



**FORMS - FILING OR SUBMISSION**  
FROM: MINELVA CINTRON, CONSULTANT

AUGUST 9, 2013

COMMERCIAL AUTOMOBILE

LI-CA-2013-335

## **COMMERCIAL AUTOMOBILE BUSINESS INTERRUPTION COVERAGE ENDORSEMENT BEING FILED**

---

**This circular announces that we are in the process of filing a new coverage option designed to address the off-premises business interruption exposures of vehicles and mobile equipment in the Commercial Auto program.**

---

### **ADVANCE PLANNING NOTICE**

This circular is intended EXCLUSIVELY for ISO participating insurers for their information and advance planning.

---

### **JURISDICTIONS**

All jurisdictions EXCEPT:

- Hawaii (a)
  - Massachusetts (b)
- (a) Hawaii is under the jurisdiction of the Hawaii Insurance Bureau.  
(b) ISO does not have any jurisdiction in Massachusetts for Commercial Auto.
- 

### **BACKGROUND**

Certain businesses rely upon vehicles or mobile equipment to conduct business operations. Some examples might include mobile document shredders or mobile medical units. In some cases, such vehicles or equipment are so highly customized that they might not be able to be replaced quickly in the event of a loss. As a result, the business activities dependent on such vehicles or mobile equipment may incur a business interruption exposure.

Business interruption coverage generally provides first party coverage when an insured's business operations are interrupted by physical damage to property caused by a covered peril. Business interruption coverage commonly consists of Business Income Coverage and Extra Expense Coverage. In general, Business Income Coverage pays for the insured's loss of income as a result of the physical damage to property, while Extra Expense Coverage pays for the insured's expenses that would not have been incurred if such physical damage had not occurred.

Currently, the Commercial Auto program provides limited coverage options to address extra expenses such as coverage for towing and labor and rental reimbursement, but business interruption coverage is not available under the Commercial Auto program.

---

## INTRODUCTION

Commercial Auto filing CA-2013-OBIFR introduces endorsement [CA 99 05 02 14](#) - Business Income Coverage to address the off-premises business interruption exposures of vehicles and equipment. This endorsement provides Business Income Coverage (without Extra Expense Coverage) or Business Income and Extra Expense Coverage. In general, Business Income Coverage pays for the insured's actual loss of business income resulting from the necessary suspension, and Extra Expense Coverage pays for actual and necessary extra expense the insured incurs that would not have been incurred if there had been no direct and accidental loss or damage to scheduled property. The endorsement also provides additional coverage for Extended Business Income and Temporary Substitute And Newly Acquired Property.

Noteworthy features of endorsement **CA 99 05** include the following:

- Coverage is compatible with Commercial Auto Business Auto Coverage Form **CA 00 01**, Motor Carrier Coverage Form **CA 00 20**, and Auto Dealers Coverage Form **CA 00 25**.
- Coverage is patterned upon the business interruption coverage options available under ISO's Commercial Property program.
- Coverage is triggered by direct and accidental loss or damage to scheduled property which is caused by or results from a covered cause of loss while such property is located within the coverage territory. Scheduled property must be described in, and covered causes of loss must be indicated in, the endorsement's Schedule. Coverage options for Comprehensive, Specified Causes of Loss and Collision are available and function similar to the Commercial Auto Physical Damage Coverage.
- Coverage is subject to the Limit of Insurance entered in the Schedule of the endorsement. Multiple items of scheduled property may be written under a single Limit; or separate Limits may be written for individual items of scheduled property.

Refer to the attached explanatory material for complete details about the filing.

---

## ISO ACTION

In accordance with individual state requirements, we are in the process of submitting the attached multistate filing to the insurance departments in every applicable ISO jurisdiction which requires ISO to file form revisions.

---

## PROPOSED EFFECTIVE DATE

These filings are being submitted with a proposed effective date of **February 1, 2014** in jurisdictions where ISO establishes an effective date. In subsequent circulars announcing approvals and implementation, we will provide the achieved effective date and rule of application for each jurisdiction.

---

## IMPACT ON STATISTICAL REPORTING

ISO is in the process of reviewing the statistical reporting impact of this filing, including the introduction of new Physical Damage Classification Codes and Coverage Codes as well as additional data detail in existing fields. A Statistical Plan Holders circular announcing applicable revisions to the Commercial Automobile module of the commercial statistical plans will be released to the industry allowing sufficient lead-time to implement these changes.

---

## RATING SOFTWARE IMPACT

New attributes being introduced with this revision:

- A new form is being introduced.

---

## CAUTION

This filing has **NOT** yet been implemented. If you print your own forms, do **NOT** go beyond the proof stage until we announce implementation in a subsequent circular.

### California:

This filing has **NOT** yet been approved.

If you decide to use this endorsement, you may **NOT** do so until or unless this filing has been approved.

---

## FUTURE ISO ACTION

In future circulars, we will:

- Inform you of subsequent approvals and final implementation plans;
- Make available a multistate status report to track the progress of filing activity; and
- Provide an ISO statistical planning circular to address statistical reporting implications.

---

## RELATED RULES AND LOSS COSTS REVISIONS

We are announcing in a separate circular that we are in the process of filing corresponding rules and loss costs revisions. Please refer to the **Reference(s)** block for identification of that circular.

---

## ADDITIONAL INFORMATION

For maximum underwriting flexibility, we are introducing similar coverage options under several other ISO programs, including Commercial Property, Businessowners and the Inland Marine Handbook. Separate circulars are being released for those programs. In the near future, we will also introduce similar options under ISO's Capital Assets (Output Policy) and Agricultural Capital Assets (Agri-CAP™) programs.

These options are designed so that the mobile business interruption coverage for a particular individual risk would only need to be written under one line of business.

The new coverage options were outlined as part of the Verisk Monday Web Seminar series. The related seminar can be viewed at any time at:

<http://www.verisk.com/ws/line-of-insurance/business-interruption-exposures/>

---

## REFERENCE(S)

[LI-CA-2013-336](#) (08/09/2013) Commercial Automobile Business Interruption Coverage Rule And Loss Costs Being Filed

---

## ATTACHMENT(S)

Filing [CA-2013-OBIFR](#)

We send attachments only to recipients who asked to be put on the mailing list for attachments. If you need the attachment(s) for this circular, contact your company's circular coordinator.

---

## EMERGING ISSUES

ISO actively pursues emerging issues and long-term trends that may affect the United States and international insurance industry.

Currently available to all ISO participating insurers via ISONet is the Emerging Issues portal. The portal features in-depth information on a variety of emerging topics of interest to insurance industry professionals. To help you remain up-to-date on important issues, the portal includes Today's Hot Link and a News Feed to highlight new developments. The Emerging Issues portal can be accessed without additional charge at:

<https://www5.iso.com/erm/app/EmergingHomePage.action>

---

## PERSON(S) TO CONTACT

If you have any questions concerning:

- the content of this circular, please contact:

Minelva Cintron

Commercial Auto (19-1)

(201) 469-2622

Fax: (201) 748-1566

[mcintron@iso.com](mailto:mcintron@iso.com)

[Commauto2@iso.com](mailto:Commauto2@iso.com)

- the mailing or distribution of this circular, please contact Customer Support:

E-mail: [info@verisk.com](mailto:info@verisk.com)

Fax: 201-748-1472

Phone: 800-888-4476

*Follow Verisk Customer Support on Twitter! [www.twitter.com/verisksupport](http://www.twitter.com/verisksupport)*

- other products or services, please contact either Customer Support or your ISO representative.

Callers outside the United States, Canada, and the Caribbean may contact us using our global toll-free number (International Access Code + 800 48977489) or by e-mail at [info.global@iso.com](mailto:info.global@iso.com). For information on all ISO products, visit us at [www.iso.com](http://www.iso.com). To keep abreast of the latest Insurance Lines Services updates, view [www.iso.com/ils/](http://www.iso.com/ils/).



## **IMPORTANT NOTICE FOR USERS OF ISO PRODUCTS AND SERVICES**

Please make sure that your company has authorized your use of this product and has complied with the requirements applicable in the jurisdiction where you plan to use it.

We distribute both state-specific and multi-state products and services. We do not distribute all the multi-state products and services for use in every jurisdiction due to corporate policy, regulatory preference, or variations or lack of clarity in state laws.

We provide participating insurers with information concerning the jurisdictions for which our products and services are distributed. Even in those jurisdictions, each insurer must determine what filing requirements, if any, apply and whether those requirements have been satisfied.

Now, as in the past, all of our products and services are advisory, and are made available for optional use by participating insurers as a matter of individual choice. Your company must decide for itself which, if any, ISO products or services are needed or useful to its operation and how those selected for use should be applied. We urge that you be guided by the advice of your attorneys on the legal requirements.

### **Copyright Explanation**

The material distributed by Insurance Services Office, Inc. is copyrighted. All rights reserved. Possession of these pages does not confer the right to print, reprint, publish, copy, sell, file, or use same in any manner without the written permission of the copyright owner. Permission is hereby granted to members, subscribers, and service purchasers to reprint, copy, or otherwise use the enclosed material for purposes of their own business use relating to that territory or line or kind of insurance, or subdivision thereof, for which they participate, provided that:

- A. where ISO copyrighted material is reprinted, copied, or otherwise used **as a whole**, it must reflect the copyright notice actually shown on such material.
- B. where ISO copyrighted material is reprinted, copied, or otherwise used **in part**, the following credit legend must appear at the bottom of each page so used:

Includes copyrighted material of Insurance Services Office, Inc., with its permission.

# Business Interruption Coverage Endorsement Introduced

## About This Filing

---

This filing introduces an endorsement which is designed to address the business interruption exposures of vehicles and mobile equipment.

## New Form

We are introducing CA 99 05 02 14 – Business Interruption Coverage.

## Related Filing(s)

---

- ◆ CA-2013-RBIRU (Rule)
- ◆ CA-2013-RBILC (Loss Costs)

## Background

---

Business interruption coverage generally provides first party coverage when an insured's business operations are interrupted by physical damage to property caused by a covered peril. Business interruption coverage commonly consists of Business Income Coverage and Extra Expense Coverage. In general, Business Income Coverage pays for the insured's loss of income as a result of the physical damage to property, while Extra Expense Coverage pays for the insured's expenses that would not have been incurred if such physical damage had not occurred.

Business interruption coverage is currently available for use with several ISO programs, including Commercial Property (CP), but is currently not available under ISO's Commercial Auto (CA) program. However, ISO's CA program does offer coverage options that address certain specified extra expenses, such as Towing and Labor Coverage and Rental Reimbursement Coverage. The business interruption coverage available under ISO's CP Program is generally triggered by physical damage to property while located at (or within 100 feet of) the insured's premises. However, there is little coverage with respect to business interruption stemming from physical damage to the insured's property while such property is away from the insured's premises.

Certain businesses rely upon vehicles or mobile equipment to conduct business operations. In some cases, such vehicles or equipment are highly customized and might not be able to be replaced quickly in the event of a loss. Examples might include mobile document shredding units, geophysical exploration vehicles, oversized excavators, mobile medical units and vehicles with permanently affixed insulation blowers. The business activities dependent on vehicles or mobile equipment may function independently of the activities occurring at the insured's premises. Some insureds may have little or no premises business interruption exposure.

## Explanation of Changes

---

### Applicability

To address the business interruption exposures of vehicles and mobile equipment, we have created endorsement CA 99 05 for use with ISO's CA Program. This endorsement is compatible with the following ISO CA coverage forms: CA 00 01 – Business Auto Coverage Form, CA 00 20 – Motor Carrier Coverage Form and CA 00 25 – Auto Dealers Coverage Form. Endorsement CA 99 05 is generally patterned upon the business interruption coverage options available under ISO's CP program.

Coverage options similar to endorsement CA 99 05 will be introduced under several other ISO programs, including CP. The ISO options are designed so that the mobile business interruption coverage for a particular individual risk would only need to be written under one line of business.

### Insuring Agreements And Additional Definitions

Endorsement CA 99 05 is designed to provide Business Income Coverage (without Extra Expense Coverage) or Business Income and Extra Expense Coverage, depending on the entry made in the Schedule. Regardless of the applicable coverage option or whether physical damage coverage is provided with respect to *scheduled property* under any policy, coverage is triggered by direct and accidental loss or damage to *scheduled property* due to a covered cause of loss, while such property is located within the coverage territory.

- ◆ As defined in the endorsement, *scheduled property* means the items of property described in the Schedule, including machinery or equipment that is permanently installed in such property. *Scheduled property* does not include buildings, locations or premises.
- ◆ Coverage is designed to apply during the *period of restoration*, which begins immediately after the time of direct and accidental loss or damage for Extra Expense Coverage or 72 hours after such loss or damage for Business Income Coverage (unless this waiting period is changed by an entry in the

Schedule). The *period of restoration* ends on the earlier of the date when *scheduled property* should be repaired or replaced with reasonable speed and similar quality, or the date when *operations* are resumed.

- ◆ Business Income Coverage is designed to pay for the insured's actual loss of *business income* resulting from the necessary *suspension* (slowdown or cessation) of the insured's *operations*. As defined in the endorsement:
  - *Business income*, in general, means net income that would have been earned or incurred and continuing normal operating expenses incurred, including payroll;
  - *Operations*, which generally means the insured's business activities described in the Schedule that are dependent on *scheduled property*.
- ◆ Extra Expense Coverage, when provided, is designed to pay for actual and necessary *extra expense* the insured incurs that would not have been incurred if there had been no direct and accidental loss or damage to *scheduled property*. As defined in the endorsement, *extra expense*, in general, includes expenses the insured incurs to continue *operations* (including expenses for temporary use of other property), or to minimize the *suspension* if *operations* cannot continue. Endorsement CA 99 05 does not provide coverage for costs to repair or replace any property.
- ◆ Extended Business Income is an additional coverage which applies if a loss is payable under Business Income Coverage. Extended Business Income Coverage in general is designed to pay for *business income* loss (if any) that continues after the *scheduled property* is actually repaired or replaced and *operations* resume. Such coverage is designed to apply for a maximum of 60 days, unless a different number of days is indicated in the Schedule.
- ◆ Another additional coverage provides coverage with respect to temporary substitute property and newly acquired property under certain circumstances.

## Covered Causes Of Loss And Exclusions

The Covered Causes of Loss applicable to endorsement CA 99 05 must be indicated in the Schedule. Available options for Comprehensive, Specified Causes of Loss and Collision are described similarly to the corresponding ISO CA Physical Damage Coverage insuring agreements. The exclusions under Paragraphs D.1. through 3. are patterned on similar exclusions under ISO CA Physical Damage Coverage, while those under D.4. through 6. are generally similar to exclusions in ISO's CP Causes Of Loss – Special Form CP 10 30. The selected Covered Causes of Loss option(s) and exclusions are designed to apply regardless of what physical damage coverage (if any) is provided by the CA policy with respect to scheduled property.

## Limit Of Insurance

The coverage provided under CA 99 05 is subject to the applicable Limit of Insurance entered in the Schedule of the endorsement. Such Limit is applicable on an occurrence basis.

The endorsement provides two options for structuring the Limit(s) of Insurance. Both options may be used under an individual policy, but a particular item of scheduled property can be subject to only one such Limit. Under one option, multiple items of scheduled property may be written under a single Limit. Under the other option, separate Limits may be written for individual items of scheduled property.

## Changes In Conditions

Endorsement CA 99 05 adds certain conditions which replace any provisions to the contrary, with respect to the coverage provided in the endorsement. The Appraisal, Duties In The Event Of Loss, Other Insurance, Loss Determination, Resumption Of Operations and Loss Payment conditions – are generally patterned after similar conditions applicable to business interruption coverage under ISO's CP Program.

## Special Note

In multistate forms filing CA-2012-OADFR, we are introducing the Auto Dealers Coverage Form and related new and revised endorsements while concurrently withdrawing the ISO Garage Coverage Form and some related endorsements. Such changes may not yet be filed and/or implemented by ISO in each jurisdiction prior to the anticipated implementation of endorsement CA 99 05. However, because we are implementing such changes in the overwhelming majority of jurisdictions in October of 2013, we've nonetheless included the Auto Dealers Coverage Form (ADCF) among the list of coverage forms that endorsement CA 99 05 is designed to modify to allow for endorsement CA 99 05 to be immediately available for use with ADCF (once implemented in a particular jurisdiction) while also helping to obviate the need to file a future modification of endorsement CA 99 05 to add the ADCF reference.

## Copyright Explanation

---

The material distributed by Insurance Services Office, Inc. is copyrighted. All rights reserved. Possession of these pages does not confer the right to print, reprint, publish, copy, sell, file or use same in any manner without the written permission of the copyright owner.

## **Important Note**

---

Insurance Services Office, Inc. (ISO) makes available advisory services to property/casualty insurers. ISO has no adherence requirements. ISO policy forms and explanatory materials are intended solely for the information and use of ISO's participating insurers and their representatives, and insurance regulators. Neither ISO's general explanations of policy intent nor opinions expressed by ISO's staff necessarily reflect every insurer's view or control any insurer's determination of coverage for a specific claim. ISO does not intercede in coverage disputes arising from insurance policies. If there is any conflict between a form and any other part of the attached material, the provisions of the form apply.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## BUSINESS INTERRUPTION COVERAGE

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 to which this endorsement is attached apply, unless modified by the endorsement.

### SCHEDULE

<b>Description Of Business Activities Dependent On Scheduled Property:</b>	
<b>Applicable Coverage(s)</b> (select one):	
<input type="checkbox"/> <b>Business Income (Without Extra Expense)</b> <input type="checkbox"/> <b>Business Income And Extra Expense</b>	
<b>Option A</b>	
<b>Description Of Scheduled Property</b>	<b>Limit Of Insurance</b>
1.	\$
2.	\$
3.	\$
4.	\$
5.	\$
6.	\$
<b>Notes:</b>	
<ul style="list-style-type: none"> <li>● Use this section of the Schedule (Option A) if there is only one item of scheduled property or to show a separate Limit of Insurance for each item of scheduled property. The Limit of Insurance can be the same amount for each item or a different amount for each item.</li> <li>● A particular item of scheduled property may be shown under Option A or Option B of this Schedule, but not under both Options. Therefore, if Options A and B are used, each Option must pertain to different items of scheduled property.</li> </ul>	

N  
E  
W

Option B	
<b>Description Of Scheduled Property</b>	
1.	
2.	
3.	
4.	
5.	
6.	
<b>Limit Of Insurance</b>	<b>\$</b>
<b>Notes:</b> <ul style="list-style-type: none"> <li>● Use this section of the Schedule (Option B) when a single Limit of Insurance applies to the total of all covered business income loss and extra expense attributable to all items of scheduled property subject to such Limit.</li> <li>● A particular item of scheduled property may be shown under Option A or Option B of this Schedule, but not under both Options. Therefore, if Options A and B are used, each Option must pertain to different items of scheduled property.</li> </ul>	
<b>Covered Causes Of Loss Option(s)</b> (select all that apply): <input type="checkbox"/> Comprehensive    OR <input type="checkbox"/> Specified Causes Of Loss <input type="checkbox"/> Collision	
<b>Business Income Coverage Waiting Period</b> (number of hours, if other than 72):	
<b>Extended Business Income Additional Coverage</b> (number of consecutive days, if other than 60):	
<b>Premium:</b>	<b>\$</b>
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

N  
E  
W

## A. Coverage

This endorsement provides coverage in accordance with the entries made in the Schedule.

### 1. Business Income

We will pay for the actual loss of "business income" you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct and accidental loss or damage to "scheduled property". The direct and accidental loss or damage must be caused by or result from a Covered Cause of Loss and must occur while such "scheduled property" is located within the coverage territory.

### 2. Extra Expense

If the Schedule indicates that Extra Expense Coverage applies, we will pay the actual and necessary "extra expense" you incur during the "period of restoration" due to direct and accidental loss or damage to "scheduled property". The direct and accidental loss or damage must be caused by or result from a Covered Cause of Loss and must occur while such "scheduled property" is located within the coverage territory.

## B. Additional Coverages

### 1. Extended Business Income

If the necessary "suspension" of your "operations" produces a "business income" loss payable under this endorsement, we will pay for the actual loss of "business income" you incur during the period that:

- a. Begins on the date "scheduled property" is actually repaired or replaced and "operations" are resumed; and
- b. Ends on the earlier of:
  - (1) 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 and accidental loss or damage had occurred; or
  - (2) 60 consecutive days after the date determined in Paragraph **B.1.a.**, unless a different number of days is shown in the Schedule.

However, Extended Business Income Additional Coverage does not apply to loss of "business income" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where "scheduled property" is normally used.

Loss of "business income" must be caused by direct and accidental loss or damage to "scheduled property" caused by or resulting from a Covered Cause of Loss.

### 2. Temporary Substitute And Newly Acquired Property

The coverage applicable to "scheduled property" under this endorsement is extended to apply to:

- a. Property that is used as a temporary substitute for "scheduled property", but only while such "scheduled property" is out of service due to breakdown, repair, servicing, destruction or direct and accidental loss or damage;
- b. Newly acquired property, other than temporary substitute property described in Paragraph **B.2.a.**, but only if:
  - (1) It serves as a replacement for "scheduled property"; and
  - (2) You tell us within 30 days after you acquire it that you want it to be added as "scheduled property".

## C. Covered Causes Of Loss

1. With respect to the coverage provided under this endorsement, the following Covered Causes of Loss apply if selected in the Schedule:
  - a. Comprehensive, meaning any cause of direct and accidental loss or damage except:
    - (1) "Scheduled property's" collision with another object; or
    - (2) "Scheduled property's" overturn.Comprehensive also includes direct and accidental loss or damage caused by falling objects, missiles or hitting a bird or animal.

N

E

W

b. Specified Causes Of Loss, meaning direct and accidental loss or damage 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 "scheduled property".

c. Collision, meaning direct and accidental loss or damage caused by:

- (1) "Scheduled property's" collision with another object; or
- (2) "Scheduled property's" overturn.

#### D. Exclusions

We do not provide coverage under this endorsement:

1. When direct and accidental loss or damage is caused by or results from any of the following, regardless of any other cause or event that contributes concurrently or in any sequence to the direct and accidental loss or damage:

##### 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. When direct and accidental loss or damage to "scheduled property" is caused by or results from "scheduled property" being used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. We also do not provide coverage under this endorsement while that "scheduled property" is being prepared for such contest or activity.

3. When direct and accidental loss or damage is due and confined to:

- a. Wear and tear, freezing, mechanical or electrical breakdown.
- b. Blowouts, punctures or other road damage to tires.

4. For any increase of "business income" loss caused by or resulting from the suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your "business income" during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of Extended Business Income Additional Coverage.

5. For any "extra expense" caused by or resulting from the suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

6. For any other consequential loss.

#### E. Limit Of Insurance

1. When a separate Limit of Insurance applies to each item of "scheduled property" as shown in Option A of the Schedule, that Limit is the most we will pay in any one occurrence for the total of all covered "business income" loss and "extra expense" attributable to that item of "scheduled property", regardless of the number of premiums paid or claims made.

2. When a single Limit of Insurance applies to more than one item of "scheduled property" as shown in Option B of the Schedule, that Limit is the most we will pay in any one occurrence for the total of all covered "business income" loss and "extra expense" attributable to all items of "scheduled property" to which that Limit applies, regardless of the number of items of "scheduled property", premiums paid or claims made.

3. "Business income" loss and "extra expense" attributable to a particular item of "scheduled property" will not be covered under more than one Limit of Insurance. Therefore:

- a. If more than one such Limit could be said to apply based on the descriptions of "scheduled property", then coverage will be subject to the Limit of Insurance associated with the more specific description of that item;

N

E

W

- b. If the same description of "scheduled property" appears more than once in the Schedule, then coverage for such item of "scheduled property" will be subject to the Limit of Insurance that would provide the highest loss payment.

4. Payments made under Extended Business Income Additional Coverage or Temporary Substitute And Newly Acquired Property Additional Coverage will not increase the applicable Limit of Insurance.

## F. Changes In Conditions

With respect to the coverage provided by this endorsement, the following conditions are added and replace any provisions to the contrary:

### 1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or 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 there is an appraisal, we will still retain our right to deny the claim.

### 2. Duties In The Event Of Loss

If there is direct and accidental loss or damage to "scheduled property", you must do the following:

- a. Give us or our authorized representative prompt notice of such loss or damage. Include a description of the "scheduled property" involved.
- b. As soon as possible, give us or our authorized representative a description of how, when and where such loss or damage occurred.
- c. Promptly notify the police if "scheduled property" or any of its equipment is stolen.

- d. Take all reasonable steps to protect "scheduled property" from further damage, and keep a record of your expenses necessary to protect "scheduled property", for consideration in the settlement of the claim. Also, if feasible, set such property aside and in the best possible order for examination.

- e. As often as may be reasonably required, permit us to inspect "scheduled property" and examine and make copies of your books and records.

- f. Agree to examinations under oath at our request and give us a signed statement of your answers.

- g. Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

- h. Cooperate with us in the investigation or settlement of the claim.

- i. If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

### 3. Other Insurance

- a. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance provided under this endorsement. If you do, we will pay our share of the covered "business income" loss or "extra expense". Our share is the proportion that the applicable Limit of Insurance under this endorsement bears to the Limits of Insurance of all insurance covering on the same basis.

- b. If there is other insurance covering the same "business income" loss or "extra expense", other than that described in Paragraph F.3.a., we will pay only for the amount of covered "business income" loss or "extra expense" 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.

### 4. Loss Determination

- a. The amount of "business income" loss will be determined based on:

- (1) The Net Income of your "operations" before the direct and accidental loss or damage occurred;

N  
E  
W

- (2) The likely Net Income of your "operations" if no direct and accidental loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of your "operations" due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
  - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct and accidental loss or damage; and
  - (4) Other relevant sources of information, including:
    - (a) Your financial records and accounting procedures;
    - (b) Bills, invoices and other vouchers; and
    - (c) Titles, liens or contracts.
- b. The amount of "extra expense" will be determined based on:
- (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct and accidental loss or damage had occurred. We will deduct from the total of such expenses:
    - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
    - (b) Any "extra expense" that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as the coverage provided by this endorsement; and
  - (2) Necessary expenses that reduce the "business income" loss that otherwise would have been incurred.

**5. Resumption Of Operations**

- a. We will reduce the amount of your "business income" loss, other than "extra expense", to the extent you can resume "operations", in whole or in part, by using any property.
- b. We will reduce the amount of your "extra expense" loss to the extent you can return "operations" to normal and discontinue such "extra expense".

- c. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

**6. Loss Payment**

We will pay for covered "business income" loss or "extra expense" within 30 days after we receive the sworn documentation addressed in Paragraph **F.2.g.**, if you have complied with all of the terms of this Coverage Part and:

- a. We have reached agreement with you on the amount of such loss; or
- b. An appraisal award has been made.

**G. Additional Definitions**

As used in this endorsement:

- 1. "Business income" means the:
  - a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
  - b. Continuing normal operating expenses incurred, including payroll.
- 2. "Extra expense" means necessary expenses (other than the expense to repair or replace property) that you would not have incurred if there had been no direct and accidental loss or damage to "scheduled property". "Extra expense" includes expenses which are incurred:
  - a. To avoid or minimize the "suspension" of "operations" and to continue "operations";
  - b. To minimize the "suspension" if you cannot continue "operations"; or
  - c. For temporary use of other property.
- 3. "Operations" means your business activities described in the Schedule that are dependent on "scheduled property".
- 4. "Period of restoration" means the period of time that:
  - a. Begins:
    - (1) 72 hours after the time of direct and accidental loss or damage for Business Income Coverage, unless a different number of hours is shown in the Schedule for the Business Income Coverage Waiting Period; or
    - (2) Immediately after the time of direct and accidental loss or damage for Extra Expense Coverage;

caused by or resulting from a Covered Cause of Loss to "scheduled property"; and

N  
E  
W

b. Ends on the earlier of:

- (1) The date when "scheduled property" should be repaired or replaced with reasonable speed and similar quality; or
- (2) The date when "operations" are resumed.

"Period of restoration" does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

- (1) Regulates the use or repair of any property, or requires updated emissions controls or safety features which were not part of "scheduled property" prior to the direct and accidental loss or damage; or

- (2) Requires anyone to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

- 5. "Scheduled property" means the items of property described in the Schedule, including machinery or equipment that is permanently installed in such property. "Scheduled property" does not include buildings, locations or premises.
- 6. "Suspension" means the slowdown or cessation of your "operations".

N

E

W