

## FORMS – APPROVED

OCTOBER 2, 2020

|   |                |
|---|----------------|
| AGRICULTURAL CAPITAL ASSETS (OUTPUT POLICY) | LI-AG-2020-022 |
| BUSINESSOWNERS                              | LI-BP-2020-112 |
| COMMERCIAL AUTOMOBILE                       | LI-CA-2020-402 |
| COMMERCIAL PROPERTY                         | LI-CF-2020-095 |
| COMMERCIAL INLAND MARINE                    | LI-CM-2020-017 |
| EQUIPMENT BREAKDOWN                         | LI-EB-2020-005 |
| COMMERCIAL FLOOD                            | LI-FC-2020-003 |
| FARM  | LI-FR-2020-007 |
| HOME HEALTHCARE                             | LI-HH-2020-007 |
| CAPITAL ASSETS PROGRAM (OUTPUT POLICY)      | LI-OP-2020-018 |

## MICHIGAN CHANGES REVISED ENDORSEMENTS APPROVED

### KEY MESSAGE

Filing CL-2020-OCH1, which revises various Commercial Lines endorsements in Michigan to more closely track with MCL 500.2833(1)(m), has been approved.

**Filing ID:** CL-2020-OCH1

**Effective Date:** April 1, 2021

**Applicable Lines:** AG, BP, CA, CF, CM, EB, FC, FR, HH and OP

### BACKGROUND

In circular [LI-AG-2020-021/LI-BP-2020-105/LI-CA-2020-388/LI-CF-2020-089/LI-CM-2020-016/LI-EB-2020-004/LI-FC-2020-002/LI-FR-2020-006/LI-HH-2020-005/LI-OP-2020-017](#), we announced that we revised various Commercial Lines endorsements in Michigan to more closely track with MCL 500.2833(1)(m).

### INSURANCE DEPARTMENT ACTION

The Michigan Department of Insurance has approved filing CL-2020-OCH1.

### EFFECTIVE DATE

The ISO revision is subject to the following rule of application:

These changes are applicable to all policies written on or after April 1, 2021.

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## COMPANY ACTION

If you have authorized us to file on your behalf and decide:

- To use our revision and effective date, you are not required to file anything with the Insurance Department.
- To use our revision with a different effective date, to use our revision with modification, or to not use our revision, you must make an appropriate submission with the Insurance Department.

For guidance on submission requirements, consult the ISO State Filing Handbook.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Number CL-2020-OCH1, NOT this circular number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

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## RATING SOFTWARE IMPACT

New attributes being introduced with this revision:

- New edition dates of existing form numbers are being introduced.

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## POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies, to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2019-057](#) contains the ISO Guide To Renewals With Changed Conditions For Commercial Lines, which is available only as a guide to assist participating companies in complying with various conditional renewal statutes or regulations, for the major commercial lines of insurance serviced by ISO. The information in the Guide does not necessarily reflect all requirements or exceptions that may apply, and it is not intended as a substitute for your review of all applicable statutes and regulations concerning policyholder notification.

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## REVISION DISTRIBUTION

We will issue a Notice to Portfolioholders with an edition date of 04-21 (or the earliest possible subsequent date), along with any new and/or revised forms.

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## REFERENCE(S)

- [LI-AG-2020-021/LI-BP-2020-105/LI-CA-2020-388/LI-CF-2020-089/LI-CM-2020-016/LI-EB-2020-004/LI-FC-2020-002/LI-FR-2020-006/LI-HH-2020-005/LI-OP-2020-017](#) (09/11/2020) Michigan Changes Revised Endorsements Filed
- [LI-CL-2019-057](#) (12/10/2019) Revised Lead Time Requirements Listing

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## ATTACHMENT(S)

Final copies of Michigan endorsements:

[AG 01 25 04 21](#), [BP 01 36 04 21](#), [BP 47 01 04 21](#), [CA 27 02 04 21](#), [CM 01 11 04 21](#), [CP 01 20 04 21](#), [EB 01 08 04 21](#), [FC 01 21 04 21](#), [FL 01 04 04 21](#), [HH 04 25 04 21](#), [HH 04 26 04 21](#) and [OP 01 16 04 21](#)

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

## **MICHIGAN CHANGES**

This endorsement modifies insurance provided under the following:

### AGRICULTURAL CAPITAL ASSETS (OUTPUT POLICY) COVERAGE PART

**A. Paragraphs 1., 2., 3. and 5. of the Cancellation Common Policy Condition are replaced by the following:**

1. The first Named Insured shown in the Declarations may cancel this Policy by giving us or our authorized agent notice of cancellation.
2. We may cancel this Policy by mailing or delivering to the first Named Insured, with postage fully prepaid, written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us or our authorized agent.
5. If this Policy is cancelled, we will send the first Named Insured any pro rata premium refund due. The minimum earned premium shall not be less than the pro rata premium for the expired time or \$25.00, whichever is greater. The cancellation will be effective even if we have not made or offered a refund.

**B. The following is added to the Loss Payment and Mortgageholders Conditions:**

If a municipality has elected to apply the provisions of 1998 Michigan Public Act 217, a part of our payment for fire, explosion, vandalism, windstorm or hail, or riot or civil commotion loss or damage to your covered real property in that municipality will be withheld if the loss or damage is subject to the provisions of the Act. The withheld amount will be paid either to:

- a. The municipality;
- b. You and the mortgageholder, if any; or
- c. With your consent, the licensed contractor hired by you to perform repair, replacement, or removal services on the lost or damaged real property;

according to the provisions of Public Act 217. We will notify you, any mortgageholder and the municipality of any loss subject to the provisions of Public Act 217.

If a municipality has elected to apply the provisions of MICH. COMP. LAWS § 500.3011, any further payment for claims for loss or damage to your covered property caused by fire or explosion of \$2,000 or more will be withheld if you have failed to submit a required report to the fire or law enforcement authority designated by the municipality.

**C. The following is added to the Legal Action Against Us Condition:**

The time for commencing an action against us is tolled from the time you notify us of the loss or damage until we formally deny liability for the claim.

**D. The Appraisal Loss Condition is replaced by the following:**

#### **Appraisal**

If we and you disagree on the value of the property, the amount of net income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and independent appraiser within 20 days after receiving a written request from the other. The two appraisers will select a competent and impartial umpire. If they cannot agree upon an umpire within 15 days, either may request that selection be made by a judge of the circuit court for the county in which the loss occurred or in which the property is located. The appraisers will state separately the value of the property, the amount of net income and operating expense and the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss. 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.

**E. Paragraph A.6.a.(6) Employee Theft** of Additional Crime Coverages is replaced by the following:

**(6)** This coverage is cancelled as to any "employee" immediately upon discovery by:

- (a)** You; or
- (b)** Any of your partners, "members", "managers", officers, directors or trustees not in collusion with the "employee";

of "theft" or any other dishonest or criminal act committed by the "employee" whether before or after becoming employed by you.

However, with respect to discovery of prior criminal acts, this Paragraph **A.6.a.(6)** only applies to the extent that the "employee":

- (a)** Admits, under oath; or
- (b)** Is determined in any legal proceeding;

to have committed or directed the criminal act. For purposes of this cancellation of coverage, a determination in any legal proceeding includes, but is not limited to, a criminal conviction, a judgment, decree, ruling or order pronounced by any court of competent jurisdiction or an order or ruling pronounced by any administrative agency.

**F. Exclusion C.2.h. Dishonesty** is replaced by the following:

**h. Dishonesty**

Dishonest or criminal act (including theft) by a "perpetrator", or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with anyone.

This exclusion:

- (1)** Applies whether or not an act occurs during your normal hours of operation;
- (2)** Does not apply to acts of destruction by your "employees" or authorized representatives; but theft by your "employees" or authorized representatives is not covered.

However, with respect to loss or damage caused by or resulting from a criminal act, this exclusion only applies to the extent that a "perpetrator", or a person to whom you entrusted the property:

- (1)** Admits, under oath; or
- (2)** Is determined in any legal proceeding; to have committed or directed the criminal act. For purposes of this exclusion, a determination in any legal proceeding includes, but is not limited to, a criminal conviction, a judgment, decree, ruling or order pronounced by any court of competent jurisdiction or an order or ruling pronounced by any administrative agency.

This exclusion applies except to the extent coverage is provided within the Employee Theft Coverage.

This exclusion does not apply to carriers for hire.

**G. The following definition is added to Paragraph L. Definitions:**

"Perpetrator" means:

- a.** You; or
- b.** Any of your partners, "members", officers, "managers", "employees", directors, trustees or authorized representatives;

whether acting alone or in collusion with anyone who commits the dishonest or criminal act.

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

## **MICHIGAN CHANGES**

This endorsement modifies insurance provided under the following:

### **BUSINESSOWNERS COVERAGE FORM**

**A. Section I – Property** is amended as follows:

**1. Paragraph B.2.f.** is replaced by the following:

**f. Dishonesty**

Dishonest or criminal acts (including theft) by a "perpetrator"; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1)** Applies whether or not an act occurs during your normal hours of operation;
- (2)** Does not apply to acts of destruction by your employees (including temporary or leased employees) or authorized representatives; but theft by your employees (including temporary or leased employees) or authorized representatives is not covered.

However, with respect to loss or damage caused by or resulting from criminal acts, this exclusion only applies to the extent that a "perpetrator", or a person to whom you entrusted the property:

- (1)** Admits, under oath; or
- (2)** Is determined in any legal proceeding; to have committed or directed the criminal act. For purposes of this exclusion, a determination in any legal proceeding includes, but is not limited to, a criminal conviction, a judgment, decree, ruling or order pronounced by any court of competent jurisdiction or an order or ruling pronounced by any administrative agency.

With respect to accounts receivable and "valuable papers and records", this exclusion does not apply to carriers for hire.

This exclusion does not apply to coverage that is provided under the Employee Dishonesty Optional Coverage.

**2. Paragraph E.2. Appraisal Property Loss Condition** is replaced by the following:

**2. Appraisal**

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and independent appraiser within 20 days after receiving a written request from the other. The two appraisers will select a competent and impartial umpire. If they cannot agree upon an umpire within 15 days, either may request that selection be made by a judge of the circuit court for the county in which the loss occurred or in which the property is located. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss. 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.

**3. The following is added to Paragraph E.4. Legal Action Against Us Property Loss Condition:**

The time for commencing an action against us is tolled from the time you notify us of the loss or damage until we formally deny liability for the claim.

4. The following is added to Paragraph **E.5. Loss Payment** Property Loss Condition and Paragraph **F.2. Mortgageholders** Property General Condition:

If a municipality has elected to apply the provisions of 1998 Michigan Public Act 217, a part of our payment for fire, explosion, vandalism, windstorm or hail, or riot or civil commotion loss or damage to your covered real property in that municipality will be withheld if the loss or damage is subject to the provisions of the Act. The withheld amount will be paid either to:

- (a) The municipality;
- (b) You and the mortgageholder, if any; or
- (c) With your consent, the licensed contractor hired by you to perform repair, replacement, or removal services on the lost or damaged real property;

according to the provisions of Public Act 217. We will notify you, any mortgageholder and the municipality of any loss subject to the provisions of Public Act 217.

If a municipality has elected to apply the provisions of MICH. COMP. LAWS § 500.3011, any further payment for claims for loss or damage to your covered property caused by fire or explosion of \$2,000 or more will be withheld if you have failed to submit a required report to the fire or law enforcement authority designated by the municipality.

5. Paragraph **G.3.b.(1)** of the **Employee Dishonesty** Optional Coverage is replaced by the following:

- b. We will not pay for loss or damage:
  - (1) Resulting from any dishonest or criminal act that a "perpetrator" commits.  
However, with respect to loss or damage resulting from a criminal act, this exclusion only applies to the extent that a "perpetrator", or a person to whom you entrusted the property:
    - (1) Admits, under oath; or
    - (2) Is determined in any legal proceeding; to have committed or directed the criminal act. For purposes of this exclusion, a determination in any legal proceeding includes, but is not limited to, a criminal conviction, a judgment, decree, ruling or order pronounced by any court of competent jurisdiction or an order or ruling pronounced by any administrative agency.

6. The following is added to Paragraph **H. Property Definitions**:

a. With respect to Paragraph **B.2.f. Dishonesty**, "perpetrator" means:

- (1) You or anyone else with an interest in the property; or
- (2) Any of your or their partners, "members", officers, "managers", employees (including temporary or leased employees), directors, trustees or authorized representatives;

whether acting alone or in collusion with each other or with any other party who commits the dishonest or criminal act.

b. With respect to Paragraph **G.3.b.(1)** of the **Employee Dishonesty** Optional Coverage, "perpetrator" means:

- (1) You; or
- (2) Any of your partners or "members";  
whether acting alone or in collusion with other persons who commit the dishonest or criminal act.

**B. Section II – Liability** is amended as follows:

1. Paragraph **A.1.f.(1)(f) Coverage Extension – Supplementary Payments** is replaced by the following:

- (f) Prejudgment interest awarded against the insured on the part of the judgment we pay.

2. The **Criminal Acts** Exclusion of Paragraph **B.1.** is replaced by the following:

**Criminal Acts**

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

However, this exclusion only applies to the extent that the insured:

- (1) Admits, under oath; or
- (2) Is determined in any legal proceeding;

to have committed or directed the criminal act. For purposes of this exclusion, a determination in any legal proceeding includes, but is not limited to, a criminal conviction, a judgment, decree, ruling or order pronounced by any court of competent jurisdiction or an order or ruling pronounced by any administrative agency.

3. Paragraph **E.2. Duties In The Event Of Occurrence, Offense, Claim Or Suit** Liability And Medical Expenses General Condition is amended as follows:

- a. Paragraph **b.** is replaced by the following:
  - b. If a claim is made or "suit" is brought against any insured, you must:
    - (1) Immediately record the specifics of the claim or "suit" and the date received; and
    - (2) Notify us as soon as practicable.  
You must see to it that we receive notice of the claim or "suit" as soon as practicable.  
Notice given by or on behalf of the insured to our authorized agent, with particulars sufficient to identify the insured, shall be considered notice to us.
- b. Paragraph **d.** is replaced by the following:
  - d. Failure to:
    - (1) Give us notice of an "occurrence", offense, claim or "suit" as soon as practicable; or
    - (2) Immediately send us copies of demands, notices, summonses or legal papers received in connection with the claim or "suit";shall not invalidate the claim made by you if it shall be shown that it was not reasonably possible to give us notice as soon as practicable or to immediately send us copies, and that you gave us notice and sent us copies as soon as was reasonably possible.

- c. The following paragraph is added:
  - e. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

**C. Section III – Common Policy Conditions** is amended as follows:

Paragraphs **A.1., A.2., A.3. and A.5. Cancellation** are replaced by the following:

- 1. The first Named Insured shown in the Declarations may cancel this Policy by giving us or our authorized agent notice of cancellation.
- 2. We may cancel this Policy by mailing or delivering to the first Named Insured, with postage fully prepaid, written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
- 3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us or our authorized agent.
- 5. If this Policy is cancelled, we will send the first Named Insured any pro rata premium refund due. The minimum earned premium shall not be less than the pro rata premium for the expired time or \$25, whichever is greater. The cancellation will be effective even if we have not made or offered a refund.

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

## **MICHIGAN CHANGES – MICRO-BUSINESSOWNERS**

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM  
MICRO-BUSINESSOWNERS PROFESSIONAL LIABILITY ENDORSEMENT

**A. Section I – Property** is amended as follows:

1. Paragraph **E.2. Appraisal** Property Loss Condition is replaced by the following:

**2. Appraisal**

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and independent appraiser within 20 days after receiving a written request from the other. The two appraisers will select a competent and impartial umpire. If they cannot agree upon an umpire within 15 days, either may request that selection be made by a judge of the circuit court for the county in which the loss occurred or in which the property is located. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss. 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. The following is added to Paragraph **E.4. Legal Action Against Us** Property Loss Condition:

The time for commencing an action against us is tolled from the time you notify us of the loss or damage until we formally deny liability for the claim.

3. The following is added to Paragraph **E.5. Loss Payment** Property Loss Condition:

If a municipality has elected to apply the provisions of MICH. COMP. LAWS § 500.3011, any further payment for claims for loss or damage to your covered property caused by fire or explosion of \$2,000 or more will be withheld if you have failed to submit a required report to the fire or law enforcement authority designated by the municipality.

**B. Section II – Liability** is amended as follows:

1. Paragraph **A.1.f.(1)(f) Coverage Extension – Supplementary Payments** is replaced by the following:

- (f) Prejudgment interest awarded against the insured on the part of the judgment we pay.

2. The **Criminal Acts** Exclusion of Paragraph **B.1.** is replaced by the following:

**Criminal Acts**

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

However, this exclusion only applies to the extent that the insured:

- (1) Admits, under oath; or
- (2) Is determined in any legal proceeding;

to have committed or directed the criminal act. For purposes of this exclusion, a determination in any legal proceeding includes, but is not limited to, a criminal conviction, a judgment, decree, ruling or order pronounced by any court of competent jurisdiction or an order or ruling pronounced by any administrative agency.

3. Paragraph **E.2. Duties In The Event Of Occurrence, Offense, Claim Or Suit** Liability And Medical Expenses General Condition is amended as follows:

- a. Paragraph **b.** is replaced by the following:
  - b. If a claim is made or "suit" is brought against any insured, you must:
    - (1) Immediately record the specifics of the claim or "suit" and the date received; and
    - (2) Notify us as soon as practicable.  
You must see to it that we receive notice of the claim or "suit" as soon as practicable.  
Notice given by or on behalf of the insured to our authorized agent, with particulars sufficient to identify the insured, shall be considered notice to us.

- b. Paragraph **d.** is replaced by the following:
  - d. Failure to:
    - (1) Give us notice of an "occurrence", offense, claim or "suit" as soon as practicable; or
    - (2) Immediately send us copies of demands, notices, summonses or legal papers received in connection with the claim or "suit";shall not invalidate the claim made by you if it shall be shown that it was not reasonably possible to give us notice as soon as practicable or to immediately send us copies, and that you gave us notice and sent us copies as soon as was reasonably possible.

- c. The following paragraph is added:
  - e. No insureds will, except at their own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

**C. Section III – Common Policy Conditions** is amended as follows:

Paragraphs **A.1., A.2., A.3. and A.5. Cancellation** are replaced by the following:

- 1. The first Named Insured shown in the Declarations may cancel this Policy by giving us or our authorized agent notice of cancellation.

2. We may cancel this Policy by mailing or delivering to the first Named Insured, with postage fully prepaid, written notice of cancellation at least:

- a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- b. 30 days before the effective date of cancellation if we cancel for any other reason.

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

5. If this Policy is cancelled, we will send the first Named Insured any pro rata premium refund due. The minimum earned premium shall not be less than the pro rata premium for the expired time or \$25, whichever is greater. The cancellation will be effective even if we have not made or offered a refund.

**D.** The following changes apply only to Micro-businessowners Professional Liability Endorsement **BP 22 02** if it is attached to this Policy:

The following is added to Paragraph **E.1. Duties In The Event Of A Claim Or A Wrongful Act That May Result In A Claim:**

- d. Notice given by or on behalf of the insured to our authorized agent, with particulars sufficient to identify the insured, shall be considered notice to us.
- e. Failure to give any notice required by this condition within the time period specified shall not invalidate any "claim" made by you if it shall be shown not to have been reasonably possible to give notice within the prescribed time period and that notice was given as soon as was reasonably possible.

**E.** The following changes apply only to Micro-businessowners Retail Endorsement **BP 20 01** if it is attached to this Policy:

Paragraph **A.3.a.** is replaced by the following:

**a. Dishonesty**

Dishonest or criminal act (including theft) by a "perpetrator", or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
- (2) Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.

However, with respect to loss or damage caused by or resulting from a criminal act, this exclusion only applies to the extent that a "perpetrator", or a person to whom you entrusted the property:

- (1) Admits, under oath; or
- (2) Is determined in any legal proceeding; to have committed or directed the criminal act. For purposes of this exclusion, a determination in any legal proceeding includes, but is not limited to, a criminal conviction, a judgment, decree, ruling or order pronounced by any court of competent jurisdiction or an order or ruling pronounced by any administrative agency.

F. The following changes apply only to Micro-businessowners Service Endorsement **BP 20 02** if it is attached to this Policy:

Paragraph **A.2.a.** is replaced by the following:

**a. Dishonesty**

Dishonest or criminal act (including theft) by a "perpetrator", or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
- (2) Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.

However, with respect to loss or damage caused by or resulting from a criminal act, this exclusion only applies to the extent that a "perpetrator", or a person to whom you entrusted the property:

- (1) Admits, under oath; or
- (2) Is determined in any legal proceeding; to have committed or directed the criminal act. For purposes of this exclusion, a determination in any legal proceeding includes, but is not limited to, a criminal conviction, a judgment, decree, ruling or order pronounced by any court of competent jurisdiction or an order or ruling pronounced by any administrative agency.

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

## MICHIGAN CUSTOMER COMPLAINT LEGAL DEFENSE COVERAGE

**THIS ENDORSEMENT PROVIDES CLAIMS-MADE COVERAGE FOR DEFENSE EXPENSES ONLY.  
PLEASE READ THE ENTIRE ENDORSEMENT CAREFULLY.**

This endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

This endorsement changes the Policy effective on the inception date of the Policy unless another date is indicated below.

|                                    |
|------------------------------------|
| <b>Named Insured:</b>              |
| <b>Endorsement Effective Date:</b> |

### SCHEDULE

| Limit Of Insurance   |   | Premium |   |
|--|---|---------|---|
| \$   | <b>Per Customer<br/>Complaint Legal<br/>Defense Limit</b> | \$      | <b>Customer<br/>Complaint Legal<br/>Defense Aggregate<br/>Limit</b> |
| Information required to complete this Schedule, if not shown above, will be shown in the Declarations. |   |         |   |

**A. Coverage**

1. We will pay for "defense expenses" incurred to defend an "insured" against a "customer complaint" to which this insurance applies. We will have the duty to defend any "insured" against a "customer complaint". However, we will have no duty to defend an "insured" against any "customer complaint" to which this insurance does not apply. We may investigate and, with your written consent, settle any "customer complaint" as we consider appropriate. However:
  - a. The amount we will pay for "defense expenses" is limited as described in Paragraph **D.** Limit Of Insurance; and
  - b. Coverage for "defense expenses" ends when the applicable Limit Of Insurance shown in the Schedule has been exhausted.

2. No other obligation to pay sums such as:
  - a. Prejudgment or post-judgment interest;
  - b. Punitive damages;
  - c. Civil or criminal fines; or
  - d. Penalties imposed by law;
 imposed on the "insured" is covered unless explicitly provided for in the definition of "defense expenses" contained in Paragraph **F.2.b.** of this endorsement.
3. This insurance applies only if the "customer complaint" is made within the coverage territory and during the policy period in accordance with Paragraph **A.4.**
4. A "customer complaint" will be deemed to have been made when notice of such "customer complaint" is received and recorded by any "insured" or by us, whichever comes first.

A "customer complaint" received and recorded by the "insured" within 30 days after the end of the policy period will be considered to have been made within the policy period, if no subsequent insurance is available to cover "defense expenses" associated with such "customer complaint".

5. All "customer complaints" arising out of the sale, service or repair of the same "auto" will be deemed to have been made at the time the first of those "customer complaints" is made against any "insured".

## **B. Exclusions**

1. This insurance does not apply to "defense expenses" incurred as a result of "customer complaints" arising out of:

### **a. Accidents, Personal And Advertising Injury, Acts, Errors Or Omissions And Loss**

- (1) An "accident";
- (2) "Personal and advertising injury";
- (3) "Acts, errors or omissions"; or
- (4) "Loss" to an "auto" while the "insured" is attending, servicing, repairing, parking or storing it in your "auto dealer operations".

### **b. Criminal, Fraudulent, Malicious, Dishonest Or Intentional Acts**

Any criminal, fraudulent, malicious, dishonest or intentional act, error or omission by an "insured", including the willful or reckless violation of any law or regulation.

However, this exclusion does not apply to any "insured" who did not:

- (1) Personally commit;
- (2) Personally participate in;
- (3) Personally acquiesce to; or
- (4) Remain passive after having knowledge of;

any such act, error or omission.

In addition, with respect to "defense expenses" incurred as a result of "customer complaints" arising out of any criminal act, this exclusion only applies to the extent that the "insured":

- (1) Admits, under oath; or
- (2) Is determined in any legal proceeding;

to have committed or directed the criminal act. For purposes of this exclusion, a determination in any legal proceeding includes, but is not limited to, a criminal conviction, a judgment, decree, ruling or order pronounced by any court of competent jurisdiction or an order or ruling pronounced by any administrative agency.

### **c. Product Recall**

The loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of your "products" or "work you performed" or other property of which they form a part, if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

### **d. Mechanical Breakdown Or Warranty Agreements**

Any obligation under a warranty or mechanical breakdown agreement.

2. This insurance does not apply to the payment of judgments or settlements.

## **C. Who Is An Insured**

The following are "insured's" for Customer Complaint Legal Defense Coverage:

1. You.
2. Your partners and their spouses, if you are a partnership, but only with respect to the conduct of your "auto dealer operations".
3. Your members, if you are a limited liability company, but only with respect to the conduct of your "auto dealer operations". Your managers are also "insured's", but only with respect to their duties as your managers.
4. Your "executive officers" and directors, if you are an organization other than a partnership or limited liability company, but only with respect to their duties as your officers or directors. Your stockholders are also "insured's", but only with respect to their liability as stockholders.
5. Your "employees", other than either your "executive officers" (if you are an organization other than a partnership or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of employment by you or while performing duties related to the conduct of your "auto dealer operations".

6. Any "auto" dealership that is acquired or formed by you, other than a partnership or limited liability company and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that "auto" dealership. However:
  - a. Coverage under this provision is afforded only until the 90th day after you acquire or form the "auto" dealership or the end of the policy period, whichever is earlier; and
  - b. Coverage does not apply to "consumer complaints" that were first made before you acquired or formed the "auto" dealership.

No person or organization is an "insured" with respect to the conduct of any current or past partnership or limited liability company that is not shown as a Named Insured in the Declarations.

#### D. Limit Of Insurance

1. Regardless of the number of:
  - a. "Insureds";
  - b. "Customer complaints"; or
  - c. Persons or organizations bringing "customer complaints";
 the Customer Complaint Legal Defense Aggregate Limit shown in the Schedule is the most we will pay for all "defense expenses" because of "customer complaints" covered under this endorsement.
2. Subject to the Customer Complaint Legal Defense Aggregate Limit described in Paragraph D.1., the Per Customer Complaint Legal Defense Limit shown in the Schedule is the most we will pay for the sum of all "defense expenses" because of any one "customer complaint".
3. All "customer complaints" arising out of the sale, service or repair of the same "auto" will be considered one "customer complaint" for the purposes of determining the "Per Customer Complaint" Legal Defense Limit.
4. The Customer Complaint Legal Defense Aggregate Limit applies separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Customer Complaint Legal Defense Aggregate Limit.

#### E. Changes In Conditions

For the purposes of the coverage provided by this endorsement, **Section IV – Conditions** is amended as follows:

1. The **Duties In The Event Of Accident, Claim, Offense, Suit, Loss Or Acts, Errors Or Omissions** Condition is replaced by the following:

##### Duties In The Event Of Customer Complaint

We have no duty to provide coverage under this Policy unless there has been full compliance with the following duties:

- a. In the event of a "customer complaint", you must:
  - (1) Immediately record the specifics of the "customer complaint" and the date received; and
  - (2) Notify us, in writing, as soon as practicable.
- b. Additionally, you and any other involved "insured" must:
  - (1) Assume no obligation, make no payment or incur no expense without our consent, except at the "insured's" own cost.
  - (2) Immediately send us copies of any request, demand, order, notice, summons or legal paper received concerning the "customer complaint".
  - (3) Cooperate with us in the investigation or settlement of the "customer complaint" or defense against the "customer complaint".
  - (4) Authorize us to obtain records and other pertinent information.

2. The **Other Insurance** Condition is replaced by the following:

##### Other Insurance

This insurance is excess over any other collectible insurance providing "defense expenses" for "customer complaints".

3. The **Policy Period, Coverage Territory** Condition is replaced by the following:

##### Policy Period, Coverage Territory

The coverage territory is:

- a. The United States of America;
- b. The territories and possessions of the United States of America;
- c. Puerto Rico; and
- d. Canada.

4. The following condition is added:

**Transfer Of Duties When The Limit Of Insurance Is Exhausted**

- a. If we defend the "insured" against a "customer complaint" and we conclude that, based on "customer complaints" which have been reported to us and to which this insurance may apply, the Per Customer Complaint Legal Defense Limit or Customer Complaint Legal Defense Aggregate Limit is likely to be exhausted by the payment of "defense expenses", we will notify the first Named Insured, in writing, to that effect.
- b. When the Per Customer Complaint Legal Defense Limit or Customer Complaint Legal Defense Aggregate Limit has actually been exhausted in the payment of "defense expenses", we will:
  - (1) Notify the first Named Insured in writing, as soon as practicable, that the applicable Limit of Insurance has actually been exhausted, and that our duty to defend the "insured" against any "customer complaint" has ended;
  - (2) Initiate, and cooperate in, the transfer of control to any appropriate "insured", of all "customer complaints" for which the duty to defend has ended for the reason described in Paragraph **E.4.b.** and which are reported to us before that duty to defend ended; and
  - (3) Take such steps, as we deem appropriate, to continue the defense of such "customer complaints" until such transfer is completed, provided the appropriate "insured" is cooperating in completing such transfer.
- c. When the Per Customer Complaint Legal Defense Limit or Customer Complaint Legal Defense Aggregate Limit has actually been exhausted by the payment of "defense expenses", the first Named Insured, and any other "insured" involved in a "customer complaint" subject to these limits, must:
  - (1) Cooperate in the transfer of control of "customer complaints"; and
  - (2) Arrange for the defense of such "customer complaint" within such time period as agreed to between the appropriate "insured" and us. Absent any such agreement, arrangements for the defense of such "customer complaint" must be made as soon as practicable.

d. The first Named Insured will reimburse us as soon as practicable for expenses we incur in taking those steps we deem appropriate in accordance with Paragraph **E.4.b.**

The duty of the first Named Insured to reimburse us will begin on:

- (1) The date on which the Limit of Insurance is used up, if we sent notice in accordance with Paragraph **E.4.a.**; or
  - (2) The date on which we sent notice in accordance with Paragraph **E.4.b.**, if we did not send notice in accordance with Paragraph **E.4.a.**
- e. The exhaustion of the Per Customer Complaint Legal Defense Limit or Customer Complaint Legal Defense Aggregate Limit by the payment of "defense expenses" and the resulting end of our duty to defend will not be affected by our failure to comply with any of the provisions of this condition.

**F. Definitions**

For the purposes of the coverage provided by this endorsement:

- 1. The definition of "suit" contained in **Section V – Definitions** is replaced by the following:

"Suit" means a civil proceeding in which damages because of a "customer complaint" to which this insurance applies are claimed.

"Suit" includes:

  - a. An arbitration proceeding in which such damages are claimed and to which the "insured" must submit or does submit with our consent;
  - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the "insured" submits with our consent.
- 2. The following definitions are added:
  - a. "Customer complaint" means a claim or "suit" made by or on behalf of your customer for damages as the result of the sale, service or repair of an "auto" in your "auto dealer operations".

b. "Defense expenses" means payments allocated to a specific "customer complaint" we investigate or defend, including:

(1) All expenses we incur.

(2) All reasonable expenses incurred by the "insured" at our request to assist us in the investigation or defense of the "customer complaint", including actual loss of earnings up to \$250 a day because of time off from work.

(3) All court costs taxed against the "insured" in any "customer complaint" against the "insured" we defend. However, these payments do not include attorneys' fees or attorneys' expenses taxed against the "insured".

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

## **MICHIGAN CHANGES**

This endorsement modifies insurance provided under the following:

### COMMERCIAL INLAND MARINE COVERAGE PART

- A.** The Conditions of this Coverage Part that are in conflict with the statutes of the State of Michigan are amended to conform to such statutes.
- B.** Loss Condition **B. Appraisal** in the Commercial Inland Marine Conditions is replaced by the following:
- B. Appraisal**
- If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and independent appraiser within 20 days after receiving a written request from the other. The two appraisers will select a competent and impartial umpire. If they cannot agree upon an umpire within 15 days, either may request that selection be made by a judge of the circuit court for the county in which the loss occurred or in which the property is located. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss. Each party will:
1. Pay its chosen appraiser; and
  2. 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.
- C.** General Condition **A. Concealment, Misrepresentation Or Fraud** in the Commercial Inland Marine Conditions is replaced by the following:
- A. Concealment, Misrepresentation Or Fraud**
- This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact by you concerning:
1. This Coverage Part;
  2. The Covered Property;
  3. Your interest in the Covered Property; or
  4. A claim under this Coverage Part.
- D.** Wherever it appears, the phrase minimum annual premium is replaced by the phrase minimum written premium.
- E.** With respect to the:
- Commercial Articles Coverage Form
  - Camera And Musical Instrument Dealers Coverage Form
  - Equipment Dealers Coverage Form
  - Physicians And Surgeons Equipment Coverage Form
  - Signs Coverage Form
  - Theatrical Property Coverage Form
  - Film Coverage Form
  - Floor Plan Coverage Form
  - Jewelers Block Coverage Form
  - Accounts Receivable Coverage Form
  - Valuable Papers And Records Coverage Form
- The exclusion for dishonest or criminal act (including theft) under **B.2. Exclusions** is replaced by the following:
- Dishonest or criminal act (including theft) committed by a "perpetrator".
- This exclusion applies whether or not an act occurs during your normal hours of operation.
- This exclusion does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.
- However, with respect to loss or damage caused by or resulting from a criminal act, this exclusion only applies to the extent that a "perpetrator":
- (1) Admits, under oath; or
  - (2) Is determined in any legal proceeding;

to have committed or directed the criminal act. For purposes of this exclusion, a determination in any legal proceeding includes, but is not limited to, a criminal conviction, a judgment, decree, ruling or order pronounced by any court of competent jurisdiction or an order or ruling pronounced by any administrative agency.

F. The following **Definition** is added to the following:

- Commercial Articles Coverage Form
- Camera And Musical Instrument Dealers Coverage Form
- Equipment Dealers Coverage Form
- Physicians And Surgeons Equipment Coverage Form
- Signs Coverage Form
- Theatrical Property Coverage Form
- Film Coverage Form
- Floor Plan Coverage Form
- Jewelers Block Coverage Form
- Accounts Receivable Coverage Form
- Valuable Papers And Records Coverage Form

"Perpetrator" means:

- (1) You, any of your partners, employees (including temporary employees and leased workers), officers, directors, trustees or authorized representatives;
- (2) A manager or a member if you are a limited liability company; or
- (3) Anyone else with an interest in the property, or their employees (including temporary employees and leased workers) or authorized representatives;

whether acting alone or in collusion with each other or with any other party who commits the dishonest or criminal act.

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

## **MICHIGAN CHANGES**

This endorsement modifies insurance provided under the following:

### COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

- A.** When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part is replaced by the term Policy.
- B.** When Causes Of Loss – Special Form is attached to this policy, **Exclusion 2.h.** of that form is replaced by the following:
- h.** Dishonest or criminal act (including theft) by a "perpetrator", or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.
- This exclusion:
- (1)** Applies whether or not an act occurs during your normal hours of operation;
- (2)** Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.
- However, with respect to loss or damage caused by or resulting from a criminal act, this exclusion only applies to the extent that a "perpetrator", or a person to whom you entrusted the property:
- (1)** Admits, under oath; or
- (2)** Is determined in any legal proceeding; to have committed or directed the criminal act. For purposes of this exclusion, a determination in any legal proceeding includes, but is not limited to, a criminal conviction, a judgment, decree, ruling or order pronounced by any court of competent jurisdiction or an order or ruling pronounced by any administrative agency.
- C.** Paragraphs **1., 2., 3.** and **5.** of the **Cancellation** Common Policy Condition are replaced by the following:
- 1.** The first Named Insured shown in the Declarations may cancel this policy by giving us or our authorized agent notice of cancellation.
  - 2.** We may cancel this policy by mailing or delivering to the first Named Insured, with postage fully prepaid, written notice of cancellation at least:
    - a.** 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
    - b.** 30 days before the effective date of cancellation if we cancel for any other reason.
  - 3.** We will mail or deliver our notice to the first Named Insured's last mailing address known to us or our authorized agent.
  - 5.** If this policy is cancelled, we will send the first Named Insured any pro rata premium refund due. The minimum earned premium shall not be less than the pro rata premium for the expired time or \$25.00, whichever is greater. The cancellation will be effective even if we have not made or offered a refund.

D. The following is added to the:

1. **Loss Payment** Condition; and
2. **Mortgageholders** Condition:

If a municipality has elected to apply the provisions of 1998 Michigan Public Act 217, a part of our payment for fire, explosion, vandalism, windstorm or hail, or riot or civil commotion loss or damage to your covered real property in that municipality will be withheld if the loss or damage is subject to the provisions of the Act. The withheld amount will be paid either to:

- (a) The municipality;
- (b) You and the mortgageholder, if any; or
- (c) With your consent, the licensed contractor hired by you to perform repair, replacement, or removal services on the lost or damaged real property;

according to the provisions of Public Act 217. We will notify you, any mortgageholder and the municipality of any loss subject to the provisions of Public Act 217.

If a municipality has elected to apply the provisions of MICH. COMP. LAWS § 500.3011, any further payment for claims for loss or damage to your covered property caused by fire or explosion of \$2,000 or more will be withheld if you have failed to submit a required report to the fire or law enforcement authority designated by the municipality.

E. The paragraph relating to prejudgment interest in Supplementary Payments in:

1. Legal Liability Coverage Form **CP 00 40**; and
2. Mortgageholders Errors And Omissions Coverage Form **CP 00 70**;

is replaced by the following:

Prejudgment interest awarded against the insured on the part of the judgment we pay.

F. **Commercial Property Coverage Part – Duties Amended**

1. The following, **F.2.** through **F.4.**, apply to the:
  - a. Mortgageholders Errors And Omissions Coverage Form – Condition **F.4.c.(2)** – Duties In The Event Of Loss – Coverages **C** and **D**; and
  - b. Legal Liability Coverage Form – Condition **D.1.** – Duties In The Event Of Accident, Claim Or Suit.

2. Paragraph **F.4.c.(2)(a)** in the Mortgageholders Errors And Omissions Coverage Form and Paragraph **D.1.b.** in the Legal Liability Coverage Form are replaced by the following:

If a claim is made or "suit" is brought against you, you must see to it that we receive prompt notice of the claim or "suit".

3. Notice given by or on behalf of the insured to our authorized agent, with particulars sufficient to identify the insured, shall be considered notice to us.

4. Failure to:

a. Give us prompt notice of an accident, claim or "suit"; or

b. Immediately send us copies of demands, notices, summonses or legal papers received in connection with a claim or "suit";

shall not invalidate a claim made by you if it shall be shown that it was not reasonably possible to give us prompt notice or to immediately send us copies, and that you gave us notice and sent us copies as soon as was reasonably possible.

G. The following is added to the **Legal Action Against Us** Commercial Property Condition:

The time for commencing an action against us is tolled from the time you notify us of the loss or damage until we formally deny liability for the claim.

H. Except as provided in Paragraph **I.** of this endorsement, the **Appraisal** Loss Condition is replaced by the following:

#### **Appraisal**

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and independent appraiser within 20 days after receiving a written request from the other. The two appraisers will select a competent and impartial umpire. If they cannot agree upon an umpire within 15 days, either may request that selection be made by a judge of the circuit court for the county in which the loss occurred or in which the property is located. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss. 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.

**I. The Appraisal Loss Condition in:**

- 1. Business Income (And Extra Expense) Coverage Form **CP 00 30**; and
- 2. Business Income (Without Extra Expense) Coverage Form **CP 00 32**;

is replaced by the following:

**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 of the loss. In this event, each party will select a competent and independent appraiser. The two appraisers will select a competent and impartial 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.

**J. When Causes Of Loss – Special Form is attached to this policy, the following definition is added to Paragraph G. Definitions of that form:**

**3. "Perpetrator" means:**

- a. You; or
- b. Any of your partners, members, officers, managers, employees (including temporary employees or leased workers), directors, trustees or authorized representatives;

whether acting alone or in collusion with each other or with any other party who commits the dishonest or criminal act.

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

## **MICHIGAN CHANGES**

This endorsement modifies insurance provided under the following:

### **EQUIPMENT BREAKDOWN COVERAGE PART**

**A.** The **Appraisal** Condition is replaced by the following:

**b. Appraisal**

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and independent appraiser within 20 days after receiving a written request from the other. The two appraisers will select a competent and impartial umpire. If they cannot agree upon an umpire within 15 days, either may request that the selection be made by a judge of the circuit court for the county in which the loss occurred or in which the property is located. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss.

Each party will:

- (1)** Pay its chosen appraiser; and
- (2)** 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.

**B.** With respect to the Duties In The Event Of Loss Or Damage Condition, notice given by or on behalf of the insured to our authorized agent, with particulars sufficient to identify the insured, shall be considered notice to us.

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

## **MICHIGAN CHANGES**

This endorsement modifies insurance provided under the following:

### COMMERCIAL FLOOD POLICY

**A. Paragraphs a., b., c. and e. of the Cancellation Condition are replaced by the following:**

- a. The first Named Insured shown in the Declarations may cancel this Policy by giving us or our authorized agent notice of cancellation.
- b. We may cancel this Policy by mailing or delivering to the first Named Insured, with postage fully prepaid, written notice of cancellation at least:
  - (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - (2) 45 days before the effective date of cancellation if we cancel for any other reason permissible under applicable law.
- c. We will mail or deliver our notice to the first Named Insured's last mailing address known to us or our authorized agent.
- e. If this Policy is cancelled, we will send the first Named Insured any pro rata premium refund due. The minimum earned premium shall not be less than the pro rata premium for the expired time or \$25.00, whichever is greater. The cancellation will be effective even if we have not made or offered a refund.

**B. The following is added to the Legal Action Against Us Condition:**

The time for commencing an action against us is tolled from the time you notify us of the loss or damage until we formally deny liability for the claim.

**C. Under Loss Conditions – Property Insurance, the Appraisal Condition is replaced by the following:**

#### **7. Appraisal**

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and independent appraiser within 20 days after receiving a written request from the other. The two appraisers will select a competent and impartial umpire. If they cannot agree upon an umpire within 15 days, either may request that selection be made by a judge of the circuit court for the county in which the loss occurred or in which the property is located. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss. 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.

**D. Under Loss Conditions – Time Element Insurance, the Appraisal Condition is replaced by the following:**

**4. 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 of the loss. In this event, each party will select a competent and independent appraiser. The two appraisers will select a competent and impartial 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.

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

## **MICHIGAN CHANGES**

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS FORM – FARM PROPERTY  
FARM LIABILITY COVERAGE FORM  
FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL COVERAGES, CONDITIONS,  
DEFINITIONS  
LIVESTOCK COVERAGE FORM  
MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM

- A.** Under **Additional Coverages** in the Farm Liability Coverage Form, Paragraph **a.(6)** of Item **1. Supplementary Payments – Coverages H And I** is replaced by the following:
- (6)** Prejudgment interest awarded against the "insured" on that part of the judgment we pay.
- B.** The following, **B.1.** through **B.4.**, apply to the **Duties In The Event Of Occurrence, Offense, Claim Or Suit** Loss Condition of the Farm Liability Coverage Form:
- 1.** Paragraph **2.b.** of the Condition is replaced by the following:
    - b.** If a claim is made or "suit" is brought against any "insured", you must:
      - (1)** Immediately record the specifics of the claim or "suit" and the date received; and
      - (2)** See to it that we receive prompt notice of the claim or "suit".
  - 2.** Notice given by or on behalf of the "insured" to our authorized agent, with particulars sufficient to identify the "insured", shall be considered notice to us.
  - 3.** Failure to:
    - a.** Give us prompt notice of an "occurrence", claim or "suit"; or
    - b.** Immediately send us copies of demands, notices, summonses or legal papers received in connection with a claim or "suit";shall not invalidate a claim made by you if it shall be shown that it was not reasonably possible to give us prompt notice or to immediately send us copies, and that you gave us notice and sent us copies as soon as was reasonably possible.
- 4.** The following is added to Paragraph **2.f.** of the Condition:
- Failure to submit the proof of loss within 60 days does not invalidate your claim, if you show that it was not reasonably possible to do so and also show that you submitted the proof of loss as soon as was reasonably possible.
- C.** In the Farm Liability Coverage Form, Exclusion **2.x.**, which pertains to **Coverage H – Bodily Injury And Property Damage Liability** and **Coverage J – Medical Payments**, is replaced by the following:
- x. Controlled Substances**

"Bodily injury" or "property damage" arising out of the use, sale, manufacture, delivery, transfer or possession by any person of a Controlled Substance(s) as defined by the Federal Food and Drug Law at 21 U.S.C.A. Sections 811 and 812. Controlled Substances include but are not limited to cocaine, LSD, marijuana and all narcotic drugs.

However, this exclusion does not apply:

    - (1)** To the legitimate use of prescription drugs by a person following the lawful orders of a licensed health care professional; or
    - (2)** To the "insured(s)" who has no knowledge of the involvement with a controlled substance(s). An "insured's" knowledge of such involvement must be shown by us by competent evidence of such knowledge.

**D. Under the:**

Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions; Mobile Agricultural Machinery And Equipment Coverage Form; and Livestock Coverage Form;

Paragraph **a.(2)** of the **Duties In The Event Of Loss (Or Damage)** Condition is modified by adding the following sentence: Notice to our authorized agent shall be considered notice to us.

**E. In the Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions, the following is added to the:**

- 1. Loss Payment** Condition; and
- 2. Mortgageholders** Condition.

If a municipality has elected to apply the provisions of 1998 Michigan Public Act 217, a part of our payment for fire, explosion, vandalism, windstorm or hail, or riot or civil commotion loss or damage to your covered real property in that municipality will be withheld if the loss or damage is subject to the provisions of the Act. The withheld amount will be paid either to:

- a.** The municipality;
- b.** You and the mortgageholder, if any; or
- c.** With your consent, the licensed contractor hired by you to perform repair, replacement, or removal services on the lost or damaged real property;

according to the provisions of Public Act 217. We will notify you, any mortgageholder and the municipality of any loss subject to the provisions of Public Act 217.

**F. The following is added to the Legal Action Against Us Loss Condition:**

The time for commencing an action against us is tolled from the time you notify us of the loss or damage until we formally deny liability for the claim.

**G. Under the:**

Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions; Mobile Agricultural Machinery And Equipment Coverage Form; and Livestock Coverage Form;

the **Appraisal** Loss Condition is replaced by the following:

**Appraisal**

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and independent appraiser within 20 days after receiving a written request from the other. The two appraisers will select a competent and impartial umpire. If they cannot agree upon an umpire within 15 days, either may request that selection be made by a judge of the circuit court for the county in which the loss occurred or in which the property is located. The appraisers will state separately the value of the property and the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss. 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.

**H. The following is added to the Loss Payment Condition in the Mobile Agricultural Machinery And Equipment Coverage Form and the Livestock Coverage Form, as well as the Loss Payment Condition and Mortgageholders Condition in the Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions:**

If a municipality has elected to apply the provisions of MICH. COMP. LAWS § 500.3011, any further payment for claims for loss or damage to your covered property caused by fire or explosion of \$2,000 or more will be withheld if you have failed to submit a required report to the fire or law enforcement authority designated by the municipality.

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

## MICHIGAN CHANGES – THEFT OF PATIENTS' OR CLIENTS' PROPERTY COVERAGE

This endorsement modifies insurance provided under the following:

HOME HEALTHCARE COVERAGE PART

### SCHEDULE

|  |           |
|--|-----------|
| <b>Deductible:</b>   | <b>\$</b> |
| <b>Theft Of Patients' Or Clients' Property Coverage Limit – \$5,000 unless otherwise indicated:</b>    | <b>\$</b> |
| Information required to complete this Schedule, if not shown above, will be shown in the Declarations. |           |

With respect to coverage provided by this endorsement, the following is added to **Section I – Coverages:**

**Theft Of Patients' Or Clients' Property Coverage**

**A.** We will pay for loss of or damage to "money", "securities" and "other property" sustained by your patient or client resulting directly from theft committed by any of your "employees", acting alone or in collusion with other persons, provided that such "employees" are specifically identified as having committed the theft.

The property covered under this coverage is limited to property that your patient or client:

1. Owns or leases; or
2. Holds for others;

while the property is on your patient's or client's premises. However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization, including your patient or client. Any claim for loss that is covered under this coverage must be presented by you.

**B.** We will not pay for loss or damage resulting from:

1. Any dishonest or criminal act that you or any insured listed under **Section III – Who Is An Insured Paragraphs A.1. through A.5.** commit whether acting alone or in collusion with other persons.

However, with respect to loss or damage resulting from a criminal act, this exclusion only applies to the extent that you or any insured listed under **Section III – Who Is An Insured Paragraphs A.1. through A.5.:**

- a. Admits, under oath; or

b. Is determined in any legal proceeding; to have committed or directed the criminal act. For purposes of this exclusion, a determination in any legal proceeding includes, but is not limited to, a criminal conviction, a judgment, decree, ruling or order pronounced by any court of competent jurisdiction or an order or ruling pronounced by any administrative agency; or

2. Theft committed by any "employee" that:

- a. You; or
- b. Any insured listed under **Section III – Who Is An Insured Paragraphs A.1. through A.5.** not in collusion with the "employee";

discover, prior to the date of such theft, had previously committed any dishonest or criminal act, whether committed by that "employee", before or after being hired by you.

However, with respect to discovery of prior criminal acts, this exclusion only applies to the extent that the "employee":

- a. Admits, under oath; or
- b. Is determined in any legal proceeding; to have committed or directed the criminal act. For purposes of this exclusion, a determination in any legal proceeding includes, but is not limited to, a criminal conviction, a judgment, decree, ruling or order pronounced by any court of competent jurisdiction or an order or ruling pronounced by any administrative agency.

- C. With respect to the coverage provided by this endorsement, **Section IV – Limits Of Insurance** is replaced by the following:

**Section IV – Limits Of Insurance**

The most we will pay under this endorsement for loss or damage in any one theft event is \$5,000, unless a higher Theft Of Patients' Or Clients' Property Coverage Limit is shown in the Schedule of this endorsement.

All loss or damage:

1. Caused by one or more persons; or
2. Involving a single act or series of acts;

is considered one theft event.

However, if any loss is covered:

1. Partly by this insurance; and
2. Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

We will pay only for loss or damage sustained through acts committed or events occurring during the policy period. Regardless of the number of years this Policy remains in force or the number of premiums paid, no limit of insurance cumulates from year to year or period to period.

- D. We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.

However, if your patient or client (or any predecessor in interest) sustained loss or damage during the policy period of any prior insurance and you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for such loss or damage provided:

1. The coverage provided in this endorsement became effective at the time of cancellation or termination of the prior insurance; and
2. The loss or damage would have been covered by this endorsement had it been in effect when the acts or events causing the loss or damage were committed or occurred.

- E. The coverage provided under Paragraph D. above is part of, not in addition to, the limit of insurance applying to this endorsement and is limited to the lesser of the amount recoverable under:

1. This endorsement as of its effective date; or
2. The prior insurance had it remained in effect.

- F. With respect to the coverage provided by this endorsement, the following is added:

We will not pay for loss or damage in any one theft event until the amount of loss or damage exceeds the deductible amount shown in the Schedule of this endorsement. We will then pay the amount of loss or damage in excess of the deductible up to the applicable limit of insurance. No other deductible applies to theft of patients' or clients' property coverage.

- G. With respect to the coverage provided by this endorsement, Condition **B. Legal Action Against Us**, Condition **C. Other Insurance** and Condition **H. Duties In The Event Of A Wrongful Act, Occurrence, Offense, Claim Or Suit** under **Section V – Conditions** are replaced by the following:

**B. Legal Action Against Us**

No one may bring a legal action against us under this insurance unless:

1. There has been full compliance with all of the terms of this insurance; and
2. The action is brought within two years after the date on which the direct physical loss or damage occurred.

**C. Other Insurance**

If there is other insurance covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Theft Of Patients' Or Clients' Property Coverage Limit shown in the Schedule of this endorsement.

**H. Duties In The Event Of Loss Or Damage**

1. You must see that the following are done in the event of loss or damage to "money", "securities" or "other property":
  - a. Notify the police if a law may have been broken.
  - b. Give us prompt notice of the loss or damage. Include a description of the property involved.
  - c. As soon as possible, give us a description of how, when and where the loss or damage occurred.

- d. Take all reasonable steps to protect "money", "securities" or "other property" from further loss or damage, and keep a record of your expenses necessary to protect the "money", "securities" or "other property". Also, if feasible, set the damaged property aside and in the best possible order for examination.
- e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- f. As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.  
  
Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- 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.

- 2. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

H. With respect to the coverage provided by this endorsement, the following conditions are added:

**1. Abandonment**

There can be no abandonment of any property to us.

**2. Appraisal**

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the 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.

**3. Loss Payment**

In the event of loss or damage covered by this Policy:

- a. At our option, we will either:
  - (1) Pay the value of lost or damaged property;
  - (2) Pay the cost of repairing or replacing the lost or damaged property;
  - (3) Take all or any part of the property at an agreed or appraised value; or
  - (4) Repair, rebuild or replace the property with other property of like kind and quality.
- b. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- c. We will determine the value of:
  - (1) "Money" at its face value;
  - (2) "Securities" at their value at the close of business on the day the loss is discovered; and
  - (3) "Other property" at actual cash value.

d. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, provided you have complied with all of the terms of this Policy, and:

- (1) We have reached agreement with you on the amount of loss; or
- (2) An appraisal award has been made.

#### 4. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, you may retain the property. But then you must return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Theft Of Patients' Or Clients' Property Coverage Limit.

#### 5. Policy Period, Coverage Territory

We cover loss or damage commencing:

- a. During the policy period shown in the Declarations; and
- b. Within the "coverage territory" or, with respect to property in transit, while it is between points in the "coverage territory".

#### 6. Insurance Under Two Or More Coverages

If two or more of this Policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

#### 7. Liberalization

If we adopt any revision that would broaden the coverage provided by this endorsement without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to the coverage provided by this endorsement.

- I. With respect to the coverage provided by this endorsement, the definition of "coverage territory" under **Section VI – Definitions** is replaced by the following:

"Coverage territory" means:

1. The United States of America (including its territories and possessions);

2. Puerto Rico; and

3. Canada.

- J. With respect to the coverage provided by this endorsement, the following definitions are added:

1. "Other property" means any tangible property other than "money" and "securities" that has intrinsic value, but does not include:

- a. Aircraft, automobiles, motortrucks and other vehicles subject to motor vehicle registration;
- b. Contraband, or property in the course of illegal transportation or trade;
- c. Land (including land on which the property is located), water, growing crops or lawns;
- d. Watercraft (including motors, equipment and accessories) while afloat; or
- e. Electronic data.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

2. "Money" means:

- a. Currency, coins and bank notes in current use and having a face value; and
- b. Traveler's checks, register checks and money orders held for sale to the public.

3. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:

- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
- b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

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

# MICHIGAN CHANGES – HOME HEALTHCARE EQUIPMENT COVERAGE

This endorsement modifies insurance provided under the following:

HOME HEALTHCARE COVERAGE PART

## SCHEDULE

| Limits Of Insurance  |                           |                     |
|--|---------------------------|---------------------|
| <b>A. Your Home Healthcare Equipment Coverage Limits</b>   |                           |                     |
| 1. <b>Blanket:</b> (These limits do not apply with respect to Scheduled Home Healthcare Equipment shown in E. below.)  |                           |                     |
| a. <b>Maximum For Any One Piece Of Equipment</b>   | \$                        |                     |
| b. <b>Maximum In Any One Occurrence (for all Home Healthcare Equipment)</b>  | \$                        |                     |
| 2. <b>Scheduled: Maximum In Any One Occurrence</b> (Combined Value of Scheduled Home Healthcare Equipment shown in E.1. and E.2. below. This limit applies only with respect to Scheduled Home Healthcare Equipment shown in E.1. and E.2. below.) |                           |                     |
|  | \$                        |                     |
| <b>B. Home Healthcare Equipment Of Others Coverage (except your employees' and volunteer workers' owned home healthcare equipment) Limit</b> (\$5,000 in any one occurrence unless otherwise stated)   |                           |                     |
|  | \$                        |                     |
| <b>C. Employees' Or Volunteer Workers' Owned Home Healthcare Equipment Coverage Limit</b> (\$2,500 in any one occurrence unless otherwise stated)  |                           |                     |
|  | \$                        |                     |
| <b>D. Rental Reimbursement Coverage Limit</b>  |                           |                     |
|  | \$                        |                     |
| <b>E. Scheduled Home Healthcare Equipment</b>  |                           |                     |
| <b>Description Of Home Healthcare Equipment</b>  | <b>Limit Of Insurance</b> | <b>Agreed Value</b> |
|  | \$                        | \$                  |
|  | \$                        | \$                  |
|  | \$                        | \$                  |
| <b>1. Total Value Of Home Healthcare Equipment</b><br>(subject to Coinsurance)   | \$                        | N/A                 |
| <b>2. Total Agreed Value Of Home Healthcare Equipment</b>  | N/A                       | \$                  |
| <b>F. Coinsurance</b> (applicable to Scheduled Home Healthcare Equipment to which Agreed Value does not apply)<br>The coinsurance percentage is 80% unless otherwise stated: <span style="float: right;">%</span>                                  |                           |                     |
| <b>G. All Covered Property In Any One Occurrence</b>   |                           |                     |
|  | \$                        |                     |
| <b>H. Deductible</b>   |                           |                     |
|  | \$                        |                     |
| Information required to complete this Schedule, if not shown above, will be shown in the Declarations.   |                           |                     |

**A. The following is added to Section I – Coverages:  
Coverage – Home Healthcare Equipment**

**1. Covered Property**

We will pay for direct physical loss of or damage to Covered Property from any of the Covered Causes of Loss.

**a.** Covered Property, as used in this endorsement, means:

- (1)** Your "home healthcare equipment".
- (2)** "Home healthcare equipment" of others, in the care, custody or control of you, your "employees" or "volunteer workers", used in providing "professional services" to your patients or clients, but this Paragraph **a.(2)** does not apply to equipment owned by your "employees" or "volunteer workers".
- (3)** "Home healthcare equipment" owned by any of your "employees" or "volunteer workers", but this Paragraph **a.(3)** only applies while such equipment is being used:
  - (a)** By the "employee" or "volunteer worker" who owns such equipment; and
  - (b)** To provide "professional services" to your patients or clients;  
or while such equipment is in transit between visits to your patients or clients for purposes of providing such "professional services".

However, we will not pay for loss of or damage to any "home healthcare equipment" caused by or resulting from theft of such equipment from any unattended vehicle unless, at the time of the theft, the vehicle's windows, doors and compartments were closed and locked, and there are visible signs that the theft was a result of forced entry.

**2. Rental Reimbursement Coverage**

If a Rental Reimbursement Coverage Limit is shown in the Schedule, we will reimburse you, your "employee" or your "volunteer worker", without application of a deductible, for reasonable expenses incurred in the temporary rental of equipment, if the temporary rental of the equipment is due to the following:

- a.** There is direct physical loss of or damage to Covered Property from a Covered Cause of Loss which makes the property unfit for its intended use;

**b.** The Covered Property is necessary to continue the providing of "professional services" to your patients or clients; and

**c.** You, your "employees" or "volunteer workers" do not have the equivalent "home healthcare equipment" reasonably available for use.

Our payment will be limited to that period of time reasonably required to repair or replace the Covered Property or when such property is no longer necessary to continue the providing of "professional services" to your patients or clients, whichever comes first. However, the most we will pay for all rental reimbursement under this Paragraph **2.** as a result of any one occurrence is the Rental Reimbursement Coverage Limit shown in the Schedule of this endorsement. Our payment will not be limited by the expiration date of this Policy, provided that the Covered Cause of Loss to Covered Property occurred during the policy period.

**3. Property Not Covered**

Covered Property does not include:

- a.** Radium;
- b.** Contraband or property in the course of illegal transportation or trade;
- c.** Electronic data;
- d.** "Home healthcare equipment" owned by you, your "employees" or "volunteer workers" that is loaned, rented or leased to anyone for any purpose other than the providing of "professional services" to your patients or clients; or
- e.** Equipment temporarily rented to you, your "employee" or your "volunteer worker" and for which Rental Reimbursement Coverage is provided.

As used in this Paragraph **A.3.**, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

**4. Covered Causes Of Loss**

Covered Causes of Loss means direct physical loss of or damage to Covered Property except those causes of loss listed in the Exclusions.

## B. Exclusions

With respect to the coverage provided by this endorsement, **Section II – Exclusions** is replaced by the following:

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

### a. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this endorsement.

### b. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the direct loss or damage caused by that fire if the fire would be covered under this endorsement.

### c. War And Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

Exclusions **B.1.a.** through **B.1.c.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

### a. Marring, scratching; exposure to light; breakage of tubes, bulbs, lamps or articles made largely of glass (except lenses).

But we will pay for such loss or damage caused directly by fire, lightning, explosion, windstorm, earthquake, flood, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by accident to the vehicle carrying the property if these causes of loss would be covered under this endorsement.

- b. Delay, loss of use, loss of market or any other consequential loss.

- c. Dishonest or criminal act committed by a "perpetrator".

This exclusion applies whether or not an act occurs during your normal hours of operation.

However, with respect to loss or damage caused by or resulting from a criminal act, this exclusion only applies to the extent that a "perpetrator":

- (1) Admits, under oath; or

- (2) Is determined in any legal proceeding;

to have committed or directed the criminal act. For purposes of this exclusion, a determination in any legal proceeding includes, but is not limited to, a criminal conviction, a judgment, decree, ruling or order pronounced by any court of competent jurisdiction or an order or ruling pronounced by any administrative agency.

- d. Processing or work upon the property.

But if processing or work upon the property results in fire or explosion, we will pay for the direct loss or damage caused by that fire or explosion if the fire or explosion would be covered under this endorsement.

This exclusion does not apply if the processing or work upon the property was performed as a reasonable means to save and preserve property from further damage at and after the time of loss.

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

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

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

creating a short circuit or other electric disturbance within an article covered under this endorsement.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes, but is not limited to, electrical current, including arcing; electrical charge produced or conducted by a magnetic or electromagnetic field; pulse of electromagnetic energy; electromagnetic waves or microwaves.

But if artificially generated electrical, magnetic or electromagnetic energy, as described above, results in fire or explosion, we will pay for the direct loss or damage caused by that fire or explosion if the fire or explosion would be covered under this endorsement.

This exclusion only applies to loss or damage to that article in which the disturbance occurs.

- f. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- g. Unauthorized instructions to transfer property to any person or to any place.
- h. Neglect of you, your "employees" or "volunteer workers" to use all reasonable means to save and preserve property from further damage at and after the time of loss.
- i. Theft by any person (except carriers for hire) to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

- 3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by that Covered Cause of Loss.
  - a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph **B.1.** above to produce the loss or damage.
  - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
  - c. Faulty, inadequate or defective:
    - (1) Design, specifications, workmanship or repair;
    - (2) Materials used in repair or renovation; or
    - (3) Maintenance;

of part or all of any property.

- d. Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration; mechanical breakdown; insects, vermin, rodents; corrosion, rust, dampness, cold or heat.

- C. With respect to the coverage provided by this endorsement, **Section IV – Limits Of Insurance** is replaced by the following:

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Schedule of this endorsement; however:

- 1. The most we will pay for loss of or damage to "home healthcare equipment" of others, except equipment owned by your "employees" or "volunteer workers", in any one occurrence is \$5,000 unless a different limit for Home Healthcare Equipment Of Others Coverage is shown in the Schedule of this endorsement. Our payment for such loss or damage to "home healthcare equipment" of others will only be for the account of the owner of the "home healthcare equipment"; and
- 2. The most we will pay for loss of or damage to "home healthcare equipment" owned by any of your "employees" or "volunteer workers" in any one occurrence is \$2,500 unless a different limit for Employees' Or Volunteer Workers' Owned Home Healthcare Equipment Coverage is shown in the Schedule of this endorsement. However, in no event will we pay more than \$500 for any one piece of equipment or more than \$1,000 for all "home healthcare equipment" owned by any one "employee" or "volunteer worker". Our payment for such loss or damage to "home healthcare equipment" owned by your "employees" or "volunteer workers" will only be for the account of the owner of the "home healthcare equipment".

- D. With respect to the coverage provided by this endorsement, Conditions **B.**, **C.** and **H.** of **Section V – Conditions** are replaced by the following:

**B. Legal Action Against Us**

No one may bring a legal action against us under this insurance unless:

- 1. There has been full compliance with all the terms of coverage provided by this insurance; and
- 2. The action is brought within two years after the date on which the direct physical loss or damage occurred.

The time for commencing an action against us is tolled from the time you notify us of the loss or damage until we formally deny liability for the claim.

### **C. Other Insurance**

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this endorsement. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable limit of insurance under this endorsement bears to the limits of insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in Paragraph **C.1.** above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable limit of insurance.

### **H. Duties In The Event Of Loss**

You must see that the following are done in the event of loss or damage to Covered Property:

1. Notify the police if a law may have been broken.
2. Give us prompt notice of the loss or damage. Include a description of the property involved.
3. As soon as possible, give us a description of how, when and where the loss or damage occurred.
4. Take all reasonable steps to protect the Covered Property from further damage. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
5. You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.
6. As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

7. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

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

9. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit.

10. Cooperate with us in the investigation or settlement of the claim.

**E.** With respect to the coverage provided by this endorsement, the following conditions are added to **Section V – Conditions:**

#### **1. Abandonment**

There can be no abandonment of property to us.

#### **2. Appraisal**

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and independent appraiser within 20 days after receiving a written request from the other. The two appraisers will select a competent and impartial umpire. If they cannot agree upon an umpire within 15 days, either may request that selection be made by a judge of the circuit court for the county in which the loss occurred or in which the property is located. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of the loss. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

#### **3. Control Of Property**

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of the coverage provided by this endorsement at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

#### **4. Loss Payment**

In the event of loss or damage covered by this insurance:

- a. At our option, we will either:
  - (1) Pay the value of lost or damaged property;
  - (2) Pay the cost of repairing or replacing the lost or damaged property;
  - (3) Take all or any part of the property at an agreed or appraised value; or
  - (4) Repair, rebuild or replace the property with other property of like kind and quality.

We will determine the value of the lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this endorsement.

- b. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- c. We will not pay you more than your financial interest in the Covered Property.
- d. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claim against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- e. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss if you have complied with all the terms of coverage provided by this endorsement and:
  - (1) We have reached agreement with you on the amount of the loss; or
  - (2) An appraisal award has been made.
- f. We will not be liable for any part of a loss that has been paid or made good by others.

#### **5. No Benefit To Bailee**

No person or organization, other than you, your "employees" or your "volunteer workers" having custody of Covered Property will benefit from this insurance.

#### **6. Pair, Sets Or Parts**

##### **a. Pair Or Set**

In case of loss or damage to any part of a pair or set we may:

- (1) Repair or replace any part to restore the pair or set to its value before the loss or damage; or
- (2) Pay the difference between the value of the pair or set before and after the loss or damage.

##### **b. Parts**

In case of loss or damage to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

#### **7. Policy Period, Coverage Territory**

We cover loss or damage commencing:

- a. During the policy period shown in the Declarations; and
- b. Within the "coverage territory".

#### **8. Recovered Property**

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the applicable limit of insurance.

#### **9. Valuation**

- a. The value of lost or damaged property will be the least of the following amounts:
  - (1) The actual cash value of that property;
  - (2) The cost of reasonably restoring that property to its condition immediately before loss or damage; or
  - (3) The cost of replacing that property with substantially identical property.

In the event of loss or damage, the value of property will be determined as of the time of loss or damage. However, this Paragraph a. does not apply with respect to Covered Property for which an Agreed Value is shown in the Schedule of this endorsement.

b. With respect to Covered Property for which an Agreed Value is shown in the Schedule of this endorsement:

(1) We will pay no more for loss of or damage to that property than the proportion that the limit of insurance under this Policy for the property bears to the Agreed Value shown for it in the Schedule of this endorsement.

(2) The terms of this Agreed Value coverage option apply only to loss or damage that occurs:

(a) On or after the effective date of this Agreed Value coverage option; and

(b) Before the policy expiration date.

#### 10. Coinsurance

If a Coinsurance percentage is shown in the Schedule of this endorsement or Declarations, the following condition applies, but only with respect to Scheduled Home Healthcare Equipment, as described in the Schedule of this endorsement.

We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the limit of insurance for the property.

Instead, we will determine the most we will pay using the following steps:

a. Multiply the value of Covered Property, at the time of loss, by the Coinsurance percentage;

b. Divide the limit of insurance of the property by the figure determined in Step a.;

c. Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step b.; and

d. Subtract the deductible from the figure determined in Step c.

We will pay the amount determined in Step d. or the applicable limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

However, this Paragraph 10. does not apply with respect to Covered Property for which an Agreed Value is shown in the Schedule of this endorsement.

#### 11. Deductible

We will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage before applying the applicable limit of insurance exceeds the Deductible shown in the Schedule of this endorsement. We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable limit of insurance. However, if a Rental Reimbursement Coverage Limit is shown in the Schedule of this endorsement, the Deductible does not apply to Rental Reimbursement Coverage.

F. With respect to the coverage provided by this endorsement, the definition of "coverage territory" under **Section VI – Definitions** is replaced by the following:

"Coverage territory" means the United States of America (including its territories and possessions), Puerto Rico and Canada.

G. With respect to the coverage provided by this endorsement, the following definitions are added to **Section VI – Definitions**:

1. "Home healthcare equipment" means equipment, materials, supplies and books customary to the providing of "professional services".

2. "Perpetrator" means:

a. Any insured; or

b. Anyone else with an interest in the property, or their "employees", "volunteer workers", "temporary workers", officers, directors, trustees or authorized representatives;

whether acting alone or in collusion with each other or with any other party who commits the dishonest or criminal act.

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

## **MICHIGAN CHANGES**

This endorsement modifies insurance provided under the following:

### CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART

**A.** Paragraphs **1., 2., 3.** and **5.** of the **Cancellation** Common Policy Condition are replaced by the following:

- 1.** The first Named Insured shown in the Declarations may cancel this Policy by giving us or our authorized agent notice of cancellation.
- 2.** We may cancel this Policy by mailing or delivering to the first Named Insured, with postage fully prepaid, written notice of cancellation at least:
  - a.** 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b.** 30 days before the effective date of cancellation if we cancel for any other reason.
- 3.** We will mail or deliver our notice to the first Named Insured's last mailing address known to us or our authorized agent.
- 5.** If this Policy is cancelled, we will send the first Named Insured any pro rata premium refund due. The minimum earned premium shall not be less than the pro rata premium for the expired time or \$25.00, whichever is greater. The cancellation will be effective even if we have not made or offered a refund.

**B.** The following is added to the:

- 1. Loss Payment** Condition; and
- 2. Mortgageholders** Condition:

If a municipality has elected to apply the provisions of 1998 Michigan Public Act 217, a part of our payment for fire, explosion, vandalism, windstorm or hail, or riot or civil commotion loss or damage to your covered real property in that municipality will be withheld if the loss or damage is subject to the provisions of the Act. The withheld amount will be paid either to:

- a.** The municipality;

**b.** You and the mortgageholder, if any; or

**c.** With your consent, the licensed contractor hired by you to perform repair, replacement, or removal services on the lost or damaged real property;

according to the provisions of Public Act 217. We will notify you, any mortgageholder and the municipality of any loss subject to the provisions of Public Act 217.

If a municipality has elected to apply the provisions of MICH. COMP. LAWS § 500.3011, any further payment for claims for loss or damage to your covered property caused by fire or explosion of \$2,000 or more will be withheld if you have failed to submit a required report to the fire or law enforcement authority designated by the municipality.

**C.** The following is added to the **Legal Action Against Us** Capital Assets Program Coverage Form Condition:

The time for commencing an action against us is tolled from the time you notify us of the loss or damage until we formally deny liability for the claim.

D. The **Appraisal** Loss Condition is replaced by the following:

**Appraisal**

If we and you disagree on the value of the property, the amount of net income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and independent appraiser within 20 days after receiving a written request from the other. The two appraisers will select a competent and impartial umpire. If they cannot agree upon an umpire within 15 days, either may request that selection be made by a judge of the circuit court for the county in which the loss occurred or in which the property is located. The appraisers will state separately the value of the property, the amount of net income and operating expense and the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss. 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.

E. Paragraph **a.(6)** of Paragraph **A.6. Additional Crime Coverages** is replaced by the following:

(6) This coverage is cancelled as to any "employee" immediately upon discovery by:

- (a) You; or
- (b) Any of your partners, "members", "managers", officers, directors or trustees not in collusion with the "employee";

of "theft" or any other dishonest or criminal act committed by the "employee" whether before or after becoming employed by you.

However, with respect to discovery of prior criminal acts, this Paragraph **A.6.a.(6)** only applies to the extent that the "employee":

- (a) Admits, under oath; or
- (b) Is determined in any legal proceeding;

to have committed or directed the criminal act. For purposes of this Paragraph **A.6.a.(6)**, a determination in any legal proceeding includes, but is not limited to, a criminal conviction, a judgment, decree, ruling or order pronounced by any court of competent jurisdiction or an order or ruling pronounced by any administrative agency.

F. Exclusion **C.2.h. Dishonesty** is replaced by the following:

**h. Dishonesty**

Dishonest or criminal act (including theft) by a "perpetrator", or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with anyone.

This exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation.
- (2) Does not apply to acts of destruction by your "employees" or authorized representatives; but theft by your "employees" or authorized representatives is not covered.

However, with respect to loss or damage caused by or resulting from a criminal act, this exclusion only applies to the extent that a "perpetrator", or a person to whom you entrusted the property:

- (1) Admits, under oath; or
- (2) Is determined in any legal proceeding; to have committed or directed the criminal act. For purposes of this exclusion, a determination in any legal proceeding includes, but is not limited to, a criminal conviction, a judgment, decree, ruling or order pronounced by any court of competent jurisdiction or an order or ruling pronounced by any administrative agency.

This exclusion applies except to the extent coverage is provided within the Employee Theft Coverage.

This exclusion does not apply to carriers for hire.

**G.** The following definition is added to Paragraph **L. Definitions:**

**33.** "Perpetrator" means:

**a.** You; or

**b.** Any of your partners, "members", officers, "managers", "employees", directors, trustees or authorized representatives; whether acting alone or in collusion with anyone who commits the dishonest or criminal act.