

## ENDORSEMENT

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

This endorsement, effective 12:01 A.M.,  
Forms a part of Policy No.:

### **PROPERTY EXTENSION/ENHANCEMENT ENDORSEMENT NEW YORK**

This endorsement modifies insurance provided under the following:

**BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CAUSES OF LOSS – SPECIAL FORM**

This coverage is subject to the provisions applicable to these forms, except as provided in this endorsement. If any of the property covered by this endorsement is also covered under any other provisions of the policy this endorsement is made a part of, or if more than one coverage under this endorsement applies, in the event of loss or damage, you may choose only one of these coverages to apply to that loss. The most we will pay in this case is the larger of the two limits that would be applicable.

#### **Schedule**

<b><u>COVERAGE APPLICABLE</u></b>	<b><u>LIMITS OF INSURANCE</u></b>
1. Personal Effects and Property of Others	\$ 10,000
2. Valuable Papers and Records	\$ 10,000
3. Fences	\$ 10,000
4. Trees, Shrubs, and Plants	\$ 5,000 – but no more than \$250 for any one tree, shrub or plant
5. Other Structures	10% of Building Values up to Maximum of \$10,000
6. Signs	\$ 10,000
7. Ordinance or Law-Undamaged Portion of Building	Building Limit
Ordinance or Law-Demolition Cost	\$ 100,000
Ordinance or Law-Increased Cost of Construction	\$ 100,000
8. Money & Securities	\$ 2,500 On Premise (s) \$ 1,000 Off Premise (s)
9. Employee Dishonesty	\$ 10,000
10 .Sewer or Drain Water Back-Up	\$ 10,000

The BUILDING AND PERSONAL PROPERTY COVERAGE FORM is amended as follows:

#### **1. Personal Effects and Property of Others**

Under Subparagraph **b. Personal Effects And Property Of Others** of Paragraph **5. Coverage Extensions** of Section **A. Coverage**, the limit of \$2,500 is deleted and replaced by the applicable limit shown on the Schedule of this endorsement.

## 2. Valuable Papers and Records (Other Than Electronic Data)

Under Subparagraph **c. Valuable Papers And Records (Other Than Electronic Data)** of Paragraph **5. Coverage Extensions** of Section **A. Coverage**, the limit of \$2,500 is deleted and replaced by the applicable limit shown on the Schedule of this endorsement.

## 3. Fences

Under Subparagraph **e. Outdoor Property** of Paragraph **5. Coverage Extensions** of Section **A. Coverage**, with respect to coverage for fences only, the limit of \$1,000 is deleted and replaced by the applicable limit shown on the Schedule of this endorsement.

The limit designated in the Schedule of this endorsement shall apply to fences when the loss is caused by or results from any of the following causes of loss: wind; fire; lightning; explosions; riot or civil commotion; aircraft; smoke; vehicles; vandalism or malicious mischief.

## 4. Trees, Shrubs, and Plants

Under Subparagraph **e. Outdoor Property** of Paragraph **5. Coverage Extensions** of Section **A. Coverage**, with respect to coverage for trees, shrubs and plants only, the limit of \$1,000 is deleted and replaced by the applicable limit shown on the Schedule of this endorsement.

The limit designated in the Schedule of this endorsement shall apply to trees, shrubs, and plants when the loss is caused by or results from any of the following causes of loss: wind; fire; lightning; explosions; riot or civil commotion; aircraft; smoke; vehicles; vandalism or malicious mischief.

## 5. Other Structures

Paragraph **1. Covered Property** of Section **A. Coverage** is amended to include the following additional subparagraph:

Other Structures – We will pay for Other Structures located on the described premises and used by you for your operations. We do not cover Other Structures rented or leased to others. The most we will pay for Other Structures is the applicable limit shown in the Schedule of this endorsement.

## 6. Outdoor Signs

Under Section **C. Limits of Insurance**, the limit of \$2,500 for loss or damage to outdoor signs stated in the second paragraph is deleted and replaced by the applicable limit shown on the Schedule of this endorsement.

## 7. Ordinance or Law

Paragraph **5. Coverage Extensions** of Section **A. Coverage** is amended to include the following additional Coverage Extension, notwithstanding anything stated in the Building and Personal Property Coverage Form to the contrary:

### Ordinance or Law

#### A. Application Of Coverage(s)

The Coverage(s) provided by this coverage extension applies with respect to an ordinance or law that regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises, subject to the following:

1. The requirements of the ordinance or law are in force at the time of loss.
2. Coverage under this coverage extension applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this coverage extension.

3. Coverage under this coverage extension applies only if:
- a. The building sustains only direct physical damage that is covered under this policy and as a result of such damage, you are required to comply with the ordinance or law; or
  - b. The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and as a result of the building damage in its entirety, you are required to comply with the ordinance or law.

However, there is no coverage under this coverage extension if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, even if the building has also sustained covered direct physical damage.

4. If coverage applies under this coverage extension based on the terms of Paragraph A.4.b., we will not pay the full amount of loss otherwise payable under the terms of Coverages A, B, and/or C of this coverage extension. Instead, we will pay a proportion of such loss, meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

(Paragraph E. of this coverage extension provides an example of this procedure.)

However, if the covered direct physical damage, alone, would have resulted in a requirement to comply with the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverages A, B and/or C of this coverage extension.

5. We will not pay under this coverage extension for:
- a. Enforcement of or compliance with any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants"; or
  - b. The costs associated with the enforcement of or compliance with any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".
6. We will not pay under this coverage extension for any loss in value or any cost incurred due to an ordinance or law that you were required to comply with before the time of the current loss, even in the absence of building damage, if you failed to comply.

## **B. Coverage**

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

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

Coverage A is included within the Limit Of Insurance applicable to such building as shown in the Declarations or addressed elsewhere in this policy. Coverage A does not increase the Limit of Insurance.

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

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

The Coinsurance Additional Condition does not apply to Demolition Cost Coverage.

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

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

- (1) Repair or reconstruct damaged portions of that building; and/or
- (2) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of a requirement to comply with the minimum standards of the ordinance or law.

However:

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

The Coinsurance Additional Condition does not apply to Increased Cost of Construction Coverage.

- b. When a building is damaged or destroyed and Coverage C applies to that building in accordance with Paragraph B.3.a. above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in Paragraph B.3.a.:

- (1) The cost of excavations, grading, backfilling and filling;
- (2) Foundation of the building;
- (3) Pilings; and
- (4) Underground pipes, flues and drains.

The items listed in b.(1) through b.(4) above are deleted from Property Not Covered, but only with respect to the coverage described in this provision, 3.b.

### C. Loss Payment

1. All following loss payment provisions, C.2. through C.5., are subject to the apportionment procedures set forth in Paragraph A.5. of this coverage extension.
2. When there is a loss in value of an undamaged portion of a building to which Coverage A applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:
  - a. If the Replacement Cost Coverage Option applies and such building is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:
    - (1) The amount you would actually spend to repair, rebuild or reconstruct such building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
    - (2) The Limit Of Insurance applicable to such building as shown in the Declarations or addressed elsewhere in this policy. (If this policy is endorsed to cover Earthquake and/or Flood as a Covered Cause of Loss, the Limit of Insurance applicable to the building in the event of damage by such Covered Cause of Loss may be lower than the Limit of Insurance that otherwise would apply.)

- b. If the Replacement Cost Coverage Option applies and such building is not repaired or replaced, or if the Replacement Cost Coverage Option does not apply, we will not pay more than the lesser of:

(1) The actual cash value of such building at the time of loss; or

(2) The Limit Of Insurance applicable to such building as shown in the Declarations or addressed elsewhere in this policy. (If this policy is endorsed to cover Earthquake and/or Flood as a Covered Cause of Loss, the Limit of Insurance applicable to the building in the event of damage by such Covered Cause of Loss may be lower than the Limit of Insurance that otherwise would apply.)

3. Loss payment under **Coverage B – Demolition Cost Coverage** will be determined as follows:

We will not pay more than the lesser of the following:

a. The amount you actually spend to demolish and clear the site of the described premises; or

b. The applicable Limit Of Insurance shown for Coverage B in the Schedule.

4. Loss payment under Coverage C – Increased Cost Of Construction Coverage will be determined as follows:

a. We will not pay under Coverage C:

(1) Until the building is actually repaired or replaced, at the same or another premises; and

(2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage C is the lesser of:

(1) The increased cost of construction at the same premises; or

(2) The applicable Limit Of Insurance shown for Coverage C in the Schedule.

c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage C is the lesser of:

(1) The increased cost of construction at the new premises; or

(2) The applicable Limit Of Insurance shown for Coverage C in the Schedule.

- D. The terms of this coverage extension apply separately to each building to which this coverage extension applies.

- E. Example of proportionate loss payment for Ordinance Or Law Coverage Losses (procedure as set forth in Paragraph A.5.).

Assume:

- Wind is a Covered Cause of Loss; Flood is an excluded Cause of Loss
- The building has a value of \$200,000
- Total direct physical damage to building: \$100,000
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value
- Portion of direct physical damage that is covered (caused by wind): \$30,000

- Portion of direct physical damage that is not covered (caused by flood): \$70,000
- Loss under Ordinance Or Law Coverage C of this coverage extension: \$60,000

Step 1:

Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$$\$30,000 \div \$100,000 = .30$$

Step 2:

Apply that proportion to the Ordinance or Law loss.

$$\$60,000 \times .30 = \$18,000$$

In this example, the most we will pay under this coverage extension for the Coverage C loss is \$18,000, subject to the applicable Limit of Insurance and any other applicable provisions.

Note: The same procedure applies to losses under Coverages A and B of this coverage extension.

## 8. Money and Securities

Paragraph **5. Coverage Extensions** of Section **A. Coverage** is amended to include the following additional Coverage Extension:

### Money and Securities

- (1) We will pay for the loss of "money" and "securities" belonging to your business if at the time of the loss, the "money" and "securities" is at the described premises, at a federally or state regulated bank or savings institution prior to deposit with that institution, within your living quarters, or in the possession of your partner(s), officer(s) or director(s), or employee(s) authorized to have use and custody of such property, or in transit between any of these places and results directly from:
  - (a) "Theft", meaning the unlawful taking of property to the deprivation of the insured;
  - (b) Disappearance; or
  - (c) Destruction.
- (2) With respect to this coverage extension, we will not pay for loss:
  - (a) Resulting from accounting or arithmetical errors or omissions;
  - (b) Due to the giving or surrender of property in any exchange or purchase; or
  - (c) Of property contained in any "money" operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.
- (3) Any loss involving one or more persons or involving a single act or series of related acts is considered one loss.
- (4) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

### (5) Valuation Settlement

The value of any loss for purposes of this coverage extension shall be determined as follows:

#### (a) Money

Loss of "money" but only up to and including its face value.

We retain the option to pay for loss of "money" issued by any country other than the United States of America in the United States of America's dollar equivalent, determined by the rate of exchange published in the Wall Street Journal on the day the loss was discovered.

**(b) Securities**

Loss of "securities" but only up to and including their value at the close of business on the day the loss was discovered. We may, at our option:

- (i) Pay the market value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or
- (ii) Pay the cost of any Loss Securities Bond required in connection with issuing duplicates of the "securities." However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the market value of the "securities" at the close of business on the day the loss was discovered.

**(6)** The most we will pay for the loss in any one occurrence under this coverage extension is:

**(a)** The limit shown in the Schedule of this endorsement for On Premises "Money" and "Securities" while:

- (i) At the described location; or
- (ii) Within a federally or state regulated bank or savings institution.

**(b)** The limit shown in the Schedule of this endorsement for Off Premises "Money" and "Securities" while:

- (i) In transit by a person authorized by you;
- (ii) Within your living quarters, or
- (iii) In the possession of your partner(s), officer(s) or director(s), or employee(s) authorized to have use and custody of such property.

A \$500 deductible applies to this Coverage Extension.

**9. Employee Dishonesty**

Paragraph **5. Coverage Extensions** of Section **A. Coverage** is amended to include the following additional Coverage Extension:

**Employee Dishonesty**

- (1)** You may extend the insurance provided by this Coverage Form to apply to loss of "money", "securities" and other covered property which you sustain as a result of one or more fraudulent or dishonest acts committed by an employee acting alone or in collusion with other persons.
- (2)** This extension provides employee dishonesty coverage only and we will not pay for:
  - (a)** Loss resulting from dishonest or criminal acts committed by you or any of your partners, whether acting alone or in collusion with other persons.
  - (b)** Loss resulting from an employee of yours or predecessor in interest of yours, for whom similar prior insurance has been canceled and not reinstated since the last such cancellation.
  - (c)** Loss resulting from inventory shortages or that part of any loss, the proof of which as to its existence or amount is dependent upon:
    - (i)** An inventory computation; or
    - (ii)** A profit and loss computation

(3) The most we will pay for loss or damage under this coverage extension is the applicable limit shown in the Schedule of this endorsement.

10. For the purposes of Paragraphs 8. and 9. of this endorsement, the following definitions are added to the Coverage Form:

a. "Money" means:

(1) Currency, coins and bank notes in current use and having a face value; and

(2) Travelers checks, register checks and money orders held for sale to the public.

b. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or property and includes:

(1) Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and

(2) Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money".

The **CAUSES OF LOSS – SPECIAL FORM** is amended as follows:

**11. Sewer or Drain Water Back-Up**

a. Subsection 1.g.(3) of **B. Exclusions** is deleted in its entirety.

b. Section **F. Additional Coverage Extensions** is amended to include the following subparagraph:

**Sewer or Drain Water Back-Up**

We will pay for direct physical loss or damage to Covered Property solely caused by water or other materials that back up from a sewer or drain.

We will not pay for any loss or damage caused by water or other materials that back up from a sewer or drain when such back up is caused by any flood. Flood means accumulation of surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether wind driven or not.

The most we will pay for loss or damage under this Coverage Extension is the applicable limit shown on the Schedule of this endorsement.

All other terms and conditions of the policy remain the same.

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Authorized Representative