

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
CONDOMINIUM ENHANCEMENT ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

If more than one coverage under this form applies to property that has been damaged from one occurrence, you may choose only one of these coverages to apply to that loss. The most we will pay is the largest of the limits that would be applicable.

Section I – Property is amended as follows:

I. Accounts Receivable

The limit of \$10,000 shown in paragraph **A.6.f.(2), Coverage Extensions, Accounts Receivable** for loss or damage in any one occurrence at the described premises is increased to \$100,000.

For **Accounts Receivable** not at the described premises, the limit of \$5,000 is increased to \$50,000.

II. Arson Reward

The following is added to paragraph **A.5. Additional Coverages:**

Arson Reward

We will provide a reward in the amount of up to \$5,000 for information which leads to an arson conviction in connection with a covered fire loss.

III. Auxiliary Buildings/Structures And Auxiliary Buildings Business Personal Property - Unscheduled

The following is added to paragraph **A.6. Coverage Extensions:**

Auxiliary Buildings/Structures And Auxiliary Buildings Business Personal Property - Unscheduled

You may extend the insurance provided by this policy for unscheduled Auxiliary Buildings/Structures, Auxiliary Buildings Business Personal Property or both.

The most we will pay for loss or damage under this extension is \$25,000.

IV. Boat Dock Collapse

The following replaces paragraph **A.5.d.(3)(e), Additional Coverages, Collapse:**

Piers, Wharves, Docks, and Floating Docks.

V. Debris Removal

1. The limit of \$10,000 shown in paragraph **A.5.a.(4), Additional Coverages, Debris Removal** is increased to \$20,000.

2. We will also pay up to \$1,000 for the costs you incur at each premises to remove debris of outdoor trees, shrubs or plants that are blown onto your premises by wind.

VI. Described Premises

The limitation of 100 feet of the described premises under paragraph **A.1.b., Covered Property**, is increased to 1,000 feet.

VII. Electronic Data

The limit of \$10,000 shown in paragraph **A.5.p.(3), Additional Coverages, Electronic Data**, is increased to \$25,000.

VIII. Replacement Cost Protection

For Building coverage only, the following amends paragraph **E.5. Loss Payment:**

1. Paragraph **E.5.a.** Is replaced by the following:

A. Replacement Cost Protection

We agree to settle covered losses to insured buildings at replacement cost without regard to the limit of insurance, subject to the following provisions:

- (1) The Building(s) listed in the declarations is insured to a minimum of 100% of replacement cost as estimated by our commercial cost calculator or other acceptable proof of replacement cost;
- (2) You permit us to adjust the limit of insurance for the building or blanket limit for buildings to reflect:
 - (a) any increase due to inflation; and
 - (b) property valuation estimates made by us;
- (3) You pay any additional premium for adjustment of the limit of insurance.
- (4) You have notified us within 90 days of the start of construction of any additions to or remodeling of an insured Building which increases the replacement cost by \$25,000 or more. If you fail to notify us within 90 days, our payment will not exceed the limit of insurance applying to the insured Building(s).
- (5) Replacement Cost Protection coverage applies only to Buildings that are repaired or replaced at the same premises after a covered loss.
- (6) This coverage does not apply to:
 - (a) Buildings under construction until they are completed and occupied;
 - (b) Auxiliary Buildings/Structures.

2. Paragraph **E.5.d. Loss Payment Property Loss Condition** in **Section I – Property** is amended as follows:

A. Paragraph (1) (a) is replaced by the following:

(1) At replacement cost without deduction for depreciation subject to the following:

(a) We will pay the cost to repair or replace, after application of the deductible and without deduction for depreciation, but not more than the least of the following amounts:

(i) the cost to replace, on the same premises, the lost or damaged property with other property;

(a) of comparable material and quality; and

(b) used for the same purpose; or

(ii) the amount that you actually spend that is necessary to repair or replace the lost or damaged property.

If a Building is rebuilt at a new premises, the cost is limited to the cost which would have been incurred had the Building been built at the original premises.

B. Paragraph E.5.d. (1) (b) does not apply.

IX. Increased Cost Of Construction

The following replaces paragraph A.5.I. **Additional Coverages, Increased Cost Of Construction.**

Ordinance Or Law

1. The most we will pay under this Additional Coverage for each described Building insured under **Section I – Property**, is \$300,000 combined for:

A. **Coverage 1 – Coverage For Loss To The Undamaged Portion Of The Building**

B. **Coverage 2 – Demolition Cost Coverage**

C. **Coverage 3 – Increased Cost Of Construction Coverage**

2. **Application Of Coverage(s)**

Ordinance Or Law coverage(s) provided by this endorsement applies only if both paragraph IX.2.(A) and paragraph IX.2.(B) are satisfied and are then subject to the qualifications set forth in paragraph IX.2.(c).

A. The ordinance or law:

(1) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

(2) Is in force at the time of loss.

But coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered.

B. The building sustains direct physical damage:

(1) That is covered under this policy and such damage results in enforcement of the ordinance or law; or

(2) That is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.

(3) But if the damage is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage even if the building has also sustained covered direct physical damage.

C. In the situation described in paragraph IX.2.B.(2) above, we will not pay the full amount of loss otherwise payable under the terms of paragraph IX. Coverages 1, 2 and/or 3. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

However, if the covered direct physical damage alone would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under terms of Coverages 1, 2 and/or 3.

3. We will not pay under paragraph IX. Coverage 1, 2, or 3 for:

A. Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread of any activity of "fungi", 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 "pollutants", "fungi", wet or dry rot or bacteria.

4. **Coverage**

A. **Coverage 1 – Coverage For Loss To The Undamaged Portion Of The Building**

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage 1 for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building.

B. **Coverage 2 – Demolition Cost Coverage**

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

Paragraph E.5.d. **Loss Payment** Property Loss Condition does not apply to Demolition Cost Coverage.

C. **Coverage 3 – Increased Cost Of Construction Coverage**

With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

(1) Repair or reconstruct damaged portions of that building; and/or

- (2) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required; when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

However:

- (3) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
- (4) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

Paragraph **E.5.d. Loss Payment** Property Loss Condition does not apply to the Increased Cost of Construction Coverage.

5. Loss Payment

- A. All following loss payment provisions of paragraph **IX. 5.b.** through **5.d.**, are subject to the apportionment procedure set forth in paragraph **IX. 2.C.** of this endorsement.

- B. The most we will pay, for the total of all covered losses for

Coverage 1 – Coverage For Loss To The Undamaged Portion Of The Building; Coverage 2 – Demolition Cost Coverage and

Coverage 3 – Increased Cost Of Construction Coverage

is the combined limit of insurance shown in paragraph **IX. 1.** Subject to this combined limit of insurance, the following loss payment provisions apply:

- (1) When there is a loss in value of an undamaged portion of a building to which Coverage **1** applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:
- (a) If the property is repaired or replaced on the same or another premises, we will not pay more than the amount you actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured.
- (b) If the property is not repaired or replaced, we will not pay more than the actual cash value of the building at the time of loss.
- (2) For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.
- (3) With respect to the Increased Cost of Construction:
- (a) We will not pay for the increased cost of construction:

- (i) Until the property is actually repaired or replaced, at the same or another premises; and
- (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.

- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

6. Under paragraph **IX.**, we will not pay for loss due to any ordinance or law that:

- A. You were required to comply with before the loss, even if the building was undamaged; and
- B. You failed to comply with.

X. Lock And Key Replacement

The following is added to paragraph **A.6. Coverage Extensions:**

Lock And Key Replacement

You may extend the insurance that applies to the Building described in the declarations to your costs if keys to entrance doors or secured areas of the insured premises are lost by theft. We will pay the lesser of your actual costs to:

1. Rekey those locks; or
2. Replace those locksets with items of like kind and quality.

The most we will pay is \$1,000 in any one occurrence and not more than \$100 for any one any one lock, including it's key(s).

No other deductible applies to this coverage.

XI. Newly Acquired Or Constructed Property

The limit of \$250,000 shown in paragraph **A.6.a.(1) Coverage Extensions, Newly Acquired or Constructed Property, Buildings,** is increased to \$1,000,000.

The limit of \$100,000 shown in paragraph **A.6.a.(2) Coverage Extensions, Newly Acquired or Constructed Property, Business Personal Property,** is increased to \$250,000.

XII. Other Insurance

If there is other insurance covering the same loss or damage, any claim made against the other insurance shall prohibit recovery under this endorsement for loss or damage, whether excess or not.

XIII. Outdoor Fences

The following is added to paragraph **A.5. Additional Coverages:**

Outdoor Fences

1. We will pay for direct physical loss of or damage to outdoor fences owned by you at the described premises.
2. Paragraph **A.3.**, Covered Causes of Loss, and paragraph **B.** Exclusions, do not apply to this coverage, except for:
 - A. Paragraph **B.1.c.**, Governmental Action;
 - B. Paragraph **B.1.d.**, Nuclear Hazard; and
 - C. Paragraph **B.1.f.**, War and Military Action.
3. We will not pay for loss or damage caused by or resulting from:
 - A. Wear and tear;
 - B. Hidden or latent defect;
 - C. Rust;
 - D. Corrosion;
 - E. Deterioration;
 - F. "fungi"; or
 - G. Decay.
4. The most we will pay for loss or damage in any one occurrence is \$15,000.

XIV. Pollutant Clean Up And Removal

The limit of \$10,000 shown in paragraph **A.5.h.** Additional Coverages, Pollutant Clean Up and Removal is increased to \$35,000.

XV. Retaining Walls

The following is added to paragraph **A.5.** Additional Coverages:

Retaining Walls

1. We will pay for direct physical loss of or damage caused by a Covered Cause of Loss for retaining walls owned by you at the described premises.
2. The most we will pay for loss or damage in any one occurrence is \$15,000.

XVI. Sewer Back-Up And Sump Overflow

The following is added to paragraph **A.5.** Additional Coverages:

Sewer Back-Up And Sump Overflow

1. We will pay for direct physical loss or damage to Buildings or Business Personal Property, covered under Section I – Property, caused by or resulting from:
 - A. Water which backs up through or overflows from a sewer or drain; or

- B. Water which overflows from a sump, even if the overflow results from mechanical breakdown of a sump pump or its related equipment.

However, with respect to paragraph **XVI.1.b.** above, we will not pay the cost of repairing or replacing a sump pump or its related equipment in the event of mechanical breakdown.

2. We will not pay for loss or damage caused by sewer or sump back up or overflow which occurs or is in progress within five (5) days of the effective date of this endorsement.
3. The coverage described in paragraph **XVI.1.** of this endorsement does not apply to loss or damage resulting from an insured's failure to:
 - A. Keep a sump pump or its related equipment in proper working condition; or
 - B. Perform the routine maintenance or repair necessary to keep a sewer or drain free from obstructions.
4. With respect to the coverage provided under paragraph **XVI.**, Exclusion **B.1.g. Water** in **Section I – Property** is replaced by the following exclusion:

Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow; or
- (3) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.

But if water, as described in paragraph **XVI.4.** results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

5. The most we will pay for loss or damage in any one occurrence is \$300,000 per location.

XVII. Valuable Papers And Records

The limit of \$10,000 at the described premises shown in paragraph **A.6.e.(3)**, Coverage Extensions, Valuable Papers and Records is increased to \$100,000.

For "valuable papers and records" not at the described premises, the limit of \$5,000 is increased to \$25,000.