

# Axel & Associates, Inc.

MANAGEMENT CONSULTANTS

**RECEIVED**

AUG 25 2011

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

August 24, 2011

Mr. Michael Constantino  
c/o Illinois Health Facilities  
and Services Review Board  
525 West Jefferson  
Springfield, IL 62761

RE: Confirmation of Insured Value

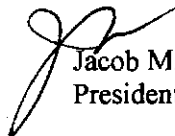
- Project 11-045 Belmont-Harlem Surgery Center, Chicago
- Project 11-052 Holy Family Medical Center, Des Plaines
- Project 11-043 Our Lady of the Resurrection Medical Center, Chicago
- Project 11-047 Resurrection Medical Center, Chicago
- Project 11-049 Saint Francis Hospital, Evanston
- Project 11-048 Saint Joseph Hospital, Chicago
- Project 11-050 Saint Mary of Nazareth Hospital, Chicago
- Project 11-053 St. Elizabeth's Hospital, Chicago

Dear Mr. Constantino:

Please accept the enclosed documents as confirmation of the insured values identified in the respective "Project Costs and Sources of Funds" tables included in the above-referenced *Applications for Permit*. Specifically, enclosed are: 1) a copy of the applicable insurance policy, addressing all of the sites, 2) a letter from Michael E. McConnell, Vice President, Insurance and Claims Management for Resurrection Health Care Corporation ("Resurrection"), noting that the values assigned to each location are not identified in the insurance policy, but are provided to Factory Mutual Insurance Company ("Factory Mutual") by Resurrection, 3) the spreadsheet used by Resurrection to convey the values to Factory Mutual, and 4) a letter from Barbara K. Carlson, Sr. Account Manager with Factory Mutual, attesting to the fact that it is not the practice of Factory Mutual to include the values of individual properties in their policies.

Thank you for the opportunity to provide this information.

Sincerely,



Jacob M. Axel  
President

enclosures

cc: J. Frey  
A. Murphy

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Factory Mutual Insurance Company  
P.O. Box 7500  
Johnston, Rhode Island 02919  
1-800-343-7722

# MUTUAL CORPORATION NON-ASSESSABLE POLICY

## DECLARATIONS

|                               |                                     |                                       |
|-------------------------------|-------------------------------------|---------------------------------------|
| <b>Policy No.</b><br>FD327    | <b>Previous Policy No.</b><br>FC984 | <b>DATE OF ISSUE</b><br>29 June, 2011 |
| <b>Account No.</b><br>1-06986 | <b>Replaces Binder No.</b>          |                                       |

In consideration of this Policy's Provisions, Conditions, Stipulations, Exclusions and Limits of Liability, and of premium charged, Factory Mutual Insurance Company, hereafter referred to as the Company, does insure:

|   |
|---|
| <p><b>INSURED:</b></p> <p>Resurrection Health Care Corporation</p> <p>(For Complete Title See Policy)</p> |
|---|

The term of this Policy is from the 1<sup>st</sup> day of July, 2011 to the 1<sup>st</sup> day of July, 2012 at 12:01 a.m., Standard Time, at the Locations of property involved as provided in this Policy.

This Policy covers property, as described in this Policy, against ALL RISKS OF PHYSICAL LOSS OR DAMAGE, except as hereinafter excluded, while located as described in this Policy.

By virtue of this Policy and any other policies purchased from the Company being in force, the Insured becomes a member of the Company, subject to the provisions of its charter and by-laws, and is entitled to one vote either in person or by proxy at any and all meetings of said Company.

Assignment of this Policy will not be valid except with the written consent of the Company.

This Policy is made and accepted subject to the above provisions and those hereinafter stated, which are made a part of this Policy, together with such other provisions and agreements as may be added to this Policy.

In Witness, this Company has issued this Policy at its office in the city of Johnston, R. I.  
this 29<sup>th</sup> day of June, 2011.

\_\_\_\_\_  
Authorized Signature

Secretary

President

Countersigned (if required) this \_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
Agent



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Account No. 1-06986  
Policy No. FD327

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FMG7308, Edition January 2008



## DECLARATIONS

This Policy covers property, as described in this Policy, against ALL RISKS OF PHYSICAL LOSS OR DAMAGE, except as hereinafter excluded, while located as described in this Policy.

### 1. NAMED INSURED AND MAILING ADDRESS

Resurrection Health Care Corporation and any subsidiary, and Resurrection Health Care Corporation's interest in any partnership or joint venture in which Resurrection Health Care Corporation has management control or ownership as now constituted or hereafter is acquired, as the respective interest of each may appear; all hereafter referred to as the "Insured," including legal representatives.

Saint Mary of Nazareth Hospital Center  
Department of Insurance and Claims Management  
2233 West Division Street  
Chicago, Il 60622-3086

### 2. POLICY DATES

TERM: One year

FROM: 01 July, 2011 at 12:01 a.m., Standard Time;  
TO: 01 July, 2012 at 12:01 a.m., Standard Time,

at the **location** of property involved as provided in this Policy.

### 3. PREMIUM

This Policy is issued in consideration of an initial premium.

### 4. PREMIUM PAYABLE

Arthur J. Gallagher & Co. pays the premium under this Policy, and any return of the paid premium accruing under this Policy will be paid to the account of Arthur J. Gallagher & Co.

### 5. LOSS ADJUSTMENT/PAYABLE

Loss, if any, will be adjusted with and payable to Resurrection Health Care Corporation, or as may be directed by Resurrection Health Care Corporation.

Additional insured interests will also be included in loss payment as their interests may appear when named as additional named insured, lender, mortgagee and/or loss payee either on a Certificate of Insurance or other evidence of insurance on file with the Company or named below.

When named on a Certificate of Insurance or other evidence of insurance, such additional interests are automatically added to this Policy as their interests may appear as of the effective date shown



on the Certificate of Insurance or other evidence of insurance. The Certificate of Insurance or other evidence of insurance will not amend, extend or alter the terms, conditions, provisions and limits of this Policy.

## 6. INSURED LOCATION

- A. The coverage under this Policy applies to an **insured location** unless otherwise provided.
- B. Schedule of Locations are as listed on the Schedule of Locations attached to this Policy.

## 7. TERRITORY

Coverage as provided under this Policy applies in Canada, the United States of America and the Commonwealth of Puerto Rico.

## 8. JURISDICTION

This Policy will be governed by the laws of the United States of America.

Any disputes arising hereunder will be exclusively subject to United States of America jurisdiction.

## 9. CURRENCY

All amounts, including deductibles, premiums and limits of liability, indicated in this Policy shall be in the currency represented by the three letter currency designation shown. This three letter currency designator is defined in Table A.1-Currency and funds code list, International Organization for Standardization (ISO) 4217, edition in effect at the inception of this Policy.

## 10. LIMITS OF LIABILITY

The Company's maximum limit of liability in an **occurrence**, including any insured TIME ELEMENT loss, will not exceed the Policy limit of liability of USD1,000,000,000 subject to the following provisions:

- A. Limits of liability and time limits stated below or elsewhere in this Policy are part of, and not in addition to, the Policy limit of liability.
- B. Limits of liability in an **occurrence** apply to the total loss or damage at all **locations** and for all coverages involved, including any insured TIME ELEMENT loss, subject to the following provisions:
  - 1) when a limit of liability applies in the **aggregate during any policy year**, the Company's maximum amount payable will not exceed such limit of liability during any policy year.
  - 2) when a limit of liability applies to a **location** or other specified property, such limit of liability will be the maximum amount payable for all loss or damage at all **locations** arising from physical loss or damage at such **location** or to such other specified property.



- C. Should an **occurrence** result in liability payable under more than one policy issued to the Named Insured by the Company, or its **representative companies**, the maximum amount payable in the aggregate under all such policies will be the applicable limit(s) of liability indicated in this Policy.

Applicable Limits of Liability/Time Limits:

|  |   |
|--|---|
| miscellaneous unnamed locations  | USD10,000,000 per location  |
| ACCIDENTAL INTERRUPTION OF SERVICES  | USD10,000,000   |
| ACCOUNTS RECEIVABLE  | USD25,000,000   |
| ATTRACTION PROPERTY  | 30 consecutive days but not to exceed a USD10,000,000 limit   |
| AUTOMATIC COVERAGE   | 90 day period but not to exceed a USD25,000,000 limit, per location   |
| CIVIL OR MILITARY AUTHORITY  | 30 consecutive days   |
| CLAIMS PREPARATION COSTS   | USD25,000 plus 50% of the amount recoverable under this coverage in excess of USD25,000 but not to exceed USD100,000  |
| COMMUNICABLE DISEASE CLEANUP, REMOVAL AND DISPOSAL                           | USD100,000<br><br>The Company's maximum limit of liability for INTERRUPTION BY COMMUNICABLE DISEASE EXPENSE and the above coverage combined shall not exceed USD100,000 regardless of the number of locations or coverages involved |
| COMPUTER SYSTEMS NON PHYSICAL DAMAGE and DATA, PROGRAMS OR SOFTWARE combined | USD10,000,000   |
| CONTINGENT TIME ELEMENT EXTENDED   | USD25,000,000   |
| CRISIS MANAGEMENT  | 30 consecutive days but not to exceed a USD10,000,000 limit   |
| earth movement   | USD100,000,000 in the aggregate during any policy year  |
| EMERGENCY VACATING EXPENSE   | USD250,000  |
| ERRORS AND OMISSIONS   | USD25,000,000   |

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Account No. 1-06986  
Policy No. FD327

|  |   |
|--|---|
| EXPEDITING COSTS and EXTRA EXPENSE combined  | USD25,000,000   |
| EXTENDED PERIOD OF LIABILITY   | 90 day period   |
| fill beneath car parks, parking lots, pavement, roadways, railways, transformer enclosures, walkways, or buildings and structures combined | USD1,000,000  |
| <b>fine arts</b>   | USD25,000,000 but not to exceed a USD10,000 limit per item for <b>irreplaceable fine arts</b> not on a schedule on file with the Company  |
| finer or penalties for breach of contract or for late or noncompletion of orders combined  | USD100,000  |
| <b>flood</b>   | USD100,000,000 but not to exceed the following limit:<br><br>a) USD5,000,000 for AUTOMATIC COVERAGE, CONTINGENT TIME ELEMENT EXTENDED, ERRORS AND OMISSIONS, INGRESS/EGRESS, MISCELLANEOUS PERSONAL PROPERTY, <b>miscellaneous unnamed locations</b> , OFF PREMISES STORAGE FOR PROPERTY UNDER CONSTRUCTION, SERVICE INTERRUPTION PROPERTY DAMAGE and SERVICE INTERRUPTION TIME ELEMENT combined, but not to exceed a USD2,500,000 limit for voice, data or video services combined |
| GROSS PROFIT   | 12 month period but not to exceed a 90 day period for Ordinary Payroll  |
| INGRESS/EGRESS   | 30 day period but not to exceed a USD10,000,000 limit   |
| INSTALLMENT OR DEFERRED PAYMENTS   | USD25,000,000   |
| INTERRUPTION BY COMMUNICABLE DISEASE EXPENSE   | 30 day period but not to exceed a USD100,000 limit  |
| LAND AND WATER CONTAMINANT CLEANUP, REMOVAL AND DISPOSAL   | USD50,000 in the <b>aggregate during any policy year</b>  |
| LEASEHOLD INTEREST   | USD10,000,000   |
| LOGISTICS EXTRA COST   | 180 day period but not to exceed the lesser of a USD5,000,000 limit or 200% of the <b>normal cost</b>   |
| MISCELLANEOUS PERSONAL PROPERTY  | USD10,000,000 per <b>location</b>   |
| OFF PREMISES STORAGE FOR PROPERTY UNDER CONSTRUCTION   | USD10,000,000 per <b>location</b>   |

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|   |  |
|---|--|
| OFF PREMISES STORAGE FOR PROPERTY UNDER CONSTRUCTION                                | USD10,000,000 for property in transit  |
| PATIENT AND TENANT RELOCATION EXPENSE   | USD250,000   |
| PATIENT'S PERSONAL PROPERTY   | USD250,000   |
| PERSONAL PROPERTY NOT AT A LOCATION   | USD1,000,000   |
| PRIZES AND GIVEAWAYS  | USD250,000   |
| SERVICE INTERRUPTION PROPERTY DAMAGE and SERVICE INTERRUPTION TIME ELEMENT combined | USD25,000,000 but not to exceed a USD2,500,000 limit for voice, data or video services combined  |
| SOFT COSTS  | USD10,000,000  |
| TERRORISM   | <p>USD5,000,000 in the <b>aggregate during any policy year</b> but not to exceed the following:</p> <ul style="list-style-type: none"> <li>a) USD5,000,000 in the <b>aggregate during any policy year</b> for <b>miscellaneous unnamed locations</b>, MISCELLANEOUS PERSONAL PROPERTY, OFF PREMISES STORAGE FOR PROPERTY UNDER CONSTRUCTION and TEMPORARY REMOVAL OF PROPERTY combined</li> <li>b) USD5,000,000 limit in the <b>aggregate during any policy year</b> for <b>flood</b> when caused by or resulting from <b>terrorism</b></li> <li>c) 12 month period as respects TIME ELEMENT loss</li> </ul> <p>The limits for TERRORISM shall not include the <b>actual cash value</b> portion of fire damage caused by <b>terrorism</b>.</p> <p>The limits for TERRORISM do not apply to the SUPPLEMENTAL UNITED STATES CERTIFIED ACT OF TERRORISM ENDORSEMENT.</p> <p>The Time Limit for TERRORISM shall not be considered additive to any other Time Limits or to any PERIOD OF LIABILITY applying to any coverage provided in TIME ELEMENT.</p> |
| TRANSPORTATION  | USD10,000,000  |



|                             |  |
|-----------------------------|--|
| valuable papers and records | USD25,000,000 but not to exceed a USD10,000 limit per item for <b>irreplaceable valuable papers and records</b> not on a schedule on file with the Company |
|-----------------------------|--|

**11. DEDUCTIBLES**

Subject to the deductible general provisions stated below, in each case of loss covered by this Policy the following deductibles apply:

|                                      |  |
|--------------------------------------|--|
| COMPUTER SYSTEMS NON PHYSICAL DAMAGE | <b>2 day equivalent</b> deductible subject to a minimum deductible of USD50,000, per <b>occurrence</b> .   |
| DATA, PROGRAMS OR SOFTWARE           | <b>2 day equivalent</b> deductible as respects loss or damage caused by the malicious introduction of a machine code or instruction, subject to a minimum deductible of USD50,000, per <b>occurrence</b> .   |
| <b>flood</b>                         | <p>USD50,000 combined all coverages, per <b>location</b>, except for the following:</p> <p>As respects Location Nos. 01, 67 and 92 as described on the Schedule of Locations, Appendix A:</p> <p>Property Damage: USD100,000, per <b>location</b> except no deductible will apply where this Policy is excess insurance of that provided by the National Flood Insurance Program Standard Insurance Policy issued to the Insured or its renewal or replacement.</p> <p>Time Element: USD100,000, per <b>location</b></p> <p>As respects Location No. 68 as described on the Schedule of Locations, Appendix A:</p> <p>USD100,000 combined all coverages, per <b>location</b></p> <p>As respects Location Nos. 26, 28, 55 and 77 as described on the Schedule of Locations, Appendix A:</p> <p>USD500,000 combined all coverages, per <b>location</b></p> |
| LOGISTICS EXTRA COST                 | USD50,000 per <b>occurrence</b>  |
| PATIENT'S PERSONAL PROPERTY          | USD25,000, per <b>occurrence</b>   |
| <b>terrorism</b>                     | The greater of the All Other Loss deductible, or if applicable the <b>location</b> deductible, per <b>location</b> for property located outside of the United States, its  |

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|                |   |
|----------------|---|
|                | territories and possessions and the Commonwealth of Puerto Rico.<br><br>The <b>terrorism</b> deductible(s) will also be applied to the <b>actual cash value</b> portion of the fire damage caused by <b>terrorism</b> .   |
| TRANSPORATION  | USD25,000, per <b>occurrence</b>  |
| wind           | As respects <b>locations in northeast zones:</b><br><br>USD50,000 combined all coverages, per <b>location</b><br><br>As respects <b>locations in tier 1 zones:</b><br><br>5% Property Damage and Time Element combined, subject to a minimum deductible of USD50,000 combined all coverages, per <b>location</b> .<br><br>As respects <b>locations in tier 2 zones:</b><br><br>3% Property Damage and Time Element combined, subject to a minimum deductible of USD50,000 combined all coverages, per <b>location</b> |
| All Other Loss | USD50,000 combined all coverages, per <b>occurrence</b>   |

Deductible General Provisions:

In each case of loss covered by this Policy, the Company will be liable only if the Insured sustains a loss, including any insured TIME ELEMENT loss, in a single **occurrence** greater than the applicable deductible specified above, and only for its share of that greater amount.

- A. For SERVICE INTERRUPTION loss, when a deductible is not specifically stated as applying to SERVICE INTERRUPTION, the deductible applied to the SERVICE INTERRUPTION loss will be the deductible that would apply if the cause of the interruption happened at the **insured location** that sustains the interruption of the specified services.
- B. For CONTINGENT TIME ELEMENT EXTENDED loss, when a deductible is not specifically stated as applying to CONTINGENT TIME ELEMENT EXTENDED, the deductible for CONTINGENT TIME ELEMENT EXTENDED loss will be determined as though the **contingent time element location** was an **insured location** under this Policy.
- C. The stated earthquake deductible will be applied to earthquake loss. The stated **flood** deductible will be applied to **flood** loss. The stated **wind** deductible will be applied to **wind** loss. The provisions of item E below will also be applied to each.



- D. As respects **locations** in the **northeast wind area**, in the **tier 1 zones** and in the **tier 2 zones**, and notwithstanding item E below, in the event of loss resulting from both **flood** and **wind**, such **flood** and **wind** loss shall be adjusted separately from each other with each being subject to its respective deductible,
- E. When this Policy insures more than one **location**, the deductible will apply against the total loss covered by this Policy in an **occurrence** except that a deductible that applies on a per **location** basis, if specified, will apply separately to each **location** where the physical damage happened regardless of the number of **locations** involved in the **occurrence**.
- F. Unless stated otherwise, if two or more deductibles apply to an **occurrence**, the total to be deducted will not exceed the largest deductible applicable. For the purposes of this provision, when a separate Property Damage and a separate Time Element deductible apply, the sum of the two deductibles will be considered a single deductible. If two or more deductibles apply on a per **location** basis in an **occurrence**, the largest deductible applying to each **location** will be applied separately to each such **location**.
- G. When a % deductible is stated above, whether separately or combined, the deductible is calculated as follows:

Property Damage – % of the value, per the Valuation clause(s) of the PROPERTY DAMAGE section, of the property insured at the **location** where the physical damage happened.

Time Element – % of the full Time Element values that would have been earned in the 12 month period following the **occurrence** by use of the facilities at the **location** where the physical damage happened, plus that proportion of the full Time Element values at all other **locations** where TIME ELEMENT loss ensues that was directly affected by use of such facilities and that would have been earned in the 12 month period following the **occurrence**.

- H. For insured physical loss or damage:
  - 1) to insured fire protection equipment; or
  - 2) from water or other substance discharged from insured fire protection equipment,the applicable deductible applying to items 1 or 2 above only will be reduced by fifty percent (50%), per **occurrence**. However, this provision will not apply to loss or damage resulting from fire or **earth movement** regardless of whether claim is made for such fire or **earth movement**.



## PROPERTY DAMAGE

### 1. PROPERTY INSURED

This Policy insures the following property, unless otherwise excluded elsewhere in this Policy, located at an **insured location** or within 1,000 feet/300 metres thereof, to the extent of the interest of the Insured in such property.

- A. Real Property, including new buildings and additions under construction, in which the Insured has an insurable interest.
- B. Personal Property:
  - 1) owned by the Insured.
  - 2) consisting of the Insured's interest as a tenant in improvements and betterments. In the event of physical loss or damage, the Company agrees to accept and consider the Insured as sole and unconditional owner of improvements and betterments, notwithstanding any contract or lease to the contrary.
  - 3) of officers and employees of the Insured.
  - 4) of others in the Insured's custody to the extent the Insured is under obligation to keep insured for physical loss or damage insured by this Policy.
  - 5) of others in the Insured's custody to the extent of the Insured's legal liability for insured physical loss or damage to Personal Property. The Company will defend that portion of any suit against the Insured that alleges such liability and seeks damages for such insured physical loss or damage. The Company may, without prejudice, investigate, negotiate and settle any claim or suit as the Company deems expedient.

This Policy also insures the interest of contractors and subcontractors in insured property during construction at an **insured location** or within 1,000 feet/300 metres thereof, to the extent of the Insured's legal liability for insured physical loss or damage to such property. Such interest of contractors and subcontractors is limited to the property for which they have been hired to perform work and such interest will not extend to any TIME ELEMENT coverage provided under this Policy.

### 2. PROPERTY EXCLUDED

The following exclusions apply unless otherwise stated in this Policy:

This Policy excludes:

- A. currency, money, notes or securities.
- B. precious metal in bullion form.
- C. land and any substance in or on land. However, this exclusion does not apply to:



- 1) landscape gardening.
  - 2) car parks, parking lots, pavement, roadways, railways, transformer enclosures or walkways.
  - 3) fill beneath car parks, parking lots, pavement, roadways, railways, transformer enclosures, walkways, or buildings and structures.
- D. water. However, this exclusion does not apply to:
- 1) water that is contained within any enclosed tank, piping system or any other processing equipment.
- E. animals, standing timber or growing crops.
- F. watercraft or aircraft, except when unfueled and manufactured by the Insured except as provided by the PRIZES AND GIVEAWAYS coverage of this Policy.
- G. vehicles of officers or employees of the Insured or vehicles otherwise insured for physical loss or damage except as provided by the PRIZES AND GIVEAWAYS coverage of this Policy.
- H. underground mines or mine shafts or any property within such mine or shaft.
- I. dams or dikes.
- J. property in transit, except as otherwise provided by this Policy.
- K. property sold by the Insured under conditional sale, trust agreement, installment plan or other deferred payment plan after delivery to customers, except as provided by the INSTALLMENT OR DEFERRED PAYMENTS coverage of this Policy.
- L. electronic data, programs or software, except when they are stock in process, finished goods manufactured by the Insured, raw materials, supplies or other merchandise not manufactured by the Insured, or as otherwise provided by the DATA, PROGRAMS OR SOFTWARE coverage of this Policy.

### 3. EXCLUSIONS

In addition to the exclusions elsewhere in this Policy, the following exclusions apply unless otherwise stated:

- A. This Policy excludes:
- 1) indirect or remote loss or damage.
  - 2) interruption of business, except to the extent provided by this Policy.



- 3) loss of market or loss of use.
- 4) loss or damage or deterioration arising from any delay.
- 5) mysterious disappearance, loss or shortage disclosed on taking inventory, or any unexplained loss.
- 6) loss from enforcement of any law or ordinance:
  - a) regulating the construction, repair, replacement, use or removal, including debris removal, of any property; or
  - b) requiring the demolition of any property, including the cost in removing its debris;except as provided by the DECONTAMINATION COSTS and DEMOLITION AND INCREASED COST OF CONSTRUCTION coverages of this Policy.
- 7) loss resulting from the voluntary parting with title or possession of property if induced by any fraudulent act or by false pretence.

B. This Policy excludes loss or damage directly or indirectly caused by or resulting from any of the following regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:

- 1) nuclear reaction or nuclear radiation or radioactive contamination. However:
  - a) if physical damage by fire or sprinkler leakage results, then only that resulting damage is insured; but not including any loss or damage due to nuclear reaction, radiation or radioactive contamination.
  - b) this Policy does insure physical damage directly caused by sudden and accidental radioactive contamination, including resultant radiation damage, from material used or stored or from processes conducted on the **insured location**, provided that on the date of loss, there is neither a nuclear reactor nor any new or used nuclear fuel on the **insured location**. This coverage does not apply to any act, loss or damage excluded in item B2f of this EXCLUSIONS clause.

This exclusion B1 and the exceptions in B1a and B1b do not apply to any act, loss or damage which also comes within the terms of exclusion B2b of this EXCLUSIONS clause.

- 2) a) hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack by any:
  - (i) government or sovereign power (de jure or de facto);
  - (ii) military, naval or air force; or
  - (iii) agent or authority of any party specified in i or ii above.





- b) discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion or radioactive force, whether in time of peace or war and regardless of who commits the act.
- c) insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an event.
- d) seizure or destruction under quarantine or custom regulation, or confiscation by order of any governmental or public authority.
- c) risks of contraband, or illegal transportation or trade.
- f) **terrorism**, including action taken to prevent, defend against, respond to or retaliate against **terrorism** or suspected **terrorism**, except to the extent provided in the **TERRORISM** coverage of the Policy. However, if direct loss or damage by fire results from any of these acts (unless committed by or on behalf of the Insured), then this Policy covers only to the extent of the **actual cash value** of the resulting direct loss or damage by fire to property insured. This coverage exception for such resulting fire loss or damage does not apply to:
  - (i) direct loss or damage by fire which results from any other applicable exclusion in the Policy, including the discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion or radioactive force, whether in time of peace or war and regardless of who commits the act.
  - (ii) any coverage provided in the **TIME ELEMENT** section of this Policy or to any other coverages provided in this Policy.

Any act which satisfies the definition of **terrorism** shall not be considered to be vandalism, malicious mischief, riot, civil commotion, or any other risk of physical loss or damage covered elsewhere in this Policy.

If any act which satisfies the definition of **terrorism** also comes within the terms of item B2a of this **EXCLUSIONS** clause then item B2a applies in place of this item B2f exclusion.

If any act which satisfies the definition of **terrorism** also comes within the terms of item B2b of this **EXCLUSIONS** clause then item B2b applies in place of this item B2f exclusion.

If any act which satisfies the definition of **terrorism** also comes within the terms of item B2c of this **EXCLUSIONS** clause then item B2c applies in place of this item B2f exclusion.

If any act excluded herein involves nuclear reaction, nuclear radiation or radioactive contamination, this item B2f exclusion applies in place of item B1 of this **EXCLUSIONS** clause.



- 3) any dishonest act, including but not limited to theft, committed alone or in collusion with others, at any time:
  - a) by an Insured or any proprietor, partner, director, trustee, officer, or employee of an Insured; or
  - b) by any proprietor, partner, director, trustee, or officer of any business or entity (other than a common carrier) engaged by an Insured to do anything in connection with property insured under this Policy.

This Policy does insure acts of direct insured physical damage intentionally caused by an employee of an Insured or any individual specified in b above, and done without the knowledge of the Insured. This coverage does not apply to any act excluded in B2f of this EXCLUSIONS clause. In no event does this Policy cover loss by theft by any individual specified in a or b above.

- 4) lack of the following services:
  - a) incoming electricity, fuel, water, gas, steam or refrigerant;
  - b) outgoing sewerage;
  - c) incoming or outgoing voice, data or video,

all when caused by an event off the **insured location**, except as provided in the SERVICE INTERRUPTION coverages of this Policy. But, if the lack of such a service directly causes insured physical damage on the **insured location**, then only that resulting damage is insured.

- 5) **earth movement** for property located in **high hazard zones for earth movement**, in the **New Madrid Seismic Zone** or in the **Pacific Northwest Seismic Zone**.

C. This Policy excludes the following, but, if physical damage not excluded by this Policy results, then only that resulting damage is insured:

- 1) faulty workmanship, material, construction or design from any cause.
- 2) loss or damage to stock or material attributable to manufacturing or processing operations while such stock or material is being processed, manufactured, tested, or otherwise worked on.
- 3) deterioration, depletion, rust, corrosion or erosion, wear and tear, inherent vice or latent defect.
- 4) settling, cracking, shrinking, bulging, or expansion of:
  - a) foundations (including any pedestal, pad, platform or other property supporting machinery).



- b) floors.
- c) pavements.
- d) walls.
- c) ceilings.
- f) roofs.
- 5) a) changes of temperature damage (except to machinery or equipment); or  
b) changes in relative humidity damage,  
all whether atmospheric or not.
- 6) insect, animal or vermin damage.
- 7) loss or damage to the interior portion of buildings under construction from rain, sleet or snow, whether or not driven by wind, when the installation of the roof, walls or windows of such buildings has not been completed.
- 8) **boiler and machinery** as respects x-ray tubes and vacuum tubes.

D. This Policy excludes the following unless directly resulting from other physical damage not excluded by this Policy:

- 1) **contamination**, and any cost due to **contamination** including the inability to use or occupy property or any cost of making property safe or suitable for use or occupancy. If **contamination** due only to the actual not suspected presence of **contaminant(s)** directly results from other physical damage not excluded by this Policy, then only physical damage caused by such **contamination** may be insured. This exclusion D1 does not apply to radioactive contamination which is excluded elsewhere in this Policy.
- 2) shrinkage.
- 3) changes in color, flavor, texture or finish.

#### 4. APPLICATION OF POLICY TO DATE OR TIME RECOGNITION

With respect to situations caused by any **date or time recognition** problem by **electronic data processing equipment or media** (such as the so-called Year 2000 problem), this Policy applies as follows.

- A. This Policy does not pay for remediation, change, correction, repair or assessment of any **date or time recognition** problem, including the Year 2000 problem, in any **electronic data processing equipment or media**, whether preventative or remedial, and whether before or after a loss, including temporary protection and preservation of property. This Policy does



not pay for any TIME ELEMENT loss resulting from the foregoing remediation, change, correction, repair or assessment.

- B. Failure of **electronic data processing equipment or media** to correctly recognize, interpret, calculate, compare, differentiate, sequence, access or process data involving one or more dates or times, including the Year 2000, is not insured **physical loss or damage**. This Policy does not pay for any such incident or for any TIME ELEMENT loss resulting from any such incident.

Subject to all of its terms and conditions, this Policy does pay for physical loss or damage not excluded by this Policy that results from a failure of **electronic data processing equipment or media** to correctly recognize, interpret, calculate, compare, differentiate, sequence, access or process data involving one or more dates or times, including the Year 2000. Such covered resulting physical loss or damage does not include any loss, cost or expense described in A or B above. If such covered resulting physical loss or damage happens, and if this Policy provides TIME ELEMENT coverage, then, subject to all of its terms and conditions, this Policy also covers any insured Time Element loss directly resulting therefrom.

## 5. VALUATION

Adjustment of the physical loss amount under this Policy will be computed as of the date of loss at the place of the loss, and for no more than the interest of the Insured.

Unless stated otherwise in an Additional Coverage, adjustment of physical loss to property will be subject to the following:

- A. On stock in process, the value of raw materials and labor expended plus the proper proportion of overhead charges.
- B. On finished goods manufactured by the Insured, the regular cash selling price, less all discounts and charges to which the finished goods would have been subject had no loss happened.
- C. On raw materials, supplies or other merchandise not manufactured by the Insured:
- 1) if repaired or replaced, the actual expenditure incurred in repairing or replacing the damaged or destroyed property; or
  - 2) if not repaired or replaced, the **actual cash value**.
- D. On exposed films, records, manuscripts and drawings that are not **valuable papers and records**, the value blank plus the cost of copying information from back-up or from originals of a previous generation. These costs will not include research, engineering or any costs of restoring or recreating lost information.
- E. On property that is damaged by fire and such fire is the result of **terrorism**, the **actual cash value** of the fire damage loss. Any remaining fire damage loss shall be adjusted according to the terms and conditions of the Valuation clause(s) in this section of the Policy and shall be subject to the limit(s) of liability for **TERRORISM**, and if stated the limit of liability for



SUPPLEMENTAL UNITED STATES CERTIFIED ACT OF TERRORISM  
ENDORSEMENT, as shown in the LIMITS OF LIABILITY clause in the  
DECLARATIONS section.

- F. On all other property, the lesser of the following:
- 1) The cost to repair.
  - 2) The cost to rebuild or replace on the same site with new materials of like size, kind and quality.
  - 3) The cost in rebuilding, repairing or replacing on the same or another site, but not to exceed the size and operating capacity that existed on the date of loss.
  - 4) The selling price of real property or machinery and equipment, other than stock, offered for sale on the date of loss.
  - 5) The cost to replace unrepairable electrical or mechanical equipment, including computer equipment, with equipment that is the most functionally equivalent to that damaged or destroyed, even if such equipment has technological advantages and/or represents an improvement in function and/or forms part of a program of system enhancement.
  - 6) The increased cost of demolition, if any, directly resulting from insured loss, if such property is scheduled for demolition.
  - 7) The unamortized value of improvements and betterments, if such property is not repaired or replaced at the Insured's expense.
  - 8) The **actual cash value** if such property is:
    - a) useless to the Insured; or
    - b) not repaired, replaced or rebuilt on the same or another site within two years from the date of loss, unless such time is extended by the Company.

The Insured may elect not to repair or replace the insured real or personal property lost, damaged or destroyed. Loss settlement may be elected on the lesser of repair or replacement cost basis if the proceeds of such loss settlement are expended on other capital expenditures related to the Insured's operations within two years from the date of loss. As a condition of collecting under this item, such expenditure must be unplanned as of the date of loss and be made at an **insured location** under this Policy. This item does not extend to DEMOLITION AND INCREASED COST OF CONSTRUCTION.

## 6. ADDITIONAL COVERAGES

This Policy includes the following Additional Coverages for insured physical loss or damage.

These Additional Coverages:



- 1) are subject to the applicable limit of liability;
  - 2) will not increase the Policy limit of liability; and
  - 3) are subject to the Policy provisions, including applicable exclusions and deductibles,
- all as shown in this section and elsewhere in this Policy.

**A. ACCIDENTAL INTERRUPTION OF SERVICES**

This Policy covers physical damage resulting from changes in temperature or relative humidity to insured property at an **insured location** or as MISCELLANEOUS PERSONAL PROPERTY when such changes in temperature or relative humidity result from the interruption of services consisting of electricity, gas, fuel, steam, water or refrigeration by reason of any accidental event, other than insured physical loss or damage, at the **insured location**.

This Additional Coverage will apply when the period of service interruption as described below is in excess of 24 hours.

The period of service interruption is the period starting with the time when an interruption of specified services happens; and ending when with due diligence and dispatch the service could be wholly restored.

**B. ACCOUNTS RECEIVABLE**

This Policy covers the following directly resulting from insured physical loss or damage to accounts receivable records while anywhere within this Policy's TERRITORY, including while in transit:

- 1) any shortage in the collection of accounts receivable.
- 2) the interest charges on any loan to offset such impaired collection pending repayment of such uncollectible sum. Unearned interest and service charges on deferred payment accounts and normal credit losses on bad debts will be deducted in determining the amount recoverable.
- 3) the reasonable and necessary cost incurred for material and time required to re-establish or reconstruct accounts receivable records excluding any costs covered by any other insurance.
- 4) any other necessary and reasonable costs incurred to reduce the loss, to the extent the losses are reduced.

Accounts receivable records will include accounts receivable records stored as electronic data.

In the event of loss, the Insured will:



- 1) use all reasonable efforts, including legal action, if necessary, to effect collection of outstanding accounts receivable.
- 2) reduce loss by use of any suitable property or service:
  - a) owned or controlled by the Insured; or
  - b) obtainable from other sources.
- 3) reconstruct, if possible, accounts receivable records so that no shortage is sustained.

The settlement of loss will be made within 90 days from the date of physical loss or damage. All amounts recovered by the Insured on outstanding accounts receivable on the date of loss will belong and be paid to the Company up to the amount of loss paid by the Company. All recoveries exceeding the amount paid will belong to the Insured.

**ACCOUNTS RECEIVABLE Exclusions:** As respects **ACCOUNTS RECEIVABLE**, the following additional exclusions apply:

This Policy does not insure against shortage resulting from:

- 1) bookkeeping, accounting or billing errors or omissions; or
- 2) a) alteration, falsification, manipulation; or  
b) concealment, destruction or disposal,  
of accounts receivable records committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property; but only to the extent of such wrongful giving, taking, obtaining or withholding.

### C. **AUTOMATIC COVERAGE**

This Policy covers insured physical loss or damage to insured property at any **location** purchased, leased or rented by the Insured after the inception date of this Policy.

This Additional Coverage applies:

- 1) from the date of purchase, lease or rental,
- 2) until the first of the following:
  - a) the **location** is bound by the Company.
  - b) agreement is reached that the **location** will not be insured under this Policy.
  - c) the time limit shown in the **LIMITS OF LIABILITY** clause in the **DECLARATIONS** section has been reached. The time limit begins on the date of purchase, lease or rental.



**D. BRANDS AND LABELS**

If branded or labeled insured property is physically damaged and the Company elects to take all or any part of that property, the Insured may at the Company's expense:

- 1) stamp "salvage" on the property or its containers; or
- 2) remove or obliterate the brands or labels,

if doing so will not damage the property.

The Insured must relabel such property or its containers to be in compliance with any applicable law.

**E. CLAIMS PREPARATION COSTS**

This Policy covers the actual costs incurred by the Insured:

- 1) of reasonable fees payable to the Insured's: accountants, architects, auditors, engineers, or other professionals; and
- 2) the cost of using the Insured's employees,

for producing and certifying any particulars or details contained in the Insured's books or documents, or such other proofs, information or evidence required by the Company resulting from insured loss payable under this Policy for which the Company has accepted liability.

This Additional Coverage will not cover the fees and costs of:

- 1) attorneys, public adjusters, and loss appraisers, all including any of their subsidiary, related or associated entities either partially or wholly owned by them or retained by them for the purpose of assisting them,
- 2) loss consultants who provide consultation on coverage or negotiate claims.

This Additional Coverage is subject to the deductible that applies to the loss.

**F. COMMUNICABLE DISEASE CLEANUP, REMOVAL AND DISPOSAL**

If an order of an authorized governmental agency prohibits access to an insured **healthcare facility** as a result of the enforcement of any law or ordinance regulating the actual not suspected presence of communicable disease, this Policy covers the reasonable and necessary costs incurred by the Insured for the cleanup, removal and disposal of the actual not suspected presence of communicable diseases from insured property at the insured **healthcare facility** and to restore such insured property at the insured **healthcare facility**, to satisfy the minimum requirements of the enforcement of any law or ordinance regulating communicable disease provided:





- 1) that there is an actual spread of communicable diseases beyond that area where such disease is normally present at the insured **healthcare facility**, and
- 2) such order is the direct result of the enforcement of any law or ordinance regulating the actual not suspected spread of communicable disease at the insured **healthcare facility**.

This Additional Coverage does not cover any costs incurred due to any law or ordinance with which the Insured was legally obligated to comply prior to the spread of communicable disease.

For the purpose of this Additional Coverage, the presence of and spread of communicable disease will be considered direct physical damage and the expenses listed above will be considered expenses to repair such damage.

**COMMUNICABLE DISEASE CLEANUP, REMOVAL AND DISPOSAL Exclusion:** As respects **COMMUNICABLE DISEASE CLEANUP, REMOVAL AND DISPOSAL**, the following additional exclusion applies:

This Policy excludes loss or damage directly or indirectly caused by or resulting from the following regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:

- 1) **terrorism**.

#### **G. CONSEQUENTIAL REDUCTION IN VALUE**

This Policy covers the reduction in value of insured merchandise that is a part of pairs, sets, or components, directly resulting from insured physical loss or damage to other insured parts of pairs, sets or components of such merchandise. If settlement is based on a constructive total loss, the Insured will surrender the undamaged parts of such merchandise to the Company.

#### **H. DATA, PROGRAMS OR SOFTWARE**

This Policy covers insured **physical loss or damage to electronic data, programs or software**, including physical loss or damage caused by the malicious introduction of a machine code or instruction, while anywhere within this Policy's **TERRITORY**, including while in transit.

With respect to destruction, distortion or corruption caused by the malicious introduction of machine code or instruction, this Additional Coverage will apply when the Period of Liability is in excess of 48 hours.

This Additional Coverage also covers:

- 1) **the cost of the following reasonable and necessary actions taken by the Insured provided such actions are taken due to actual insured physical loss or damage to electronic data, programs or software:**



- a) actions to temporarily protect and preserve insured electronic data, programs or software.
  - b) actions taken for the temporary repair of insured **physical loss or damage to electronic data, programs or software**.
  - c) actions taken to expedite the permanent repair or replacement of such damaged property.
- 2) the reasonable and necessary costs incurred by the Insured to temporarily protect or preserve insured electronic data, programs or software against immediately impending insured **physical loss or damage to electronic data, programs or software**. In the event that there is no physical loss or damage, the costs covered under this item will be subject to the deductible that would have applied had there been such physical loss or damage.

Costs recoverable under this Additional Coverage are excluded from coverage elsewhere in this Policy.

This Additional Coverage excludes loss or damage to data, programs or software when they are stock in process, finished goods manufactured by the Insured, raw materials, supplies or other merchandise not manufactured by the Insured.

**DATA, PROGRAMS OR SOFTWARE Exclusions:** As respects DATA, PROGRAMS OR SOFTWARE, the following applies:

- 1) the exclusions in the EXCLUSIONS clause of this section do not apply except for A1, A2, A6, B1, B2, B3a, B4 and B5.
- 2) the following additional exclusions apply:

This Policy excludes the following, but, if physical damage not excluded by this Policy results, then only that resulting damage is insured:

- a) errors or omissions in processing or copying.
- b) loss or damage to data, programs or software from errors or omissions in programming or machine instructions.
- c) deterioration, inherent vice, vermin or wear and tear.

**DATA, PROGRAMS OR SOFTWARE Valuation:** On property covered under this Additional Coverage the loss amount will not exceed:

- 1) the cost to repair, replace or restore data, programs or software including the costs to recreate, research and engineer;
- 2) if not repaired, replaced or restored within two years from the date of loss, the blank value of the media.



## I. DEBRIS REMOVAL

This Policy covers the reasonable and necessary costs incurred to remove debris from an **insured location** that remains as a direct result of insured physical loss or damage.

This Additional Coverage does not cover the costs of removal of:

- 1) contaminated uninsured property; or
- 2) the **contaminant** in or on uninsured property,

whether or not the **contamination** results from insured physical loss or damage. This Additional Coverage covers the costs of removal of contaminated insured property or the **contaminant** in or on insured property only if the **contamination**, due to the actual not suspected presence of **contaminant(s)**, of the debris resulted directly from other physical damage not excluded by the Policy.

## J. DECONTAMINATION COSTS

If insured property is contaminated as a direct result of insured physical damage and there is in force at the time of the loss any law or ordinance regulating **contamination** due to the actual not suspected presence of **contaminant(s)**, then this Policy covers, as a direct result of enforcement of such law or ordinance, the increased cost of decontamination and/or removal of such contaminated insured property in a manner to satisfy such law or ordinance. This Additional Coverage applies only to that part of insured property so contaminated due to the actual not suspected presence of **contaminant(s)** as a direct result of insured physical damage.

The Company is not liable for the costs required for removing contaminated uninsured property or the **contaminant** therein or thereon, whether or not the **contamination** results from an insured event.

## K. DEMOLITION AND INCREASED COST OF CONSTRUCTION

- 1) This Policy covers the reasonable and necessary costs incurred, described in item 2 below, to satisfy the minimum requirements of the enforcement of any law or ordinance regulating the demolition, construction, repair, replacement or use of buildings, structures, machinery or equipment at an **insured location**, provided:
  - a) such law or ordinance is in force on the date of insured physical loss or damage;
  - b) its enforcement is a direct result of such insured physical loss or damage; and
  - c) the Insured was not legally obligated to comply with such law or ordinance prior to the happening of the insured physical loss or damage.
- 2) This Additional Coverage, as respects the property insured in item 1 above, covers:



- a) the cost to repair or rebuild the physically damaged portion of such property with materials and in a manner to satisfy such law or ordinance; and
  - b) the cost:
    - (i) to demolish the physically undamaged portion of such property insured; and
    - (ii) to rebuild it with materials and in a manner to satisfy such law or ordinance,to the extent that such costs incurred result when the demolition of the physically damaged insured property is required to satisfy such law or ordinance.
- 3) This Additional Coverage excludes:
- a) any costs incurred as a direct or indirect result of enforcement of any laws or ordinances regulating any form of **contamination**.
  - b) any machinery or equipment manufactured by or for the Insured, unless used by the Insured in its operation at the **location** suffering the physical loss or damage.
- 4) The Company's maximum liability for this Additional Coverage at each **insured location** in any **occurrence** will not exceed the actual cost incurred in demolishing the physically undamaged portion of the property insured in item 1 above plus the lesser of:
- a) the reasonable and necessary actual cost incurred, excluding the cost of land, in rebuilding on another site; or
  - b) the cost of rebuilding on the same site.

#### L. EMERGENCY VACATING EXPENSE

This Policy covers the reasonable and necessary costs incurred by the Insured for the emergency evacuation and subsequent return of patients, tenants and residents that are undergoing medical care, assistance or rehabilitation when an authorized governmental agency orders such evacuation from an insured **healthcare facility** as a direct result of immediately impending physical loss or damage of the type insured.

This Additional Coverage does not cover costs resulting from evacuation of any patient or tenant because of a **medical condition(s)**.

This Additional Coverage is subject to the deductible provisions that would have applied had the physical loss or damage happened.

**EMERGENCY VACATING EXPENSE Exclusion:** As respects **EMERGENCY VACATING EXPENSE**, the following additional exclusion applies:



This Policy excludes loss or damage directly or indirectly caused by or resulting from the following regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:

- 1) **terrorism.**

#### **M. ERRORS AND OMISSIONS**

If physical loss or damage is not payable under this Policy solely due to an error or unintentional omission:

- 1) in the description of where insured property is physically located;
- 2) to include any **location**:
  - a) owned, leased or rented by the Insured on the effective date of this Policy; or
  - b) purchased, leased or rented by the Insured during the term of this Policy; or
- 3) that results in cancellation of the property insured under this Policy;

this Policy covers such physical loss or damage, to the extent it would have provided coverage had such error or unintentional omission not been made.

It is a condition of this Additional Coverage that any error or unintentional omission be reported by the Insured to the Company when discovered and corrected.

#### **N. EXPEDITING COSTS**

This Policy covers the reasonable and necessary costs incurred:

- 1) for the temporary repair of insured physical damage to insured property;
- 2) for the temporary replacement of insured equipment suffering insured physical damage; and
- 3) to expedite the permanent repair or replacement of such damaged property.

This Additional Coverage does not cover costs recoverable elsewhere in this Policy, including the cost of permanent repair or replacement of damaged property.

#### **O. FINE ARTS AND VALUABLE PAPERS AND RECORDS**

This Policy covers insured physical loss or damage to **fine arts** and **valuable papers and records** while anywhere within this Policy's TERRITORY, including while in transit.

**FINE ARTS AND VALUABLE PAPERS AND RECORDS Exclusions:** As respects FINE ARTS AND VALUABLE PAPERS AND RECORDS, the following applies:



- 1) the exclusions in the EXCLUSIONS clause of this section do not apply except for A1, A2, A6, A7, B1, B2, B3a, B4 and B5.
- 2) the following additional exclusions apply:

This Policy excludes:

- a) currency, money, securities.
- b) errors or omissions in processing or copying of **valuable papers and records**, but, if physical damage not excluded by this Policy results, then only that resulting damage is insured.
- c) deterioration, inherent vice, or wear and tear, but, if physical damage not excluded by this Policy results, then only that resulting damage is insured.
- d) fungus, mold or mildew unless directly resulting from other physical damage not excluded by this Policy.
- e) loss or damage to **fine arts** from any repairing, restoration or retouching process.

**FINE ARTS AND VALUABLE PAPERS AND RECORDS Valuation:** On property covered under this Additional Coverage the loss amount will not exceed the lesser of the following:

- 1) the cost to repair or restore such property to the physical condition that existed on the date of loss.
- 2) the cost to replace.
- 3) the value, if any, designated for the item on the schedule on file with the Company.

If a **fine arts** article is part of a pair or set, and a physically damaged article cannot be replaced, or repaired or restored to the condition that existed immediately prior to the loss, the Company will be liable for the lesser of the full value of such pair or set or the amount designated on the schedule. The Insured agrees to surrender the pair or set to the Company.

## **P. INSTALLMENT OR DEFERRED PAYMENTS**

This Policy covers insured physical loss or damage to personal property of the type insured sold by the Insured under a conditional sale or trust agreement or any installment or deferred payment plan and after such property has been delivered to the buyer. Coverage is limited to the unpaid balance for such property.

In the event of loss to property sold under deferred payment plans, the Insured will use all reasonable efforts, including legal action, if necessary, to effect collection of outstanding amounts due or to regain possession of the property.

There is no liability under this Policy for loss:



- 1) pertaining to products recalled including, but not limited to, the costs to recall, test or to advertise such recall by the Insured.
- 2) from theft or conversion by the buyer of the property after the buyer has taken possession of such property.
- 3) to the extent the buyer continues payments.
- 4) not within the TERRITORY of this Policy.

INSTALLMENT OR DEFERRED PAYMENTS Valuation: On property covered under this Additional Coverage the loss amount will not exceed the lesser of the following:

- 1) total amount of unpaid installments less finance charges.
- 2) **actual cash value** of the property at the time of loss.
- 3) cost to repair or replace with material of like size, kind and quality.

**Q. LAND AND WATER CONTAMINANT CLEANUP, REMOVAL AND DISPOSAL**

This Policy covers the reasonable and necessary cost for the cleanup, removal and disposal of the actual not suspected presence of **contaminant(s)** from uninsured property consisting of land, water or any other substance in or on land at the **insured location** if the release, discharge or dispersal of such **contaminant(s)** is a direct result of insured physical loss or damage to insured property.

This Policy does not cover the cost to cleanup, remove and dispose of **contamination** from such property:

- 1) at any **location** insured for Personal Property only.
- 2) at any property insured under AUTOMATIC COVERAGE, ERRORS AND OMISSIONS or **miscellaneous unnamed location** coverage provided by this Policy.
- 3) when the Insured fails to give written notice of loss to the Company within 180 days after inception of the loss.

**R. LOSS PAYMENT INCREASED TAX LIABILITY**

This Policy covers the increase in tax liability as described herein incurred by the Insured.

Coverage A:

The increase in tax liability from an insured loss at an **insured location** if the tax treatment of:



1) the profit portion of a loss payment under this Policy involving finished stock manufactured by the Insured; and/or

2) the profit portion of a TIME ELEMENT loss payment under this Policy;

is greater than the tax treatment of profits that would have been incurred had no loss happened.

#### S. MACHINERY OR EQUIPMENT STARTUP OPTION

After insured machinery or equipment that has sustained insured physical loss or damage is repaired or replaced and such machinery or equipment is undergoing startup, the following applies:

If physical loss or damage of the type insured directly results to such machinery or equipment from such startup, the Insured shall have the option of claiming such resulting insured damage as part of the original event of physical loss or damage or as a separate **occurrence**.

This Additional Coverage applies only:

- 1) to the first startup event after the original repair or replacement; and
- 2) when the first startup event happens during the term of this Policy or its renewal issued by the Company.

For the purposes of this Additional Coverage, startup means:

- 1) the introduction into machinery or equipment of feedstock or other materials for processing or handling;
- 2) the commencement of fuel or energy supply to machinery or equipment.

#### T. MISCELLANEOUS PERSONAL PROPERTY

This Policy covers insured physical loss or damage to personal property of the type insured:

- 1) owned by the Insured; or
- 2) property of others in the Insured's custody, to the extent the Insured is under obligation to keep insured for physical loss or damage insured under this Policy,

at any **location** within this Policy's TERRITORY.

This Additional Coverage excludes property covered elsewhere in this Policy.





**U. OFF PREMISES STORAGE FOR PROPERTY UNDER CONSTRUCTION**

This Policy covers insured physical loss or damage to property of the type insured that is under contract to be used in a construction project at an **insured location**:

- 1) from the time such property is delivered to the Insured or their contractor (with respect to the property under construction) by the manufacturer or supplier,
- 2) while such property is located at a storage site, and
- 3) while such property is in transit from a storage site to another storage site or to a construction project at an **insured location**,

all while within this Policy's TERRITORY but away from the **insured location**.

This coverage includes necessary expendable materials and supplies to be utilized in the construction project but does not include any such property owned or rented by the contractor.

OFF PREMISES STORAGE FOR PROPERTY UNDER CONSTRUCTION Exclusions: As respects OFF PREMISES STORAGE FOR PROPERTY UNDER CONSTRUCTION, the following additional exclusions apply:

- 1) As respects property in transit, the TRANSPORTATION Exclusions clause of the TRANSPORTATION coverage applies.

**V. OPERATIONAL TESTING**

This Policy covers insured physical loss or damage to insured property during the **period of operational testing**.

This Additional Coverage excludes property, including stock or material, manufactured or processed by the Insured.

**W. PATIENT'S PERSONAL PROPERTY**

This Policy covers insured physical loss or damage to patient's personal property of the type insured not in the custody of the Insured while at an insured **healthcare facility** within this Policy's TERRITORY.

This Additional Coverage excludes property covered elsewhere in this Policy.

PATIENT'S PERSONAL PROPERTY Exclusion: As respects PATIENT'S PERSONAL PROPERTY, the following additional exclusion applies:

This Policy excludes:

- 1) vehicles registered for highway use.

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## X. PATIENT AND TENANT RELOCATION EXPENSE

This Policy covers the reasonable and necessary costs incurred by the Insured to relocate and return patients, tenants and residents of an insured **healthcare facility** to another **healthcare facility**, within this Policy's TERRITORY, when the insured **healthcare facility** is made uninhabitable as a direct result of insured physical loss or damage.

This Additional Coverage also covers the following reasonable and necessary costs when such costs are incurred as the direct result of the relocation to another **healthcare facility** and then subsequent return to the insured **healthcare facility** when repairs are complete:

- 1) the cost to pack and transport Personal Property associated with the patient of the healthcare facility, including but not limited to swing beds and medical equipment.
- 2) the cost to pack and transport personal property of the type insured belonging to patients, tenants and residents.
- 3) the cost to search for a **healthcare facility**.
- 4) the costs to establish new utility services at the other **healthcare facility**, less refunds from discontinued services of the uninhabitable insured **healthcare facility**.
- 5) the cost to disconnect and reconnect fixtures and equipment.
- 6) the cost to store personal property of the type insured belonging to patients, residents and tenants until such time as the property can be moved to the insured **healthcare facility**.

This Additional Coverage does not cover the following:

- 1) costs recoverable elsewhere in this Policy.
- 2) security deposits or other payments made to the landlord or lessor of the new **healthcare facility**.
- 3) down payments, legal fees and closing costs for the purchase of new **healthcare facility**.
- 4) loss due to the termination of a lease or other agreement.
- 5) cost to replace Personal Property sent with the patient, tenant or resident to the other **healthcare facility** which for any reason is not returned to the insured **healthcare facility**.

## Y. PERSONAL PROPERTY NOT AT A LOCATION

This Policy covers insured physical loss or damage to personal property of the type insured:

- 1) owned by the Insured; or



- 2) property of others in the Insured's custody, to the extent the Insured is under obligation to keep insured for physical loss or damage insured under this Policy,

not at a **location** while anywhere within this Policy's TERRITORY, including while in transit.

**PERSONAL PROPERTY NOT AT A LOCATION Exclusions:** As respects PERSONAL PROPERTY NOT AT A LOCATION, the following additional exclusions apply:

- 1) This Policy excludes:
  - a) **transmission and distribution systems.**
  - b) property while located **off-shore.**
  - c) property insured under import or export ocean marine insurance.
  - d) property shipped between continents.
  - e) airborne shipments unless by regularly scheduled passenger airlines or air freight carriers.
  - f) property of others, including the Insured's legal liability for it, hauled on vehicles owned, leased or operated by the Insured when acting as a common or contract carrier.

## **Z. PRIZES AND GIVEAWAYS**

This Policy covers insured physical loss or damage to personal property of the type insured, including motor vehicles and watercraft, when such property is a prize or giveaway for an Insured's fundraising or charity event while anywhere within this Policy's TERRITORY, excluding while in transit.

This Additional Coverage excludes property covered elsewhere in this Policy.

## **AA. PROTECTION AND PRESERVATION OF PROPERTY**

This Policy covers:

- 1) reasonable and necessary costs incurred for actions to temporarily protect or preserve insured property; provided such actions are necessary due to actual, or to prevent immediately impending, insured physical loss or damage to such insured property.
- 2) reasonable and necessary:
  - a) fire department firefighting charges imposed as a result of responding to a fire in, on or exposing the insured property.



- b) costs incurred of restoring and recharging fire protection systems following an insured loss.
- c) costs incurred for the water used for fighting a fire in, on or exposing the insured property.

This Additional Coverage does not cover costs incurred for actions to temporarily protect or preserve insured property from actual, or to prevent immediately impending, physical loss or damage covered by TERRORISM coverage as provided in this section of the Policy.

This Additional Coverage is subject to the deductible provisions that would have applied had the physical loss or damage happened.

## BB. SERVICE INTERRUPTION PROPERTY DAMAGE

This Policy covers insured physical loss or damage to insured property at an **insured location** or as MISCELLANEOUS PERSONAL PROPERTY when such physical loss or damage results from the interruption of incoming services or from the lack of transmission of incoming or outgoing voice, data or video consisting of electricity, gas, fuel, steam, water, refrigeration or from the lack of outgoing sewerage service by reason of any accidental event at the facilities of the supplier of such service located within this Policy's TERRITORY, that immediately prevents in whole or in part the delivery of such usable service.

This Additional Coverage will apply when the period of service interruption as described below is in excess of 24 hours.

The period of service interruption is the period starting with the time when an interruption of specified services happens; and ending when with due diligence and dispatch the service could be wholly restored.

Additional General Provisions:

- 1) The Insured will immediately notify the suppliers of services of any interruption of such services.
- 2) The Company will not be liable if the interruption of such services is caused directly or indirectly by the failure of the Insured to comply with the terms and conditions of any contracts the Insured has for the supply of such specified services.

SERVICE INTERRUPTION PROPERTY DAMAGE Exclusions: As respects SERVICE INTERRUPTION PROPERTY DAMAGE, the following applies:

- 1) The exclusions in the EXCLUSIONS clause in this section do not apply except for:
  - a) A1, A2, A3, A6, B1, B2, B5 and
  - b) D1 except with respect to fungus, mold or mildew.
- 2) The following additional exclusions apply:

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This Policy excludes loss or damage directly or indirectly caused by or resulting from the following regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:

- a) the interruption of incoming or outgoing voice, data or video service as the result of an accidental event or physical damage to a satellite.
- b) **terrorism.**

**CC. TEMPORARY REMOVAL OF PROPERTY**

When insured property is removed from an **insured location** for the purpose of being repaired or serviced or in order to avoid threatened physical loss or damage of the type insured by this Policy, this Policy covers such property:

- 1) while at the premises to which such property has been moved; and
- 2) for physical loss or damage as provided at the **insured location** from which such property was removed.

This Additional Coverage does not apply to property:

- 1) insured, in whole or in part, elsewhere in this Policy.
- 2) insured, in whole or in part, by any other insurance policy.
- 3) removed for normal storage, processing or preparation for sale or delivery.

**DD. TERRORISM**

This Policy covers physical loss or damage caused by or resulting from **terrorism** only at locations as specifically described on the Schedule of Locations, at **miscellaneous unnamed locations** and property covered under MISCELLANEOUS PERSONAL PROPERTY and OFF PREMISES STORAGE FOR PROPERTY UNDER CONSTRUCTION.

Any act which satisfies the definition of **terrorism** shall not be considered to be vandalism, malicious mischief, riot, civil commotion, or any other risk of physical loss or damage covered elsewhere in this Policy.

Amounts recoverable under this Additional Coverage are excluded from coverage elsewhere in this Policy.

This Additional Coverage does not cover loss or damage which also comes within the terms of either item B2a or B2c of the EXCLUSIONS clause in this section of the Policy.

This Additional Coverage does not in any event cover loss or damage directly or indirectly caused by or resulting from any of the following, regardless of any other cause or event,



whether or not insured under this Policy contributing concurrently or in any other sequence to the loss:

- 1) that involves the use, release or escape of nuclear materials, or that directly or indirectly results in nuclear reaction or radiation or radioactive contamination or that involves the discharge, explosion or use of any nuclear device, weapon or material employing or involving nuclear fission, fusion, or radioactive force, whether in time of peace or war and regardless of who commits the act; or
- 2) that is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
- 3) in which pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials; or
- 4) that involves action taken to prevent, defend against, respond to or retaliate against **terrorism** or suspected **terrorism**.

As respects this Additional Coverage, this Policy does not insure any TIME ELEMENT loss as provided in the TIME ELEMENT section of this Policy for more than the number of months shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section.

## EE. TRANSPORTATION

This Policy covers the following personal property, except as excluded by this Policy, while in transit within the TERRITORY of this Policy:

- 1) owned by the Insured.
- 2) shipped to customers under F.O.B., C & F or similar terms. The Insured's contingent interest in such shipments is admitted.
- 3) of others in the actual or constructive custody of the Insured to the extent of the Insured's interest or legal liability.
- 4) of others sold by the Insured, that the Insured has agreed prior to the loss to insure during course of delivery including:
  - a) when shipped by the Insured's direct contract service provider or by the Insured's direct contract manufacturer to the Insured or to the Insured's customer.
  - b) when shipped by the Insured's customer to the Insured or to the Insured's contract service provider or to the Insured's contract manufacturer.

### Coverage Attachment and Duration:

- 1) This Additional Coverage covers from the time the property leaves the original point of shipment for transit until the property arrives at the destination.



- 2) However, coverage on export shipments not insured under ocean cargo policies ends when the property is loaded on board overseas vessels or aircraft. Coverage on import shipments not insured under ocean cargo policies begins after discharge from overseas vessels or aircraft.

This Additional Coverage:

- 1) covers general average and salvage charges on shipments covered while waterborne.
- 2) insures physical loss or damage caused by or resulting from:
  - a) unintentional acceptance of fraudulent bills of lading, shipping or messenger receipts.
  - b) improper parties having gained possession of property through fraud or deceit.

Additional General Provisions:

- 1) This Additional Coverage will not inure directly or indirectly to the benefit of any carrier or bailee.
- 2) The Insured has permission, without prejudicing this insurance, to accept:
  - a) ordinary bills of lading used by carriers;
  - b) released bills of lading;
  - c) undervalued bills of lading; and
  - d) shipping or messenger receipts.
- 3) The Insured may waive subrogation against railroads under side track agreements.

Except as otherwise stated, the Insured will not enter into any special agreement with carriers releasing them from their common law or statutory liability.

TRANSPORTATION Exclusions: As respects TRANSPORTATION, the following applies:

- 1) the exclusions in the EXCLUSIONS clause of this section do not apply except for A1 through A4, B1 through B4, C1, C3, C5, C6, DI through D3.
- 2) the following additional exclusions apply:

This Policy excludes:

- a) samples in the custody of salespeople or selling agents.
- b) property insured under import or export ocean marine insurance.



- c) waterborne shipments, unless:
  - (i) by inland water; or
  - (ii) by coastal shipments.
- d) waterborne shipments via Panama Canal or to and from Alaska, the Commonwealth of Puerto Rico, and Hawaii.
- e) airborne shipments unless by regularly scheduled passenger airlines or air freight carriers.
- f) property of others, including the Insured's legal liability for it, hauled on vehicles owned, leased or operated by the Insured when acting as a common or contract carrier.
- g) any transporting vehicle.

**TRANSPORTATION Valuation:** On property covered under this Additional Coverage the loss amount will not exceed:

- 1) Property shipped to or for the account of the Insured will be valued at actual invoice to the Insured. Included in the value are accrued costs and charges legally due. Charges may include the Insured's commission as selling agent.
- 2) Property sold by the Insured and shipped to or for the purchaser's account will be valued at the Insured's selling invoice amount. Prepaid or advanced freight costs are included.
- 3) Property not under invoice will be valued:
  - a) for property of the Insured, at the valuation provisions of this Policy applying at the place from which the property is being transported; or
  - b) for other property, at the actual cash market value at the destination point on the date of loss,

less any charges saved which would have become due and payable upon arrival at destination.





## TIME ELEMENT

TIME ELEMENT loss as provided in the TIME ELEMENT COVERAGES and TIME ELEMENT COVERAGE EXTENSIONS of this section of the Policy:

- A. is subject to the applicable limit of liability that applies to the insured physical loss or damage but in no event for more than any limit of liability that is stated as applying to the specific TIME ELEMENT COVERAGE and/or TIME ELEMENT COVERAGE EXTENSION; and
  - B. will not increase the Policy limit of liability; and
  - C. is subject to the Policy provisions, including applicable exclusions and deductibles,
- all as shown in this section and elsewhere in this Policy.

### 1. LOSS INSURED

- A. This Policy insures TIME ELEMENT loss, as provided in the TIME ELEMENT COVERAGES, directly resulting from physical loss or damage of the type insured:
  - 1) to property described elsewhere in this Policy and not otherwise excluded by this Policy or otherwise limited in the TIME ELEMENT COVERAGES below;
  - 2) used by the Insured, or for which the Insured has contracted use;
  - 3) while at an **insured location** or within 1,000 feet/300 metres of it, or as provided as TEMPORARY REMOVAL OF PROPERTY, OFF PREMISES STORAGE FOR PROPERTY UNDER CONSTRUCTION or PERSONAL PROPERTY NOT AT A LOCATION; or
  - 4) while at a MISCELLANEOUS PERSONAL PROPERTY location and such location is not a **contingent time element location**; or
  - 5) while in transit as provided by this Policy, and
  - 6) during the Periods of Liability described in this section.
- B. This Policy insures TIME ELEMENT loss only to the extent it cannot be reduced through:
  - 1) the use of any property or service owned or controlled by the Insured;
  - 2) the use of any property or service obtainable from other sources;
  - 3) working extra time or overtime; or
  - 4) the use of inventory,



all whether at an **insured location** or at any other premises. The Company reserves the right to take into consideration the combined operating results of all associated, affiliated or subsidiary companies of the Insured in determining the TIME ELEMENT loss.

- C. This Policy covers expenses reasonably and necessarily incurred by the Insured to reduce the loss otherwise payable under this section of this Policy. The amount of such recoverable expenses will not exceed the amount by which the loss has been reduced.
- D. In determining the amount of loss payable, the Company will consider the experience of the business before and after and the probable experience during the PERIOD OF LIABILITY. The probable experience will consider any increase or decrease in demand for the Insured's goods or services during the PERIOD OF LIABILITY, even if such increase or decrease is from the same event that caused physical loss or damage starting the PERIOD OF LIABILITY.

## 2. TIME ELEMENT COVERAGES

### A. INSURED OPTION

The Insured has the option to make claim based on either

- a) GROSS EARNINGS and EXTENDED PERIOD OF LIABILITY; or
- b) GROSS PROFIT,

as described in the TIME ELEMENT section of this Policy and subject to the applicable terms and conditions as may be shown elsewhere.

Such option may be exercised at any time prior to the conditions set forth in the SETTLEMENT OF CLAIMS clause in the LOSS ADJUSTMENT AND SETTLEMENT section of this Policy.

If such claim involves more than one **insured location**, including interdependency at one or more **insured locations**, such claim will be adjusted by using the single coverage option chosen above.

### B. GROSS EARNINGS

Measurement of Loss:

- 1) The recoverable GROSS EARNINGS loss is the Actual Loss Sustained by the Insured of the following during the PERIOD OF LIABILITY:
  - a) Gross Earnings;
  - b) less all charges and expenses that do not necessarily continue during the interruption of production or suspension of business operations or services;
  - c) less ordinary payroll; and



- d) plus all other earnings derived from the operation of the business.
- e) Ordinary Payroll, including taxes and charges dependent on the payment of wages:
  - (i) for a period of time of not more than the number of consecutive days shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section immediately following the interruption of production or suspension of business operations or services, and
  - (ii) only to the extent such payroll continues following the loss and would have been earned had no such interruption happened.

However, if an Insured reduces the daily loss payable under Ordinary Payroll, either by:

- (i) providing gainful employment for, or
- (ii) paying less than the normal salary rate to,

all or part of its employees, then the number of consecutive days of Ordinary Payroll may be extended. However, this provision will not increase the total liability of this Company beyond the amount it would have been liable for Ordinary Payroll costs without this provision. Ordinary Payroll does not cover any portion of salaries or wages included in Gross Earnings.

- 2) For the purposes of the Measurement of Loss, Gross Earnings is:

for manufacturing operations: the net sales value of production less the cost of all raw stock, materials and supplies used in such production; or

for mercantile or non-manufacturing operations: the total net sales less cost of merchandise sold, materials and supplies consumed in the operations or services rendered by the Insured.

Any amount recovered under property damage coverage at selling price will be considered to have been sold to the Insured's regular customers and will be credited against net sales.

- 3) In determining the indemnity payable as the Actual Loss Sustained, the Company will consider the continuation of only those normal charges and expenses that would have been earned had there been no interruption of production or suspension of business operations or services.
- 4) If the Insured would have operated at a deficit had no interruption of production or suspension of business operations or services happened, the following applies:



- a) for Gross Earnings, the extent to which charges and expenses would have been earned will be determined by subtracting the operating deficits from the charges and expenses that necessarily continue.
  - b) for Ordinary Payroll, the extent payroll would have been earned will be determined by subtracting the excess, if any, of the operating deficit over the fixed charges that need to continue from such payroll.
- 5) There is recovery hereunder to the extent that the Insured is:
- a) wholly or partially prevented from producing goods or continuing business operations or services;
  - b) unable to make up lost production within a reasonable period of time, not limited to the period during which production is interrupted;
  - c) unable to continue such operations or services during the PERIOD OF LIABILITY; and
  - d) able to demonstrate a loss of sales for the operations, services or production prevented.

### C. GROSS PROFIT

#### Measurement of Loss:

- 1) The recoverable GROSS PROFIT loss is the Actual Loss Sustained by the Insured of the following due to the necessary interruption of business during the PERIOD OF LIABILITY: a) Reduction in Sales, b) Ordinary Payroll and c) Increase in Cost of Doing Business. The amount payable as indemnity hereunder will be:
- a) with respect to Reduction in Sales: The sum produced by applying the Rate of Gross Profit to the amount by which the sales during the PERIOD OF LIABILITY will fall short of the Standard Sales. In determining the Reduction in Sales, any amount recovered under property damage coverage at selling price will be credited against lost sales.
  - b) Ordinary Payroll, including taxes and charges dependent on the payment of wages, during the PERIOD OF LIABILITY only to the extent such payroll would have been earned had such loss not happened.

However, if an Insured reduces the daily loss payable under Ordinary Payroll, either by:

- (i) providing gainful employment for, or
- (ii) paying less than the normal salary rate to,

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all or part of its employees, the number of consecutive days of Ordinary Payroll may be extended. This provision will not increase the total liability of this Company beyond the amount it would have been liable for Ordinary Payroll costs without this provision. Ordinary Payroll does not cover any portion of salaries or wages included in Net Profit or fixed charges.

c) with respect to Increase in Cost of Doing Business:

(i) the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the Reduction in Sales and a loss of Ordinary Payroll which, but for that expenditure, would have taken place during the PERIOD OF LIABILITY; but

(ii) not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided,

all less any sum saved during the PERIOD OF LIABILITY with respect to such of the Insured Fixed Charges as may cease or be reduced because of such interruption of business.

2) For the purposes of the Measurement of Loss:

Gross Profit is:

The amount produced by adding to the Net Profit the amount of the Insured Fixed Charges, or if there be no Net Profit the amount of the Insured Fixed Charges less that proportion of any loss from business operations as the amount of the Insured Fixed Charges bears to all fixed charges.

Net Profit is:

The net operating profit (exclusive of all capital receipts and accruals and all outlay properly chargeable to capital) resulting from the business of the Insured at the **insured locations** after due provision has been made for all fixed charges and other expenses including depreciation but before the deduction of any taxes on profits.

Insured Fixed Charges is:

All fixed charges unless specifically excluded herein. Ordinary Payroll is not an Insured Fixed Charge.

Sales is:

The money paid or payable to the Insured for goods sold and delivered and for services rendered in the conduct of the business at an **insured location**.

Rate of Gross Profit is:



The rate of Gross Profit earned on the sales during the twelve full calendar months immediately before the date of the physical loss or damage to the described property.

Standard Sales is:

The sales during that period in the twelve months immediately before the date of the physical loss or damage to the described property which corresponds with the PERIOD OF LIABILITY.

- 3) In determining the indemnity payable as the Actual Loss Sustained:
  - a) if any fixed charges of the business are not insured hereunder, then, in computing the amount recoverable hereunder as Increase in Cost of Doing Business, that proportion only of the additional expenditure will be recoverable hereunder which the sum of the Net Profit and the Insured Fixed Charges bears to the sum of the Net Profit and all the fixed charges excluding Ordinary Payroll.
  - b) if during the PERIOD OF LIABILITY goods will be sold or services will be rendered elsewhere than at the **insured locations** for the benefit of the business, either by the Insured or by others on the Insured's behalf, the money paid or payable in respect of such sales or services will be included in arriving at the amount of sales during the PERIOD OF LIABILITY.
- 4) The Insured will act with due diligence and dispatch in repairing or replacing physically damaged buildings and equipment to the same or equivalent physical and operating conditions that existed prior to the damage; and take whatever actions are necessary and reasonable to minimize the loss payable hereunder.

GROSS PROFIT Exclusions: As respects GROSS PROFIT, the TIME ELEMENT EXCLUSIONS B of this section does not apply and the following applies instead:

This Policy does not insure against any increase in loss due to damages for breach of contract or for late or noncompletion of orders, or fines or penalties of any nature except fines or penalties for breach of contract or for late or noncompletion of orders.

Coverage under GROSS PROFIT for the reduction in sales due to contract cancellation will include only those sales that would have been earned under the contract during the PERIOD OF LIABILITY.

**D. EXTRA EXPENSE**

Measurement of Loss:

The recoverable EXTRA EXPENSE loss will be the reasonable and necessary extra costs incurred by the Insured of the following during the PERIOD OF LIABILITY:

- 1) extra expenses to temporarily continue as nearly **normal** as practicable the conduct of the Insured's business; and

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- 2) extra costs of temporarily using property or facilities of the Insured or others,

less any value remaining at the end of the PERIOD OF LIABILITY for property obtained in connection with the above.

If the Insured makes claim in accordance with the terms and conditions of the INSURED OPTION clause, the PERIOD OF LIABILITY for EXTRA EXPENSE coverage will be the PERIOD OF LIABILITY applicable to the Time Element coverage option selected.

**EXTRA EXPENSE Exclusions:** As respects EXTRA EXPENSE, the following additional exclusions apply:

This Policy does not insure:

- 1) any loss of income.
- 2) costs that usually would have been incurred in conducting the business during the same period had no physical loss or damage happened.
- 3) costs of permanent repair or replacement of property that has been damaged or destroyed.
- 4) any expense recoverable elsewhere in this Policy.

#### **E. LEASEHOLD INTEREST**

**Measurement of Loss:**

The recoverable LEASEHOLD INTEREST incurred by the Insured of the following:

- 1) If the lease agreement requires continuation of rent; and if the property is wholly untenable or unusable, the actual rent payable for the unexpired term of the lease; or if the property is partially untenable or unusable, the proportion of the rent payable for the unexpired term of the lease.
- 2) If the lease is cancelled by the lessor pursuant to the lease agreement or by the operation of law; the Lease Interest for the first three months following the loss; and the Net Lease Interest for the remaining unexpired term of the lease.
- 3) As used above, the following terms mean:

**Net Lease Interest:**

That sum which placed at 6% interest rate compounded annually would equal the Lease Interest (less any amounts otherwise payable hereunder).

**Lease Interest:**

The excess rent paid for the same or similar replacement property over actual rent payable plus cash bonuses or advance rent paid (including maintenance or operating charges) for each month during the unexpired term of the Insured's lease.



**LEASEHOLD INTEREST Exclusions:** As respects LEASEHOLD INTEREST, the following applies:

- 1) This Policy does not insure loss directly resulting from physical loss or damage to Personal Property.
- 2) TIME ELEMENT EXCLUSIONS A, B and C do not apply and the following applies instead:

This Policy does not insure any increase in loss resulting from the suspension, lapse or cancellation of any license, or from the Insured exercising an option to cancel the lease; or from any act or omission of the Insured that constitutes a default under the lease.

### F. RENTAL INSURANCE

Measurement of Loss:

The recoverable RENTAL INSURANCE loss is the Actual Loss Sustained by the Insured of the following during the PERIOD OF LIABILITY:

- 1) the fair rental value of any portion of the property occupied by the Insured;
- 2) the income reasonably expected from rentals of unoccupied or unrented portions of such property; and
- 3) the rental income from the rented portions of such property according to bona fide leases, contracts or agreements in force at the time of loss,

all not to include noncontinuing charges and expenses.

**RENTAL INSURANCE Exclusions:** As respects RENTAL INSURANCE, TIME ELEMENT EXCLUSIONS A does not apply and the following applies instead:

This Policy does not insure any loss of rental income during any period in which the insured property would not have been tenantable for any reason other than an insured loss.

### 3. PERIOD OF LIABILITY

- A. The PERIOD OF LIABILITY applying to all TIME ELEMENT COVERAGES, except GROSS PROFIT and LEASEHOLD INTEREST and as shown below or if otherwise provided under any TIME ELEMENT COVERAGE EXTENSION, and subject to any Time Limit provided in the LIMITS OF LIABILITY clause in the DECLARATIONS section, is as follows:

- 1) For building and equipment, the period:
  - a) starting from the time of physical loss or damage of the type insured; and





- b) ending when with due diligence and dispatch the building and equipment could be:
    - (i) repaired or replaced; and
    - (ii) made ready for operations,under the same or equivalent physical and operating conditions that existed prior to the damage.
  - c) not to be limited by the expiration of this Policy.
- 2) For building and equipment under construction:
- a) the equivalent of the above period of time will be applied to the level of business that would have been reasonably achieved after construction and startup would have been completed had no physical damage happened; and
  - b) due consideration will be given to the actual experience of the business compiled after completion of the construction and startup.
- 3) For stock-in-process and mercantile stock, including finished goods not manufactured by the Insured, the time required with the exercise of due diligence and dispatch:
- a) to restore stock in process to the same state of manufacture in which it stood at the inception of the interruption of production or suspension of business operations or services; and
  - b) to replace physically damaged mercantile stock.
- This item does not apply to RENTAL INSURANCE.
- 4) For raw materials and supplies, the period of time:
- a) of actual interruption of production or suspension of operations or services resulting from the inability to get suitable raw materials and supplies to replace similar ones damaged; but
  - b) limited to that period for which the damaged raw materials and supplies would have supplied operating needs.
- 5) If water:
- a) used for any manufacturing purpose, including but not limited to as a raw material or for power;
  - b) stored behind dams or in reservoirs; and
  - c) on any **insured location**,



is released as the result of physical damage of the type insured to such dam, reservoir or connected equipment, the Company's liability for the actual interruption of production or suspension of operations or services due to inadequate water supply will not extend beyond 30 consecutive days after the damaged dam, reservoir or connected equipment has been repaired or replaced.

This item does not apply to RENTAL INSURANCE.

- 6) For physically damaged exposed films, records, manuscripts and drawings, the time required to copy from backups or from originals of a previous generation. This time does not include research, engineering or any other time necessary to restore or recreate lost information.

This item does not apply to RENTAL INSURANCE.

- 7) For physically damaged or destroyed property covered under DATA, PROGRAMS OR SOFTWARE, the time to recreate or restore including the time for researching or engineering lost information.

This item does not apply to RENTAL INSURANCE.

B. The PERIOD OF LIABILITY applying to GROSS PROFIT is as follows:

- 1) The period:
- a) starting from the time of physical loss or damage of the type insured; and
  - b) ending not later than the period of time shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section,  
  
during which period the results of the business shall be directly affected by such damage.
  - c) not to be limited by the expiration of this Policy.
- 2) For property under construction, the period:
- a) starting on the date that production, business operation or service would have commenced if physical damage of the type insured had not happened; and
  - b) ending not later than the period of time shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section,  
  
during which period the results of the business shall be directly affected by such damage.
  - c) not to be limited by the expiration of this Policy.



The Rate of Gross Profit and Standard Sales will be based on the experience of the business after construction is completed and the probable experience during the PERIOD OF LIABILITY.

- C. The PERIOD OF LIABILITY does not include any additional time due to the Insured's inability to resume operations for any reason, including but not limited to:
- 1) making changes to the buildings, structures, machinery or equipment except as provided in the DEMOLITION AND INCREASED COST OF CONSTRUCTION clause in the PROPERTY DAMAGE section.
  - 2) restaffing or retraining employees.

If two or more Periods of Liability apply such periods will not be cumulative.

#### 4. TIME ELEMENT EXCLUSIONS

In addition to the exclusions elsewhere in this Policy, the following exclusions apply to TIME ELEMENT loss:

This Policy does not insure:

- A. Any loss during any idle period, including but not limited to when production, operation, service or delivery or receipt of goods would cease, or would not have taken place or would have been prevented due to:
- 1) physical loss or damage not insured by this Policy on or off of the **insured location**.
  - 2) planned or rescheduled shutdown.
  - 3) strikes or other work stoppage.
  - 4) any other reason other than physical loss or damage insured under this Policy.
- B. Any increase in loss due to:
- 1) suspension, cancellation or lapse of any lease, contract, license or orders.
  - 2) damages for breach of contract or for late or noncompletion of orders.
  - 3) fines or penalties of any nature except fines or penalties for breach of contract or for late or noncompletion of orders.
  - 4) any other consequential or remote loss.
- C. Any loss resulting from physical loss or damage to finished goods manufactured by the Insured, or the time required for their reproduction.



- D. Any loss resulting from the **actual cash value** portion of direct physical loss or damage by fire caused by or resulting from **terrorism**.

## 5. TIME ELEMENT COVERAGE EXTENSIONS

This Policy also insures TIME ELEMENT loss, as provided by the TIME ELEMENT COVERAGES of this Policy, for the TIME ELEMENT COVERAGE EXTENSIONS described below.

### SUPPLY CHAIN TIME ELEMENT COVERAGE EXTENSIONS

#### A. CIVIL OR MILITARY AUTHORITY

This Policy covers the Actual Loss Sustained and EXTRA EXPENSE incurred by the Insured during the PERIOD OF LIABILITY if an order of civil or military authority prohibits access to the **insured location** provided such order is the direct result of physical damage of the type insured at the **insured location** or within five statute miles/eight kilometres of it.

This Extension does not apply to LEASEHOLD INTEREST.

The PERIOD OF LIABILITY for this TIME ELEMENT COVERAGE EXTENSION will be:

The period of time:

- 1) starting at the time of such physical damage; but
- 2) not to exceed the time limit shown in the LIMITS OF LIABILITY clause in the DECLARATIONS section,

this period of time is part of and not in addition to any PERIOD OF LIABILITY applying to any coverage provided in the TIME ELEMENT section.

#### B. CONTINGENT TIME ELEMENT EXTENDED

This Policy covers the Actual Loss Sustained and EXTRA EXPENSE incurred by the Insured during the PERIOD OF LIABILITY directly resulting from physical loss or damage of the type insured to property of the type insured at **contingent time element locations** located within the TERRITORY of this Policy.

As respects CONTINGENT TIME ELEMENT EXTENDED:

- 1) Time Element loss recoverable under this Extension is extended to include the following TIME ELEMENT COVERAGE EXTENSIONS:

CIVIL OR MILITARY AUTHORITY  
CONTINGENT TIME ELEMENT EXTENDED  
DELAY IN STARTUP



EXTENDED PERIOD OF LIABILITY  
INGRESS/EGRESS  
ON PREMISES SERVICES  
SERVICE INTERRUPTION TIME ELEMENT

- 2) The Insured will influence and cooperate with the **contingent time element location** in every way and take any reasonable and necessary action to mitigate the loss payable hereunder.
- 3) In determining the indemnity payable hereunder, the Company will consider the amount of income derived before the date of physical loss or damage and the probable amount of income after the date of loss or damage.
- 4) TIME ELEMENT EXCLUSIONS C does not apply.

CONTINGENT TIME ELEMENT EXTENDED Exclusions: As respects CONTINGENT TIME ELEMENT EXTENDED, the following additional exclusions apply:

This Policy does not insure loss resulting from:

- 1) lack of incoming or outgoing transmission of voice, data or video.
- 2) physical loss or damage caused by or resulting from **terrorism**, regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence of loss.

**C. INGRESS/EGRESS**

This Policy covers the Actual Loss Sustained and EXTRA EXPENSE incurred by the Insured due to the necessary interruption of the Insured's business due to partial or total physical prevention of ingress to or egress from an **insured location**, whether or not the premises or property of the Insured is damaged, provided that such prevention is a direct result of physical damage of the type insured to property of the type insured.

INGRESS/EGRESS Exclusions: As respects INGRESS/EGRESS, the following additional exclusions apply:

This Policy does not insure loss resulting from:

- 1) lack of incoming or outgoing service consisting of electric, fuel, gas, water, steam, refrigerant, sewerage and voice, data or video.
- 2) picketing or other action by strikers except for physical damage not excluded by this Policy.
- 3) physical loss or damage caused by or resulting from **terrorism**, regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss.



This Policy does not provide coverage under this Extension for more than the number of consecutive days shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section.

#### D. LOGISTICS EXTRA COST

This Policy covers the extra cost incurred by the Insured during the PERIOD OF LIABILITY due to the disruption of the **normal** movement of goods or materials:

- 1) directly between **insured locations**; or
- 2) directly between an **insured location** and a **location** of a direct customer, supplier, contract manufacturer or contract service provider to the Insured,

provided that such disruption is a direct result of physical loss or damage of the type insured to property of the type insured located within the TERRITORY of this Policy.

Measurement of Loss:

The recoverable extra cost loss will be the reasonable and necessary extra costs incurred by the Insured of the following:

- 1) extra costs to temporarily continue as nearly **normal** as practicable the movement of goods or materials.

This Extension will apply when the PERIOD OF LIABILITY is in excess of 48 hours except 168 hours applies for **earth movement** and/or **flood** and/or **wind**.

LOGISTICS EXTRA COST Exclusions: As respects LOGISTICS EXTRA COST, the following additional exclusions apply:

This Policy does not insure:

- 1) any loss resulting from disruption in the movement of goods or materials between **contingent time element locations**.
- 2) any loss resulting from disruption of incoming or outgoing services consisting of electricity, gas, fuel, steam, water, refrigeration, sewerage and voice, data or video.
- 3) any loss of income.
- 4) costs that usually would have been incurred in conducting the business during the same period had there been no disruption of **normal** movement of goods or materials.
- 5) costs of permanent repair or replacement of property that has been damaged or destroyed.
- 6) any expense recoverable elsewhere in this Policy.



- 7) any loss resulting from disruption caused by or resulting from **terrorism**, regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss.
- 8) any loss resulting from disruption caused by physical loss or damage to personal property of the Insured while in transit.

The PERIOD OF LIABILITY for this TIME ELEMENT COVERAGE EXTENSION will be:

The period of time:

- 1) starting at the time of physical loss or damage causing the disruption of the **normal** movement of goods or materials directly between **insured locations**; or directly between the **insured location** and the **location** of the direct customer, supplier, contract manufacturer or contract service provider to the Insured, and
- 2) ending not later than:
  - a) when with due diligence and dispatch the **normal** movement of goods or materials directly between **insured locations**; or directly between the **insured location** and the **location** of the direct customer, supplier, contract manufacturer or contract service provider to the Insured could be resumed; or
  - b) the number of consecutive days shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section.

#### E. SERVICE INTERRUPTION TIME ELEMENT

This Policy covers the Actual Loss Sustained and EXTRA EXPENSE incurred by the Insured during the period of service interruption at **insured locations** when the loss is caused by the interruption of incoming services or from the lack of transmission of incoming or outgoing voice, data or video consisting of electricity, gas, fuel, steam, water, refrigeration or from the lack of outgoing sewerage service by reason of any accidental event at the facilities of the supplier of such service located within this Policy's TERRITORY, that immediately prevents in whole or in part the delivery of such usable services.

This Extension will apply when the period of service interruption is in excess of 24 hours.

Additional General Provisions:

- 1) The Insured will immediately notify the suppliers of services of any interruption of such services.
- 2) The Company will not be liable if the interruption of such services is caused directly or indirectly by the failure of the Insured to comply with the terms and conditions of any contracts the Insured has for the supply of such specified services.



**SERVICE INTERRUPTION TIME ELEMENT Exclusions:** As respects SERVICE INTERRUPTION TIME ELEMENT, the following applies:

- 1) The exclusions in the EXCLUSIONS clause in the PROPERTY DAMAGE section do not apply except for:
  - a) A1, A2, A3, A6, B1, B2, B5 and
  - b) D1 except with respect to fungus, mold or mildew.
- 2) The following additional exclusions apply:

This Policy excludes loss or damage directly or indirectly caused by or resulting from the following regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:

- a) the interruption of incoming or outgoing voice, data or video service as the result of an accidental event or physical damage to a satellite.
- b) **terrorism.**

As used above, the period of service interruption:

- 1) is the period starting with the time when an interruption of specified services happens; and ending when with due diligence and dispatch the service could be wholly restored and the **location** receiving the service could or would have resumed normal operations following the restorations of service under the same or equivalent physical and operating conditions as provided by the PERIOD OF LIABILITY clause in this section.
- 2) is limited to only those hours during which the Insured would or could have used service(s) if it had been available.
- 3) does not extend to include the interruption of operations caused by any reason other than interruption of the specified service(s).

## **ADDITIONAL TIME ELEMENT COVERAGE EXTENSIONS**

### **A. ATTRACTION PROPERTY**

This Policy covers the Actual Loss Sustained and EXTRA EXPENSE incurred by the Insured during the PERIOD OF LIABILITY directly resulting from physical loss or damage of the type insured to property of the type insured that attracts business to an **insured location** and is within 1,000 feet/300 metres of the **insured location**.

**ATTRACTION PROPERTY Exclusions:** As respects ATTRACTION PROPERTY, the following additional exclusion applies:

This Policy does not insure loss resulting from:





- 1) physical loss or damage caused by or resulting from **terrorism**, regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss.

The PERIOD OF LIABILITY for this TIME ELEMENT COVERAGE EXTENSION will be:

The period of time:

- 1) starting at the time of such physical damage; but
- 2) not to exceed the time limit shown in the LIMITS OF LIABILITY clause in the DECLARATIONS section.

## B. COMPUTER SYSTEMS NON PHYSICAL DAMAGE

This Policy covers the Actual Loss Sustained and EXTRA EXPENSE incurred by the Insured during the period of interruption directly resulting from the failure of the Insured's **electronic data processing equipment or media** to operate, provided that such failure is the direct result of a malicious act directed at the NAMED INSURED.

This Extension will apply when the period of interruption is in excess of 48 hours.

As used above, the period of interruption:

- 1) is the period starting when the Insured's **electronic data processing equipment or media** fails to operate and ending when with due diligence and dispatch, the Insured's **electronic data processing equipment or media** could be restored to the same or equivalent operating condition that existed prior to the failure.
- 2) does not include the additional time to make changes to the Insured's **electronic data processing equipment or media**.

## C. CRISIS MANAGEMENT

This Policy covers the Actual Loss Sustained and EXTRA EXPENSE incurred by the Insured during the PERIOD OF LIABILITY if an order of civil or military authority prohibits access to an **insured location**, provided such order is a direct result of a violent crime, suicide, attempted suicide, or armed robbery at such **insured location**.

For the purposes of this Extension only, a violent crime, suicide, attempted suicide, or armed robbery will be considered direct physical loss or damage insured under this Policy.

This Extension of coverage will apply when the PERIOD OF LIABILITY is in excess of 4 hours.

CRISIS MANAGEMENT Exclusions: As respects CRISIS MANAGEMENT, the following additional exclusion applies:



This Policy excludes loss or damage directly or indirectly caused by or resulting from the following regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any other sequence to the loss:

- 1) **terrorism.**

The PERIOD OF LIABILITY for this TIME ELEMENT COVERAGE EXTENSION will be:

The period of time:

- 1) starting with the time the civil or military authority prohibits access; but
- 2) not to exceed the time limit shown in the LIMITS OF LIABILITY clause in the DECLARATIONS section.

**D. DELAY IN STARTUP**

GROSS EARNINGS or GROSS PROFIT and EXTRA EXPENSE are extended to cover the Actual Loss Sustained incurred by the Insured during the PERIOD OF LIABILITY due to the reasonable and necessary delay in startup of business operations directly resulting from physical loss or damage of the type insured to insured property under construction at an **insured location** or property covered by OFF PREMISES STORAGE FOR PROPERTY UNDER CONSTRUCTION.

**E. EXTENDED PERIOD OF LIABILITY**

The GROSS EARNINGS coverage is extended to cover the reduction in sales resulting from:

- 1) the interruption of business as covered by GROSS EARNINGS;
- 2) for such additional length of time as would be required with the exercise of due diligence and dispatch to restore the Insured's business to the condition that would have existed had no loss happened; and
- 3) commencing with the date on which the liability of the Company for loss resulting from interruption of business would terminate if this Extension had not been included in this Policy.

However, this Extension does not apply to GROSS EARNINGS loss resulting from physical loss or damage caused by or resulting from **terrorism**.

EXTENDED PERIOD OF LIABILITY Exclusions: As respects EXTENDED PERIOD OF LIABILITY, the TIME ELEMENT EXCLUSIONS B of this section does not apply and the following applies instead:

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This Policy does not insure against any increase in loss due to damages for breach of contract or for late or noncompletion of orders, or fines or penalties of any nature except fines or penalties for breach of contract or for late or noncompletion of orders.

Coverage under this Extension for the reduction in sales due to contract cancellation will include only those sales that would have been earned under the contract during the extended period of liability.

Coverage under this Extension does not apply for more than the number of consecutive days shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section.

#### F. INTERRUPTION BY COMMUNICABLE DISEASE EXPENSE

This Policy covers the Actual Loss Sustained and EXTRA EXPENSE incurred by the Insured during the PERIOD OF LIABILITY if an order of an authorized governmental agency prohibits access to an insured **healthcare facility** provided:

- 1) that there is an actual presence of communicable disease at the insured **healthcare facility** beyond that area where such disease is normally present at the insured **healthcare facility**, and
- 2) such order is the direct result of the enforcement of any law or ordinance regulating the actual not suspected spread of communicable disease at the insured **healthcare facility**.

INTERRUPTION BY COMMUNICABLE DISEASE EXPENSE Exclusions: As respects INTERRUPTION BY COMMUNICABLE DISEASE EXPENSE, the following additional exclusions apply:

This Policy does not insure loss resulting from:

- 1) the enforcement of any law or ordinance with which the Insured was legally obligated to comply prior to the time of the actual spread of communicable disease.
- 2) loss or damage caused by or resulting from **terrorism**, regardless of any other cause or event, whether or not insured under this Policy, contributing concurrently or in any sequence of loss.

The PERIOD OF LIABILITY for this TIME ELEMENT COVERAGE EXTENSION will be:

The period of time:

- 1) starting at the time of the actual spread of communicable disease, and
- 2) ending not later than the number of consecutive days shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section,

this period of time is part of and not in addition to any PERIOD OF LIABILITY applying to any coverage provided in the TIME ELEMENT section.



**G. ON PREMISES SERVICES**

This Policy covers the Actual Loss Sustained and EXTRA EXPENSE incurred by the Insured during the PERIOD OF LIABILITY directly resulting from physical loss or damage of the type insured to the following property located within 1,000 feet/300 metres of the **insured location**:

- 1) Electrical equipment and equipment used for the transmission of voice, data or video.
- 2) Electrical, fuel, gas, water, steam, refrigeration, sewerage, voice, data or video transmission lines.

**H. PROTECTION AND PRESERVATION OF PROPERTY TIME ELEMENT**

This Policy covers the Actual Loss Sustained by the Insured for a period of time not to exceed 48 hours prior to and 48 hours after the Insured first taking reasonable action for the temporary protection and preservation of property insured by this Policy provided such action is necessary to prevent immediately impending insured physical loss or damage to such insured property.

This Extension does not cover the Actual Loss Sustained by the Insured to temporarily protect or preserve insured property from actual, or to prevent immediately impending, physical loss or damage covered by TERRORISM coverage as provided in the PROPERTY DAMAGE section.

This Extension is subject to the deductible provisions that would have applied had the physical loss or damage happened.

**I. RELATED REPORTED VALUES**

If reported TIME ELEMENT values include:

- 1) **locations** used by the Insured (such as branch stores, sales outlets and other plants) but not listed on a schedule under this Policy; and
- 2) a TIME ELEMENT loss would result at such **locations**,
- 3) from insured physical loss or damage at an **insured location**,

then this Policy provides coverage for such resulting TIME ELEMENT loss in accordance with the coverage applicable at such **insured location**.

**J. RESEARCH AND DEVELOPMENT**

The GROSS EARNINGS and GROSS PROFIT coverages are extended to insure the Actual Loss Sustained by the Insured of continuing fixed charges and Ordinary Payroll directly

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attributable to the interruption of research and development activities that in themselves would not have produced income during the PERIOD OF LIABILITY.

The PERIOD OF LIABILITY for this Extension will be the period from the time of direct physical loss or damage of the type insured to the time when the property could be repaired or replaced and made ready for operations, but as respects GROSS PROFIT and Ordinary Payroll such period of time shall not exceed the period of time shown in the LIMITS OF LIABILITY clause of the DECLARATIONS section. Such period of time shall not be limited by the date of expiration of this Policy.

#### **K. SOFT COSTS**

This Policy covers the Actual Loss Sustained incurred by the Insured of **soft costs** during the PERIOD OF LIABILITY arising out of the delay of completion of buildings and additions under construction directly resulting from physical loss or damage of the type insured to insured property under construction at an **insured location**.

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## LOSS ADJUSTMENT AND SETTLEMENT

### 1. REQUIREMENTS IN CASE OF LOSS

The Insured will:

- 1) give immediate written notice to the Company of any loss.
- 2) protect the property from further loss or damage.
- 3) promptly separate the damaged and undamaged property; put it in the best possible order; and furnish a complete inventory of the lost, destroyed, damaged and undamaged property showing in detail the quantities, costs, **actual cash value**, replacement value and amount of loss claimed.
- 4) give a signed and sworn proof of loss to the Company within 90 days after the loss, unless that time is extended in writing by the Company. The proof of loss must state the knowledge and belief of the Insured as to:
  - a) the time and origin of the loss.
  - b) the Insured's interest and that of all others in the property.
  - c) the **actual cash value** and replacement value of each item and the amount of loss to each item; all encumbrances; and all other contracts of insurance, whether valid or not, covering any of the property.
  - d) any changes in the title, use, occupation, location, possession or exposures of the property since the effective date of this Policy.
  - e) by whom and for what purpose any **location** insured by this Policy was occupied on the date of loss, and whether or not it then stood on leased ground.
- 5) include a copy of all the descriptions and schedules in all policies and, if required, provide verified plans and specifications of any buildings, fixtures, machinery or equipment destroyed or damaged.
- 6) further, the Insured, will as often as may be reasonably required:
  - a) exhibit to any person designated by the Company all that remains of any property;
  - b) submit to examination under oath by any person designated by the Company and sign the written records of examinations; and
  - c) produce for examination at the request of the Company:
    - (i) all books of accounts, business records, bills, invoices and other vouchers; or
    - (ii) certified copies if originals are lost,



at such reasonable times and places that may be designated by the Company or its representative and permit extracts and machine copies to be made.

**2. CURRENCY FOR LOSS PAYMENT**

Losses will be adjusted and paid in the currency of the United States of America, except in Canada where losses will be paid in Canadian currency, unless directed otherwise by the Insured.

**3. PARTIAL PAYMENT OF LOSS SETTLEMENT**

In the event of insured physical loss or damage determined by the Company's representatives to be in excess of the applicable Policy deductible, the Company will advance mutually agreed upon partial payment(s), subject to the Policy's provisions. To obtain such partial payments, the Insured will submit a signed and sworn Proof of Loss as described in this Policy, with adequate supporting documentation.

**4. COLLECTION FROM OTHERS**

The Company will not be liable for any loss to the extent that the Insured has collected for such loss from others.

**5. SUBROGATION**

The Insured is required to cooperate in any subrogation proceedings. The Company may require from the Insured an assignment or other transfer of all rights of recovery against any party for loss to the extent of the Company's payment.

The Company will not acquire any rights of recovery that the Insured has expressly waived prior to a loss, nor will such waiver affect the Insured's rights under this Policy.

Any recovery from subrogation proceedings, less costs incurred by the Company in such proceedings, will be payable to the Insured in the proportion that the amount of:

- 1) any applicable deductible; and/or
- 2) any provable uninsured loss,

bears to the entire provable loss amount.

**6. COMPANY OPTION**

The Company has the option to take all or any part of damaged property at the agreed or appraised value. The Company must give notice to the Insured of its intention to do so within 30 days after receipt of Proof of Loss.

**7. ABANDONMENT**

There may be no abandonment of any property to the Company.

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Account No. 1-06986  
Policy No. FD327

## 8. APPRAISAL

If the Insured and the Company fail to agree on the amount of loss, each will, on the written demand of either, select a competent and disinterested appraiser after:

- 1) the Insured has fully complied with all provisions of this Policy, including REQUIREMENTS IN CASE OF LOSS; and
- 2) the Company has received a signed and sworn Proof of Loss from the Insured.

Each will notify the other of the appraiser selected within 20 days of such demand.

The appraisers will first select a competent and disinterested umpire. If the appraisers fail to agree upon an umpire within 30 days then, on the request of the Insured or the Company, the umpire will be selected by a judge of a court of record in the jurisdiction in which the appraisal is pending. The appraisers will then appraise the amount of loss, stating separately the **actual cash value** and replacement cost value as of the date of loss and the amount of loss, for each item of physical loss or damage or if, for TIME ELEMENT loss, the amount of loss for each TIME ELEMENT coverage of this Policy.

If the appraisers fail to agree, they will submit their differences to the umpire. An award agreed to in writing by any two will determine the amount of loss.

The Insured and the Company will each:

- 1) pay its chosen appraiser; and
- 2) bear equally the other expenses of the appraisal and umpire.

A demand for APPRAISAL shall not relieve the Insured of its continuing obligation to comply with the terms and conditions of this Policy, including as provided under REQUIREMENTS IN CASE OF LOSS.

The Company will not be held to have waived any of its rights by any act relating to appraisal.

## 9. SUIT AGAINST THE COMPANY

No suit, action or proceeding for the recovery of any claim will be sustained in any court of law or equity unless:

- 1) the Insured has fully complied with all the provisions of this Policy; and
- 2) legal action is started within twelve months after inception of the loss.

If under the insurance laws of the jurisdiction in which the property is located, such twelve months' limitation is invalid, then any such legal action must be started within the shortest limit of time permitted by such laws.





## 10. SETTLEMENT OF CLAIMS

The amount of loss for which the Company may be liable will be paid within 30 days after:

- A. proof of loss as described in this Policy is received by the Company; and
- B. when a resolution of the amount of loss is made either by:
  - 1) written agreement between the Insured and the Company; or
  - 2) the filing with the Company of an award as provided in the APPRAISAL clause of this section.



## GENERAL PROVISIONS

### 1. CANCELLATION/NON-RENEWAL

This Policy may be:

- A. cancelled at any time at the request of the Insured by surrendering this Policy to the Company or by giving written notice to the Company stating when such cancellation will take effect; or
- B. cancelled by the Company by giving the Insured not less than:
  - 1) 60 days' written notice of cancellation; or
  - 2) 10 days' written notice of cancellation if the Insured fails to remit, when due, payment of premium for this Policy; or
- C. non-renewed by the Company by giving the Insured not less than 60 days' written notice of non-renewal.

Return of any unearned premium will be calculated on the customary short rate basis if the Insured cancels and on a pro-rata basis if the Company cancels this Policy. Return of any unearned premium will be made by the Company as soon as practicable.

### 2. INSPECTIONS

The Company, at all reasonable times, will be permitted, but will not have the duty, to inspect insured property. The Company does not address life, safety or health issues.

The Company's:

- A. right to make inspections;
- B. making of inspections; or
- C. providing recommendations or other information in connection with any inspections,

will not constitute an undertaking, on behalf of or for the benefit of the Insured or others. The Company will have no liability to the Insured or any other person because of any inspection or failure to inspect.

When the Company is not providing jurisdictional inspections, the Owner/Operator has the responsibility to assure that jurisdictional inspections are performed as required, and to assure that required jurisdictional Operating Certificates are current for their pressure equipment.

### 3. PROVISIONS APPLICABLE TO SPECIFIC JURISDICTIONS

- A. If the provisions of this Policy conflict with the laws of any jurisdictions in which this Policy applies, and if certain provisions are required by law to be stated in this Policy, this Policy



will be read so as to eliminate such conflict or deemed to include such provisions for **insured locations** within such jurisdictions.

- B. The Company will provide to the Insured copies of endorsements mandated for use by the laws of provinces in Canada. The endorsements modify this Policy with respect to any insured property located in the province in which the endorsement applies.
- C. The Company will provide to the Insured copies of endorsements mandated for use by the laws of states in the United States of America. The endorsements modify this Policy with respect to any insured property located in the state in which the endorsement applies.
- D. As respects the United States, its territories and possessions and the Commonwealth of Puerto Rico, the definition of **terrorism** is declared null and void and it is agreed that an event defined as a Certified Act of Terrorism under the terms of the SUPPLEMENTAL UNITED STATES CERTIFIED ACT OF TERRORISM ENDORSEMENT attached to this Policy shall be considered an act of **terrorism** within the terms of this Policy. Coverage recoverable under the SUPPLEMENTAL UNITED STATES CERTIFIED ACT OF TERRORISM ENDORSEMENT is excluded from any other coverage under this Policy. Any difference in limit between loss recoverable under the SUPPLEMENTAL UNITED STATES CERTIFIED ACT OF TERRORISM ENDORSEMENT and this Policy is not recoverable under this Policy.

#### 4. LIBERALIZATION

If during the period that insurance is in force under this Policy, any filed rules or regulations affecting the same are revised by statute so as to broaden the insurance without additional premium charge, such extended or broadened insurance will inure to the benefit of the Insured within such jurisdiction, effective the date of the change specified in such statute.

#### 5. MISREPRESENTATION AND FRAUD

This entire Policy will be void if, whether before or after a loss, an Insured has:

- A. willfully concealed or misrepresented any material fact or circumstance concerning this insurance, the subject thereof, any insurance claim, or the interest of an Insured.
- B. made any attempt to defraud the Company.
- C. made any false swearing.

#### 6. LENDERS LOSS PAYEE AND MORTGAGEE INTERESTS AND OBLIGATIONS

- A. The Company will pay for loss to specified property insured under this Policy to each specified Lender Loss Payee (hereinafter referred to as Lender) as its interest may appear, and to each specified Mortgagee as its interest may appear, under all present or future mortgages upon such property, in order of precedence of the mortgages.
- B. The interest of the Lender or Mortgagee (as the case may be) in property insured under this Policy will not be invalidated by:



- 1) any act or neglect of the debtor, mortgagor, or owner (as the case may be) of the property.
- 2) foreclosure, notice of sale, or similar proceedings with respect to the property.
- 3) change in the title or ownership of the property.
- 4) change to a more hazardous occupancy.

The Lender or Mortgagee will notify the Company of any known change in ownership, occupancy, or hazard and, within 10 days of written request by the Company, may pay the increased premium associated with such known change. If the Lender or Mortgagee fails to pay the increased premium, all coverage under this Policy will cease.

- C. If this Policy is cancelled at the request of the Insured or its agent, the coverage for the interest of the Lender or Mortgagee will terminate 10 days after the Company sends to the Lender or Mortgagee written notice of cancellation, unless:
- 1) sooner terminated by authorization, consent, approval, acceptance, or ratification of the Insured's action by the Lender or Mortgagee, or its agent.
  - 2) this Policy is replaced by the Insured, with a policy providing coverage for the interest of the Lender or Mortgagee, in which event coverage under this Policy with respect to such interest will terminate as of the effective date of the replacement policy, notwithstanding any other provision of this Policy.
- D. The Company may cancel this Policy and/or the interest of the Lender or Mortgagee under this Policy, by giving the Lender or Mortgagee written notice 60 days prior to the effective date of cancellation, if cancellation is for any reason other than non-payment. If the debtor, mortgagor, or owner has failed to pay any premium due under this Policy, the Company may cancel this Policy for such non-payment, but will give the Lender or Mortgagee written notice 10 days prior to the effective date of cancellation. If the Lender or Mortgagee fails to pay the premium due by the specified cancellation date, all coverage under this Policy will cease.
- E. The Company has the right to invoke this Policy's SUSPENSION clause. The suspension of insurance will apply to the interest of the Lender or Mortgagee in any machine, vessel, or part of any machine or vessel, subject to the suspension. The Company will provide the Lender or Mortgagee at the last known address a copy of the suspension notice.
- F. If the Company pays the Lender or Mortgagee for any loss, and denies payment to the debtor, mortgagor or owner, the Company will, to the extent of the payment made to the Lender or Mortgagee be subrogated to the rights of the Lender or Mortgagee under all securities held as collateral to the debt or mortgage. No subrogation will impair the right of the Lender or Mortgagee to sue or recover the full amount of its claim. At its option, the Company may pay to the Lender or Mortgagee the whole principal due on the debt or mortgage plus any accrued interest. In this event, all rights and securities will be assigned



and transferred from the Lender or Mortgagee to the Company, and the remaining debt or mortgage will be paid to the Company.

- G. If the Insured fails to render proof of loss, the Lender or Mortgagee, upon notice of the Insured's failure to do so, will render proof of loss within 60 days of notice and will be subject to the provisions of this Policy relating to APPRAISAL, SETTLEMENT OF CLAIMS, and SUIT AGAINST THE COMPANY.
- H. Other provisions relating to the interests and obligations of the Lender or Mortgagee may be added to this Policy by agreement in writing.

## 7. OTHER INSURANCE

- A. If there is any other insurance that would apply in the absence of this Policy, this Policy will apply only after such insurance whether collectible or not.
- B. In no event will this Policy apply as contributing insurance.
- C. The Insured is permitted to have other insurance over any limits or sublimits of liability specified elsewhere in this Policy without prejudice to this Policy. The existence of any such insurance will not reduce any limit or sublimit of liability in this Policy. Any other insurance that would have provided primary coverage in the absence of this Policy will not be considered excess.
- D. The Insured is permitted to have other insurance for all, or any part, of any deductible in this Policy. The existence of such other insurance will not prejudice recovery under this Policy. If the limits of liability of such other insurance are greater than this Policy's applicable deductible, this Policy's insurance will apply only after such other insurance has been exhausted.
- E. If this Policy is deemed to contribute with other insurance, the limit of liability applicable at each **location**, for the purposes of such contribution with other insurers, will be the latest amount described in this Policy or the latest **location** value on file with the Company.
- F. National Flood Insurance Program: This Policy shall respond as excess over those terms and conditions concurrent with the Standard Flood Insurance Policy issued to the Insured, its renewal or replacement thereof.

It is agreed that the Insured will purchase Flood insurance for Location Nos. 01, 67 and 92 as described on the Schedule of Locations, Appendix A from the National Flood Insurance Program and will maintain the maximum amount of available flood insurance for building and contents under the National Flood Insurance Program.

If for any reason the National Flood Insurance Program Standard Flood Insurance Policy should not be in force at the time of loss, this Policy will respond as if the terms and conditions of the Standard Flood Insurance policy were in force and the maximum amount of available flood insurance for building and contents coverage had been purchased from the National Flood Insurance Program.



## 8. POLICY MODIFICATION

This Policy contains all of the agreements between the Insured and the Company concerning this insurance. The Insured and the Company may request changes to this Policy. This Policy can be changed only by endorsements issued by the Company and made a part of this Policy.

Notice to any agent or knowledge possessed by any agent or by any other person will not:

- A. create a waiver, or change any part of this Policy; or
- B. prevent the Company from asserting any rights under the provisions of this Policy.

## 9. REDUCTION BY LOSS

Claims paid under this Policy will not reduce its limit of liability, except claims paid will reduce any **aggregate during any policy year** limit.

## 10. SUSPENSION

On discovery of a dangerous condition, the Company may immediately suspend this insurance on any machine, vessel or part thereof by giving written notice to the Insured. The suspended insurance may be reinstated by the Company. Any unearned premium resulting from such suspension will be returned by the Company.

## 11. TITLES

The titles in this Policy are only for reference. The titles do not in any way affect the provisions of this Policy.

## 12. ASSIGNMENT

Assignment of this Policy will not be valid except with the written consent of the Company.

## 13. DEFINITIONS

The following terms when appearing in **boldface** in this Policy mean:

**actual cash value:**

the amount it would cost to repair or replace insured property, on the date of loss, with material of like kind and quality, with proper deduction for obsolescence and physical depreciation.

**aggregate during any policy year:**

the Company's maximum amount payable during any policy year.

**boiler and machinery:**

- A. physical loss or damage both originating within:



- 1) boilers, fired or unfired pressure vessels, vacuum vessels, and pressure piping, owned, operated, or controlled by the Insured, all normally subject to vacuum or internal pressure other than static pressure of contents, excluding:
  - a) waste disposal piping;
  - b) any piping forming part of a fire protective system;
  - c) furnaces; and
  - d) any water piping other than:
    - (i) boiler feed water piping between the feed pump or injector and the boiler;
    - (ii) boiler condensate return piping; or
    - (iii) water piping forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating purposes
- 2) all mechanical, electrical, electronic or fiber optic equipment;

**B. and caused by, resulting from, or consisting of:**

- 1) mechanical breakdown; or
- 2) electrical or electronic breakdown, or
- 3) extremes or changes of temperature; or
- 4) rupture, bursting, bulging, implosion, or steam explosion.

**boiler and machinery** as used in this Policy will not mean:

physical loss or damage caused by or resulting from any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss:

- 1) combustion explosions, except from within combustion gas turbines; or
- 2) explosions from liquids coming in contact with molten materials; or
- 3) accidental discharge, escape, leakage, back-up, or overflow to the open of any material from confinement within piping, plumbing systems, or tanks except from property described in item A1 above; or
- 4) fire, or from the use of water or other means to extinguish a fire.

**contaminant:**  
anything that causes **contamination**.



**contamination:**

any condition of property due to the actual or suspected presence of any foreign substance, impurity, pollutant, hazardous material, poison, toxin, pathogen or pathogenic organism, bacteria, virus, disease causing or illness causing agent, fungus, mold or mildew.

**contingent time element location:**

A. any **location**:

- 1) of a direct customer, supplier, contract manufacturer or contract service provider to the Insured;
- 2) of any company under a royalty, licensing fee or commission agreement with the Insured;

B. any **location** of a company that is a direct or indirect customer, supplier, contract manufacturer or contract service provider to a **location** described in A1 above,

not including **locations** of any company directly or indirectly supplying to, or receiving from, the Insured, electricity, fuel, gas, water, steam, refrigeration, sewage, voice, data or video.

**date or time recognition:**

the recognition, interpretation, calculation, comparison, differentiation, sequencing, accessing or processing of data involving one or more dates or times, including the Year 2000.

**day equivalent:**

an amount equivalent to the number of days stated times the following:

- A. the 100% daily Time Element value that would have been earned following the **occurrence** at the **location** where the physical damage happened, plus
- B. that proportion of the 100% daily Time Element value at all other **locations** where TIME ELEMENT loss ensues that was directly affected by use of such **location**.

**earth movement:**

any natural or man-made earth movement including, but not limited to earthquake or landslide, regardless of any other cause or event contributing concurrently or in any other sequence of loss. However, physical loss or damage by fire, explosion, sprinkler leakage, or **flood** resulting from **earth movement** will not be considered to be loss by **earth movement** within the terms and conditions of this Policy.

**electronic data processing equipment or media:**

any computer, computer system or component, hardware, network, microprocessor, microchip, integrated circuit or similar devices or components in computer or non-computer equipment, operating systems, data, programs or other software stored on electronic, electro-mechanical, electro-magnetic data processing or production equipment, whether the property of the Insured or not.





**fine arts:**

paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; antique furniture; antique jewelry; bric-a-brac; porcelains; and similar property of rarity, historical value, or artistic merit excluding automobiles, coins, stamps, furs, jewelry, precious stones, precious metals, watercraft, aircraft, money, securities.

**flood:**

flood; surface waters; rising waters; storm surge, sea surge, wave wash; waves; tsunami; tide or tidal water; the release of water, the rising, overflowing or breaking of boundaries of natural or man-made bodies of water; or the spray therefrom; all whether driven by wind or not; or sewer back-up resulting from any of the foregoing; regardless of any other cause or event, whether natural or man-made, contributing concurrently or in any other sequence of loss. Physical loss or damage from **flood** associated with a storm or weather disturbance whether or not identified by name by any meteorological authority, is considered to be **flood** within the terms of this Policy. However, physical loss or damage by fire, explosion or sprinkler leakage resulting from **flood** is not considered to be loss by **flood** within the terms and conditions of this Policy.

**healthcare facility:**

facility where medicine is practiced.

**high hazard zones for earth movement:**

property located in Alaska, California, the Commonwealth of Puerto Rico and Hawaii.

**insured location:**

- A. as scheduled on this Policy.
- B. covered as a **miscellaneous unnamed location**.
- C. covered under the terms and conditions of the AUTOMATIC COVERAGE or ERRORS AND OMISSIONS provisions.

**irreplaceable:**

an item which cannot be replaced with other of like kind and quality.

**location:**

- A. as specified in the Schedule of Locations, or
- B. if not so specified in the Schedule of Locations:
  - 1) a building, yard, dock, wharf, pier or bulkhead (or any group of the foregoing),
    - a) bounded on all sides by public streets, clear land space or open waterways, each not less than 50 feet/15 metres wide. Any bridge or tunnel crossing such street, space or waterway will render such separation inoperative for the purpose of this definition.

**miscellaneous unnamed location:**

a **location** owned, leased or rented by the Insured, but not specified in the Schedule of Locations.

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**New Madrid Seismic Zone:**

Arkansas, United States of America, counties of:

Arkansas, Ashley, Chicot, Clay, Craighead, Crittenden, Cross, Desha, Drew, Fulton, Grant, Greene, Independence, Izard, Jackson, Jefferson, Lawrence, Lee, Lincoln, Lonoke, Mississippi, Monroe, Phillips, Poinsett, Prairie, Pulaski, Randolph, Saline, Sharp, St. Francis, White, Woodruff

Illinois, United States of America, counties of:

Alexander, Bond, Calhoun, Christian, Clark, Clay, Clinton, Coles, Crawford, Cumberland, Edwards, Effingham, Fayette, Franklin, Gallatin, Greene, Hamilton, Hardin, Jackson, Jasper, Jefferson, Jersey, Johnson, Lawrence, Macoupin, Madison, Marion, Massac, Monroe, Montgomery, Morgan, Perry, Pike, Pope, Pulaski, Randolph, Richland, Saline, Sangamon, Scott, Shelby, St. Clair, Union, Wabash, Washington, Wayne, White, Williamson

Indiana, United States of America, counties of:

Crawford, Daviess, Dubois, Gibson, Greene, Knox, Lawrence, Martin, Orange, Perry, Pike, Posey, Spencer, Sullivan, Vanderburgh, Warrick

Kentucky, United States of America, counties of:

Ballard, Breckinridge, Butler, Caldwell, Calloway, Carlisle, Christian, Crittenden, Daviess, Fulton, Graves, Hancock, Henderson, Hickman, Hopkins, Livingston, Logan, Lyon, Marshall, McCracken, McLean, Muhlenberg, Ohio, Simpson, Todd, Trigg, Union, Warren, Webster

Mississippi, United States of America, counties of:

Alcorn, Benton, Bolivar, Calhoun, Carroll, Chickasaw, Choctaw, Clay, Coahoma, De Soto, Grenada, Holmes, Humphreys, Issaquena, Itawamba, Lafayette, Lee, Leflore, Lowndes, Marshall, Monroe, Montgomery, Oktibbeha, Panola, Pontotoc, Prentiss, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tippah, Tishomingo, Tunica, Union, Warren, Washington, Webster, Yalobusha, Yazoo

Missouri, United States of America, counties of:

Audrain, Bollinger, Butler, Callaway, Cape Girardeau, Carter, Cole, Crawford, Dent, Dunklin, Franklin, Gasconade, Howell, Iron, Jefferson, Lincoln, Madison, Maries, Marion, Miller, Mississippi, Montgomery, New Madrid, Oregon, Osage, Pemiscot, Perry, Phelps, Pike, Pulaski, Ralls, Reynolds, Ripley, Scott, Shannon, St. Charles, St. Francois, St. Louis, City of St. Louis, Ste. Genevieve, Stoddard, Texas, Warren, Washington, Wayne

Tennessee, United States of America, counties of:

Benton, Carroll, Cheatham, Chester, Crockett, Decatur, Dickson, Dyer, Fayette, Gibson, Hardeman, Hardin, Haywood, Henderson, Henry, Hickman, Houston, Humphreys, Lake, Lauderdale, Lawrence, Lewis, Madison, McNairy, Montgomery, Obion, Perry, Robertson, Shelby, Stewart, Tipton, Wayne, Weakley

**normal:**

the condition that would have existed had no physical loss or damage happened.

**northeast zones:**

Connecticut, United States of America, counties of:

Fairfield, New Haven, Middlesex, New London



Delaware, United States of America, county of:

Sussex

Maine, United States of America, counties of:

Androscoggin, Cumberland, Hancock, Knox, Lincoln, Sagadahoc, Waldo, Washington, York

Maryland, United States of America, counties of:

Calvert, Charles, Dorchester, St. Mary's, Somerset, Wicomico, Worcester

Massachusetts, United States of America, counties of:

Barnstable, Bristol, Dukes, Nantucket, Norfolk, Plymouth, Suffolk

New Hampshire, United States of America, counties of:

Rockingham, Strafford

New Jersey, United States of America, counties of:

Atlantic, Bergen, Cape May, Cumberland, Essex, Hudson, Middlesex, Monmouth, Ocean, Union

New York, United States of America, counties of:

Bronx, Kings, Nassau, New York, Queens, Richmond, Suffolk, Westchester

Rhode Island, United States of America, counties of:

Block Island, Bristol, Kent, Newport, Providence, Washington

Virginia, United States of America, counties of:

Accomack, Chesapeake, Gloucester, Hampton, Isle of Wight, James City, Lancaster, Matthews, Middlesex, Newport News, Norfolk, North Hampton, Northumberland, Poquoson, Portsmouth, Suffolk, Surry, Virginia Beach, York, Williamsburg

**normal cost:**

the cost associated with the movement of goods or materials suffering the disruption that the Insured would have incurred had no physical loss or damage causing disruption happened.

**occurrence:**

the sum total of all loss or damage of the type insured, including any insured TIME ELEMENT loss, arising out of or caused by one discrete event of physical loss or damage, except as respects the following:

- A. **terrorism: occurrence** shall mean the sum total of all loss or damage of the type insured, including any insured TIME ELEMENT loss, arising out of or caused by all acts of **terrorism** during a continuous period of seventy-two (72) hours.
- B. **earth movement: occurrence** shall mean the sum total of all loss or damage of the type insured, including any insured TIME ELEMENT loss, arising out of or caused by all **earth movement(s)** during a continuous period of seventy-two (72) hours.

**off-shore:**

away from the shore but not connected to the shore by dock, piers or any other physical connection other than pipelines.

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**Pacific Northwest Seismic Zone:**

Oregon, United States of America, counties of:

Benton, Clackamas, Clatsop, Columbia, Coos, Curry, Douglas, Jackson, Josephine, Klamath, Lake, Lane, Lincoln, Linn, Marion, Multnomah, Polk, Tillamook, Washington, Yamhill

Washington, United States of America, counties of:

Chelan, Clallam, Clark, Cowlitz, Grays Harbor, Island, Jefferson, King, Kitsap, Kittitas, Lewis, Mason, Pacific, Pierce, San Juan, Skagit, Skamania, Snohomish, Thurston, Wahkiakum, Whatcom

British Columbia (includes Vancouver Island), Canada:

South of 50° N latitude and west of 120° W longitude

**period of operational testing:**

the period of time beginning 24 hours prior to the earlier of the following:

- A. introduction, into a system, of feedstock or other materials for processing or handling;
- B. commencement of fuel or energy supply to a system,

and ending with the earlier of the following:

- A. the expiration date or cancellation date of this Policy.
- B. if specified, the number of consecutive days shown in the LIMITS OF LIABILITY clause in the DECLARATIONS section.

**physical loss or damage to electronic data, programs or software:**

the destruction, distortion or corruption of electronic data, programs or software.

**representative company(ies):**

Factory Mutual Insurance Company or FM Insurance Company Limited; Affiliated FM Insurance Company; Appalachian Insurance Company or any other company issuing a local policy at the direction of the Company.

**soft costs:**

costs over and above those that are normal at an insured location undergoing renovation or in the course of construction, limited to the following:

- A. construction loan fees - the additional cost incurred to rearrange loans necessary for the completion of construction, repairs or reconstruction including; the cost to arrange refinancing, accounting work necessary to restructure financing, legal work necessary to prepare new documents, charges by the lenders for the extension or renewal of loans necessary.
- B. commitment fees, leasing and marketing expenses - the cost of returning any commitment fees received from prospective tenant(s) or purchaser(s), the cost of re-leasing and marketing due to loss of tenant(s) or purchaser(s).



- C. additional fees for architects, engineers, consultants, attorneys and accountants needed for the completion of construction, repairs or reconstruction.
- D. property taxes, building permits, additional interest on loans, realty taxes and insurance premiums.

**terrorism:**

any act, involving the use or threat of: force, violence, dangerous conduct, interference with the operations of any business, government or other organization or institution, or any similar act,

when the effect or apparent purpose is:

- A. to influence or instill fear in any government (de jure or de facto) or the public, or any segment of either; or
- B. to further or to express support for, or opposition to, any political, religious, social, ideological or similar type of objective or position.

**tier 1 zones:**

Alabama, United States of America, counties of:

Baldwin, Mobile

Florida, United States of America, counties of:

Bay, Brevard, Broward, Calhoun, Charlotte, Citrus, Collier, Dixie, Duval, Escambia, Flagler, Franklin, Gulf, Hernando, Hillsborough, Indian River, Jefferson, Lee, Levy, Liberty, Manatee, Martin, Miami-Dade, Monroe, Nassau, Okaloosa, Palm Beach, Pasco, Pinellas, St. Lucie, St. Johns, Santa Rosa, Sarasota, Taylor, Volusia, Wakulla, Walton, Washington

Georgia, United States of America, counties of:

Bryan, Camden, Chatham, Glynn, Liberty, McIntosh

Guam

entire island

Hawaii, United States of America:

all islands

Louisiana, United States of America, parishes of:

Assumption, Cameron, Iberia, Jefferson, Lafourche, Orleans, Plaquemines, St. Bernard, St. Charles, St. James, St. John Baptist, St. Martin (southern portion), St. Mary, St. Tammany, Terrebonne, Vermilion

Mississippi, United States of America, counties of:

Hancock, Harrison, Jackson

North Carolina, United States of America, counties of:

Beaufort, Bertie, Brunswick, Camden, Carteret, Chowan, Craven, Currituck, Dare, Gates, Hyde, Jones, New Hanover, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Tyrell, Washington



The Commonwealth of Puerto Rico

entire island

South Carolina, United States of America, counties of:

Beaufort, Berkeley, Charleston, Georgetown, Horry, Jasper

Texas, United States of America, counties of:

Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Jefferson, Kenedy, Kleberg, Matagorda, Nueces, Orange, Refugio, San Patricio, Willacy

US Virgin Islands

all islands

**tier 2 zones:**

Florida, United States of America, counties of:

Alachua, Baker, Bradford, Clay, Columbia, DeSoto, Gadsden, Gilchrist, Glades, Hamilton, Hardee, Hendry, Highlands, Holmes, Jackson, Lafayette, Lake, Leon, Madison, Marion, Okechobee, Orange, Osceola, Polk, Putnam, Seminole, Sumter, Suwannee, Union

Georgia, United States of America, counties of:

Brantley, Charlton, Effingham, Long, Wayne

Louisiana, United States of America, parishes of:

Acadia, Ascension, Calcasieu, East Baton Rouge, Iberville, Jefferson Davis, Lafayette, Livingston, St. Martin (northern portion), Tangipahoa, Washington, West Baton Rouge

Mississippi, United States of America, counties of:

George, Pearl River, Stone

North Carolina, United States of America, counties of:

Bladen, Columbus, Duplin, Hertford, Lenoir, Martin, Pitt

South Carolina, United States of America, counties of:

Colleton, Dorchester, Williamsburg

Texas, United States of America, counties of:

Bee, Brooks, Fort Bend, Goliad, Hardin, Harris, Hidalgo, Jackson, Jasper, Jim Wells, Liberty, Newton, Victoria, Wharton

**transmission and distribution systems:**

transmission and distribution systems including but not limited to electricity, gas, fuel, steam, water, refrigeration, sewerage, voice, data, and video. Such systems shall include poles, towers and fixtures, overhead conductors and devices, underground and underwater conduit, underground and underwater conductors and devices, line transformers, service meters, street lighting and signal systems.



Account No. 1-06986  
Policy No. FD327

**valuable papers and records:**

written, printed or otherwise inscribed documents and records, including books, maps, films, drawings, abstracts, deeds, mortgages and manuscripts, all of which must be of value to the Insured.

**wind:**

direct action of wind including substance driven by wind. **Wind** does not mean or include anything defined as **flood** in this Policy.



SCHEDULE OF LOCATIONS, APPENDIX A

Account No. 06986  
Policy No. FD327

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| ID | ID2                 | Index/Record No | Name  | Street                    | City           | State/Prov | Postal Code | Country                  |
|----|---------------------|-----------------|---|---------------------------|----------------|------------|-------------|--------------------------|
| 01 | HFMC 001 & HFMC 006 | 064173.94-02    | Holy Family Medical Center  | 100 North River Road      | Des Plaines    | Illinois   | 60016-1209  | United States of America |
|    | HFMC 003 & HFMC 007 | 064173.94-01    | Holy Family Medical Center - Golf Medial Plaza                                      | 1400 East Golf Road       |                |            | 60016-1236  |                          |
|    | HFMC 004            |                 | Holy Family Medical Center- Golf Medical Plaza - River Medical Plaza                | 150 North River Road      |                |            | 60016-1272  |                          |
| 02 | HFMC 002            | 000208.90-01    | Resurrection Health Care Medical Office Building                                    | 201 East Strong Street    | Wheeling       | Illinois   | 60090-2979  | United States of America |
| 03 | HFMC 010            | 000372.39-01    | Holy Family Thrift Shop   | 17 West Prospect Avenue   | Mount Prospect | Illinois   | 60056-3213  | United States of America |
| 10 | LE 007              | 000000.00       | Leased  | 71 Waukegan Road          | Lake Bluff     | Illinois   | 60044-3009  | United States of America |
| 13 | LE 010              | 000000.00       | Leased  | 7270 West College Drive   | Palos Heights  | Illinois   | 60463-1154  | United States of America |
| 15 | OLR 001 & OLR 006   | 064439.56-02    | Our Lady Of The Resurrection Medical Center   | 5645 West Addison Street  | Chicago        | Illinois   | 60634-4403  | United States of America |
|    | OLR 002 & OLR 004   | 064439.56-03    | Our Lady of the Resurrection Medical Center Professional Office Building and Garage | 5600 West Addison Street  |                |            | 60634-4401  |                          |
| 16 | OLR 005             | 064434.02-01    | Child Care Center   | 3522 North Central Avenue | Chicago        | Illinois   | 60634-4424  | United States of America |
| 17 | OLR 007             | 000092.50-01    | Our Lady Of The Resurrection  | 5658 West Eddy Street     | Chicago        | Illinois   | 60634-4425  | United States of America |
|    | OLR 009             |                 |   | 5633 West Eddy Street     |                |            |             |                          |
|    | OLR 010             |                 |   | 5615 West Eddy Street     |                |            |             |                          |
|    | OLR 011             |                 |   | 5627 West Eddy Street     |                |            |             |                          |
|    | OLR 012             |                 |   | 5641 West Eddy Street     |                |            |             |                          |
|    | OLR 013             |                 |   | 5645 West Eddy Street     |                |            |             |                          |
|    | OLR 014             |                 |   | 5647 West Eddy Street     |                |            |             |                          |





SCHEDULE OF LOCATIONS, APPENDIX A

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| ID | ID2                          | Index/Record No | Name  | Street   | City         | State/Prov | Postal Code              | Country                  |
|----|------------------------------|-----------------|---|--|--------------|------------|--------------------------|--------------------------|
| 34 | RHC 025                      | 000196.03-01    | Pro Care Center                                   | 330 Eastern Avenue                                   | Bellwood     | Illinois   | 60104-1531               | United States of America |
| 35 | RHC 026                      | 000196.04-01    | Pro Care Center                                   | 1433 Cuyler Avenue                                   | Berwyn       | Illinois   | 60402-1121               | United States of America |
| 36 | RHC 027                      | 000196.05-01    | Pro Care Center                                   | 1919 Main Street                                     | Melrose Park | Illinois   | 60160-3737               | United States of America |
| 37 | RHC 028                      | 000196.06-01    | Pro Care Center                                   | 1412-1414 Main Street                                | Melrose Park | Illinois   | 60160-3902               | United States of America |
| 38 | RHC 033 & RHC 096<br>RHC 036 | 065436.32-01    | Resurrection Health Care Surgery Center           | 3101 North Harlem Avenue<br>3120 North Harlem Avenue | Chicago      | Illinois   | 60634-4532<br>60634-4515 | United States of America |
| 41 | RHC 038                      | 000142.47-01    | Physician Office Building                         | 3559 North Central Avenue                            | Chicago      | Illinois   | 60634-4407               | United States of America |
| 43 | RHC 041                      | 000142.48-01    | Resurrection Health Care Medical Office Building  | 3929 North Central Avenue                            | Chicago      | Illinois   | 60634-3072               | United States of America |
| 44 | RHC 042                      | 064434.03-01    | Resurrection Health Care Medical Office Building  | 3800 North Central Avenue                            | Chicago      | Illinois   | 60634-2718               | United States of America |
| 45 | RHC 043                      | 064259.27-01    | Medical Office Building                           | 5050 North Cumberland Avenue                         | Norridge     | Illinois   | 60706-2903               | United States of America |
| 46 | RHC 044                      | 064259.31-01    | Resurrection Health Care at Cumberland - Lawrence | 4900 North Cumberland Avenue                         | Norridge     | Illinois   | 60706-2916               | United States of America |
| 47 | RHC 046                      | 064448.06-02    | Resurrection Home Medical Equipment               | 2433 North Harlem Avenue                             | Chicago      | Illinois   | 60707-2031               | United States of America |
| 48 | RHC 047                      | 064259.30-01    | Immediate Health Care Center No. 1                | 3960 North Harlem Avenue                             | Norridge     | Illinois   | 60634-2219               | United States of America |
| 50 | RHC 051                      | 065434.51-02    | Resurrection Health Care at Oak Park - Belmont    | 3204 North Oak Park Avenue                           | Chicago      | Illinois   | 60634-4640               | United States of America |
| 52 | RHC 053                      | 000142.50-01    | Resurrection Health Care in Park Ridge            | 132 South Prospect Avenue                            | Park Ridge   | Illinois   | 60068-4064               | United States of America |



SCHEDULE OF LOCATIONS, APPENDIX A

Account No. 06986

Policy No. FD327

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| ID | ID2               | Index/Record No | Name   | Street                                 | City              | State/Prov | Postal Code | Country                  |
|----|-------------------|-----------------|--|--|-------------------|------------|-------------|--------------------------|
| 53 | RHC 054           | 064177.77-01    | Resurrection Health Care in Park Ridge           | 112 South Northwest Highway            | Park Ridge        | Illinois   | 60068-4260  | United States of America |
| 54 | RHC 056           | 064177.54-02    | Resurrection Nursing and Rehabilitation Center   | 1001 North Greenwood Avenue            | Park Ridge        | Illinois   | 60068-2054  | United States of America |
| 55 | RHC 057           | 064410.05-06    | Life Center                                      | 7370 West Talcott Avenue               | Chicago           | Illinois   | 60631-3751  | United States of America |
|    | RMC 001 & RMC 004 | 064410.05-02    | Resurrection Medical Center - Vehicle Garage     | 7435 West Talcott Avenue               |                   |            | 60631-3707  |                          |
|    | RMC 005 & RMC 006 |                 |  | 7436 West Talcott Avenue               |                   |            | 60631-3703  |                          |
|    | RMC               | 064410.05-05    | Professional Building - RMC 001                  | 7447 West Talcott Avenue               |                   |            | 60631-3745  |                          |
| 56 | RHC 066           | 065499.95-01    | Resurrection Retirement Community                | 7262, 7264 & 7268 West Peterson Avenue | Chicago           | Illinois   | 60631-3623  | United States of America |
| 57 | RHC 068           | 064388.83-03    | Service Center                                   | 1100 Elmhurst Road                     | Elk Grove Village | Illinois   | 60007-2615  | United States of America |
| 58 | RHC 069           | 065437.28-01    | O'Dell Apartment Building                        | 5900 North Odell Avenue                | Chicago           | Illinois   | 60631-2375  | United States of America |
| 59 | RHC 070           | 000142.51-01    | Resurrection Health Care at Milwaukee - Higgins  | 4833 North Milwaukee Avenue            | Chicago           | Illinois   | 60630-2145  | United States of America |
| 63 | RHC 079 & SFH 041 | 064215.43-03    | Resurrection Health Care Medical Office Building | 5747 Dempster Street                   | Morton Grove      | Illinois   | 60053-3056  | United States of America |
| 64 | RHC 090           | 064231.82-01    | Primary Care                                     | 1742 Glenview Road                     | Glenview          | Illinois   | 60025-2904  | United States of America |
| 65 | RHC 091           | 064723.89-01    | Resurrection Health Care Medical Office Building | 3048 West Peterson Avenue              | Chicago           | Illinois   | 60659-3720  | United States of America |
| 66 | RHC 092           | 000317.38-01    | Office Building                                  | 6848 West Touhy Avenue                 | Niles             | Illinois   | 60714-4520  | United States of America |
| 67 | RHC 095           | 000372.26-01    | Holy Family Nursing and Rehabilitation Center    | 2380 East Dempster Street              | Des Plaines       | Illinois   | 60016-4839  | United States of America |



SCHEDULE OF LOCATIONS, APPENDIX A

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|----|-------------------|-----------------|---|--------------------------------|-------------|------------|-------------|--------------------------|
| 68 | RHC 097           | 000372.43-01    | Holy Family Convent                                 | 711 South Lyman Avenue         | Des Plaines | Illinois   | 60016-4840  | United States of America |
| 69 | RHC 099           | 000607.94-01    | Medical Office Building                             | 691 Lec Street                 | Des Plaines | Illinois   | 60016-4525  | United States of America |
| 70 | RHC 102           | 000000.00       | Resurrection Health Care                            | 312 Sherman Avenue             | Evanston    | Illinois   | 60202-3407  | United States of America |
| 72 | RHC073            | 999999.99       | Nora Clinic   | 6969 North Lincoln Avenue      | Lincolnwood | Illinois   | 60712-2527  | United States of America |
| 73 | RMC               | 001460.68-01    | Resurrection Medical Center                         | 205 South Northwest Highway    | Park Ridge  | Illinois   | 60068-5802  | United States of America |
| 74 | SEH 001 & SEH 012 | 064916.11-01    | Saint Elizabeth Hospital Campus                     | 1431 North Claremont Avenue    | Chicago     | Illinois   | 60622-1702  | United States of America |
|    | SEH 009           | 064916.11-02    | Saint Elizabeth Hospital Professional Building      | 1431 North Western Avenue      |             |            | 60622-1797  |                          |
| 75 | SEH 005 & SEH 014 | 000310.87-01    | Family Health Center of West Logan Square           | 3924 West Fullerton Avenue     | Chicago     | Illinois   | 60647-2228  | United States of America |
| 76 | SEH 007 & SEH 016 | 064426.27-02    | Family Health Center Northwest                      | 4235 West North Avenue         | Chicago     | Illinois   | 60639-4852  | United States of America |
| 77 | SFH 001 & SFH 002 | 064225.57-03    | Saint Francis Hospital                              | 355 Ridge Avenue               | Evanston    | Illinois   | 60202-3328  | United States of America |
|    | SFH 003           | 064225.57-04    | Saint Francis Hospital Professional Building        | 800 Austin Street              |             |            | 60202-3439  |                          |
| 78 | SFH 004           | 000213.60-01    | Saint Francis Community Health Center - Rogers Park | 7464 North Clark Street        | Chicago     | Illinois   | 60626-1620  | United States of America |
| 80 | SJH 001           | 064447.87-03    | St. Joseph Hospital                                 | 2900 North Lake Shore Drive    | Chicago     | Illinois   | 60657-5640  | United States of America |
|    | SJH 004           |                 | St. Joseph Hospital                                 | 2900 North Lake Shore Drive    |             |            |             |                          |
|    | SJH 005           |                 | Saint Joseph Hospital-Manor Professional Building   | 2913 North Commonwealth Avenue |             |            | 60657-6211  |                          |
|    | SJH 018           | 064447.87-05    | Stone Medical Center Professional Office Building   | 2800 North Sheridan Road       |             |            | 60657-6156  |                          |



SCHEDULE OF LOCATIONS, APPENDIX A

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|-----|--|----------------------------------|---|--|-------------|------------|--|--------------------------|
| 81  | SJH 006  | 000093.47-01                     | Seton Family Health Center  | 711 West North Avenue  | Chicago     | Illinois   | 60610-1174   | United States of America |
| 82  | SJH 009  | 064540.90-06                     | Michigan Avenue Medical Associates  | 8 South Michigan Avenue Ste 2100   | Chicago     | Illinois   | 60603-3357   | United States of America |
| 83  | SJH 010  | 000298.28-01                     | Stony Island Medical Associates   | 9000 South Stony Island Avenue   | Chicago     | Illinois   | 60617-3508   | United States of America |
| 84  | SJH 012 & SJH 038                                | 000298.29-01                     | Lakeview Internal Medicine Associates   | 1525 West Belmont Avenue   | Chicago     | Illinois   | 60657-7176   | United States of America |
| 85  | SJH 013  | 000298.30-01                     | Rogers Park Family Practice   | 6974 North Clark Street  | Chicago     | Illinois   | 60626-3221   | United States of America |
| 87  | SJH 020  | 064510.12-02                     | Family Medical Network  | 1021 West Adams Street   | Chicago     | Illinois   | 60607-2934   | United States of America |
| 89  | SJH 022 & SJH 030                                | 064426.22-03                     | Park West Family Practice   | 830 West Diverscy Parkway  | Chicago     | Illinois   | 60614-1454   | United States of America |
| 92  | SMC 001<br><br>SMNHC 001 & SMNHC 002 & SMNHC 003 | 065429.12-01<br><br>065429.12-04 | St. Mary Convent<br><br>Saint Mary of Nazareth Hospital Center<br><br>Saint Mary of Nazareth Family Practice Center<br><br>Saint Mary Professional Building | 1106 North Leavitt Street<br><br>2233 West Division Street<br><br>1127 North Oakley Boulevard<br><br>2222 West Division Street | Chicago     | Illinois   | 60622-3501<br><br>60622-8151<br><br>60622-3507<br><br>60622-2717 | United States of America |
| 93  | SMNHC 004 & SMNHC                                | 000372.31-01                     | Terms Printing  | 5308 West Belmont Avenue   | Chicago     | Illinois   | 60641-4103   | United States of America |
| 95  | SMNHC 009  | 000372.25-01                     | The Doctor's Office   | 2619 South Lawndale Avenue   | Chicago     | Illinois   | 60623-4520   | United States of America |
| 96  | VA 005   | 000000.00                        | Vacant Lot  | 2424 East Dempster Street  | Des Plaines | Illinois   | 60016  | United States of America |
| 97  | VA 006   | 000000.00                        | Vacant Lot  | 2424 Prairie   | Des Plaines | Illinois   | 60018  | United States of America |



SCHEDULE OF LOCATIONS, APPENDIX A

Account No. 06986

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| ID  | ID2     | Index/Record No | Name                        | Street                            | City         | State/Prov | Postal Code | Country                  |
|-----|---------|-----------------|-----------------------------|-----------------------------------|--------------|------------|-------------|--------------------------|
| 98  | WH 003  | 000297.68-01    | Westlake Medical Associates | 1812 North 19th Avenue            | Melrose Park | Illinois   | 60160-2042  | United States of America |
| 100 | WSH 011 | 000858.63-01    | West Suburban Hospital      | 7230 West North Avenue, Suite 100 | Elmwood Park | Illinois   | 60707-4261  | United States of America |
| 102 |         | 002329.08-01    | Ballard Nursing Center      | 9300 West Ballard Road            | Des Plaines  | Illinois   | 60016-4904  | United States of America |

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Account No. 1-06986  
Policy No. FD327

## SUPPLEMENTAL UNITED STATES CERTIFIED ACT OF TERRORISM ENDORSEMENT

**This Endorsement is applicable to all insured Locations in the United States, its territories and possessions and the Commonwealth of Puerto Rico.**

**Coverage for "Certified Act of Terrorism" Under The Terrorism Risk Insurance Act of 2002, as amended.**

In consideration of a premium charged of USD62,500, this Policy, subject to the terms and conditions therein and in this Endorsement, covers direct physical loss or damage to insured property and any resulting TIME ELEMENT loss, as provided in the TIME ELEMENT section of the Policy, caused by or resulting from a Certified Act of Terrorism as defined herein.

Notwithstanding anything contained elsewhere in this Policy, any exclusion or limitation of terrorism in this Policy and any endorsement attached to and made a part of this Policy, is hereby amended to the effect that such exclusion or limitation does not apply to a "Certified Act of Terrorism" as defined herein. This amendment does not apply to any limit of liability for a Certified Act of Terrorism, if any, stated under the LIMITS OF LIABILITY clause of the DECLARATIONS section of this Policy.

With respect to any one or more Certified Act(s) of Terrorism, this Company will not pay any amounts for which the Company is not responsible under the terms of the Terrorism Risk Insurance Act of 2002 (including subsequent action of Congress pursuant to the Act) which includes a provision stating that if the aggregate insured losses exceed USD100,000,000,000 during any program year, neither the United States Government nor any insurer that has met its insurer deductible shall be liable for the payment of any portion of the amount of such losses that exceed USD100,000,000,000. If the aggregate insured losses for all insurers exceed USD100,000,000,000, your coverage may be reduced.

The coverage provided under this Endorsement for "Certified" losses caused by acts of terrorism will be partially reimbursed by the United States Government under a formula established by Federal Law. Under this formula, the United States pays 85% of covered terrorism losses exceeding a statutorily established retention by the insurer referenced in this Policy. The premium charged for this coverage is provided above.

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Endorsement or the Policy.

The coverage provided by this Endorsement only applies to a Certified Act of Terrorism.

Reference and Application: The following term(s) means:

Certified Act of Terrorism:

A "Certified Act of Terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States, to be an act of

terrorism pursuant to the federal Terrorism Risk Insurance Act of 2002 as amended and extended in 2005 and in 2007. The criteria contained in that Act for a "Certified Act of Terrorism" include the following:

- a. The act resulted in aggregate losses in excess of USD5,000,000; and
- b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.





Saints Mary and Elizabeth Medical Center  
2233 West Division Street  
Chicago, Illinois 60622  
312.770.3001

Michael E. McConnell, Esq.  
Vice President  
Insurance & Claims Management

August 22, 2011

Michael Constantino  
c/o Illinois Health Facilities and Services Review Board  
525 W. Jefferson  
Springfield, Illinois 62761

**Re: Property Insurance**

Mr. Constantino:

As Vice President, Insurance and Claims Management, and an Authorized Representative of Resurrection Health Care Corporation, an Illinois not-for-profit corporation ("RHCC"), I can confirm that RHCC procures property insurance from Factory Mutual Insurance Company ("FM") for, and on behalf of:

Resurrection Health Care Corporation and any subsidiary, and Resurrection Health Care Corporation's interest in any partnership or joint venture in which Resurrection Health Care Corporation has management control or ownership as now constituted or hereafter is acquired, as the respective interest of each may appear; all hereafter referred to as the "Insured," including legal representatives.

The RHCC policy issued by FM has been produced for this Board. Appendix A of the RHCC policy is a Schedule of Locations. The values assigned to each location are not included in the policy. RHCC provides to FM a spreadsheet of values that are used to calculate the proposed premium. The values previously provided to this Board, attached with this correspondence, were derived from that spreadsheet. It is not the custom or practice of FM to include the values assigned to properties within its issued policies.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. McConnell".

Michael E. McConnell  
Vice President  
Insurance and Claims Management  
Resurrection Health Care Corporation

**Business Interest Detail Report**  
**Prospect Client Name: Resurrection Health Care Corporation**  
**Account Number: 06986**  
**As Of Date: 18-Feb-11**

Values downloaded in Internal Currency: U.S. Dollar  
 Report Generated On: 18-Feb-11

| ID [ID] | ID 2 [Resurrection No.] | Index/Record No | Street [Street]          | City [City] | Postal Code [Postal Code] | County [County] | Country [Ctry]           | State/Province [State] | Name [Name]   | Buildings [L4] [BLDG 2010] | Mach & Equip [L4] [M&E Total Trended & Additions 2007] | Stock & Supplies Avg [L3] [2004 Stock] | Total Property |
|---------|-------------------------|-----------------|--------------------------|-------------|---------------------------|-----------------|--------------------------|------------------------|---|----------------------------|--|--|----------------|
| 55B     | RMC 001 & RMC 004       | 064410.05 02    | 7435 West Talcott Avenue | Chicago     | 60631-3707                | Cook            | United States of America | Illinois               | Resurrection Medical Center - Vehicle Garage  | 349,168,899                | 176,014,635  | 2,438,487                              | 527,620,021    |
| 55C     | RMC 005 & RMC 006       | 064410.05 02    | 7436 West Talcott Avenue | Chicago     | 60631-3703                | Cook            | United States of America | Illinois               | Resurrection Medical Center - Vehicle Garage  | 1681562                    | 59,954   | 0                                      | 1,741,516      |
| 15A     | OLR 001 & OLR 006       | 064439.56 02    | 5645 West Addison Street | Chicago     | 60634-4403                | Cook            | United States of America | Illinois               | Our Lady Of The Resurrection Medical Center   | 106152313                  | 83,915,393   | 0                                      | 180,067,706    |
| 15B     | OLR 002 & OLR 004       | 064439.56 03    | 5600 West Addison Street | Chicago     | 60634-4401                | Cook            | United States of America | Illinois               | Our Lady of the Resurrection Medical Center Professional Office Building and Garage | 21092866                   | 2,727,513  | 1,073,173                              | 24,893,552     |
| 77A     | SFH 001 & SFH 002       | 064225.57 03    | 355 Ridge Avenue         | Evanston    | 60202-3328                | Cook            | United States of America | Illinois               | Saint Francis Hospital  | 138306951                  | 133,446,715  | 1,429,783                              | 273,183,449    |
| 55A     | RHC 057                 | 064410.05 02    | 7370 West Talcott Avenue | Chicago     | 60631-3751                | Cook            | United States of America | Illinois               | Resurrection Medical Center - Vehicle Garage  | 18060953                   | 4,740,500  | 0                                      | 20,801,453     |
| 38A     | RHC 033 & RHC 098       | 065436.32 01    | 3101 North Harlem Avenue | Chicago     | 60634-4532                | Cook            | United States of America | Illinois               | Resurrection Health Care Surgery Center   | 7501857                    | 8,078,194  | 0                                      | 15,578,051     |
| 38B     | RHC 036                 | 065436.32 01    | 3120 North Harlem Avenue | Chicago     | 60634-4515                | Cook            | United States of America | Illinois               | Resurrection Health Care Surgery Center   | 377289                     | 117,766  | 0                                      | 495,055        |

|     |                                |                 |                                     |                |                |      |                                |          |  |           |             |           |             |
|-----|--------------------------------|-----------------|-------------------------------------|----------------|----------------|------|--------------------------------|----------|--|-----------|-------------|-----------|-------------|
| 80A | SJH 001                        | 064447.87<br>03 | North<br>Lake<br>Shore<br>Drive     | Chicago        | 60657-<br>5840 | Cook | United<br>States of<br>America | Illinois | St. Joseph<br>Hospital                                     | 234332254 | 103,871,090 | 4,217,899 | 342,421,243 |
| 80B | SJH 004                        | 064447.87<br>03 | North<br>Lake<br>Shore<br>Drive     | Chicago        | 60657-<br>5840 | Cook | United<br>States of<br>America | Illinois | St. Joseph<br>Hospital                                     | 10168510  | 55,671      | 0         | 10,224,181  |
| 80C | SJH 005                        | 064447.87<br>03 | North<br>Common<br>wealth<br>Avenue | Chicago        | 60657-<br>6211 | Cook | United<br>States of<br>America | Illinois | Saint Joseph<br>Hospital-Manor<br>Professional<br>Building | 19248599  | 2,901,326   | 0         | 22,149,925  |
| 74B | SEH 009                        | 064916.11<br>02 | North<br>Western<br>Avenue          | Chicago        | 60622-<br>1797 | Cook | United<br>States of<br>America | Illinois | Saint Elizabeth<br>Hospital<br>Professional<br>Building    | 652040    | 391,566     | 0         | 1,043,606   |
| 01A | HFMC<br>001 &<br>HFMC<br>006   | 064173.94<br>02 | 100 North<br>River<br>Road          | Des<br>Plaines | 60016-<br>1209 | Cook | United<br>States of<br>America | Illinois | Holy Family<br>Medical Center                              | 110076341 | 54,170,525  | 1,685,636 | 165,932,502 |
| 92B | SMNHC<br>001 &<br>SMNHC<br>012 | 065429.12<br>01 | West<br>Division<br>Street          | Chicago        | 60622-<br>8151 | Cook | United<br>States of<br>America | Illinois | Saint Mary of<br>Nazareth Hospital<br>Center               | 177261598 | 77,012,471  | 2,313,543 | 256,587,612 |
| 92C | SMNHC<br>002 &<br>SMNHC<br>008 | 065429.12<br>01 | North<br>Oakley<br>Boulevard        | Chicago        | 60622-<br>3507 | Cook | United<br>States of<br>America | Illinois | Saint Mary of<br>Nazareth Family<br>Practice Center        | 19086250  | 1,220,395   | 0         | 20,306,585  |
| 92D | SMNHC<br>003                   | 065429.12<br>04 | West<br>Division<br>Street          | Chicago        | 60622-<br>2717 | Cook | United<br>States of<br>America | Illinois | Saint Mary<br>Professional<br>Building                     | 10698124  | 496,295     | 0         | 11,194,419  |
| 74A | SEH 001<br>& SEH<br>012        | 064916.11<br>01 | North<br>Claremont<br>Avenue        | Chicago        | 60622-<br>1702 | Cook | United<br>States of<br>America | Illinois | Saint Elizabeth<br>Hospital Campus                         | 50020361  | 197,546     | 0         | 50,217,907  |
| 77B | SFH 003                        | 064225.57<br>04 | Austin<br>Street                    | Evanston       | 60202-<br>3439 | Cook | United<br>States of<br>America | Illinois | Saint Francis<br>Hospital<br>Professional<br>Building      | 21167667  | 7,471,170   | 0         | 28,638,837  |



Factory Mutual Insurance Company  
300 S. Northwest Highway  
Park Ridge, IL 60068-5872 USA  
T: 847 430 7000 F: 847 430 7699 www.fmglobal.com

August 22, 2011

Michael Constantino  
c/o Illinois Health Facilities and Services Review Board  
525 W. Jefferson  
Springfield, IL 62761

Dear Mr. Constantino:

As Senior Account Manager, Factory Mutual Insurance Company (FM Global), for the Property Program provided to Resurrection Health Care Corporation under Policy No. FD327 issued for the policy period of 7/1/2011 to 7/1/2012 I can confirm that our policy has a Schedule of Locations Appendix, but does not include values reported by our Client. We receive updated values on a yearly basis prior to renewal date from our Client, and these are used to determine premiums only. Their present policy has Blanket Limit to \$1,000,000,000 per occurrence. It is not the practice of Factory Mutual to include values assigned to properties anywhere within their policies.

Sincerely,

A handwritten signature in black ink that reads "Barbara K. Carlson". The signature is written in a cursive, flowing style.

Barbara K. Carlson  
Sr. Account Manager  
FM Global