for the indicated percentage of the gross amount of loss, damage, or expense (prior to any applicable deductible

or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated minimum deductible, then the minimum deductible will be the applicable deductible.

D. Conditions

As respects this Endorsement only, the following conditions are in addition to the Loss Conditions and General Conditions described within the Property-Gard - Pinnacle Coverage Form - 250000:

1. Suspension

   Whenever **covered equipment** is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an **accident** to that **covered equipment**. This can be done by mailing or delivering a written notice of suspension to:

   a. Your last known address; or

   b. The address where the **covered equipment** is located.

   Once suspended in this way, your insurance can be reinstated only by an endorsement for that **covered equipment**. If we suspend your insurance, then you will get a pro rata refund of premium for that **covered equipment** for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

2. Jurisdictional Inspections

   If any property that is **covered equipment** under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, then we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

3. Environmental, Safety and Efficiency Improvements

   If **covered equipment** requires replacement due to an **accident**, then we will pay your additional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced.

   However, we will not pay more than 150% of what the cost would have been to replace with like kind and quality. This condition does not increase any of the applicable limits. This condition does not apply to any property to which **actual cash value** applies.

E. Limit of Insurance

1. Except as otherwise provided in this Endorsement, the most we will pay for loss, damage, or expense under this Endorsement arising from any **one accident** is the applicable Limit of Insurance shown in the Declarations applicable to Equipment Breakdown Coverage.

2. Payments under any Limit of Insurance provided by this Endorsement are included within, not in addition to, any applicable Limit of Insurance provided by the Property-Gard Pinnacle Coverage Form - 250000.

F. Additional Definitions

The following are additional definitions applicable only to this Endorsement:

1. **Accident** means a fortuitous event that causes direct physical damage to **covered equipment**. The **accident** event must be one of the following:

   a. Mechanical breakdown, including rupture or bursting caused by centrifugal force;

   b. Artificially generated electrical, magnetic or electromagnetic energy, including electric arcing, that damages, disturbs, disrupts or otherwise interferes with any electrical or electronic wire, device, appliance, system or network;

   c. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;

d. Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or

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

One accident means: If an initial **accident** causes other **accidents**, all will be considered **one accident**. All **accidents** that are the result of the same event will be considered **one accident**.

2. **Covered equipment**

   a. **Covered equipment** means, unless otherwise specified in the Declarations applicable to Equipment Breakdown Coverage, **Property Insured** that:

      (1) Generates, transmits, or utilizes energy; or

      (2) During normal usage, operates under vacuum or pressure, other than the weight of its contents.

   b. None of the following is **covered equipment**:

      (1) Any structure, foundation, cabinet, compartment, or air supported structure or building;

      (2) Insulating or refractory material;

      (3) Sewer piping, buried vessels or piping, or piping forming a part of a sprinkler or fire suppression system;

      (4) Water piping, other than boiler feedwater piping, boiler condensate return piping or water piping, forming a part of a refrigerating or air conditioning system;

      (5) Any **vehicle** or any equipment mounted on a **vehicle**;

      (6) Any satellite, spacecraft or any equipment mounted on a satellite or spacecraft;

      (7) Any dragline, excavation or construction equipment; or

      (8) Equipment manufactured by you for sale.

3. **Hazardous substance** means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.

4. **Perishable stock** means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.

5. **Production machinery** means **covered equipment** that is a machine or apparatus that processes or produces a product intended for eventual sale. However, **production machinery** does not mean any fired or unfired pressure vessel other than a cylinder containing a movable plunger or piston.

6. **Vehicle** means, as respects this Endorsement only, any machine or apparatus that is used for transportation or moves under its own power. **Vehicle** includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.

   However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a **vehicle**.

G. This Endorsement is otherwise subject to all the terms, conditions, exclusions, limitations, and provisions of the Policy to which it is attached.

Property-Gard Pinnacle® - Conditional Vacancy Exclusion - 250050 01 13

Policy Amendment - Commercial Property Coverage Section

This Endorsement modifies insurance provided under the Property-Gard Pinnacle Coverage Form - 250000.

I. Section IX., Limitations of Coverage contained in the Property-Gard Pinnacle Coverage Form - 250000, is amended to include the following:

A. Conditional Vacancy Exclusion

1. We will not pay for any loss or damage sustained at any building insured under this Policy which has been **vacant** for more than 60 consecutive days prior to the occurrence of such loss or damage, whether or not such building is at a **location**, unless:

   a. You notify us in writing prior to the 60th consecutive day such building remains vacant; and

   b. Existing private fire protection, watch, or alarm services at a location, and within your control, are properly maintained and kept in complete working order.

2. Item I.A.1. above does not apply to:

   a. **Buildings while in the course of construction**, but only if:

      (1) Construction permits have been approved by, and are on file with, the building department having jurisdiction over the work to be done in connection with such construction; and

      (2) Substantial construction activities are being performed by construction personnel at such buildings on a regular and continuing basis, not including architects, engineers, or inspectors; or

   b. A building that is **vacant** due to repairs being made following loss or damage that is covered by the Property-Gard Pinnacle Coverage Form - 250000 or an endorsement attached to such Coverage Form.

3. If applicable state law only allows the provisions of this Endorsement to apply to a building described in the Declarations, then such provisions will continue to apply in such states to buildings that are not described in such Declarations, but only with respect to causes of loss other than fire.

4. If you notify us that a building at a location has become **vacant**, then we may remove such building from the Policy and return any applicable premium refund due to the first Named Insured shown in the Declarations. Such premium refund will be calculated on a pro-rata basis from the date that coverage for such building ceased to apply in accordance with the terms of this Endorsement.

B. Additional Definitions

The following are additional definitions applicable only to this Endorsement:

1. **Vacant** means that:

   a. 70% or more of the rentable square footage of a building at an insured location is not being actively used by you or a tenant for its intended purpose; or

   b. 70% or more of the total square footage of a building at an insured location utilized by you to conduct **your business** is no longer used to conduct your customary **operations**; or

   c. A building at an insured location utilized by you to conduct your business does not contain enough **business personal property** to conduct your customary **operations**;

This Form must be attached to Change Endorsement when issued after the policy is written.
One of the **Allianz Global Risks US Companies** as named in the policy.

whether or not you intend to use or rent such building.

II. This Endorsement is otherwise subject to all the terms, conditions, exclusions, limitations, and provisions of the Policy to which it is attached.

Property-Gard Pinnacle® - Crisis Management Coverage - 250062 10 22

Policy Amendment - Commercial Property Coverage Section

This Endorsement modifies insurance provided under the Property-Gard Pinnacle Coverage Form - 250000.

I. Section V.E., Extensions of Coverage Applicable only to Business Income and Extra Expense Coverage, provided under the Property-Gard Pinnacle Coverage Form - 250000, is amended to include the following:

A. Crisis Event Response Communication Cost

1. We will pay your **crisis event response communication cost** resulting from a **covered crisis event** at a location for sixty (60) consecutive days after a **covered crisis event** occurs.

2. No deductible applies to Crisis Event Response Communication Cost.

3. a. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Per Occurrence or Loss Event Limit of Insurance shown in the Declarations applicable to Crisis Event Response Communication Cost.

   b. The most we will pay under this Extension of Coverage in all occurrences or **loss events** during any one Policy Period is the **Annual Aggregate** Limit of Insurance shown in the Declarations applicable to Crisis Event Response Communication Cost.

B. Crisis Event Business Income and Extra Expense Coverage

1. Business Income and Extra Expense Coverage

   We will pay for the actual loss of **business income** and necessary **extra expense** you sustain due to the necessary **suspension** of **operations** during the **crisis event period of restoration** caused by or resulting from a **covered crisis event** at a location.

2. Extended Business Income and Extra Expense Coverage

   a. If a **business income** and **extra expense** loss is covered under Crisis Management Coverage provided by this Endorsement, then subject to the Limit of Insurance for Crisis Event Business Income and Extra Expense Coverage:

   (1) We will pay for the actual loss of **business income** you sustain during the period that begins on the date your **operations** are resumed and ends on the earlier of:

   (a) The date you could restore your **operations** with reasonable speed, to the level which would generate the **business income** amount that would have existed if no **covered crisis event** occurred; or

   (b) Thirty (30) consecutive calendar days after the date your **operations** are resumed.

   (2) We will pay the necessary **extra expense** you incur for advertising, direct mail, discount coupons, or other promotional expense you incur to attract customers back to **your business** during the period that begins on the date your **operations** are resumed and ends on the earlier of:

   (a) The date you could restore your **operations** with reasonable speed, to the level which would generate the **business income** amount that would have existed if no **covered crisis event** occurred; or

   (b) Thirty (30) consecutive calendar days after the date your **operations** are resumed.

3. a. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Per Occurrence or Loss Event Limit of Insurance shown in the Declarations applicable to Crisis Event Business Income and Extra Expense.

   b. The most we will pay under this Extension of Coverage in all occurrences or **loss events** during any one Policy Period is the **Annual Aggregate** Limit of Insurance shown in the Declarations applicable to Crisis Event Business Income and Extra Expense.

C. Post Crisis Event Expense Coverage

1. We will pay **post crisis event expense** incurred as a result of a **covered crisis event** at a location. Payments under Post Crisis Event Expense Coverage will begin immediately after the **covered crisis event** and will apply for up to sixty (60) consecutive days.

2. No deductible applies to Post Crisis Event Expense Coverage.

3. a. The most we will pay under this Extension of Coverage in any one occurrence or **loss event** is the Per Occurrence or Loss Event Limit of Insurance shown in the Declarations applicable to Post Crisis Event Expense Coverage.

   b. The most we will pay under this Extension of Coverage in all occurrences or **loss events** during any one Policy Period is the **Annual Aggregate** Limit of Insurance shown in the Declarations applicable to Post Crisis Event Expense Coverage.

D. Additional Exclusions

In addition to any other exclusions which apply in this Policy, the following exclusions apply to this Endorsement for any loss, damage, or expense regardless of whether any other cause or event contributes concurrently or in any sequence to the loss:

1. Exclusions Applicable to Item I.A., Crisis Event Response Communication Cost; Item I.B., Crisis Event Business Income and Extra Expense Coverage; and Item I.C., Post Crisis Event Expense Coverage:

   a. Illegal acts by you, any of your partners, **members**, **managers**, officers, directors, or trustees;

   b. Any claim or suit by a third party for bodily injury or property damage including defense costs related to such bodily injury or property damage;

   c. Disease; bacteria; virus; illness; sickness; any other microorganism capable of inducing physical distress, illness, or sickness; or any adverse condition of health of any kind; such as but not limited to any kind of **communicable disease**; or

   d. **Fungus**;

2. Exclusions Applicable to Item I.B., Crisis Event Business Income and Extra Expense Coverage:

   a. Any **covered crisis events** described in Item I.I.1.e. in this Endorsement.

E. Additional General Conditions

The following is added to Item XIII.P., Other Insurance, of the General Conditions contained in the Property-Gard Pinnacle Coverage Form - 250000, but only with respect to Crisis Management Coverage provided by this Endorsement:

3. Other insurance includes insurance coverage, self-insured retentions, or non-insurance services which provide the same or similar services as provided under this Endorsement.

F. Additional Loss Conditions

The following additional loss conditions are added to Item XII. Loss Conditions contained in the Property-Gard Pinnacle Coverage Form - 250000, but only with respect to Crisis Management Coverage provided by this Endorsement:

1. Item XII.C.1.b. contained in the Property-Gard Pinnacle Coverage Form - 250000 is deleted and replaced with the following:

   Notice of a Covered Crisis Event

   You must notify us of any suspected **covered crisis event** or any event that is likely to lead to a **covered crisis event** within forty-eight (48) hours of first becoming aware of it.

G. Valuation

   a. Item VI.B. the valuation provisions applicable to **time element loss**, contained in the Property-Gard Pinnacle Coverage Form - 250000, apply to loss of **business income** and necessary **extra expense** you sustain caused by or resulting from a **covered crisis event** at a location.

   b. The amount of **crisis event response communication cost** will be determined based on the documented additional expenses incurred by you to manage your organization's communications to your employees, shareholders, customers, government authorities, news media and other members of the public after the **covered crisis event**.

   c. The amount of **post crisis event expense** will be determined based on the documented additional expenses incurred by you after the **covered crisis event.**

H. Deductible

   1. The deductible provisions described under Section X. of the Property-Gard Pinnacle Coverage Form - 250000 apply to coverage provided under this Endorsement.

   2. The deductible shown in the Declarations for Time Element Loss will apply to loss or expense covered under this Endorsement unless a specific deductible is shown in the Declarations applicable to this Endorsement.

I. Additional Definitions

   The following are additional definitions applicable only to this Endorsement:

   1. **Covered crisis event** means the following occurring at a location that results in significant adverse regional or national news media coverage of you, unless otherwise excluded by this Endorsement:

      a. Violent acts: An actual, attempted, or threatened act committed with malicious intent against any person(s) that results in physical injury or death to such person(s). Violent acts do not include an actual, attempted, or threatened act by an insured.

      b. Premises contamination: The necessary closure of a location due to any sudden, accidental, and unintentional contamination or impairment of such location by **pollutants** which also results in bodily injury, illness, or death of any person(s), but only if a **covered cause of loss** caused or resulted in the discharge, dispersal, escape, or release of such **pollutants** from property at such location.

      c. Contaminated food:

         (1) A **public health authority** orders the closure of a location due to the contamination of food; or

         (2) An announcement you or a government body makes warning the public of a health hazard because of the discovery or reasonable suspicion that contaminated food has been served to your patrons at a location.

         (3) Exclusion IV.A.2.b.(1) of the Property-Gard Pinnacle Coverage Form – 250000 is deleted and replaced with the following, but only with respect to the contamination of food as described under Items I.I.1.c.(1) and (2) above:

            (1) Research or development, or testing operations;

(4) Exclusion IV.A.2.h.(2) of the Property-Gard Pinnacle Coverage Form – 250000 is deleted and replaced with the following, but only with respect to the contamination of food as described under Items I.I.1.c.(1) and (2) above:

(2) Wear and tear, erosion, wet or dry rot, except if **collapse** is caused by or results from this cause of loss, but only if such cause of loss is hidden or is not known by you prior to such **collapse**;

(5) The following exclusions located under Section IV. Of the Property-Gard Pinnacle Coverage Form – 250000 are deleted, but only with respect to the contamination of food as described under Items I.I.1.c.(1) and (2) above:

(a) IV.A.2.d. Insects, Animals, or Other Vermin;

(b) IV.A.2.h.(3) (Depletion, leakage of contents, or spillage);

(c) IV.A.2.h.(7) (Spoilage and Contamination);

(d) IV.A.2.h.(8) (Exposure to light):

(e) IV.A.2.h.(9) (Change in color, flavor, texture, or finish);

(f) IV.A.2.h.(10) (Evaporation or dissipation);

(g) IV.A.2.h.(11) (Shrinkage or expansion);

(h) IV.A.2.h.(12) (Any refrigerant including ammonia; or) and

(i) IV.A.2.h.(13) (Condensation, vapor, moisture, humidity, changes in humidity, dampness or dryness of atmosphere, changes in or extremes in temperature, all whether atmospheric or not).

d. Specified crimes: The following crimes, whether committed, attempted, or threatened:

(1) Criminal use of a firearm;

(2) Sexual assault;

(3) Stalking of one or more of your employees or customers; or

(4) Child abduction or kidnapping: The wrongful and illegal seizure of a child under age ten (10) by someone other than the child's parent or guardian;

e. Other crisis incidents:

(1) Explosion;

(2) Fire;

(3) Construction accident;

(4) Equipment failure; or

(5) Workplace accident.

2. **Crisis event period of restoration** means the period of time that begins immediately after the time of the **covered crisis event** and ends on the earlier of:

a. The date when your **operations** are resumed; or

b. The date when your **operations** should be resumed using reasonable speed.

3. **Crisis event response communication cost** means necessary expenses you incur for public relations services that are directly related to assisting you in minimizing negative publicity and restoring your reputation following a **covered crisis event**.

4. **Post crisis event expense** means:

   a. Necessary expense incurred by persons who were physically present the location at the time the **covered crisis event** occurred for:

      (1) Medical treatment;

      (2) Psychological counseling or other mental health treatment; or

      (3) Travel to or from a place of treatment for such treatments;

   b. Necessary expense incurred for:

      (1) Funeral expenses for persons physically present at the location at the time the **covered crisis event** occurred who die as a result of the **covered crisis event**; and

      (2) Travel expenses for the immediate family to attend the funeral of such deceased person.

   Post crisis event expense does not include expenses which are paid directly or indirectly to the person(s) who threatened, perpetrated, or participated in the **covered crisis event**, or their families.

5. **Public health authority** means the governmental authority having jurisdiction over your **operations** relative to health and hygiene standards necessary for the protection of the public.

II. This Endorsement is otherwise subject to all the terms, conditions, exclusions, limitations, and provisions of the Policy to which it is attached.

Property-Gard Pinnacle® - California State Exception Endorsement
250070 01 13

Policy Amendment - Commercial Property Coverage Section

This Endorsement modifies insurance provided under the Property-Gard Pinnacle Coverage Form - 250000.

I. The following is added to Section IV., Exclusions, Item A., Exclusions Applicable to All Coverages:

The Field Act

We will not pay for loss or damage caused by enforcement of "The Field Act" which deals with earthquake safety standards. As used in this Endorsement, "The Field Act" means:

A. The provisions of Article 4, Chapter 2, Division 11, Part 3, of the Educational Code of the State of California, including amendments thereto; and

B. All rules and regulations for the administration or enforcement of "The Field Act", including but not limited to Sections 101 to 1206 inclusive of Title 21 of the California Administrative Code as it is now or as it may be reorganized.

II. The following is added to Section VI. Valuation, Item A.3., Actual Cash Value:

d. If this is an Open Policy, then the following applies to any provision of this Policy which uses the term **actual cash value**:

(1) In case of total loss to the structure, **actual cash value** is calculated as the policy limit or the **fair market value** of the structure, whichever is less.

(2) In case of a partial loss to the structure, or loss to its contents, **actual cash value** is calculated as the amount it would cost the insured to repair, rebuild, or replace the thing lost or injured less a fair and reasonable deduction for physical depreciation based upon its condition at the time of the injury or the policy limit, whichever is less. In case of a partial loss to the structure, a deduction for physical depreciation shall apply only to components of a structure that are normally subject to repair and replacement during the useful life of that structure.

(3) An Open Policy means a policy under which the value of **Property Insured** is not fixed at policy inception, but is determined at the time of loss in accordance with policy provisions on valuation. The term Open Policy does not apply to **Property Insured** that is subject to an agreed value clause or similar clause that establishes an agreed value prior to loss, unless such clause has expired.

III. Section XII., Loss Conditions, Item B., Appraisal, is deleted in its entirety and replaced with the following:

B. Appraisal

1. In case we and you fail to agree as to the **value** of the property, the amount of Net Income and operating expense, or the amount of the loss, then, on the written request of either, both we and you shall select a competent and disinterested appraiser and notify the other of the appraiser selected within twenty (20) days of the request. Where the request is accepted, the appraisers shall first select a competent and disinterested umpire; and failing for fifteen (15) days to agree upon the umpire, then, on request of us or you, the umpire shall be selected by a judge of a court of record in the state in which the property covered is located. Appraisal proceedings are informal unless we and you mutually agree otherwise. For purposes of this section, "informal" means that no formal discovery shall be conducted, including depositions, interrogatories, requests for admission, or other forms of formal civil discovery, no formal rules of evidence shall be applied, and no court reporter shall be used for the proceedings. The two

appraisers shall then appraise the loss, stating separately the **value** of the property, the amount of Net Income and operating expense, and the amount of the loss. If the two appraisers fail to agree, they shall submit their differences, only, to the umpire. An award in writing, so itemized, of any two when filed with us shall determine the **value** of the property, the amount of Net Income and operating expense, and the amount of the loss. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

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

IV. Section XIII., General Conditions, Item C.1., is deleted in its entirety and replaced with the following:

1. Cancellation.

a. Policies In Effect for 60 Days or Less.

If this Policy has been in effect for sixty (60) days or less, and is not a renewal of a policy we issued, then we may cancel this Policy by mailing or delivering to the first Named Insured at the mailing address shown in the Policy and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

(1) Ten (10) days prior to the effective date of the cancellation in the case of cancellation for:

(a) Nonpayment of premium;

(b) Fraud by any insured or his or her representative in obtaining this insurance; or

(c) Fraud by you or your representative in pursuing a claim under this policy.

(2) Thirty (30) days prior to the effective date of cancellation if we cancel for any other reason.

b. Policies In Effect for More Than 60 Days.

(1) If this policy has been in effect for more than sixty (60) days, or is a renewal policy, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:

(a) Nonpayment of premium, including payment due on a prior policy issued by us and due during the current policy term covering the same risks;

(b) A judgment by a court or an administrative tribunal that the Named Insured has violated any law of this state or of the United States having as one of its necessary elements an act that materially increases any of the risks insured against;

(c) Discovery of fraud or material misrepresentation by either of the following:

1) The insured or his or her representative in obtaining the insurance.

2) The named insured or his or her representative in pursuing a claim under the policy.

(d) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by the Named Insured or his or her representative, which materially increase any of the risks insured against.

(e) Failure by the Named Insured or his or her representative to implement reasonable loss control requirements that were agreed to by the insured as a condition of policy issuance or that were conditions precedent to the use by the insurer of a particular rate or rating plan, if the failure materially increases any of the risks insured against.

(f) A determination by the Insurance Commissioner that the loss of, or changes in, an insurer's reinsurance covering all or part of the risk would threaten the financial integrity or solvency of the insurer. A certification made under penalty of perjury to the commissioner by one of our officers of the loss of, or change in, reinsurance and that the loss or change will threaten the financial integrity or solvency of the insurer if the cancellation of the policy is not permitted shall constitute this determination unless disapproved by the commissioner within 30 days of the filing. There shall be no extensions to this 30-day period.

(g) A determination by the Insurance Commissioner that a continuation of the policy coverage would place the insurer in violation of the laws of this state or the state of its domicile or that the continuation of coverage would threaten the our solvency; or

(h) A change by the Named Insured or his or her representative in the activities or property of the commercial or industrial enterprise that results in a material added risk, a materially increased risk, or a materially changed risk, unless the added, increased, or changed risk is included in the policy.

(2) We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:

(a) Ten (10) days prior to the effective date of the cancellation in the case of cancellation for:

1) Nonpayment of premiums;

2) Fraud by any insured or his or her representative in obtaining this insurance; or

3) Fraud by you or your representative in pursuing a claim under this policy.

(b) Thirty (30) days prior to the effective date of cancellation if we cancel for any other acceptable reason.

V. The following is added to Section XIII., General Conditions, Item C.1., Cancellation:

If any one of the following conditions exists at any building that is **Property Insured** in this Policy, then we may cancel this Property-Gard Pinnacle Coverage Form by mailing or delivering to the first Named Insured written notice of cancellation at least five (5) days before the date cancellation is effective:

A. The building has been vacant or unoccupied sixty (60) or more consecutive days. Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision. This does not apply to:

1. Seasonal unoccupancy;

2. Buildings in the course of construction, renovation or addition; or

3. Buildings to which the Vacancy Permit endorsement applies.

B. After damage by a covered cause of loss, permanent repairs to the building:

1. Have not started; and

2. Have not been contracted for, within 30 days of initial payment of loss.

C. The building has:

1. An outstanding order to vacate;

2. An outstanding demolition order;

3. Been declared unsafe by governmental authority.

D. Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.

E. Failure to:

1. Furnish necessary heat, water, sewer service or electricity for thirty (30) consecutive days or more, except during a period of seasonal unoccupancy; or

2. Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

VI. Section XIII., General Conditions, Item C.2., is deleted in its entirety and replaced with the following:

2. Nonrenewal

a. Subject to the provisions of Items 2.b. and 2.c. below, if we elect not to renew this Policy, we will mail or deliver written notice stating the reasons for nonrenewal to the first Named Insured shown in the Declarations and to the producer of record, at least sixty (60) days but not more than one hundred-twenty (120) days in advance of the end of the policy period. We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the Policy.

b. If this Policy applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, then:

(1) We may elect not to renew such coverage for any reason, except as provided in Items (2), (3) and (4) below.

(2) We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage. However, if we are associate participating insurers as established by Cal. Ins. Code Section 10089.16, we may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

(a) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;

(b) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or

(c) We have lost or experienced a substantial reduction in the availability or scope of reinsurance coverage or experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies and the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.

(3) We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy issued by the California Earthquake Authority that included an earthquake policy premium surcharge.

(4) We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This restriction (4) applies only if this Property-Gard Pinnacle Coverage Form excludes loss or damage caused by or resulting from corrosive soil conditions.

c. We are not required to send notice of nonrenewal in the following situations:

(1) If the transfer or renewal of a policy, without any changes in terms, conditions, or rates, is between us and a member of our insurance group;

(2) If the policy has been extended for ninety (90) days or less, provided that notice has been given in accordance with Item 2.a. above;

(3) If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within sixty (60) days of the termination of the policy, to obtain that coverage;

(4) If the policy is for a period of no more than sixty (60) days and you are notified at the time of issuance that it will not be renewed;

(5) If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within sixty (60) days of the end of the policy period; or

(6) If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in Item 2.a. above, to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

VII. Section XIII., General Conditions, Item E., Concealment, Misrepresentation, or Fraud, is deleted in its entirety and replaced with the following:

E. Concealment, Misrepresentation, or Fraud.

This entire Policy shall be void if, whether before or after a loss, you have willfully concealed or misrepresented any material fact or circumstance concerning this Policy, a claim under this Policy, the interest of the insured, or in case of any fraud or false swearing by you relating thereto.

VIII. This Endorsement is otherwise subject to all the terms, conditions, exclusions, limitations, and provisions of the Policy to which it is attached.

Property-Gard Pinnacle® - Additional Covered Causes of Loss 250001 01 13

Policy Amendment - Commercial Property Coverage Section

This Endorsement modifies insurance provided under the Property-Gard Pinnacle Coverage Form - 250000.

I. A. If a Limit of Insurance is shown in the Declarations applicable to this Endorsement for any of the following causes of loss, then each such cause of loss is a **covered cause of loss** and we will pay for direct physical loss or damage to **Property Insured** caused by or resulting from such **covered cause(s) of loss** at a **location** shown in the Declarations applicable to this Endorsement:

1. **Earth movement;**
2. **Fire protection equipment leakage from earth movement**; or
3. **Flood.**

B. Business Income and Extra Expense

1. If the Declarations show you have Business Income and Extra Expense Coverage, then we will pay for the actual loss of **business income** or necessary **extra expense** that you sustain due to the necessary **suspension** of your **operations** during the **period of restoration**. The **suspension** of your **operations** must be caused by or result from direct physical loss or damage to property at a **location** shown in the Declarations applicable to this Endorsement caused by a **covered cause of loss** insured under this Endorsement.
2. A covered loss under this Endorsement involving **business income** or necessary **extra expense** will be governed by the terms and conditions of Business Income and Extra Expense Coverage provided under the Property-Gard - Pinnacle Coverage Form - 250000 but will be subject to the Limits of Insurance shown in the Declarations applicable to this Endorsement.

C. 1. If **earth movement** or **fire protection equipment leakage from earth movement** are **covered causes of loss** insured under this Endorsement, then the Earth Movement exclusion (Item IV.A.3.a.) contained in the Property-Gard - Pinnacle Coverage Form - 250000 does not apply, but only with respect to coverage provided by this Endorsement.

2. If **flood** is a **covered causes of loss** insured under this Endorsement, then the Flood exclusion (Item IV.A.3.b.) contained in the Property-Gard - Pinnacle Coverage Form - 250000 does not apply, but only with respect to coverage provided by this Endorsement.

II. Additional Exclusions

The following exclusions are added to Item IV.A.1. of the Property-Gard Pinnacle Coverage Form - 250000 with respect to coverage provided by this Endorsement:

A. **Earth movement**, **fire protection equipment leakage from earth movement**, or **flood** that begins before the inception of this Policy; or

B. The cost to remove ash, dust, or other particulate matter caused by or resulting from **volcanic action** that does not cause direct physical loss or damage to property insured by this Endorsement.

III. Deductible

A. 1. If **flood** is a **covered causes of loss** insured under this Endorsement, then the Flood exclusion (Item IV.A.3.b.) contained in the Property-Gard - Pinnacle Coverage Form - 250000 does not apply, but only with respect to coverage provided by this Endorsement.

This Form must be attached to Change Endorsement when issued after the policy is written.
One of the **Allianz Global Risks US Companies** as named in the policy.

2. The deductible(s) stated in the Declarations, applicable to the **covered causes of loss** insured under this Endorsement, apply to each **loss event**, except as described below in Item III.B.3.

3. We will not pay for covered **property damage loss** or **time element loss** in any one **loss event** until the amount of covered **property damage loss** or **time element loss** exceeds the deductible shown in the Declarations applicable to the **covered causes of loss** insured under this Endorsement. We will then pay the amount of such covered **property damage loss** or **time element loss** in excess of the deductible, up to the applicable Limit of Insurance.

B. Property Damage Loss

1. If the deductible stated in the Declarations applicable to this Endorsement is a Dollar Deductible Amount, then the stated dollar amount is the sum we will subtract from a covered **property damage loss** in any one **loss event**.

2. If the deductible stated in the Declarations applicable to this Endorsement is a Percentage Deductible, then for covered property that has sustained loss or damage, the sum we will subtract from a **property damage loss** in any one **loss event** is the indicated percentage multiplied by 100% of the total **value** of such covered property immediately prior to the loss. However, if a Minimum Deductible amount is stated in the Declarations, then we will subtract at least the Minimum Deductible amount from the covered **property damage loss** you sustain in any one **loss event**.

3. The Dollar Deductible Amount and Percentage Deductible indicated in the Declarations applicable to this Endorsement will be calculated separately for and applied separately to the following subjects of insurance for each **loss event** wherever such loss or damage is sustained and for which claim is made:

   a. Each **building** that sustains covered loss or damage, if any part of such **building** sustains covered loss or damage;

   b. **Business personal property** in each **building**, if any portion of such **business personal property** sustains covered loss or damage;

   c. **Business personal property** situated outside of a **building** and in the open, and **business real property** other than **buildings** situated outside of a **building** and in the open, if any portion of such property sustains covered loss or damage; and

   d. Any other covered property insured by an Extension of Coverage under Section V. of the Property-Gard- Pinnacle Coverage Form - 250000.

C. Time Element Loss

1. If the deductible stated in the Declarations applicable to this Endorsement is a Dollar Deductible Amount, then the stated dollar amount is the sum we will subtract from a covered **time element loss** in any one **loss event**.

2. If the deductible stated in the Declarations applicable to this Endorsement is an Hour Deductible, then we will not pay for any covered **time element loss** you sustain during the specified number of consecutive hours immediately following the initial covered loss or damage. However, if a Minimum Deductible amount is stated in the Declarations applicable to this Endorsement, then we will subtract at least the Minimum Deductible amount from the covered **time element loss** you sustain in any one **loss event**.

D. When Multiple Deductibles Apply

If more than one deductible is applicable to covered loss, damage, or expense insured under this Endorsement, then each such deductible applies separately and will be determined based on the deductible shown in the Declarations applicable to this Endorsement. If deductibles are shown in the Declarations applicable to this Endorsement for a **property damage loss** and a **time element loss**, then each deductible will be subtracted from the applicable covered **property damage loss** or **time element loss** in any one **loss event**.

IV. Limits of Insurance

Allianz

A. Regardless of any other coverage, Limits of Insurance stated in this Policy, or the number of locations involved, the most we will pay for **property damage loss** or **time element loss**, or both, in any one **loss event** caused by or resulting from a **covered cause of loss** is the Blanket Per Loss Event Limit of Insurance shown in the Declarations applicable to this Endorsement. However, the most we will pay with respect to such losses to a **location** that has been assigned a Per Loss Event Sublimit of Insurance is the applicable Per Loss Event Sublimit of Insurance shown in the Declarations applicable to this Endorsement.

B. If the Declarations applicable to this Endorsement show a Blanket Per Loss Event Limit of Insurance in conjunction with a Per Loss Event Sublimit of Insurance, then such sublimit is included within, not in addition to, the corresponding Blanket Per Loss Event Limit of Insurance.

C. The most we will pay for **property damage loss** or **time element loss** in all **loss events** in any one Policy Period under this Endorsement, is the **Annual Aggregate** Limit of Insurance shown in the Declarations applicable to this Endorsement.

D. If a **covered cause of loss** insured under this Endorsement causes fire or explosion, and both **covered causes of loss** create covered loss or damage, then only the higher of the two Limits of Insurance will apply.

V. Additional Definitions

The following are additional definitions applicable only to this Endorsement:

A. **Building** means a type of **business real property** which is a structure used to support or shelter your **operations**.

B. **Loss event** means:

1. With respect to e**arth movement** and **fire protection equipment leakage from earth movement**, all elements of loss, regardless of the number of locations involved, caused by or resulting from **earth movement** and **fire protection equipment leakage from earth movement**. All **earth movement** that occurs within any 168 hour period will constitute a single **loss event**. The expiration of this Policy will not reduce the 168 hour period.

2. With respect to **flood**, all elements of loss, regardless of the number of locations involved, caused by or resulting from a single **flood** that begins when **flood** water enters your location during the Policy Period.

VI. Examples - Application of Percentage Deductible in a Covered Loss

A. As used in the following examples, the terms Specific Limits of Insurance and Blanket Limits of Insurance have the following meanings:

1. Specific Limits of Insurance means each subject of insurance at each **location** under a separate Limit of Insurance. For example:

a. **Business real property** at a **location** insured under a Limit of Insurance which applies only to such **location**; or

b. **Business personal property** at a **location** insured under a Limit of Insurance which applies only to such **location**.

2. Blanket Limits of Insurance means two or more subjects of insurance under a single Limit of Insurance. For example:

a. **Business real property** and **business personal property** located at a single **location** insured under a single Limit of Insurance; or

b. **Business real property**, **business personal property**, or both combined, at two separate **locations** insured under a single Limit of Insurance.

Subjects of insurance, **locations**, and corresponding Limits of Insurance are shown in the Declarations applicable to this Endorsement.

B. Example 1: Specific Limits of Insurance

1. The Limits of Insurance shown in the Declarations are as follows:
    a. **Building** = $80,000
    b. **Business personal property** situated in such **building** = $64,000
2. The **value** of the **building** is $100,000. The **value** of **business personal property** situated in such **building** is $80,000.
3. **Building** and **business personal property** situated in such **building** have sustained covered loss or damage. The amounts of such covered loss or damage are:
    a. **Building** = $60,000; and
    b. **Business personal property** situated in such **building** = $40,000.
4. The Percentage Deductible shown in the Declarations that applies is 2%.
5. The application of the Percentage Deductible is determined and applied as follows:

Building	Business Personal Property
Step 1: $100,000 X 2% = $2,000 Step 2: $60,000 - $2,000 = $58,000	Step 1: $80,000 X 2% = $1,600 Step 2: $40,000 - $1,600 = $38,400

6. The most we will pay in this example is $96,400 ($58,000 + $38,400 = $96,400). That portion of the total loss not covered due to application of the deductible is $3,600 ($2,000 + $1,600 = $3,600).
7. Note that the dollar equivalent of the Percentage Deductible shown in the Declarations applicable to this Endorsement is determined by applying such Percentage Deductible to the 100% total **value** of the damaged **building** and **business personal property** immediately before the covered loss or damage occurs.

C. Example 2: Blanket Limits of Insurance

1. The Blanket Limit of Insurance applicable to Business Real Property shown in the Declarations is $1,800,000 and insures **buildings** #1, #2, and #3.
2. The **value** of each **building** included in such Blanket Limit of Insurance totals $2,000,000 and is comprised of the following:
    a. **Building** #1 with a **value** of $500,000;
    b. **Building** #2 with a **value** of $500,000; and
    c. **Building** #3 with a **value** of $1,000,000.
3. **Buildings** #1 and **building** #2 have sustained covered loss or damage. The amounts of loss to these buildings are:
    a. **Building** #1 = $40,000; and
    b. **Building** #2 = $20,000.
4. The Percentage Deductible shown in the Declarations that applies is 2%.
5. The application of the Percentage Deductible is determined and applied as follows:

Building #1	Building #2
Step 1: $500,000 X 2% = $10,000 Step 2: $40,000 - $10,000 = $30,000	Step 1: $500,000 X 2% = $10,000 Step 2: $20,000 - $10,000 = $10,000

6. The most we will pay is $40,000 ($30,000 + $10,000 = $40,000). That portion of the total loss not covered due to application of the Percentage Deductible is $20,000 ($10,000 + $10,000 = $20,000).
7. Note that the dollar equivalent of the Percentage Deductible shown in the Declarations applicable to this Endorsement is determined by applying such Percentage Deductible to the 100% total **value** of each damaged **building** (**building** #1 and **building** #2) immediately before the covered loss or damage occurs.

VII. This Endorsement is otherwise subject to all the terms, conditions, exclusions, limitations, and provisions of the Policy to which it is attached.

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Property-Gard Pinnacle® - Blanket Mortgage Holder or Loss Payee Provisions - 250126 01 15

Policy Amendment - Commercial Property Coverage Section

This Endorsement modifies insurance provided under the Property-Gard Pinnacle Coverage Form - 250000.

I. Blanket Mortgage Holder or Loss Payee Provisions

Section VII., Mortgage Holders or Loss Payee Provisions, contained in the Property-Gard Pinnacle Coverage Form - 250000 is deleted and replaced by Items II. through V. of this Endorsement.

II. Lender's Loss Payable Provisions

A. The Loss Payee described as a Lender's Loss Payable in a Schedule on file with us is a creditor, mortgage holder, trustee, or receiver whose interest in covered property is established by the following written instruments, as applicable:

1. Warehouse receipts;
2. A contract for deed;
3. Bills of lading;
4. Financing statements;
5. Mortgages, deeds of trust, or security agreements; or
6. Court order.

B. If covered loss or damage occurs to covered property in which both you and a Loss Payee have an insurable interest, and such Loss Payee is described as a Lenders Loss Payable in a Schedule on file with us prior to such covered loss or damage, then:

1. We will pay for covered loss or damage to each such Loss Payee in their order of precedence, as interests may appear.
2. Such Loss Payee has the right to receive loss payment even if such Loss Payee has started foreclosure or similar action on the covered property.
3. If we deny your claim because of your acts or because you have failed to comply with the terms of this Policy, then such Loss Payee will still have the right to receive loss payment if the Loss Payee:
   a. Pays any premium due under this Policy at our request if you have failed to do so;
   b. Submits a signed, sworn, proof of loss within 60 days after receiving notice from us of your failure to do so; and
   c. Has notified us of any change in ownership, occupancy, or substantial change in risk known to such Loss Payee.

   All of the terms of this Policy will then apply directly to such Loss Payee.
4. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Policy, then:
   a. Such Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
   b. Such Loss Payee's rights to recover the full amount of such Loss Payee's claim will not be impaired.

This Form must be attached to Change Endorsement when issued after the policy is written.
One of the **Allianz Global Risks US Companies** as named in the policy.

At our option, we may pay to such Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.

C. If we cancel or elect not to renew this Policy, then we will give such Loss Payee the same written notice that we give you.

III. Loss Payable Provisions

If covered loss or damage occurs to covered property which both you and a Loss Payee have an insurable interest and such Loss Payee is described as a Loss Payable in a Schedule on file with us prior to such covered loss or damage, then we will:

A. Adjust losses with you; and

B. Pay any claim for loss or damage jointly to you and such Loss Payee, as interests may appear.

IV. Contract of Sale Provisions

A. The Loss Payee described as a Contract of Sale in a Schedule on file with us is a person or organization you have entered a contract with for the sale of covered property.

B. If covered loss or damage occurs to such covered property in which both you and such Loss Payee have an insurable interest, and such Loss Payee is described in a Schedule on file with us prior to such covered loss or damage, then we will:

1. Adjust losses with you; and

2. Pay any claim for loss or damage jointly to you and such Loss Payee, as interests may appear.

C. The following is added to the Other Insurance Clause contained in Section XIII. General Conditions, but only with respect to coverage provided by this Endorsement:

For covered property that is the subject of a contract of sale, the word you includes such Loss Payee.

V. Reporting Requirements

A. If the following information is described in a Schedule on file with us for covered property in which both you and a Loss Payee have an insurable interest, then the Blanket Loss Payable Provisions of this Endorsement apply to covered loss or damage insured under this Coverage Form:

1. A description of such covered property;

2. The name and address of such Loss Payee(s); and

3. The Loss Payee Provision, described in Sections II., III., or IV. of this Endorsement, applicable to such covered property and such Loss Payee.

B. If the information described above in Item V.A. is not on file with us for covered property in which both you and a Loss Payee have an insurable interest, then we will make payment directly to you or to the Loss Payee, if directed by you, for covered loss or damage sustained under this Coverage Form.

C. We do not bear any responsibility for a payment made directly to you that does not include any payment to a Loss Payee because of your failure to maintain records of the Loss Payee or to report the Loss Payee information to us when it is due.

VI. This Endorsement is otherwise subject to all the terms, conditions, exclusions, limitations, and provisions of the Policy to which it is attached.

Property-Gard Pinnacle® - Mobile Equipment Coverage - 250131 10 17

Policy Amendment - Commercial Property Coverage Section

This Endorsement modifies insurance provided under the Property-Gard Pinnacle Coverage Form - 250000.

I. Section V.D., Extensions of Coverage Applicable only to Property Coverage, provided under the Property-Gard Pinnacle Coverage Form - 250000, is amended to include the following:

Mobile Equipment Coverage

A. If the Declarations show a Limit of Insurance for **business personal property**, then we will pay for direct physical loss or damage to **mobile equipment** caused by or resulting from a **covered cause of loss**, while such **mobile equipment** is anywhere within the Coverage Territory, except as described below in Item I.D.5.

B. Rental Reimbursement Coverage

1. If **mobile equipment** sustains covered loss or damage insured under Item I.A. above, then we will pay the following under Rental Reimbursement Coverage:

   a. Your continuing expense arising from such **mobile equipment** which you have leased or rented and are required to pay under a rental or lease contract; and

   b. The expense you incur to rent other **mobile equipment** of like kind and quality in order to continue your **operations;**

   beginning immediately after the date that you sustained such covered loss or damage until such **mobile equipment** is repaired or replaced, but for no longer than the consecutive calendar days shown in the Declarations applicable to this Endorsement for Rental Reimbursement Coverage.

2. We will not pay under this Endorsement for any loss of **business income** or **extra expense** incurred, except as described above under Item I.B.1.

C. Newly Acquired Mobile Equipment Coverage

1. If you acquire additional items of **mobile equipment** during the Policy Period, then we will pay for direct physical loss or damage to such **mobile equipment** caused by or resulting from a **covered cause of loss.**

2. For each newly acquired item of **mobile equipment**, Newly Acquired Mobile Equipment Coverage ends on the earliest of the following dates:

   a. Immediately following the number of consecutive calendar days shown in the Declarations applicable to this Endorsement from the date you acquire such **mobile equipment;**

   b. On the date you report the values of such **mobile equipment** to us; or

   c. On the date this Policy expires.

3. When you report the values of such **mobile equipment** to us, you will owe us additional premium from the date of acquisition.

4. If there is any other insurance covering such newly acquired **mobile equipment,** then Newly Acquired Mobile Equipment Coverage will only pay for the amount of covered loss or damage in excess of the amount due from such other insurance, whether you can collect on it or not.

D. Additional Property Not Insured

The following types of property are added to Section III. Property Not Insured, contained in the Property-Gard Pinnacle Coverage Form - 250000, but only with respect to Mobile Equipment Coverage provided by this Endorsement:

1. **Mobile equipment** while:

   a. Leased, loaned, or rented to others; or

   b. In the possession of others under an agreement of sale.

2. Any waterborne shipments of **mobile equipment**, except when such property is being transported aboard a licensed ferry on an inland waterway. If such property suffers covered loss or damage while on such ferry, then we will pay for general average and salvage charges that may be assessed against you.

3. Shipments of **mobile equipment** covered by ocean marine insurance, ocean cargo insurance, or inland marine insurance.

4. Any **mobile equipment** while carrying a load exceeding the applicable load rating published by the manufacturer of such **mobile equipment.**

5. **Mobile equipment** while such **mobile equipment** is situated within 1,000 feet of a **location**.

E. Newly Acquired Location Coverage and Unnamed Location Coverage contained in the Property-Gard Pinnacle Coverage Form - 250000 do not apply to Mobile Equipment Coverage provided by this Endorsement.

F. If Equipment Breakdown Coverage is covered under the Equipment Breakdown Coverage Endorsement – 250048, then such Equipment Breakdown Coverage does not apply to Mobile Equipment Coverage provided by this Endorsement.

G. Valuation

1. If covered loss or damage occurs to **mobile equipment** and the valuation method shown in the Declarations applicable to this Endorsement is Actual Cash Value (Valuation Method = ACV), then we will determine the **value** of such **mobile equipment** in accordance with Valuation Item VI.A.3., Actual Cash Value, contained in the Property-Gard Pinnacle Coverage Form – 250000.

2. If covered loss or damage occurs to **mobile equipment** and the valuation method shown in the Declarations applicable to this Endorsement is Operational Replacement Cost (Valuation Method = ORC), then we will determine the **value** of such **mobile equipment** in accordance with Valuation Item VI.A.11., Operational Replacement Cost, contained in the Property-Gard Pinnacle Coverage Form – 250000.

3. If covered loss or damage occurs to **mobile equipment** and the valuation methods shown in the Declarations applicable to this Endorsement for:

   a. Actual Cash Value (Valuation Method = ACV); and

   b. Operational Replacement Cost (Valuation Method = ORC);

   are left blank, then Replacement Cost valuation applies to Mobile Equipment Coverage in accordance with Valuation Item VI.A.2.a. contained in the Property-Gard Pinnacle Coverage Form – 250000.

H. Deductible

1. The deductible provisions described under Section X. of the Property-Gard Pinnacle Coverage Form - 250000 apply to coverage provided under this Endorsement.

2. The deductible shown in the Declarations for Business Personal Property will apply to covered loss, damage, or expense insured by this Endorsement unless a specific deductible is shown in the Declarations applicable to this Endorsement.

3. No Deductible applies to covered loss under Rental Reimbursement Coverage insured by this Endorsement.

I. Limits of Insurance

1. Miscellaneous Unscheduled Mobile Equipment

a. The most we will pay under Mobile Equipment Coverage for any one unscheduled item of **mobile equipment** suffering covered loss or damage, including any related items, in any one occurrence or **loss event**, is the Any One Item Limit of Insurance shown in the Declarations applicable to this Endorsement for Miscellaneous Unscheduled Mobile Equipment.

b. The most we will pay under Mobile Equipment Coverage for all unscheduled **mobile equipment** suffering covered loss or damage in any one occurrence or **loss event**, regardless of the number of items of **mobile equipment**, is the applicable Per Occurrence or Loss Event Limit of Insurance shown in the Declarations applicable to this Endorsement for Miscellaneous Unscheduled Mobile Equipment.

2. Individually Described Mobile Equipment

The most we will pay under Mobile Equipment Coverage for each individually scheduled item of **mobile equipment** suffering covered loss or damage in any one occurrence or **loss event** is the Limit of Insurance shown in the Declarations applicable to this Endorsement and stated in the Schedule of Individually Described Mobile Equipment for such item.

3. Rental Reimbursement Coverage

The most we will pay under Rental Reimbursement Coverage for covered loss or damage in any one occurrence or **loss event**, regardless of:

a. The number of items of **mobile equipment** suffering covered loss or damage; or

b. The number of consecutive calendar days;

is the Limit of Insurance shown in the Declarations applicable to this Endorsement for Rental Reimbursement Coverage.

4. Newly Acquired Mobile Equipment Coverage

The most we will pay under Newly Acquired Mobile Equipment Coverage for covered loss or damage in any one occurrence or **loss event,** regardless of the number of newly acquired items of **mobile equipment** involved, is the Limit of Insurance shown in the Declarations applicable to this Endorsement for Newly Acquired Mobile Equipment Coverage.

II. This Endorsement is otherwise subject to all the terms, conditions, exclusions, limitations, and provisions of the Policy to which it is attached.

Property-Gard Pinnacle® - Protective Safeguard and Conditional Exclusion Endorsement - 250016 01 13

Policy Amendment - Commercial Property Coverage Section

This Endorsement modifies insurance provided under the Property-Gard Pinnacle Coverage Form - 250000.

I. Additional Condition

A. The Protective Safeguard Condition described below in Item I.B. is added to Section XIII. General Conditions contained in the Property-Gard Pinnacle Coverage Form - 250000:

B. Protective Safeguard Condition

1. When one or more protective safeguard symbols (P-1 through P-7 as described below in Item I.B.2.), appear in the Declarations applicable to this Endorsement, then as a condition of this insurance, you are required to maintain such protective safeguard devices or services in complete working order without suspension or impairment at all times, at the **location** applicable to this Endorsement (hereinafter referred to as "described **location**"). If such protective safeguards are not so maintained, then the exclusions described below in Item II.B. will apply.

2. The protective safeguard devices or services to which this Endorsement applies are identified by the following symbols (P-1 through P-7):

a. P-1: **Automatic burglar alarm.**

b. P-2: **Automatic fire alarm.**

c. P-3: **Fire protection equipment.**

d. P-4: **Heating equipment.**

e. P-5: **Security guard service.**

f. P-6: **Service contract.**

g. P-7: The protective system or service as described in the Declarations applicable to this Endorsement.

II. Conditional Exclusions

A. The Conditional Exclusions described below in Item II.B. of this Endorsement are added to Section IV.A.1. Exclusions contained in the Property-Gard Pinnacle Coverage Form - 250000, and apply to the described **location:**

B. Conditional Exclusions

1. If **fire** is a cause of loss described in the Declarations applicable to this Endorsement and a protective safeguard symbol (P-1 through P-7 as described above in Item I.B.2.) also applies, then we will not pay for any loss or damage to any covered property at the described l**ocation** caused by or resulting from **fire**, if prior to the **fire**, you:

a. Knew of any suspension or impairment of the protective safeguard described in the Declarations applicable to this Endorsement and failed to return such protective safeguard device or service to complete working order within 48 hours of such knowledge; or

b. Failed to maintain the protective safeguard described in the Declarations applicable to this Endorsement, and over which you had control, in complete working order.

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2. a. If **theft** is a cause of loss described in the Declarations applicable to this Endorsement and protective safeguard symbol P-1, P-5, P-7, or any combination thereof as described above in Item I.B.2.apply, then we will not pay for the **theft** of any covered property contained within the building insured, or that portion of such building which you use to conduct your **operations**, at the described **location.**

   b. If **theft** is a cause of loss described in the Declarations applicable to this Endorsement and protective safeguard symbol P5, P7, or both as described above in Item I.B.2. apply, then we will not pay for the **theft** of any covered property outside of the building insured at the described **location.**

   c. The provisions of II.B.2.a., b., or both, will only apply if prior to such **theft**, you:

      (1) Knew of any suspension or impairment of the protective safeguard described in the Declarations applicable to this Endorsement and failed to return such protective safeguard device or service to complete working order within 48 hours of such knowledge; or

      (2) Failed to maintain any protective safeguard described in the Declarations applicable to this Endorsement, and over which you had control, in complete working order.

3. If **freezing** is a cause of loss described in the Declarations applicable to this Endorsement and protective safeguard symbol (P-1 through P-7 as described above in Item I.B.2.) also applies, then we will not pay for loss or damage to any covered property contained within the building insured at the described **location,** caused by or resulting from **freezing**, if prior to the **freezing**, you:

   a. Knew of any suspension or impairment of the protective safeguard described in the Declarations applicable to this Endorsement and failed to return such protective safeguard device or service to complete working order within 48 hours of such knowledge; or

   b. Failed to maintain any protective safeguard described in the Declarations applicable to this Endorsement,and over which you had control, in complete working order; or

   c. Failed to set **heating equipment** so that the ambient temperature within all areas of the building insured at the described **location** are maintained at a minimum temperature of at least 40 degrees Fahrenheit . All areas of the building insured at the descriibed **location** include but are not limited to the enclosed attic spaces or crawl spaces located within a building.

4. However, Items II.B.1.,2. and 3. above will not apply if such suspension, impairment, or failure to maintain was caused by or resulted from repairs being made following a previously occurring covered loss.

III. Additional Definitions

The following are additional definitions applicable only to this Endorsement:

A. **Automatic burglar alarm** means an automatic crime intrusion security system installed at the building insured at the described **location**, or that portion of such building which you use to conduct your **operations**, that:

   1. Provides perimeter and interior motion detection burglar alarm intrusion protection; and

   2. Protects all means of entry and exit; and

   3. Reports to and is monitored by a central station monitoring company.

B. **Automatic fire alarm** means an automatic smoke or fire detection system that reports to and is monitored by a public, private, or central station monitoring company.

C. **Fire** means fire including all causes of loss which are caused by or resulting therefrom, such as but not limited to smoke damage, water damage, and damage caused by firefighters during the process of extinguishing the fire.

D. **Freezing** means the temperature at, or below which, water or other liquids will freeze, causing the discharge, leakage, seepage, or overflow of such water or other liquids from any real or personal property including but not limited to:

1. Plumbing systems;
2. Heating, ventilation, air conditioning, or refrigeration systems;
3. **Fire protection equipment** systems; or
4. Machinery, pipes, fittings, or fixtures.

E. **Heating equipment** means plumbing, heating, ventilating, air conditioning, or any other machinery or equipment which regulates the ambient temperatures within the building insured at the described **location**.

F. **Security guard service** means an independent security guard service that is hired by you to physically inspect key parts of the decribed **location** and record their surveillance rounds at guard reporting stations on a regularly scheduled basis, but no less often than one hour intervals. Each check-in that takes place at a guard reporting station must be computer recorded so that you may review computer generated reports which summarize the surveillance rounds previously conducted.

G. **Service contract** means a contract with a privately owned fire department providing fire protection service to the described **location**.

IV. This Endorsement is otherwise subject to all the terms, conditions, exclusions, limitations, and provisions of the Policy to which it is attached.

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GENERAL LIABILITY COVERAGE SECTION – DECLARATIONS

- These Declarations, together with the Common Policy Declarations and Policy Conditions, Coverage Form(s) and any Endorsement(s), complete this policy.
- If one or more numbers are shown in the Location(s) column of these Declarations, then each number represents that specific **location(s)** as displayed on the Common Policy Declarations. If the word **"ALL"** is shown in the Location(s) column shown in these Declarations, then such word means all **locations** as displayed on the Common Policy Declarations **except** operations at locations that are specifically excluded.

Audit Period
Annual

Commercial General Liability Coverage Form

Coverage Description	Limits of Insurance
Commercial General Liability Coverage Part	
General Aggregate Limit (Other than Products – Completed Operations)	$2,000,000
Products-Completed Operations Aggregate Limit	$2,000,000
Personal & Advertising Injury Limit	$1,000,000
Each Occurrence Limit	$1,000,000
Damage To Premises Rented To You Limit-Any One Premises	$100,000
Medical Expense Limit- Any One Person	$5,000

Employee Benefits Administration Errors and Omissions Insurance

Coverage Description	Limits of Insurance
Each Employee Limit	$1,000,000
Aggregate Limit	$1,000,000

Classification(s)

Location(s)	Coverage(s)	Class Code(s)	Classification Description(s)	Basis of Premium	Exposure
5	Premises/Operations	49451	Vacant Land - Other Than Not-For-Profit	Each acre	11
1	Premises/Operations	61225	Building or Premises - Office - Premises Primarily Occupied by Employees of the Insured - Not-For-Profit Only	Area	1,200
2	Premises/Operations	61225	Building or Premises - Office - Premises Primarily Occupied by Employees of the Insured - Not-For-Profit Only	Area	400
3	Premises/Operations	61225	Building or Premises - Office - Premises Primarily Occupied by Employees of the Insured - Not-For-Profit Only	Area	200
4	Premises/Operations	61225	Building or Premises - Office - Premises Primarily Occupied by Employees of the Insured - Not-For-Profit Only	Area	1,050

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section **II** – Who Is An Insured.

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

SECTION I – COVERAGES

COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section **III** - Limits Of Insurance; and

(2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C**.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments - Coverages **A** and **B**.

b. This insurance applies to "bodily injury" and "property damage" only if:

(1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

(2) The "bodily injury" or "property damage" occurs during the policy period; and

(3) Prior to the policy period, no insured listed under Paragraph **1.** of Section **II** Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph **1**. of Section **II** – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph **1.** of Section **II** – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

(1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;

(2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or

(3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

(1) That the insured would have in the absence of the contract or agreement; or

(2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:

(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

(b) Such attorneys' fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in:

(a) The supervision, hiring, employment, training or monitoring of others by that insured; or

(b) Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the "occurrence" which caused the "bodily injury" or "property damage", involved that which is described in Paragraph **(1), (2)** or **(3)** above.

However, this exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. For the purposes of this exclusion, permitting a person to bring alcoholic beverages on your premises, for consumption on your premises, whether or not a fee is charged or a license is required for such activity, is not by itself considered the business of selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

(1) An "employee" of the insured arising out of and in the course of:

(a) Employment by the insured; or

(b) Performing duties related to the conduct of the insured's business; or

(2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph **(1)** above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury. This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. Pollution

(1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

(i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;

(ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

(b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

(i) Any insured; or

(ii) Any person or organization for whom you may be legally responsible; or

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".

(e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

(1) A watercraft while ashore on premises you own or rent;

(2) A watercraft you do not own that is:

(a) Less than 26 feet long; and

(b) Not being used to carry persons or property for a charge;

(3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;

(4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of:

(a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged; or

(b) The operation of any of the machinery or equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

(1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or

(2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

j. Damage To Property

"Property damage" to:

(1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;

(2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;

(3) Property loaned to you;

(4) Personal property in the care, custody or control of the insured;

(5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or

(6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs **(1)**, **(3)** and **(4)** of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of seven or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III – Limits Of Insurance.

Paragraph **(2)** of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs **(3)**, **(4)**, **(5)** and **(6)** of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph **(6)** of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

(1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or

(2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

(1) "Your product";

(2) "Your work"; or

(3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

p. Electronic Data

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

However, this exclusion does not apply to liability for damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

q. Recording And Distribution Of Material Or Information In Violation Of Law

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

(1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;

(2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;

(3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or

(4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

Exclusions **c.** through **n.** do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section **III** - Limits Of Insurance.

COVERAGE B – PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Section **III** - Limits Of Insurance; and

(2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C**.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments - Coverages **A** and **B**.

b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. Knowing Violation Of Rights Of Another

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material whose first publication took place before the beginning of the policy period.

d. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

e. Contractual Liability

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

f. Breach Of Contract

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

g. Quality Or Performance Of Goods – Failure To Conform To Statements

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. Wrong Description Of Prices

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

j. Insureds In Media And Internet Type Businesses

"Personal and advertising injury" committed by an insured whose business is:

(1) Advertising, broadcasting, publishing or telecasting;

(2) Designing or determining content of web sites for others; or

(3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **14.a., b.** and **c.** of "personal and advertising injury" under the Definitions section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

k. Electronic Chatrooms Or Bulletin Boards

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

l. Unauthorized Use Of Another's Name Or Product

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. Pollution

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. Pollution-related

Any loss, cost or expense arising out of any:

(1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

o. War

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

p. Recording And Distribution Of Material Or Information In Violation Of Law

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

(1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;

(2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;

(3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or

(4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

COVERAGE C – MEDICAL PAYMENTS

1. Insuring Agreement

a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

(1) On premises you own or rent;

(2) On ways next to premises you own or rent; or

(3) Because of your operations;

provided that:

(a) The accident takes place in the "coverage territory" and during the policy period;

(b) The expenses are incurred and reported to us within one year of the date of the accident; and

(c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

(1) First aid administered at the time of an accident;

(2) Necessary medical, surgical, X-ray and dental services, including prosthetic devices; and

(3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

We will not pay expenses for "bodily injury":

a. Any Insured

To any insured, except "volunteer workers".

b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

d. Workers' Compensation And Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

e. Athletics Activities

To a person injured while practicing, instructing or participating in any physical exercises or games, sports, or athletic contests.

f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

g. Coverage A Exclusions

Excluded under Coverage **A**.

SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

a. All expenses we incur.

b. Up to $250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.

d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to $250 a day because of time off from work.

e. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.

f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";

b. This insurance applies to such liability assumed by the insured;

c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";

d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;

e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and

f. The indemnitee:

(1) Agrees in writing to:

(a) Cooperate with us in the investigation, settlement or defense of the "suit";

(b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";

(c) Notify any other insurer whose coverage is available to the indemnitee; and

(d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(2) Provides us with written authorization to:

(a) Obtain records and other information related to the "suit"; and

(b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph **2.b.(2)** of Section **I** – Coverage **A** – Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when we have used up the applicable limit of insurance in the payment of judgments or settlements or the conditions set forth above, or the terms of the agreement described in Paragraph **f.** above, are no longer met.

SECTION II – WHO IS AN INSURED

1. If you are designated in the Declarations as:

a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.

b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.

c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.

d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

(1) "Bodily injury" or "personal and advertising injury":

(a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;

(b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph **(1)(a)** above;

(c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph **(1)(a)** or **(b)** above; or

(d) Arising out of his or her providing or failing to provide professional health care services.

(2) "Property damage" to property:

(a) Owned, occupied or used by;

(b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by;

you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.

c. Any person or organization having proper temporary custody of your property if you die, but only:

(1) With respect to liability arising out of the maintenance or use of that property; and

(2) Until your legal representative has been appointed.

d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;

b. Coverage **A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and

c. Coverage **B** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

a. Insureds;

b. Claims made or "suits" brought; or

c. Persons or organizations making claims or bringing "suits".

2. The General Aggregate Limit is the most we will pay for the sum of:

a. Medical expenses under Coverage **C**;

b. Damages under Coverage **A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and

c. Damages under Coverage **B**.

3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage **A** for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".

4. Subject to Paragraph **2.** above, the Personal And Advertising Injury Limit is the most we will pay under Coverage **B** for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.

5. Subject to Paragraph **2.** or **3.** above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:

a. Damages under Coverage **A**; and

b. Medical expenses under Coverage **C**

because of all "bodily injury" and "property damage" arising out of any one "occurrence".

6. Subject to Paragraph **5.** above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage **A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.

7. Subject to Paragraph **5.** above, the Medical Expense Limit is the most we will pay under Coverage **C** for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

(1) How, when and where the "occurrence" or offense took place;

(2) The names and addresses of any injured persons and witnesses; and

(3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

b. If a claim is made or "suit" is brought against any insured, you must:

(1) Immediately record the specifics of the claim or "suit" and the date received; and

(2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

(1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";

(2) Authorize us to obtain records and other information;

(3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and

(4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages **A** or **B** of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when Paragraph **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph **c.** below.

b. Excess Insurance

(1) This insurance is excess over:

(a) Any of the other insurance, whether primary, excess, contingent or on any other basis:

(i) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

(ii) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;

(iii) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or

(iv) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g**. of Section **I** – Coverage **A** – Bodily Injury And Property Damage Liability.

(b) Any other primary insurance available to you covering liability for damages arising out of the premises or operations, or the products and completed operations, for which you have been added as an additional insured.

(2) When this insurance is excess, we will have no duty under Coverages **A** or **B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

(3) When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

(a) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(b) The total of all deductible and self-insured amounts under all that other insurance.

(4) We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.

b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

a. The statements in the Declarations are accurate and complete;

b. Those statements are based upon representations you made to us; and

c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

a. As if each Named Insured were the only Named Insured; and

b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V – DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and

b. Regarding web sites, only that part of a web site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

2. "Auto" means:

a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or

b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

4. "Coverage territory" means:

   a. The United States of America (including its territories and possessions), Puerto Rico and Canada;

   b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph **a.** above; or

   c. All other parts of the world if the injury or damage arises out of:

      (1) Goods or products made or sold by you in the territory described in Paragraph **a.** above;

      (2) The activities of a person whose home is in the territory described in Paragraph **a.** above, but is away for a short time on your business; or

      (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication;

   provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in Paragraph **a.** above or in a settlement we agree to.

5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.

7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.

8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:

   a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or

   b. You have failed to fulfill the terms of a contract or agreement;

   if such property can be restored to use by the repair, replacement, adjustment or removal of "your product" or "your work" or your fulfilling the terms of the contract or agreement.

9. "Insured contract" means:

   a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";

   b. A sidetrack agreement;

   c Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;

   d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;

   e. An elevator maintenance agreement;

   f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

      Paragraph **f.** does not include that part of any contract or agreement:

      (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;

      (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:

         (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or

         (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or

(3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in **(2)** above and supervisory, inspection, architectural or engineering activities.

10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

11. "Loading or unloading" means the handling of property:

a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";

b. While it is in or on an aircraft, watercraft or "auto"; or

c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

b. Vehicles maintained for use solely on or next to premises you own or rent;

c. Vehicles that travel on crawler treads;

d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:

(1) Power cranes, shovels, loaders, diggers or drills; or

(2) Road construction or resurfacing equipment such as graders, scrapers or rollers;

e. Vehicles not described in Paragraph **a., b., c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

(1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

(2) Cherry pickers and similar devices used to raise or lower workers;

f. Vehicles not described in Paragraph **a., b., c.** or **d.** above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

(1) Equipment designed primarily for:

(a) Snow removal;

(b) Road maintenance, but not construction or resurfacing; or

(c) Street cleaning;

(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

(3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

a. False arrest, detention or imprisonment;

b. Malicious prosecution;

c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;

d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;

e. Oral or written publication, in any manner, of material that violates a person's right of privacy;

f. The use of another's advertising idea in your "advertisement"; or

g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

16. "Products-completed operations hazard":

a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

(1) Products that are still in your physical possession; or

(2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:

(a) When all of the work called for in your contract has been completed.

(b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.

(c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

b. Does not include "bodily injury" or "property damage" arising out of:

(1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;

(2) The existence of tools, uninstalled equipment or abandoned or unused materials; or

(3) Products or operations for which the classification, listed in the Declarations or in a policy Schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "Property damage" means:

a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or

b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

21. "Your product":

a. Means:

(1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

(a) You;

(b) Others trading under your name; or

(c) A person or organization whose business or assets you have acquired; and

(2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

(2) The providing of or failure to provide warnings or instructions.

c. Does not include vending machines or other property rented to or located for the use of others but not sold.

22. "Your work":

a. Means:

(1) Work or operations performed by you or on your behalf; and

(2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and

(2) The providing of or failure to provide warnings or instructions.

Silica Particles Exclusion - California - 145917CA 03 19

Policy Amendment

This endorsement modifies insurance provided under the following:

Commercial General Liability Coverage
Liquor Liability Coverage
Owners and Contractors Protective Liability Coverage
Pollution Liability Coverage
Products/Completed Operations Liability Coverage
Railroad Protective Liability Coverage
Underground Storage Tank Liability Coverage
Farm Liability Coverage
American Business Coverage (Section II)
Garage Coverage (Section II)

The following exclusion is added:

This insurance does not apply to any claim or liability arising, in whole or in part, directly or indirectly out of, or which is in any way related to, **Silica**.

As used in this exclusion, the term **Silica** includes, but is not limited to, the actual or threatened exposure to, inhalation of or contact with, silicon dioxide, silica, silica products, silica fibers, silica dust, any other silica byproducts, and silica, whether alone or in combination with any substance, product or material.

Without limiting the foregoing, this exclusion applies to every injury, damage, loss, cost or expense otherwise covered by this policy, if any.

Allianz

Communicable Disease Coverage Sublimit – Defense Within Limits
CG 73 26 07 21

Policy Amendment - Commercial General Liability

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Per Event Limit	Aggregate Limit
$ 5,000	$ 5,000

(Information required to complete this Schedule, if not shown above, will be shown in the Declarations)

I. **Exclusion**

Except to the extent coverage is provided in paragraph II below, this insurance does not apply to **bodily injury, property damage,** or **personal and advertising injury** arising out of the actual or alleged transmission of a communicable disease.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the:

A. Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;

B. Testing for a communicable disease;

C. Failure to prevent the spread of the disease; or

D. Failure to report the disease to authorities.

II. **Coverage**

A. If limits are stated in the Schedule above, the exclusion stated in paragraph I. above will not apply to **bodily injury, property damage,** or **personal and advertising injury.**

B. With respect to coverage provided by this Endorsement, Paragraph **1.a.(2) Coverages** of **Section I –Coverage A – Bodily Injury and Property Damage Liability** and paragraph **1.a.(2) Coverages Coverage B – Personal and Advertising Injury Liability** are deleted in their entirety and replaced with the following:

(2) Our right and duty to defend ends when we have used up the applicable limit of insurance in payment of:

i. Judgments or settlements under Coverage A or B or medical expenses under Coverage C;and

ii. **Defense expense**.

III. **Limits of Insurance**

With respect to any claim or **suit** arising out of the actual or alleged transmission of a communicable disease, **Section III – Limits of Insurance** is modified to the extent necessary to provide for the following:

A. The Limits of Insurance shown in the Schedule of this endorsement and the rules below are the most we will pay for coverage afforded under paragraph II above.

B. The Aggregate Limit is the most we will pay for damages regardless of the number of:

1. Insureds;

2. Claims made or **suits** brought; or

3. Persons or organizations making claims or bringing **suits.**

The Aggregate Limit stated in the Schedule above shall be a part of and not in addition to the General Aggregate Limit stated in the Declarations for the Commercial General Liability Coverage Part.

C. Subject to the Aggregate Limit and the General Aggregate Limit, is the most we will pay under Coverage **A**, Coverage **B**., and Coverage **C**., for:

1. The sum of all damages arising out of:

a. **Bodily injury** arising out of any one **occurrence** or accident;

b. **Property damage** to any one premises, while rented to you; and

c. All **personal and advertising injury** sustained by any one person or organization.

2. **Defense expense.**

IV. **New Definitions**

For the purposes of coverage provided by this endorsement, the following definitions are added to **Section V - Definitions**:

Defense expense means expenditures we incur and allocate to a specific claim or **suit** for the investigation, administration, or defense of potentially covered claims or **suits** against an insured and/or an indemnitee of the Insured that meets conditions described in paragraph 2.a-f.(2) of the **Supplemental Payments – Coverage A and B** provision. These costs include, but are not limited to, legal fees, court costs, expert witness expense, investigation expense and costs taxed against such insured as described in paragraph 1.a; 1.c; 1.d and 1.e of the **Supplemental Payments – Coverage A and B** provision. However, these costs do not include:

A. The interest payments described in paragraph 1.f. and 1.g. of the **Supplementary Payments – Coverages A and B** provision; and

B. Salary, charges or expenses of our regular employees, other than that portion of our employed attorney's fees, salaries and expenses allocated to a specific claim or **suit**.

V. All other terms and conditions of the policy remain unchanged.

Communicable Disease Coverage Sublimit – Defense Within Limits – With Foodborne Illness Exception - CG 73 27 07 21

Policy Amendment - Commercial General Liability

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Per Event Limit	Aggregate Limit
$ 5,000	$ 5,000

(Information required to complete this Schedule, if not shown above, will be shown in the Declarations)

I. **Exclusion**

Except to the extent coverage is provided in paragraph II below, this insurance does not apply to **bodily injury, property damage,** or **personal and advertising injury** arising out of the actual or alleged transmission of a communicable disease.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the:

A. Supervising, hiring, employing, training or monitoring of others that may be infected with and spread a communicable disease;

B. Testing for a communicable disease;

C. Failure to prevent the spread of the disease; or

D. Failure to report the disease to authorities.

However, this exclusion does not apply to foodborne illness caused by your food product that is contaminated with pathogen(s), including bacteria, viruses, parasites or fungus.

II. **Coverage**

A. If limits are stated in the Schedule above, the exclusion stated in paragraph I. above will not apply to **bodily injury, property damage,** or **personal and advertising injury.**

B. With respect to coverage provided by this Endorsement, Paragraph **1.a.(2) Coverages** of **Section I –Coverage A – Bodily Injury and Property Damage Liability** and paragraph **1.a.(2) Coverages Coverage B – Personal and Advertising Injury Liability** are deleted in their entirety and replaced with the following:

(2) Our right and duty to defend ends when we have used up the applicable limit of insurance in payment of:

i. Judgments or settlements under Coverage A or B or medical expenses under Coverage C;and

ii. **Defense expense**.

III **Limits of Insurance**

With respect to any claim or **suit** arising out of the actual or alleged transmission of a communicable disease, **Section III – Limits of Insurance** is modified to the extent necessary to provide for the following:

A. The Limits of Insurance shown in the Schedule of this endorsement and the rules below are the most we will pay for coverage afforded under paragraph **II** above.

B. The Aggregate Limit is the most we will pay for damages regardless of the number of:

1. Insureds;
2. Claims made or **suits** brought; or
3. Persons or organizations making claims or bringing **suits.**

The Aggregate Limit stated in the Schedule above shall be a part of and not in addition to the General Aggregate Limit stated in the Declarations for the Commercial General Liability Coverage Part.

C. Subject to the Aggregate Limit and the General Aggregate Limit, is the most we will pay under Coverage **A**, Coverage **B**., and Coverage **C**., for:

1. The sum of all damages arising out of:
   a. **Bodily injury** arising out of any one **occurrence** or accident;
   b. **Property damage** to any one premises, while rented to you; and
   c. All **personal and advertising injury** sustained by any one person or organization.
2. **Defense expense.**

IV. **New Definitions**

For the purposes of coverage provided by this endorsement, the following definitions are added to **Section V - Definitions**:

Defense expense means expenditures we incur and allocate to a specific claim or **suit** for the investigation, administration, or defense of potentially covered claims or **suits** against an insured and/or an indemnitee of the Insured that meets conditions described in paragraph 2.a-f.(2) of the **Supplemental Payments – Coverage A and B** provision. These costs include, but are not limited to, legal fees, court costs, expert witness expense, investigation expense and costs taxed against such insured as described in paragraph 1.a; 1.c; 1.d and 1.e of the **Supplemental Payments – Coverage A and B** provision. However, these costs do not include:

A. The interest payments described in paragraph 1.f. and 1.g. of the **Supplementary Payments – Coverages A and B** provision; and

B. Salary, charges or expenses of our regular employees, other than that portion of our employed attorney's fees, salaries and expenses allocated to a specific claim or **suit**.

V. All other terms and conditions of the policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYMENT- RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph **2., Exclusions** of Section **I - Coverage A - Bodily Injury And Property Damage Liability:**

This insurance does not apply to:

"Bodily injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs **(a), (b),** or **(c)** above is directed.

This exclusion applies:

(1) Whether the injury-causing event described in Paragraphs **(a), (b)** or **(c)** above occurs before employment, during employment or after employment of that person;

(2) Whether the insured may be liable as an employer or in any other capacity; and

(3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

B. The following exclusion is added to Paragraph **2., Exclusion**s of Section **I - Coverage B - Personal And Advertising Injury Liability:**

This insurance does not apply to:

Personal and advertising injury" to:

(1) A person arising out of any:

(a) Refusal to employ that person;

(b) Termination of that person's employment; or

(c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or

(2) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs **(a), (b),** or **(c)** above is directed.

This exclusion applies:

(1) Whether the injury-causing event described in Paragraphs **(a), (b)** or **(c)** above occurs before employment, during employment or after employment of that person;

(2) Whether the insured may be liable as an employer or in any other capacity; and

(3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

Complete Lead Poisoning and Lead Contamination Exclusion
CG 70 92 03 19

This insurance does not apply to any injury, damage, liability, loss, cost or expense in whole or in part caused by, resulting from, arising out of, or in any way related to **lead,** including, but not limited to:

(1) The manufacture, sale, distribution, handling, use, installation, removal, abatement, containment, storage, emission, release, inhalation, ingestion, absorption, or transmission of or exposure to **lead;**

(2) Any supervision, instructions, recommendations, notices, warnings or advice given or which should have been given in connection with **lead;**

(3) Any request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify, remediate, neutralize, or in any way respond to or assess the extent or the effects of **lead**; or

(4) Any claim, **suit** or proceeding for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, remediating, neutralizing or in any way responding to, or assessing the effects of **lead.**

We shall have no obligation of any kind, including, but not limited to, any obligation to investigate, defend, pay defense costs, settle, or pay settlements or judgements as to any claim, **suit** or proceeding involving or allegedly involving, **lead.**

As used in this exclusion, **lead** includes, but is not limited to the mineral **lead** (chemical element & symbol {lead (Pb)} Atomic number 82) in any form, whether or not the **lead** is:

(1) Pure;

(2) Contained in, or on, or incorporated into, products, goods or materials;

(3) Solid, liquid, gaseous or in fumes; or

(4) Contained in any part of any building, structure, building material, product or any other real or personal property.

This exclusion does not apply to any **Bodily injury** or **Property damage** that is caused by a sudden, abrupt striking by, or impact with, **lead,** which causes an immediate and conspicuous manifestation of physical injury to persons or property.

MultiCover® - Without Medical Payments - CG 71 93 03 19

Policy Amendment(s) Commercial General Liability Coverage Form

Your Commercial General Liability Coverage Form is revised as follows:

1. **Broadened Named Insured**

   A. SECTION II - WHO IS AN INSURED, item 3., is deleted and replaced by the following:

      3. Any organization that you own at the inception of this policy, or newly acquire or form during the policy period, and over which you maintain during the policy period majority ownership or majority interest, will qualify as a Named Insured if:

         a. There is no other similar insurance available to that organization; and

         b. The first Named Insured shown in the Declarations has the responsibility of placing insurance for that organization; and

         c. That organization is incorporated or organized under the laws of the United States of America.

         However:

         (1) Coverage under this provision 3 is afforded only until the next occurring annual anniversary of the beginning of the policy period shown in the Declarations, or the end of the policy period, whichever is earlier; and

         (2) Coverage A does not apply to **bodily injury** or **property damage** that occurred before you acquired or formed the organization; and

         (3) Coverage B does not apply to **personal and advertising injury** arising out of an offense committed before you acquired or formed the organization.

   B. SECTION II - WHO IS AN INSURED, the last paragraph, is deleted and replaced by the following:

      No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture, or limited liability company that is not shown as a Named Insured in the Declarations. However, this does not apply to a limited liability company that meets all of the conditions in Section II - Who Is An Insured, item 3., above.

2. **Additional Insured**

   If an Additional Insured endorsement is attached to this policy that specifically names a person or organization as an additional insured, then this Section 2. Additional Insured does not apply to such person or organization.

   SECTION II - WHO IS AN INSURED, subsection 2.e., is added as follows:

   e. Any person or organization is included as an additional insured, but only to the extent such person or organization is legally obligated to pay for **bodily injury**, **property damage** or **personal and advertising injury** caused by your acts or omissions. With respect to the insurance afforded to such additional insured, all of the following additional provisions apply:

      (1) You have agreed in a written **insured contract** that such person or organization be added as an additional insured under this policy;

      (2) The **bodily injury**, **property damage** or **personal and advertising injury** for which said person or organization is legally obligated to pay occurs subsequent to the execution of such **insured contract;**

      (3) The most we will pay is the lesser of either the amount of insurance available under the applicable Limits of Insurance shown in the Declarations or the limits of insurance required by the **insured contract;**

      (4) The insurance afforded to such additional insured only applies to the extent permitted by law;

(5) Such person or organization is an additional insured only with respect to:

(a) Their ownership, maintenance, or use of that part of the premises, or land, owned by, rented to, or leased to you, except such person or organization is not an insured with respect to structural alterations, new construction or demolition operations performed by or on behalf of such person or organization;

(b) Your ongoing operations performed for that insured;

(c) Their financial control of you, except such person or organization is not an insured with respect to structural alterations, new construction or demolition operations performed by or on behalf of such person or organization;

(d) The maintenance, operation or use by you of equipment leased to you by such person or organization;

(e) Operations performed by you or on your behalf and for which a state or political subdivision has issued a permit, provided such operations are not performed for such state or political subdivision, and are not included within the **products-completed operations hazard;** or

(f) Their liability as a grantor of a franchise to you.

(6) This insurance does not apply to **bodily injury, property damage, personal and advertising injury, occurrence** or offense:

(a) Which takes place at a particular premises after you cease to be a tenant of that premises;

(b) Which takes place after all work, including materials, parts or equipment furnished in connection with such work to be performed by or on behalf of the additional insured at the site of the covered operations, has been completed;

(c) Which takes place after that portion of **your work** out of which the injury or damage arises has been put to its intended use by any other person or organization other than another contractor or subcontractor engaged in performing operations for a principal as part of the same project; or

(d) Which takes place after the expiration of any equipment lease to which (4)(d) above applies;

(7) With respect to architects, engineers or surveyors, coverage does not apply to **bodily injury, property damage** or **personal and advertising injury** arising out of the rendering or failure to render any professional services by or for you, including:

(a) The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders, or drawings and specifications; or

(b) Supervisory, inspection, architectural, or engineering services.

These exclusions apply even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the **occurrence** which caused the **bodily injury** or **property damage**, or the offense which caused the **personal or advertising injury**, involved the rendering of or the failure to render any professional services by or for you.

3. **Additional Insured - Vendors**

If an Additional Insured Vendors endorsement is attached to this policy that specifically names a person or organization as an additional insured, then this Section 3. Additional Insured - Vendors does not apply to that person or organization.

Unless the **products-completed operations hazard** is excluded from this policy, SECTION II - WHO IS AN INSURED, item 2.f. is added as follows:

f. Any vendor of yours is included as an additional insured, but only with respect to **bodily injury** or **property damage** caused by **your products** which are distributed or sold in the regular course of the vendor's business, subject to the following additional exclusions:

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(1) The insurance afforded such vendor does not apply to:

(a) **Bodily injury** or **property damage** for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;

(b) Any express warranty unauthorized by you;

(c) Any physical or chemical change in the product made intentionally by the vendor;

(d) Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;

(e) Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;

(f) Demonstration, installation, servicing or repair operations, except such operations performed by the vendor in full compliance with the manufacturer's written instructions at the vendor's premises in connection with the sale of the product;

(g) Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or

(h) **Bodily injury** or **property damage** arising out of the liability of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf.

(2) This insurance does not apply to any insured person or organization from whom you have acquired such products or any ingredient, part or container, entering into, accompanying or containing such products;

(3) The most we will pay is the lesser of either the amount of insurance available under the applicable Limits of Insurance shown in the Declarations or the limits of insurance required by the contract or agreement; and

(4) The insurance afforded to such vendor only applies to the extent permitted by law.

4. **Additional Insured - Limited Primary and Noncontributory Provision**

The following is added as a second paragraph to Section IV Conditions, Condition 4. Other Insurance, following paragraph b.(2):

However, if you have added any person, organization or vendor of yours as an additional insured to this policy by way of this MultiCover® endorsement and have agreed in a written **insured contract** that this insurance is primary and non-contributory with other insurance available to that additional insured, this insurance is primary and we will not seek contribution from such additional insured's other insurance, provided that the additional insured is a Named Insured under such other insurance.

5. **Waiver of Subrogation**

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS, item 8., is deleted and replaced by the following:

8. Transfer of Rights of Recovery Against Others to Us and Blanket Waiver of Subrogation

a. If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after the loss to impair those rights. At our request, the insured will bring **suit** or transfer those rights to us and help us enforce them.

b. If required by a written **insured contract** executed prior to the **occurrence** or offense, we waive any right of recovery we may have against any person or organization named in such **insured contract**, because of payments we make for injury or damage arising out of your operations or **your work** for that person or organization.

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6. **Cancellation - 90 Days**

Common Policy Conditions endorsement IL0017, A. Cancellation, item 2.b. is deleted and replaced by the following:

b. 90 days before the effective date of cancellation if we cancel for any other reason.

7. **Liberalization**

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS, the following is added as an additional Condition:

Liberalization

If we adopt a change in our forms or rules which would broaden the coverage provided by any form that is a part of this policy without an extra premium charge, the broader coverage will apply to this policy. This extension is effective upon the approval of such broader coverage in your state.

8. **Fire, Explosion, Sprinkler Leakage, or Lightning Legal Liability Coverage**

A. SECTION I - COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions, the last paragraph, is deleted and replaced by the following:

Exclusions c. through n. do not apply to damage by fire, explosion, sprinkler leakage, or lightning to premises while:

1. Rented to you;
2. Temporarily occupied by you with the permission of the owner; or
3. Managed by you under a written agreement with the owner.

A separate limit of insurance applies to this coverage as described in Section III - LIMITS OF INSURANCE.

B. SECTION III - LIMITS OF INSURANCE, item 6., is deleted and replaced by the following:

6. Subject to 5. above, the Damage to Premises Rented To You Limit shown in the Declarations, for **property damage** to any one premises while rented to you, or in the case of damage by fire, explosion, sprinkler leakage, or lightning while rented to you, temporarily occupied by you with the permission of the owner, or managed by you under a written agreement with the owner, is the greater of:

a. $1,000,000 Any One Premises; or

b. The Damage To Premises Rented To You Limit shown in the Declarations.

C. SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS, 4. Other Insurance, b. Excess Insurance, (1)(a), items (i) and (iii), are deleted and replaced by the following:

(i) That is Fire, Explosion, Sprinkler Leakage or Lightning insurance for premises while rented to you, temporarily occupied by you with permission of the owner, or managed by you under a written agreement with the owner;

(iii) That is insurance purchased by you to cover your liability as a tenant for **property damage** to premises rented to you, temporarily occupied by you with the permission of the owner, or managed by you under a written agreement with the owner; or

D. SECTION V - DEFINITIONS, 9. **Insured Contract**, item a., is deleted and replaced by the following:

(a) A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire, explosion, sprinkler leakage, or lightning to premises while rented to you, temporarily occupied by you with permission of the owner, or managed by you under a written agreement with the owner, is not an **insured contract;**

9. **Damage to Invitees' Automobiles from Falling Trees or Tree Limbs - Limited Coverage**

This coverage applies to direct physical damage to automobiles owned by invitees subject to all of the following:

1. Provided such damage originates from trees on premises owned, managed, leased or rented by an insured;
2. Coverage applies only to invitees of an insured or an insured's tenant;
3. Such damage is directly caused by wind-driven falling trees or tree limbs;
4. The most we will pay for any one loss is the lowest of:
   a. the actual cash value of the damaged automobile as of the time of the loss; or
   b. the cost of repairing the damaged automobile; or
   c. the cost of replacing the damaged automobile with another automobile of like kind and quality.

   Regardless of the number of occurrences, losses or claims, this coverage is subject to a limit of $25,000 in any one policy period;
5. This coverage is not subject to the General Liability General Aggregate Limit; and
6. We will make payments under this coverage without regard to fault.

10. **Non-Owned or Chartered Watercraft**

    SECTION I - COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions, item g. Aircraft, Auto, or Watercraft, item (2), is deleted and replaced by the following:

    (2) A watercraft you do not own that is:

    (a) Less than 51 feet long; and

    (b) Not being used for public transportation or as a common carrier;

11. **Chartered Aircraft**

    SECTION I - COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions, g. Aircraft, Auto Or Watercraft, item (6), is added as follows:

    (6) An aircraft in which you have no ownership interest and that you have chartered with crew.

12. **Coverage Territory - Broadened**

    SECTION V - DEFINITIONS, item 4.a., is deleted and replaced by the following:

    a. The United States of America (including its territories and possessions), Puerto Rico, Canada, Bermuda, the Bahamas, The Cayman Islands and the British Virgin Islands;

13. **Personal and Advertising Injury - Contractual**

    Unless **personal and advertising injury** is excluded from this policy the following applies:

    SECTION I - COVERAGES, COVERAGE B, 2. Exclusions, item e., is deleted.

14. **Fellow Employee Coverage**

    SECTION II - WHO IS AN INSURED, 2.a., item (1) is deleted and replaced by the following:

    (1) **Personal and advertising injury:**

    However, subsections (a), (b), (c) and (d) of item (1) remain unchanged.

15. **Bodily Injury Definition - Broadened**

    SECTION V - DEFINITIONS, 3. **Bodily Injury** is deleted and replaced by the following:

    Bodily injury means bodily injury, sickness or disease sustained by a person including death or mental anguish resulting from any of these at any time. Mental anguish means any type of mental or emotional illness or disease.

16. **Expected or Intended Injury - Amendment to Exclusion**

SECTION I. Coverage A Bodily Injury and Property Damage Liability, 2. EXCLUSIONS, a. Expected or Intended Injury, is deleted and replaced by the following:

a. Expected or Intended Injury

Bodily injury or **property damage** expected or intended from the standpoint of the insured.

This exclusion does not apply to **bodily injury** or **property damage** resulting from the use of reasonable force to protect persons or property.

17. **Unintentional Failure to Disclose Hazards**

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS, item 6. Representations, the following is added:

d. If you unintentionally fail to disclose any hazards existing at the inception date of this policy, we will not deny coverage under this Coverage Form because of such failure. However, this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

18. **Supplementary Payments - Increased Limits**

SECTION I - COVERAGES, SUPPLEMENTARY PAYMENTS - COVERAGES A AND B, items 1.b. and 1.d., are deleted and replaced by the following:

b. The cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or **suit,** including substantiated loss of earnings up to $500 a day because of time off from work.

19. **Duties in the Event of an Occurrence, Offense, Claim or Suit - Amended**

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS, item 2.a. is deleted and replaced by the following:

(1) You must see to it that we or any licensed agent of ours are notified of a General Liability **occurrence** or offense which may result in a claim as soon as practicable after it becomes known to:

(a) You, if you are an individual;

(b) Your partner or member, if you are a partnership or joint venture;

(c) Your member, if you are a limited liability company;

(d) Your executive officer if you are an organization other than a partnership, joint venture or limited liability company; or

(e) Your authorized representative or insurance manager.

Knowledge of an **occurrence** or offense by persons other than those listed above does not imply that those listed above also have such knowledge.

(2) To the extent possible, notice should include:

(a) How, when and where the **occurrence** or offense took place;

(b) The names and addresses of any injured persons and witnesses; and

(c) The nature and location of any injury or damage arising out of the **occurrence** or offense.

20. **Non Employment Discrimination Liability**

Unless **personal and advertising injury** is excluded from this policy the following applies:

A. SECTION V - DEFINITIONS, 14. **Personal and advertising injury**, item h. is added as follows:

h. **Discrimination.**

B. B. SECTION V - DEFINITIONS, item 23. is added as follows:

23. **Discrimination** means the unlawful treatment of a person or class of persons because of their specific race, color, religion, gender, age, or national origin in comparison to one or more persons who are not members of the specified class.

C. SECTION I - COVERAGES, COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY, 2. Exclusions, the following are added:

q. **Discrimination** directly or indirectly related to the past employment, employment or prospective employment of any person or class of persons by any insured;

r. **Discrimination** directly or indirectly related to the sale, rental, lease or sublease or prospective sale, rental, lease or sublease of any dwelling or permanent lodging by or at the direction of any insured;

s. **Discrimination**, if insurance thereof is prohibited by law; or

t. Fines, penalties, specific performance, or injunctions levied or imposed by a governmental entity, governmental code, law, or statute because of **discrimination.**

All other terms and conditions of the policy apply.

Emergency First Aid Endorsement- CG 72 86 12 08

Policy Amendment(s) Commercial General Liability Coverage Form

An **employee** at work on the Named Insured's premises will be construed to be acting within the course and scope of their employment while performing emergency first aid upon another person. If that other person is a co-employee, Exclusion E., Employer's Liability, will not apply.

A **volunteer worker** performing duties related to the conduct of your business on the Named Insured's premises will be construed to be acting within the course and scope of such duties while performing emergency first aid upon another person.

The coverage provided by this endorsement will not apply if the **employee** or **volunteer worker** is a medical professional.

All other terms and conditions remain unchanged.

Employee Benefits Administration Errors and Omissions Insurance
EB 70 00 03 19

IMPORTANT NOTE: THIS INSURANCE PROVIDES LIMITED COVERAGE FOR LIABILITY WHICH ARISES OUT OF THE ADMINISTRATION OF YOUR EMPLOYEE BENEFITS PROGRAM. IN PARTICULAR, IT DOES NOT FULLY PROTECT YOU OR ANY OTHER INSURED AGAINST LIABILITY CREATED BY THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, OR ITS AMENDMENTS, OR ANY SIMILAR LAW.

Various provisions in this Coverage Form restrict coverage. Read the entire Coverage Form carefully to determine rights, duties and what is and is not covered.

Throughout this Coverage Form the words you and your refer to the Named Insured shown in the Declarations of this Coverage Form. The words we, us and our refer to the Company providing this insurance.

The word **insured** means any person or organization qualifying as such under **Section II - Who is an Insured** of this Coverage Form.

Other words and phrases that appear in bold face have special meaning. Refer to **Section V- Definitions.**

Section I - Coverages

A. **Insuring Agreement**

1. We will pay those sums that you become legally obligated to pay as damages because of a negligent act, error or omission in the **administration** of your **employee benefits program**. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under **Supplementary Payments** of this Coverage Form.

   We will have the right and duty to defend any **suit** seeking those damages. But:

   a. The amount we will pay for all damages is limited as described in **Section III -Limits of Insurance** of this Coverage Form;

   b. We may, at our discretion, investigate and settle any claim or **suit**; and

   c. Our right and duty to defend ends when we have used up the applicable Limit of Insurance in the payment of judgments or settlements under this Coverage Form.

2. This insurance applies to a negligent act, error or omission:

   a. that first occurs during the policy period; or

   b that first occurred prior to the policy period where:

      (1) There is no other insurance which:

         (a) was expressly purchased to provide this coverage, and is valid and collectible; or

         (b) was expressly purchased to provide this coverage, and would be valid and collectible, but for the exhaustion of the limits of insurance or the insolvency of the insurer.

      (2) The insured had no prior knowledge or could not reasonably have foreseen any circumstances which might result in a claim or **suit**; and

      (3) The claim is first made or **suit** is brought during the policy period.

3. This insurance applies only to negligent acts, errors or omissions:

   a. Which occur within the **coverage territory**; and

   b. For which the claim is made or **suit** is brought within the **coverage territory**.

B. **Exclusions**

This insurance does not apply to:

1. **Bodily injury, property damage or personal injury**;
2. Claims for injury or damage arising out of:
   a. A dishonest, fraudulent, criminal or malicious act, error or omission done by or at the direction of any insured;
   b. An insurer's failure to perform its contract;
   c. Failure of any plan to meet its obligations due to insufficient funds;
   d. Failure of any investment to perform as represented by any insured;
   e. Advice given by an insured to any person on whether or not to participate in any plan included in **your employee benefits program**;
   f. Your failure to meet the requirement of any law concerning Workers' Compensation, unemployment insurance, social security, disability benefits or the Fair Labor Standards Act of 1938 and its amendments; or any similar laws;
   g. Any insured's liability as a fiduciary under:
      (1) EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974 and its amendments; or
      (2) INTERNAL REVENUE CODE OF 1986 (including the INTERNAL REVENUE CODE OF 1954) and its amendments;
   h. Any claims for injury or damage to a person or organization arising from:
      (1) Refusal to employ that person;
      (2) Termination of that person's employment;
      (3) **Employment-related Discrimination**, or employment-related practices, policies, acts or omissions, such as coercion, demotion, failure to promote, evaluation, criticism, reassignment, discipline, defamation, self-defamation, harassment, humiliation directed at that person or organization;
      (4) Consequential injury or damage as a result of (1) through (3) above;
   i. The act of terminating or altering any of **your employee benefits program**.

C. **Supplementary Payments**

We will pay, with respect to any claim we investigate or settle, or any **suit** against an insured we defend:

1. All expenses we incur.
2. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
3. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or **suit**, including actual loss of earnings up to $250 a day because of time off from work.
4. All costs taxed against the insured in the **suit**.
5. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
6. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

   These payments will not reduce the limits of insurance.

If we defend an insured against a **suit** and an indemnitee of the insured is also named as a party to the **suit**, we will defend that indemnitee if all of the following conditions are met:

a. The **suit** against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a written contract or agreement;

b. This insurance applies to such liability assumed by the insured;

c. The obligation to defend or the cost of the defense of that indemnitee, has also been assumed by the insured in the same written contract or agreement.

d. The allegation in the **suit** and the information we know about the negligent act, error or omission are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;

e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such **suit** and agree that we can assign the same counsel to defend the insured and the indemnitee; and

f. The indemnitee:

(1) Agrees in writing to:

(a) Cooperate with us in the investigation, settlement or defense of the **suit;** and

(b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the **suit**; and

(c) Notify any other insurer whose coverage is available to the indemnitee; and

(d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(2) Provides us with written authorization to:

(a) Obtain records and other information related to the **suit**; and

(b) Conduct and control the defense of the indemnitee in such **suit.**

So long as the above conditions are met, attorneys fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments.

Our obligation to defend an insured's indemnitee and to pay for attorney's fees and necessary litigation expenses as Supplementary Payments ends when:

a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or

b. The conditions set forth above, or the terms of the agreement described in paragraph f. above, are no longer met.

Section II - Who is an Insured

1. We cover each of the following as insureds under this Coverage Form:

   a. You; and

   b. Your **employees**, but only with respect to the **administration** of **your employee benefits program**; and

   c. Any other person or organization authorized to perform the **administration** of **your employee benefits program**.

2. In addition, if you are designated in the Declarations as:

   a. An individual:

      i. Your spouse is an insured, but only with respect to the **administration** of **your employee benefits program**; and

      ii. Your legal representatives are insureds if you die, but only with respect to duties in the **administration** of **your employee benefits program**. That representative will have all your rights and duties under this endorsement.

b. A partnership or joint venture:

   i. Your partners or your members are insureds, but only with respect to the **administration** of **your employee benefits program**; and

   ii. The spouses of your partners or your members are also insureds, but only with respect to the **administration** of **your employee benefits program**.

c. A limited liability company:

   i. Your members are insureds, but only with respect to the **administration** of **your employee benefits program**; and

   ii. Your managers are insureds, but only with respect to the **administration** of **your employee benefits program**.

d. A corporation:

   i. Your **executive officers** and directors are insureds, but only with respect to the **administration** of **your employee benefits program**; and

   ii. Your stockholders are also insureds, but only with respect to their liability as stockholders and only with respect to the **administration** of **your employee benefits program**.

Any organization which you newly acquire or form, other than a partnership or joint venture, and over which you maintain a primary and controlling interest will be considered an insured if there is no similar insurance available to that organization. However, coverage under this provision is afforded only until the end of the policy period.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture, or limited liability company that is not shown as a Named Insured in the Declarations of this Coverage Form.

Section III - Limits of Insurance

1. The Limits of Insurance stated in the Declarations of this Coverage Form and the rules below fix the most we will pay regardless of the number of:

   a. Insureds;

   b. Negligent acts, errors or omissions causing injury or damage;

   c. Claims made or **suits** brought;

   d. Persons or organizations making claims or bringing **suits**; or

   e. Plans included in your **employee benefits program**.

2. The Aggregate Limit is the most we will pay for all damages because of negligent acts, errors or omissions in the **administration** of **your employee benefits program**, covered by this policy.

3. Subject to 2. above, the Each Employee Limit is the most we will pay for the sum of all damages incurred because of damages sustained, covered by this policy, by:

   a. Any one **employee,** and

   b. That **employee**'s dependents or stated beneficiaries.

4. The limits of this Coverage Part apply separately to each consecutive annual policy period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations. If the policy period is extended after issuance for an additional period of less than 12 months, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

Section IV - Conditions

1. **Bankruptcy**

   Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. **Duties In The Event of a Negligent Act, Error, Omission, Claim or Suit**

   a. You must see to it that we are notified as soon as practicable of an alleged negligent act, error, omission, claim or **suit** which may result in a claim. To the extent possible, notice should include:

      (1) How, when and where the alleged negligent act, error, or omission took place;

      (2) The names and addresses of the persons or their representatives alleging the negligent act, error or omission;

      (3) The nature of any injury or damage arising out of the negligent act, error or omission.

   b. If a claim is made or **suit** is brought against any insured, you must:

      (1) Immediately record the specifics of the claim or **suit** and the date received; and

      (2) Notify us as soon as practicable.

      You must see to it that we receive written notice of the claim or **suit** as soon as practicable.

   c. You and any other involved insured must:

      (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or **suit**;

      (2) Authorize us to obtain records and other information;

      (3) Cooperate with us in the investigation or settlement of the claim or defense against the **suit**; and

      (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

   d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

3. **Legal Action Against Us**

   No person or organization has a right under this Coverage Part:

   a. To join us as a party or otherwise bring us into a **suit** asking for damages from an insured; or

   b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

   A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. **Other Insurance**

   This insurance is excess over any other valid and collectible similar insurance or insurance expressly purchased to provide this coverage, available to the insured.

5. **Premium Audit**

   a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.

   b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Audit premiums are due and payable on notice to the first Named Insured. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

   c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. **Representation**

   By accepting this policy, you agree:

   a. The statements in the Declarations are accurate and complete;

   b. Those statements are based upon representations you made to us; and

   c. We have issued this policy in reliance upon your representations.

7. **Separation of Insureds**

   Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

   a. As if each Named Insured were the only Named Insured; and

   b. Separately to each insured against whom claim is made or **suit** is brought.

8. **Transfer of Rights of Recovery Against Others to Us**

   If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring **suit** or transfer those rights to us and help us enforce them.

9. **When We Do Not Renew**

   If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

   If notice is mailed, proof of mailing will be sufficient proof of notice.

10. **Application of Insurance Services Office Endorsements Attached to This Coverage Part**

    In the event that an Insurance Services Office Endorsement is attached to this Coverage Part, it shall apply to this insurance even if the Insurance Services Office endorsement does not include Employee Benefits Administration Errors and Omissions Insurance within the introductory language of the endorsement.

Section V - Definitions

With respect to coverage provided by this Coverage Form, the following definitions apply:

1. **Administration** means performance of the ministerial functions of **your employee benefits program** and could include:

   a. Applying the program rules to determine who is eligible to participate in benefits;

   b. Calculating service and compensation credits of **employees**;

   c. Preparing messages to tell **employees** about their benefits;

   d. Maintaining service and employment records of those **employees** participating in **your employee benefits program**;

   e. Preparing reports required by government agencies;

   f. Calculating benefits;

   g. Informing new **employees** about **your employee benefits program**;

   h. Implementing enrollment instructions from your **employees** in **your employee benefits program**;

   i. Advising, other than legal advice, **employees** who are participating in **your employee benefits program** of their rights and options;

   j. Collecting contributions and applying them as called for under the rules of **your employee benefits program**;

   k. Preparing benefits reports for your **employees** participating in **your employee benefits program**;

   l. Processing claims.

2. **Bodily Injury** means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

3. **Coverage territory** means:

   a. The United States of America (including its territories and possessions), Puerto Rico and Canada; or

   b. All parts of the world if the insured's responsibility to pay damages is determined in a **suit** on the merits, in the territory described in a. above or in a settlement to which we agree.

4. **Employee** means your **executive officers** or any persons who have been employed and compensated by you, whether actively employed, formerly employed, disabled or retired, and includes **leased workers** and **temporary workers**, if they are subject to **your employee benefits program**.

5. **Employment-related discrimination** means the actual or alleged treatment of a person or group of persons based upon their race, color, nationality, ethnic origin, religion, gender, marital status, reproductive status, age, sexual orientation, sexual preference, physical disability, mental disability or on any basis which is prohibited by federal, state local law.

6. **Executive officer** means a person holding any of the officer positions created by your charter, constitution, by laws or any other similar governing document.

7. **Leased worker** means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. **Leased worker** does not include a **temporary worker**.

8. **Personal Injury** means injury, other than **bodily injury**, arising out of one or more of the following offenses:

   a. False arrest, detention or imprisonment;

   a. Malicious prosecution;

   b The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies by or on behalf of its owner, landlord or lessor;

   c. Oral or written publication of material that slanders, or libels a person or organization or disparages a person's or organization's goods, products or services; or

   d. Oral or written publication of material that violates a person's right of privacy.

9. **Property Damage** means:

   a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

   b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the occurrence that caused it.

10. **Suit** means a civil proceeding in which damages because of a negligent act, error or omission to which this insurance applies are alleged. **Suit** includes:

   a. An arbitration proceeding in which such damages are claimed and to which you must submit or do submit with our consent.

   b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which you submit with our consent.

11. **Temporary worker** means a person who is furnished to you to substitute for a permanent employee on leave or to meet seasonal or short-term workload conditions. **Temporary worker** does not mean a **leased worker**.

12. **Your employee benefits program** means a type of insurance or other plan you maintain solely for the benefit of your **employees** and could include one or more of the following types:

   a. Group life insurance; group accident, dismemberment, dental, health insurance; health care and dependent care spending plans; legal advice plans; or educational tuition reimbursement plans;

   b. Profit sharing plans; savings plans including 401K and 403B plans; pension plans and stock subscription plans;

   c. Unemployment insurance; social security benefits; workers' compensation and disability benefits insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
ELECTRONIC DATA LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCT WITHDRAWAL COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

The term "spouse" is replaced by the following:
Spouse or registered domestic partner under California law.

Allianz

Complete Asbestos Exclusion - CG 70 93 03 19

This insurance does not apply to any injury, damage, liability, loss, cost or expense in whole or in part caused by, resulting from, arising out of, or in any way related to **asbestos**, including, but not limited to:

(1) The manufacture, sale, distribution, handling, use, installation, removal, abatement, containment, storage, transportation, disposal, existence, presence, emanation, emission, release, inhalation, ingestion, absorption, or transmission of or exposure to **asbestos**;

(2) Any supervision, instructions, recommendations, notices, warnings or advice given or which should have been given in connection with **asbestos**;

(3) Any request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify, remediate, neutralize, or in any way respond to or assess the extent or the effects of **asbestos**; or

(4) Any claim, **suit** or proceeding for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, remediating neutralizing or in any way responding to, or assessing the effects of **asbestos**.

We shall have no obligation of any kind, including, but not limited to, any obligation to investigate, defend, pay defense costs, settle, or pay settlements or judgements as to any claim, **suit** or proceeding involving or allegedly involving **asbestos.**

As used in this exclusion, **asbestos** includes, but is not limited to the mineral **asbestos** in any form, whether or not the **asbestos** is:

(1) A fiber, particle, or dust;

(2) Contained in, or on, or incorporated into, products, goods or materials; or

(3) Contained in any part of any building, structure, building material, product or any other real or personal property.

This exclusion does not apply to any **bodily injury** or **property damage** that is caused by a sudden, abrupt striking by, or impact with, **asbestos**, which causes an immediate and conspicuous manifestation of physical injury to persons or property.

Conditional Exclusion of Terrorism Involving Nuclear, Biological or Chemical Terrorism (Relating to Disposition of Federal Terrorism Risk Insurance Act) - 145919 01 15

Policy Amendment(s)

This endorsement modifies insurance provided under the following:

Commercial General Liability Coverage
Liquor Liability Coverage
Owners and Contractors Protective Liability Coverage
Pollution Liability Coverage
Products/Completed Operations Liability Coverage
Railroad Protective Liability Coverage
Underground Storage Tank Liability Coverage
Directors and Officers Liability Insurance Coverage
Employment Practices Liability Insurance Coverage
Employers' Liability Stop Gap Insurance Coverage
American Business Coverage (Section II)
Farm Liability Coverage

A. Applicability of the Provisions of this Endorsement

1. The provisions of this endorsement become applicable commencing on the date when any one or more of the following first occurs. But if your policy (meaning the policy period in which this endorsement applies) begins after such date, then the provisions of this endorsement become applicable on the date your policy begins.

   a. The Terrorism Risk Insurance Act, as amended (**The Act**), has terminated with respect to the type of insurance provided under this Coverage Part or Policy; or

   b. A renewal, extension or replacement of The Act has become effective without a requirement to make terrorism coverage available to you and with revisions that:

      (1) Increase our statutory percentage deductible under The Act for terrorism losses. (That deductible determines the amount of all certified terrorism losses we must pay in a calendar year, before the federal government shares in subsequent payment of certified terrorism losses.); or

      (2) Decrease the federal government's statutory percentage share in potential terrorism losses above such deductible; or

      (3) Redefine terrorism or make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other types of events or occurrences under this Coverage Part or Policy.

2. If the provisions of this endorsement become applicable, such provisions:

   a. Supersede any terrorism endorsement already endorsed to this policy that addresses **certified acts of terrorism** and/or other acts of terrorism, but only with respect to an incident(s) of terrorism (however defined) which results in injury or damage that occurs on or after the date when the provisions of this endorsement become applicable (for claims made policies, such an endorsement is superseded only with respect to an incident of terrorism (however defined) that results in a claim for injury or damage first being made on or after the date when the provisions of this endorsement become applicable); and

   b. Remain applicable unless we notify you of changes in these provisions, in response to federal law.

3. If the provisions of this endorsement do NOT become applicable, any terrorism endorsement already endorsed to this policy, that addresses **certified acts of terrorism** and/or other acts of terrorism, will continue in effect unless we notify you of changes to that endorsement in response to federal law.

B. The following definitions are added and apply under this endorsement:

1. **Terrorism** means activities against persons, organizations or property of any nature:

   a. That involve the following or preparation for the following:

      (1) Use or threat of force or violence; or

      (2) Commission or threat of a dangerous act; or

      (3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

   b. When one or both of the following applies:

      (1) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or

      (2) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

2. **Any injury or damage** means any injury or damage covered under any Coverage Part or Policy to which this endorsement is applicable, and includes but is not limited to **bodily injury**, **property damage**, **personal and advertising injury, injury**, act, error or omission in the performance of **professional services** or **environmental damage** as may be defined in any applicable Coverage Part or Policy.

C. The following exclusion is added:

Exclusion of Terrorism Involving Nuclear, Biological or Chemical Terrorism

This insurance does not apply to **any injury or damage** caused directly or indirectly by **terrorism**, including action in hindering or defending against an actual or expected incident of **terrorism**. **Any injury or damage** is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury or damage. But this exclusion applies only when one or more of the following are attributed to an incident of **terrorism**:

1. The **terrorism** is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
2. Radioactive material is released, and it appears that one purpose of the **terrorism** was to release such material; or
3. The **terrorism** is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the **terrorism** was to release such materials.

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any injury or damage, which would otherwise be excluded under this Coverage Part or Policy.

All other terms and conditions of the policy remain unchanged.

Cross Suits Exclusion (Any Insured) - CG 72 94 03 19

Policy Amendment(s) Commercial General Liability

This endorsement modifies insurance provided under the following:

Commercial General Liability Coverage Part

The insurance provided by this policy does not apply to any liability arising out of any claim or **suit** by any insured against any other insured.

All other terms and conditions of the policy remain unchanged.

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY
CG 25 04 05 09

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DESIGNATED LOCATION(S) GENERAL AGGREGATE LIMIT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Designated Location(s):
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. For all sums which the insured becomes legally obligated to pay as damages caused by "occurrences" under Section **I** – Coverage **A**, and for all medical expenses caused by accidents under Section **I** – Coverage **C**, which can be attributed only to operations at a single designated "location" shown in the Schedule above:

1. A separate Designated Location General Aggregate Limit applies to each designated "location", and that limit is equal to the amount of the General Aggregate Limit shown in the Declarations.

2. The Designated Location General Aggregate Limit is the most we will pay for the sum of all damages under Coverage **A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard", and for medical expenses under Coverage **C** regardless of the number of:

a. Insureds;

b. Claims made or "suits" brought; or

c. Persons or organizations making claims or bringing "suits".

3. Any payments made under Coverage **A** for damages or under Coverage **C** for medical expenses shall reduce the Designated Location General Aggregate Limit for that designated "location". Such payments shall not reduce the General Aggregate Limit shown in the Declarations nor shall they reduce any other Designated Location General Aggregate Limit for any other designated "location" shown in the Schedule above.

4. The limits shown in the Declarations for Each Occurrence, Damage To Premises Rented To You and Medical Expense continue to apply. However, instead of being subject to the General Aggregate Limit shown in the Declarations, such limits will be subject to the applicable Designated Location General Aggregate Limit.

B. For all sums which the insured becomes legally obligated to pay as damages caused by "occurrences" under Section **I –** Coverage **A**, and for all medical expenses caused by accidents under Section **I –** Coverage **C,** which cannot be attributed only to operations at a single designated "location" shown in the Schedule above:

1. Any payments made under Coverage **A** for damages or under Coverage **C** for medical expenses shall reduce the amount available under the General Aggregate Limit or the Products-completed Operations Aggregate Limit, whichever is applicable; and

2. Such payments shall not reduce any Designated Location General Aggregate Limit.

C. When coverage for liability arising out of the "products-completed operations hazard" is provided, any payments for damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard" will reduce the Products-completed Operations Aggregate Limit, and not reduce the General Aggregate Limit nor the Designated Location General Aggregate Limit.

D. For the purposes of this endorsement, the **Definitions** Section is amended by the addition of the following definition:

"Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

E. The provisions of Section **III –** Limits Of Insurance not otherwise modified by this endorsement shall continue to apply as stipulated.

Detrimental Code Exclusion - 145901 01 02

Policy Amendment(s)

This endorsement modifies insurance provided under the following:

Commercial Property Coverage Part
Property-Gard Select Real and Personal Property Coverage Section
Commercial Inland Marine Coverage Part
Commercial Crime Coverage Part
Standard Property Policy
All Other Property, Inland Marine, or Crime Coverage Forms or Endorsements attached to this policy

The following exclusion applies to any coverage part, coverage form, coverage section, coverage provision, extension of coverage, additional coverage, coverage enhancement, or amendatory endorsement attached to this policy:

1. This insurance does not apply to any loss, damage, expense, injury, economic loss, economic detriment, liability, or claim, directly or indirectly, arising out of, caused by, resulting from, happening through, or in consequence of **detrimental code**, notwithstanding any other provision of this policy to the contrary.
2. Such loss, damage, expense, injury, economic loss, economic detriment, liability, or claim is excluded regardless of any other cause, condition, or event that contributes concurrently or in any sequence to the loss, damage, expense, injury, economic loss, economic detriment, liability, or claim.
3. This exclusion applies regardless of who introduced the **detrimental code,** even if the **detrimental code** was introduced by your employees.

Definition:

Detrimental code means any computer virus, program, routine, sub-routine, trojan horse, worm, script or other code string that destroys, alters, or corrupts Covered Property, Property Insured, or property of others for which you are liable, regardless of how the **detrimental code** was introduced or acquired.

This endorsement is otherwise subject to all terms, conditions, provisions and stipulations of the policy to which it is attached.

Economic or Trade Sanctions Compliance - 145985 06 14

Policy Amendment

The following is added to the Policy and replaces any other provision in the Policy addressing economic or trade sanctions:

This insurance does not apply to the extent that economic or trade sanctions or other laws or regulations prohibit us (the Company) from providing insurance.

All other terms and conditions of the policy remain unchanged.

Exclusion - Development, Construction or Reconstruction - CG 72 98 03 19

Policy Amendment(s) Commercial General Liability Coverage Form

Your Commercial General Liability Coverage Form is revised as follows:

Schedule

Specified Location (If Applicable)

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

With respect to any development, construction or reconstruction operations or work that take place at any time prior to, during, or after the policy period, including any structural work or alterations or **common interest property** conversion construction operations or work, but not to include regular maintenance of existing properties and tenant improvements, this insurance does not apply to **bodily injury** or **property damage** arising out of **your work**, regardless of:

1. Whether such operations or work are conducted by you or on your behalf or whether the operations or work are conducted for yourself or for others; or
2. Whether premises you sell, give away or abandon are **your work** and were never occupied, rented or held for rental by you; or
3. Whether you assume liability under that part of any contract or agreement that indemnifies any person or organization for **bodily injury** or **property damage** arising out of such operations or work.

Unless a **location** is specified in the above Schedule, this exclusion applies anywhere such operations or work are conducted by you or on your behalf. If a specific **location** is designated in the Schedule of this endorsement, this exclusion applies only to the described operations or work conducted at that **location**.

For the purpose of this endorsement, location means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

As used in this endorsement, **common interest property** is defined as real property which consists of separately owned units and an undivided ownership interest in common areas. **Common interest property** includes but is not limited to condominiums, townhouses, cooperatives, planned communities and time shares.

All other terms and conditions of the policy remain unchanged.

Fungi or Bacteria Exclusion - CG 72 18 04 08

Policy Amendment(s) Commercial General Liability

This endorsement modifies insurance provided under the following:

Commercial General Liability Coverage Part

Schedule

Specified Location (If Applicable)

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

With respect to the location(s) shown in the above Schedule, the Commercial General Liability Coverage Part is amended as follows.

A. The following exclusion is added to Paragraph 2., Exclusions of **Section I - Coverage A - Bodily Injury And Property Damage Liability**:

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

a. **Bodily injury** or **property damage** which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any **fungi** or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

b. Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, **fungi** or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any **fungi** or bacteria that are, are on, or are contained in, a good or product intended for bodily consumption.

B. The following exclusion is added to Paragraph 2., Exclusions of **Section I - Coverage B – Personal And Advertising Injury Liability**:

2. Exclusions

This insurance does not apply to:

Fungi or Bacteria

a. **Personal and advertising injury** which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any **fungi** or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.

b. Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, **fungi** or bacteria, by any insured or by any other person or entity.

C. The following definition is added to the **Definitions** section:

Fungi means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

All other terms and conditions of the policy remain unchanged.

Important Disclosure Notice Regarding Terrorism Coverage - 386360 01 15

This notice applies to the type(s) of insurance provided under this policy that are subject to the Terrorism Risk Insurance Act, as amended ("The Act"). You are hereby notified that under The Act, you have a right to purchase insurance coverage for losses arising out of **certified acts of terrorism**, as defined in Section 102(1) of The Act: The term **certified act of terrorism** means any act or acts that are certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, as amended, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property; or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

YOU SHOULD KNOW THAT WHEN COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM **CERTIFIED ACTS OF TERRORISM**, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THE FORMULA, THE UNITED STATES GOVERNMENT GENERALLY REIMBURSES 85% THROUGH 2015; 84% BEGINNING ON JANUARY 1, 2016; 83% BEGINNING ON JANUARY 1, 2017; 82% BEGINNING ON JANUARY 1, 2018; 81% BEGINNING ON JANUARY 1, 2019 AND 80% BEGINNING ON JANUARY 1, 2020 OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS THAT MAY BE COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.

YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS $100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURER'S LIABILITY FOR LOSSES RESULTING FROM **CERTIFIED ACTS OF TERRORISM** WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS $100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEEDS $100 BILLION, YOUR COVERAGE MAY BE REDUCED.

Our records indicate that you previously rejected coverage for losses arising out of **certified acts of terrorism**, as defined by The Act, when we provided you a quote for insurance. Accordingly, your policy does not currently provide this coverage. However, The Act requires that we again make an offer at this time. If you wish to change your decision and purchase terrorism coverage, you must contact your agent or broker representing the Allianz Global Risks US Companies and request coverage so we can provide you with a new quote. If you do not do so, it will be presumed that you have rejected this offer of terrorism coverage.

Please note that any coverage mandated by applicable Standard Fire Policy Laws or Workers Compensation laws in your state will not be affected by your rejection of terrorism coverage.

This offer of coverage for losses due to terrorist acts, as defined by The Act, if accepted, will be subject to the limit(s), terms and conditions of any policy or endorsement subsequently issued.

If you have any questions about this or any other insurance matter, please contact your agent or broker representing the Allianz Global Risks US Companies.

This Form must be attached to Change Endorsement when issued after the policy is written.
One of the **Allianz Global Risks US Companies** as named in the policy.

Notice to Policyholders - 386406 01 15

POTENTIAL RESTRICTIONS OF TERRORISM COVERAGE

This Notice has been prepared in conjunction with the **POTENTIAL** implementation of changes related to coverage of terrorism under your policy.

The Terrorism Risk Insurance Act, as amended (**The Act**), established a program within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks. Your policy will become effective (or will be renewed) while The Act is still in effect, but prior to a decision by the federal government on extension of The Act. If The Act terminates, or is extended with certain changes, during the term of your policy, then the treatment of terrorism under your policy will change. This Notice is being provided to you for the purpose of summarizing potential impact on your coverage. The summary is a brief synopsis of significant exclusionary provisions and limitations.

This Notice does **not** form a part of your insurance contract. The Notice is designed to alert you to coverage restrictions and to other provisions in certain terrorism endorsement(s) in this policy. If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) apply.

Carefully read your policy, including the endorsements attached to your policy.

YOUR POLICY AT START OF NEW POLICY TERM:

The terrorism endorsement in this policy makes a distinction between **certified acts of terrorism** and **other acts of terrorism**. There is coverage for **certified acts of terrorism** , which is more fully defined in the endorsement. This coverage is subject to a limit on our liability pursuant to The Act. The endorsement excludes coverage for **other acts of terrorism** (terrorist acts other than certified acts) but such exclusion applies only if the event qualified as a nuclear event or if the event qualified under certain circumstances as a biological or chemical event. With respect to **certified acts of terrorism** and **other acts of terrorism** , policy exclusions (for example, the war liability exclusion) and other policy pro- visions continue to apply.

POTENTIAL CHANGE DURING THE TERM OF YOUR POLICY:

Endorsement 145919 (145929 in Alaska, or 145937 in Washington) is attached to your policy. Its provisions will become applicable to your policy only if certain events (one or more of them) occur. Those events include the following:

- If The Act terminates with respect to the type of insurance provided under this policy; or
- If The Act is extended with changes that redefine terrorism, and we are not required to make such revised coverage available to you; or
- If The Act is extended with changes that make insurance coverage for terrorism subject to provisions or requirements that differ from those that apply to other events or occurrences under this policy, and we are not required to make such revised coverage available to you; or
- If The Act is extended with changes that increase insurers' statutory percentage deductible under The Act for terrorism losses, or decrease the federal government’s statutory percentage share in potential terrorism losses, and we are not required to make terrorism coverage available to you. The United States Government generally reimburses 85% through 2015; 84% beginning on January 1, 2016; 83% beginning on January 1, 2017; 82% beginning on January 1, 2018; 81% beginning on January 1, 2019 and 80% beginning on January 1, 2020 of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

Endorsements 145919, 145929 and 145937 treat terrorism as follows:

- Coverage for injury or damage arising out of terrorism is excluded only if:
  - The terrorism event involves nuclear materials or results in nuclear reaction or radiation or radioactive contamination; or
  - The terrorism event involves the release of radioactive material, and it appears that one purpose of the terrorism was to release such material; or
  - The terrorism event is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
  - The terrorism event involves the release of pathogenic or poisonous biological or chemical materials, and it appears that one purpose of the terrorism was to release such materials.

See the definition of terrorism for purposes of the terrorism exclusion.

You are receiving this notice because your policy currently provides coverage for Certified Acts of Terrorism. If you elect to exclude coverage for Certified Acts of Terrorism, then your policy will be endorsed to:

- **Exclude coverage for loss or damage resulting from a Certified Act of Terrorism;**
- **Remove the Conditional Exclusion relating to loss or damage from Nuclear, Biological or Chemical Terrorism; and**
- **Add a Conditional Exclusion to delete all loss or damage resulting from acts of terrorism.**

Personal and Advertising Injury Hazard Redefined - CG 72 75 03 19

Policy Amendment(s) Commercial General Liability Coverage Form

Your Commercial General Liability Coverage Form is revised as follows:

SECTION V - DEFINITIONS, 14. **Personal and Advertising Injury,** item c., is replaced by the following:

c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person or organization occupies, committed by or on behalf of its owner, landlord or lessor;

Policyholder Message
385542 07 16 CA

Important Information for California Policyholders

If you ever have questions about your policy, or about any insurance matter, you can contact your independent agent or broker. If you have additional questions, you can contact the company issuing the policy at the following address:

Corporate Consumer Affairs
Allianz Global Risks US Insurance Company
225 W. Washington Street Suite 1800
Chicago, IL 60606
Phone: 888-466-7883

If you have been unable to obtain satisfaction from either the agent or the company, you may contact the California Department of Insurance at the following address:

California Department of Insurance
Consumer Services Division
300 South Spring Street, South Tower
Los Angeles, CA 90013

Phone: 1-800-927-4357 (calling within California)
1-213-897-8921 (calling outside California)
1-800-482-4833 (TDD-Telecommunication Devices for the Deaf)

The Department of Insurance should be contacted only after the contacts with the agent and the company have failed to produce a satisfactory solution to your problem.

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Business Auto

BUSINESS AUTO COVERAGE SECTION - DECLARATIONS

Each of these coverages will apply only to those "autos" shown as covered "autos". **"Autos" are shown as covered "Autos" for a particular coverage by the entry of one or more of the symbols from the Covered Autos section of the Business Auto Coverage Form next to the name of the coverage.**

Business Auto Coverage Form (CA 00 01 10 13)

Schedule of Coverage

Coverages	Covered Auto Symbols	Limit of Insurance
Liability	8,9	$1,000,000

- UM/UIM only applies if HQ state is AZ, IL, IN, LA, VT

Schedule of Exposure

State	Coverages	Basis of Premium	Exposure
CA	Non-owned Auto Liability	Number of Employees	0 - 25
CA	Hired Auto Liability	Cost of Hire	$40,000

BUSINESS AUTO COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

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

SECTION I – COVERED AUTOS

Item Two of the Declarations shows the "autos" that are covered "autos" for each of your coverages. The following numerical symbols describe the "autos" that may be covered "autos". The symbols entered next to a coverage on the Declarations designate the only "autos" that are covered "autos".

A. Description Of Covered Auto Designation Symbols

Symbol	Description Of Covered Auto Designation Symbols	
1	Any "Auto"	
2	Owned "Autos" Only	Only those "autos" you own (and for Liability Coverage any "trailers" you don't own while attached to power units you own). This includes those "autos" you acquire ownership of after the policy begins.
3	Owned Private Passenger "Autos" Only	Only the private passenger "autos" you own. This includes those private passenger "autos" you acquire ownership of after the policy begins.
4	Owned "Autos" Other Than Private Passenger "Autos" Only	Only those "autos" you own that are not of the private passenger type (and for Liability Coverage any "trailers" you don't own while attached to power units you own). This includes those "autos" not of the private passenger type you acquire ownership of after the policy begins.
5	Owned "Autos" Subject To No-fault	Only those "autos" you own that are required to have no-fault benefits in the state where they are licensed or principally garaged. This includes those "autos" you acquire ownership of after the policy begins provided they are required to have no-fault benefits in the state where they are licensed or principally garaged.
6	Owned "Autos" Subject To A Compulsory Uninsured Motorists Law	Only those "autos" you own that because of the law in the state where they are licensed or principally garaged are required to have and cannot reject Uninsured Motorists Coverage. This includes those "autos" you acquire ownership of after the policy begins provided they are subject to the same state uninsured motorists requirement.
7	Specifically Described "Autos"	Only those "autos" described in Item Three of the Declarations for which a premium charge is shown (and for Liability Coverage any "trailers" you don't own while attached to any power unit described in Item Three).
8	Hired "Autos" Only	Only those "autos" you lease, hire, rent or borrow. This does not include any "auto" you lease, hire, rent or borrow from any of your "employees", partners (if you are a partnership), members (if you are a limited liability company) or members of their households.
9	Non-owned "Autos" Only	Only those "autos" you do not own, lease, hire, rent or borrow that are used in connection with your business. This includes "autos" owned by your "employees", partners (if you are a partnership), members (if you are a limited liability company) or members of their households but only while used in your business or your personal affairs.

19	Mobile Equipment Subject To Compulsory Or Financial Responsibility Or Other Motor Vehicle Insurance Law Only	Only those "autos" that are land vehicles and that would qualify under the definition of "mobile equipment" under this policy if they were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where they are licensed or principally garaged.

B. Owned Autos You Acquire After The Policy Begins

1. If Symbols **1, 2, 3, 4, 5, 6** or **19** are entered next to a coverage in Item Two of the Declarations, then you have coverage for "autos" that you acquire of the type described for the remainder of the policy period.
2. But, if Symbol **7** is entered next to a coverage in Item Two of the Declarations, an "auto" you acquire will be a covered "auto" for that coverage only if:
   - **a.** We already cover all "autos" that you own for that coverage or it replaces an "auto" you previously owned that had that coverage; and
   - **b.** You tell us within 30 days after you acquire it that you want us to cover it for that coverage.

C. Certain Trailers, Mobile Equipment And Temporary Substitute Autos

If Liability Coverage is provided by this coverage form, the following types of vehicles are also covered "autos" for Liability Coverage:

1. "Trailers" with a load capacity of 2,000 pounds or less designed primarily for travel on public roads.
2. "Mobile equipment" while being carried or towed by a covered "auto".
3. Any "auto" you do not own while used with the permission of its owner as a temporary substitute for a covered "auto" you own that is out of service because of its:
   - **a.** Breakdown;
   - **b.** Repair;
   - **c.** Servicing;
   - **d.** "Loss"; or
   - **e.** Destruction.

SECTION II – LIABILITY COVERAGE

A. Coverage

We will pay all sums an "insured" legally must pay as damages because of "bodily injury" or "property damage" to which this insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of a covered "auto".

We will also pay all sums an "insured" legally must pay as a "covered pollution cost or expense" to which this insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of covered "autos". However, we will only pay for the "covered pollution cost or expense" if there is either "bodily injury" or "property damage" to which this insurance applies that is caused by the same "accident".

We have the right and duty to defend any "insured" against a "suit" asking for such damages or a "covered pollution cost or expense". However, we have no duty to defend any "insured" against a "suit" seeking damages for "bodily injury" or "property damage" or a "covered pollution cost or expense" to which this insurance does not apply. We may investigate and settle any claim or "suit" as we consider appropriate. Our duty to defend or settle ends when the Liability Coverage Limit of Insurance has been exhausted by payment of judgments or settlements.

1. Who Is An Insured

The following are "insureds":

- **a.** You for any covered "auto".
- **b.** Anyone else while using with your permission a covered "auto" you own, hire or borrow except:
  - **(1)** The owner or anyone else from whom you hire or borrow a covered "auto".

  This exception does not apply if the covered "auto" is a "trailer" connected to a covered "auto" you own.

(2) Your "employee" if the covered "auto" is owned by that "employee" or a member of his or her household.

(3) Someone using a covered "auto" while he or she is working in a business of selling, servicing, repairing, parking or storing "autos" unless that business is yours.

(4) Anyone other than your "employees", partners (if you are a partnership), members (if you are a limited liability company) or a lessee or borrower or any of their "employees", while moving property to or from a covered "auto".

(5) A partner (if you are a partnership) or a member (if you are a limited liability company) for a covered "auto" owned by him or her or a member of his or her household.

c. Anyone liable for the conduct of an "insured" described above but only to the extent of that liability.

2. Coverage Extensions

a. Supplementary Payments

We will pay for the "insured":

(1) All expenses we incur.

(2) Up to $2,000 for cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" we cover. We do not have to furnish these bonds.

(3) The cost of bonds to release attachments in any "suit" against the "insured" we defend, but only for bond amounts within our Limit of Insurance.

(4) All reasonable expenses incurred by the "insured" at our request, including actual loss of earnings up to $250 a day because of time off from work.

(5) All court costs taxed against the "insured" in any "suit" against the "insured" we defend. However, these payments do not include attorneys' fees or attorneys' expenses taxed against the "insured".

(6) All interest on the full amount of any judgment that accrues after entry of the judgment in any "suit" against the "insured" we defend, but our duty to pay interest ends when we have paid, offered to pay or deposited in court the part of the judgment that is within our Limit of Insurance.

These payments will not reduce the Limit of Insurance.

b. Out-of-state Coverage Extensions

While a covered "auto" is away from the state where it is licensed we will:

(1) Increase the Limit of Insurance for Liability Coverage to meet the limits specified by a compulsory or financial responsibility law of the jurisdiction where the covered "auto" is being used. This extension does not apply to the limit or limits specified by any law governing motor carriers of passengers or property.

(2) Provide the minimum amounts and types of other coverages, such as no-fault, required of out-of-state vehicles by the jurisdiction where the covered "auto" is being used.

We will not pay anyone more than once for the same elements of loss because of these extensions.

B. Exclusions

This insurance does not apply to any of the following:

1. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the "insured".

2. Contractual

Liability assumed under any contract or agreement.

But this exclusion does not apply to liability for damages:

a. Assumed in a contract or agreement that is an "insured contract" provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement; or

b. That the "insured" would have in the absence of the contract or agreement.

3. Workers' Compensation

Any obligation for which the "insured" or the "insured's" insurer may be held liable under any workers' compensation, disability benefits or unemployment compensation law or any similar law.

4. Employee Indemnification And Employer's Liability

"Bodily injury" to:

a. An "employee" of the "insured" arising out of and in the course of:

(1) Employment by the "insured"; or

(2) Performing the duties related to the conduct of the "insured's" business; or

b. The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph **a.** above.

This exclusion applies:

(1) Whether the "insured" may be liable as an employer or in any other capacity; and

(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

But this exclusion does not apply to "bodily injury" to domestic "employees" not entitled to workers' compensation benefits or to liability assumed by the "insured" under an "insured contract". For the purposes of the coverage form, a domestic "employee" is a person engaged in household or domestic work performed principally in connection with a residence premises.

5. Fellow Employee

"Bodily injury" to:

a. Any fellow "employee" of the "insured" arising out of and in the course of the fellow "employee's" employment or while performing duties related to the conduct of your business; or

b. The spouse, child, parent, brother or sister of that fellow "employee" as a consequence of Paragraph **a.** above.

6. Care, Custody Or Control

"Property damage" to or "covered pollution cost or expense" involving property owned or transported by the "insured" or in the "insured's" care, custody or control. But this exclusion does not apply to liability assumed under a sidetrack agreement.

7. Handling Of Property

"Bodily injury" or "property damage" resulting from the handling of property:

a. Before it is moved from the place where it is accepted by the "insured" for movement into or onto the covered "auto"; or

b. After it is moved from the covered "auto" to the place where it is finally delivered by the "insured".

8. Movement Of Property By Mechanical Device

"Bodily injury" or "property damage" resulting from the movement of property by a mechanical device (other than a hand truck) unless the device is attached to the covered "auto".

9. Operations

"Bodily injury" or "property damage" arising out of the operation of:

a. Any equipment listed in Paragraphs **6.b.** and **6.c.** of the definition of "mobile equipment"; or

b. Machinery or equipment that is on, attached to or part of a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

10. Completed Operations

"Bodily injury" or "property damage" arising out of your work after that work has been completed or abandoned.

In this exclusion, your work means:

a. Work or operations performed by you or on your behalf; and

b. Materials, parts or equipment furnished in connection with such work or operations.

Your work includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in Paragraph **a.** or **b.** above.

Your work will be deemed completed at the earliest of the following times:

(1) When all of the work called for in your contract has been completed.

(2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site.

(3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

11. Pollution

"Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

a. That are, or that are contained in any property that is:

(1) Being transported or towed by, handled or handled for movement into, onto or from the covered "auto";

(2) Otherwise in the course of transit by or on behalf of the "insured"; or

(3) Being stored, disposed of, treated or processed in or upon the covered "auto";

b. Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are accepted by the "insured" for movement into or onto the covered "auto"; or

c. After the "pollutants" or any property in which the "pollutants" are contained are moved from the covered "auto" to the place where they are finally delivered, disposed of or abandoned by the "insured".

Paragraph **a.** above does not apply to fuels, lubricants, fluids, exhaust gases or other similar "pollutants" that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered "auto" or its parts, if:

(1) The "pollutants" escape, seep, migrate or are discharged, dispersed or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such "pollutants"; and

(2) The "bodily injury", "property damage" or "covered pollution cost or expense" does not arise out of the operation of any equipment listed in Paragraphs **6.b.** and **6.c.** of the definition of "mobile equipment".

Paragraphs **b.** and **c.** above of this exclusion do not apply to "accidents" that occur away from premises owned by or rented to an "insured" with respect to "pollutants" not in or upon a covered "auto" if:

(a) The "pollutants" or any property in which the "pollutants" are contained are upset, overturned or damaged as a result of the maintenance or use of a covered "auto"; and

(b) The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

12. War

"Bodily injury" or "property damage" arising directly or indirectly out of:

a. War, including undeclared or civil war;

b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

c. Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

13. Racing

Covered "autos" while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. This insurance also does not apply while that covered "auto" is being prepared for such a contest or activity.

C. Limit Of Insurance

Regardless of the number of covered "autos", "insureds", premiums paid, claims made or vehicles involved in the "accident", the most we will pay for the total of all damages and "covered pollution cost or expense" combined resulting from any one "accident" is the Limit of Insurance for Liability Coverage shown in the Declarations.

All "bodily injury", "property damage" and "covered pollution cost or expense" resulting from continuous or repeated exposure to substantially the same conditions will be considered as resulting from one "accident".

No one will be entitled to receive duplicate payments for the same elements of "loss" under this coverage form and any Medical Payments Coverage endorsement, Uninsured Motorists Coverage endorsement or Underinsured Motorists Coverage endorsement attached to this Coverage Part.

SECTION III – PHYSICAL DAMAGE COVERAGE

A. Coverage

1. We will pay for "loss" to a covered "auto" or its equipment under:

a. Comprehensive Coverage

From any cause except:

(1) The covered "auto's" collision with another object; or

(2) The covered "auto's" overturn.

b. Specified Causes Of Loss Coverage

Caused by:

(1) Fire, lightning or explosion;

(2) Theft;

(3) Windstorm, hail or earthquake;

(4) Flood;

(5) Mischief or vandalism; or

(6) The sinking, burning, collision or derailment of any conveyance transporting the covered "auto".

c. Collision Coverage

Caused by:

(1) The covered "auto's" collision with another object; or

(2) The covered "auto's" overturn.

2. Towing

We will pay up to the limit shown in the Declarations for towing and labor costs incurred each time a covered "auto" of the private passenger type is disabled. However, the labor must be performed at the place of disablement.

3. Glass Breakage – Hitting A Bird Or Animal – Falling Objects Or Missiles

If you carry Comprehensive Coverage for the damaged covered "auto", we will pay for the following under Comprehensive Coverage:

a. Glass breakage;

b. "Loss" caused by hitting a bird or animal; and

c. "Loss" caused by falling objects or missiles.

However, you have the option of having glass breakage caused by a covered "auto's" collision or overturn considered a "loss" under Collision Coverage.

4. Coverage Extensions

a. Transportation Expenses

We will pay up to $20 per day to a maximum of $600 for temporary transportation expense incurred by you because of the total theft of a covered "auto" of the private passenger type. We will pay only for those covered "autos" for which you carry either Comprehensive or Specified Causes Of Loss Coverage. We will pay for temporary transportation expenses incurred during the period beginning 48 hours after the theft and ending, regardless of the policy's expiration, when the covered "auto" is returned to use or we pay for its "loss".

b. Loss Of Use Expenses

For Hired Auto Physical Damage, we will pay expenses for which an "insured" becomes legally responsible to pay for loss of use of a vehicle rented or hired without a driver under a written rental contract or agreement. We will pay for loss of use expenses if caused by:

(1) Other than collision only if the Declarations indicate that Comprehensive Coverage is provided for any covered "auto";

(2) Specified Causes Of Loss only if the Declarations indicate that Specified Causes Of Loss Coverage is provided for any covered "auto"; or

(3) Collision only if the Declarations indicate that Collision Coverage is provided for any covered "auto".

However, the most we will pay for any expenses for loss of use is $20 per day, to a maximum of $600.

B. Exclusions

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

a. Nuclear Hazard

(1) The explosion of any weapon employing atomic fission or fusion; or

(2) Nuclear reaction or radiation, or radioactive contamination, however caused.

b. War Or Military Action

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for "loss" to any covered "auto" while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. We will also not pay for "loss" to any covered "auto" while that covered "auto" is being prepared for such a contest or activity.

3. We will not pay for "loss" due and confined to:

a. Wear and tear, freezing, mechanical or electrical breakdown.

b. Blowouts, punctures or other road damage to tires.

This exclusion does not apply to such "loss" resulting from the total theft of a covered "auto".

4. We will not pay for "loss" to any of the following:

a. Tapes, records, discs or other similar audio, visual or data electronic devices designed for use with audio, visual or data electronic equipment.

b. Any device designed or used to detect speed-measuring equipment such as radar or laser detectors and any jamming apparatus intended to elude or disrupt speed-measurement equipment.

c. Any electronic equipment, without regard to whether this equipment is permanently installed, that reproduces, receives or transmits audio, visual or data signals.

d. Any accessories used with the electronic equipment described in Paragraph **c.** above.

5. Exclusions **4.c.** and **4.d.** do not apply to equipment designed to be operated solely by use of the power from the "auto's" electrical system that, at the time of "loss", is:

a. Permanently installed in or upon the covered "auto";

b. Removable from a housing unit which is permanently installed in or upon the covered "auto";

c. An integral part of the same unit housing any electronic equipment described in Paragraphs **a.** and **b.** above; or

d. Necessary for the normal operation of the covered "auto" or the monitoring of the covered "auto's" operating system.

6. We will not pay for "loss" to a covered "auto" due to "diminution in value".

C. Limit Of Insurance

1. The most we will pay for "loss" in any one "accident" is the lesser of:

a. The actual cash value of the damaged or stolen property as of the time of the "loss"; or

b. The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.

2. $1,000 is the most we will pay for "loss" in any one "accident" to all electronic equipment that reproduces, receives or transmits audio, visual or data signals which, at the time of "loss", is:

a. Permanently installed in or upon the covered "auto" in a housing, opening or other location that is not normally used by the "auto" manufacturer for the installation of such equipment;

b. Removable from a permanently installed housing unit as described in Paragraph **2.a.** above or is an integral part of that equipment; or

c. An integral part of such equipment.

3. An adjustment for depreciation and physical condition will be made in determining actual cash value in the event of a total "loss".

4. If a repair or replacement results in better than like kind or quality, we will not pay for the amount of the betterment.

D. Deductible

For each covered "auto", our obligation to pay for, repair, return or replace damaged or stolen property will be reduced by the applicable deductible shown in the Declarations. Any Comprehensive Coverage deductible shown in the Declarations does not apply to "loss" caused by fire or lightning.

SECTION IV – BUSINESS AUTO CONDITIONS

The following conditions apply in addition to the Common Policy Conditions:

A. Loss Conditions

1. Appraisal For Physical Damage Loss

If you and we disagree on the amount of "loss", either may demand an appraisal of the "loss". In this event, each party will select a competent appraiser. The two appraisers will select a competent and impartial umpire. The appraisers will state separately the actual cash value and amount of "loss". If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

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

2. Duties In The Event Of Accident, Claim, Suit Or Loss

We have no duty to provide coverage under this policy unless there has been full compliance with the following duties:

a. In the event of "accident", claim, "suit" or "loss", you must give us or our authorized representative prompt notice of the "accident" or "loss". Include:

(1) How, when and where the "accident" or "loss" occurred;

(2) The "insured's" name and address; and

(3) To the extent possible, the names and addresses of any injured persons and witnesses.

b. Additionally, you and any other involved "insured" must:

(1) Assume no obligation, make no payment or incur no expense without our consent, except at the "insured's" own cost.

(2) Immediately send us copies of any request, demand, order, notice, summons or legal paper received concerning the claim or "suit".

(3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit".

(4) Authorize us to obtain medical records or other pertinent information.

(5) Submit to examination, at our expense, by physicians of our choice, as often as we reasonably require.

c. If there is "loss" to a covered "auto" or its equipment you must also do the following:

(1) Promptly notify the police if the covered "auto" or any of its equipment is stolen.

(2) Take all reasonable steps to protect the covered "auto" from further damage. Also keep a record of your expenses for consideration in the settlement of the claim.

(3) Permit us to inspect the covered "auto" and records proving the "loss" before its repair or disposition.

(4) Agree to examinations under oath at our request and give us a signed statement of your answers.

3. Legal Action Against Us

No one may bring a legal action against us under this coverage form until:

a. There has been full compliance with all the terms of this coverage form; and

b. Under Liability Coverage, we agree in writing that the "insured" has an obligation to pay or until the amount of that obligation has finally been determined by judgment after trial. No one has the right under this policy to bring us into an action to determine the "insured's" liability.

4. Loss Payment – Physical Damage Coverages

At our option we may:

a. Pay for, repair or replace damaged or stolen property;

b. Return the stolen property, at our expense. We will pay for any damage that results to the "auto" from the theft; or

c. Take all or any part of the damaged or stolen property at an agreed or appraised value.

If we pay for the "loss", our payment will include the applicable sales tax for the damaged or stolen property.

5. Transfer Of Rights Of Recovery Against Others To Us

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

B. General Conditions

1. Bankruptcy

Bankruptcy or insolvency of the "insured" or the "insured's" estate will not relieve us of any obligations under this coverage form.

2. Concealment, Misrepresentation Or Fraud

This coverage form is void in any case of fraud by you at any time as it relates to this coverage form. It is also void if you or any other "insured", at any time, intentionally conceal or misrepresent a material fact concerning:

a. This coverage form;

b. The covered "auto";

c. Your interest in the covered "auto"; or

d. A claim under this coverage form.

3. Liberalization

If we revise this coverage form to provide more coverage without additional premium charge, your policy will automatically provide the additional coverage as of the day the revision is effective in your state.

4. No Benefit To Bailee – Physical Damage Coverages

We will not recognize any assignment or grant any coverage for the benefit of any person or organization holding, storing or transporting property for a fee regardless of any other provision of this coverage form.

5. Other Insurance

a. For any covered "auto" you own, this coverage form provides primary insurance. For any covered "auto" you don't own, the insurance provided by this coverage form is excess over any other collectible insurance. However, while a covered "auto" which is a "trailer" is connected to another vehicle, the Liability Coverage this coverage form provides for the "trailer" is:

(1) Excess while it is connected to a motor vehicle you do not own.

(2) Primary while it is connected to a covered "auto" you own.

b. For Hired Auto Physical Damage Coverage, any covered "auto" you lease, hire, rent or borrow is deemed to be a covered "auto" you own. However, any "auto" that is leased, hired, rented or borrowed with a driver is not a covered "auto".

c. Regardless of the provisions of Paragraph **a.** above, this coverage form's Liability Coverage is primary for any liability assumed under an "insured contract".

d. When this coverage form and any other coverage form or policy covers on the same basis, either excess or primary, we will pay only our share. Our share is the proportion that the Limit of Insurance of our coverage form bears to the total of the limits of all the coverage forms and policies covering on the same basis.

6. Premium Audit

a. The estimated premium for this coverage form is based on the exposures you told us you would have when this policy began. We will compute the final premium due when we determine your actual exposures. The estimated total premium will be credited against the final premium due and the first Named Insured will be billed for the balance, if any. The due date for the final premium or retrospective premium is the date shown as the due date on the bill. If the estimated total premium exceeds the final premium due, the first Named Insured will get a refund.

b. If this policy is issued for more than one year, the premium for this coverage form will be computed annually based on our rates or premiums in effect at the beginning of each year of the policy.

7. Policy Period, Coverage Territory

Under this coverage form, we cover "accidents" and "losses" occurring:

a. During the policy period shown in the Declarations; and

b. Within the coverage territory.

The coverage territory is:

(1) The United States of America;

(2) The territories and possessions of the United States of America;

(3) Puerto Rico;

(4) Canada; and

(5) Anywhere in the world if:

(a) A covered "auto" of the private passenger type is leased, hired, rented or borrowed without a driver for a period of 30 days or less; and

(b) The "insured's" responsibility to pay damages is determined in a "suit" on the merits, in the United States of America, the territories and possessions of the United States of America, Puerto Rico or Canada or in a settlement we agree to.

We also cover "loss" to, or "accidents" involving, a covered "auto" while being transported between any of these places.

8. Two Or More Coverage Forms Or Policies Issued By Us

If this coverage form and any other coverage form or policy issued to you by us or any company affiliated with us applies to the same "accident", the aggregate maximum Limit of Insurance under all the coverage forms or policies shall not exceed the highest applicable Limit of Insurance under any one coverage form or policy. This condition does not apply to any coverage form or policy issued by us or an affiliated company specifically to apply as excess insurance over this coverage form.

SECTION V – DEFINITIONS

A. "Accident" includes continuous or repeated exposure to the same conditions resulting in "bodily injury" or "property damage".

B. "Auto" means:

1. A land motor vehicle, "trailer" or semitrailer designed for travel on public roads; or

2. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

C. "Bodily injury" means bodily injury, sickness or disease sustained by a person including death resulting from any of these.

D. "Covered pollution cost or expense" means any cost or expense arising out of:

1. Any request, demand, order or statutory or regulatory requirement that any "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

2. Any claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

"Covered pollution cost or expense" does not include any cost or expense arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

a. That are, or that are contained in any property that is:

(1) Being transported or towed by, handled or handled for movement into, onto or from the covered "auto";

(2) Otherwise in the course of transit by or on behalf of the "insured"; or

(3) Being stored, disposed of, treated or processed in or upon the covered "auto";

b. Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are accepted by the "insured" for movement into or onto the covered "auto"; or

c. After the "pollutants" or any property in which the "pollutants" are contained are moved from the covered "auto" to the place where they are finally delivered, disposed of or abandoned by the "insured".

Paragraph **a.** above does not apply to fuels, lubricants, fluids, exhaust gases or other similar "pollutants" that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered "auto" or its parts, if:

(1) The "pollutants" escape, seep, migrate or are discharged, dispersed or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such "pollutants"; and

(2) The "bodily injury", "property damage" or "covered pollution cost or expense" does not arise out of the operation of any equipment listed in Paragraph **6.b.** or **6.c.** of the definition of "mobile equipment".

Paragraphs **b.** and **c.** above do not apply to "accidents" that occur away from premises owned by or rented to an "insured" with respect to "pollutants" not in or upon a covered "auto" if:

(a) The "pollutants" or any property in which the "pollutants" are contained are upset, overturned or damaged as a result of the maintenance or use of a covered "auto"; and

(b) The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

E. "Diminution in value" means the actual or perceived loss in market value or resale value which results from a direct and accidental "loss".

F. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

G. "Insured" means any person or organization qualifying as an insured in the Who Is An Insured provision of the applicable coverage. Except with respect to the Limit of Insurance, the coverage afforded applies separately to each insured who is seeking coverage or against whom a claim or "suit" is brought.

H. "Insured contract" means:

1. A lease of premises;

2. A sidetrack agreement;

3. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;

4. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;

5. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another to pay for "bodily injury" or "property damage" to a third party or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement;

6. That part of any contract or agreement entered into, as part of your business, pertaining to the rental or lease, by you or any of your "employees", of any "auto". However, such contract or agreement shall not be considered an "insured contract" to the extent that it obligates you or any of your "employees" to pay for "property damage" to any "auto" rented or leased by you or any of your "employees".

An "insured contract" does not include that part of any contract or agreement:

a. That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;

b. That pertains to the loan, lease or rental of an "auto" to you or any of your "employees", if the "auto" is loaned, leased or rented with a driver; or

c. That holds a person or organization engaged in the business of transporting property by "auto" for hire harmless for your use of a covered "auto" over a route or territory that person or organization is authorized to serve by public authority.

I. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

J. "Loss" means direct and accidental loss or damage.

K. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

1. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

2. Vehicles maintained for use solely on or next to premises you own or rent;

3. Vehicles that travel on crawler treads;

4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:

a. Power cranes, shovels, loaders, diggers or drills; or

b. Road construction or resurfacing equipment such as graders, scrapers or rollers;

5. Vehicles not described in Paragraph **1., 2., 3.** or **4.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

a. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well-servicing equipment; or

b. Cherry pickers and similar devices used to raise or lower workers; or

6. Vehicles not described in Paragraph **1., 2., 3.** or **4.** above maintained primarily for purposes other than the transportation of persons or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

a. Equipment designed primarily for:

(1) Snow removal;

(2) Road maintenance, but not construction or resurfacing; or

(3) Street cleaning;

b. Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

c. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting or well-servicing equipment.

However, "mobile equipment" does not include land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

L. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

M. "Property damage" means damage to or loss of use of tangible property.

N. "Suit" means a civil proceeding in which:

1. Damages because of "bodily injury" or "property damage"; or

2. A "covered pollution cost or expense";

to which this insurance applies, are alleged.

"Suit" includes:

a. An arbitration proceeding in which such damages or "covered pollution costs or expenses" are claimed and to which the "insured" must submit or does submit with our consent; or

b. Any other alternative dispute resolution proceeding in which such damages or "covered pollution costs or expenses" are claimed and to which the insured submits with our consent.

O. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

P. "Trailer" includes semitrailer.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Amendment of Policy - Additional Condition - IL 70 05 02 96

Policy Amendment(s) Commercial General Provisions

This endorsement modifies insurance provided under the following:

American Business Coverage
Commercial General Liability
Automobile
Crime
Inland Marine
Farm Property
Farm Liability

You and we agree to add this condition to the policy:

Two or More Policies Issued By Us

The Other Insurance provisions changed to add the following:

If the same **occurrence**, accident, loss or damage is covered under more than one policy issued by us or a company affiliated with us, the following applies:

1. The maximum Limit of Insurance that applies under all policies shall not exceed the highest limit that applies under any one policy.

2. For Farm Liability, General Liability or Automobile: we will not provide coverage after the aggregate limit of insurance that applies under any one policy:

   a. has been exhausted; or

   b. would have been exhausted had all covered claims been submitted under that one policy rather than under two or more policies.

   This condition does not apply to a policy issued to apply as excess over this policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES

For a covered "auto" licensed or principally garaged in, or "auto dealer operations" conducted in, California, this endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM
BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

A. The following are added to the **Other Insurance** Condition in the Auto Dealers and Business Auto Coverage Forms and the **Other Insurance – Primary And Excess Insurance Provisions** Condition in the Motor Carrier Coverage Form and supersede any provisions to the contrary:

1. When this Coverage Form and any other Coverage Form or policy providing liability coverage apply to an "auto" and:

a. One provides coverage to a Named Insured engaged in the business of selling, repairing, servicing, delivering, testing or road-testing "autos"; and

b. The other provides coverage to a person not engaged in that business; and

c. At the time of an "accident", a person described in Paragraph **1.b.** is operating an "auto" owned by the business described in Paragraph **1.a.,** then that person's liability coverage is primary and the Coverage Form issued to a business described in Paragraph **1.a.** is excess over any coverage available to that person.

2. When this Coverage Form and any other Coverage Form or policy providing liability coverage apply to an "auto" and:

a. One provides coverage to a Named Insured engaged in the business of selling, repairing, servicing, delivering, testing or road-testing "autos"; and

b. The other provides coverage to a person not engaged in that business; and

c. At the time of an "accident", an "insured" under the Coverage Form described in Paragraph **2.a.** is operating an "auto" owned by a person described in Paragraph **2.b.,** then the Coverage Form issued to the business described in Paragraph **2.a.** is primary and the liability coverage issued to a person described in Paragraph **2.b.** is excess over any coverage available to the business.

3. When this Coverage Form and any other Coverage Form or policy providing liability coverage apply to a "commercial vehicle" and:

a. One provides coverage to a Named Insured, who in the course of business, rents or leases "commercial vehicles" without operators; and

b. The other provides coverage to a person other than as described in Paragraph **3.a.;** and

c. At the time of an "accident", a person who is not the Named Insured of the Policy described in Paragraph **3.a.,** and who is not the agent or "employee" of such Named Insured, is operating a "commercial vehicle" provided by the business covered by the Coverage Form or policy described in Paragraph **3.a.,** then the liability coverage provided by the Coverage Form or policy described in Paragraph **3.b.** is primary, and the liability coverage provided by the Coverage Form or policy described in Paragraph **3.a.** is excess over any coverage available to that person.

4. Notwithstanding Paragraph **A.3.,** when this Coverage Form and any other Coverage Form or policy providing liability coverage apply to a power unit and any connected "trailer" or "trailers" and:
   a. One provides coverage to a Named Insured engaged in the business of transporting property by "auto" for hire; and
   b. The other provides coverage to a Named Insured not engaged in that business; and
   c. At the time of an "accident", a power unit is being operated by a person insured under the Coverage Form or policy described in Paragraph **4.a.,** then that Coverage Form or policy is primary for both the power unit and any connected "trailer" or "trailers" and the Coverage Form or policy described in Paragraph **4.b.** is excess over any other coverage available to such power unit and attached "trailer" or "trailers".

B. As used in this endorsement:

"Commercial vehicle" means an "auto" subject to registration or identification under California law which is:

1. Used or maintained for the transportation of persons for hire, compensation or profit;
2. Designed, used or maintained primarily for the transportation of property; or
3. Leased for a period of six months or more.

Exclusion of Terrorism Involving Nuclear, Biological or Chemical Terrorism Above Minimum Statutory Limits CA 70 82 01 06

Policy Amendment

This Endorsement modifies insurance provided under the:
Business Auto Coverage Form
Business Auto Physical Damage Coverage Form
Garage Coverage Form
Motor Carrier Coverage Form
Single Interest Automobile Physical Damage Insurance Policy

A. The following definitions are added and apply under this endorsement:

1. **Terrorism** means activities against persons, organizations or property of any nature:

   a. That involve the following or preparation for the following:

      (1) Use or threat of force or violence; or

      (2) Commission or threat of a dangerous act; or

      (3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

   b. When one or both of the following applies:

      (1) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or

      (2) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

2. **Any injury or damage**, **loss or expense** means any injury, damage, loss or expense covered under any Coverage Form or Policy to which this endorsement is applicable, and includes but is not limited to **bodily injury**, **property damage**, **personal injury**, **personal and advertising injury**, **loss**, loss of use, rental reimbursement after **loss** or **covered pollution costs or expense**, as may be defined under this Coverage Form, Policy or any applicable endorsement.

B. The following exclusion is added:

Exclusion of Terrorism

We will not pay for **any injury**, **damage**, **loss or expense** caused directly or indirectly by **terrorism**, including action in hindering or defending against an actual or expected incident of **terrorism**. **Any injury or damage**, **loss or expense** is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury, damage, loss or expense. But this exclusion applies only when one or more of the following are attributed to an incident of **terrorism**:

This form must be attached to Change Endorsement when issued after the policy is written.
One of the **Allianz Global Risks US Companies** as named in the policy.

1. The **terrorism** is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
2. Radioactive material is released, and it appears that one purpose of the **terrorism** was to release such material; or
3. The **terrorism** is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the **terrorism** was to release such materials.

However, with respect to Liability and Personal Injury Protection Coverage, if applicable, this Exclusion applies only to the extent that the limit of such coverage exceeds the state compulsory or financial responsibility law minimum limits for each coverage.

With respect to Uninsured and/or Underinsured Motorists Coverage, if applicable, this Exclusion applies only to the extent that the limit of such coverage exceeds the minimum statutory permitted limits for Uninsured and/or Underinsured Motorists Coverage. Those limits are equal to the minimum limit permitted for Liability Coverage.

C. In the event of any incident of **terrorism** that is not subject to the Exclusion, coverage does not apply to **any injury or damage**, **loss or expense** that is otherwise excluded under this Coverage Form, Policy or any applicable endorsement.

All other terms and conditions of the policy remain unchanged.

Exclusion of Terrorism Involving Nuclear, Biological or Chemical Terrorism - CA 70 78 01 06

Policy Amendment

This Endorsement modifies insurance provided under the:
Business Auto Coverage Form
Business Auto Physical Damage Coverage Form
Garage Coverage Form
Motor Carrier Coverage Form
Single Interest Automobile Physical Damage Insurance Policy

A. The following definitions are added and apply under this endorsement:

1. **Terrorism** means activities against persons, organizations or property of any nature:

   a. That involve the following or preparation for the following:

      (1) Use or threat of force or violence; or

      (2) Commission or threat of a dangerous act; or

      (3) Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

   b. When one or both of the following applies:

      (1) The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or

      (2) It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

2. **Any injury or damage**, **loss or expense** means any injury, damage, loss or expense covered under any Coverage Form or Policy to which this endorsement is applicable, and includes but is not limited to **bodily injury**, **property damage**, **personal injury**, **personal and advertising injury**, **loss**, loss of use, rental reimbursement after **loss** or **covered pollution costs or expense** , as may be defined under this Coverage Form, Policy or any applicable endorsement.

B. The following exclusion is added:

   Exclusion of Terrorism

   We will not pay for **any injury**, **damage**, **loss or expense** caused directly or indirectly by **terrorism**, including action in hindering or defending against an actual or expected incident of **terrorism**. **Any injury or damage**, **loss or expense** is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury, damage, loss or expense. But this exclusion applies only when one or more of the following are attributed to an incident of **terrorism**:

This form must be attached to Change Endorsement when issued after the policy is written.
One of the **Allianz Global Risks US Companies** as named in the policy.

1. The **terrorism** is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
2. Radioactive material is released, and it appears that one purpose of the **terrorism** was to release such material; or
3. The **terrorism** is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the **terrorism** was to release such materials.

C. In the event of any incident of **terrorism** that is not subject to the Exclusion, coverage does not apply to **any injury or damage**, **loss or expense** that is otherwise excluded under this Coverage Form, Policy or any applicable endorsement.

All other terms and conditions of the policy remain unchanged.

Explanation of Premium Basis - CA 70 03 10 01

Policy Amendment

This Endorsement modifies insurance provided under the:
Business Auto Coverage Form
Garage Coverage Form

A. Cost of Hire

Cost of hire means the total amount you incur for the hire of **autos** you don't own (not including **autos** you borrow or rent from your partners or **employees** or their family members). Cost of hire does not include charges for services performed by motor carriers of property or passengers.

B. For Public Autos

Gross Receipts means the total amount to which you are entitled for transporting passengers, mail or merchandise during the policy period regardless of whether you or any other carrier originate the transportation. Gross Receipts does not include:

1. Amounts you pay to railroads, steamship lines, airlines and other motor carriers operating under their own ICC or PUC permits.
2. Advertising Revenue.
3. Taxes which you collect as a separate item and remit directly to a governmental division.
4. C.O.D. collections for cost of mail or merchandise including collection fees.

Mileage means the total live and dead mileage of all revenue producing units operated during the policy period.

C. For Rental or Leasing Concerns

Gross receipts means the total amount to which you are entitled for the leasing or rental of **autos** during the policy period and includes taxes except those taxes which you collect as a separate item and remit directly to a governmental division.

Mileage means the total of all live and dead mileage developed by all the **autos** you leased or rented to others during the policy period.

All other terms and conditions of the policy remain unchanged.

SCHEDULED PROPERTY FLOATER COVERAGE SECTION – DECLARATIONS

- These Declarations, together with the Common Policy Declarations and Policy Conditions, Coverage Form(s) and any Endorsement(s), complete this policy.
- If a coverage shown in the Declarations does not show a corresponding Limit of Insurance, then no insurance is provided for such coverage.
- If "0", "N/A", or "not covered" appears as a Limit of Insurance in the Declarations for a described coverage, then no insurance is provided for such described coverage.
- If one or more numbers are shown in the Location(s) column of these Declarations, then each number represents that specific location(s) as displayed on the Common Policy Declarations.

Scheduled Property Floater Coverage Form (SA 5011 01 10)

Limit of Insurance - Any One Occurrence

Limit of Insurance
$44,000

Schedule of Individually Described Property

Location(s)	Description	Limit of Insurance per Item	Limit of insurance per Occurrence	Deductible
1	SCHEDULED ARTICLES FORM BROAD FORM	$44,000	$44,000	$500

Additional Coverages

Coverage Description	Location(s)	Limit of Insurance	Deductible
Debris Removal		Lesser of 25% of the sum of loss plus deductible or 25% of the applicable limit of insurance	Policy Deductible
Debris Removal Additional Limit		Lesser of $100,000 or 10% of applicable limit of insurance	Policy Deductible
Preservation of Property		Included within the applicable limit of insurance	Policy Deductible
Pollutant Cleanup and Removal		$ 10,000	Policy Deductible

Coverage Extensions

Coverage Description	Location(s)	Limit of Insurance	Deductible
Additional Acquired Property		$ 10,000	Policy Deductible

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ THIS CAREFULLY.

AMENDATORY ENDORSEMENT - CALIFORNIA - 8601CA 01 10

1. In all coverage forms, Actual Cash Value, if applicable, is amended to include the following:

   a. The actual cash value of covered property will be determined as:

      1) the amount it would cost to repair, rebuild, or replace the lost, damaged, or destroyed property less a fair and reasonable deduction for physical depreciation; or

      2) the limit applicable to that property at the time of the loss.

      whichever is less.

   b. The condition of the property at the time of the loss is the basis for determining the amount of physical depreciation. The expense of labor necessary to repair, rebuild, or replace covered property is not a component of physical depreciation.

   c. a. and b. above do not apply to property subject to Agreed Amount valuation terms or an item of property specifically scheduled with a value applicable to such item.

2. Under Loss Conditions, F. Other Insurance is deleted and replaced by the following:

   F. Other Insurance

   You may have another policy covering identical risks, whether or not both policies
   are subject to the same terms, such insurers are liable to make loss payment as described below. In the event you have double insurance, and incur:

   a. a total or constructive total loss, we will pay our share of the covered loss if that policy has the same effective date as this policy. Our share is the proportion that the applicable limit under this policy bears to the limit of all policies covering on the same basis.

      However, if there is a total or constructive loss and that policy has an effective date other than the effective date on this policy, we will pay according to the effective dates on the policies. This policy will be primary to any policy with an effective date after the effective date of this policy. This policy will be excess over any policy with an effective date before the effective date of this policy.

   b. a partial loss, we will pay our share of the covered loss. Our share is the proportion that the applicable limit under this policy bears to the limit of all policies covering on the same basis

Commercial Inland Marine Conditions - NIM 1050 02 16

Policy Amendment(s) Commercial Inland Marine

The following conditions apply in addition to the Common Policy Conditions and applicable Additional Conditions in Commercial Inland Marine Coverage Forms with the exception of MTC 4310 Motor Truck Cargo Coverage Form, SLP 4620 Specialty Logistics Package Yard Coverage Form, SLP 4621 Specialty Logistics Package-Motor Truck Cargo Coverage Form, SLP 4622 Specialty Logistics Package-Auto Physical Damage Coverage Form, SLP 4623 Specialty Logistics Package-Transportation Coverage Form, SLP 4624 Specialty Logistics Package-Warehouse Legal Liability Coverage Form, SLP 4625 Specialty Logistics Package-Contingent Cargo Coverage Form, and TB 2020 Transportation Block 2020 Coverage Form:

Loss Conditions

A. **Abandonment**

There can be no abandonment of any property to us.

B **Appraisal**

If you and we fail to agree on the amount of loss, either one can ask that the amount of loss be established by appraisal. To start the appraisal process either you or we must make the request in writing to the other. Each must then choose a competent, independent appraiser and give the name and address of that appraiser to the other. This must be done within 30 days after the written request for appraisal is received.

The two appraisers must then choose a competent and impartial umpire. If they do not agree on an umpire within 15 days, either you or we may have an umpire selected by a court located in the same state as the covered property. The appraisers will then set the amount of the loss. A copy of their report will be given to you and to us. The amount they agree upon will be the amount of loss.

If the appraisers fail to agree within a reasonable period of time, they will give the umpire a statement of their differences. A written agreement signed by any two of the three will set the amount of the loss. You will pay your appraiser and we will pay ours. The umpire's fee and other appraisal expenses will be shared equally by you and us.

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

C. **Duties in the Event of Loss**

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

1. Notify the police if a law may have been broken.
2. Give us prompt notice of the loss or damage. Include a description of the property involved. You must also file with us or our agent, a detailed sworn proof of loss within ninety (90) days following the loss or damage. We will supply you with the necessary forms.
3. As soon as possible, give us a description of how, when and where the loss or damage occurred.
4. Take all reasonable steps to protect the Covered Property from further damage and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also if feasible, set the damaged property aside and in the best possible order for examination. If you move the covered property to a safe place, that property will continue to be covered and we will reimburse you for the reasonable expenses for doing so. You must tell us as soon as practical that you have moved the covered property to a safe place.
5. You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

6. As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
7. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.
8. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit.
9. Cooperate with us in the investigation or settlement of the claim.

D. **Insurance under Two or More Coverages**

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

E. **Loss Payment**

1. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
2. We will not pay you more than your financial interest in the Covered Property.
3. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claim against us for the owners' property.
4. We will not pay the owners more than their financial interest in the Covered Property.
5. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense. The expenses we incur will not reduce the applicable limit for coverage described under Property Covered.
6. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss if you have complied with all the terms of this Coverage Part and:
   a. We have reached agreement with you on the amount of the loss; or
   b. An appraisal award has been made.
7. We will not be liable for any part of a loss that has been paid or made good by others.
8. If we recover any part of a loss from another party, after we deduct the expenses of making the recovery we will share the recovery with you. Your share will be the proportion that your share of the loss bears to the total amount of the loss.
9. We will pay for the removal of covered property damaged from a covered cause of loss up to the lesser of 10% of the limit of insurance or $50,000. This is in addition to the limit of insurance.

J. **Other Insurance**

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

G. **Pair, Sets or Parts**

1. Pair or Set

In case of loss or damage to any part of a pair or set we may:

   a. Repair or replace any part to restore the pair or set to its value before the loss or damage; or
   b. Pay the difference between the value of the pair or set before and after the loss or damage.

3. Parts

In case of loss or damage to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

H. **Labeled Goods**

If covered property bearing labels, packaging or wrappers is lost or damaged, we will pay you an amount sufficient to replace those labels, packaging or wrappers.

I. **Loss Payee**

If a loss payee is named in the Declarations, we will pay you and the loss payee, as the interest of each may appear.

J. **Recovered Property**

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

K. **Reinstatement of Limit after Loss**

The Limit of Insurance will not be reduced by the payment of any claim, except for total loss or damage of a scheduled item..

L. **Transfer of Rights of Recovery against Others to Us**

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. If that person or organization does anything to impair our rights after a loss, we will not have to pay the loss. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property.
2. After a loss to your Covered Property only if; at time of loss, that party is one of the following:
   a. Someone insured by this insurance; or
   b. A business firm:
      (1) Owned or controlled by you; or
      (2) That owns or controls you.

This will not restrict your insurance.

General Conditions

A. **Concealment, Misrepresentation or Fraud**

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

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. **Control of Property**

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance. The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. **Legal Action against Us**

1. No one may bring us a legal action against us under this Coverage Part unless:

    a. There has been full compliance with all the terms of this Coverage Part; and

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

3. You agree not to sue us or involve us in another action proceeding after 2 years have passed since you discovered the loss or damage giving rise to such action. If the state law applicable to this coverage requires a different time period within which suit may be brought, this provision is amended to conform to such law.

D. **No Benefit to Bailee**

No person or organization, other than you, having custody of Covered Property, will benefit from this insurance.

E. **Policy Period, Coverage Territory**

We cover loss or damage commencing:

1. During the policy period shown in the General Declarations and the policy period begins and ends at 12:01 a.m., Standard Time, at your address shown in the General Declarations. But if this policy replaces a policy which expires at noon Standard Time on the effective date of this policy, then this policy will not be effective until the policy being replaced expires. In those states which require policy periods to begin and end at noon Standard Time, this policy will begin and end at noon Standard Time. And,

2. Within the coverage territory.

F. **Valuation**

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

1. The actual cash value of that property;

2. The cost of reasonably restoring that property to its condition immediately before loss or damage; or

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

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

G. **Your Name and Address**

Your name and address as the Named Insured shall be as specified in the General Declarations.

H. **The Declarations**

The Declarations shows you which coverages you have purchased and the limits of insurance that apply. You have only those coverages and amounts of insurance. If this coverage applies only at specified locations, they are shown in the Declarations.

By accepting this policy, you agree that:

1. The statements in the Declarations are your agreements and representations.

2. That this policy is issued in reliance on the truth of such representations.

Scheduled Property Floater Coverage Form - SA 5011 01 10

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words “you” and “your” refer to the Named Insured shown in the Declarations. The words “we”, “us” and “our” refer to the Company providing this insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. Definitions.

In return for your payment of the premium shown in the Declarations which are part of this policy, we provide the coverage described herein subject to all the conditions of this policy. This coverage is also subject to the additional policy conditions relating to assignment or transfer of rights or duties, cancellation, changes or modifications, inspections, and examination of books and records. Endorsements and schedules may also apply as identified in the Declarations or schedule of coverages.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property from any of the Covered Causes of Loss.

1. Covered Property

a. Covered Property means:

(1) Your property; or

(2) Property of others in your care, custody, and control.

b. Coverage Conditions

We only cover your property and property of others that are described in the Declarations.

2. Property Not Covered

Covered Property does not include:

a. Aircraft, watercraft or vehicles licensed or designed for highway use.

b. Buildings or land (including land on which the property is located) or water.

c. Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities.

d. Property while waterborne except while in transit in the custody of a carrier for hire operating on inland waterways.

e. Contraband or property in the course of illegal transportation or trade.

3. Covered Causes of Loss

Covered Causes of Loss means Risks of Direct Physical Loss or Damage to Covered Property from any external cause except those causes of loss listed in the Exclusions.

4. Additional Coverages

a. Debris Removal Coverage

(1) We will pay your reasonable expenses to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of the direct physical loss or damage.

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

(a) The amount we pay for the direct physical loss or damage to Covered Property; plus the deductible in this policy applicable to that loss or damage.

(b) The applicable Limit of Insurance.

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

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

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

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

b. Preservation of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of loss, we will pay for any direct physical loss to that property:

(1) While it is being moved or while temporary stored at another location; and

(2) Only if the loss or damage occurs within 30 days after the property is first moved.

c. Pollutant Cleanup And Removal

We will pay your expenses to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if reported to us within 180 days on which the Covered Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage is $10,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

5. Coverage Extensions

Additional Acquired Property

If during the policy period you acquire additional property of a type already covered by this form, we will cover such property for up to 30 days, but not beyond the end of the policy period. The most we will pay for loss or damage is $10,000.

B. Exclusions

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

a. Earth Movement

(1) Earthquake, including any earth sinking, rising or shifting related to such event;

(2) Landslide, including any earth sinking, rising or shifting related to such event;

(3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

(4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **a.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

(5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

(a) Airborne volcanic blast or airborne shock waves;

(b) Ash, dust or particulate matter; or

(c) Lava flow.

All Earth Movements that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

b. Governmental Action

Seizure or destruction of property by order of governmental authority.
But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this coverage form.

c. Nuclear Hazard

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

(2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the direct loss or damage caused by that fire if the fire would be covered under this coverage form.

d. War And Military Action

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

e. Water

(1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge); or

(2) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph **(1).**

This exclusion applies regardless of whether any of the above, in Paragraphs **(1)** and **(2),** is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs **(1)** and **(2),** results in fire, explosion or theft, we will pay for the direct loss or damage caused by that fire, explosion or theft if these causes of loss would be covered under this coverage form.

f. Fungi, Wet Rot And Dry Rot

Presence, growth, proliferation, spread or any activity of “fungi”, or wet or dry rot.

But if “fungi”, or wet or dry rot results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion does not apply:

(1) When “fungi”, or wet or dry rot results from fire or lightning; or

(2) To the extent that coverage is provided in the Additional Coverage – Limited Coverage For “Fungi”, Wet Rot And Dry Rot with respect to loss or damage by a cause of loss other than fire or lightning.

g. Virus, Bacterium Or Other Microorganism

Any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.

However, this exclusion does not apply to loss or damage caused by or resulting from “fungi”, wet rot or dry rot. Such loss or damage is addressed in the previous exclusion.

The terms of this exclusion, or the inapplicability of this exclusion to a particular loss, does not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part.

This exclusion applies to all coverage under all forms and endorsements that comprise this Coverage Part, including but not limited to forms or endorsements that cover business income, extra expense or action of civil authority.

Exclusions **B.1.a.** through **B.1.g.** apply whether or not the loss event results in widespread damage or affects a substantial area.

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

a. Theft from any unattended vehicle unless at the time of theft its windows, doors and compartments were closed and locked and there are visible signs that the theft was the result of forced entry.

But this exclusion does not apply to property in the custody of a carrier for hire.

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

c. Unexplained disappearance.

d. Shortage found upon taking inventory.

e. Dishonest or criminal act committed by:

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

(2) A manager or a member if you are a limited liability company;

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

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

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

This exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire or to acts of destruction by your employees. But theft by employees is not covered.

f. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

(1) Electrical or electronic wire, device, appliance, system or network; or

(2) Device, appliance, system or network utilizing cellular or satellite technology.

But if fire results, we will pay for the loss or damage caused by that fire if the fire would be covered under this coverage form.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

(1) Electrical current, including arcing;

(2) Electrical charge produced or conducted by a magnetic or electromagnetic field;

(3) Pulse of electromagnetic energy; or

(4) Electromagnetic waves or microwaves.

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

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

i. Neglect of an insured to use all reasonable means to save and preserve property from further damage at or after the time of loss.

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

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

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

c. Faulty, inadequate or defective:

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

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

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

(4) Maintenance;

of part or all of any property wherever located.

d. Wear and tear.

e. Marring or scratching.

f. Any quality in the property that causes it to damage or destroy itself, hidden or latent defect, or gradual deterioration.

g. Mechanical breakdown, including rupture or bursting caused by centrifugal force.

h. Insects, birds, rodents or other animals.

i. Rust or other corrosion, dampness or dryness of atmosphere, or changes in or extremes of temperature.

j. "Additional Water Damage".

C. Limits Of Insurance

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

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

1. Debris Removal Coverage but, if:

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

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

we will pay up to an additional $100,000 or 10% fo the limit of insurance whichever is less.

2. Preservation Of Property

The limits applicable to all other Additional Coverages are in addition to the Limits of Insurance

D. Deductible

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

If more than one deductible is applicable under this Coverage Form, we will only apply the highest amount that is applicable.

E. Additional Conditions

1. The Valuation General Condition in the Commercial Inland Marine Conditions is replaced by the following:

a. The value of each item of property that is individually listed and described in the Declarations is the applicable Limit of Insurance shown in the Declarations for that item.

b. The value of all Covered Property, including newly acquired property, will be the least of the following amounts:

(1) The actual cash value of that property;

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

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

In the event of loss or damage, the value of property will be determined as of the time of loss or damage

2. The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

a. Coverage Territory

(1) We cover property wherever located within:

(a) The United States of America;

(b) The District of Columbia;

(c) Puerto Rico; and

(d) Canada.

F. Definitions

1. "Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by fungi.

2. "Pollutants" means any solid, liquid, gaseous, or thermal irritant or contaminant including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed.

3. "Additional Water Damage" means:

a. Mudslide or mudflow;

b. Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment.

c. Water under the ground surface pressing on, or flowing or seeping through:

(1) Foundations, walls, floors or paved surfaces;

(2) Basements, whether paved or not; or

(3) Doors, windows or other openings; or

d. Waterborne material carried or otherwise moved by any of the water referred in paragraph b. or c.; or material carried or otherwise moved by mudslide or mudflow.

About Allianz

Your insurance company is part of the Allianz Group – an organization with a 125-year history of partnering with clients and delivering exceptional insurance products around the world.

Allianz is the world's largest property & casualty insurance company by revenue and has one of the strongest financial ratings of the leading global property & casualty insurers. The strength of its financial ratings and quality of its people make Allianz the insurer of choice for thousands of mid-size businesses and the majority of Global Fortune 500® companies.

Allianz is also ranked "one of the world's most admired companies" by Fortune and "one of the top 100 global brands" by Interbrand.

agcs.allianz.com

700030-4-15

DECLARATIONS
Converg[in] Risk Media Solutions Policy

Underwritten by Certain Underwriters as per the attached Schedule of Participating Underwriters.

Policy Number:	CR-170044	**Renewal of Policy Number:**	CR-169473
Authority Ref Number:	B1350PL363744E001		
Insurer:	Certain Underwriters as per the attached Schedule of Participating Underwriters		

NOTICE:

CERTAIN LIABILITY COVERAGE PARTS OF THIS POLICY APPLY ONLY TO CLAIMS FIRST MADE DURING THE POLICY PERIOD. WITH RESPECT TO THESE COVERAGE PARTS, THIS IS A CLAIMS MADE POLICY AND NO COVERAGE EXISTS FOR CLAIMS MADE AFTER THE END OF THE POLICY PERIOD UNLESS, AND TO THE EXTENT THAT, THE EXTENDED REPORTING PERIOD APPLIES. LOSS (INCLUDING COSTS OF DEFENSE) INCURRED UNDER ALL COVERAGE PARTS IS SUBJECT TO THE APPLICABLE RETENTION. COSTS OF DEFENSE INCURRED IN EXCESS OF THE APPLICABLE RETENTION SHALL REDUCE THE LIMIT OF LIABILITY AVAILABLE TO PAY ALL OTHER LOSS.

PLEASE REVIEW THE POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

Item 1.	**Named Insured:**	California Avocado Commission
	Principal Address:	2271 West Malvern Avenue PMB 234 Fullerton, CA 92833
Item 2.	**Policy Period:**	Inception: January 1, 2026 Expiration: January 1, 2027 (Both dates at 12:01 a.m. Standard Time at the address of the **Named Insured** as stated in Item 1)
Item 3.	**Total Policy Aggregate Limit** (inclusive of **Costs of Defense**): $1,000,000	

Item 4.	**Coverage Sections**	**Retention**	**Per Claim Limit**	**Aggregate Limit**
Included	**Coverage Part A. – Multimedia Liability**	$25,000	$1,000,000	$1,000,000
	Retroactive Date:	N/A		
	Coverage Type:	Occurrence		
Not Included	**Coverage Part B – Professional Services Liability**			

California Premium: $10,966.00
Non-Taxable Fees: $400.00
Taxable Fees: $150.00
Surplus Lines Tax: $333.48
Stamping Fee: $20.01

<table>
<tr><td>Not Included</td><td colspan="3">Coverage Part C – Network Security & Privacy</td></tr>
<tr><td></td><td colspan="3"></td></tr>
<tr><td rowspan="3">Item 5.</td><td colspan="3">Coverage Schedules</td></tr>
<tr><td>Covered Content:</td><td colspan="2">As defined in the policy.</td></tr>
<tr><td>Professional Services:</td><td colspan="2">N/A</td></tr>
<tr><td>Item 6.</td><td>Policy Premium:

Policy Fee:</td><td colspan="2">$10,966.00

$150.00</td></tr>
<tr><td>Item 7.</td><td>Forms and Endorsements:</td><td colspan="2">Converg[in] Risk Media Solutions Policy General Terms & Conditions ERCR002 (0723)
Coverage Part A - Multimedia Liability ERCR003 (07/23)
California Notice SN-CA 0612
Additional Insured Endorsement ERCR104 (7/23)
False Advertising Defense Costs Sublimit Endorsement ERCR142 (7/23)
Merger or Acquisition Threshold Amendatory Endorsement ERCR153 (7/23)
Prior Acts Endorsement ERCR169 (7/23)
Financial Interest Clause Endorsement ERCR-FINC
General Service of Suit Endorsement -All States except KY ERCR277
Lloyd’s Privacy Policy Statement LSW1135B
Sanction Limitation and Exclusion Clause LMA3100
Several Liability Clause LSW 1001
Lloyd's Certificate Schedule of Participating Underwriters SLC-3 (USA) NMA2868
Schedule of Participating Underwriters– ERCR-SPUW</td></tr>
<tr><td rowspan="2">Item 8.</td><td colspan="3">Claims Administrator:
All Claims and/or Breaches should be reported to the following location:</td></tr>
<tr><td colspan="3">Celerity Risk
CR-Media-Claims@CelerityRisk.com
CR-Cyber-Claims@CelerityRisk.com
1185 Avenue of the Americas
Suite 2310
New York, NY 10036
For assistance with a cyber breach please report to the following location first:
US: CelerityRisk@pierferd.com or 833-737-7444

ALL OTHER NOTICES REQUIRED TO BE GIVEN TO THE UNDERWRITER UNDER THIS POLICY MUST BE ADDRESSED TO:
Celerity Risk
1185 Avenue of the Americas
Suite 2310
New York, NY 10036</td></tr>
</table>

These Declarations along with the completed and signed Application and the Converg[in] Risk Media Solutions Policy attached hereto, shall constitute the contract between the **Named Insured** and Certain Underwriters as per the schedule attached hereto.

Converg[in] Risk Media Solutions Policy

GENERAL TERMS AND CONDITIONS

In consideration of the payment of the premium and in reliance upon all statements made and information furnished to the insurers shown in the Declarations (Certain Underwriters as outlined in the Schedule of Participating Underwriters, hereinafter called the **Insurer**), including the statements made in the Application for insurance and supporting materials, and subject to all terms, conditions, and limitations in this Policy, the **Insurer** and **Insured** agree:

Section I. Terms and Conditions

The General Terms and Conditions apply to all Coverage Parts unless expressly stated to the contrary in any Coverage Part. The terms and conditions of each Coverage Part of this Policy apply only to that Coverage Part and shall not apply to any other Coverage Part. Coverage is provided under this Policy only with respect to Coverage Parts that are designated as **Included** in the Declarations.

Section II. Definitions

The definitions that apply to this Policy are set forth in this section and in the Coverage Parts. Unless stated otherwise, definitions set forth in the Coverage Parts are applicable only to such Coverage Parts.

A. **Advertising** means press releases, publicity, commercials, advertorials, native ads, sponsor content, or promotional material of any kind that are publicly disseminated by or on behalf of the **Insured** to promote **Covered Content** or **Professional Services** of an **Insured. Advertising** shall not include:

(1) spoken or written one-to-one communications;

(2) internal presentations and communications to focus groups or **Insureds**;

(3) **Content** that has not been disseminated to the public; or

(4) **Merchandising Activities**.

B. **Claim** means:

(1) any written notice received by an **Insured** that it is the intention of any person or entity to hold the **Insured** responsible for monetary damages or injunctive relief including a demand for retraction, correction, or take down of **Content**;

(2) any judicial, administrative, or other proceeding against an **Insured** including a lawsuit, mediation, arbitration, or other form of alternative dispute resolution proceeding, or formal commencement of an investigation against an **Insured**; or

(3) any request that the **Insured** toll or waive any applicable statute of limitations or any agreement by the **Insured** to toll or waive any applicable statute of limitations.

C. **Computer Systems** means any computer hardware, software, or any components thereof that are linked together through a network of two or more devices accessible through the Internet or internal network or that are connected through data storage or other peripheral devices which are owned, operated, controlled, or leased by the **Insured** in connection with the **Insured's** ordinary business activities.

D. **Content** means communicative material of any kind or nature whatsoever (including but not limited to words, pictures, sounds, images, or graphics), regardless of the method or medium of communication of such material (including but not limited to print, broadcast, digital, and electronic communication) or the purpose for which the communication is intended (including but not limited to news, advertising, information, entertainment, corporate communications, and art).

E. **Costs of Defense** means reasonable and necessary fees, costs, and expenses incurred by defense counsel in the investigation, defense, or appeal of any **Claim**, including the costs of an appeal bond, attachment bond, or similar bond (but without obligation on the part of the **Insurer** to apply for or furnish such bonds). However, **Costs of Defense** shall not include salaries, wages, overhead or benefit expenses accruing to any **Insured Person** or any translation costs necessary in connection with a notified **Claim**.

F. **Coverage Event** means any fact, circumstance, or event, including any **Security Breach** that triggers or reasonably could trigger coverage under **Section II. of Coverage Part C** of this Policy.

G. **Covered Content** means **Content** of the **Insured's** own website(s), **Advertising**, **Social Media** posts, and **Public Appearances**, as well as **Content** stated in Item 5. of the Declarations, so long as such **Content** does not represent a **Material Change** in operations. If Coverage Part B is **Included**, **Covered Content** also includes **Content** created and/or disseminated in the performance of **Professional Services.**

H. **Cyber Terrorism** means the premeditated use of disruptive activities against an **Insured's Computer System** by an individual or group of individuals, or the explicit threat by an individual or group of individuals to use activities, with the intention to cause harm, further social, ideological, religious, political, or similar objectives, or to intimidate any person(s) in furtherance of such objectives. **Cyber Terrorism** does not include any such activities which are part of or in support of any military action, war, or warlike operations.

I. **Data Asset** means any data or information of any kind maintained by or on behalf of the **Insured**, whether maintained in electronic form or otherwise.

J. **Employee** means any individual whose labor or service is engaged and directed by the **Insured** in the ordinary course of the **Insured's** business, including past, present, future, part-time, seasonal, temporary, or leased employees.

K. **First Inception Date** means, with respect to each Coverage Part, the Inception Date shown in Item 2. on the Declarations of the first policy of insurance issued by the **Insurer** to the **Insured** that includes that Coverage Part, provided that insurance under that Coverage Part has been renewed and maintained in force continuously thereafter by the **Insured** with the **Insurer**.

L. **First Named Insured** means the entity named first in Item 1. of the Declarations.

M. **Included** means that a Coverage Part (or, with respect to the **Non-Liability Coverage Part**, an Insuring Agreement) is designated as "Included" in the Declarations.

N. **Independent Contractor(s)** means a non-**Employee** of the **Insured** who is engaged or contracted by an **Insured**, while acting under the direction, supervision, and control of the **Insured** and only in relation to the scope of services engaged or contracted to be provided to the **Insured**. Coverage for the **Independent Contractor(s)** shall be afforded only where there is coverage for the **Insured** under the Policy, and only with respect to **Claims** arising out of **Wrongful Acts** performed for or on behalf of an

Insured, under the direction or supervision of an **Insured**, and for whom an **Insured** has agreed to extend coverage under this Policy. **Independent Contractors** may include, but are not limited to, any:

(1) freelancer, stringer, editor, author, or photographer providing **Content**; or

(2) **Social Media** influencer.

However, if Coverage Part C is **Included**, **Independent Contractor(s)** shall not include any **IT Vendor** as defined in Coverage Part C.

O. **Insured(s)** means:

(1) the **Named Insured,** any **Subsidiary**, and all **Insured Persons**.

(2) any **Joint Venture** but only with respect to the liability imposed on the **Named Insured** for its participation in such **Joint Venture**.

P. **Insured Person(s)** means all past or present directors, officers, management committee members, **Employees,** or natural person general partners of the **Named Insured** or any **Subsidiary** or **Independent Contractors**, but only while acting in the course and scope of their duties as such for the **Named Insured** or **Subsidiary**.

Q. **Joint Venture** means a business enterprise which is confirmed in a written agreement between the **Named Insured** and one or more other entities or individuals in which the **Named Insured's** participation is to provide **Covered Content** or **Professional Services.**

R. **Liability Coverage Part** means **Coverage Parts A, B** and **C.I.**, if such Coverage Parts are **Included**.

S. **Loss** means payment of money as damages (including compensatory damages, statutory damages, punitive, or exemplary damages, the multiple portion of any multiplied damage award, consumer compensatory funds and settlements) and **Costs of Defense**; provided, however, that **Loss** shall not include:

(1) criminal or civil fines or penalties or taxes imposed by law against the **Insured**, except as specifically provided in **Coverage Part C**;

(2) any matter that may be deemed uninsurable under the law pursuant to which this Policy shall be construed;

(3) return of fees, deposits, commissions, or charges for goods or services;

(4) costs incurred by the **Insured** in the recall, re-performance, destruction, or correction of insured services, **Content**, goods or activities, or credits under any service-level agreement or performance standard, unless those costs are incurred in the settlement or mitigation of an actual or potential **Claim** covered by this Policy, and then only with the prior written consent of the **Insurer** in its sole discretion;

(5) the costs of the **Insured's** compliance with, or any **Loss** (other than **Costs of Defense**) incurred as a result of, an injunction or other equitable order or judgment;

(6) disputes over fees, deposits, commissions, charges for goods or services, or ownership rights;

(7) the payment of royalties or disputes over the payment of royalties to ASCAP, BMI, RIAA, or similar bodies for the distribution or use of any **Content**; or

(8) the payment of or dispute over royalties arising from the distribution or use of **Content**.

With respect to punitive, exemplary, and multiplied damages, the enforceability of the foregoing categories of damages shall be governed by such applicable law that most favors coverage for such damages.

T. **Malicious Code** means any virus, worm, trojan horse, malware, backdoor, or similar software program or code intentionally or negligently designed to cause unauthorized loss of confidentiality, integrity, or availability of any data.

U. **Material Change** means changes to the **Insured's Covered Content** or **Professional Services** which materially increase or change the risk, as underwritten by the **Insurer** as of the Inception Date of this Policy, including but not limited to:

(1) the acquisition or creation of any new **Content** including but not limited to publications, programs, broadcast or cable stations, advertising agencies or advertisers, digital content, film programs or productions, podcasts, or any other communications not already contemplated by **Covered Content**;

(2) the acquisition or creation of any new websites or use of any new **Social Media** platforms not already contemplated by **Covered Content**;

(3) new services not contemplated during the underwriting of this Policy; or

(4) any other business operations or activities not previously disclosed to the **Insurer** during the underwriting of this Policy or otherwise.

V. **Media Peril** means:

(1) libel, slander, trade libel, product disparagement, or any other form of defamation or harm to the character or reputation of any person or entity;

(2) invasion or infringement of the right of privacy or publicity, including the torts of intrusion upon seclusion, publication of private facts, false light, or misappropriation of name or likeness;

(3) outrage, infliction of emotional distress, or *prima facie* tort;

(4) dilution or infringement of title, slogan, trademark, trade name, trade dress, service mark, or service name;

(5) copyright infringement, plagiarism, or misappropriation of information, ideas, or other similar property rights;

(6) negligence including misstatement or misrepresentation in **Covered Content**, including but not limited to a **Claim** alleging harm to any person or entity who acted or failed to act in reliance upon such **Covered Content**;

(7) false arrest, detention, or imprisonment;

(8) trespass, wrongful entry or eviction, eavesdropping, or other invasion of the right of private occupancy; or

(9) unfair competition, but only when arising out of a peril described in (1) – (8) above.

W. **Media Wrongful Act(s)** means:

(1) the dissemination of **Covered Content** by the **Insured**, by any form, method, or medium of communication, where such dissemination gives rise to a **Claim,** including but not limited to a **Claim** asserting an actual or alleged **Media Peril**;

(2) the acquisition, creation, or gathering of **Content** relating to **Covered Content** by the **Insured**, where such creation or gathering gives rise to a **Claim**, including but not limited to a **Claim** asserting an actual or alleged **Media Peril**;

(3) the creation, gathering, or dissemination by the **Insured** of **Advertising**, where such creation, gathering, or dissemination gives rise to a **Claim** alleging a **Media Peril**;

(4) the dissemination of **Covered Content** by any party with whom the **Insured** has entered into a written, oral, or implied-in-fact agreement regarding such **Covered Content**, where such dissemination results in a **Claim** asserting an actual or alleged **Media Peril**; or

(5) **Merchandising Activities** where such activities give rise to a **Claim** alleging a **Media Peril**.

X. **Merchandising Activities** means the use, by the **Insured**, of any logo, symbol, trademark, or other intellectual property, other than any patent, owned by the **Insured,** or licensed to the **Insured,** and used in connection with the sale of goods, products, or services related to **Covered Content**. **Merchandising Activities** shall not include:

(1) the manufacture or functional design of any product, good, or service, including the use of patents associated therewith;

(2) other than is described above, the design, print, images, or information contained in or on the packaging or labeling of any goods or products; or

(3) instructions for use or operation included with any goods or products.

Y. **Named Insured** means any entity or person named in Item 1. of the Declarations.

Z. **Network Security and Privacy Wrongful Act** means an actual or alleged negligent act, error, or omission by or on behalf of the **Insured** that causes or fails to prevent one or more of the following:

(1) theft of or unauthorized disclosure or use of a **Data Asset** maintained by the **Insured**, or maintained on behalf of the **Insured** by a third party (such as a service provider), whether stored on **Computer Systems** or elsewhere, including but not limited to theft of a **Data Asset** containing **Personally Identifiable Information** that results in identity theft or other misuse of such **Data Asset**;

(2) unauthorized access to **Computer Systems** that results in alteration, corruption, destruction, deletion, or damage to a **Data Asset**;

(3) transmission of **Malicious Code** from **Computer Systems**;

(4) access to **Computer Systems** by any unauthorized person or entity, when such access leads to damage or disruption to the computer systems of any third party;

(5) actions of any unauthorized person intended to make **Computer Systems** unavailable to authorized users, commonly referred to as denial-of-service attacks; or

(6) violation of that part of a **Privacy Law** or a **Privacy Policy** that specifically:

a. prohibits or restricts the **Insured's** disclosure, sharing or selling of a person's **Personally Identifiable Information**;

b. requires the **Insured** to provide access to **Personally Identifiable Information** or to correct incomplete or inaccurate **Personally Identifiable Information** after a request is made by a person; or

c. establishes procedures and requirements to prevent the loss of **Personally Identifiable Information**.

AA. **Non-Liability Coverage Part** means Coverage Part C, Insuring Agreements II.A through II.E. (First-Party Insuring Agreements).

BB. **Personally Identifiable Information (PII)** means information in any **Data Asset** pertaining to any specific individual, including but not limited to names, addresses, telephone numbers, Social Security numbers, financial or medical information, cardholder data, or any other information that is considered to be **PII** or personal health information (PHI) under any **Privacy Law**.

CC. **Policy Period** means the period from the Inception Date to the Expiration Date, as set forth in Item 2. of the Declarations, or the earlier termination if applicable.

DD. **Privacy Law** means any federal, state, local, or foreign law or regulation relating to the maintenance, protection, or disclosure of any **Data Asset**.

EE. **Privacy Policy** means any policy implemented by or on behalf of any **Insured** relating to the maintenance, protection, or disclosure of any **Data Asset**.

FF. **Professional Services** means the services listed in Item 5. of the Declarations performed by or on behalf of any **Insured** for a third party so long as such **Professional Services** do not constitute a **Material Change** in operations. **Professional Services** shall not include **Technology Services** or any services that can only be lawfully performed by a licensed, registered, or certified professional.

GG. **Professional Services Wrongful Act** means an actual or alleged negligent act, error, or omission actually or allegedly committed by or on behalf of the **Insured** in the performance of **Professional Services**.

HH. **Public Appearances** means speeches, press conferences, media interviews, panel discussions and seminars, and guest appearances on radio, television, podcasts, or the Internet by any **Insured Person** but only while acting within the scope of their duties for the **Named Insured**. **Public Appearances** does not mean **Social Media** posts.

II. **Related Coverage Event(s)** means **Coverage Events** that are logically or causally connected by reason of any common fact, circumstance, situation, transaction, casualty, event, or decision.

JJ. **Related Wrongful Act(s)** means **Wrongful Acts** that are logically or causally connected by reason of any common fact, circumstance, situation, transaction, casualty, event, or decision.

KK. **Related Claim(s)** means all **Claims** arising from any of the same **Wrongful Acts** or **Related Wrongful Acts**, regardless of the number of claimants, **Insureds** or underlying transactions or events.

LL. **Responsible Person** shall mean the President, Chief Executive Officer, Chief Financial Officer, General Counsel, Risk Manager, Chairman of the Board of Directors, or any other equivalent management-level personnel of any **Insured.** **Responsible Person** shall also include, for purposes of Coverage Part A only, an **Insured's** business manager or other individual who holds a power of attorney for the **Insured.**

MM. **Retroactive Date** means the date(s) provided in Item 4. of the Declarations.

NN. **Security Breach** means an event that is first discovered by the **Insured** during the **Policy Period** whereby a person or organization gains unauthorized access to a **Data Asset** or **Computer System** maintained by or on behalf of an **Insured**.

OO. **Social Media** means those digital tools, including websites and applications, which allow users to share **Content** with the public. These tools include, but are not limited to, social networking sites, bookmarking sites, social news, media sharing, microblogging, blog comments, messenger applications, and forums.

PP. **Subsidiary** means any entity of which the **Insured** on the inception date of this Policy either directly or indirectly through one or more of its other **Subsidiaries**:

(1) controls the composition of the board of directors of such entity;

(2) controls more than half of the shareholder or equity voting power of such entity;

(3) holds more than half of the issued share or equity capital of such entity; or

(4) holds more than half of the ownership interest in such entity.

Subsidiary shall also include any entity that the **Insured** creates or acquires that meets one of the requirements (1) through (4) listed above and as described in **Section XII. Exposure Changes B. Merger**, **Acquisition**, **or Newly Formed Entities**.

QQ. **Technology Services** means the following computer system, cloud computing, and technology services performed for others by or on behalf of the **Insured**:

(1) data processing, software as a service (SaaS), platform as a service (PaaS), infrastructure as a service (IaaS), network as a service (NaaS);

(2) data, application, and website hosting, computer systems analysis, and technology consulting and training; or

(3) custom software programming for a specific client of the **Insured** and, computer and software systems installation and integration.

RR. **Wrongful Act(s)** means a **Wrongful Act(s)** as that term is defined in each **Liability Coverage Part**.

Section III. Exclusions Applicable to the Entire Policy

The **Insurer** shall not be liable to pay **Loss** (including **Costs of Defense**) under any **Liability Coverage Part**, to make any payment under the **Non-Liability Coverage Part**, or for any other amount:

A. based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged:

(1) seepage, pollution, radiation, emission, contamination, or irritant of any kind, including but not limited to smoke, vapor, dust, fibers, mold, spores, fungi, germs, soot, fumes, acids, alkalis, asbestos, chemicals, or waste;

(2) fire, smoke, explosion, lightning, wind, flood, earthquake, volcanic eruption, tidal wave, landslide, hail, or other act of God; or

(3) routine wear and tear including:

a. any drop in performance or progressive or gradual deterioration due to wear and tear or aging electronic equipment and other hardware components of the **Computer System**; or

b. any failure to correct defective systems, procedures, or software where the existence of defects, deficiencies, or vulnerability to attack or intrusion has been brought to the attention of an **Insured Person** in sufficient time in advance of a resultant **Loss** to advert or reduce the impact of the same.

B. based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged:

(1) war, invasion, act of foreign enemy, hostilities, or warlike activities (whether declared or not), civil war, civil commotion assuming the proportions of or amounting to a popular uprising, military uprising, insurrection, rebellion, revolution, military, or usurped power; or

(2) confiscation or nationalization or requisition or destruction or damage to property by or under the order of the government or public or local authority;

(3) **Cyber Terrorism**; or

(4) indirect or direct action to control, prevent, suppress, hinder, or defend against these actions (1)-(3) above.

C. based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving any:

(1) mechanical or electrical failure and/or interruption of infrastructure, including any electrical power interruption, surge, brown out or black out; or

(2) failure, suspension, or sabotage of telephone lines, data transmission lines, satellites, or other telecommunications or networking infrastructure, including a dedicated denial of service attack

or similar cyber event targeting such telecommunications or networking infrastructure, resulting in a local, regional, countrywide, or global outage of telecommunications and/or the internet;

not under the control of an **Insured.**

D. based upon, arising out of, relating to, directly, or indirectly resulting from or in consequence of, or in any way involving any actual or alleged bodily injury or property damage, except for bodily injury arising exclusively out of emotional distress allegedly caused by a **Wrongful Act**;

E. based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged:

(1) price fixing, restraint of trade, or monopolization, or any actual or alleged violation of:

a. the Federal Trade Commission Act, the Sherman Act, the Clayton Act, or any other federal or state statutory provision involving antitrust, monopoly, price fixing, price discrimination, predatory pricing, or restraint of trade activities;

b. any rules or regulations promulgated under or in connection with the statutes described in clause a. above; or

c. any similar provision of any statutory or common law anywhere in the world;

(2) violation of the Telephone Consumer Protection Act, CAN-SPAM Act of 2003, or any other similar state or federal statutes or regulations including any amendments thereto, relating to unsolicited communications including facsimile transmissions, email transmissions, text message transmissions, and/or telephone communications to any person or entity;

(3) violation of the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, the Investment Advisers Act of 1940, any similar state “blue sky” statute, any rule or regulation promulgated under any of the foregoing, any amendment to any of the foregoing, or any provision of the common law imposing liability in connection with the offer, sale, or purchase of securities;

(4) violation by an **Insured** of the Employee Retirement Income Security Act of 1974, the Fair Labor Standards Act, the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Occupational Safety and Health Act, or any rules or regulations promulgated under these acts or any similar provisions of any federal, state, local or foreign law;

(5) any research, development, manufacturing, distribution, handling, or sale in any form, and/or any actual or alleged violations of any U.S. State or Federal regulations of, any substances regulated by the US Title 21 Code of Federal Regulations including but not limited to cannabis or opioids; or

(6) any actual or alleged sexual harassment, sexual assault, or discrimination of any kind including but not limited to age, color, race, gender, creed, national origin, marital status, sexual preference, sexual orientation, disability, or pregnancy.

F. based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged **Claim** for:

(1) redemption of tickets, coupons or prizes for any contest, lottery, sweepstakes, promotion, or game of chance, including but not limited to any actual or attempted redemption arising out of the misprinting or miswording of notices, tickets, or coupons for any of the foregoing; or for the violation of any laws regulating any contest, lottery, sweepstakes, promotion, or game of chance;

(2) Services that can only be lawfully performed by a licensed, registered, or certified:
  a. Public accountant;
  b. Actuary;
  c. Attorney;
  d. Insurance agent or broker;
  e. Real estate agent or broker;
  f. Financial consultant or investment advisor or securities broker or dealer;
  g. Healthcare provider; or
  h. Architect or engineer;

(3) any actual or alleged false **Advertising** or unfair or deceptive trade practice with respect to the **Advertising** or sale of products, publications, or services, or any unfair competition allegations arising out of the foregoing;

(4) any actual or alleged:

  a. infringement of any patent, contributing to the infringement of any patent, or inducing the infringement of any patent;

  b. false designation or description of any patent; or

  c. misappropriation, infringement, or theft, or the inducement of misappropriation, infringement, or theft of trade secrets. However, this **Exclusion F**.(4)c. shall not apply to any misappropriation, infringement, or theft of trade secrets for any **Claim** or **Coverage Event** arising out of a **Network Security and Privacy Wrongful Act** by an **Insured** or any **Security Breach.**

(5) any actual or alleged unlawful collection, use, or retention of **Personally Identifiable Information** or other personal information by or on behalf of the **Insured**;

(6) any actual or alleged:

  a. dilution or infringement of copyright, title, slogan, trademark, trade name, trade dress, service mark, or service name;

  b. plagiarism, piracy, misappropriation, or theft of content, concepts, or ideas; or

  c. misuse or breach of any license agreement

in any software, computer program, computer code, or computer system;

(7) any **Technology Services**; provided, however, if Coverage Part C is **Included**, this exclusion shall not apply to any **Claim** resulting directly from a **Network Security and Privacy Wrongful Act**;

(8) any actual or alleged defect, deficiency, inadequacy, or dangerous condition of any of the **Insured's** products, including warranties or representations made at any time with respect to the fitness, quality, durability, authenticity, merchantability, performance, or use of such products.

(9) any actual or alleged

a. commingling of funds;

b. warranty or guarantee of potential sales, earnings, present or future economic value, a specified rate of return or interest, the future value of investments, or profitability;

c. warranty or guarantee of the availability of funds;

d. disappearance, pilferage, shortage or improper use of, or failure to properly safeguard any funds, monies, or securities held for others;

e. loss sustained through diminution or fluctuation in the market value of any security;

f. bankruptcy or insolvency of any financial institution; or

g. rendering of or failure to render financial or investment advice relating to the buying, selling, or maintenance of securities, annuities, futures, trusts, currencies, crypto currencies, or other investment instruments or advisory services;

(10) for royalties or residuals arising from the **Insured's** failure to procure or maintain requisite licenses or payment of royalties or residuals relating to **Claims** made by SAG, ASCAP, BMI, WGA, DCA or other licensing entities on their behalf or for others.

G. based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged **Claim** brought by or on behalf of:

(1) an **Employee**, former **Employee** or prospective **Employee** based on or directly or indirectly arising out of or resulting from the employment relationship or the nature, terms or conditions of employment, including but not limited to claims of discrimination, harassment, wrongful discharge, breach of contract, employment-related defamation or workplace torts;

(2) any other **Insured,** except this **Exclusion V.G.**(2) shall not apply to a **Claim** brought by an **Employee** under Coverage Part C; or

(3) any **Independent Contractor** or **Joint Venture** partner arising out of or resulting from disputes over ownership rights of **Content** or **Covered Content** or **Professional Services** provided by such **Independent Contractor** or **Joint Venture** partner.

H. based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving:

(1) any fact, circumstance, transaction, event, **Coverage Event** or **Wrongful Act** that, before the **First Inception Date**, was the subject of any notice of **Claim** or **Loss**, or notice of potential claim or potential loss, given under any other policy of insurance;

(2) any demand, suit, or other proceeding that was pending, or order, decree, or judgment that was entered, against any **Insured** on or prior to the Inception Date set forth in Item 2. of the Declarations, or any **Coverage Event**, **Wrongful Act,** fact, circumstance, or situation underlying or alleged in any such demand, suit or other proceeding;

(3) any fact, circumstance, transaction, event, **Coverage Event** or **Wrongful Act** of which, as of the **First Inception Date**, any **Insured** or **Responsible Person** for the **Insured** had knowledge and that was reasonably likely to give rise to a **Claim** that would fall within the scope of the insurance afforded by this Policy; or

(4) any other **Coverage Event** or **Wrongful Act** whenever occurring, which together with a **Coverage Event** or **Wrongful Act** described in (1) through (3) above, would constitute **Related Coverage Events** or **Related Wrongful Acts**.

I. based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving:

(1) any actual or alleged violation of any biometric privacy law, including, but not limited to, the Illinois Biometric Privacy Act, or any similar federal, state, or local statute, ordinance, or regulation;

(2) any actual or alleged violation of the Children's Online Privacy Protection Act (COPPA), or any similar federal, state, or local statute, ordinance, or regulation; or

(3) any actual or alleged violation of the Video Privacy Protection Act (VPPA), the Video Privacy Protection Act Amendments Act of 2012, or similar federal, state, or local statute, ordinance, or regulation.

Section IV. Limits of Liability

A. The **Total Policy Aggregate Limit** as set forth in Item 3. of the Declarations, is the most the **Insurer** will pay for all amounts covered under this Policy.

B. The per **Claim** Limit of Liability for each Coverage Part as set forth in Item 4. of the Declarations is the maximum amount the **Insurer** will pay for each **Claim** or **Related Claim** for all amounts covered under the specified Coverage Part.

C. **Costs of Defense** shall be part of, and not in addition to, the applicable Limit of Liability, and such **Costs of Defense** shall serve to reduce the Limit of Liability. Once the applicable Limit of Liability has been exhausted by the payment of **Loss** (including **Costs of Defense**), the **Insurer's** duty to defend **Claim(s)** shall cease.

D. Only one Limit of Liability shall be applicable to any **Claim** (or **Related Claim(s)**) or any **Coverage Event** (or **Related Coverage Events**). This provision shall apply regardless of the number of **Insureds** involved.

E. If the applicable Limit of Liability is exhausted by the payment of **Loss**, **Costs of Defense**, or any other amounts payable under this Policy prior to the expiration of this Policy, the Policy premium shall be deemed fully earned.

Section V. Retention

A. The Retention(s) for the **Liability Coverage Parts** and the **Non-Liability Coverage Parts** are set forth in Item 4. of the Declarations. The Retention shall apply to any combination of **Costs of Defense**, damages, settlements, and any other costs that comprise **Loss.**

B. The **Insurer** shall pay one hundred percent (100%) of all covered **Loss** arising from any **Claim** (or **Related Claim(s)**) in excess of the applicable Retention, if any, up to the applicable per **Claim** Limit of Liability stated the Declarations. The **Insured** shall be responsible for, and shall hold the **Insurer** harmless from, any amount within the Retention. The Retention shall be borne by the **Insured** and cannot be insured or transferred to another party.

C. Only one Retention shall be applicable to any **Claim** (or **Related Claim**) or any **Coverage Event** (or **Related Coverage Events**). This provision shall apply regardless of the number of **Insureds** involved. In the event more than one Retention applies to the **Loss**, only the highest Retention shall be applied.

Section VI. Defense and Settlement

A. The **Insurer** shall have the right and duty to defend any **Claim** covered under any **Liability Coverage Part**.

B. The **Insured's** counsel shall be selected by the **Insurer.** The **Insured** may propose other counsel for approval by the **Insurer** and the **Insurer's** approval shall not be unreasonably withheld. All counsel retained in connection with a **Claim** shall adhere to the **Insurer's** litigation guidelines including any applicable rate structures or caps provided for therein.

C. The **Insured** shall at all times have the right to associate with the **Insurer** in the investigation, defense, or settlement of any **Claim** to which coverage under this Policy may apply.

D. In addition to furnishing notice of any **Claim** as provided in **Section VII.**, the **Insured** shall give to the **Insurer** any such assistance, cooperation, and information as the **Insurer** may reasonably require, including copies of reports, investigations, pleadings, and other papers in connection therewith.

E. The **Insurer** may settle any **Claim** only with the consent of the **Insured**. In the event the **Insurer** recommends a settlement and the **Insured** refuses to consent thereto, the **Insurer's** liability for such **Claim** is limited to the amount in excess of the Retention that the **Insurer** would have contributed to the settlement had the **Insured** consented to such settlement, the **Costs of Defense** covered by the Policy and incurred prior to the date of such refusal to settle, and eighty percent (80%) of any additional covered **Loss**, including **Costs of Defense**, incurred subsequent to such refusal. In no event shall the **Insurer** be liable for any amounts in excess of the applicable Limit of Liability.

F. The **Insured** shall not retain counsel, incur **Costs of Defense**, admit liability, offer to settle, or agree to any settlement in connection with any **Claim** without the express prior written consent of the **Insurer**, which shall not be unreasonably withheld. The **Insured** shall provide the **Insurer** with all information and particulars it may reasonably request in order to reach a decision as to such consent. Any **Loss** resulting from any **Costs of Defense** incurred, admission of liability, or any offer or agreement to settle prior to the **Insurer's** consent shall not be covered.

G. If more than one **Insured** is involved in a **Claim** or **Coverage Event**, the **Insurer** shall not pay for representation by separate counsel for one or more of such **Insureds**, unless there is a material actual or potential conflict of interest among such **Insureds** or if such representation by separate counsel would be required under the law of the jurisdiction most applicable to the potential conflict of interest**.** This determination of conflict shall be determined by the **Insurer** in the first instance and consent to the **Insurer's** findings shall not be unreasonably withheld by the **Insured**.

Section VII. Notice of Claims and Circumstances

A. With respect to any coverage provided under any **Liability Coverage Part** or **Non-Liability Coverage Part**, the **Insured** shall, as a condition precedent to their rights under this Policy, give the **Insurer** written notice as required by the applicable **Liability Coverage Part** or **Non-Liability Coverage Part** as soon as practicable but in no event later than 60 days after a **Claim** is first received by the **Insured** or any discovery by the **Insured** of a **Coverage Event**.

B. Under no circumstances will the **Insurer** be responsible for any portion of the **Loss** based upon, arising out of, directly or indirectly resulting from, in consequence of, or in any way involving any **Wrongful Act** that occurred prior to the Inception Date of this Policy if the **Insured** had a reasonable basis to believe that such **Wrongful Act** would likely give rise to a **Claim** and/or it was foreseeable that a **Claim** would be made against the **Insured**.

C. Any provisions of this Policy that require the **Insured** to provide notice to the **Insurer** of a **Claim** with respect to any coverage provided under any **Liability Coverage Part** shall apply only when a **Responsible Person** of any **Insured** has knowledge of such **Claim**.

Section VIII. Claim First Made

All **Claims** (or **Related Claims**) shall be deemed to have been made on the earlier of the following dates: the earliest date on which any such **Claim** (or **Related Claim**) was first made; or the earliest date on which any **Wrongful Act** or (**Related Wrongful Act**) giving rise to such **Claim** was reported under this Policy or any other policy providing similar coverage.

Section IX. Cancellation or Non-Renewal

A. This Policy may be canceled by the **First Named Insured** at any time by written notice to the **Insurer**. Upon cancellation, the **Insurer** shall retain the customary short-rate portion of the premium or twenty-five percent (25%) of the premium, whichever is greater, unless otherwise provided by Endorsement.

B. This Policy may be canceled by the **Insurer** by mailing to the **First Named Insured** written notice of cancellation at least:

(1) ten (10) days before the effective date of cancellation if the **First Named Insured** does not pay the premium when due; or

(2) thirty (30) days before the effective date of cancellation if the **Insurer** cancels for any other reason.

If this Policy is cancelled by the **Insurer**, the Policy will be cancelled effective back to inception, *ab initio*.

C. If the **Insurer** elects not to renew this Policy, the **Insurer** shall provide the **First Named Insured** with no less than forty-five (45) days advance notice thereof.

Section X. Statements in Application

By acceptance of this Policy, all **Insureds** agree that the statements contained in the Application for insurance submitted to the **Insurer** in connection with this Policy, any Application for insurance of which this Policy is a renewal and any supplemental materials submitted therewith are their statements and representations, that they shall be deemed material to the risk assumed by the **Insurer** and that this Policy is issued in reliance upon the truth thereof.

In the event that the Application (or any materials submitted in connection thereto) contains misrepresentations or omissions made with the actual intent to deceive, or that materially affect the acceptance of the risk, this Policy in its entirety shall be void and of no affect whatsoever as to any **Insured** with knowledge of such misrepresentations or omissions. Knowledge possessed by any **Insured** shall not be imputed to any other **Insured**, except that (1) knowledge possessed by any **Responsible Person** shall be imputed to all **Insureds** and to the person or persons signing the Application, (2) knowledge possessed by the person or persons signing the Application shall be imputed to all **Insureds**.

Section XI. Action Against the Insurer

A. With respect to any **Liability Coverage Part**, no action shall be taken against the **Insurer** unless, as a condition precedent thereto, there has been full compliance with all the terms of this Policy (including submission to the dispute resolution process described in **Section XXII.**) and until the **Insured's** obligation to pay has been finally determined by an adjudication against the **Insured** or by written agreement of the **Insured**, the claimant, and the **Insurer**.

B. With respect to any **Non-Liability Coverage Part**, no action shall be taken against the **Insurer** unless, as a condition precedent thereto, there has been full compliance with all the terms of this Policy (including submission to the dispute resolution process described in **Section XXII.**) and until ninety (90) days after the **Insured** has given the **Insurer** notice and has provided the **Insurer** with an affirmative proof of loss with full particulars and unless brought within two (2) years from the date the **Insured** discovers the loss.

C. No person or organization shall have any right under this Policy to join the **Insurer** as a party to any action against the **Insured** nor shall the **Insurer** be impleaded by any **Insured** or its legal representative in any such action.

Section XII. Exposure Changes

A. Material Change

If after the Inception Date set forth in Item 2. of the Declarations, there is a **Material Change** to any of the **Insured's Covered Content** or **Professional Services**, then:

(1) the **Insured** shall provide to the **Insurer** written notice of the **Material Change** including all details thereof, as soon as practicable, but in no event later than ninety (90) days after the date of such **Material Change**. As a condition precedent to providing coverage for such **Material Change**, the **Insurer**, in its sole discretion, may request additional information and impose additional or different terms, conditions, and limitations of coverage and may require payment of additional premium. If the **Insured** fails to provide notice or any applicable additional information requested by the **Insurer** within such ninety (90) day period or fails to pay any additional premium required by the **Insurer**, coverage for such **Material Change** shall terminate with respect to any activities occurring more than ninety (90) days after such **Material Change**; and

(2) coverage shall be provided for such **Material Change** but only for **Wrongful Acts** or **Coverage Events** occurring after the effective date of such **Material Change**.

B. Merger, Acquisition, or Newly Formed Entities

If after the Inception Date set forth in Item 2. of the Declarations, any **Insured** creates, acquires, or merges with another entity, then, subject to the provisions of paragraphs (1), (2) and (3) below, coverage shall be provided for such entity but only for **Wrongful Acts** or **Coverage Events** which first occur after the effective date of such creation, acquisition, or merger.

(1) If, at the time of the creation, acquisition, or merger described in **Section XII.B.**, the annual revenues (or projected annual revenues) of the entity exceed ten percent (10%) of the annual revenues of the **Named Insureds**, as reflected in the **Named Insured's** then most recently concluded fiscal year-end financial statements or fiscal quarterly financial statements, then the **Insured** shall provide to the **Insurer** written notice of the creation, acquisition, or merger including all details thereof, as soon as practicable, but in no event later than ninety (90) days after the date of such creation, acquisition, or merger. As a condition precedent to providing coverage for such entity, the **Insurer**, in its sole discretion, may impose additional or different terms, conditions, and limitations of coverage and require payment of additional premium. If the **Insured** fails to give notice within such ninety (90) day period or fails to pay any additional premium required by the **Insurer**, coverage for such entity shall terminate with respect to **Wrongful Acts** or **Coverage Events** occurring more than ninety (90) days after such creation, acquisition, or merger.

(2) If, at the time of the creation, acquisition, or merger described in **Section XII.B.**, the annual revenues (or projected annual revenues) of the entity are equal to or less than ten percent (10%) of the annual revenues of the **Named Insureds**, as reflected in the **Named Insureds'** then most recently concluded fiscal year-end financial statements or fiscal quarterly financial statements, then the **Insured** shall provide to the **Insurer** written notice of the creation, acquisition, or merger including all details thereof when it next applies for renewal of this Policy. As a condition precedent to providing coverage for such entity upon renewal, the **Insurer**, in its sole discretion, may impose additional or different terms, conditions, and limitations of coverage and require payment of additional premium.

(3) For the avoidance of doubt, there is no coverage available for any **Wrongful Act** or **Coverage Event** of any created, acquired, or merged entity or **Subsidiary** or the **Insured Persons** of any such entity or **Subsidiary** occurring:

a. prior to the date such entity was created, acquired, merged with the **Insured,** or became a **Subsidiary**; or

b. subsequent to the date such entity became a **Subsidiary** or was acquired by the **Insured** or merged with the **Insured** which: (i) in the case of a **Wrongful Act**, together with another **Wrongful Act** occurring prior to the date such entity became a **Subsidiary** or was acquired by or merged with the **Insured**, would constitute **Related Wrongful Acts**; or (ii) in the case of a **Coverage Event**, together with another **Coverage Event** occurring prior to the date such entity became a **Subsidiary** or was acquired by or merged with the **Insured**, would constitute **Related Coverage Events.**

C. Cessation of Acquired Entities, Merged Entities, or Subsidiaries

If any acquired entity, merged entity, or **Subsidiary** ceases to be owned by any **Insured** before or during the **Policy Period**, then any coverage under this Policy shall continue for such acquired entity, merged entity, or **Subsidiary** until the expiration of this Policy, but solely for **Wrongful Acts** or **Coverage Events** occurring prior to the effective date of such cessation.

D. Change of Control

If, during the **Policy Period**, a transaction occurs wherein another entity gains control of any **Named Insured** through the ownership of more than fifty percent (50%) of the voting stock of any **Named Insured**; or any **Named Insured** merges into another entity or consolidates with another entity such that any **Named Insured** is not the surviving entity, then:

(1) the **First Named Insured** must give written notice of such transaction to the **Insurer** within ninety (90) days after the effective date of such transaction and provide the **Insurer** with such information in connection therewith as the **Insurer** may deem necessary;

(2) this Policy shall apply only to any **Wrongful Acts** actually or allegedly committed on or before the effective date of such transaction, or any **Coverage Event** that occurred before the effective date of such transaction, and shall be excess of any other insurance available; and

(3) if the change of control arises in connection with the appointment of a receiver, conservator, liquidator, trustee, rehabilitator or similar official to take control of, supervise, manage or liquidate any **Named Insured**; or any other taking over of or taking control of any **Named Insured** by any governmental agency, body or representatives; or any **Named Insured** becoming a debtor-in-possession under United States bankruptcy law, there shall be no coverage under a **Non-Liability Coverage Part** for any **Coverage Event** reported after the effective date of the change of control.

Section XIII. Coverage Extensions and Territory

A. Spousal Provision

The coverage provided by this Policy shall also apply to the spouse, domestic partner, or dependent of an **Insured Person**, but only for **Claims** arising out of any actual or alleged **Wrongful Acts** of an **Insured Person**.

B. Estates and Legal Representatives

The coverage provided by this Policy shall also apply to the estates, heirs, legal representatives, or assigns of any **Insured Person** in the event of their death, incapacity, or bankruptcy, but only for **Claims** arising out of any actual or alleged **Wrongful Acts** of any **Insured Person**.

C. Worldwide Coverage

The coverage provided under this Policy shall apply worldwide.

Section XIV. Subrogation

In the event of any payment under this Policy, the **Insurer** shall be subrogated to all of the **Insured's** rights of recovery. As a condition precedent to **Loss** payment, the **Insured** must agree and acknowledge that it is required to execute all papers and shall do everything necessary to secure such rights, including the execution of such documents necessary to enable the **Insurer** to effectively bring suit in the name of any **Insured**.

Section XV. Assignment

Assignment of interest under this Policy shall not bind the **Insurer** until its consent is endorsed hereon.

Section XVI. Conformity to Statute

Any terms of this Policy in conflict with the terms of any applicable laws are hereby amended to conform to such laws.

Section XVII. Entire Agreement

This Policy (including the Declarations, Application for insurance submitted to the **Insurer**, and any information provided therewith) and any written endorsements attached hereto constitute the entire agreement between the parties. The terms, conditions, and limitations of this Policy can be waived or changed only by written endorsement.

Section XVIII. First Named Insured Represents Insureds

By acceptance of this Policy, the **First Named Insured** shall be designated to act on behalf of all **Insureds** for all purposes including but not limited to the giving and receiving of all notices and correspondence, the cancellation or non-renewal of this Policy, the payment of premiums, and the receipt of any return premiums that may be due under this Policy.

Section XIX. Representative of the Insurer

Celerity Risk shall act on behalf of the **Insurer** for all purposes, including but not limited to the giving and receiving of all notices and correspondence.

Section XX. Other Insurance

This **Policy** shall apply on a primary basis. However, the **Insurer** shall not be liable to pay **Loss** (including **Costs of Defense**) under any **Liability Coverage Part**, or to make any payment under the **Non-Liability Coverage Part** where the **Insured** would be entitled to be paid under any other insurance if this Policy did not exist except in respect of any amount in excess of the amount that would have been payable under such other insurance had this Policy not been effected.

Section XXI. Allocation

A. If:

(1) there is a **Claim** made against any **Insured,** or there is a **Coverage Event**, and such **Claim** or **Coverage Event** includes both covered and uncovered matters pursuant to this Policy; or

(2) coverage is extended for a **Claim** made against an **Insured**, or for a **Coverage Event**, and such **Claim** or **Coverage Event** involves others who are not entitled to such coverage (including **Insureds** who are not extended coverage for such **Claim** or **Coverage Event**),

then the **Insured** and the **Insurer** recognize and agree there must be an allocation between the insured and uninsured portion of any **Loss**. The **Insured** and the **Insurer** shall use their best efforts to agree upon a fair and proper allocation, and if they are unable to agree upon such allocation, the issue of allocation shall be submitted to dispute resolution in accordance with **Section XXII.** of this Policy.

B. Notwithstanding any prior advancement to the contrary, any allocation of **Costs of Defense** on account of a **Claim**, whether negotiated or arbitrated, shall be retroactively applied to all **Costs of Defense** on account of such **Claim**. Any allocation of advancement of **Costs of Defense** on account of a **Claim**, shall not apply to create any presumption with respect to the allocation of other **Loss** on account of such **Claim**.

Section XXII. Dispute Resolution

It is agreed that any disputes or disagreements that arise in connection with this Policy, including those involving Allocation, which cannot be resolved through informal negotiation shall be resolved according to the dispute resolution process set forth herein. The party asserting a dispute or disagreement shall notify the other party in writing of such dispute or disagreement. The other party shall respond to such notice in writing within ten (10) days after receiving it, and the parties shall hold at least one telephone conference or meeting within twenty (20) days after the date of the original written notice asserting the dispute or disagreement. If the parties have not resolved the dispute or disagreement to their mutual satisfaction within sixty (60) days after the original written notice asserting such dispute or disagreement, then the parties shall submit the dispute through binding arbitration subject to the rules of the American Arbitration Association. In any arbitration, each party will bear his, her, or its own legal fees or expenses.

Section XXIII. Extended Reporting Period

With respect to all Coverage Parts that are **Included** and are written on a claims-made basis:

A. In the event the **Insurer** refuses to renew this Policy or the **First Named Insured** chooses to cancel or not renew this Policy, the **First Named Insured** shall have the right, upon payment of one hundred percent (100%) of the annual premium (or if the **Policy Period** is other than annual, one hundred percent (100%) of the annualized premium), to an extension of the coverage provided by this Policy with respect to any **Claim(s)** first made against any **Insured** during the period of twelve (12) months after the end of the **Policy Period**, but only with respect to any **Wrongful Act** committed or alleged to have been committed before the end of the **Policy Period**. This twelve (12) month period shall be referred to in this Policy as the "**Extended Reporting Period**."

B. As a condition precedent to the right to purchase the **Extended Reporting Period**:

(1) the total earned premium for this Policy must have been paid;

(2) the **Insured** was in compliance with all terms and conditions of this policy; and

(3) a written request for the **Extended Reporting Period** must be provided to the **Insurer** no later than thirty (30) days after the end of the **Policy Period.**

C. If the **Insurer** does not receive payment for the **Extended Reporting Period** within sixty (60) days after the end of the **Policy Period**, no **Extended Reporting Period** shall apply.

D. It is understood and agreed that premium for the **Extended Reporting Period** will be fully earned on the effective date thereof and is non-refundable.

E. The purchase of the **Extended Reporting Period** shall not in any way increase the Limit(s) of Liability stated in Items 3. and 4. of the Declarations. For purposes of the Limit(s) of Liability, the **Extended Reporting Period** is part of, and not in addition to, the **Policy Period**.

In witness whereof the **Insurer** has caused this Policy to be signed by its authorized representative and countersigned, if required, on the Declarations page by a duly authorized agent.

Coverholder's Representatives
Celerity Risk

Jamie Bouloux

COVERAGE PART A
MULTIMEDIA LIABILITY

Section I. Insuring Agreement

If this Coverage Part is **Included**, the **Insurer** agrees to pay on behalf of the **Insured** all **Loss**, in excess of the Retention, as a result of any **Claim** arising out of the **Insured's Media Wrongful Acts**, provided that the **Media Wrongful Acts** giving rise to such **Claim** occurred during the **Policy Period**.

Section II. Definitions

The following definitions apply only to this Coverage Part and are in addition to those set forth in **Section II.** of the **General Terms and Conditions**:

A. **Wrongful Act** means a **Media Wrongful Act**.

Section III. Exclusions

The **Insurer** shall not be liable under this Coverage Part to pay **Loss** (including **Costs of Defense**) or any other amounts:

A. based upon, arising out of, relating to, directly, or indirectly resulting from or in consequence of, or in any way involving any actual or alleged delay, disruption, or failure of any communication network, service, hardware, or software, including but not limited to any **Claim** for lost profits or opportunities, delay in delivery or performance or failure to deliver or perform, or quality of transmission of **Covered Content**, as a result of such delay, disruption, or failure;

B. based upon or arising out of any **Claim** brought by or on behalf of any federal, state, or local regulatory agency or other governmental body alleging the violation of any federal, state, or local laws or regulations; provided, however, that this Exclusion shall not apply to (1) any **Claim** brought by the Federal Communications Commission arising directly out of actual or alleged indecency in **Content** produced or disseminated by the **Insured**, or (2) any **Claim** brought by or on behalf of any federal, state, or local regulatory agency or other governmental body seeking a prior restraint or any other limitation upon **Content** sought to be produced or disseminated by the Insured;

C. based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving any **Claim** for:

(1) any actual or alleged breach of any express or implied contract, agreement, warranty, or guarantee, including but not limited to any express or implied contract or agreement to pay royalties or to account for same, except that this exclusion shall not apply to:

a. any liability that an **Insured** would have incurred in the absence of such contract, agreement, warranty or guarantee;

b. any actual or alleged agreement between an **Insured** and the source of any information supplied to the **Insured**, regarding the confidentiality to be afforded to such source or such information or other use of such information;

c. any actual or alleged breach of an implied-in-fact contract regarding use of **Content** supplied to the **Insured**; or

d. breach of any written, oral or implied-in-fact indemnification or hold harmless agreement between the **Insured** and any person or entity distributing **Content** supplied by or on behalf of the **Insured**, where the **Claim** arises out of the distribution of such **Content**;

(2) any actual or alleged negligence or other error or omission in the performance of, or failure to perform, any services for others for a fee or other consideration, including any **Professional Services Wrongful Act**; provided, however, this exclusion shall apply only to **Claims** brought by or on behalf of individuals and/or entities for whom such services were performed; or

(3) any actual or alleged **Network Security and Privacy Wrongful Act**;

D. based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of:

(1) any conduct by any **Insured** that is determined by a court or jury to constitute a willful violation of a criminal statute;

(2) any dishonest or fraudulent act or omission by any **Insured**; or

(3) the gaining by any **Insured** of any profit, remuneration or advantage to which such **Insured** is not legally entitled.

This **Exclusion III.D.** will not apply to **Costs of Defense** until there is a judgment, final adjudication, or adverse finding of fact against, admission by, or plea of *nolo contendere* or no contest by an **Insured** as to such conduct, at which time such **Insured** shall reimburse the **Insurer** for any such **Costs of Defense** advanced.

In determining the applicability of this **Exclusion** and the **Insurer's** entitlement to any reimbursement, the **Wrongful Act(s)** of any **Insured**, including any **Employees** acting outside the scope of their duties for the **Insured**, shall not be imputed to any other **Insured.**

This exclusion shall not apply if the **Insured**, through its General Counsel or outside legal counsel, approves such conduct in advance based on a good faith belief that such conduct is protected by the First Amendment to the United States Constitution.

E. For purposes of this Coverage Part**, Exclusion D.** of the **General Terms & Conditions** is deleted in its entirety and replaced with the following:

based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving any actual or alleged bodily injury or property damage, except for

a. bodily injury arising exclusively out of emotional distress allegedly caused by a **Wrongful Act**; or

b. bodily injury or property damage actually or allegedly resulting from a **Claim** of negligent publication as described in General Terms and Conditions, **Section II. Definitions V.**(6);

Section IV. Date of Wrongful Act

In the event of a **Claim** (or **Related Claims**) arising out of a series of **Media Wrongful Acts,** the following will apply:

A. The **Media Wrongful Acts** will be deemed to have occurred on the date of the first publication, dissemination or release of the **Content** giving rise to such **Claim** (or **Related Claims**); however, if there was no such publication, dissemination or release during the **Policy Period** or any renewal period, then the **Media Wrongful Acts** will be deemed to have occurred on the date of the earliest act, error or omission giving rise to such **Claim** (or **Related Claims**).

B. Where **Related Media Wrongful Acts** take place on one or more dates during the **Policy Period**, or during two or more consecutive **Policy Periods** of policies issued by the **Insurer**:

(1) such **Media Wrongful Acts** shall be considered a single **Wrongful Act** subject to the Limit of Liability and Retention in effect when the first of such **Related Wrongful Acts** took place; and

(2) the **Insurer** shall not be responsible for that portion of any **Loss** or **Costs of Defense** attributable to **Wrongful Acts** which took place prior to the **First Inception Date** or after expiration of the last policy issued to the **Insured** by the **Insurer.**

C. Notwithstanding the provisions of **Section IV. A. and B.** above, in no event will the **Insurer** be responsible for any portion of **Loss** fairly attributable to **Media Wrongful Acts** occurring prior to the **First Inception Date** or subsequent to the conclusion of the **Policy Period** or any renewal period.

Section V. Confidential Sources and Retraction Demands

A. The **Insured's** rights under this Coverage Part shall not be prejudiced by the **Insured's** refusal to reveal the identity of a confidential source, or to produce reporters' notes or any other documents or information obtained by the **Insured** with respect to which the **Insured** has asserted a claim of reporter's privilege or other applicable First Amendment, statutory or common-law privilege relating to the protection of newsgathering activities.

B. The **Insured** shall have sole discretion regarding whether and under what circumstances to issue a retraction of **Content** previously communicated, distributed, or released by any **Insured**.

Section VI. Notice of Claims

As a condition precedent to coverage under this Policy, the **Insured** must give written notice to the **Insurer**, at the address set forth in Item 8. of the Declarations, of any **Claim** as soon as practicable but in no event later than 60 days after such **Claim** is first received by the **Insured**.

Section VII. Clearance Procedures

The **Insured** represents, warrants, and agrees that it will implement and use reasonable and customary clearance procedures with respect to the creation, compilation, licensing, and distribution of the **Insured's Covered Content** as well as **Merchandising Activities**.

CALIFORNIA NOTICE

1. THE INSURANCE POLICY THAT YOU (HAVE PURCHASED) (ARE APPLYING TO PURCHASE) IS BEING ISSUED BY AN INSURER THAT IS NOT LICENSED BY THE STATE OF CALIFORNIA. THESE COMPANIES ARE CALLED “NONADMITTED” OR “SURPLUS LINE” INSURERS.

2. THE INSURER IS NOT SUBJECT TO THE FINANCIAL SOLVENCY REGULATION AND ENFORCEMENT WHICH APPLIES TO CALIFORNIA LICENSED INSURERS.

3. THE INSURER DOES NOT PARTICIPATE IN ANY OF THE INSURANCE GUARANTEE FUNDS CREATED BY CALIFORNIA LAW. THEREFORE, THESE FUNDS WILL NOT PAY YOUR CLAIMS OR PROTECT YOUR ASSETS IF THE INSURER BECOMES INSOLVENT AND IS UNABLE TO MAKE PAYMENTS AS PROMISED.

4. THE INSURER SHOULD BE LICENSED EITHER AS A FOREIGN INSURER IN ANOTHER STATE IN THE UNITED STATES OR AS A NON-UNITED STATES (ALIEN) INSURER. YOU SHOULD ASK QUESTIONS OF YOUR INSURANCE AGENT, BROKER, OR “SURPLUS LINE” BROKER OR CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE AT THE FOLLOWING TOLL-FREE TELEPHONE NUMBER 1-800-927-4357. ASK WHETHER OR NOT THE INSURER IS LICENSED AS A FOREIGN OR NON-UNITED STATES (ALIEN) INSURER AND FOR ADDITIONAL INFORMATION ABOUT THE INSURER. YOU MAY ALSO CONTACT THE NAIC'S INTERNET WEB SITE AT WWW.NAIC.ORG.

5. FOREIGN INSURERS SHOULD BE LICENSED BY A STATE IN THE UNITED STATES AND YOU MAY CONTACT THAT STATE'S DEPARTMENT OF INSURANCE TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.

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6. FOR NON-UNITED STATES (ALIEN) INSURERS, THE INSURER SHOULD BE LICENSED BY A COUNTRY OUTSIDE OF THE UNITED STATES AND SHOULD BE ON THE NAIC'S INTERNATIONAL INSURERS DEPARTMENT (IID) LISTING OF APPROVED NONADMITTED NON-UNITED STATES INSURERS. ASK YOUR AGENT, BROKER, OR “SURPLUS LINE” BROKER TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.

7. CALIFORNIA MAINTAINS A LIST OF APPROVED SURPLUS LINE INSURERS. ASK YOUR AGENT OR BROKER IF THE INSURER IS ON THATLIST, OR VIEW THAT LIST AT THE WEB SITE OF THE CALIFORNIA DEPARTMENT OF INSURANCE:

WWW.INSURANCE.CA.GOV .

8. IF YOU, AS THE APPLICANT, REQUIRED THAT THE INSURANCE POLICY YOU HAVE PURCHASED BE BOUND IMMEDIATELY, EITHER BECAUSE EXISTING COVERAGE WAS GOING TO LAPSE WITHIN TWO BUSINESS DAYS OR BECAUSE YOU WERE REQUIRED TO HAVE COVERAGE WITHIN TWO BUSINESS DAYS, AND YOU DID NOT RECEIVE THIS DISCLOSURE FORM AND A REQUEST FOR YOUR SIGNATURE UNTIL AFTER COVERAGE BECAME EFFECTIVE, YOU HAVE THE RIGHT TO CANCEL THIS POLICY WITHIN FIVE DAYS OF RECEIVING THIS DISCLOSURE. IF YOU CANCEL COVERAGE, THE PREMIUM WILL BE PRORATED AND ANY BROKER FEE CHARGED FOR THIS INSURANCE WILL BE RETURNED TO YOU.

Converg[in] Risk Media Solutions Policy

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED ENDORSEMENT

It is understood and agreed that the Converg[in] Risk Media Solutions Policy is hereby amended to read as follows:

1. With respect to **Included** Coverage Parts, the entity listed below is an Additional Insured(s) under this Policy, subject to the following conditions:

   (1) The **Claim** arises solely out of **Wrongful Acts** as defined in the Policy and performed by an **Insured**;

   (2) All other terms and conditions of the Policy are met; and

   (3) The **Claim** does not arise out of content provided, services performed, or any acts committed by the Additional Insured.

2. With respect to General Terms and Conditions, it is understood and agreed that **Section III. Exclusions Applicable to the Entire Policy G.** is amended by adding:

   (4) Any Additional Insured; except this exclusion only applies if the **Insurer** is defending or indemnifying the Additional Insured for **Claim(s)** made against the Additional Insured arising out of the same **Wrongful Acts** of the **Named Insured**.

3. It is also understood and agreed that this endorsement does not apply to any **Non-Liability Coverage Parts** if **Included** in this policy.

4. Additional Insured(s): Hass Avocado Board

Other than as stated above, nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, provisions, agreements, or limitations of the Policy to which this endorsement is attached.

Insured: California Avocado Commission	Policy Number: CR-170044
Policy Period: 1/1/2026 to 1/1/2027	Endorsement Effective Date: 1/1/2026
Endorsement Number: 1	

Converg[in] Risk Media Solutions Policy

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FALSE ADVERTISING DEFENSE COSTS SUBLIMIT ENDORSEMENT

It is understood and agreed that the Converg[in] Risk Media Solutions Policy is hereby amended to read as follows:

Solely as respects Coverage Part A, if **Included**:

1. With respect to General Terms and Conditions, it is understood and agreed **Section III. Exclusions F**.(3) is deleted in its entirety and replaced with the following:

   (3) any actual or alleged false **Advertising** or unfair or deceptive trade practice with respect to the **Advertising** or sale of products, publications, or services, or any unfair competition allegations arising out of the foregoing (hereinafter **False Advertising Claim**), provided, however, that this **Exclusion, III.F**.(3) shall not apply to **Costs of Defense** for such **False Advertising Claims**;

2. With respect to General Terms and Conditions, it is understood and agreed **Section III, Exclusions F**.(8) is deleted in its entirety and replaced with the following:

   (8) any actual or alleged defect, deficiency, inadequacy or dangerous condition of any of the Insured’s products, including warranties or representations made at any time with respect to the fitness, quality, durability, performance, or use of such products; provided, however, that with respect to the above-referenced warranties and representations, this **Exclusion, III.F**(8) shall not apply to **Costs of Defense** for **False Advertising Claims**;

3. With respect to Coverage Part A, it is understood and agreed **Section III. Exclusion D.** (2) and (3) shall not apply to **Costs of Defense** for any actual or alleged **False Advertising Claim**.

   For purposes of this Endorsement:

   A. The total Limit of Liability available for any **Costs of Defense** for any actual or alleged **False Advertising Claim** shall be $250,000 Per Claim and in the Aggregate.

   B. All amounts paid towards the **Costs of Defense** for any actual or alleged **False Advertising Claim**, shall apply towards and reduce the Aggregate Limit of Liability applicable to all **Included Coverage Parts**.

   C. The Retention applicable to the **Costs of Defense** for any actual or alleged **False Advertising Claim** shall be $25,000 for each and every **False Advertising Claim**.

Other than as stated above, nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, provisions, agreements, or limitations of the Policy to which this endorsement is attached

Insured: California Avocado Commission	Policy Number: CR-170044
Policy Period: 1/1/2026 to 1/1/2027	Endorsement Effective Date: 1/1/2026
Endorsement Number: 2	

Converg[in] Risk Media Solutions Policy

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MERGER OR ACQUISITION THRESHOLD AMENDATORY ENDORSEMENT

It is understood and agreed that the Converg[in] Risk Media Solutions Policy is hereby amended to read as follows:

With respect to the General Terms and Conditions, it is understood and agreed **Section XII. Exposure Changes, B. Merger, Acquisition, or Newly Formed Entities**, paragraphs (1) and (2) are hereby deleted in their entirety and replaced with the following:

(1) If, at the time of the creation, acquisition, or merger described in **Section XII.B.**, the annual revenues (or projected annual revenues) of the entity exceed twenty-five percent (25%) of the annual revenues of the **Named Insureds**, as reflected in the **Named Insured's** then most recently concluded fiscal year-end financial statements or fiscal quarterly financial statements, then the **Insured** shall provide to the **Insurer** written notice of the creation, acquisition, or merger including all details thereof, as soon as practicable, but in no event later than ninety (90) days after the date of such creation, acquisition, or merger. As a condition precedent to providing coverage for such entity, the **Insurer**, in its sole discretion, may impose additional or different terms, conditions, and limitations of coverage and require payment of additional premium. If the **Insured** fails to give notice within such ninety (90) day period or fails to pay any additional premium required by the **Insurer**, coverage for such entity shall terminate with respect to **Wrongful Acts** or **Coverage Events** occurring more than ninety (90) days after such creation, acquisition, or merger.

(2) If, at the time of the creation, acquisition, or merger described in **Section XII.B.**, the annual revenues (or projected annual revenues) of the entity are equal to or less than twenty-five percent (25%) of the annual revenues of the **Named Insureds**, as reflected in the **Named Insureds'** then most recently concluded fiscal year-end financial statements or fiscal quarterly financial statements, then the **Insured** shall provide to the **Insurer** written notice of the creation, acquisition, or merger including all details thereof when it next applies for renewal of this Policy. As a condition precedent to providing coverage for such entity upon renewal, the **Insurer**, in its sole discretion, may impose additional or different terms, conditions, and limitations of coverage and require payment of additional premium.

Other than as stated above, nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, provisions, agreements, or limitations of the Policy to which this endorsement is attached.

Insured: California Avocado Commission	Policy Number: CR-170044
Policy Period: 1/1/2026 to 1/1/2027	Endorsement Effective Date: 1/1/2026
Endorsement Number: 3	

Converg[in] Risk Media Solutions Policy

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PRIOR ACTS ENDORSEMENT

It is understood and agreed that the Converg[in] Risk Media Solutions Policy is hereby amended to read as follows:

With respect to **Coverage Part A.**, it is understood and agreed **Section I. Insuring Agreement** is hereby deleted in its entirety and replaced with the following:

If this Coverage Part is **Included**, the **Insurer** agrees to pay on behalf of the **Insured** all **Loss**, in excess of the Retention, as a result of any **Claim** arising out of the **Insured's Media Wrongful Acts**, provided that the **Media Wrongful Acts** giving rise to such **Claim** occurred between 12/1/2011 and the conclusion of the **Policy Period**.

The coverage provided by this Endorsement shall not apply to any **Loss** from **Claims** based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of any **Covered Content** occurring before the Inception Date of this Policy if the **Insured** would be entitled to be paid under any other insurance if this Policy did not exist.

Other than as stated above, nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the Policy to which this endorsement is attached.

Insured: California Avocado Commission	Policy Number: CR-170044
Policy Period: 1/1/2026 to 1/1/2027	Endorsement Effective Date: 1/1/2026
Endorsement Number: 4	

Converg[in] Risk Media Solutions Policy

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FINANCIAL INTEREST CLAUSE ENDORSEMENT

It is understood and agreed that the Converging Risk Liability Policy is hereby amended to read as follows:

The **Insurer** shall provide coverage to the **First Named Insured** for its financial interest in any entity (the "**Uncovered Entity**") which would otherwise be covered under this Policy which is located in a jurisdiction where:

(i) applicable law or regulation do not, to the best of the **Insurer's** good faith knowledge, allow it to provide coverage; or

(ii) the **First Named Insured** has elected that the Policy will not cover such entity directly but will cover the **First Named Insured's** own financial interest in such entity.

Where Financial Interest Coverage is triggered, the Policy will not provide any coverage for the **Uncovered Entity**, and the **Insurer** and **First Named Insured** further agree that:

(i) the **First Named Insured** has a financial interest in the **Uncovered Entity** because it benefits financially from the continued operation of the **Uncovered Entity** and/or would be prejudiced by loss to, or damage to, or liability incurred by the **Uncovered Entity** in the operation of its business; and

(ii) the **Insurer** shall indemnify the **First Named Insured** in respect of any loss to its financial interest, by way of agreed valuation calculated as the amount which would have been payable to the **Uncovered Entity** if a policy with the same terms and conditions as this Policy had been issued to such **Uncovered Entity**, save that no indemnity shall be provided in respect of any insuring clause which would have covered any individual person.

Other than as stated above, nothing herein contained shall be held to vary, alter, waive, or extend any of the terms, conditions, provisions, agreements or limitations of the Policy to which this endorsement is attached.

Insured: California Avocado Commission	Policy Number: CR-170044
Policy Period: 1/1/2026 to 1/1/2027	Endorsement Effective Date: 1/1/2026
Endorsement Number: 5	

Converg[in] Risk Media Solutions Policy

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

GENERAL SERVICE OF SUIT ENDORSEMENT

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:
ALL COVERAGE PARTS IN THIS POLICY

In the event of failure of the Company to pay any amount claimed to be due under the terms of this policy, the Company, at the request of the **Insured,** will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes or should be understood to constitute a waiver of the Company's rights to commence an action in any court of competent jurisdiction in the United States to remove an action to a United States District Court or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. In any suit instituted against the Company upon this policy, the Company will abide by the final decision of such court or of any appellate court in the event of appeal.

It is further agreed that service of process in such suit may be made upon:

Mendes and Mount LLP
750 Seventh Avenue
New York, NY 10019-6829
Attn: Mike Fleming

Further, pursuant to any statute of any state, territory, or district of the United States which makes provision therefore, the Company hereby designates the Superintendent, Commissioner or Director of Insurance, Secretary of State, or other officer specified for that purpose in the statute, as its true and lawful attorney upon whom service may be made of any lawful process in any action, suit, or proceeding instituted by or on behalf of the **Insured** or any beneficiary hereunder arising out of this policy of insurance and hereby designates the above named General Counsel as the person to whom the said officer is authorized to mail such process or a true copy thereof.

This endorsement does not change any other provision of the policy.

Insured: California Avocado Commission	Policy Number: CR-170044
Policy Period: 1/1/2026 to 1/1/2027	Endorsement Effective Date: 1/1/2026
Endorsement Number: 6	

LLOYD'S PRIVACY POLICY STATEMENT

UNDERWRITERS AT LLOYD'S, LONDON

The Certain Underwriters at Lloyd's, London want you to know how we protect the confidentiality of your non-public personal information. We want you to know how and why we use and disclose the information that we have about you. The following describes our policies and practices for securing the privacy of our current and former customers.

INFORMATION WE COLLECT

The non-public personal information that we collect about you includes, but is not limited to:

- Information contained in applications or other forms that you submit to us, such as name, address, and social security number
- Information about your transactions with our affiliates or other third-parties, such as balances and payment history
- Information we receive from a consumer-reporting agency, such as credit-worthiness or credit history

INFORMATION WE DISCLOSE

We disclose the information that we have when it is necessary to provide our products and services. We may also disclose information when the law requires or permits us to do so.

CONFIDENTIALITY AND SECURITY

Only our employees and others who need the information to service your account have access to your personal information. We have measures in place to secure our paper files and computer systems.

RIGHT TO ACCESS OR CORRECT YOUR PERSONAL INFORMATION

You have a right to request access to or correction of your personal information that is in our possession.

CONTACTING US

If you have any questions about this privacy notice or would like to learn more about how we protect your privacy, please contact the agent or broker who handled this insurance. We can provide a more detailed statement of our privacy practices upon request.

Insured: California Avocado Commission

Policy Number: CR-170044

Policy Period: 1/1/2026 to 1/1/2027

Endorsement Effective Date: 1/1/2026

Endorsement Number: 7

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

SANCTION LIMITATION AND EXCLUSION CLAUSE

In consideration of the premium charged:

> No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

All other terms, conditions and limitations of this Policy shall remain unchanged.

Insured: California Avocado Commission	Policy Number: CR-170044
Policy Period: 1/1/2026 to 1/1/2027	Endorsement Effective Date: 1/1/2026
Endorsement Number: 8	

SEVERAL LIABILITY NOTICE INSURANCE (LSW1001)

The subscribing insurers' obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

Insured: California Avocado Commission

Policy Number: CR-170044

Policy Period: 1/1/2026 to 1/1/2027

Endorsement Effective Date: 1/1/2026

Endorsement Number: 9

Lloyd's Certificate

This Insurance is effected with certain Underwriters at Lloyd's, London as per the attached Schedule.

This Certificate is issued in accordance with the limited authorization granted to the Correspondent by certain Underwriters at Lloyd's, London whose syndicate numbers and the proportions underwritten by them can be ascertained from the office of the said Correspondent (such Underwriters being hereinafter called "Underwriters") and in consideration of the premium specified herein, Underwriters hereby bind themselves severally and not jointly, each for his own part and not one for another, their Executors and Administrators.

The Assured is requested to read this Certificate, and if it is not correct, return it immediately to the Correspondent for appropriate alteration.

All inquiries regarding this Certificate should be addressed to the following Correspondent:

Celerity Risk
c/o RSG Underwriting Managers, LLC
1185 Avenue of the Americas
Suite 2310
New York, NY 10036

CERTIFICATE PROVISIONS:

1. Signature Required. This Certificate shall not be valid unless signed by the Correspondent on the attached Declaration Page.
2. Correspondent Not Insurer. The Correspondent is not an Insurer hereunder and neither is nor shall be liable for any loss or claim whatsoever. The Insurers hereunder are those Underwriters at Lloyd's, London whose syndicate numbers can be ascertained as hereinbefore set forth. As used in this Certificate "Underwriters" shall be deemed to include incorporated as well as unincorporated persons or entities that are Underwriters at Lloyd's, London.
3. Attached Conditions Incorporated. This Certificate is made and accepted subject to all the provisions, conditions and warranties set forth herein, attached or endorsed, all of which are to be considered as incorporated herein.

SCHEDULE OF LLOYD'S UNDERWRITERS PARTICIPATING HEREON:

100.00%	Pine Walk Capital Limited for and on behalf of Fidelis Underwriting Ltd

Insured: California Avocado Commission

Policy Number: CR-170044

Policy Period: 1/1/2026 to 1/1/2027

Endorsement Effective Date: 1/1/2026

Endorsement Number: 10

COMMITTEE INFORMATION

ITEM 9: **2026-27 CAC Assessment Rate, Budget & Business Plan**

SUMMARY:

At its June 2026 meeting the CAC Board approved an update Business Plan format that clearly articulates the activities of the Commission and provides flexibility in utilizing resources for marketing and non-marketing functions based on current conditions. Included in the updated Business Plan also is a streamlined budget format which has been used for development of the draft 2026-27 CAC Budget.

Attached are the draft 2026-27 CAC Business Plan and Budget for Committee review and discussion.

FISCAL ANALYSIS:

- The draft budget is based on a crop size of 400 million pounds and an assessment rate of 1.5 cents per pound, generating $14.285 million in revenue (including $500,000 from Other revenue sources). The proposed budget of $15.558 million allocates 70% to Marketing and 30% to Non-Marketing programs and draws down reserves by $1.273 to $5.5 million.

COMMITTEE OPTIONS:

- Discussion item only

STAFF RECOMMENDATION:

- Not applicable

EXHIBITS / ATTACHMENTS:

- Draft 2026-27 CAC Business Plan
- Draft 2026-27 CAC Budget

2026-27 BUSINESS PLAN
Presented for Board Approval
MONTH DAY, 2026

STRATEGIC FRAMEWORK

Mission
To maximize California Avocado grower returns and enhance premium positioning through strategic marketing, advocacy and research.

Vision
To be a thriving California Avocado industry renowned for premium avocados.

Brand Positioning/Promise
Fresh to market California Avocados are locally and responsibly grown by farmers who nurture the land every step of the way.

2026-27 PLAN OVERVIEW
California Avocado growers face many challenges including increased competition from foreign fruit. In response, the California Avocado Commission refined its approach in early 2026 to increase retailer-focused marketing, including a greater percentage of the marketing budget, while continuing brand and trade marketing, industry affairs and research.

The 2026-27 plan aims to build on 2026 efforts to support distribution of the crop with existing and new trade customers (retail and foodservice, if strategically aligned), while maintaining perceived value and preference for California Avocados, to ultimately achieve a premium average F.O.B. price per pound.

The Commission's business plan includes advocating for and engaging with the industry, as well as supporting growers through research and outreach. The Commission will continue to cultivate organizational excellence and demonstrate effective use of resources.

MARKETING

Objectives

- Achieve a premium average price per pound that meets or exceeds the four-year historical F.O.B. price differential between California Avocados and imports
- Build and sustain trade commitments that support California Avocado volume, timing and market priorities
- Maintain or increase preference and perceived value with targeted consumers

Strategies

- Utilize data and strategic insights to shape trade and consumer targeting and programs
- Develop trade and brand communications that differentiate California Avocados and create demand leading up to and throughout the season
- Create collaborative trade programs that reach avocado shoppers and patrons

Marketing Budget Summary	2025-26	% of Total Budget	2026-27	% of Total Budget
Retail	$4,898,300	34.34%	$5,695,000	36.60%
Brand	$3,089,700	21.66%	$3,750,000	24.10%
Foodservice	$650,000	4.56%	-	0.00%
Flex	-	0.00%	$650,000	4.18%
Marketing Support	$905,000	5.66%	$905,000	5.82%
TOTAL MARKETING	**$9,445,000**	**66.21%**	**$11,000,000**	

Retail

Build California Avocados' retail accessibility through a mix of retail partnerships, customized promotions and other tactics. Key tactics may include:

- Retail partnerships, promotions and merchandising
- Retail advertising (creative, media planning and buying, digital content, in-person events, administration, strategy and planning)
- Retail trade advertising and public relations (creative, media planning and buying, strategy, planning and reporting)
- Retail trade memberships and activations (associations, trade shows/industry events)
- Retail data and analysis

Brand

The Commission will implement an integrated brand marketing program focused on maintaining California Avocado preference and perceived value among our bullseye target audience (super-heavy avocado consumers within the Western region). Key tactics may include:

- Advertising (creative, media planning and buying)
- Public relations (earned and paid outreach, monitoring, influencer partnerships)
- Digital (website, email, social media)
- Administration, strategy, planning and reporting

Flex

Provide funding for strategic retail, brand and opportunistic foodservice initiatives that advance Commission priorities and respond to emerging opportunities. Key tactics may include:

- Incremental retail partnerships and promotions
- Brand advertising and promotions
- Foodservice partnerships and promotions
- Promotional support
- Related strategy and reporting

Marketing Support

Support includes marketing administration and tactics that cross multiple channels, including:

- Stakeholder communications (*GreenSheet, From the Grove*)
- Export program
- Industry memberships
- Personnel

INDUSTRY AFFAIRS

Objective

- Strengthen the California Avocado industry's ability to compete in the US market

Strategies

- Establish and leverage relationships with governmental agency personnel, elected officials and other agricultural organizations
- Provide information on domestic and global avocado market forces
- Deliver a comprehensive communications and outreach program

Industry Affairs Budget Summary	2025-26	% of Total Budget	2026-27	% of Total Budget
Issues Management	$712,000	4.99%	$859,500	5.52%
Industry Statistics and Information	$123,000	0.86%	$126,000	0.81%
Grower Communications and Outreach	$346,075	2.43%	$379,500	2.44%
TOTAL INDUSTRY AFFAIRS	**$1,181,075**	**8.28%**	**$1,365,000**	**8.77%**

Issues Management

Anticipate issues and prioritize resources in industry advocacy. Areas include:

- Regulatory, legislative and trade
- Water, technical and sustainability initiatives
- Research program coordination
- Industry coalition participation

Industry statistics and information

Disseminate industry crop and market data to aid in understanding domestic and global avocado supply, including:

- California inventory and shipment reporting
- California crop estimating and acreage surveys
- Global supply and production estimates

Grower Communications and Outreach

Utilize a variety of communication and outreach vehicles to inform the industry, including:

- Publications — *From the Grove* (magazine) and *GreenSheet* (enewsletter/SMS messaging)
- Website — CaliforniaAvocadoGrowers.com
- Meetings, Seminars and Workshops — Annual meetings and district meetings
- Demonstration Grove — Pine Tree Ranch

RESEARCH

Objective

- Maximize California Avocado farm production of safe, high-quality fruit

Strategies

- Conduct research focused on practical solutions to grower-defined priorities
- Provide California Avocado growers the tools necessary for optimum productivity
- Educate California Avocado growers and industry stakeholders about research outcomes

Research Budget Summary	2025-26 Budget	% of Total Budget	Continuing Projects	2026-27 New Projects	Total 2026-27 Budget	% of Total Budget
Pest and Disease	$706,223	4.95%	$538,570	TBD	$538,570	3.46%
Cultural Practices	$361,555	2.53%	$148,564	TBD	$148,564	0.95%
Industry Research Support	$32,500	0.23%	-	-	-	0%
TOTAL RESEARCH	**$886,163**	**7.71%**	**$687,134**	**$TotalTBD**	**$687,134**	**4.42%**

Pest and Disease

Monitor pest and disease threats — both foreign and domestic — to California avocado production and ensure growers have the resources necessary to manage existing pests and diseases. Projects may include:

- Foreign pest surveys
- Pesticide resistance monitoring
- Control of avocado branch canker
- Monitor Phytophthora root rot populations for changes in fungicide efficacy
- Recording and enhancing pollinator activity in avocado groves

Cultural Practices

Provide growers with the tools and information necessary to grow avocados in California. Projects may include:

- Understanding the effects of artificial pollination
- Soil salinity effects on avocado orchards
- Developing a weather station network to guide growers' irrigation decisions
- Improving irrigation management tools
- Monitor avocado rootstock responses to Phytophthora root rot

OPERATIONS

Objectives

- Ensure the Commission has the proper leadership, organizational structure and resources necessary to carry out its mission
- Uphold organizational compliance with governance requirements

Strategies

- Align financial resources with objectives and maintain a balanced budget
- Foster a culture of excellence among staff, board members and agencies
- Utilize appropriate professionals for financial audits, elections and legal affairs

Operations Budget Summary	2025-26	% of Total Budget	2026-27	% of Total Budget
Operations	$511,646	3.59%	$436,500	2.81%
Governance and Legal	$525,500	3.68%	$505,500	3.25%
Meeting and Commissioner Expenses	$218,000	1.53%	$218,000	1.40%
Personnel	$1,073,683	7.53%	$1,146,450	7.37%
TOTAL OPERATIONS	**$2,328,829**	**16.33%**	**$2,306,450**	**14.82%**

Operations

Continual optimization of business tactics including:

- Administrative, corporate insurance and travel expenses
- Accounting and information technology systems
- Banking, fixed assets and depreciation
- Training, recruitment and temporary staffing

Governance and Legal

Support the governance requirements of the Commission, which may include:

- Elections and referendum/redistricting (when required)
- Annual financial audits and CDFA/USDA compliance reviews
- Professional and legal services associated with Commission operations

Meeting and Commissioner Expenses

Meetings to conduct the regular business of the Commission, along with associated travel expenses, and Board designated contributions and sponsorships, including:

- Board and committee meetings
- Travel expenses (Board and committee members)
- District designated industry contributions
- Industry sponsorships (HAB BOLD program)

Personnel

Professional compensation and benefits including:

- Salaries
- Health benefits
- Retirement benefits

APPROVED BY CAC BOD XX-XX-2026

CALIFORNIA AVOCADO COMMISSION
2026-27 BUDGET vs. 2025-26 BUDGET AMEND #2

REVENUES: Assessments	2026-27 BUDGET	%	2025-26 BUDGET	%	INC/(DEC)	% CHANGE	COMMENTS
CAC Assessment Revenue	$5,850,000	41.0%	$3,168,750	31.1%	$2,681,250	84.62%	400MM Crop; $0.015 Assess
HAB 85% Rebate Assessment Revenue	$7,905,000	55.3%	$6,422,813	62.9%	$1,482,188	23.08%	
Subtotal Assessment Revenues	**$13,755,000**	**96.3%**	**$9,591,563**	**94.0%**	**$4,163,438**	**43.41%**	
REVENUES: Other Revenues							
Administration & Accounting Fee Revenue (AIP)	$75,000	0.5%	$72,000	0.7%	$3,000	4.17%	
Grant Funding	$200,000	1.4%	$210,000	2.1%	($10,000)	-4.76%	
Interest Income	$145,000	1.0%	$240,000	2.4%	($95,000)	-39.58%	
From the Grove Income	$60,000	0.4%	$60,000	0.6%	$0	0.00%	
Other Income	$50,000	0.4%	$31,250	0.3%	$18,750	60.00%	
Subtotal Other Revenues	**$530,000**	**3.7%**	**$613,250**	**6.0%**	**($83,250)**	**-13.58%**	
Total Revenues	**$14,285,000**	**100.0%**	**$10,204,813**	**100.0%**	**($169,500)**	**-1.66%**	
EXPENDITURES: Marketing Programs							
Retail	$5,695,000	36.60%	$4,898,300	34.34%	$796,700	16.26%	
Brand	$3,750,000	24.10%	$3,089,700	21.66%	$660,300	21.37%	
Foodservice	$0	0.00%	$650,000	4.56%	($650,000)	-100.00%	
Flex	$650,000	4.18%	$0	0.00%	$650,000	100.00%	
Marketing Activities Support & Personnel	$905,000	5.82%	$807,000	5.66%	$98,000	12.14%	
Subtotal Marketing	**$11,000,000**	**70.70%**	**$9,445,000**	**66.21%**	**$1,555,000**	**16.46%**	
EXPENDITURES: Industry Affairs							
Issues Management	$859,500	5.52%	$712,000	4.99%	$147,500	20.72%	
Industry Statistics and Information	$126,000	0.81%	$123,000	0.86%	$3,000	2.44%	
Grower Communications and Outreach	$379,500	2.44%	$346,075	2.43%	$33,425	9.66%	
Subtotal Industry Affairs	**$1,365,000**	**8.77%**	**$1,181,075**	**8.28%**	$183,925	15.57%	
EXPENDITURES: Research							
Pest and Disease	$538,570	3.46%	$706,223	4.95%	($167,653)	-23.74%	
Cultural Practices	$148,564	0.95%	$361,555	2.53%	($212,991)	-58.91%	
Industry Research Support	$0	0.00%	$32,500	0.23%	($32,500)	-100.00%	
Subtotal Research	**$687,134**	**4.42%**	**$1,100,278**	**7.71%**	($413,144)	-37.55%	
EXPENDITURES: Grants							
Grant Programs	$200,000	1.29%	$210,000	1.47%	($10,000)	-4.76%	
Subtotal Grants	**$200,000**	**1.29%**	**$210,000**	**1.47%**	($10,000)	-4.76%	
EXPENDITURES: Operations							
Operations	$436,500	2.81%	$511,646	3.59%	($75,146)	-14.69%	
Governance and Legal	$505,500	3.25%	$525,500	3.68%	($20,000)	-3.81%	
Meeting and Commissioner Expenses	$218,000	1.40%	$218,000	1.53%	$0	0.00%	
Personnel	$1,146,450	7.37%	$1,073,683	7.53%	$72,767	6.78%	
Subtotal Research	**$2,306,450**	**14.82%**	**$2,328,829**	**16.33%**	($22,379)	-0.96%	
Total Expenditures	**$15,558,584**	**100.0%**	**$14,265,182**	**100.0%**	**$1,293,402**	**9.07%**	
Excess Of Revenues Over (Under) Expenditures	**($1,273,584)**	**-8.9%**	**($4,060,369)**	**-39.8%**	**$ 2,786,785**	**-68.6%**	
Beginning Reserves - Nov. 1	$6,787,231		$10,847,600		**$ (4,060,369)**	**-37.4%**	
Estimated Ending Reserves - Oct. 31	**$5,513,647**		**$6,787,231**		**$ (1,273,584)**	**-18.8%**	