

sustained basis, we will pay no more than actual dollar amount of your loss.

**7. FACE VALUE**

When the “Declarations” indicate that coverage is provided on a face value basis, we will pay no more than the nominal amount of any currency or any “covered instrument” up to the least of the following:

- a. In its U.S. currency equivalent determined by the rate of exchange as of the date the loss is discovered;
- b. In the “money” of the country in which the loss occurred; or
- c. The limit of insurance.

**8. MARKET VALUE**

When the “Declarations” indicate that coverage is provided on a market value basis, we will pay no more than the least of the following:

- a. The value of the “securities” at the close of the last business day preceding the discovery of the loss;
- b. The cost to replace them in kind, in which event you must assign to us all your rights, title and interest in and to those “securities”;
- c. The cost of any Lost Securities Bond required in connection with issuing duplicates of the “securities.”

However, we will be liable only for the payment of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

- (1) Value of the “securities” at the close of business on the day the loss was discovered; or
- (2) Limit of insurance.

However, we do not have to furnish any bonds; or

- d. The limit of insurance.

**9. APPRAISED VALUE**

When the “Declarations” indicate that coverage is provided on an appraised value basis, we will pay no more than the least of the following:

- a. Value determined by a competent appraiser; or
- b. The limit of insurance.

**M. REPORTING REQUIREMENTS**

**1. NEWLY ACQUIRED OR CONSTRUCTED PROPERTY**

Insurance under I.B.5. NEWLY ACQUIRED OR CONSTRUCTED PROPERTY will terminate when any of the following first occurs:

- a. This policy ends;
- b. 90 days expire after you acquire or begin to construct the property; or
- c. You request coverage on such property.

We will charge you additional premium for values reported from the date construction begins or you acquire the property.

**2. GUARANTEED REPLACEMENT COST**

When VI.L.3. GUARANTEED REPLACEMENT COST coverage is provided you must report to us within 30 days the following:

- a. Any addition, improvement or alteration to property covered under I.A.1. BUILDINGS AND STRUCTURES and I.A.2. “UNITS” which increases the value by \$25,000 or more.
- b. Any addition, improvement, alteration or acquisition to property covered under I.A.3. COMMUNITY PERSONAL PROPERTY which increases the value by \$25,000 or more.

Your failure to comply with this condition will void any recovery under VI.L.3. GUARANTEED REPLACEMENT COST for additions, improvements, alterations or acquisitions to property described in a. and b. above. We will charge you additional premium for values reported from the date construction begins or you acquire the property.

**N. APPRAISAL**

- 1. If you and we disagree on the amount of loss or value of property, either may make written demand for an appraisal of the loss. In this event, each party will do the following:

- a. Select its own appraiser. You and we must notify the other of the appraiser selected within 20 days of the written demand for appraisal.

- (1) The appraisers will state separately and independently the amount of the loss or damage.
- (2) If the two appraisers fail to agree they will select an umpire. If the appraisers do not agree on the selection of an umpire within 15 days, they must request selection of an umpire by a judge of a court having jurisdiction.
- (3) An agreement by any two will be binding as to the amount of the loss.

b. Pay the costs of its own appraiser.

c. Pay its share of any other costs of the appraisal as follows:

- (1) If the amount agreed upon in N.1.a.(3) above is higher than either party's appraisal in N.1.a.(1), above, the party submitting the lower appraisal will pay all such costs.
- (2) If the amount agreed upon in N.1.a.(3) above is lower than either party's appraisal in N.1.a.(1), above, the party submitting the higher appraisal will pay all such costs.
- (3) Otherwise, each party's share of such other costs is determined using the following steps:

**Step 1:**

Determine, by subtraction, the difference between that party's appraisal in N.1.a.(1) above and the amount agreed upon in N.1.a.(3) above.

**Step 2:**

Divide the result of Step 1 by the difference between each party's appraisal in N.1.a.(1) above.

**Step 3:**

Multiply the result of Step 2 by the total of such other costs to determine that party's share.

2. If we submit to an appraisal, we will still retain our right to deny the claim.

### O. LOSS PAYMENT

1. In accordance with VI.L. VALUATION, in the event of loss or damage covered by this Property Coverage Part, at our option, we will either:

- a. Pay the value of lost or damaged property;
- b. Pay the cost of repairing or replacing the lost or damaged property;
- c. Take all or any part of the property at an agreed or appraised value; or
- d. Repair, rebuild or replace the property with other property of comparable quality.

Except for coverage provided under II.G. ORDINANCE OR LAW COVERAGE.

2. With regard to II.G. ORDINANCE OR LAW COVERAGE provided under this policy, coverage is subject to the qualifications shown below. The property must sustain:

- a. Direct physical damage that is covered under this policy and such damage results in enforcement of the ordinance or law; or
- b. Both direct physical damage that is covered under this policy; and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.

In this situation, we will not pay the full amount of loss otherwise payable under II.G. ORDINANCE OR LAW COVERAGE. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

However, if the covered direct physical damage, alone, would have resulted in the enforcement of the ordinance or law, then we will pay the amount of loss otherwise payable under the terms of II.G. ORDINANCE OR LAW COVERAGE.

However, if the property sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then no coverage under II.G. ORDINANCE OR LAW COVERAGE will be provided even if the property has also sustained direct physical damage.

3. We will notify you of our intentions within 30 days after we receive the sworn statement of loss.
4. We will not pay for more than your financial interest in the "covered property."
5. 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."
6. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
7. We will pay within 30 days after we receive the sworn statement of loss, if you have complied with all of the terms of this Property Coverage Part and:
  - a. We have reached agreement with you on the amount of loss; or
  - b. An appraisal award has been made.
8. If an insurance trustee is shown in the "Declarations," we will adjust losses with you, but we will pay the insurance trustee. If we pay the trustee, the payments will satisfy your claims against us.

### **P. RECOVERIES**

If 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.

1. Except with regard to "Money" and "Securities," "Employee Dishonesty," "Computer Fraud" and "Depositors Forgery" if you elect to keep the property or have us return it to you, you must return to us the amount we paid you for it.

We will pay recovery expenses and the expenses to repair the recovered property, subject to the amount we paid you.

2. With regard to I.B.6. "MONEY" AND "SECURITIES" and IV.B. WORLD WIDE CRIME COVERAGES:
  - a. Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this insurance will be distributed as follows:

- (1) To you, until you are reimbursed for any loss that you sustain that exceeds the limit of insurance and the Deductible Amount, if any;
  - (2) Then to us, until we are reimbursed for the settlement made;
  - (3) Then to you, until you are reimbursed for that part of the loss equal to the Deductible Amount, if any.
- b. Recoveries do not include any recovery:
    - (1) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
    - (2) Of original "securities" after duplicates of them have been issued.

### **Q. ABANDONMENT**

You cannot abandon any property to us.

### **R. REIMBURSEMENT**

In the event we pay you more than you are entitled to under the provisions of this contract, you must reimburse us in the amount of any such overpayment.

### **S. UNIT OWNER ACTS OR OMISSIONS**

No act or omission by any unit owner will void the policy or be a condition to recovery under this policy. However, this does not apply to unit owners acting within the scope of their authority on behalf of your Association.

### **T. SUSPENSION**

Upon discovery of a dangerous condition with respect to any boiler, fired or unfired pressure vessel, refrigerating or air conditioning system, piping and its accessory equipment and any mechanical or electrical machine or apparatus used for the generation, transmission or utilization of mechanical or electrical power, any of our representatives may immediately suspend the insurance with respect to loss or damage to said object by written notice mailed or delivered to you at your address, or at the location of the object, as specified for it in the "Declarations." Insurance so suspended may be reinstated by us, but only by an endorsement issued to form a part hereof. You shall be allowed the unearned portion of the premium paid for such suspended insurance, pro rata, for the period of suspension.

### U. "POLICY PERIOD"

Under this Property Coverage Part we provide coverage for loss or damage during the "policy period."

Throughout this policy the words “you” and “your” refer to the Named Insured shown in the “Declarations.” “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 XXVIII. DEFINITIONS SECTION.

THE AMOUNT WE WILL PAY FOR DAMAGES IS LIMITED AS DESCRIBED IN XIX. LIABILITY LIMITS OF INSURANCE SECTION.

### GENERAL LIABILITY

The word **insured** means any person or organization qualifying as such under XII. GENERAL LIABILITY WHO IS AN INSURED SECTION.

### VII. GENERAL LIABILITY COVERAGES SECTION

We will pay those sums that the insured becomes legally obligated to pay as damages because of “bodily injury,” “property damage,” “personal injury,” or “advertising injury” to which this insurance applies. We will have the right and duty to defend the insured against any “suit” seeking those damages. We will have no duty to defend the insured against any “suit” seeking damages for “bodily injury,” “property damage,” “personal injury” and “advertising injury” to which this insurance does not apply.

With respect to “bodily injury” or “property damage,” this insurance applies only to “bodily injury” or “property damage” caused by an “occurrence” which takes place during the “policy period” in the “coverage territory.” With respect to “personal injury” or “advertising injury,” this insurance applies only to “personal injury” or “advertising injury” caused by an “offense” which was committed during the “policy period” in the “coverage territory.”

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under IX. GENERAL LIABILITY MEDICAL PAYMENTS SECTION or X. GENERAL LIABILITY DEFENSE OF CLAIM OR “SUIT” SECTION.

Below are specific descriptions of coverage and specific applicable exclusions, designated by capitalized letter, from XI. GENERAL LIABILITY EXCLUSIONS SECTION.

This insurance applies only to:

#### A. “BODILY INJURY” AND “PROPERTY DAMAGE”

##### 1. “BODILY INJURY”

“Bodily injury” caused by an “occurrence.”

Only exclusions A., B., C., D., E., F., G., H., I., J., K., L., M., N., O. and S. apply to “bodily injury.”

##### 2. “PROPERTY DAMAGE”

“Property damage” caused by an “occurrence.”

Only exclusions A., B., C., D., E., F., G., H., I., J., K., L., M., N., P., Q., R. and S. apply to “property damage.”

#### B. “PERSONAL INJURY” AND “ADVERTISING INJURY”

##### 1. “PERSONAL INJURY”

“Personal injury” caused by an “offense” arising out of your business, excluding advertising, publishing, broadcasting or telecasting done by or for you.

Only exclusions A., B., C., G., H., I., N., T. and U. apply to “personal injury.”

##### 2. “ADVERTISING INJURY”

“Advertising injury” caused by an “offense” committed in the course of advertising your goods, products or services.

Only exclusions A., B., C., G., H., I., T. and V. apply to “advertising injury.”

#### C. “HIRED AUTO” AND “NONOWNED AUTO”

##### 1. “HIRED AUTO”

“Bodily injury” or “property damage” caused by an “occurrence” arising out of the maintenance or use of a “hired auto” by you, your directors or “officers,” or your “employees” in the course of your operations.

##### 2. “NONOWNED AUTO”

“Bodily injury” or “property damage” caused by an “occurrence” arising out of the use of any “nonowned auto” in your operations by any person other than you.

Only exclusions B., D., E., G., H., I., M., N., O., X. and Y. apply to “hired auto” and “nonowned auto.”