# COUNTRY CLUB PREMIER PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **G.**-**Definitions.**

## A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

**1.** **Covered Property**

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2., Property Not Covered**, if a Limit of Insurance is shown in the Declarations for that type of property.

**a.** Building, meaning the building or structure described in the Declarations, including:

**(1)** Completed additions;

**(2)** Permanently installed:

**(a)** Fixtures;

**(b)** Machinery; and

**(c)** Equipment.

**(3)** Outdoor Fixtures;

**(4)** Personal property owned by you that is used to maintain or service the building or structure or its premises, including:

**(a)** Fire protective equipment;

**(b)** Outdoor furniture;

**(c)** Floor coverings; and

**(d)** Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

**(5)** If not covered by other insurance:

**(a)** Additions under construction, alterations and repairs to the building or structure;

**(b)** Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making additions, alterations or repairs to the building or structure;

**(6)** Bridges, towers, pipes, dams, exterior light fixtures and poles, building foundations and footings, in-ground sprinkler systems and equipment, underground flues, pipes or drains, tennis courts, televisions and radio satellite dishes and antennas, fences, bulkheads, pilings, piers, wharves, docks, retaining walls, roadways, walks, patios, playground equipment, other paved surfaces, and outdoor signs, lightning detection/warning systems and swimming pools. Cart paths are not considered roadways, walks or other paved surfaces.

**b**. Golf holes meaning tees, driving ranges, cut fairways, greens, grass and sand bunkers, cut and maintained roughs and other cut and maintained playing surfaces, sod used in the maintenance and repair of the golf course and cart paths. But this property is only covered with respect to loss or damage caused by fire, lightning, explosion, riot, civil commotion, aircraft, vehicles, vandalism, windstorm or hail, and the weight of ice or snow, to the extent they are Covered Causes of Loss in this policy.

If the PREMIER CAUSES OF LOSS section of this form is extended to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to golf holes.

The most we will pay for loss or damage to golf holes is the Limit of Insurance shown on the COUNTRY CLUB PREMIER PROPERTY COVERAGE SUPPLEMENTAL DECLARATIONS at each described location in any one occurrence.

The Coinsurance Additional Condition as described in Section **F.** Additional Conditions does not apply to paragraphs **(1)** and **(2).**

**c**. Your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the property line of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property – Separation of Coverage form:

**(1)** Furniture and fixtures;

**(2)** Machinery and equipment;

**(3)** "Stock";

**(4)** All other personal property owned by you and used in your business;

**(5)** Labor, materials or services furnished or arranged by you on property of others;

**(6)** Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:

**(a)** Made a part of the building or structure you occupy but do not own; and

**(b)** You acquired or made at your expense but cannot legally remove;

The above will apply regardless of any contract or lease the insured may have entered to the contrary.

**(7)** Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Property of Others.

**c.** Property of Others that is:

**(1)** In your care, custody or control; and

**(2)** Located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the property line of the described premises.

The Coinsurance Additional Condition as described in Section **F.** Additional Conditions does not apply to Property of Others.

This coverage for Property of Others is subject to a deductible of $500. No other deductible applies to this coverage.

**2. Property Not Covered**

Covered Property does not include:

**a.** Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;

**b.** Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;

**c.** Automobiles held for sale;

**d.** Contraband, or property in the course of illegal transportation or trade;

**e.** The cost of excavations, grading, backfilling or filling except with respect to:

**(1)** In-ground sprinkler systems and equipment;

**(2)** Underground pipes, flues or drains;

**(3)** Tennis courts; and

**(4)** Golf holes, as defined in Subparagraph **A.1.b.** of this policy.

**f.** Machinery or boilers if they are below:

**(1)** The lowest basement floor; or

**(2)** The surface of the ground, if there is no basement;

**g.** Land (including land on which the property is located with the exception of golf holes), water, growing crops or lawns;

**h.** Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;

**i.** The cost to research, replace or restore the information on valuable papers and records, including those which exist as “electronic data”, except to the extent provided in the Coverage Extensions;

**j.** Vehicles or self-propelled machines (including aircraft or watercraft) that:

**(1)** Are licensed for use on public roads; or

**(2)** Are operated principally away from the described premises.

This paragraph does not apply to:

**(1)** Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

**(2)** Vehicles or self-propelled machines, other than autos, you hold for sale;

**(3)** Rowboats or canoes out of water at the described premises; or

**(4)** Trailers, but only to the extent provided for in the Coverage Extension for Non-Owned Detached Trailers.

**k.** The following property while outside of buildings:

**(1)** Grain, hay, straw or other crops;

**(2)** Trees, shrubs, plants or lawns.

**3.** **Covered Causes of Loss**

Refer to the **PREMIER CAUSES OF LOSS** Section of this form.

**4. Additional Coverages**

Limits for each Additional Coverage are in addition to Limits of Insurance for Covered Property shown in the Declarations. Unless otherwise indicated, the property deductible shown in the Declarations shall apply to the Additional Coverages.

**a.** **Debris Coverage**

**(1)** Subject to Paragraphs **(3)** and **(4),** we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

**(2)**  Debris Removal does not apply to costs to:

**(a)** Extract "pollutants" from land or water; or

**(b)** Remove, restore or replace polluted land or water; or

**(c)** Remove trees, shrubs, plants or lawns.

**(3)** Subject to the exceptions in Paragraph **(4),** the following provisions apply:

**(a)** The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

**(b)** Subject to **(a)** above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

**(4)** We will pay up to an additional limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations** for debris removal expense , for each location, in any one occurrence of physical loss or damage to Covered Property by a Covered Cause of Loss, if one or both of the following circumstances apply:

**(a)** The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

**(b)** The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if **(4)(a)** and/or **(4)(b)** apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus thelimit as shown on the **Country Club Premier Property Coverage Supplemental Declarations**

**(5)** **Examples**

The following examples assume that there is no coinsurance penalty.

**Example #1**

Limit of Insurance $90,000

Amount of Deductible $ 1,000

Amount of Loss $50,000

Amount of Loss Payable $49,000

($50,000 - $1,000)

Debris Removal Expense $10,000

Debris Removal Expense Payable $10,000 ($10,000 is 20% of $50,000)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense ($49,000 + $10,000 = $59,000) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph **(c)**.

**Example #2**

Limit of Insurance $2,000,000

Amount of Deductible $ 10,000

Amount of Loss $1,700,000

Amount of Loss Payable $1,690,000

($1,700,000 - $10,000)

Debris Removal Expense $ 600,000

Debris Removal Expense Payable

Basic Amount $310,000

Additional Amount $250,000

The basic amount payable for debris removal expense under the terms of Paragraph (c) is calculated as follows: $1,700,000 ($1,690,000 + $10,000) x .25 = $420,000; capped at $310,000. The cap applies because the sum of the loss payable ($1,690,000) and the basic amount payable for debris removal expense ($310,000) cannot exceed the Limit of Insurance ($2,000,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4),** because the debris removal expense ($600,000) exceeds 25% of the loss payable plus the deductible ($600,000) is 35.29% of $1,700,000), and because the sum of the loss payable and debris removal expense ($1,690,000 + $600,000 = $2,290,000) would exceed the Limit of Insurance ($2,000,000). The additional amount of covered debris removal expense is $250,000, the maximum payable under Paragraph **(4).** Thus the total payable for debris removal expense in this example is $560,000; $40,000 of the debris removal expense is not covered.

**b.** **Preservation of Property**

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay:

**(1)** for any direct physical loss or damage to that property while it is being moved to, or while temporarily stored at, another location for up to 180 days; and

**(2)** the reasonable cost to remove Covered Property from the described premises.

Payment under paragraph **(1)** of this Additional Coverage will not increase the applicable Limit of Insurance.

**c. Emergency Service Charge**

When an emergency service is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up tothe limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations** for your liability for emergency department service charges:

**(1)** Assumed by contract or agreement prior to loss; or

**(2)** Required by local ordinance.

No Deductible applies to this Additional Coverage.

**d.** **Pollutant Clean Up and Removal**

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations** for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

**e. Ordinance or Law**

This Additional Coverage applies only to buildings to which the Replacement Cost Coverage applies.

1. Coverage A – Coverage for loss to Portion of Undamaged Building

In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay for the loss in value of the undamaged portion of the damaged building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building, subject to the limitations stated in **e.(6)** of this Additional Coverage.

1. Coverage B- Demolition Cost of Coverage

In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with enforcement of an ordinance or lawthat requires you to demolish and clear the site of undamaged parts of the building, subject to the limitations stated in **e.(4)** through **e.(9)** of this Additional Coverage.

1. Coverage C – Increased Cost of Construction Coverage

In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in **e.(4)** through **e.(9)** of this Additional Coverage.

1. The ordinance or law referred to in **e.(1), e.(2) and e.(3)** of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.
2. Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:

(a) You were required to comply with before the loss, even when the building was undamaged; and

(b) You failed to comply with.

1. Under this Additional Coverage, we will not pay for:

(a) The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or

(b) Any costs associated with the enforcement of an 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", "fungus", wet or dry rot or bacteria.

**(7)** Except as provided in Paragraph **(8),** the most we will pay for the total of direct physical loss or damage plus Coverage B-Demolition Cost of Coverage and/or Coverage C-Increased Cost of Construction Coverage is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

1. We will pay up to an additional limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations** for Coverage B- Demolition Cost of Coverage and/or Coverage C – Increased Cost of Construction Coverage for each location, in any one occurrence of physical loss or damage to Covered Property, if the total of the actual Coverage B and/or Coverage C plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

Therefore, if paragraph **(8)** applies, our total payment for direct physical loss or damage and Coverage B and/or Coverage C, may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus thelimit as shown on the **Country Club Premier Property Coverage Supplemental Declarations**

1. With respect to this Additional Coverage:

(a) We will not pay for the Increased Cost of Construction:

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

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

(b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(7) and (8) of this Additional Coverage, is the increased cost of construction at the same premises.

(c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(7) and (8) of this Additional Coverage, is the increased cost of construction at the new premises.

(10)The costs addressed in the Loss Payment and Valuation Conditions, and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Additional Coverage, as stated in (8) of this Additional Coverage, is not subject to such limitation.

**f.** **Automatic Increase in Insurance**

**(1)** The Limit of Insurance for Covered Property will automatically increase by the annual percentage of 3% (or, if a percentage is entered in the Declarations Page for this Additional Coverage, we will increase by the percentage shown in the Declarations).

**(2)** The amount of increase will be:

**(a)** The Limit of Insurance that applied on the most recent policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times;

**(b)** the percentage of annual increase shown above (or in the Declarations), expressed as a decimal (example: 3% is .03), times;

**(c)** The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example:

If:

The applicable Limit of Insurance is $100,000

The annual percentage increase is 3%

The number of days since the beginning of the policy year

(or last policy change) is 146

The amount of increase is

$100,000 x .03 x 146 / 365 $1,200

**g. Deferred Payments**

If covered personal property is sold by you under a conditional sale or trust agreement or any installment or deferred payment plan, we will pay for your interests (not including any finance charges) in that property if it sustains direct physical loss or damage caused by or resulting from a Covered Cause of Loss, other than theft, after delivery to your customer.

The most we will pay under this Additional Coverage is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations**.

**h.** **Hole-in-One Reimbursement Expense**

We will reimburse you for up to the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations** for Hole-in-One Expense Reimbursement, for credits at the pro shop operated by you or your licensees, which have been awarded to a member or guest scoring a hole-in-one at the insured location.

The hole-in-one must be witnessed by another member. The score card must be signed by the course professional, the golfer scoring the hole-in-one and the witness. The score card must be sent to us within 60 days of the date of the hole-in-one.

A hole-in-one means a golf ball that is driven into a hole in one stroke from the tee in accordance with the United States Golf Association's Rules of Golf.

No deductible applies to this Additional Coverage**.**

**i. Emergency Vacating Expense**

We will pay the reasonable expenses you incur in removing your guests and club members from the described premises when threatened by a Covered Cause of Loss which would cause loss of life or harm to your guests and club members.

We will not pay for any expenses under this Additional Coverage arising out of:

1. A strike, bomb threat or false fire alarm, unless vacating is ordered by a civil authority;
2. A planned vacating drill.

The most we will pay under this Additional Coverage is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations**.

**j. Customer Inconvenience Expense**

We will pay for the actual Customer Inconvenience Expense incurred by persons for whom prearranged accommodations at your described premises cannot be honored because of direct physical loss or damage to Covered Property at the described premises and caused by or resulting from a Covered Cause of Loss.

For the purposes of this Additional Coverage, “Customer Inconvenience Expense” means:

**(1)** Reasonable expense you incur to secure other comparable golf or country club accommodations for your customers;

1. Reasonable “extra expense” you incur to provide transportation for your customers from your premises to the premises where the comparable accommodations are secured;
2. Reasonable actual expenses you incur to reimburse your customers for their reasonable travel expenses between your premises and the premises where the comparable accommodations are secured;
3. Reasonable actual expenses you incur to reimburse your customers for prepaid amounts for activities away from yourpremises that are forfeited because other comparable accommodations within a reasonable distance from your premises are unavailable.

We will pay Customer Inconvenience Expense for the following period of time:

* 1. Beginning on the date the inconvenienced party’s prearranged accommodations at your premises are scheduled to begin or are interrupted, whichever is later; and
  2. Ending at the earliest of:

**(a)** The time the prearranged accommodations are scheduled to end; or

**(b)** The date the damaged property at yourpremises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

**(c)** 14 days after the date the inconvenienced party’s prearranged accommodations are scheduled to begin or are interrupted.

You must resume all or part of your golf or country club operations and resume honoring the prearranged accommodations at your premises as quickly as possible. If you fail to do so, we will reduce the amount we will pay under this Additional Coverage by the amount that could have been saved.

The most we will pay under this Additional Coverage is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations**.

**k. Undamaged Leasehold Improvements**

If your lease is canceled in accordance with a valid lease provision as the result of direct physical loss or damage, by a Covered Cause of Loss, to property at the location in which you are a tenant and you cannot legally remove your “tenants’ improvements and betterments”, we will extend Your Business Personal Property coverage to apply to the unamortized value of such “tenants’ improvements and betterments”.

The most we will pay under this Additional Coverage is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations**.

**l. Membership Reimbursement**

We will pay the actual loss you sustain for reimbursement of unearned pre-paid membership dues to club members, in the event of direct physical loss of or damage to Covered Property, at the described premises, caused by or resulting from a Covered Cause of Loss. This Additional Coverage shall not apply to initiation fees.

We shall not be liable for loss under Membership Reimbursement until 30 days after the time of such physical loss or damage.

The most we will pay under this Additional Coverage is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations**.

**m. Food Contamination Coverage**

If the Board of Health or other governmental body orders a premises described in the Declarations, or otherwise described in this policy, closed due to discovery or suspicion of food contamination, or if any governmental body make an announcement warning the public of a health hazard because of the discovery or suspicion of food contamination at the described premises:

**(1)** We will pay for the following, subject to the deductible applicable to Covered Property shown in the Declarations:

**(a)** Cost to replace consumable food that is declared contaminated by the local Board of Health or other governmental body, or consumable food that is suspected to be contaminated;

**(b)** The cost of necessary medical tests or vaccinations for your employees; and

**(c)** The cost to clean up your equipment as required by the Board of Health or any other governmental body;

**(2)** We will also extend coverage for “business income” and “extra expense”, as covered by this policy, to include:

**(a)** The actual loss of “business income” you sustain due to the necessary “suspension” of your “operations”; and

**(b)** The cost of additional expense in advertising to restore your reputation.

* 1. With respect to this Additional Coverage, Food Contamination means food that is deemed unfit for consumption by the Board of Health or other governmental body as a result of:

1. Tainted food you purchased;
2. Food which has been improperly stored, handled, or prepared; or
3. A communicable disease transmitted through your employee(s).
   1. We shall not be liable under this Food Contamination coverage for any fines or

penalties levied against you by the Board of Health, or any other governmental authority, as a result of the discovery or suspicion of food contamination at a premises described in the Declarations or otherwise described in this policy.

The most we will pay under this Additional Coverage is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations**.

**n. Club Professional Replacement Expense Coverage**

**(1)** We will pay the actual and necessary Club Professional Replacement Expense you incur due to your permanent loss of the services of a Club Professional named in the Schedule kept on file with us or our authorized representative caused by a Covered Accident.

**(a)** Club Professional Replacement Expense, as used in this Additional Coverage means the necessary expenses you incur that you would not have incurred if you had not lost the services of the Club Professional:

**(i)** To continue the performance of the Club Professional's normal job responsibilities, with comparable quality, while a permanent replacement for the Club Professional is being sought, appointed or hired and trained.

Insurance under this Additional Coverage for these expenses will apply for the period of time beginning on the date of your permanent loss of services of the Club Professional caused by a Covered Accident, and ending 60 days after the date a permanent replacement for the Club Professional is appointed or hired, subject to a maximum period of 180 days.

**(ii)** To find a qualified permanent replacement to fill the Club Professional's position described in the Schedule kept on file with us or our authorized representative, meaning the normal and reasonable:

- Costs of advertising the professional position opening;

- Travel, lodging, meal and entertainment expenses incurred in interviewing job applicants for the professional position opening; and

- Miscellaneous extra expenses incurred in finding, interviewing and negotiating with the job applicants, including, but not limited to, overtime pay, costs to verify the background and references of the job applicants and legal expenses incurred to draw up employment contracts.

Insurance under this Additional Coverage for these expenses will apply for the period of time beginning on the date of your permanent loss of the services of the Club Professional caused by a Covered Accident, and ending on the date a permanent replacement for the Club Professional is appointed or hired, subject to a maximum period of 180 days.

**(iii)** To appoint or hire and to train a permanent replacement for the Club Professional meaning the normal and reasonable:

- Expenses you incur to relocate the replacement professional to an area within a reasonable commute from the applicable Club Location described in the Schedule kept on file with us or our authorized representative;

- First year amounts of the replacement Club Professional's:

- Annual base starting salary;

- Perquisite costs; and

- Employee benefit costs;

in excess of the amounts which would have been incurred for the Club Professional if you had not lost the services of the Club Professional. But we will not pay more for these expenses than 10% of the amounts, which would have been incurred for the Club Professional.

- First year costs of the replacement Club Professional's training and education if the training and education is necessary for the replacement professional to perform the duties of the applicable position described in the Schedule kept on file with us or our authorized representative with the same quality of service as the Club Professional.

- Promotional, marketing and other advertising costs announcing the employment and availability of the Club Professional and any expenses to modify any current materials that referred to the Club Professional.

**(b)** Insurance under thisAdditional Coverage includes the reasonable “extra expense” you incur to minimize the amount of Club Professional Replacement Expense, but only to the extent the amount of Club Professional Replacement Expense otherwise payable under this Additional Coverage is reduced.

Insurance under this Additional Coverage for these expenses will apply only if the permanent replacement for the Club Professional is appointed or hired within 180 days after the date of your permanent loss of the services of the Club Professional caused by a Covered Accident.

**(c)** Covered Accident, as used in this Additional Coverage, means an accident, not otherwise excluded in this Additional Coverage, which solely and independently of any other cause results in the Club Professional's:

**(i)** Death; or

**(ii)** Permanent disability, meaning the permanent physical inability, medically determined by a licensed physician, of the Club Professional to perform the normal duties of the applicable position described in the Schedule kept on file with us or our authorized representative.

A medical determination must be performed within one year after the date of the accident that confirms that the accident is the direct cause of the death or permanent physical inability with no other contributing causes.

**(2)** Insurance under this Additional Coverage applies only if the Covered Accident occurs while your policy is in effect. But the period of time for which we will pay expenses covered under this Additional Coverage will not be limited by the expiration of your policy.

**(3)** Insurance under this Additional Coverage does not apply to:

**(a)** The death or permanent disability of a Club Professional caused by or resulting from:

**(i)** War and Military Action, meaning:

- War, including undeclared or civil war;

- 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

- Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in defending against any of these;

**(ii)** Nuclear reaction or radiation or radioactive contamination, however caused;

**(iii)** Sickness or disease;

**(iv)** Pregnancy, childbirth, miscarriage or abortion; or

**(v)** Suicide, attempted suicide or self-inflicted bodily injury, while sane or insane.

**(vi)** Voluntary self-administration of any drug or chemical substance not prescribed by or taken according to the directions of a physician. However, this does not apply to the accidental ingestion of a poisonous substance.

**(b)** Any expenses you incur which you would not have incurred if you had used all reasonable means to:

**(i)** Find a permanent replacement for the Club Professional; and

**(ii)** Reduce or discontinue the Club Professional Replacement Expense;

as soon as possible after your permanent loss of the services of the Club Professional caused by a Covered Accident.

Insurance under this Additional Coverage includes the reasonable “extra expense” you incur to minimize the amount of Club Professional Replacement Expense, but only to the extent the amount of Club Professional Replacement Expense otherwise payable under this Additional Coverage is reduced.

1. Any additional expenses incurred due to your loss of the services of a permanent replacement employee appointed or hired to replace a Club Professional, however caused. But this exclusion does not apply if the replacement employee is added to the Schedule kept on file with us or our authorized representative as a Club Professional and your loss of the services of the replacement employee is caused by a Covered Accident, during the policy period.

**(4)** The amount of Club Professional Replacement Expense will be determined based on

the actual and necessary expenses covered under this Additional Coverage which you incur to find, to appoint or hire and to train a permanent replacement for the Club Professional and to continue the performance of the Club Professional's normal job responsibilities while a permanent replacement is being sought, appointed or hired and trained. We will deduct from the total of such expenses:

**(a)** Any expenses which would have been incurred by you for the Club Professional if you had not lost the services of the Club Professional; and

**(b)** Any Club Professional Replacement Expense that is paid for by any other insurance; and

**(c)** All necessary expenses that reduce the Club Professional Replacement Expense, but otherwise would have been incurred.

**(5)** The most we will pay for Club Professional Replacement Expense due to your loss of the services of any Club Professional is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations** .

No deductible applies to this Additional Coverage.

**5. Coverage Extensions**

Except as otherwise provided, the following Coverage Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises. Each of these Extensions is additional insurance. The Coinsurance Additional Condition as described in Section **F. Additional Conditions** does not apply to these Extensions. Unless otherwise indicated, the property deductible shown in the Declarations shall apply to these Coverage Extensions.

**a. Newly Acquired or Constructed Property**

**(1) Buildings**

If this policy covers Building, you may extend that insurance to apply to:

**(a)** Your new buildings while being built on the described premises; and

**(b)** Buildings you acquire at locations, other than the described premises, intended for:

**(i)** Similar use as the building described in the Declarations; or

**(ii)** Use as a warehouse.

The most we will pay for loss or damage under this Coverage Extension isthe limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations** at each building.

**(2) Your Business Personal Property**

**(a)** If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

**(i)** Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;

**(ii)** Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or

**(iii)** Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this Coverage Extension is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations** at each building.

**(b)** This Extension does not apply to:

**(i)** Property of others that is temporarily in your possession in the course of installing or performing work on such property; or

1. Property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

**(3)** Period of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

**(a)** This policy expires;

**(b)** 180 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or

**(c)** You report values to us.

We will charge you additional premium for values reported from the date you acquire the property, or begin construction of that part of the building, that would qualify as covered property.

**b.** **Personal Effects**

You may extend the insurance that applies to Your Business Personal Property to apply to personal effects owned by you, your officers, your partners or members, your managers or your employees.

The most we will pay for loss or damage under this Coverage Extension is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations** at each described premises.

1. **Limited Property of Others Not in Your Care, Custody or Control**

You may extend the insurance that applies to Property of Others to apply to the property of others that is:

**(1)** Golf clubs, golf bags and golf equipment; and

**(2)** On your described premises; but

**(3)** Not in your care, custody or control.

The most we will pay for loss or damage under this Coverage Extension is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations** at each described premises.

This Coverage Extension for Limited Property of Others Not in Your Care, Custody or Control is subject to a deductible of $500. No other deductible applies to this Coverage Extension.

**d. Valuable Papers and Records – Cost of Research**

You may extend the insurance that applies to Your Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged valuable papers and records, including those which exist as “electronic data”, for which duplicates do not exist.

The most we will pay for loss or damage at each described premises under this Coverage Extension is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations.**

**e. Property Off-Premises**

**(1)** You may extend the insurance provided by this Coverage Form to apply to your Covered Property or Property of Others that you are legally liable for, while it is away from the described premises, if it is:

**(a)** Temporarily at a location you do not own, lease or operate;

**(b)** In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or

**(c)** At any fair, trade show or exhibition.

**(2)** This Extension does not apply to property:

**(a)** In or on a vehicle; or

**(b)** In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibit.

The most we will pay for loss or damage under this Coverage Extension is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations**

**f. Non-Owned Detached Trailers**

**(1)** You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:

**(a)** The trailer is used in your business;

**(b)** The trailer is in your care, custody or control at the premises described in the Declarations; and

**(c)** You have a contractual responsibility to pay for loss or damage to the trailer.

**(2)** We will not pay for any loss or damage that occurs:

**(a)** While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;

**(b)** During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

**(3)** The most we will pay for loss or damage under this Coverage Extension is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations**.

**(4)** This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

**g. Fire Protective Devices**

You may extend the insurance provided by this Coverage Form to pay for the cost to recharge or refill any fire protective equipment when discharged:

**(1)** To prevent or control a covered loss;

**(2)** Accidentally; or

**(3)** As a result of malfunction of the equipment.

The most we will pay under this Coverage Extension isthe limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations**.

**h. Business Income and Extra Expense**

You may extend the insurance provided by this Coverage Form to pay for;

**(1)** The actual loss of "business income" you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to Covered Property at the described premises described in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises includes the area within 1,000 feet of the site at which the described premises are located.

**(2)** Necessary “extra expenses” you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to Covered Property caused by or resulting from a Covered Cause of Loss. “Extra Expense” coverage is provided at the premises described in the Declarations.

The most we will pay for loss under this Coverage Extension is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations.**

This Coverage Extension shall not apply when the Country Club Premier Business Income (and Extra Expense) Coverage Form is made part of this policy.

**i.** **Reward**

You may extend the insurance provided by this Coverage Form to pay a reward to any individual or group (except you, your officers or your partners) for information which results in the arrest and conviction of any one person or group for committing or trying to commit any illegal act(s) relating to a loss covered by this policy.

The most we will pay under this Coverage Extension is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations**.

No deductible applies to this Coverage Extension.

**j.** **Lost Key Consequential Loss**

You may extend the insurance provided by this Coverage Form to pay for consequential loss to locks and keys if a master or grand master key is lost or damaged. This coverage does not apply to keys in the possession of former employees. We will pay for:

**(1)** The actual cost of keys; and

**(2)** Adjustment of locks to accept new keys; or

**(3)** If required, new locks including the cost of their installation.

The most we will pay for loss under this Coverage Extension is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations.**

**k. Theft of Telephone or Dataline Services**

You may extend the insurance that applies to Your Business Personal Property to apply to theft of your telephone and dataline services by an unauthorized person or group (except you, your officers or your partners).

You must make a claim within 60 days of the close of the month in which the theft or series of thefts commences.

You must take reasonable steps to change access security codes immediately upon discovery of the theft or series of thefts.

The most we will pay for loss under this Coverage Extension is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations**.

**l.** **Contract Penalty Clause**

You may extend the insurance provided by this Coverage Form to pay the contract penalties you are required to pay to your customers as a result of a penalty clause in your contracts for failure to deliver your products according to contract terms. The penalties must solely result from direct physical loss or damage by a Covered Cause of Loss to Covered Property.

The most we will pay for loss under this Coverage Extension is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations.**

**m.** **Inventory or Appraisal**

You may extend the insurance provided under this Coverage Form to apply to the following expenses you incur, as required by this Coverage Part, to prepare a claim:

**(1)** The cost of taking inventories;

**(2)** The cost of making appraisals, except costs incurred under Loss Condition **E.2.**; and

**(3)** The cost of preparing a statement of loss and other supporting exhibits.

We will not pay for any expenses billed by and payable to independent or public insurance adjusters or for expenses to prepare claims not covered by this Coverage Part.

The most we will pay for any claim under this Coverage Extension is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations**.

**n. Building Alterations**

You may extend the insurance that applies to Building to apply to:

**(1)** Your interest in building alterations, repairs, installations or servicing**;** and

**(2)** Damage to the building caused by operations or work in performing such alterations, repairs, installations or servicing; and

**(3)** Property awaiting installation, including such property in transit more than 1,000 feet from the described premises.

The most we will pay for loss under this Coverage Extension is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations**.

**o.** **Additional Expenses**

You may extend the insurance provided by this Coverage Form to pay the following additional expenses that you actually and necessarily incur as a result of a covered loss to Covered Property., but that you would not have incurred if there had been no such covered direct loss or damage:

**(1)** Increased interests and fees made necessary due to the activation of a mortgage acceleration clause;

**(2)** Real estate and property taxes attributed to the increased value on the property resulting directly from the costs associated with the covered loss or damage;

**(3)** Legal and accounting fees, other than fees incurred to prepare a claim; and

**(4)** Advertising and promotional expenses.

This Extension only applies to the amount of loss incurred from the date of direct physical loss or damage to the Covered Property by a Covered Cause of Loss. It ends 30 days after the date when the property should be repaired, rebuilt or replaced with reasonable speed and similar quality.

We will not pay for any expense that you would have paid had no loss occurred.

The most that we will pay as damages for coverage under this Coverage Extension is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations**.

**p. Expediting Expense**

You may extend the insurance that applies to your Covered Property to cover the reasonable and necessary cost that you actually incur to:

1. Make temporary repair;
2. Expedite permanent repairs;
3. Expedite permanent replacement of damaged Covered Property.

The most we will pay under this Coverage Extension is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations**.

**q.** **Errant Golf Ball Property Damage Coverage**

We will pay on your behalf the cost to repair or replace property damaged by an errant golf ball from your premises. We will pay on your behalf, even when you are not legally required to pay for the repair or replacement cost.

The most we will pay for loss under this Coverage Extension in any one occurrence is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations**.

No deductible applies to this Coverage Extension.

**r. Computer Equipment**, **Media**, **Electronic Data, And Programs**

You may extend the insurance that applies to your Business Personal Property to cover “computer equipment”, “media”, “electronic data”, and “programs” which you own, lease, or rent from others, or for which you are legally responsible including the replacement cost to reproduce “programs” that are lost or accidentally erased, including documentation and source materials, if you actually replace or reproduce them. This coverage extension does not apply to valuable papers and records which exist as “electronic data”.

Computer “programs” and “electronic data” are covered solely as respects direct physical loss or damage by a “specified cause of loss”, as defined in the **PREMIER CAUSES OF LOSS-COUNTRY CLUB PREMIER PROPERTY COVERAGE FORM.**

The most we will pay for loss under this Coverage Extension is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations**.

**s. Accounts Receivable**

You may extend the insurance that applies to Your Business Personal Property to apply to your records of accounts receivable:

**(a)** At a described premises or in or on a vehicle in transit between described premises; or

**(b)** If the records must be removed from a described premises to protect them from the threat of a Covered Cause of Loss.

We will pay:

**(a)** All amounts due from your customers that you are unable to collect;

**(b)** Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;

**(c)** Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and

**(d)** Other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from a Covered Cause of Loss to your records of accounts receivable located at the “premises” shown in the Declarations.

The most we will pay for loss under this Coverage Extension is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations.**

**t. Fine Arts**

**(1)** You may extend the insurance provided by this Coverage Form to apply to loss or damage to "fine arts" you own or "fine arts” owned by others, and in your care, custody or control, while located within the premises described in the Declarations.

Loss or damage must be caused by or result from a Covered Cause of Loss. Exclusions **B.1.a.** and **B.1.f.**  of the **PREMIER CAUSES OF LOSS** Section of this form do not apply to this Extension.

The most we will pay for loss or damage under this Coverage Extension is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations**.

**(2) Transit**

You may extend the insurance provided by this Coverage Form to apply to your “fine arts” while in the course of transit.

The most we will pay for loss or damage under this Coverage Extension for “fine arts” in transit is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations**.

**u. Off-Premises Utility Failure – Direct Damage**

You may extend the insurance provided under this Coverage Form to apply to loss or damage to your Covered Property caused by the interruption of service to the described premises in the Declarations which results from direct physical loss of or damage, by a Covered Cause of Loss, to the following services not on the described premises in the Declarations:

**(1)** Water Supply Services, means the following types of property supplying water to the described premises, such as:

**(a)** Pumping stations; and

**(b)** Water mains.

**(2)** Communication Supply Services, means property supplying communication services, including telephone, radio, microwave, or television services to the described premises, such as:

**(a)** Communication transmission lines;

**(b)** Coaxial cables; and

**(c)** Microwave radio relays except satellites.

This shall not include above ground communication lines.

**(3)** Power Supply Services means the following types of property supplying electricity, steam or gas to the described premises:

**(a)** Utility generating plants;

**(b)** Switching stations;

**(c)** Substations;

**(d)** Transformers; and

**(e)** Transmission lines

Exclusion **B.1.d** does not apply to this Extension.

The most we will pay for loss or damage under this Coverage Extension isthe limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations.**

**v. Off-Premises Utility Failure – Time Element**

You may extend the insurance provided for “business income” and/or “extra expense” coverage to apply to losses you incur for the actual loss of your “business income” and “extra expense” caused by or resulting from:

**(1)** the necessary “suspension” of your operations during the “period of restoration”;

**(2)** direct physical loss or damage by a Covered Cause of Loss to property not on the premises described in the Declarations but used to supply you with services by the following utilities:

**(a)** Water Supply Services, means the following types of property supplying water to the described premises, such as:

**(i)** Pumping stations and

**(ii)** Water mains.

**(b)** Communication Supply Services, means property supplying communication services, including telephone, radio, microwave, or television services to the described premises, such as:

**(i)** Communication transmission lines;

**(ii)** Coaxial cables; and

**(iii)** Microwave radio relays except satellites.

This shall not include above ground communication lines.

**(c)** Power Supply Services means the following types of property supplying electricity, steam, or gas to the described premises:

**(i)** Utility generating plants;

**(ii)** Switching stations;

**(iii)** Substations;

**(iv)** Transformers; and

**(v)** Transmission lines

The coverage provided under this Coverage Extension does not increase the applicable Limit of Insurance for “business income” and/or “extra expense” coverage provided in this policy.

The most we will pay for loss or damage under this Coverage Extension isthe limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations**

**B. Exclusions and Limitations**

See the **PREMIER CAUSES OF LOSS** Section of this form.

1. **Limits of Insurance**

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations or any Supplemental Declarations.

**D. Deductible**

**1.** In any one occurrence of loss or damage (hereinafter referred to as a loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to:

**(a)** $1,000 (unless a larger deductible is shown in the Declarations or by endorsement); or

**(b)** $250 if the lost or damaged property is glass that is part of a building;

we will not pay for that loss.

If the adjusted amount of loss exceeds:

**(a)** $1,000 (unless a larger deductible is shown in the Declarations or by endorsement); or

**(b)** $250 if the lost or damaged property is glass that is part of a building;

we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

**2.** If more than one deductible applies to Covered Property, as a result of one occurrence, you shall pay the highest applicable deductible.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

**3.** As respects Equipment Breakdown coverage:

The deductible(s) for Buildings and Business Personal Property shown in the Declarations apply(ies) unless a separate deductible for Equipment Breakdown is shown in the Declarations, or by endorsement hereto.

If such deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage, or expense (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated minimum deductible, the minimum deductible will be the applicable deductible.

**E. Loss Conditions**

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

**1. Abandonment**

There can be no abandonment of any property to us.

**2.** **Appraisal**

If we and you disagree on the value of the property or the amount of loss, both parties may agree in writing and in advance to 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 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 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. Duties** **In The Event Of Loss or Damage**

**a.** 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 by a Covered Cause of Loss and if feasible set the damaged property aside in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs for consideration in the settlement of the claim. This will not increase the Limit of Insurance.

**(5)** At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

**(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)** Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 90 days after our request. We will supply you with the necessary forms.

**(8)** Cooperate with us in the investigation or settlement of the claim.

**b.** 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.

**4. Loss Payment**

**a.** In the event of loss or damage covered by this Coverage Form, 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 propertysubject to **b.** below**;**

**(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, subject to **b** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision, which amends or supersedes the Valuation Condition.

1. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property except as otherwise provided in **COUNTRY CLUB PREMIER** **PROPERTY COVERAGE FORM**, subparagraph **A.4**.**e.(3)** Ordinance or Law – Coverage C – Increased Cost of Construction Coverage.
2. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
3. We will not pay you more than your financial interest in the Covered Property.
4. 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 claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
5. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
6. 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 of the terms of this Coverage Part and:
7. We have reached agreement with you on the amount of loss; or
8. an appraisal award has been made.

**5. 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 Limit of Insurance.

1. **Vacancy**

**a.** Description of Terms

**(1)** As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:

1. When this policy is issued to a tenant, and with respect to that tenant’s interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.
2. When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:
   1. Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or

**(ii)** Used by the building owner to conduct customary operations.

**(2)** Buildings under construction or renovation are not considered vacant.

**b.** Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

**(1)** We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

**(a)** Vandalism;

**(b)** Sprinkler leakage, unless you have protected the system against freezing;

**(c)** Building glass breakage;

**(d)** Water damage;

**(e)** Theft; or

**(f)** Attempted theft.

**(2)** With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(f)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

1. **Consequential Damages**

We will pay for consequential damages resulting from a partial loss by a Covered Cause of Loss to your Covered Property.

Consequential damages means the loss of value of a part or parts of your product that are not physically damaged and are unmarketable as a complete product.

1. **Pair or Sets**

We shall pay for loss or damage to a Pair or Set.

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

**a**. Repair or replace any part to restore the pair or set to its value before the loss; or

**b.** Pay the difference between the value of the pair or set before and after the loss.

1. **Branded or Labeled Merchandise**

You may extend the insurance that applies to Your Business Personal Property to apply to your expenses when you do not want to sell your damaged "stock" under your brand or label even though the damaged "stock" has a salvage value.

You have two options. You may:

**a.** Remove the brands or labels, if doing so will not physically damage the “stock". You must relabel the "stock" or its containers to comply with the law; or

**b.** Stamp "salvage" on the "stock" or its containers, if the stamp will not physically damage the "stock".

In either case, we will pay the difference between:

**a.** The salvage value of the damaged "stock" with the brand or label attached; and

**b.** The salvage value of the damaged "stock" with the brand or label removed.

**10. Valuation**

We will determine the value of Covered Property in the event of loss or damage, at the time of loss or damage, as follows:

**a.** At actual cash value, except as otherwise provided inthis paragraph **10.**

**b.** If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is $2,500 or less, we will pay the cost of building repairs or replacement. This provision does not apply to the following even when attached to the building:

**(1)** Awnings or floor coverings;

**(2)** Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or

**(3)** Outdoor equipment or furniture.

**c.** "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

**d.** Glass at the cost of replacement with safety glazing material if required by law.

**e.** “Tenants’ improvements and betterments” at:

**(1)** Actual cash value of the lost or damaged property if you make repairs promptly.

**(2)** A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

**(a)** Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and

**(b)** Divide the amount determined in **(a)** above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

**(3)** Nothing if others pay for repairs or replacement.

**f.** Valuable Papers and Records, including those which exist as “electronic data” (other than prepackaged software “programs”), at the cost of:

**(1)** Blank materials for reproducing the records; and

**(2)** Labor to transcribe or copy the records when there is a duplicate.

**g.** Accounts Receivable

**(1)** If you cannot accurately establish the amounts of accounts receivable outstanding as of the time of loss or damage, the following method will be used:

**(a)** Determine the total of the average monthly amount of accounts receivable for the 24 months immediately preceding the month in which the loss or damage occurs; and

#### (b) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.

**(2)** The following will be deducted from the total amount of accounts receivable however that amount is established:

#### (a) The amount of the accounts for which there is no loss or damage;

**(b)** The amount of the accounts that you are able to re-establish or collect; and

**(c)** An amount to allow for probable bad debts that you are normally unable to collect.

**(3)** If you recover the amount of any accounts receivable that were included in the amount of the paid loss, you will return the recovered amount to us, up to the total amount of the paid loss. You will keep the amount of any accounts receivable you recover in excess of the amount of the paid loss.

**h.** “Fine arts” are valued at the appraised value at the time of loss, or if there is no appraisal, at the greater of:

**(1)** the original acquisition cost, or

**(2)** the market value at the time of loss.

**i.** “Computer equipment”, “media”, “electronic data”, and “programs” loss payments as follows:

1. “Computer equipment”is valued at the total cost to repair or replace the damaged property without deduction for depreciation. However, we will not pay more than the actual cost to repair or replace the lost or damaged property with new property of the same kind, quality and capability, on the same site and used for the same purpose;

**(2)** “Electronic data” and “programs” are valued at the actual cost to reproduce the data and “programs”, if you actually reproduce the data and “programs”. We will also pay any reasonable additional expense that you may incur in reproducing the data and “programs” to continue your normal computer operations. We will not pay for data and “programs” that cannot be reproduced due to lack of backup, support documentation or records unless specified articles are described and agreed values are shown in the Declarations. If shown, we will pay for each article lost at the agreed value.

1. “Media” items are valued at actual cost to repair or replace with similar like, kind and quality.

**F. Additional Conditions**

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

**1. Coinsurance**

If a Coinsurance percentage is shown in the Declarations, the following condition applies.

**a.** 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:

**(1)** Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;

**(2)** Divide the Limit of Insurance of the property by the figure determined in step **(1);**

**(3)** Multiply the total amount of loss, before the application of any deductible, by the figure determined in step **(2)**; and

**(4)** Subtract the deductible from the figure determined in step **(3).**

We will pay the amount determined in step **(4)** or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example No. 1 (Underinsurance)

When:

The value of the property is $250,000

The Coinsurance percentage for it is 80%

The Limit of Insurance for it is $100,000

The Deductible is $ 1,000

The amount of loss is $ 40,000

Step (1): $250,000 x 80% = $200,000 (the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $100,000 ÷ $200,000 = .50

Step (3): $ 40,000 x .50 = $20,000

Step (4): $ 20,000 – $1,000 = $19,000

We will pay no more than $19,000. The remaining $21,000 is not covered.

Example No. 2 (Adequate Insurance):

When:

The value of the property is $250,000

The Coinsurance percentage for it is 80%

The Limit of Insurance for it is $200,000

The Deductible is $ 1,000

The amount of loss is $ 40,000

Step (1): $250,000. x .80%= $200,000 (the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $200,000 ÷ $200,000. = 1.00

Step (3): $40,000 x 1.00 = $40,000

Step (4): $40,000 - $1,000 = $39,000

We will cover the $39,000 loss in excess of the Deductible. No penalty applies.

**b.** If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

Example No. 3:

When:

The value of the property is

Bldg. at Location #1 $ 75,000

Bldg. at Location #2 $100,000

Personal Property at Location #2 $ 75,000

$250,000

The Coinsurance percentage for it is 90%

The Limit of Insurance for Buildings

and Personal Property at Location

#1 & #2 is $180,000

The Deductible is $ 1,000

The amount of loss is

Bldg. at Location #2 $ 30,000

Personal Property at Location #2 $ 20,000

$ 50,000

Step (1): $250,000 x 90% = $225,000 (the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $180,000 ÷ $225,000 = .80

Step (3): $ 50,000 x .80 = $40,000

Step (4): $ 40,000 – $1,000 = $39,000

We will pay no more than $39,000. The remaining $11,000 is not covered.

**2.** **Mortgageholders**

**a.** The term mortgageholder includes trustee.

**b.** We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

**c.** The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

**d.** If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

**(1)** Pays any premium due under this Coverage Part at our request if you have failed to do so;

**(2)** Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

**(3)** Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

**e.** If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

**(1)** The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

**(2)** The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

**f.** If we cancel this policy, we will give written notice to the mortgageholder at least:

**(1)** 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

**(2)** 30 days before the effective date of cancellation if we cancel for any other reason.

**g.** If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

**G. Optional Coverages**

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

**1.** **Agreed Value**

**a.** The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.

**b.** If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.

**c.** The terms of this Optional Coverage apply only to loss or damage that occurs:

**(1)** On or after the effective date of this Optional Coverage; and

**(2)** Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

**2.** **Replacement Cost**

Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Loss Condition, Valuation, of this Coverage Form, subject to the following:

**a.** We will not pay more for loss or damage on a replacement cost basis than the least of:

**(1)** The Limit of Insurance applicable to the lost or damaged property;

**(2)** The cost to replace, on the same premises, the lost or damaged property with other property:

**(a)** Of comparable material and quality; and

**(b)** Used for the same purpose; or

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

If a building is rebuilt at a new premises, the cost described in **a. (2)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

**b.** We will not pay on a replacement cost basis for any loss or damage:

**(1)** Until the lost or damaged property is actually repaired or replaced; and

**(2)** Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

**c.** The valuation provisions as set forth in the Loss Condition, Valuation, of this Coverage Form for “stock”, Valuable Papers and Records, Accounts Receivable, “fine arts”, and “computer equipment”, “media”, “electronic data”, and “programs”, remain unchanged.

**d.** With respect to “tenants’ improvements and betterments” per paragraph **10.e**. in the Loss Condition, Valuation, the following also apply:

**(1)** If the conditions in **b.(1)** and **b.(2)** above are not met, the value of “tenants’ improvements and betterments” will be determined as a proportion of your original cost, as set forth in the Valuation Condition of this Coverage Form; and

**(2)** We will not pay for loss or damage to “tenants’ improvements and betterments” if others pay for repairs or replacement.

Under the terms of this Replacement Cost Optional Coverage, “tenants’ improvements and betterments” are not considered to be the property of others.

**e.** Replacement cost shall apply to coverage for property of others subject to the following limitations:

1. Replacement cost does not apply to property of others that is gold, silver and other precious metals, diamonds, precious or semi-precious stones, jewelry, bullion watches, fur or items trimmed with fur;

**(2)** If an item(s) of property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the lesser of:

**(a)** theamount for which you are liable under such contract; or

**(b)** the replacement cost of the property; or

**(c)** the applicable Limit of Insurance.

**f.** You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.

# PREMIER CAUSES OF LOSS

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **G.**-**Definitions**.

1. **Covered Causes Of Loss**

When Premier is shown in the Declarations, Covered Causes of Loss means Risks of Direct Physical Loss unless the loss is:

**1.** Excluded in Section **B.**, Exclusions; or

**2.** Limited in Section **C.,** Limitations;

that follow.

**B. Exclusions**

**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. Earth Movement**

**(1)** Earthquake, including any earth sinking, rising or shifting related to such event;

**(2)** Landslide, including any earth sinking, rising or shifting related to such event;

**(3)** Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

**(4)** Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **a.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

**(5)** Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

**(a)** Airborne volcanic blast or airborne shock waves;

**(b)** Ash, dust or particulate matter; or

**(c)** Lava flow.

All volcanic eruptions that occur within any 72-hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

**b. 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 Coverage Part.

**c. 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 loss or damage caused by that fire.

**d. Utility Services**

Except as provided by Coverage Extension, **5.v.**. in the **COUNTRY CLUB** **PREMIER PROPERTY COVERAGE FORM** the failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises. Failure includes lack of sufficient capacity and reduction in supply.

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion does not apply to “business income” coverage or to “extra expense” coverage. Instead, the Special Exclusion in subparagraph **B.4.a.** in the **PREMIER CAUSES OF LOSS** section of this form applies to these coverages.

**e. 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.

**f. Water**

(1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);

(2) Mudslide or mudflow;

(3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;

(4) Water under the ground surface pressing on, or flowing or seeping through:

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings; or

(5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs **(1)** through **(5)** is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs **(1)** through **(5),** results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

This exclusion does not apply to the extent that coverage is provided by the Additional Coverage Extensions **F.3.** and **F.4.** in the **PREMIER CAUSES OF LOSS** section of this form.

As respects the Additional Coverage-Equipment Breakdown, if electrical “covered equipment” requires drying out because of Water, as described in Paragraphs**(1)** through **(5)** above, we will pay the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible indicated in the Declarations.

g. Fungus, Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

(1) When "fungus", wet or dry rot or bacteria results from fire or lightning; or

(2) To the extent that coverage is provided in Paragraph D. Additional Coverage-Limited Coverage For Fungus, Wet Rot, Dry Rot And Bacteria of the PREMIER CAUSES OF LOSS section of this form with respect to loss or damage by a cause of loss other than fire or lightning.

h. Ordinance or Law

Except as provided in the **COUNTRY CLUB PREMIER PROPERTY COVERAGE** **FORM** by subparagraph **4.e.,** Additional Coverage, Ordinance or Law, the enforcement of any ordinance or law:

(1) Regulating the construction, use or repair of any property; or

(2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance or Law, applies whether the loss results from:

(1) An ordinance or law that is enforced even if the property has not been damaged; or

(2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

Exclusions **B.1.a.** through **B.1.h.** 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.** Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by that fire.

This exclusion does not apply to the extent that coverage is provided by Additional Coverage-Equipment Breakdown.

**b.** Delay, loss of use or loss of market.

**c.** Smoke, vapor or gas from agricultural smudging or industrial operations.

**d.**  **(1)** Wear and tear;

**(2)** Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

**(3)** Smog;

**(4)** Settling, cracking, shrinking or expansion of pavements, foundations, walls, floors, roofs or ceilings;

**(5)** Insects, birds, rodents or other animals, including the nesting or infestation, or discharge or release of waste products or secretions by such insects, birds, rodents or other animals.

**(6)** Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

This exclusion does not apply to the extent that coverage is provided by Additional Coverage-Equipment Breakdown.

**(7)** The following causes of loss to personal property:

**(a)** Dampness or dryness of atmosphere;

**(b)** Changes in or extremes of temperature; or

**(c)** Marring or scratching.

But if an excluded cause of loss that is listed in **2.d. (1)** through **(7)** results in a "specified cause of loss", “accident”, or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss", “accident” or building glass breakage.

**e.** Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

This exclusion does not apply to the extent that coverage is provided by Additional Coverage-Equipment Breakdown.

**f.** Continuous or repeated seepage or leakage of water that occurs over a period of 14 days or more.

**g.** Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

**(1)** You do your best to maintain heat in the building or structure; or

**(2)** You drain the equipment and shut off the supply if the heat is not maintained.

**h.** Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

**(1)** Acting alone or in collusion with others; or

**(2)** Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.

1. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
2. Rain, snow, ice or sleet to personal property in the open.
3. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion **k.** does not apply to damage to glass caused by chemicals applied to the glass.

1. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

**3.** We will not pay for loss or damage caused by or resulting from any of the following**, 3.a.** through **3.c**. But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, 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 **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)** Planning, zoning, development, surveying, siting;

**(2)** Maintenance, design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction unless the loss or damage is directly attributable to the operations or work performed on the property that is lost or damaged; or

**(3)** Materials used in repair, construction, renovation or remodeling;

of part or all of any property on or off the described premises.

**4.** **Special Exclusions**

The following provision applies to "business income"and “extra expense”as covered by thispolicy.

We will not pay for:

**a.** Except as provided in the **COUNTRY CLUB PREMIER** **PROPERTY COVERAGE FORM** by by paragraph **5.w.** Coverage Extension, Utility Services-Time Element or in the **PREMIER** **CAUSES OF LOSS** section by paragraph **E.** Additional Coverage-Equipment Breakdown, any loss caused directly or indirectly by the failure of power or other utility service supplied to the described premises, however caused, if the failure occurs outside of a covered building. Failure includes lack of sufficient capacity and reduction in supply.

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss resulting from that Covered Cause of Loss.

b. Interruption Of Computer Operations

(1) Coverage for “business income” does not apply when a "suspension" of "operations" is caused by destruction or corruption of “electronic data”, or any loss or damage to “electronic data”, except as provided in the PREMIER CAUSES OF LOSS section of this form by subparagraph F.6. Additional Coverage Extension– Interruption of Computer Operations.

(2) Coverage for “extra expense” does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of “electronic data”, or any loss or damage to “electronic data”, except as provided in the PREMIER CAUSES OF LOSS section of this form by subparagraph F.6. Additional Coverage Extension– Interruption of Computer Operations.

**c.** Any loss caused by or resulting from:

**(1)** Damage or destruction of "finished stock"; or

**(2)** The time required to reproduce "finished stock".

This exclusion does not apply to “extra expense”.

**d.** Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.

**e.** Any increase of loss caused by or resulting from:

**(1)** Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

**(2)** Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your "business income" during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the “business income” and “extra expense” coverage as provided by this policy.

**f.** Any “extra expense” caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

**g.** Any other consequential loss.

**C. Limitations**

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

**1.** We will not pay for loss of or damage to:

**a.** Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

This limitation does not apply to the extent that coverage is provided by Additional Coverage-Equipment Breakdown.

**b.** Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

This exclusion does not apply to the extent that coverage is provided by Additional Coverage-Equipment Breakdown.

**c.** Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

**d.** Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

**2.** We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

**a.** Animals, and then only if they are killed or their destruction is made necessary.

**b.** Fragile articles such as, statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:

**(1)** Glass;

**(2)** Containers of property held for sale; or

**(3)** “Fine arts”.

3. Furs, Jewelry, Stamps and Other Specified Items

The most we will pay for loss of or damage, by theft, and mysterious disappearance, to all property shown below up to the limit as shown on the Country Club Premier Property Coverage Supplemental Declarations for any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence.

The property for which this limitation applies is:

a. furs, fur garments and garments trimmed with fur.

b. jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth $100 or less per item. .

c. stamps, tickets, including lottery tickets held for sale, and letters of credit.

These limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

D. Additional Coverage – Limited Coverage For Fungus, Wet Rot, Dry Rot And Bacteria

1. The coverage described in D.2. and D.6. only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.

a. A "specified cause of loss" other than fire or lightning; or

b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;

b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and

c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under D.2. of this Limited Coverage is limited to the limit shown in the COUNTRY CLUB PREMIER PROPERTY SUPPLEMENTAL DECLARATIONS. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of the limit shown in the Country Club Premier Property Coverage Supplemental Declarations even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss Form.

6. The following, 6.a. or 6.b., applies to “business income” and/or “extra expense” coverage at the described premises but only if the "suspension" of "operations" satisfies all terms and conditions of the applicable “business income” and/or “extra expense” coverage in this policy.

a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under “business income” and/or “extra expense” is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

7. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance for “business income” and/or “extra expense” coverage provided in this policy.

8. This Limited Coverage does not apply to Section A, subparagraph 1b. Golf Holes COUNTRY CLUB PREMIER PROPERTY COVERAGE FORM.

**E. Additional Coverage-Equipment Breakdown**

The most we will pay for loss or damage under this Additional Coverage – Equipment Breakdown arising from any one “accident” is the Limit of Insurance shown in the Declarations, or by endorsement hereto. Limits for this Additional Coverage – Equipment Breakdown are included in, and are not in addition to, Limits of Insurance for Covered Property.

1. We will pay for direct physical damage to Covered Property that is the direct result of an “accident”.
2. The following coverages also apply to the direct result of an “accident”. These coverages do not provide additional amounts of insurance.
3. Expediting Expenses

With respect to your damaged Covered Property, we will pay for the reasonable extra cost to:

**(1)** make temporary repairs; and

1. expedite permanent repairs or permanent replacement.

The most we will pay for loss, damage or expense under this coverage is the limit indicated in the Supplemental Declarations.

1. Hazardous Substances

We will pay for the additional cost to repair or replace Covered Property because of contamination by a “hazardous substance”. This includes the additional expenses to clean up or dispose of such property.

This does not include contamination of “perishable goods”by refrigerant, including but not limited to ammonia, which is addressed in **2.c.(1)(b)** below. As used in this Additional Coverage – Equipment Breakdown, additional costs mean those beyond what would have been payable under this coverage had no “hazardous substance”been involved.

The most we will pay for loss, damage or expense under this coverage, including actual loss of “business income” you sustain and necessary “extra expense” youincur, if shown as covered, is the limit indicated in the Supplemental Declarations.

1. Spoilage
2. We will pay:
3. for physical damage to “perishable goods”due to spoilage;
4. for physical damage to “perishable goods”due to contamination from the release of refrigerant, including but not limited to ammonia;
5. any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
6. If you are unable to replace the “perishable goods” before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the “perishable goods” at the time of the “accident”, less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation condition of the Building and Personal Property Coverage Form.

The most we will pay for loss, damage or expense under this coverage is the limit indicated in the Supplemental Declarations.

1. Computer Equipment

Wewill pay for loss, damage or expense caused by or resulting from an “accident” to “computer equipment”.

The most we will pay for loss, damage or expense under this coverage, including actual loss of “business income” you sustain and necessary “extra expense” youincur, if shown as covered, is the limit indicated in the Supplemental Declarations. Computers used primarily to control or operate “covered equipment”are not subject to this limit.

1. Data Restoration

We will pay for yourreasonable and necessary cost to research, replace and restore lost “electronic data”.

The most we will pay for loss or expense under this coverage, including actual loss of “business income” you sustain and necessary “extra expense” youincur, if shown as covered, is the limit indicated in the Supplemental Declarations.

1. Service Interruption
2. Any insurance provided for “business income”, “extra expense” or Spoilage is extended to apply to your loss, damage or expense caused by the interruption of utility services. The interruption must result from an “accident” to equipment, including overhead transmission lines, that is owned by a utility, landlord, a landlord’s utility, or other supplier who provides youwith any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission. The equipment must meet the definition of “coveredequipment” except that it is not Covered Property.
3. Unless otherwise shown in the Declarations or Equipment Breakdown – Other Conditions Endorsement, Service Interruption coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the “accident”.

**(3)** The most we will pay for loss, damage or expense under this coverage is the limit that applies to “business income”, “extra expense” or Spoilage, except that if a limit is shown in the Supplemental Declarations for Service Interruption, that limit will apply to “business income” and “extra expense” loss under this Service Interruption coverage.

1. Business Income and Extra Expense

Any insurance provided under this policy for “business income” or “extra expense” is extended to Equipment Breakdown coverage.

The most we will pay for loss of “business income” you sustain or necessary “extra expense” youincur is the limit shown in the Supplemental Declarations for that coverage.

1. In addition to all other exclusions and limitations, we will not pay under this coverage for loss, damage or expense caused by or resulting from:
2. Any defect, programming error, programming limitation, computer virus, hacking, malicious code, loss of “electronic data”, loss of access, loss of use, loss of functionality or other condition within or involving “electronic data” or “media” of any kind. But if an “accident”results, we will pay for the resulting loss, damage or expense; or
3. Any of the following tests:

a hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment.

1. Misalignment, miscalibration, tripping off –line, or any condition that can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance. But if an “accident”results, we will pay for the resulting loss, damage or expense caused by that “accident”.
2. With respect to Service Interruption coverage, wewill also not pay for an “accident”caused by or resulting from: fire; lightning; windstorm or hail; explosion (except for explosion of steam boilers, steam pipes, steam engines or steam turbines); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing; collapse; flood or earth movement.
3. With respect to “business income”, “extra expense” and Service Interruption coverages, we will also not pay for any increase in loss resulting from an agreement between you and your customer or supplier.
4. We will not pay under this coverage for any loss or damage to animals.
5. The following conditions are added:
6. Suspension

Whenever “covered equipment”is found to be in, or exposed to a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an “accident”to that “covered equipment”. This can be done by mailing or delivering a written notice of suspension to:

1. your last known address; or
2. the address where the “covered equipment”is located.

Once suspended in this way, yourinsurance can be reinstated only by an endorsement for the “covered equipment”. If we suspend your insurance, youwill get a pro rata refund of premium for that “covered equipment”for the period of suspension. But the suspension will be effective even if wehave not yet made or offered a refund.

1. Jurisdictional Inspections

If any property that is “covered equipment”under this coverage requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. Wedo not warrant that conditions are safe or healthful.

1. Environmental, Safety and Efficiency Improvements

If “covered equipment”requires replacement due to an “accident”, we will pay youradditional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced. However, wewill not pay more than 150% of what the cost would have been to repair or replace with like kind and quality. This condition does not increase any of the applicable limits. This condition does not apply to any property to which actual cash value applies.

**F. Additional Coverage Extensions**

**1.** **Property In Transit Or In The Custody of Salespersons**

You may extend the insurance that applies to Your Business Personal Property and/or to Property of Others to apply to your Covered Property that is more than 1,000 feet from the property line of the described premises while in transit, or in the custody of sales persons. This coverage shall not apply to:

**a.** property at a fair, trade show or exhibit; or

**b.** Property of Others for which you are responsible as a carrier for hire, as a shipper, or hauler. We shall pay for those shipments in the custody or a carrier under a “shipping document”. We will pay for shipments by mail only if registered.

This Additional Coverage Extension also applies to your interest in shipments sold Free on Board. When the title of a shipment passes to the consignee and if the consignee refuses to pay because the shipment is lost or damaged, you may elect to claim that loss under this insurance. We will not attempt to collect from the consignee unless you:

**a.** Provide us with your written consent to do so; and

**b.** Assign us your right of action.

The most we will pay for loss or damage under this Additional Coverage Extension is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations.**

This Additional Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

**2. Water, Other Liquids, Powder or Molten Material Damage**

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damages loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Additional Coverage Extension does not increase the Limit of Insurance.

**3. Limited Water Damage Coverage**

We will pay for direct physical loss or damage to Covered Property and the actual loss of “business income” you sustain or necessary “extra expense” incurred, as covered by this policy, caused by water and water-borne material that:

**a.** Accumulate on the surface of the ground at the described premises as a result of rain, snow, sleet or hail; or

**b.** Accumulate under the ground from any source and press on, flow or seep through:

**(1)** Foundations, walls, floors or paved surfaces;

**(2)** Basements, whether paved or not; or

**(3)** Doors, windows or other openings.

However, we will not pay for any physical damage or loss caused by or resulting from runoff of surface water from any source.

This coverage will not apply to property located wholly or partially within Special Flood Hazard Areas (SFHAs), areas of 100 year flooding, as defined by the Federal Emergency Management Agency (FEMA).

The coverage described in **F.3.a. and b.** is limited to the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations,** in any one occurrence.

Exclusions **B.1.f.(1)** and **(4)** do not apply to the extent that they conflict with this Additional Coverage Extension.

**4. Back-up of Sewers or Drains**

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.

The most we will pay for loss or damage caused directly or indirectly by water or other materials that back up, overflow or discharge from a sewer or drain is the limit as shown on the COUNTRY CLUB PREMIER PROPERTY COVERAGE SUPPLEMENTAL DECLARATIONS.

Exclusions **B.1.f.(3)** does not apply to this Additional Coverage Extension.

**5. Glass**

**a.** We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.

**b.** We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Additional Coverage Extension **F.5.** does not increase the Limit of Insurance.

6. Interruption Of Computer Operations

a. Subject to all provisions of this Additional Coverage Extension, you may extend the insurance that applies to “business income” and “extra expense” to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of “electronic data” due to a Covered Cause of Loss.

b. With respect to the coverage provided under this Additional Coverage Extension, the Covered Causes of Loss are subject to the following:

(1) Coverage under this Additional Coverage Extension – Interruption Of Computer Operations is limited to the "specified causes of loss" as set forth in the PREMIER CAUSES OF LOSS section of this form.

(2) If the PREMIER CAUSES OF LOSS section of this form is extended to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage Extension – Interruption Of Computer Operations.

c. The most we will pay under this Additional Coverage Extension – Interruption of Computer Operations is the limit shown on the COUNTRY CLUB PREMIER PROPERTY COVERAGE SUPPLEMENTAL DECLARATIONS for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.

d. This Additional Coverage Extension – Interruption in Computer Operations does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in the COUNTRY CLUB PREMIER PROPERTY SUPPLEMENTAL DECLARATIONS as referenced above has not been exhausted.

e. The coverage provided under this Additional Coverage Extension does not increase the applicable Limit of Insurance for “business income” and/or “extra expense” coverage provided in this policy.

1. **Virus and Hacking**

We cover direct physical loss to covered “computer equipment”, “electronic data”, “media” or “programs”, and your Web site caused by a computer virus or by computer hacking.

However, we do not cover:

1. loss of exclusive use of any “electronic data” or proprietary “programs” that have been copied, scanned, or altered;
2. loss of or reduction in economic or market value of any “electronic data” or proprietary “programs” that have been copied, scanned, or altered;
3. theft from your“electronic data” or proprietary “programs” of confidential information through the observation of the “electronic data” or proprietary “programs” by accessing covered “computer equipment”, your computer network, or your Web site without any alteration or other physical loss or damage to the records or “programs”.

Confidential information includes, but is not limited to, customer information, processing methods, or trade secrets; and

Computer hacking means an unauthorized intrusion by an individual or group of individuals, whether employed by you or not, into “computer equipment”, “electronic data”, “media” or “programs”, a Web site, or a computer network and that results in but is not limited to:

1. deletion, destruction, generation, or modification of "software";
2. alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of “electronic data”, “media” or “programs”;
3. observation, scanning, or copying of “electronic data” or “media” and proprietary “programs”;
4. damage, destruction, inadequacy, malfunction, degradation, or corruption of any “computer equipment” or “media” used with “computer equipment”; or
5. denial of access to or denial of services from your “computer equipment”, your computer network, or Web site.

Computer virus means the introduction into “computer equipment”, “electronic data”, “media” or “programs”, or a Web site of any malicious, self-replicating electronic data processing code or other code and that is intended to result in, but is not limited to:

1. deletion, destruction, generation, or modification of “electronic data”, “media” or “programs”;
2. alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of “electronic data”, “media” or “programs”;
3. damage, destruction, inadequacy, malfunction, degradation, or corruption of any “computer equipment” or “media” used with “computer equipment”; or
4. denial of access to or denial of services from your “computer equipment”, your computer network, or Web site.

The most we pay under this Additional Coverage Extension for all covered losses during each separate 12 month period of this policy is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations.**

1. Additional Spoilage

Except as otherwise covered by paragraph E. Additional Coverage – Equipment Breakdown, we shall pay for loss of or damage to your “perishable goods”, caused by a power outage, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the described premises, due to conditions beyond your control.

1. Only the following Exclusions in Paragraph B.1. of the PREMIER CAUSES OF LOSS section of the form are applicable to this Additional Coverage Extension:
2. Earth Movement;
3. Governmental Action;
4. Nuclear Hazard;
5. War And Military Action; and
6. Water.
7. In addition, the following Exclusions apply to this Additional Coverage Extension:

We will not pay for loss or damage caused by or resulting from:

1. The disconnection of any refrigerating, cooling or humidity control system from the source of power.
2. The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.
3. The inability of an Electrical Utility Company or other power source to provide sufficient power due to:
4. Lack of fuel; or
5. Governmental order.
6. The inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand.
7. Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

The most we pay under this Additional Coverage Extension is the limit as shown on the **Country Club Premier Property Coverage Supplemental Declarations.**

**G. Definitions**

1. “Accident”means a fortuitous event that causes direct physical damage to “covered equipment”. The event must be one of the following:
2. mechanical breakdown, including rupture or bursting caused by centrifugal force;
3. artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
4. explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
5. loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
6. loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.

If an initial “accident”causes other “accidents**”,** all will be considered one “accident”. All “accidents**”** that are the result of the same event will be considered one“accident”.

1. “Boilers and vessels”means:
2. Any boiler, including attached steam, condensate and feedwater piping; and
3. Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.

This term does not appear in this policy, but may appear in the Equipment Breakdown – Other Conditions Endorsement.

1. “Business income” means the:
2. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
3. Continuing normal operating expenses necessarily incurred, including payroll.
4. “Computer equipment” means electronic data processing systems including keyboards, display screens, terminals, printers, and related peripheral equipment used solely for data processing operations. Computer equipment shall not include such equipment held for sale, distribution, or which is manufactured in the course of your business.

**5.** “Covered equipment”

1. “Covered equipment”means Covered Property, unless otherwise indicated in the Equipment Breakdown – Other Conditions Endorsement:
2. that generates, transmits or utilizes energy, including electronic communications and data processing equipment, or
3. which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.
4. None of the following is “covered equipment**”**:
5. structure, foundation, cabinet or compartment;
6. insulating or refractory material;
7. sewer piping, underground vessels or piping, or piping forming a part of a sprinkler system;
8. water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
9. vehicle or any equipment mounted on a vehicle. For the purpose of this limitation, **v**ehiclemeans, any machine or apparatus that is used for transportation or moves under its own power including, but not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester. However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a vehicle;
10. satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
11. dragline, excavation or construction equipment; or
12. equipment manufactured by youfor sale.
13. “Electronic data” means information, instruction, or “programs” that are recorded on your media, including original source material used to enter data.

7. “Extra expense” means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay “extra expense” (other than the expense to repair or replace property) to:

a. Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

b. Minimize the "suspension" of business if you cannot continue "operations".

We will also pay “extra expense” to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form, or to the extent provided by paragraph **A.5.q.**- Expediting Expense of this Coverage Form.

**8.** "Fine arts" means paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass, bric-a-brac and similar property of rarity, historical value, or artistic merit.

**9.** "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for "business income" in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

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

11. “Hazardous substance” means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.

**12.** “Media” means magnetic tapes, compact discs, diskettes, disk packs, cards, or other standardized data recording materials which can be read by your electronic data processing equipment.

**13.** “Operations” means your business activities occurring at the described premises.

**14.** “Period of restoration” means the period of time that:

**a.** Begins:

**(1)** For “Business Income” coverage, except Off-Premises Utility Failure-Time Element:Immediately after the time of direct physical loss or damage unless otherwise amended by endorsement hereto;

(2) For Off-Premises Utility Failure: 72 hours after the time of direct physical loss or damage unless otherwise amended by endorsement hereto;

**(3)** For “Extra Expense” coverage: Immediately after the time of direct physical loss or damage; and

**(4)** For equipment breakdown:

**(a) (1)** and **(3)** above shall apply, except;

**(b)** Off-Premises Utility Failure-Time Element- 24 hours after the time of direct physical loss or damage; except

**(c)** If a time deductible is shown in the Declarations, we will not be liable for any loss occurring during the specified number of hours or days immediately following the “accident”. If a time deductible is expressed in days, each day shall mean twenty-four (24) consecutive hours

(d) If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the “Business income” (as defined in any “Business income” coverage that is part of the policy) that would have been earned during the period of interruption of business had no “accident” occurred, divided by the number of working days in that period. No reduction shall be made for the “business income” not being earned, or in the number of working days, because of the “accident” or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to the “business income” value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the “period of restoration”.

The number indicated in the Declarations will be multiplied by the ADV as determined above. The result shall be used as the applicable deductible; or

**(e)** If a deductible for Equipment Breakdown is shown in the Equipment Breakdown – Other Conditions Endorsement, then as respects Equipment Breakdown Coverage, the “period of restoration” will begin immediately after the “accident”, and the deductible shown in the Equipment Breakdown – Other Conditions Endorsement will apply;

caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

(1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

(2) The date when business is resumed at a new permanent location.

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

a. Regulates the construction, use or repair, or requires the tearing down of any property; or

b. 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".

If more than one “period of restoration” applies to “business income” and “extra expense” coverages as the result of one occurrence, or one accident, the longest single applicable waiting period shall apply.

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

**15.** “Perishable goods”means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.

**16.** "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

**17.** “Production machinery”means any machine or apparatus that processes or produces a product intended for eventual sale. However, “production machinery”does not mean any fired or unfired pressure vessel other than a cylinder containing a movable plunger or piston.

This term does not appear in this policy, but may appear in the Equipment Breakdown – Other Conditions Endorsement.

**18.** “Programs” means software that are purchased or written specifically to be used with “computer equipment”.

**19.** “Shipping document” means a tariff document, bill of lading, shipping receipt, freight bill or contract for services.

**20.** "Specified causes of loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

(1) The cost of filling sinkholes; or

(2) Sinking or collapse of land into man-made underground cavities.

b. Falling objects does not include loss or damage to:

(1) Personal property in the open; or

(2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

**21.** "Stock" means merchandise held in storage or for sale, raw materials and in process or finished goods, including supplies used in their packing or shipping.

**22.** “Suspension” means the slowdown or cessation of your business activities.

**23.** “Tenants’ improvements and betterments” means fixtures, alterations, installations or additions:

1. made a part of a building you occupy, but do not own; and
2. you acquired or made at your expense but cannot legally remove.