**RENTAL DEALERS COVERAGE FORM**

**Equipment Sales and Rental Coverage**

In this coverage form, the words "you" and "your" mean the persons or organizations named as the insured on the declarations and the words "we", "us", and "our" mean the company providing this coverage.

Refer to the Definitions section at the end of this coverage form for additional words and phrases that have special meaning. These words and phrases are shown in quotation marks.

agreement

In return for "your" payment of the required premium, "we" provide the coverage described herein subject to all the "terms" of the Rental Dealers Coverage Form (Equipment Sales And Rental Coverage). This coverage is also subject to the "schedule of coverages" and additional policy conditions relating to assignment or transfer of rights or duties, cancellation, changes or modifications, inspections, and examination of books and records.

Endorsements and schedules may also apply. They are identified on the "schedule of coverages".

property covered

"We" cover the following property unless the property is excluded or subject to limitations.

1. **Separate Limit Coverage** -- The following coverage provisions apply when the Schedule Of Coverages - Rental Dealers Coverage (Equipment Sales and Rental Coverage) is used with this coverage form.

"We" cover a Described Property when coverage for the property is indicated on the "schedule of coverages" and a separate "limit" is shown on the schedule for the Described Property.

"We" only cover Described Property while at the premises described on the "schedule of coverages".

The "limit" for a Described Property cannot be combined with or added to the "limit" for any other Described Property.

2. **Described Property** --

a. **Equipment Intended For Sale** --

1) **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to new "equipment" and used "equipment" that is intended for sale to others.

2) **New Equipment Means** -- New "equipment" means "your" "equipment" and "equipment" of others in "your" care, custody, and control that have never been sold or put to their intended use.

3) **Used Equipment Means** -- Used "equipment" means "your" "equipment" and "equipment" of others in "your" care, custody, and control that have been previously sold or put to their intended use.

4) **Equipment Of Others** -- "Equipment" of others includes, but is not limited to, "equipment" "you" are responsible for under the provisions or conditions of a floor plan agreement, consignment agreement, or other similar agreement.

5) **Coverage Limitations** -- "We" only cover "equipment" intended for sale to others when coverage is indicated on the "schedule of coverages".

b. **Equipment You Lease Or Rent To   
Others** --

1) **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to "equipment" that "you" lease or rent to others, or that “you” intend to lease or rent to others. "Equipment" that "you" lease includes, but is not limited to, "equipment" "you" lease under a lease-to-buy program.

2) **Coverage Limitations** -- "We" only cover "equipment" that "you" lease or rent to others when coverage is indicated on the "schedule of coverages".

3) **Contingent Coverage** --

a) "We" also cover direct physical loss or damage caused by a covered peril to "equipment" that "you" have leased or rented to others when the lessee or renter is required to insure the "equipment" but fails to:

(1) acquire or maintain adequate insurance to cover the leased or rented "equipment"; and

(2) reimburse "you" for loss or damage to the "equipment" in accordance with the provisions or conditions of "your" lease or rental agreement.

b) This coverage only applies when "you" are unable to collect the full value of "your" interest in the leased or rented "equipment". “We” will pay “you” for such covered loss, and will be subrogated to the extent of such payment to your rights of recovery from the lessee or renter.

c) "We" only provide Contingent Coverage:

(1) while "equipment" is away from the premises described on the "schedule of coverages" and in the care, custody, and control of the lessee or renter; and

(2) when "you" have issued a written lease or rental agreement and the agreement requires the lessee or renter to insure the leased or rent "equipment".

d) Under this coverage, adequate insurance means insurance that provides:

(1) "limits" equal to or greater than those provided under this coverage form; and

(2) coverage as comprehensive as the coverages provided under this coverage form.

1. **Equipment You Lease Or Rent From   
   Others** --

1) **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to "equipment" that "you" lease or rent from others, for the purpose of re-leasing, or re-renting such “equipment” to others

2) **Coverage Limitations** -- "We" only cover "equipment" that "you" lease or rent from others, for the purpose of re-leasing, or re-renting such “equipment” to others when coverage is indicated on the "schedule of coverages".

1. **Equipment Of Others You Are Repairing Or Servicing** --

1) **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to "equipment" of others in "your" care, custody, and control for repair, service, or maintenance.

2) **Coverage Limitations** -- "We" only cover "equipment" of others in "your" care, custody, and control for repair, service, or maintenance when coverage is indicated on the "schedule of coverages".

1. **Parts, Accessories, Fluid And Lubrication Supplies, And Tires** --

1) **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to "your" inventory of:

a) parts and accessories for "equipment";

b) fluid and lubrication supplies; and

c) tires.

Fluids includes, but is not limited to, oil and hydraulic fluid. Lubrication supplies includes, but is not limited to, grease.

2) **Coverage Limitations** -- "We" only cover parts, accessories, fluid and lubrication supplies, and tires when coverage is indicated on the "schedule of coverages".

3. **We Do Not Cover** -- "We" do not cover the loss of any "equipment" due to a dispute of ownership by a party claiming rightful ownership of the "equipment". This includes a defect in title, whether or not the title has been perfected or secured.

property not covered

1. **Aircraft Or Watercraft** -- "We" do not cover aircraft or watercraft.

2. **Contraband** -- "We" do not cover contraband or property in the course of illegal transportation or trade.

3. **Furniture, Fixtures, And Other Property** -- "We" do not cover furniture, fixtures, office supplies, improvements and betterments, machinery, "tools", fittings, patterns, dies, molds, and models.

4. **Loaned Property** -- "We" do not cover property that "you" loan to others.

5. **Manufactured Equipment** -- "We" do not cover "equipment" during the course of manufacture.

This exclusion does not apply to manufactured "equipment":

a. that "you" are assembling after delivery;

b. to which "you" are attaching optional gear or apparatus; or

c. that "you" are modifying.

6. **Sold Property** -- "We" do not cover property that has been sold, including property sold on an installment sales plan, once it leaves "your" custody or the custody of a carrier for hire who is delivering the property for "you".

This exclusion does not apply to "equipment" that has been sold but has been returned to "you" for repair, service, or maintenance.

7. **Vehicles** -- "We" do not cover automobiles, motor trucks, tractors, trailers, and similar conveyances designed for highway use and used for over the road transportation of people or cargo.

However, this exclusion does not include:

1. self-propelled cranes or other self-propelled vehicles designed and used primarily to carry mounted machinery; or
2. trailers valued at $100,000 or less used in your equipment rental operations.

coverage EXTENSIOnS

**Provisions That Apply To Coverage Extensions** -- The following Coverage Extensions indicate an applicable "limit" that is shown on the "schedule of coverages".

However, if no "limit" is indicated for a Coverage Extension within this coverage form, or on the “schedule of coverages”, coverage is provided up to the full "limit" for the applicable covered property.

Unless otherwise indicated, the coverages provided below are part of and not in addition to the applicable "limit" for coverage described under Property Covered.

The "limit" provided under a Coverage Extension cannot be combined or added to the "limit" for any other Coverage Extension or Supplemental Coverage, including a Coverage Extension, Supplemental Coverage, or other coverage that is added to this policy by endorsement.

If coinsurance provisions are part of this policy, the following coverage extensions are not subject to and not considered in applying coinsurance conditions.

1. **Debris Removal** --

a. **Coverage** -- "We" pay the cost of debris removal. Debris removal means the costs for the demolition, clearing, and removal of debris of covered property if such debris results from a covered peril.

b. **We Do Not Cover** -- This coverage does not include costs to:

1) extract "pollutants" from land or water; or

2) remove, restore, or replace polluted land or water.

c. **Limit** -- "We" do not pay any more under this coverage than 25% of the amount "we" pay for the direct physical loss or damage exclusive of the costs for debris removal. "We" will not pay more for loss to property and debris removal combined than the "limit" for the damaged property.

d. **Additional Limit** -- "We" pay up to the “limit” shown in the “schedule of coverages” for debris removal expense when the debris removal expense exceeds 25% of the amount "we" pay for direct physical loss or when the loss to property and debris removal combined exceeds the "limit" for the damaged property.

e. **You Must Report Your Expenses** -- "We" do not pay any expenses unless they are reported to "us" in writing within 180 days from the date of direct physical loss to covered property.

2. **Emergency Removal** --

a. **Coverage** -- "We" cover any direct physical loss or damage to covered property while it is being moved or being stored to prevent a loss caused by a covered peril.

1. **Time Limitation** -- This coverage applies for up to the number of days shown in the “schedule of coverages” for Emergency Removal after the property is first moved. Also, this coverage does not extend past the date on which this policy expires.

3. **Emergency Removal Expenses** --

a. **Coverage** -- "We" pay for "your" expenses to move or store covered property to prevent a loss caused by a covered peril.

b. **Time Limitation** -- This coverage applies for up to thirty days after the property is first moved. Also, this coverage does not extend past the date on which this policy expires.

c. **Limit** -- The most "we" pay in any one occurrence for expenses to move or store covered property to prevent a loss is the “limit” shown in the “schedule of coverages”.

d. **This Is A Separate Limit** -- The "limit" for Emergency Removal Expenses is separate from, and not part of, the applicable "limit" for coverage described under Property Covered.

1. **Equipment You Lease or Rent to Others Conversion Coverage --**

a. **Coverage –** “We” cover direct physical loss or damage to covered “equipment” that “you” have leased or rented to others caused by “conversion” only if shown as “covered” on the “schedule of coverages”.

1. **Coverage Limitations –**
2. “We” do not cover loss or damage to “equipment” caused by “conversion” unless such “equipment” is subject to a written lease or rental agreement; and
3. “We” do not cover loss or damage to “equipment” caused by “conversion” if coverage for “conversion” is shown as “NOT covered” on the “schedule of coverages”.
4. **Limit –** the “limit” for this Coverage Extension is part the applicable "limit" for Equipment You Lease or Rent to Others shown in the “schedule of coverages”.

SUPPLEMENTAL coverages

**Provisions That Apply To Supplemental Coverages** -- The following Supplemental Coverages indicate an applicable "limit" that is shown on the "schedule of coverages".

However, if no "limit" is indicated for a Supplemental Coverage within this coverage form, coverage is provided up to the full "limit" for the applicable covered property.

Unless otherwise indicated, a "limit" for a Supplemental Coverage provided below is separate from, and not part of, the applicable "limit" for coverage described under Property Covered.

The "limit" available for coverage described under a Supplemental Coverage:

a. is the only "limit" available for the described coverage; and

b. is not the sum of the "limit" indicated for a Supplemental Coverage and the "limit" for coverage described under Property Covered.

The "limit" provided under a Supplemental Coverage cannot be combined or added to the "limit" for any other Supplemental Coverage or Coverage Extension, including a Supplemental Coverage, Coverage Extension, or other coverage that is added to this policy by endorsement.

If coinsurance provisions are part of this policy, the following Supplemental Coverages are not subject to and not considered in applying coinsurance conditions.

1. **Equipment On Exhibition** --

a. **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to "equipment" while away from the premises described on the "schedule of coverages" for temporary exhibit or display.

b. **Limit** -- The most "we" pay in any one occurrence for loss to "equipment" on exhibition or display is the limit shown on the “schedule of coverages” for Equipment On Exhibition.

2. **Equipment Sent Off-Premises For**   
**Repairs** --

a. **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to "equipment" that "you" send   
off-premises for repair, servicing, or maintenance.

b. **Coverage Limitation** -- "We" only cover "equipment" while:

1) away from a premises described on the "schedule of coverage"; and

2) in the care, custody, and control of others for repair, servicing, or maintenance.

c. **Limit** -- The most "we" pay in any one occurrence under this Supplemental Coverage is the limit shown on the “schedule of coverages” for Equipment Sent Off-Premises For Repairs.

3. **Newly Acquired Premises** --

a. **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to covered property at a premises that "you" acquire during the policy period.

b. **Limit** -- The most "we" pay in any one occurrence under this Supplemental Coverage is the limit shown on the “schedule of coverages” for Newly Acquired Premises.

c. **Time Limitation** -- This coverage applies for up to 60 days from the date "you" acquire the new premises or until "you" report the new premises to "us", whichever occurs first.

However, this coverage does not go beyond the end of the policy period.

d. **Additional Premium** -- "You" must pay any additional premium due from the date "you" acquire the new premises.

4. **Off-Premises Trial Period** --

a. **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to "equipment" while away from the premises described on the "schedule of coverages" for a trial period, trial run, demonstration, test drive, or other test to assess performance.

b. **Limit** -- The most "we" pay in any one occurrence under this Supplemental Coverage is the limit shown on the “schedule of coverages” for Off-Premises Trial Period.

c. **Time Limitation** -- This coverage applies for up to 30 days from the date the “equipment” leaves “your” premises.

However, this coverage does not extend:

1. beyond 30 days from the time the “equipment” leaves “your” premises; and
2. past the date on which this policy expires.

5. **Pollutant Cleanup And Removal** --

a. **Coverage** -- "We" pay "your" expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release, or escape of the "pollutants" is caused by a covered peril that occurs during the policy period.

b. **Time Limitation** -- The expenses to extract "pollutants" are paid only if they are reported to "us" in writing within 180 days from the date the covered peril occurs.

c. **We Do Not Cover** -- "We" do not pay the cost of testing, evaluating, observing, or recording the existence, level, or effects of "pollutants".

However, "we" pay the cost of testing which is necessary for the extraction of "pollutants" from land or water.

d. **Limit** -- The most "we" pay for each location is the limit shown on the “schedule of coverages” for Pollutant Cleanup And Removal for the sum of all such expenses arising out of a covered peril occurring during each separate 12-month period of this policy.

6. **Sewer Backup** --

a. **Coverage** -- "We" cover direct physical loss or damage to covered property caused by or resulting from:

1) water or waterborne material that backs up, overflows or is otherwise discharged through a sewer or drain, sump or septic tank; or

2) water or waterborne material below the surface of the ground, including but not limited to water or waterborne material that exerts pressure on or flows, seeps, or leaks through or into a building or structure, sidewalk, driveway, foundation, swimming pool, or other structure.

b. **Coverage Limitations** -- "We" do not cover loss or damage resulting from:

1) escape of water or waterborne material from a sump pit not equipped with a sump pump;

2) failure to perform routine maintenance and repair of all sump pumps and related machinery; and

3) failure to perform routine maintenance of sewers and drains including keeping sewers and drains free from obstructions. This limitation does not apply if "you" are not responsible for the maintenance of sewers or drains that results in loss or damage.

1. **Limit** -- The most "we" pay in any one occurrence under this Supplemental Coverage is the limit shown on the “schedule of coverages” for Sewer Backup.

7. **Transit** --

a. **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to covered property while in transit.

Covered property in transit includes incoming and outgoing shipments of "equipment" including, but not limited to:

1) "equipment" "you" transport on vehicles "you" own or lease; and

2) "equipment" "you" have hauled by a carrier for hire.

b. **Equipment You Have Sold** -- "We" also cover direct physical loss or damage caused by a covered peril to property that "you" have sold and are shipping at the owner’s risk. "We" only pay for loss to property that "you" have sold when the shipment has been rejected by the owner because:

1) the property is damaged; and

2) the owner of the property has refused to pay "you".

c. **Rejected Shipments** -- "We" also cover direct physical loss or damage caused by a covered peril to rejected shipments while in due course of transit back to "you" or while awaiting return shipment to "you".

d. **Bills Of Lading** -- "You" may accept bills of lading or shipping receipts issued by carriers for hire that limit their liability to less than the actual cash value of the covered property.

e. **We Do Not Cover** -- "We" do not cover property of others that "you" are shipping and that "you" are responsible for as a carrier for hire.

f. **Limit** -- The most "we" pay in any one occurrence for loss to property in transit is the limit shown on the “schedule of coverages” for Transit.

1. Fire Department Service Charge --
   1. **Coverage --** “We”cover “your” liability for fire department services charges, if prior to the loss, such services charges are:
      1. Assumed by contract or agreement; or
      2. Required by local ordinance,

No deductible applies to this Supplemental Coverage.

* 1. **Coverage Limitations –** “We” only pay for:
     1. Fire department service charges that relate to covered property; and
     2. Charges incurred when the fire department is called to save or protect covered property from a covered peril.
  2. **Limit –** The most “we” pay in any one occurrence under this Supplemental Coverage is the “limit” shown on the “schedule of coverages” for Fire Department Service Charge.

9. **Continuing Rental Or Lease Payments** --

a. **Coverage** -- In the event of a direct physical loss by a covered peril to covered "equipment" "you" have rented or leased, "we" pay for "your" legal liability to continue to make rental or lease payments for the rented or leased equipment after it has been lost or damaged.

b. **Coverage Limitations** --

1) "We" only pay for "your" continuing rental or lease payments:

a) If "you" are contractually obligated to continue making rental or lease payments while the covered equipment is repaired or replaced; and

b) Until the covered “equipment” has been repaired or replaced.

2) "We" will not pay "you" unless every reasonable effort is made to repair, replace, or rebuild the inoperable “equipment” after the loss by a covered peril occurs.

c. **Deductible Does Not Apply** -- The deductible amount indicated on the "schedule of coverages" does not apply to continuing rental or lease payments as covered under this endorsement.

d. **Waiting Period** -- "We" will not pay "you" for continuing rental or lease payments until after the first 72 hours following the covered loss to the rented or leased covered “equipment".

e. **Incurred Rental Payments** -- After the waiting period has passed, "we" will only pay "you" for the continuing rental or lease payments that "you" actually pay.

f. **Coverage After Expiration Date** -- "We" will continue to pay "you" for the continuing rental or lease payments after the expiration date of this coverage, provided the loss occurred before the expiration date.

g. **Limits --** The most “we” will pay in any one occurrence under this Supplemental Coverage is the “limit” shown on the “schedule of coverages” for Continuing Rental Or Lease Payments.

10. **Expediting Costs --**

a. **Coverage --** In the event of direct physical loss or damage to covered “equipment” by a covered peril, “we” cover the reasonable and necessary costs incurred to pay for the temporary repair and to expedite the permanent repair or replacement of such lost or damaged “equipment”.

b. **We Do Not Pay For --** “We” do not pay for costs:

1) Recoverable elsewhere in this Policy; or

2) For the permanent repair or replacement of damaged property.

c. **Limits --** The most “we” will pay in any one occurrence under this Supplemental Coverage is the “limit” shown on the “schedule of coverages” for Expediting Costs.

11. **Claim Preparation Expense --**

a. **Coverage** -- "We" pay for reasonable and necessary expenses for claim preparation expenses incurred by "you" at "our" request to assist "us" in the determination of the amount of a covered loss.

b. **Claim Preparation Expenses Means** -- Claim preparation expenses means the cost of:

1) Taking inventory;

2) Acquiring independent appraisals; or

3) Services provided by accountants, contractors, or engineers but only for the purposes of determining the extent or amount of a covered loss.

c. **Coverage Limitations** --

1) Claim preparation expenses must be a direct result of loss or damage by a covered peril to covered "equipment".

2) "We" only cover claim preparation expenses if "you" have submitted a notice of loss to "us", and "we" have determined that the loss is covered in accordance with the provisions described in the Rental Dealers Coverage Form (Equipment Sales and Rental Coverage).

d. **We Do Not Pay For** -- "We" do not pay for any:

1) Expenses incurred under the Other Conditions, Appraisal section of this coverage;

2) Public adjusters' or claim consultant fees including fees for any person acting for or on behalf of a public adjuster or claim consultant;

3) Attorneys' fees or other legal fees;

4) Insurance broker or agent fees including fees for any person acting for or on behalf of an insurance broker or agent;

5) Costs incurred by "you" in establishing that a loss or part of a loss is covered in accordance with the provisions described in the Rental Dealers Coverage Form (Equipment Sales and Rental Coverage);

6) Costs incurred by "you" in the negotiation or presentation of a loss or part of a loss that "we" have notified "you" is in dispute or denial; and

7) Costs for "your" overhead or other operating expenses.

e. **Deductible** -- Covered claim preparation expenses are included as part of the deductible provisions described in the Rental Dealer Coverage Form (Equipment Sales and Rental Coverage).

f. **Limit** -- The most "we" pay in any one occurrence under this Supplemental Coverage is the “limit” shown on the “schedule of coverages” for Claim Preparation Expense.

12. **Reward Payments --**

a. **Coverage --** “We” will pay for amounts “you” offer, and subsequently pay as a reward for information leading to:

1. The arrest and conviction of any person(s) responsible for damage to or theft of “your” “equipment”; or
2. The recovery of undamaged stolen property.

b. **We Do Not Pay For --** “We” do not pay for amounts “you” offer, and subsequently pay, as a reward to “you”, **“**your” officers, partners, directors, or any family member(s) of such individuals, or any employee of a law enforcement agency or any employee of a business engaged in property protection, or any person(s) involved in the crime.

c. **Limits --** “We” will pay 25% of the amount of covered loss, prior to application of any deductible, up to a maximum of the limit shown on the “schedule of coverages” for Reward Payments in any one occurrence for reward payments “you” make. “You” must document any such reward payments and provide this information to “us” upon request.

1. **Employee Tools** --

a. **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to "tools" owned by "your" employees.

b. **Coverage Limitation** -- "We" only cover employee "tools" that are used as part of "your" business operations.

c. **Limit** -- The most "we" pay in any one occurrence under this Supplemental Coverage is the limit shown on the “schedule of coverages” for Employee Tools.

* 1. **Deductible** -- "We" pay only that part of "your" loss over the deductible amount indicated for Employee Tools on the “schedule of coverages” in any one occurrence.

1. **Fuel** --

a. **Coverage** -- "We" cover the direct physical loss or damage caused by a covered peril to "your" supplies of fuel for vehicles and "equipment".

Fuel means gasoline, diesel, and LP Gas.

b. **Coverage Limitation** -- "We" only cover fuel while on the premises that is described on the "schedule of coverages".

c. **Limit** -- The most "we" pay in any one occurrence under this Supplemental Coverage is the limit shown on the “schedule of coverages” for Fuel.

d. **Deductible** -- "We" pay only that part of "your" loss over the deductible amount indicated for Fuel on the “schedule of coverages” in any one occurrence.

1. **Your Tools** --

a. **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to "your" "tools".

b. **Coverage Limitation** -- "We" only cover "your" "tools" that are used as part of "your" business operations.

c. **Limit** -- The most "we" pay in any one occurrence under this Supplemental Coverage is the limit shown on the “schedule of coverages” for Your Tools.

d. **Deductible** -- "We" pay only that part of "your" loss over the deductible amount indicated for Your Tools on the “schedule of coverages” in any one occurrence.

1. **Earthquake** --

a. **Coverage** -- "We" cover direct physical loss or damage to covered property caused by or resulting from earthquake and volcanic eruption.

b. **Coverage Limitations** -- "We" only cover loss caused by earthquake and volcanic eruption when Earthquake "limits" are indicated on “schedule of coverage”.

c. **Limit** -- The following "limits" apply to loss or damage caused by or resulting from earthquake and volcanic eruption:

1) **Location Limit** -- The most "we" pay in any one occurrence for loss to covered property at any one location is the Earthquake Location Limit indicated on the “schedule of overages”.

2) **Occurrence Limit** -- The most "we" pay in any one occurrence for loss to covered property at all locations is the Earthquake Occurrence Limit indicated on the “schedule of coverages”.

3) **Catastrophe Limit** -- The most "we" pay for all losses to covered property at all locations during each separate 12-month period of this policy is the Earthquake Catastrophe Limit indicated on the “schedule of coverages”.

1. The exclusion for Earth Movement Or Volcanic Eruption still applies except to the extent that coverage is provided.
2. **Flood** --

a. **Coverage** -- "We" cover direct physical loss or damage to covered property caused by or resulting from "flood".

b. **Coverage Limitations** -- "We" only cover loss caused by "flood" when Flood "limits" are indicated on the “schedule of coverages”.

c. **Limit** -- The following "limits" apply to loss or damage caused by or resulting from "flood":

1) **Location Limit** -- The most "we" pay in any one occurrence for loss to covered property at any one location is the Flood Location Limit indicated on the “schedule of coverages”.

2) **Occurrence Limit** -- The most "we" pay in any one occurrence for loss to covered property at all locations is the Flood Occurrence Limit indicated on the “schedule of coverages”.

3) **Catastrophe Limit** -- The most "we" pay for all losses to covered property at all locations during each separate 12-month period of this policy is the Flood Catastrophe Limit indicated on the “schedule of coverages”.

1. **Limitations --** The exclusion for Flood still applies except to the extent that coverage is provided.

perils covered

"We" cover risks of direct physical loss unless the loss is limited or caused by a peril that is excluded.

perils excluded

1. "We" do not pay for loss or damage caused directly or indirectly by one or more of the following excluded causes or events. Such loss or damage is excluded regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.

a. **Civil Authority** -- Order of any civil authority, including seizure, confiscation, destruction, or quarantine of property.

"We" do cover loss resulting from acts of destruction by the civil authority to prevent the spread of fire, unless the fire is caused by a peril excluded under this coverage.

b. **Earth Movement** -- Any "earth movement".

However, if eruption, explosion, or effusion of a volcano results in "volcanic action", "we" will pay for the loss or damage caused by that "volcanic action".

If "earth movement" results in fire, "we" will pay for the loss or damage caused by that fire. If "earth movement" (other than eruption, explosion, or effusion of a volcano) results in explosion, "we" will pay for the loss or damage caused by that explosion.

This exclusion does not apply to covered property while in transit.

c. **Flood** -- "Flood".

"We" also do not cover waterborne material carried or otherwise moved by "flood", whether or not driven by wind, including storm surge, or material carried or otherwise moved by mudslide or mudflow.

However, if "flood" results in fire, explosion, or sprinkler leakage, "we" will pay for the loss or damage caused by that fire, explosion, or sprinkler leakage.

This exclusion does not apply to covered property while in transit.

d. **Nuclear Hazard** -- Nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by natural, accidental, or artificial means). Loss caused by nuclear hazard is not considered loss caused by fire, explosion, or smoke. Direct loss by fire resulting from the nuclear hazard is covered.

e. **Sewer, Septic Tank, Sump, Or Drain Backup And Water Below The Surface** -- Except as provided under Supplemental Coverages - Sewer Backup:

1) water or waterborne material that backs up, overflows or is otherwise discharged through a sewer or drain, sump or septic tank, eaves trough or downspout; or

2) water or waterborne material below the surface of the ground, whether naturally or artificially occurring, including but not limited to water or waterborne material that exerts pressure on or flows, seeps, or leaks through or into a building or structure, sidewalk, driveway, foundation, swimming pool, or other structure.

But if sewer, drain, sump, septic tank, eaves trough, or downspout backup and water or waterborne material below the surface results in fire, explosion, or sprinkler leakage, "we" cover the loss or damage caused by that fire, explosion, or sprinkler leakage.

This exclusion does not apply to covered property while in transit.

f. **War And Military Action** --

1) War, including undeclared war or civil war; or

2) a warlike action by a military force, including action taken to prevent or defend against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or

3) insurrection, rebellion, revolution, or unlawful seizure of power including action taken by governmental authority to prevent or defend against any of these.

With regard to any action that comes within the "terms" of this exclusion and involves nuclear reaction, nuclear radiation, or radioactive contamination, this War And Military Action exclusion will apply in place of the Nuclear Hazard exclusion.

2. "We" do not pay for loss or damage that is caused by or results from one or more of the following:

a. **Animal Nesting, Infestation, Or Discharge** -- "We" do not pay for loss or damage caused by or resulting from nesting, infestation, discharge, or release of waste products or secretions by animals, including but not limited to, birds, insects, or vermin.

But if nesting, infestation, discharge, or release of waste products or secretions by animals results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

b. **Contamination Or Deterioration** -- "We" do not pay for loss or damage caused by or resulting from contamination or deterioration including corrosion, decay, fungus, mildew, mold, rot, rust, or any quality, fault, or weakness in the covered property that causes it to damage or destroy itself.

But if contamination or deterioration results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

c. **Criminal, Fraudulent, Dishonest, Or Illegal Acts** -- "We" do not pay for loss or damage caused by or resulting from criminal, fraudulent, dishonest, or illegal acts committed alone or in collusion with another by:

1) "you";

2) others who have an interest in the property;

3) "your" partners, officers, directors, trustees, joint venturers, or "your" members or managers if "you" are a limited liability company; or

4) the employees or agents of 1), 2), or 3) above, whether or not they are at work.

This exclusion does not apply to acts of destruction by "your" employees, but "we" do not pay for theft or “conversion” by employees.

This exclusion does not apply to covered “equipment” in the custody of a carrier for hire.

d. **Electrical Currents** -- "We" do not pay for loss or damage caused by or resulting from artificially generated electrical currents that damage electrical apparatus or wiring within the covered property.

But if electrical currents result in fire or explosion, "we" do cover the loss or damage caused by the fire or explosion.

This exclusion applies only to the property artificially generating the current.

e. **Loss Of Use** -- "We" do not pay for loss or damage caused by or resulting from loss of use, delay, or loss of market.

f. **Mechanical Breakdown** -- "We" do not pay for loss or damage caused by or resulting from any mechanical, structural, or electrical breakdown or malfunction including a breakdown or malfunction resulting from a structural, mechanical, or reconditioning process.

But if a mechanical, structural, or electrical breakdown or malfunction results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

g. **Missing Property** -- "We" do not pay for missing property where the only proof of loss is unexplained or mysterious disappearance of covered property, or shortage of property discovered on taking inventory, or any other instance where there is no physical evidence to show what happened to the covered property.

This exclusion does not apply to covered property in the custody of a carrier for hire.

h. **Pollutants** -- "We" do not pay for loss or damage caused by or resulting from release, discharge, seepage, migration, dispersal, or escape of "pollutants":

1) unless the release, discharge, seepage, migration, dispersal, or escape is caused by a "specified peril"; or

2) except as specifically provided under the Supplemental Coverages - Pollutant Cleanup And Removal.

"We" do cover any resulting loss caused by a "specified peril".

i. **Process To Repair, Adjust, Service, Or Maintain** -- "We" do not pay for loss or damage caused by or resulting from a process to repair, adjust, service, or maintain the covered property.

But if a process to repair, adjust, service, or maintain results in fire or explosion, "we" do cover the loss or damage caused by the fire or explosion.

j. **Temperature/Humidity** -- "We" do not pay for loss or damage caused by or resulting from dryness, dampness, humidity, or changes in or extremes of temperature.

But if dryness, dampness, humidity, or changes in or extremes of temperature results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

k. **Voluntary Parting** -- "We" do not pay for loss or damage caused by or resulting from voluntary parting with title to or possession of any property because of any fraudulent scheme, trick, or false pretense.

l. **Wear And Tear** -- "We" do not pay for loss or damage caused by or resulting from wear and tear, marring, or scratching.

But if wear and tear, marring, or scratching results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

what must be done

in case of loss

1. **Notice** -- In case of a loss, "you" must:

a. give "us" or "our" agent prompt notice including a description of the property involved ("we" may request written notice);

1. give notice to the police when the act that causes the loss is a crime; and
2. in the event of loss by “conversion”, “you” must give “us” or “our” agent prompt notice once “you” become aware of a loss. “We” will have up to 90 days after receipt of such notice to investigate the circumstances of such loss, and to attempt to locate the “equipment”.

2. **You Must** **Protect Property** -- "You" must take all reasonable steps to protect covered property at and after an insured loss to avoid further loss.

a. **Payment Of Reasonable Costs** -- "We" do pay the reasonable costs incurred by "you" for necessary repairs or emergency measures performed solely to protect covered property from further damage by a peril insured against if a peril insured against has already caused a loss to covered property. "You" must keep an accurate record of such costs. "Our" payment of reasonable costs does not increase the "limit".

b. **We Do Not Pay** -- "We" do not pay for such repairs or emergency measures performed on property which has not been damaged by a peril insured against.

3. **Proof Of Loss** -- "You" must send "us", within 60 days after "our" request, a signed, sworn proof of loss. This must include the following information:

a. the time, place, and circumstances of the loss;

b. other policies of insurance that may cover the loss;

c. "your" interest and the interests of all others in the property involved, including all mortgages and liens;

d. changes in title of the covered property during the policy period; and

e. estimates, specifications, inventories, and other reasonable information that "we" may require to settle the loss.

4. **Examination** -- "You" must submit to examination under oath in matters connected with the loss as often as "we" reasonably request and give "us" sworn statements of the answers. If more than one person is examined, "we" have the right to examine and receive statements separately and not in the presence of others.

5. **Records** -- "You" must produce records, including tax returns and bank microfilms of all canceled checks relating to value, loss, and expense and permit copies and extracts to be made of them as often as "we" reasonably request.

6. **Damaged Property** -- "You" must exhibit the damaged and undamaged property as often as "we" reasonably request and allow "us" to inspect or take samples of the property.

7. **Volunteer Payments** -- "You" must not, except at "your" own expense, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses except as respects protecting property from further damage.

8. **Abandonment** -- "You" may not abandon the property to "us" without "our" written consent.

1. **Cooperation** -- "You" must cooperate with "us" in performing all acts required by this policy.
2. In the event of loss by “conversion”, “you” must make every reasonable effort to locate and recover the missing “equipment”. “You” must document these efforts and provide this information to “us” upon request.

Valuation

1. **Replacement Cost** -- The value of covered property will be based on the replacement cost without any deduction for depreciation.

a. **Replacement Cost Applies Unless** -- The provisions under Replacement Cost apply unless:

1) Actual Cash Value is indicated on the "schedule of coverages"; or

2) the provisions under Equipment Sold apply.

1. **Replacement Cost Limitation** -- The replacement cost is limited to:
2. the cost of repair or replacement with similar materials and used for the same purpose; except
3. for Equipment You Lease or Rent to Others:
4. the cost of repair or replacement with similar materials; and
5. At “your” option, the cost to replace the damaged or destroyed property with other “equipment” of a different type that will be used in your leasing or rental operations;
6. The payment will not exceed the amount "you" spend to repair or replace the damaged or destroyed property with similar materials, or with “equipment” of a different type, but in no event to exceed the cost of repair or replacement with similar materials.

c. **Replacement Cost Does Not Apply Until Repair Or Replacement** -- Replacement cost valuation does not apply until the damaged or destroyed property is repaired or replaced.

d. **Time Limitation** -- "You" may make a claim for actual cash value before repair or replacement takes place, and later for the replacement cost if "you" notify "us" of "your" intent within 180 days after the loss.

2. **Actual Cash Value** --

a. The value of covered property will be based on the actual cash value at the time of the loss (with a deduction for depreciation).

b. The provisions under Actual Cash Value apply unless:

1) Replacement Cost is indicated on the "schedule of coverages"; or

2) the provisions under Equipment Sold apply.

3. **Equipment Sold** -- In the event of a total loss, the value of "equipment" that "you" have sold but not delivered will be based on the selling price less all discounts and   
un-incurred expenses.

4. **Equipment On Consignment** --

a. **Consignment Amount** -- The value of "equipment" of others in "your" care, custody, and control while on consignment is based on the agreed upon consignment amount (less any commissions or selling fees) as stated in the consignment agreement, or in any similar agreement, between "you" and the owner of the "equipment". The agreed upon consignment amount must be stated in writing prior to a loss.

b. **Absence Of Written Consignment Amount** -- In the absence of a written consignment amount, the "equipment" of others will be based on the actual cash value at the time of the loss (with a deduction for depreciation).

1. **Equipment You Lease Or Rent From   
   Others** --
2. **Leased or Rented Equipment Value** – The value of “equipment” “you” lease or rent from others will be based upon the lesser of:

1) the amount of "your" liability that is stated in the lease agreement or rental agreement;

2) the cost of repair or replacement with similar materials and used for the same purpose;

1. the amount actually spent to repair or replace the damaged or destroyed property.
2. the "limit" shown on the “schedule of coverages”.

1. **Absence Of Written Lease or Rental Agreement** -- In the absence of a written lease or rental agreement, the "equipment" of others will be based on the actual cash value at the time of the loss (with a deduction for depreciation).
2. **Employee Tools, Fuel and Your Tools –** The value of lost or damaged Employee Tools, Fuel and Your Tools will be based upon the actual cash value at the time of the loss, unless replacement cost is indicated on the “schedule of coverages”.

7. **Pair Or Set** -- The value of a lost or damaged article which is part of a pair or set is based on a reasonable proportion of the value of the entire pair or set. The loss is not considered a total loss of the pair or set.

8. **Loss To Parts** -- The value of a lost or damaged part of an item that consists of several parts when it is complete is based on the value of only the lost or damaged part or the cost to repair or replace it.

how much we pay

1. **Insurable Interest** -- "We" do not cover more than "your" insurable interest in any property.

2. **Deductible** -- "We" pay only that part of "your" loss over the deductible amount indicated on the "schedule of coverages":

1. in any one occurrence for all covered equipment if Deductible Amount Per Occurrence is shown; or
2. for each unit of covered equipment if Deductible Amount Each Unit is shown.

3. **Loss Settlement Terms** -- Subject to paragraphs 1., 2., 4., 5., 6., and 7. under How Much We Pay, "we" pay the lesser of:

a. the amount determined under Valuation;

b. the cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practicable; or

c. the "limit" that applies to the covered property.

4. **Catastrophe Limit** -- The most "we" pay in any one occurrence is the Catastrophe Limit indicated on the "schedule of coverages" regardless if an occurrence or loss involves:

a. one or more pieces of Described Property;

b. one or more buildings;

c. one or more described premises; or

d. any combination of Described Property, buildings, described premises, or coverages described under Coverage Extensions or Supplemental Coverages.

The Catastrophe Limit also applies regardless if an occurrence or loss involves Property Inside Buildings and Property Outside Buildings.

5. **Coinsurance** --

a. **When Coinsurance Applies** -- "We" only pay a part of the loss if the "limit" is less than the percentage of the value of the covered property that is indicated on the "schedule of coverages".

b. **How We Determine Our Part Of The Loss** -- "Our" part of the loss is determined using the following steps:

1) multiply the percent indicated on the "schedule of coverages" by the value of the covered property at the time of loss;

2) divide the "limit" for covered property by the result determined in b.1) above;

3) multiply the total amount of loss, after the application of any deductible, by the result determined in b.2) above.

The most "we" pay is the amount determined in b.3) above or the "limit", whichever is less. "We" do not pay any remaining part of the loss.

This procedure applies to the total of all covered property to which a "limit" applies.

c. **When Coinsurance Does Not Apply** -- Conditions for coinsurance do not apply unless a coinsurance percentage is indicated on the "schedule of coverages".

6. **Insurance Under More Than One Coverage** -- If more than one coverage of this policy insures the same loss, "we" pay no more than the actual claim, loss, or damage sustained.

7. **Insurance Under More Than One Policy** --

a. **Proportional Share** -- "You" may have another policy subject to the same "terms" as this policy. If "you" do, "we" will pay "our" share of the covered loss. "Our" share is the proportion that the applicable "limit" under this policy bears to the "limit" of all policies covering on the same basis.

b. **Excess Amount** -- If there is another policy covering the same loss, other than that described above, "we" pay only for the amount of covered loss in excess of the amount due from that other policy, whether "you" can collect on it or not. But "we" do not pay more than the applicable "limit".

1. **Earthquake and Flood --**

1. **Deductible** -- "We" pay only that part of "your" loss over the deductible amount indicated for Earthquake and/or Flood on the “schedule of coverages” in any one occurrence.
2. **Earthquake Period** -- All earthquakes or volcanic eruptions that occur within a   
   168-hour period will be considered a single loss. This 168-hour period is not limited by the policy expiration.
3. **Excess Insurance** -- "You" may purchase insurance in excess of the applicable "limit". Such excess insurance will not be considered in applying Insurance Under More Than One Policy nor will it be considered in the application of any pro rata or apportionment provision.

loss payment

1. **Loss Payment Options** --

a. **Our Options** -- In the event of loss covered by this coverage form, "we" have the following options:

1) pay the value of the lost or damaged property;

2) pay the cost of repairing or replacing the lost or damaged property;

3) rebuild, repair, or replace the property with other property of equivalent kind and quality, to the extent practicable, within a reasonable time; or

4) take all or any part of the property at the agreed or appraised value.

1. **Notice Of Our Intent To Rebuild, Repair, Or Replace** -- "We" must give "you" notice of "our" intent to rebuild, repair, or replace within 30 days after receipt of a duly executed proof of loss.

2. **Your Losses** --

a. **Adjustment And Payment Of Loss** -- "We" adjust all losses with "you". Payment will be made to "you" unless another loss payee is named in the policy.

b. **Conditions For Payment Of Loss** --   
An insured loss will be payable 30 days after:

1) a satisfactory proof of loss is received; and

2) the amount of the loss has been established either by written agreement with "you" or the filing of an appraisal award with "us".

3. **Property Of Others** --

a. **Adjustment And Payment Of Loss To Property Of Others** -- Losses to property of others may be adjusted with and paid to:

1) "you" on behalf of the owner; or

2) the owner.

b. **We Do Not Have To Pay You If We Pay The Owner** -- If "we" pay the owner, "we" do not have to pay "you". "We" may also choose to defend any suits brought by the owners at "our" expense.

REPORTING conditions

If indicated on the "schedule of coverages", the following reporting conditions apply.

1. **Equipment You Lease Or Rent To   
   Others** -- The following reporting conditions apply to "equipment" "you" lease or rent to others:

a. **Reports** --

1. **You Will Report To Us** -- Within 30 days after the end of the policy period, "you" will report to "us":
2. the total amount of receipts (collected or uncollected) that "you" have earned from the leasing or renting of "equipment"

if a rate is shown for Receipts; or

1. a schedule of all of the "equipment" that is held for lease or rent to others and the schedule will contain:
2. a description of each piece of "equipment"; and
3. the value of each piece of "equipment" if a rate is shown for Average Values.

2) **Cancellation** -- If this policy is canceled, "you" will report the total amount of receipts up to and including the date of cancellation.

b. **Premium Computation And Adjustment** --

If a rate is shown for Receipts:

1) The premium will be adjusted at the end of the policy period. The total computed premium will be determined by multiplying "your" total earned receipts by the rate indicated on the "schedule of coverages" for Equipment You Lease Or Rent To Others.

2) "We" will compare the total computed premium to the deposit premium. If it is more than the deposit premium, "you" will pay "us" the difference. If it is less than the deposit premium, "we" will pay "you" the difference subject to the minimum premium indicated on the "schedule of coverages".

If a rate is shown for Average Values, Subparagraph b. of Paragraph 3. **Other Described Property (Average Values)** shall apply,

c. **Provisions That Affect How Much We   
Pay** -- The following provisions apply to reports that are submitted and may affect How Much We Pay:

1) **Failure To Submit Reports** -- If "you" have failed to submit the required reports or no report has been submitted, the most "we" will pay is 90% of the covered loss subject to the applicable "limit".

2) **Reported Values Are Less Than The Full Value** -- If "your" last report before a loss shows less than the actual value of "your" receipts that "you" have earned from the leasing or renting of "equipment", "we" will only pay a part of the loss. "We" will not pay a greater portion of the loss, prior to the application of the deductible, than the receipts "you" reported divided by "your" actual receipts that "you" have earned from the leasing or renting of "equipment" during the reporting period.

3) **We Will Not Pay More Than The   
Limit** -- "We" will not pay more than the applicable "limit" regardless of any reported value used in computing the premium.

1. **Equipment You Lease Or Rent From   
   Others** -- The following reporting conditions apply to "equipment" "you" lease or rent from others:

a. **Reports** --

1. **You Will Report To Us** -- Within 30 days after the end of the policy period, "you" will report to "us" the total cost of hire for the "equipment" of others.

2) **Cancellation** -- If this policy is canceled, "you" will report the total cost of hire up to and including the date of cancellation.

b. **Premium Computation And Adjustment** --

:

The premium will be adjusted at the end of the policy period. The total computed premium will be determined by multiplying "your" total cost of hire by the rate indicated on the "schedule of coverages" for Equipment You Lease Or Rent From Others.

c. **Provisions That Affect How Much We   
Pay** -- The following provisions apply to reports that are submitted and may affect How Much We Pay:

1) **Failure To Submit Reports** -- If "you" have failed to submit the required reports or no report has been submitted, the most "we" will pay is 90% of the covered loss subject to the applicable "limit".

2) **We Will Not Pay More Than The   
Limit** -- "We" will not pay more than the applicable "limit" regardless of any reported value used in computing the premium.

3. **Other Described Property (Average Values)** -- The following reporting conditions apply to applicable Described Property. Applicable Described Property is indicated on the "schedule of coverages". Refer to Property Covered, Described Property in this coverage form for a listing and description of Described Property.

These reporting conditions do not apply to Equipment You Lease Or Rent To Others.

a. **Reports** --

1) **You Will Report To Us** -- "You" will submit "your" initial report to "us" by the inception of this policy. Within 30 days after the end of each reporting period indicated on the "schedule of coverages", "you" will submit to "us" an additional report. "You" will report to "us" the value of described property.

If reporting conditions apply to Equipment Intended For Sale, "your" report will include a schedule of all of the "equipment" that is for sale and the schedule will contain:

a) a description of each piece of "equipment"; and

b) the value of each piece of "equipment".

2) **Cancellation** -- If "your" coverage is canceled, "you" will report the total value of all described property up to and including the date of cancellation and pay any additional premium due.

b. **Premium Computation And Adjustment** --

1) The value of reported property will be added together to determine the aggregate value for each report. The aggregate value from each report will be added together and divided by the number of reports that were submitted to determine an average aggregate value. The premium will be adjusted at the end of the policy period. The computed premium will be determined by multiplying the average aggregate value by the rate indicated on the "schedule of coverages".

2) "We" will compare the total computed premium to the deposit premium. If it is more than the deposit premium, "you" will pay "us" the difference. If it is less than the deposit premium, "we" will pay "you" the difference subject to the minimum premium indicated on the "schedule of coverages".

c. **Provisions That Affect How Much We   
Pay** -- The following provisions apply to reports that are submitted and may affect How Much We Pay:

1) **Failure To Submit Reports** -- If "you" have failed to submit the required reports or no report has been submitted, the most "we" will pay is 90% of the covered loss subject to the applicable "limit".

2) **Reported Values Are Less Than The Full Value** -- If "your" last report before a loss shows less than the actual value of Described Property, "we" will only pay a part of the loss. "We" will not pay a greater portion of the loss, prior to the application of the deductible, than the values "you" reported divided by the actual value of described property during the reporting period.

3) **We Will Not Pay More Than The   
Limit** -- "We" will not pay more than the applicable "limit" regardless of any reported value used in computing the premium.

3. **Other Described Property (Sales)** -- The following reporting conditions apply to applicable Described Property. Applicable Described Property is indicated on the "schedule of coverages". Refer to Property Covered, Described Property in this coverage form for a listing and description of Described Property.

These reporting conditions do not apply to Equipment You Lease Or Rent To Others.

a. **Reports** --

1) **You Will Report To Us** -- Within 30 days after the end of each reporting period, "you" will report to "us" (if applicable) "your" total:

a) sales from the sale of "equipment";

b) receipts earned from repairing or servicing "equipment" of others;

c) sales from the sale of parts and accessories for "equipment", fluid and lubrication, and tires.

2) **Cancellation** -- If "your" coverage is canceled, "you" will report the total sales up to and including the date of cancellation and pay any additional premium due.

b. **Premium Computation And Adjustment** -- The premium will be adjusted as of each adjustment period indicated on the "schedule of coverages". The computed premium will be determined by multiplying the total sales and/or receipts by the rate indicated on the schedule.

1) **Annual Adjustment Period** -- When an annual adjustment period is indicated on the "schedule of coverages", "we" will compare the total computed premium to the deposit premium. If it is more than the deposit premium, "you" will pay "us" the difference. If it is less than the deposit premium, "we" will pay "you" the difference subject to the minimum premium indicated on the schedule.

2) **Other Adjustment Period** -- When any other premium adjustment period is indicated, "we" will apply the computed premium to the deposit premium until it is exhausted. "You" will pay "us" all premiums that exceed the deposit premium. At the end of the policy period, if the computed premium is less than the deposit premium, "we" will pay "you" the difference subject to the minimum premium indicated on the "schedule of coverages".

c. **Provisions That Affect How Much We Pay** -- The following provisions apply to reports that are submitted and may affect How Much We Pay:

1) **Failure To Submit Reports** -- If "you" have failed to submit the required reports or no report has been submitted, the most "we" will pay is 90% of the covered loss subject to the applicable "limit".

2) **Reported Values Are Less Than The Full Value** -- If "your" last report before a loss shows less than the actual sales and/or receipts during the reporting period, "we" will only pay a part of the loss. "We" will not pay a greater portion of the loss, prior to the application of the deductible, than the sales and/or receipts "you" reported divided by the sales and/or receipts that actually should have been reported during the reporting period.

3) **We Will Not Pay More Than The Limit** -- "We" will not pay more than the applicable "limit" regardless of any reported value used in computing the premium.

other conditions

1. **Appraisal** -- If "you" and "we" do not agree on the amount of the loss or the value of covered property, either party may demand that these amounts be determined by appraisal.

If either makes a written demand for appraisal, each will select a competent, independent appraiser and notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers will then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, "you" or "we" can ask a judge of a court of record in the state where the property is located to select an umpire.

The appraisers will then determine and state separately the amount of each loss.

The appraisers will also determine the value of covered property items at the time of the loss, if requested.

If the appraisers submit a written report of any agreement to "us", the amount agreed upon will be the amount of the loss. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three, sets the amount of the loss.

Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire will be paid equally by "you" and "us".

2. **Benefit To Others** -- Insurance under this coverage will not directly or indirectly benefit anyone having custody of "your" property.

3. **Conformity With Statute** -- When a condition of this coverage is in conflict with an applicable law, that condition is amended to conform to that law.

4. **Estates** -- This provision applies only if the insured is an individual.

a. **Your Death** -- On "your" death, "we" cover the following as an insured:

1) the person who has custody of "your" property until a legal representative is qualified and appointed; or

2) "your" legal representative.

This person or organization is an insured only with respect to property covered by this coverage.

b. **Policy Period Is Not Extended** -- This coverage does not extend past the policy period indicated on the declarations.

5. **Misrepresentation, Concealment, Or Fraud** -- This coverage is void as to "you" and any other insured if, before or after a loss:

a. "you" or any other insured have willfully concealed or misrepresented:

1) a material fact or circumstance that relates to this insurance or the subject thereof; or

2) "your" interest herein.

b. there has been fraud or false swearing by "you" or any other insured with regard to a matter that relates to this insurance or the subject thereof.

6. **Policy Period** -- "We" pay for a covered loss that occurs during the policy period.

7. **Recoveries** -- If "we" pay "you" for the loss and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:

a. "you" must notify "us" promptly if "you" recover property or receive payment;

b. "we" must notify "you" promptly if "we" recover property or receive payment;

c. any recovery expenses incurred by either are reimbursed first;

d. "you" may keep the recovered property but "you" must refund to "us" the amount of the claim paid or any lesser amount to which "we" agree; and

e. if the claim paid is less than the agreed loss due to a deductible or other limiting "terms" of this policy, any recovery will be pro rated between "you" and "us" based on "our" respective interest in the loss.

f. If “we” pay “you” for a “conversion” loss, and the lost “equipment” is located and recovered, or payment is made by those responsible for the loss, “you” may at “your” option either:

1. Keep the recovered “equipment”, but “you” must refund to “us” the amount of the claim paid to “you”; or
2. Release the title to the “equipment” to “us”.

8. **Restoration Of Limits** -- A loss "we" pay under this coverage does not reduce the applicable "limit".

9. **Subrogation** -- If "we" pay for a loss, "we" may require "you" to assign to "us" "your" right of recovery against others. "You" must do all that is necessary to secure "our" rights. "We" do not pay for a loss if "you" impair this right to recover.

"You" may waive "your" right to recover from others in writing before a loss occurs.

10. **Suit Against Us** -- No one may bring a legal action against "us" under this coverage unless:

a. all of the "terms" of this coverage have been complied with; and

b. the suit has been brought within two years after "you" first have knowledge of the loss.

If any applicable law makes this limitation invalid, then suit must begin within the shortest period permitted by law.

11. **Territorial Limits** -- "We" cover property while it is in the United States of America, its territories and possessions, Canada, and Puerto Rico.

Definitions

1. “Conversion” means the unauthorized and unlawful appropriation of “your” covered “equipment” by a lessee or renter, who knowingly uses or disposes of the leased or rented “equipment” in violation of a written lease or rental agreement and “your” right of ownership in such covered “equipment”.
2. "Earth movement" means:

a. earthquake, including land shock waves or tremors before, during or after a volcanic eruption;

b. landslide, mudslide, or mudflow;

c. mine subsidence whether or not the   
non-natural mine is currently in use;

d. any other movement of earth, including sinking (other than "sinkhole collapse"), shifting, or rising of earth including, but not limited to, erosion, expansion, shrinking, freezing, thawing, improper soil compaction, and movement of water under the surface of the ground that cause cracking, settling, or shifting of foundations, buildings, or structures; or

1. eruption, explosion, or effusion of a volcano.
2. "Equipment" means equipment and personal property of a mobile nature including, but not limited to:
3. agricultural;
4. construction;
5. material handling equipment, generators, elevated work platforms, and lighting equipment; or
6. “your” stock in trade consisting principally of personal property held for sale or rental.

1. "Flood" means an overflowing or inundation by water of an area that was previously and normally dry or not covered by water, whether caused artificially or naturally, by human or animal forces or by an act of nature. "Flood" includes, but is not limited to:

a. overflow of inland or tidal waters, waves, tidal waves, or tsunamis, or spray that results from any of these, all whether driven by wind or not, including but not limited to storm surge;

b. unusual and rapid accumulation or runoff of surface waters from any source; or

c. mudslides or mudflows if caused by:

1) unusual and rapid accumulation or runoff of surface waters or waves; or

2) currents of water exceeding anticipated cyclical levels.

1. "Limit" means the amount of coverage that applies.
2. "Pollutant" means:

a. any solid, liquid, gaseous, thermal, or radioactive irritant or contaminant, including acids, alkalis, chemicals, fumes, smoke, soot, vapor, and waste. Waste includes materials to be recycled, reclaimed, or reconditioned, as well as disposed of; and

b. electrical or magnetic emissions, whether visible or invisible, and sound emissions.

1. "Schedule of coverages" means:

a. all pages labeled "schedule of coverages" or schedules which pertain to this coverage; and

b. declarations or supplemental declarations which pertain to this coverage.

1. "Sinkhole collapse" means the sudden settlement or collapse of earth supporting the covered property into subterranean voids created by the action of water on a limestone or similar rock formation. It does not include the value of the land or the cost of filling sinkholes.
2. "Specified perils" means aircraft; civil commotion; explosion; falling objects; fire; hail; leakage from fire extinguishing equipment; lightning; riot; "sinkhole collapse"; smoke; sonic boom; vandalism; vehicles; "volcanic action"; water damage; weight of ice, snow, or sleet; and windstorm.

Falling objects does not include loss to:

a. personal property in the open; or

b. the interior of buildings or structures or to personal property inside buildings or structures unless the exterior of the roofs or walls are first damaged by a falling object.

Water damage means the sudden or accidental discharge or leakage of water or steam as a direct result of breaking or cracking of a part of the system or appliance containing the water or steam.

1. "Terms" means all provisions, limitations, exclusions, conditions, and definitions that apply.
2. "Tool" means a hand-held device that functions by directing manually applied force or by means of a motor.
3. "Volcanic action" means airborne volcanic blast or airborne shock waves; ash, dust, or particulate matter; or lava flow.

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