

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## **AmRISC PROPERTY ENDORSEMENT**

WITH RESPECT TO THE COVERAGE PROVIDED BY ALL UNDERWRITERS, CARRIERS AND INSURERS OF THIS POLICY, THE FOLLOWING CLAUSES SHALL APPLY:

This endorsement modifies insurance provided under the following forms (if attached to this policy):

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
BUILDERS RISK COVERAGE FORM  
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM  
EXTRA EXPENSE COVERAGE FORM  
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM  
CAUSES OF LOSS – SPECIAL FORM  
STANDARD PROPERTY POLICY

Throughout this Policy, the word “Assured” shall be synonymous with “Insured”; the words “we”, “us”, “our”, shall be synonymous with “Underwriters”, “Insurers” and “Company”; the word “Certificate” shall be synonymous with “Policy”, the word “Schedule” shall be synonymous with “Declarations”, the word “peril” shall be synonymous with “cause of loss”, and the term “limit of liability” is synonymous with “limit of insurance”.

- I. The following changes are made to the BUILDING AND PERSONAL PROPERTY COVERAGE FORM CP 00 10, CONDOMINIUM ASSOCIATION COVERAGE FORM CP 00 17, BUILDERS RISK COVERAGE FORM CP 00 20, BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM CP 00 32, BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM CP 00 30, EXTRA EXPENSE COVERAGE FORM CP 00 50 and STANDARD PROPERTY POLICY CP 00 99:
  - A. Under Section A.4. Additional Coverages of the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CONDOMINIUM ASSOCIATION COVERAGE FORM, BUILDERS RISK COVERAGE FORM and STANDARD PROPERTY POLICY, the following replaces the Debris Removal Additional Coverage:

### **Debris Removal**

**NMA 2340 11/24/1988 (USA date) - amended**

THIS CLAUSE CONTAINS PROVISIONS WHICH MAY LIMIT OR PREVENT RECOVERY UNDER THIS POLICY FOR LOSS WHERE COSTS OR EXPENSES FOR DEBRIS REMOVAL ARE INCURRED.

Nothing contained in this Clause shall override any Seepage and/or Pollution and/or Contamination Exclusion or any Radioactive Contamination Exclusion or any other Exclusion applicable to this Policy.

Any provision within this Policy (or within any other Endorsement which forms part of this Policy) which insures debris removal is cancelled and replaced by the following:

1. In the event of direct physical damage to or destruction of property, for which Underwriters hereon agree to pay, or which but for the application of a deductible or underlying amount they

would agree to pay (hereinafter referred to as "Damage or Destruction"), this Policy also insures, within the Sum Insured, subject to the limitations, and method of calculation below, and to all the other terms and conditions of the Policy, costs or expenses;

- (a) which are reasonably and necessarily incurred by the Assured in the removal, from the premises of the Assured at which the Damage or Destruction occurred, of debris which results from the Damage or Destruction; and
  - (b) of which the Assured becomes aware and advises the amount thereof to Underwriters hereon within one year of the commencement of such Damage or Destruction.
2. In calculating the amount, if any, payable under the Policy for loss where costs or expenses for removal of debris are incurred by the Assured (subject to the limitations in paragraph 1 above):
- (a) the maximum amount of such costs or expenses that can be included in the method of calculation set out in (b) below shall be the greater of US\$25,000 (twenty-five thousand dollars) or 25% (twenty-five percent) of the amount of the Damage or Destruction from which such costs or expenses result; and
  - (b) the amount of such costs or expenses limited in (a) above shall be added to:
    - (i) the amount of the Damage or Destruction; and
    - (ii) all other amounts of loss, which arise as a result of the same occurrence, and for which Underwriters hereon also agree to pay, or which but for the application of a deductible or underlying amount they would agree to pay; and

the resulting sum shall be the amount to which any deductible or underlying amount to which this Policy is subject and the limit (or applicable sub-limit) of this Policy, shall be applied.

- B. The following replaces the first paragraph of, Section C. Limits of Insurance of BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CONDOMINIUM ASSOCIATION COVERAGE FORM, BUILDERS RISK COVERAGE FORM and STANDARD PROPERTY POLICY, and Section B. Limits of Insurance of BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM, BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM, and EXTRA EXPENSE COVERAGE FORM:

### **Occurrence Limit of Liability** **Form No. AR 2**

It is understood and agreed that the following special terms and conditions apply to this policy.

1. The Limit of Liability or Amount of Insurance shown on the face of this policy, or endorsed onto this policy, is the total of the Company's liability applicable to each occurrence, as hereafter defined. Notwithstanding any other terms and conditions of this policy to the contrary, in no event shall the liability of the Company exceed this limit or amount irrespective of the number of locations involved.

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

2. The premium for this policy is based upon the Statement of Values on file with AmRisc, or attached to this policy.

3. In event of loss hereunder, liability of the Company, subject to terms of paragraph one (1) above, shall be limited to the least of the following:
    - a. The actual adjusted amount of loss, less applicable deductibles (s).
    - b. 100% of the individually stated value for each scheduled item of property involved, as shown on the latest Statement of Values on file with AmRisc, less applicable deductible(s).
    - c. The Limit of Liability or Amount of Insurance shown on the face of this policy or endorsed onto this policy.
  4. Sublimits: Any sublimits provided shall be included within the applicable limits of insurance. Coverage provided by any sublimits does not increase the applicable limits of insurance.
- C. The following are added to Section E. Loss Conditions in the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CONDOMINIUM ASSOCIATION COVERAGE FORM and BUILDERS RISK COVERAGE FORM, Section G. Loss Conditions in the STANDARD PROPERTY POLICY, and Section C. Loss Conditions in the BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM, BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM, and the EXTRA EXPENSE COVERAGE FORM:

### **1. Several Liability Clause** **LMA5096 03/08 (Combined Certificate)**

The liability of an insurer under this contract is several and not joint with other insurers party to this contract. An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown in this contract.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is an insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA United Kingdom. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address. Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

Wherever the word Insurers is mentioned in the LMA 5096 (Combined Certificate) this is deemed to also mean reinsured in respect of reinsurance business.

### **2. Claims Reporting**

All claims shall be reported by completing an Acord Property Loss Form and e-mailing it to the AmRisc Claims Department:

E-Mail: [claims@amrisc.com](mailto:claims@amrisc.com)  
PH: 252-247-8760  
Fax: 252-726-2855

### 3. Ordinance or Law Coverage Amendment

04/07

The insurer(s) shall not be liable for Ordinance or Law coverage, if provided by this policy, unless the covered loss to the insured building equals or exceeds 50% of the Building's total Replacement Cost.

### 4. Property Abandoned, Condemned Or In A State Of Disrepair

06 06

If at the date of loss to property covered by this policy, the condition of the property prior to the loss is found to be either:

- a. abandoned, or
- b. condemned, or
- c. in a state of disrepair,

then, recovery under this policy for damage from a covered peril/cause of loss is limited to the lesser of:

- (1) the cost to repair at Actual Cash value, or
- (2) the Actual Cash Value of the property prior to the loss, or
- (3) \$10,000.

This limit applies per occurrence and in the annual aggregate and includes any and all applicable additional coverage offered by this policy, such as, but not limited to, debris removal expense.

- D. The following are added to Section F. Additional Conditions in the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, BUILDERS RISK COVERAGE FORM and CONDOMINIUM ASSOCIATION COVERAGE FORM, Section H. Additional Conditions in the STANDARD PROPERTY POLICY, Section D. Additional Conditions in the BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM and BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM, and in the added Section E. Additional Conditions in the EXTRA EXPENSE COVERAGE FORM:

### AMRISC Earned Premium

AR EP 12 02

- 1. For locations NOT "Exposed to Hurricanes", if you cancel this policy, remove a location or reduce the amount of insurance on a location, the short rate return premium is 90% of applicable pro-rata premium subject to any Minimum Earned Premium stipulations in the policy.
- 2. For locations "Exposed to Hurricanes", if you cancel this policy, remove a location or reduce the amount of insurance on a location and coverage existed any time during the period of June 1<sup>st</sup> to November 1<sup>st</sup> the amount of premium we will return will be the Unearned Premium for the location. The Unearned Premium is the location premium times the Unearned Factor noted below:

Days Policy in Force	Unearned Factor
1-180	20%
181-210	15%
211-240	10%
241-270	7.5%
271-300	5%
301-330	2.5%
331 or more	0%

3. If a location is added (or coverage increased at an existing location) which are "Exposed to Hurricanes" during the term of the policy and coverage exists at any time during the period of June 1<sup>st</sup> to November 1<sup>st</sup>, the rate will be calculated as 100% of the annual rate, less the Unearned Factor noted in No. 2 above. Otherwise it shall be pro rata.
4. Coverage cannot be increased nor additional locations added if they are "Exposed to Hurricanes" and a named storm is in force, unless specifically accepted by the underwriter.
5. If property is added or deleted, each type of property at each location shall be treated separately and the underwriter shall determine the applicable annual rate based upon the characteristics of the risk. Risks of like kind and quality will be added or deleted as per the account rate subject to the Unearned Factor, if applicable, noted in No. 2 above.
6. If a location is "Exposed to Hurricanes" the provisions of the endorsement replace any short rate provisions stipulated in this policy, all subject to the Minimum Earned Premium provisions. Otherwise, the short rate return premium is 90% of applicable pro-rata premium subject to any Minimum Earned Premium stipulations in the policy.
7. "Exposed to Hurricanes" is defined to include any location within 100 miles of the closest salt water of the Atlantic Ocean or the Gulf of Mexico.
8. Nothing herein will act to provide coverage outside the automatic acquisition clause elsewhere in the policy.
9. Non-payment of premium, material misstatement or non-compliance with underwriting requirements shall be considered a request by the insured to cancel the policy.
10. Proof of mailing will be sufficient proof of notice of cancellation.

## **Surplus Lines Penalty**

**04/07**

In the event that proof of Surplus Lines Filings are not provided within 30 days of the inception date, there shall be an additional premium penalty of 1.25% applicable to the inception premium.

- E. The following are added to Section H. Definitions in the BUILDING AND PERSONAL PROPERTY COVERAGE FORM, CONDOMINIUM ASSOCIATION COVERAGE FORM and BUILDERS RISK COVERAGE FORM, Section I. Definitions in the STANDARD PROPERTY POLICY, Section F. Definitions in the BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM and BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM, and Section D. Definitions in the EXTRA EXPENSE COVERAGE FORM :

### **1. Actual Cash Value**

**IL 01 66 07 02**

The following is added to any provision which uses the term actual cash value:

Actual cash value is calculated as the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual cash value applies to valuation of Covered Property regardless of whether that property has sustained partial or total loss or damage.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

### **2. Building**

Building is defined as a fully enclosed permanent structure with walls and a continuous roof.

### 3. Hurricane

A hurricane is a storm system that has been declared to be a hurricane by the National Hurricane Center of the National Weather Service.

### 4. Location

Location is defined as any one contiguous area or development on a single parcel or adjoining parcels of land. Streets or other public areas are not considered a separation of Locations.

### 5. Named Windstorm or Named Storm AR NS 07 05

The term "Named Windstorm" or "Named Storm" shall include, but not be limited to, storm, cyclone, typhoon, atmospheric disturbance, depression or other weather phenomena designated by the US National Hurricane Center and where a name has been applied.

### 6. Warranty 07/08

- a. "Warranty" means any provision of an insurance contract which has the effect of requiring, as a condition precedent of the taking effect of such contract or as a condition precedent of the insurer's liability hereunder, the existence of fact which tends to diminish, or the non-existence of a fact which tends to increase, the risk of the occurrence of loss, damage, or injury within the coverage of the contract. The term "occurrence of loss, damage, or injury" includes the occurrence of death, disability, injury, or any other contingency insured against, and the term "risk" includes both physical and moral hazards.
- b. A breach of warranty shall not avoid an insurance contract or defeat recovery hereunder unless such breach materially increases the risk of loss, damage or injury within the coverage of the contract. If the insurance contract specified two or more distinct kinds of loss, damage or injury which are within its coverage, a breach of warranty shall not avoid such contract or defeat recovery hereunder with respect to any kind of loss, damage or injury other than the kind or kinds to which such warranty relates and the risk of which is materially increased by the breach of such warranty.

### 7. Exterior Insulation and Finish Systems (EIFS)

Exterior Insulation and Finish Systems (EIFS) are multi-layered exterior wall systems. EIFS is a wall cladding or exterior finish system using insulation board and a reinforced polymer-based (synthetic) cement coating. For a more detailed description, refer to website <http://www.eima.com>.

- II. The following exclusions are added to the CAUSES OF LOSS – SPECIAL FORM CP 10 30 and Section B. Exclusions in the STANDARD PROPERTY POLICY CP 00 99:

#### A. Biological or Chemical Materials Exclusion NMA2962 2/6/03 (USA date)

It is agreed that this Insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.

**B. Terrorism Exclusion**  
**NMA2920 10/8/01 (USA date)**

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured.

In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

**C. Asbestos**  
**07/08**

1. We will not pay for loss, damage or remediation expenses caused by or resulting from the presence of asbestos or asbestos-containing materials. As used in this exclusion remediation expenses are expenses incurred for or in connection with the investigation, monitoring, removal, disposal, treatment, abatement or neutralization of asbestos or asbestos-containing materials to the extent required by federal, state or local laws, regulations or statutes or any subsequent amendments thereof to address asbestos.
2. However, this Asbestos exclusion does not apply to the extent that coverage is provided under the following:

This policy insures asbestos physically incorporated in an insured building or structure, and the only part of the asbestos which has been physically damaged during the policy period by one of these Listed Perils:

FIRE; SMOKE; EXPLOSION; LIGHTNING; WINDSTORM; HAIL; DIRECT IMPACT OF VEHICLE, AIRCRAFT OR VESSEL; RIOT OR CIVIL COMMOTION; VANDALISM OR MALICIOUS MISCHIEF; ACCIDENTAL DISCHARGE OF FIRE PROTECTIVE EQUIPMENT

This coverage is subject to all limitations in the policy to which this endorsement is attached and, in addition, to each of the following specific limitations:

- a. The said building or structure must be insured under this policy for damage by this Listed Peril.
- b. The Listed Peril must be the immediate, sole cause of the damage to the asbestos.
- c. The Assured must report to Underwriters the existence and cost of the damage as soon as practicable after the Listed Peril first damaged the asbestos. However this policy does not insure any such damage first reported to Underwriters more than 12(twelve) months after the expiration, or terminations, of the policy period.
- d. Insurance under this policy in respect of asbestos shall not include any sum relating to:

- (1) any faults in the design, manufacture or installation of the asbestos
- (2) asbestos not physically damaged by the Listed Peril including any governmental or regulatory authority direction or request of whatsoever nature relating to undamaged asbestos.

**D. 1. Electronic Data Exclusion**  
**NMA 2915 1/25/01 (USA date)**

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- a. This policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of "electronic data" from any cause whatsoever (including but not limited to "computer virus") or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

"Electronic Data" means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing for electronically controlled equipment and includes programmes, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

"Computer Virus" means as set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. "Computer Virus" includes but not limited to "Trojan Horses," "worms" and "time or logic bombs".

- b. However, in the event that a peril listed below results from any of the matters described in paragraph a) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage occurring during the policy period to property insured by this Policy directly caused by such listed peril.

Listed Perils: Fire, Explosion

- c. If the Electronic Data Processing endorsement EDP-1 is attached to this policy, this exclusion does not apply to the extent that coverage is provided under such endorsement.

**2. Electronic Data Processing Media Valuation**

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost of the blank media plus the costs of copying the "Electronic Data" from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling such "Electronic Data". If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such "Electronic Data" to the Assured or any other party, even if such "Electronic Data" cannot be recreated, gathered or assembled.

**E. Electronic Date Recognition Exclusion (EDRE)**  
**NMA 2802 12/17/1997 (USA date)**

This policy does not cover any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

1. the calculations, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, programme or software and/or any microchip, integrated circuit or similar device in computer equipment or noncomputer equipment, whether the property of the insured or not; or
2. any change, alteration or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, programme or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the insured or not.

This clause applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

**F. Land/Water/Air Exclusion; Seepage/Pollution/Contamination Exclusion  
NMA 2340 11/24/1988 (USA date)**

**Land, Water, Air Exclusion**

Notwithstanding any provision to the contrary within the Policy of which this Endorsement forms part (or within any other Endorsement which forms part of this Policy), this Policy does not insure land (including but not limited to land on which the insured property is located), water or air, howsoever and wherever occurring, or any interest or right therein.

**Seepage And/Or Pollution And/Or Contamination Exclusion**

Notwithstanding any provision to the contrary within the Policy of which this Endorsement forms part (or within any other Endorsement which forms part of this Policy), this Policy does not insure:

- (a) any loss, damage, cost or expense, or
- (b) any increase in insured loss, damage, cost or expense, or
- (c) any loss, damage, cost, expense, fine or penalty, which is incurred, sustained or imposed by order, direction, instruction or request of, or by any agreement with, any court, government agency or any public, civil or military authority, or threat thereof, (and whether or not as a result of public or private litigation),

Which arises from any kind of seepage or any kind of pollution and/or contamination, or threat thereof, whether or not caused by or resulting from a peril insured, or from steps or measures taken in connection with the avoidance, prevention, abatement, mitigation, remediation, clean-up or removal of such seepage or pollution and/or contamination or threat thereof.

The term "any kind of seepage or any kind of pollution and/or contamination" as used in this Endorsement includes (but is not limited to):

- (a) seepage of, or pollution and/or contamination by, anything, including but not limited to, any material designated as a "hazardous substance" by the United States Environmental Protection Agency or as a "hazardous material" by the United States Department of Transportation, or defined as a "toxic substance" by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons or the environment under any other Federal, State, Provincial, Municipal or other law, ordinance or regulation; and
- (b) the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

**Limited Pollutant Clean Up and Removal**  
**08/07**

Subject to the absolute Seepage/Pollution/Contamination Exclusion stated in this endorsement, this policy shall provide Pollutant Clean Up and Removal, if such extension is provided elsewhere in this policy.

**G. Limitations On Fungus, Wet Rot, Dry Rot And Bacteria**  
**AR 01 71 03 04**

1. The following exclusion is added. With respect to the loss or damage addressed therein, this exclusion supersedes any other exclusion which addresses fungus.

**“Fungus”, Wet Rot, Dry Rot and Bacteria**

We will not pay for loss or damage caused directly or indirectly by the presence, growth, proliferation, spread or any activity of “fungus”, wet or dry rot or bacteria. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

But if “fungus”, wet or dry rot or bacteria results in:

- (a) A “specified cause of loss”, we will pay for the loss or damage caused by that “specified cause of loss”, if the Causes of Loss – Special Form applies; or
- (b) A Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss, if the Causes of Loss – Basic Form, Causes of Loss – Broad Form or Standard Property Policy applies.

This exclusion does not apply to the extent that coverage is provided in the Additional Coverage – Limited Coverage For “Fungus”, Wet Rot, Dry Rot and Bacteria.

2. The following exclusion replaces any exclusion pertaining to continuous or repeated seepage or leakage of water; and supersedes any other exclusion, preclusion of coverage or exception to an exclusion pertaining to leakage or discharge of water or steam from a system or appliance.

We will not pay for loss or damage caused by or resulting from continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

3. The following is added:

**Additional Coverage – Limited Coverage For “Fungus”, Wet Rot, Dry Rot and Bacteria**

- a. The coverage described in 3.a. and 3.f only applies when the “fungus”, wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
  - (1) A “specified cause of loss” other than fire or lightning, if the Causes of Loss – Special Form applies; or
  - (2) A Covered Cause of Loss other than fire or lightning, if the Causes of Loss – Basic Form, Causes of Loss – Broad Form or Standard Property Policy applies.
- b. We will pay for loss or damage by “fungus”, wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

- (1) Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
  - (2) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
  - (3) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.
- c. The coverage described under 3.b. of this Limited Coverage is limited to \$15,000 EXCEPT Fire and Lightning which is limited to \$500,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences described in 3.a. which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than \$500,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.
- d. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.
- If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.
- e. The terms of this Limited Coverage do not increase or reduce the coverage provided under the Additional Coverage – Collapse, if such Additional Coverage applies to your policy.
- f. The following, f.(1) or f.(2), applies only if Business Income and/or Extra Expense coverage applied to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense coverage form.
- (1) If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
  - (2) If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration" we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.
4. If the policy is endorsed to provide Ordinance Or Law Coverage with respect to property damage, Business Income or Extra Expense, we will not pay under the Ordinance Or Law Coverage for:
- a. Loss or expense sustained due to the enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or

- b. The costs associated with the enforcement of any ordinance or law which 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 "fungus", wet or dry rot or bacteria.
5. The following definition is added:

"Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

## **H. Exclusion Of Loss Due To Virus Or Bacteria**

### **AR 01 40 07**

1. The exclusion set forth in Paragraph 2, applies to all coverage under all forms and endorsements that comprise the Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income extra expense or action of civil authority.
2. We will not pay for loss or damage caused by or resulting from 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 "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.

3. With respect to any loss or damage subject to the exclusion in Paragraph 2., such exclusion supersedes any exclusion relating to "pollutants".

"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.

4. The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:
  - a. Exclusion of "Fungus", Wet Rot, Dry Rot and Bacteria; and
  - b. Additional Coverage –Limited Coverage for "Fungus", Wet Rot, Dry Rot and Bacteria, including any endorsement increasing the scope or amount coverage.
5. The terms of the exclusion in Paragraph 2., the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under the Coverage Part or Policy

## **I. Below Grade Property Exclusion**

This policy does not insure against loss or damage to any property located in a basement or below the surface of the ground, regardless of any other cause or event contributing concurrently or in any other sequence thereto, when such loss or damage is caused by or results from:

1. A general and temporary condition of partial or complete inundation of normally dry land areas from:
  - (a) the overflow of inland or tidal waters;
  - (b) the unusual and rapid accumulation or runoff of surface waters from any source;
  - (c) mudslide or mud flow caused by accumulation of water on or under the ground;
  - (d) the release of water impounded by a dam.

2. water that backs up or flows from a sewer, drain or sump;
3. water above or under the ground surface exerting pressure on, or flowing or seeping through:
  - (a) pavements, foundations, walls, floors, roofs or ceilings;
  - (b) basements, whether floored or not; or
  - (c) doors, windows or other openings.

For the purposes of this Below Grade Property Exclusion, "basement" shall be defined as any area of a structure having its bottom surface, whether or not, sub-grade (below ground level on any side of such structure).

This Exclusion shall not apply to loss or damage caused by the peril of Fire when the same results from any of the events described in sections 1, 2 or 3, above.

This Exclusion shall continue to apply to any Flood Endorsement attached to this policy.

**J. Pre-existing Damage Provision**  
**AR PED 03 06**

It is understood and agreed that this policy shall exclude any loss or damage directly or indirectly caused by, resulting from or contributed to by any pre-existing building damage at the time of this Certificate's or this policy's inception. This exclusion shall be removed upon substantial completion of repair or reconstruction of the damaged building.

**K. Failure of Levees, Dams, Dikes, Floodgates Exclusion**  
**01/07**

This policy does not insure against any loss or damage due to damage, destruction or overflowing of levees, dams, dikes, floodgates and other similar works, regardless of any other cause or event contributing concurrently or in any other sequence to the loss or damage.

This exclusion shall not apply if the peril of Flood is covered by this policy.

**L. Named Storm Restriction**  
**08/06**

This policy shall exclude all damage directly or indirectly caused by any Named Storm in existence upon AmRisc's receipt of written request to bind, add or alter coverage.

**IN ADDITION TO THE ABOVE CLAUSES, THE FOLLOWING CLAUSES SHALL ALSO APPLY TO THE INSURANCE PROVIDED BY THE INDICATED UNDERWRITERS, CARRIERS AND INSURERS:**

**1. Underwriters at Lloyd's, London**

**A. SLC-3 (USA)**  
**08/07**

**This Insurance** is effected with Certain Underwriters at Lloyd's, London (not incorporated).

**This Certificate** is issued in accordance with the limited authorization granted to the Correspondent by certain Underwriters at Lloyd's, London, whose names and proportions underwritten by them can be ascertained from the office of said Correspondent (such Underwriters hereinafter called "Underwriters") and

in consideration of the premium specified herein, Underwriters do hereby bind themselves each for his own part, and not one for another, their heirs, executors and administrators.

**The Assured** is requested to read this certificate, and if not correct, return it immediately to the Correspondent for appropriate alteration.

## **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 individual Underwriters at Lloyd's, London whose names can be ascertained as hereinbefore set forth.
3. **Assignment.** This Certificate shall not be assigned either in whole or in part without the written consent of the Correspondent endorsed hereon.
4. It is hereby noted and agreed that wherever used herein, the following words will be deemed to be synonymous:
  - "Underwriters", "Insurers" and "Company",
  - "Assured" and "Insured",
  - "Certificate" and "Policy",
  - "Schedule" and "Declarations".
5. **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.

## **B. Claims Adjustments and Reporting CAREP-1**

All claims hereunder shall be adjusted by:

Cramer, Johnson & Wiggins  
1420 Edgewater Drive, Suite 101 Orlando, FL 32804

and/or its assigned adjusters and the costs of such adjustments shall be borne by each Company in proportion to its pro-rata participation in the Insured's Property Insurance Program.

In the event the Company elects to use its own adjusters or independent adjusters or consultants other than as listed above, expenses so incurred shall be borne solely by the Company.

It is further understood and agreed that, notwithstanding any provision contained elsewhere in this policy to the contrary, the Insured will be deemed to be in full compliance with any claim notice requirements, if notice of an occurrence is made to the Company[s] as soon as practicable after knowledge by the insured or their representatives, that such occurrence will, or is likely to result in a claim under the contract. Any unintentional failure to report any occurrence or claim shall not invalidate coverage with respect to any such occurrence or claim.

## **C. Service of Suit Clause (U.S.A.) NMA 1998 4/24/86 (USA date)**

It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' 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. It is further agreed that service of process in such suit may be made upon

1. California Insureds:

Mendes and Mount  
445 South Figueroa Street  
Los Angeles, CA 90071-1601;

2. All other Insureds:

Mendes and Mount  
750 Seventh Avenue  
New York, NY 10019-6829;

and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to have a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefore, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding of insurance (or reinsurance), and hereby designate the above-named person or whom the said officer is authorized to mail such process or a true copy thereof.

## **2. Lantana Insurance Ltd.**

### **A. Service of Suit Clause**

LILISSUS1205  
07/08

It is agreed that in the event of the failure of the Company to pay any amount claimed to be due hereunder, the Company, at the request of the Named Insured, will submit to the jurisdiction of any Court of competent jurisdiction within the United States of America and will comply with all requirements necessary to give such Court jurisdiction, and all matters arising hereunder shall be determined in accordance with the law and practice of such court. It is further agreed that service of process in such suit may be made upon:

CT Corporation System  
1-800-624-0909

or his nominee, and that in any suit instituted against them upon this contract, the Company will abide by the final decision of such Court or any Appellate Court in the event of an appeal.

The above named individual is authorized and directed to accept service of process on behalf of the Company in any such suit and/or upon the request of the Named Insured to give written undertaking of the Named Insured that it or they will enter a general appearance upon the Company's behalf in the event of a suit shall be instituted.

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 or other officer specified for that purpose in the statute or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Named Insured or any beneficiary hereunder arising out of this contract of Insurance, and hereby designates the above named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

### **B. Program Manager**

1. **Signature required:** This Certificate shall not be valid unless signed by the Program Manager on the attached Declaration Page.
2. **Program Manager not Insurer:** The Program Manager is not an Insurer hereunder and neither is nor shall be liable for any loss or claim whatsoever. The Insurer hereunder is Lantana Insurance Ltd. whose name can be ascertained as hereinbefore set forth.

3. **Assignment:** This Certificate shall not be assigned either in whole or in part without the written consent of the Program Manager endorsed hereon.
4. It is hereby noted and agreed that wherever used herein, the following words will be deemed to be synonymous:  
"Underwriters", "Insurers" and "Company",  
"Assured" and "Insured",  
"Certificate" and "Policy",  
"Schedule" and "Declarations".

### **3. National Fire & Marine Insurance Company or its subsidiaries**

#### **A. Non-Waiver Clause**

The failure of the Insured or the Insurer to insist on compliance with this Contract or to exercise any right or remedy hereunder shall not constitute a waiver of any rights or remedy contained herein nor estop either party from thereafter demanding full and complete compliance nor prevent either party from exercising such rights or remedy in the future.

#### **B. Arbitration Clause**

This Clause shall form a separate Agreement between the Insured and the Insurer from the main Contract (the terms and conditions of which are more fully expressed hereintofore).

All matters in difference between the Insured and the Insurer (hereinafter referred to as "the parties") in relation to this insurance, including its formation and validity, and whether arising during or after the period of this insurance, shall be referred to an Arbitration Tribunal in the manner hereinafter set out.

Unless the parties agree upon a single Arbitrator within thirty days of one receiving a written request from the other for Arbitration, the Claimant (the party requesting Arbitration) shall appoint his Arbitrator and give written notice thereof to the Respondent. Within thirty days of receiving such notice the Respondent shall appoint his Arbitrator and give written notice thereof to the Claimant, failing which the Claimant may nominate an Arbitrator on behalf of the Respondent.

Should the Arbitrators fail to agree, they shall appoint, by mutual agreement only, an Umpire to whom the matter in difference shall be referred.

Unless the parties otherwise agree, the Arbitration Tribunal shall consist of persons employed or engaged in a senior position in Insurance underwriting or claims.

The Arbitration Tribunal shall have power to fix all procedural rules for the holding of the Arbitration including discretionary power to make orders as to any matters which it may consider proper in the circumstances of the case with regard to pleadings, discovery, inspection of documents, examination of witnesses and any other matter whatsoever relating to the conduct of the Arbitration and may receive and act upon such evidence whether oral or written strictly admissible or not as it shall in its discretion think fit.

All costs of the Arbitration shall be in the discretion of the Arbitration Tribunal who may direct to and by whom and in what manner they shall be paid.

The seat of the Arbitration shall be in New York and the Arbitration Tribunal shall apply the laws of New York as the proper law of this Insurance.

The Arbitration Tribunal may not award exemplary, punitive, multiple or other damages of a similar nature.

The award of the Arbitration Tribunal shall be in writing and binding upon the parties who covenant to carry out the same. If either of the parties should fail to carry out any award the other may apply for its enforcement to a court of competent jurisdiction in any territory in which the party in default is domiciled or has assets or carries on business.

## **C. Absolute Nuclear, Biological, Chemical and Radioactive Exclusion**

This insurance excludes from coverage any loss or damage directly or indirectly caused by or resulting from:

- (1) loss or damage that involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
- (2) loss or damage that is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- (3) loss or damage in which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials; or
- (4) loss or damage arising from action taken to prevent, defend against, respond to or retaliate against Terrorism or suspected Terrorism.

For the avoidance of doubt, the foregoing excludes from coverage any ensuing loss or damage following the foregoing perils, such as fire following.

## **D. Surplus Lines Language**

The insurance premium is exclusive of any applicable surplus lines or premium tax, and any other applicable tax, fee or surcharge. The Insured, or the Surplus Lines Broker, is responsible for the payment of any applicable brokerage commissions, surplus lines or other taxes, fees or surcharges. The Insurer shall have no responsibility for any of such payments. The Insured shall provide proof of payment of any surplus lines tax in an amount not less than one percent (or such lesser amount as shall be set by the State of Nebraska as the applicable rate for premium tax) of the insurance premium no later than six months following inception, in a form reasonably acceptable to the Insurer. If the Insured fails to provide such proof of payment in the time period set out above, an additional premium shall be due from the Insured as of the next December 1 following the date by which the form was due, in an amount equal to 1.25% of the premium hereunder.

## **E. Service of Suit**

Subject always to any arbitration provision contained herein, and further subject to and without waiver of the Insurer's right to remove any objection or assert any objection that Insurer may have to the jurisdiction of any court over either the Insurer or over any dispute that may arise between the Insured and the Insurer, it is agreed that the Insurer may serve process upon the Insurer as follows:

General Counsel, Berkshire Hathaway Group  
100 First Stamford Place  
Stamford, Connecticut 06902

## **4. QBE Specialty Insurance Company**

### **A. Service of Suit Clause**

10/08

It is agreed that in the event of the failure of the Company to pay any amount claimed to be due hereunder, the Company, at the request of the Named Insured, will submit to the jurisdiction of any Court of competent jurisdiction within the United States of America and will comply with all requirements necessary to give such Court jurisdiction, and all matters arising hereunder shall be determined in accordance with the law and practice of such court. It is further agreed that service of process in such suit may be made upon:

CT Corporation System  
1-800-624-0909

or his nominee, and that in any suit instituted against them upon this contract, the Company will abide by the final decision of such Court or any Appellate Court in the event of an appeal.

The above named individual is authorized and directed to accept service of process on behalf of the Company in any such suit and/or upon the request of the Named Insured to give written undertaking of the Named Insured that it or they will enter a general appearance upon the Company's behalf in the event of a suit shall be instituted.

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 or other officer specified for that purpose in the statute or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Named Insured or any beneficiary hereunder arising out of this contract of Insurance, and hereby designates the above named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

All other terms and conditions remain unchanged.