



# Golden Bear Insurance Company

POST OFFICE BOX 271  
STOCKTON, CALIFORNIA 95201

## DECLARATIONS

Insurance Policy Multi-Purpose Form

Policy Number	FD 31503
Renewal Number	New

ITEM 1. NAMED INSURED AND MAILING ADDRESS	PRODUCER NAME AND ADDRESS
The Glen Of Pacific Grove 1057 First Street Gilroy, California 95020	M.J. Hall & Company, Inc. 1700 Soscol Avenue, Suite 5 Napa, California 94559

ITEM 2. POLICY PERIOD	From: May 2, 2006	To: May 2, 2007	Term: One Year
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12:01 A.M. Standard Time at the address of the Named Insured as stated herein.

INSURANCE IS PROVIDED AGAINST ONLY THOSE PERILS AND FOR ONLY THOSE COVERAGES INDICATED BELOW BY A PREMIUM CHARGE AND AGAINST OTHER PERILS AND FOR OTHER COVERAGES ONLY WHEN ENDORSED HEREON OR ADDED HERETO.

AMOUNT	RATE	PREMIUM		PERIL(S) Insured Against and Coverage(s) Provided (Insert Name of Each)
PER FORMS ATTACHED	VARIOUS	\$10,455.00	PREMIUM	PER FORMS ATTACHED
		Not Covered	TERRORISM PREMIUM	
		\$100.00	POLICY FEE	
		\$125.00	INSPECTION FEE	
		N/A	CIGA	
	TOTAL(S)	\$10,680.00		

In consideration of the stipulations herein named and of the premium specified the Company does insure the insured named above herein called the insured whose address is shown above, from the inception date to the expiration date, both shown above to an amount not exceeding the amount above specified on the following described property.

Item No.	Amount of Insurance	Co-Insurance Applicable	Detailed Description
			PER FORM GBP-DEC 4 (01 99) ATTACHED

Subject to Form No(s) **PER FORMS SCHEDULE** attached hereto.

Loss Payable Clause: Loss if any, to be adjusted only with the insured and payable to the insured and the following Loss Payee:

This policy is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated which are made a part of this policy, together with such provisions, stipulations and agreements as may be added hereto as provided in this policy

In witness whereof, the Company has caused this policy to be executed and attested, but this policy shall not be valid unless countersigned by a duly authorized representative of the Company.

Countersignature Date: June 14, 2006

\_\_\_\_\_  
AUTHORIZED SIGNATURE

President

Secretary

# CONDITIONS

1. **Misrepresentation and fraud.** This entire policy shall be void if, whether before or after a loss, the Insured has concealed or misrepresented any material fact or circumstance concerning this insurance or the subject thereof, or the interest of the Insured therein, or in case of any fraud or false swearing by the Insured relating thereto
2. **Notice of Loss.** The Insured shall as soon as practicable report in writing to the Company or its agent every loss, damage or occurrence which may give rise to a claim under this policy and shall also file with the Company or its agent within ninety (90) days from date of discovery of such loss damage or occurrence a detailed sworn proof of loss.
3. **Examination Under Oath.** The Insured, as often as may be reasonably required, shall exhibit to any person designated by the Company all that remains of any property herein described, and shall submit, and in so far as is within his or their power cause his or their employees, members of the household and others to submit to examinations under oath by any person named by the Company and subscribe the same; and, and as often as may be reasonably required, shall produce for examination all writings, books of account, bills, invoices and other vouchers, or certified copies thereof if originals be lost, at such reasonable time and place as may be designated by the Company or its representative, and shall permit extracts and copies thereof be made. No such examination under oath or examination of books or documents, nor any other act of the Company or any of its employees or representatives in connection with the investigation of any loss or claim hereunder shall be deemed a waiver of any defense which the Company might otherwise have with respect to any loss or claim but all such examinations and acts shall be deemed to have been made or done without prejudice to the Company's liability
4. **Valuation.** The Company shall not be liable beyond the actual cash value of the property at the time any loss or damage occurs, and the loss or damage shall be ascertained or estimated according to such actual cash value with proper deduction for depreciation however caused, and shall in no event exceed what it would then cost to repair or replace the same with material of like kind and quality.
5. **Settlement of Loss.** All adjusted claims shall be paid or made good to the Insured within sixty (60) days after presentation and acceptance of satisfactory proof of interest and loss at the office of the Company. No loss shall be paid or made good if the Insured has collected the same from others
6. **No benefit to Bailee.** This insurance shall in nowise inure directly or indirectly to the benefit of any carrier or other bailee
7. **Subrogation or Loan.** If in the event of loss or damage the insured shall acquire any right of action against any individual, firm or corporation for loss of, or damage to, property covered hereunder the Insured will, if requested by the Company, assign and transfer such claim or right of action to the Company or, at the Company's option execute and deliver to the Company the customary form of loan receipt upon receiving an advance of funds in respect of the loss or damage; and will subrogate the Company to, or will hold in trust for the company, all such rights of action to the extent of the amount paid or advanced and will permit suit to be brought in the Insured's name under the direction of and at the expense of the Company
8. **Reduction in Amount of Insurance.** The amount of insurance and applicable limit of liability upon the occurrence of any loss covered hereunder is reduced by the amount of such loss
9. **Pair, Set or Parts.** In the event of a loss of or damage to: (a) any article or articles which are a part of a pair set, the measure of loss or damage to such article or articles shall be a reasonable and fair proportion of the total value of the pair or set, giving consideration to the importance or said article or articles but in no event shall such loss or damage be construed to mean total loss of the pair or set; or (b) any part of property covered consisting when complete for use of several parts, the Company shall only be liable for the value of the part lost or damaged.
10. **Protection of Property.** In case of loss, it shall be lawful and necessary for the Insured his or their factors, servants and assigns to sue, labor, and travel for, in and about the defense, safeguard, and recovery of the property insured hereunder, or any part thereof without prejudice to this insurance, nor shall the acts of the Insured or the Company, in recovering, saving and presenting the property insured in case of loss be considered a waiver or an acceptance of abandonment. The expenses so incurred shall be borne by the Insured and the Company proportionately to the extent of their respective interests
11. **Suit.** No suit, action or proceeding for the recovery of any claim under this policy shall be sustainable in any court of law or equity unless the same be commenced within twelve (12) months next after discovery by the Insured of the occurrence which gives rise to the claim, provided however, that if by the laws of State within which this policy is issued such limitation is invalid then any such claims shall be void unless such action, suit or proceeding be commenced within the shortest limit of time permitted by the law of such State.
12. **Appraisal.** If the Insured and the Company fail to agree as to the amount of loss each shall, on written demand of either, made within sixty (60) days after receipt of proof of loss by the Company, select a competent and disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinterested umpire, and failing for fifteen (15) days to agree upon such umpire, then on the request of the Insured or the Company such umpire shall be selected by a judge of a court of record in the State in which such appraisal is pending. The appraisers shall then appraise the loss, stating separately the actual cash value at the time of loss, and the amount of loss, and failing to agree shall submit their differences to the umpire. An award in writing of any two shall determine the amount of loss. The Insured and the Company shall each pay his or its chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The Company shall not be held to have waived any of its rights by any act relating to appraisal.
13. **Cancellation.** This policy may be canceled by the Insured by surrender thereof to the Company or any of its authorized agents or by mailing to the Company written notice stating when thereafter such cancellation shall be effective. This policy may be canceled by the Company by mailing to the Insured at the address shown this policy or last known address written notice stating when, not less than (5) days thereafter, such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of surrender or the effective date of the cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the Insured or by the Company shall be equivalent to mailing. If the Insured cancels, earned premiums shall be computed in accordance with the customary short rate table and procedure. If the Company cancels, earned premiums shall be computed pro rata. Premium adjustment may be made at the time cancellation is effected and, if not then made, shall be made as soon as practicable after cancellation becomes effective. The Company's checks or the check of its representative mailed or delivered as aforesaid shall be sufficient tender of any refund of premium due the Insured
14. **Changes.** Notice to any agent or knowledge possessed by any other person shall not effect a waiver or a change in any part of this policy or stop the Company from asserting any right under the terms of this policy, nor shall the terms of this policy be waived or changed except by endorsement issued to form a part of this policy
15. **Conformity to Statute.** Terms of this policy which are in conflict with the statutes of the State wherein this policy is issued are hereby amended to conform to such statutes.
16. **Civil Authority.** Property covered under this policy against the peril of fire is also covered against the risk of damage or destruction by civil authority during a conflagration and for the purpose of retaining the same, provided that neither such conflagration nor such damage or destruction is caused or contributed to by a peril otherwise excluded herein

**GOLDEN BEAR INSURANCE COMPANY**  
**FORMS SCHEDULE**

<b>POLICY NUMBER</b>	<b>INSURED:</b>	<b>EFFECTIVE DATE</b>
FD 31503	The Glen Of Pacific Grove	May 2, 2006

**THIS POLICY IS SUBJECT TO THE FOLLOWING ATTACHED FORMS AND ENDORSEMENTS:**

Form / End No.	Edition Date	Form Title
GBP-DEC4	01-99	Difference In Conditions Declarations
GBP-DIC	02-98	Difference In Conditions Form
GBIARW	07-96	All Risk Warranty
GBIDICEX	01-03	Exclusion Of Certified Acts Of Terrorism
GBIFLD	07-96	Flood Exclusion
GBIMEP	07-96	Minimum Earned Premium
GBIMLMI	07-02	Limitations On Fungus, Wet Rot, Dry Rot And Bacteria
GBIPOL	07-96	Exclusion Endorsement – Seepage, Pollution or Contamination
GBIRC	11-98	Replacement Cost
GBICANR	07-96	California Changes – Cancellation And Nonrenewal
GBR101	07-96	Notice to Golden Bear Policy Holders – Information Concerning A Claim

## DIFFERENCE IN CONDITIONS DECLARATIONS

### ITEM 1. PROPERTY OR INTEREST COVERED:

THIS POLICY COVERS PROPERTY AS INDICATED IN ITEMS A, B, C, D, E AND F, BELOW AND AS FURTHER DESCRIBED IN 2 PROPERTY OR INTEREST COVERED, OF THE DIFFERENCE IN CONDITIONS FORM NO COVERAGE ATTACHES UNDER ANY ITEM UNLESS COVERAGE HAS BEEN DESIGNATED BY THE INSERTION OF AN "X" ON THE LINE PRECEDING THAT ITEM.

  X   ITEM A - BUILDING(S) AND/OR STRUCTURE(S).

       ITEM B - STOCK, MATERIALS AND SUPPLIES.

       ITEM C - FURNITURE, FIXTURES, EQUIPMENT AND MACHINERY.

       ITEM D - TENANTS IMPROVEMENTS AND BETTERMENTS.

       ITEM E - BUSINESS INTERRUPTION, LOSS OF INCOME, EXTRA EXPENSE, RENTAL VALUE OR OTHER TIME ELEMENT COVERAGE AS DEFINED IN THE ATTACHED FORM(S) LISTED BELOW:

       ITEM F - CONTINGENT LIABILITY FROM OPERATION OF BUILDING ORDINANCE OR LAWS, DEMOLITION COSTS OR INCREASED COST OF CONSTRUCTION AS DEFINED IN THE ATTACHED FORM(S) LISTED BELOW:

### ITEM 2. LIMIT OF LIABILITY:

THIS COMPANY SHALL NOT BE LIABLE HEREUNDER FOR MORE THAN THE FOLLOWING LIMITS OF LIABILITY FOR LOSS ARISING FROM ANY ONE OCCURRENCE:

A. THE LIMIT OF LIABILITY OF THIS COMPANY IN RESPECT TO ANY ONE LOSS OCCURRENCE SHALL NOT EXCEED:

\$7,000,000.

B. EXCEPT, WITH RESPECT TO LOSS OR DAMAGE CAUSED BY OR RESULTING FROM EARTHQUAKE, THE LIMIT OF LIABILITY OF THIS COMPANY AS RESPECTS ALL EARTHQUAKE LOSSES IN ANY ONE YEAR PERIOD COMMENCING WITH THE EFFECTIVE DATE OF THIS POLICY SHALL NOT EXCEED:

\$7,000,000.

C EXCEPT, WITH RESPECT TO LOSS OR DAMAGE CAUSED BY OR RESULTING FROM FLOOD, THE LIMIT OF LIABILITY OF THIS COMPANY AS RESPECTS ALL FLOOD LOSSES IN ANY ONE YEAR PERIOD COMMENCING WITH THE EFFECTIVE DATE OF THIS POLICY SHALL NOT EXCEED:

\$ NOT COVERED

**ITEM 3. SCHEDULE OF LOCATIONS:**

1 3-110 GLEN LAKE DRIVE, PACIFIC GROVE, CALIFORNIA 93950

2.

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**ITEM 4. DEDUCTIBLES:**

ALL CLAIMS FOR LOSS ARISING OUT OF A SINGLE OCCURRENCE SHALL BE ADJUSTED AS ONE CLAIM AND FROM THE AMOUNT OF EACH SUCH CLAIM A SINGLE DEDUCTIBLE SHALL APPLY TO THE TOTAL OF THE ADJUSTED CLAIMS RESULTING FROM EACH OCCURRENCE. THIS DEDUCTIBLE SHALL BE THE LARGEST APPLICABLE OF THE FOLLOWING:

(A) ALL PERILS EXCEPT THE PERILS OF EARTHQUAKE AND FLOOD, \$25,000. \_\_\_\_\_;

(B) FLOOD, \$ NOT COVERED;

(C) WITH RESPECT TO THE PERIL OF EARTHQUAKE THIS COMPANY SHALL NOT BE LIABLE FOR ANY LOSS OR CLAIM TO PROPERTY INSURED BY THIS POLICY AT EACH SEPARATE STRUCTURE INSURED BY THIS POLICY, AT LOCATIONS INDICATED IN THE SCHEDULE OF LOCATIONS, UNLESS SUCH LOSS OR CLAIM EXCEEDS TEN PERCENT (10%) OF THE REPLACEMENT COST VALUE SUBJECT TO \$25,000 MINIMUM PER OCCURRENCE OF THE STRUCTURE, INCLUDING ANY OF THE PROPERTY DESIGNATED IN ITEM 1, E, IF IT HAS BEEN INDICATED THAT SUCH PROPERTY IS INSURED BY DESIGNATION UNDER ITEM 1. PROPERTY OR INTEREST COVERED, AT THE TIME WHEN SUCH LOSS OR CLAIM SHALL OCCUR AND THEN ONLY FOR ITS PROPORTION OF SUCH EXCESS.

## DIFFERENCE IN CONDITIONS FORM

1. **INSURING AGREEMENT** - THIS POLICY INSURES AGAINST ALL RISKS OF DIRECT PHYSICAL LOSS OR DAMAGE FROM ANY EXTERNAL CAUSE EXCEPT AS HEREINAFTER EXCLUDED, WHILE ANYWHERE WITHIN THE 50 STATES OF THE UNITED STATES OF AMERICA AND THE DISTRICT OF COLUMBIA AS MORE FULLY SET FORTH IN ITEM 3 OF THE DECLARATIONS.
  
2. **PROPERTY OR INTEREST COVERED** - THIS POLICY COVERS PROPERTY ONLY AS INDICATED IN THE DECLARATIONS AND AS DESCRIBED BELOW:
  - ITEM A - ON BUILDING(S) AND/OR STRUCTURES IN ALL PARTS, INCLUDING ADDITIONS AND/OR EXTENSIONS IN CONTACT THEREWITH (REGARDLESS OF CONSTRUCTION) AND ON ALL PROPERTY BELONGING TO AND/OR CONSTITUTING A PERMANENT PART OF SAID BUILDINGS AND/OR STRUCTURES AND PERTAINING TO THE SERVICE, UPKEEP, MAINTENANCE AND OPERATION THEREOF; ALL WHICH NOW IS OR MAY HEREAFTER DURING THE TERM OF THIS POLICY BECOME AT THE RISK OF THE INSURED:
  
  - ITEM B - ON STOCK, MATERIALS AND SUPPLIES OF EVERY DESCRIPTION USUAL OR INCIDENTAL TO THE OPERATIONS OF THE INSURED INCLUDING THE INSURED'S INTEREST IN MATERIALS, LABOR AND CHARGES FURNISHED, PERFORMED ON, OR INCURRED IN CONNECTION WITH PROPERTY OF OTHERS:
  
  - ITEM C - ON FURNITURE, FIXTURES, EQUIPMENT AND MACHINERY BEING PROPERTY OF THE INSURED, OR SIMILAR PROPERTIES OF OTHERS IN THE CARE, CUSTODY OR CONTROL OF THE INSURED AND FOR WHICH THE INSURED IS LIABLE IN EVENT OF LOSS:
  
  - ITEM D - ON THE INSURED'S INTEREST IN TENANTS' IMPROVEMENTS AND BETTERMENTS TO BUILDINGS, BEING FIXTURES, ALTERATIONS, INSTALLATIONS OR ADDITIONS COMPRISING PART OF A BUILDING(S) OCCUPIED BUT NOT OWNED BY THE INSURED AND MADE AT THE EXPENSE OF THE INSURED.
  
  - ITEM E - BUSINESS INTERRUPTION, EXTRA EXPENSE, RENTAL VALUE OR OTHER TIME ELEMENT COVERAGES AS INDICATED IN ITEM 1 OF THE DECLARATIONS
  
3. **PROPERTY EXCLUDED:**
  - (A) ACCOUNTS BILLS, DEEDS, EVIDENCES OF DEBT, CURRENCY, MONEY, NOTES, SECURITIES, STAMPS, ORIGINAL DRAWINGS AND SPECIFICATIONS, LETTERS OF CREDIT, PASSPORTS, TICKETS OR VALUABLE PAPERS;
  
  - (B) ANIMALS, GROWING PLANTS OR SHRUBS (EXCEPT WHEN HELD FOR SALE, OR WHEN USED FOR DECORATIVE PURPOSES INSIDE BUILDINGS) GROWING CROPS, MOTOR VEHICLES LICENSED OR DESIGNED PRINCIPALLY FOR HIGHWAY USE, WATERCRAFT, AIRCRAFT, MOTORCYCLES, MOTOR SCOOTERS AND OTHER SIMILAR VEHICLES LICENSED OR DESIGNED PRINCIPALLY FOR HIGHWAY USE;
  
  - (C) PROPERTY SOLD BY THE INSURED UNDER CONDITIONAL SALES, TRUST AGREEMENTS, INSTALLMENT PAYMENTS OR OTHER DEFERRED PAYMENT PLANS AFTER DELIVERY TO CUSTOMERS;
  
  - (D) PROPERTY IN TRANSIT;
  
  - (E) STEAM BOILERS, STEAM PIPES, STEAM TURBINES, OR STEAM ENGINES OWNED OR OPERATED BY THE INSURED AGAINST LOSS BY BURSTING, RUPTURE OR EXPLOSION SUCH OBJECTS;

- (F) MACHINES OR MACHINERY AGAINST LOSS BY RUPTURE, BURSTING OR DISINTEGRATING OF ROTATING OR MOVING PARTS;
- (G) CONTRACTOR'S EQUIPMENT;
- (H) JEWELRY, WATCHES, PEARLS PRECIOUS AND SEMI-PRECIOUS STONES, GOLD, SILVER, PLATINUM, OTHER PRECIOUS METALS OR ALLOYS, BULLION, FURS AND ARTICLES TRIMMED WITH FUR;
- (I) ELECTRONIC DATA PROCESSING EQUIPMENT INCLUDING COMPUTERS, ELECTRONIC ACCOUNTING MACHINES, ALL SUPPORTING MACHINERY, MAGNETIC TAPES, DISCS, CARDS, ANY STORAGE DEVICE AND ALL SOFTWARE INCLUDING PROCEDURES, PROGRAMS OR SOURCE MATERIAL OF ANY KIND;
- (J) PROPERTY IN THE COURSE OF CONSTRUCTION, INCLUDING MATERIALS AND SUPPLIES THEREFORE;
- (K) POWER TRANSMISSION AND/OR FEEDER LINES NOT ON THE INSURED'S PREMISES.

4. **PERILS EXCLUDED:**

THIS POLICY DOES NOT INSURE AGAINST:

- (A) (1) LOSS OR DAMAGE CAUSED BY OR RESULTING FROM FIRE AND LIGHTNING AS SET FORTH IN A STANDARD FIRE INSURANCE POLICY, WINDSTORM OR HAIL, SMOKE, EXPLOSION, RIOT, RIOT ATTENDING A STRIKE OR CIVIL COMMOIION, AIRCRAFT OR VEHICLE, VANDALISM AND MALICIOUS MISCHIEF AND SPRINKLER LEAKAGE ALL AS MORE FULLY DEFINED AND LIMITED IN THE FORMS APPROVED BY THE RATING BUREAU HAVING FORMS JURISDICTION WHERE THE PROPERTY IS LOCATED: WHETHER OR NOT INSURANCE FOR SUCH PERILS IS BEING MAINTAINED BY THE INSURED AT THE TIME OF THE LOSS AND WHETHER OR NOT SUCH LOSS OR DAMAGE IS DIRECTLY OR INDIRECTLY CAUSED BY OR CONTRIBUTED TO BY A PERIL COVERED UNDER THIS POLICY;
- (2) LOSS OR DAMAGE CAUSED BY ANY PERIL, OTHER THAN EARTHQUAKE OR FLOOD, THAT IS INSURED UNDER THE POLICY OR POLICIES MAINTAINED BY THE INSURED AS REQUIRED BY THE "UNDERLYING ALL RISK COVERAGE ENDORSEMENT" THAT IS ATTACHED TO THIS POLICY;
- (B) WATER BELOW THE SURFACE OF THE GROUND INCLUDING THAT WHICH EXERTS PRESSURE ON OR FLOWS, SEEPS OR LEAKS THROUGH SIDEWALKS, DRIVEWAYS, FOUNDATIONS, WALLS, BASEMENT OR OTHER FLOORS, OR THROUGH DOORS, WINDOWS OR ANY OTHER OPENINGS IN SUCH SIDEWALKS, DRIVEWAYS, FOUNDATIONS WALLS OR FLOORS;
- (C) MERE DISAPPEARANCE OF PROPERTY OR LOSS OR SHORTAGE OF PROPERTY DISCLOSED ON TAKING INVENTORY;
- (D) LOSS OR DAMAGE CAUSED BY OR RESULTING FROM WEAR, TEAR, MECHANICAL BREAKDOWN, DERANGEMENT, INHERENT VICE, LATENT DEFECT, GRADUAL DETERIORATION, MOTH, VERMIN, RODENTIS, TERMITES OR OTHER INSECTS INCLUDING LARVAE OR PUPAE HEREOF;
- (E) LOSS OR DAMAGE BY GAS OR SMOKE FROM AGRICULTURAL SMUDGING, SMOG, OR INDUSTRIAL OPERATIONS;

- (F) LOSS OR DAMAGE CAUSED BY OR RESULTING FROM DAMPNESS OF ATMOSPHERE, DRYNESS OF ATMOSPHERE, EXTREMES OR CHANGES OF TEMPERATURE, SHRINKAGE, EVAPORATION, LOSS OF WEIGHT, LEAKAGE OF CONTENTS, BREAKAGE OF GLASS OR SIMILAR FRAGILE MATERIALS (OTHER THAN LENSES OF PHOTOGRAPHIC OR SCIENTIFIC INSTRUMENTS), MARRING, SCRATCHING, RUST OR CORROSION, EXPOSURE TO LIGHT, CONTAMINATION, CHANGE IN FLAVOR OR COLOR OR TEXTURE OR FINISH;
- (G) LOSS OR DAMAGE CAUSED BY OR RESULTING FROM INFIDELITY OF INSURED'S EMPLOYEES OR OF PERSONS TO WHOM THE INSURED PROPERTY MAY BE ENTRUSTED;
- (H) LOSS OR DAMAGE CAUSED BY OR RESULTING FROM ANY FRAUDULENT SCHEME, TRICK, DEVICE OR FALSE PRETENSE PRACTICED UPON THE INSURED OR UPON ANY PERSON(S) TO WHOM THE PROPERTY MAY BE ENTRUSTED;
- (I) LOSS OR DAMAGE CAUSED BY OR RESULTING FROM ELECTRICAL INJURY OR DISTURBANCE TO ELECTRICAL APPLIANCES, FIXTURES OR WIRING CAUSED BY ELECTRICAL CURRENTS ARTIFICIALLY GENERATED, EXCEPT WITH RESPECT TO ENSUING LOSS CAUSED BY OR RESULTING FROM A PERIL NOT OTHERWISE EXCLUDED;
- (J) WITH REGARD TO REAL PROPERTY IF COVERED HEREUNDER, THIS POLICY DOES NOT INSURE AGAINST:
- (1) LOSS OR DAMAGE CAUSED BY OR RESULTING FROM NORMAL SETTLING, SHRINKAGE OR EXPANSION IN FOUNDATIONS, WALLS, FLOORS, OR CEILINGS, OR SUBSIDENCE. SUCH LOSS OR DAMAGE IS EXCLUDED REGARDLESS OF WHETHER ANY CAUSE OR EVENT OTHER THAN EARTHQUAKE CONTRIBUTES CONCURRENTLY OR IN ANY SEQUENCE TO THE LOSS. THIS EXCLUSION APPLIES EVEN THOUGH THE LOSS OR DAMAGE IS CONTRIBUTED TO IN ANY MANNER BY PERILS OTHER THAN EARTHQUAKE WHICH ARE INSURED AGAINST IN THIS POLICY;
  - (2) LOSS OR DAMAGE CAUSED BY OR RESULTING FROM EARTH MOVEMENT. MEANING ANY LOSS CAUSED BY, RESULTING FROM, CONTRIBUTED TO OR AGGRAVATED BY LANDSLIDE; MUDFLOW; EARTH SINKING, RISING, OR SHIFTING; VOLCANIC ERUPTION MEANING THE ERUPTION, EXPLOSION, OR EFFUSION OF A VOLCANO. THIS EXCLUSION APPLIES EVEN THOUGH THE LOSS OR DAMAGE IS CONTRIBUTED TO IN ANY MANNER BY PERILS OTHER THAN EARTHQUAKE WHICH ARE INSURED AGAINST IN THIS POLICY;
  - (3) LOSS OR DAMAGE CAUSED BY OR RESULTING FROM THE NEGLIGENCE OF ANY PERSON OTHER THAN THE INSURED;
  - (4) LOSS OR DAMAGE OCCASIONED BY ENFORCEMENT OF ANY ORDINANCE OR LAW REGULATING THE RECONSTRUCTION, REPAIR OR DEMOLITION OF ANY REAL PROPERTY INSURED HEREUNDER. THIS EXCLUSION APPLIES EVEN THOUGH THE LOSS OR DAMAGE IS CONTRIBUTED TO IN ANY MANNER BY PERILS OTHER THAN EARTHQUAKE WHICH ARE INSURED AGAINST IN THIS POLICY;
- (K) LOSS OR DAMAGE CAUSED BY OR RESULTING FROM:
- (1) HOSTILE OR WARLIKE ACTION IN THE TIME OF PEACE OR WAR, INCLUDING ACTION IN HINDERING, COMBATING OR DEFENDING AGAINST AN ACTUAL, IMPENDING OR EXPECTED ATTACK (A) BY ANY GOVERNMENT OR SOVEREIGN POWER (DE JURE OR DE FACIO), OR BY ANY AUTHORITY MAINTAINING OR USING MILITARY, NAVAL OR AIR FORCES; OR (B) BY MILITARY, NAVAL OR AIR FORCES; OR (C) BY ANY AGENT OF ANY SUCH GOVERNMENT, POWER AUTHORITY OR FORCES;

- (2) ANY WEAPON OF WAR EMPLOYING ATOMIC FISSION OR RADIOACTIVE FORCE WHETHER IN TIME OF PEACE OR WAR:
  - (3) INSURRECTION, REBELLION, REVOLUTION, CIVIL WAR, USURPED POWER OR ACTION TAKEN BY GOVERNMENTAL AUTHORITY IN HINDERING, COMBATING OR DEFENDING AGAINST SUCH AN OCCURRENCE, SEIZURE OR DESTRUCTION UNDER QUARANTINE OR CUSTOMS REGULATION, CONFISCATION BY ORDER OF ANY GOVERNMENT OR PUBLIC AUTHORITY, OR RISKS OF CONTRABAND OR ILLEGAL TRANSPORTATION OR TRADE:
  - (L) THIS COMPANY SHALL NOT BE LIABLE FOR LOSS BY NUCLEAR REACTION OR NUCLEAR RADIATION OR RADIOACTIVE CONTAMINATION ALL WHETHER CONTROLLED OR UNCONTROLLED, AND WHETHER SUCH LOSS BE DIRECT OR INDIRECT, PROXIMATE OR REMOTE, OR BE IN WHOLE OR IN PART CAUSED BY, CONTRIBUTED TO, OR AGGRAVATED BY THE PERIL(S) INSURED AGAINST IN THIS POLICY:
  - (M) LOSS OR DAMAGE RESULTING FROM THE FREEZING OF PLUMBING OR HEATING SYSTEMS IN VACANT PROPERTIES:
  - (N) LOSS OR DAMAGE BY PILFERAGE, BURGLARY, LARCENY, THEFT, OR ATTEMPTED THEFT.
  - (O) ERRORS IN DESIGN, ERRORS IN PROCESSING, FAULTY WORKMANSHIP OR FAULTY MATERIALS, UNLESS THE COLLAPSE OF THE PROPERTY OR A PART THEREOF ENSUES AND THEN ONLY THE ENSUING LOSS:
  - (P) LOSS OR DAMAGE TO PROPERTY WHILE ACTUALLY BEING WORKED UPON AND DIRECTLY RESULTING THERE FROM, EXCEPT ENSUING LOSS FROM A PERIL NOT OTHERWISE EXCLUDED BY THIS POLICY:
  - (Q) LOSS OR DAMAGE CAUSED BY EXPOSURE TO ELEMENTS OF THE WEATHER WHERE ANY INSURED PERSONAL PROPERTY IS LEFT IN THE OPEN OR NOT CONTAINED IN BUILDINGS OF PERMANENT FOUNDATIONS:
  - (R) DELAY, LOSS OF MARKET, LOSS OF USE, INTERRUPTION OF BUSINESS, CONSEQUENTIAL LOSS OF ANY NATURE; UNLESS SPECIFICALLY INSURED UNDER PARAGRAPH 2, ITEM E:
5. **OTHER INSURANCE** - IF A LOSS COVERED BY THIS POLICY IS ALSO COVERED BY OTHER INSURANCE, THE COVERAGE AFFORDED BY THIS POLICY SHALL BE EXCESS TO THE COVERAGE AFFORDED BY SUCH OTHER INSURANCE.
6. **SINGLE LOSS CLAUSE** - EACH LOSS BY EARTHQUAKE SHALL CONSTITUTE A SINGLE CLAIM HEREUNDER; PROVIDED, IF MORE THAN ONE EARTHQUAKE SHOCK SHALL OCCUR WITHIN ANY PERIOD OF SEVENTY-TWO HOURS DURING THE TERM OF THIS POLICY, SUCH EARTHQUAKE SHOCKS SHALL BE DEEMED TO BE A SINGLE EARTHQUAKE WITHIN THE MEANING HEREOF. THIS COMPANY SHALL NOT BE LIABLE FOR ANY LOSS CAUSED BY ANY EARTHQUAKE SHOCK OCCURRING BEFORE THE EFFECTIVE DATE AND TIME OF THIS POLICY, NOR FOR ANY LOSS OCCURRING AFTER THE EXPIRATION DATE AND TIME OF THIS POLICY.

IN NO EVENT SHALL THIS COMPANY BE LIABLE FOR ANY LOSS CAUSED DIRECTLY OR INDIRECTLY BY FIRE, EXPLOSION OR OTHER EXCLUDED PERILS WHETHER THE SAME BE CAUSED BY OR ATTRIBUTABLE TO EARTHQUAKE OR OTHERWISE.

7. **SUBROGATION WAIVER** - THIS INSURANCE SHALL NOT BE PREJUDICED BY AGREEMENT MADE BY THE NAMED INSURED'S RIGHT TO RECOVERY AGAINST THIRD PARTIES RESPONSIBLE FOR THE LOSS, UNDER THE FOLLOWING CIRCUMSTANCES ONLY: (1) IF MADE BEFORE LOSS HAS OCCURRED, SUCH AGREEMENT MAY RUN IN FAVOR OF ANY THIRD PARTY: (2) IF MADE AFTER LOSS HAS

OCCURRED, SUCH AGREEMENT MAY RUN ONLY IN FAVOR OF A THIRD PARTY FALLING WITHIN ONE OF THE FOLLOWING CATEGORIES AT THE TIME OF LOSS: (A) A THIRD PARTY INSURED UNDER THIS POLICY; OR (B) A CORPORATION, FIRM, OR ENTITY (1) OWNED OR CONTROLLED BY THE NAMED INSURED OR IN WHICH THE NAMED INSURED OWNS CAPITAL STOCK OR OTHER PROPRIETARY INTEREST, OR (2) OWNING OR CONTROLLING THE NAMED INSURED OR OWNING OR CONTROLLING CAPITAL STOCK OR OTHER PROPRIETARY INTEREST IN THE NAMED INSURED; (3) WHETHER MADE BEFORE OR AFTER LOSS HAS OCCURRED, SUCH AGREEMENT MUST RELEASE OR WAIVE THE ENTIRE RIGHT OF RECOVERY OF THE NAMED INSURED AGAINST SUCH THIRD PARTY

8. **LOSS CLAUSE** - ANY LOSS HEREUNDER SHALL NOT REDUCE THE AMOUNT OF THIS POLICY EXCEPT AS RESPECTS EARTHQUAKE AND FLOOD AS PER ITEM 2 OF THE DECLARATIONS
9. **MISREPRESENTATION AND FRAUD** - THIS ENTIRE POLICY SHALL BE VOID IF, WHETHER BEFORE OR AFTER A LOSS, THE INSURED HAS CONCEALED OR MISREPRESENTED ANY MATERIAL FACT OR CIRCUMSTANCE CONCERNING THIS INSURANCE OR THE SUBJECT THEREOF, OR THE INTEREST OF THE INSURED THEREIN, OR IN CASE OF ANY FRAUD OR FALSE SWEARING BY THE INSURED RELATING THERETO.
10. **NOTICE OF LOSS** - THE INSURED SHALL AS SOON AS PRACTICABLE REPORT IN WRITING TO THE COMPANY OR ITS AGENT EVERY LOSS, DAMAGE OR OCCURRENCE WHICH MAY GIVE RISE TO A CLAIM UNDER THIS POLICY AND SHALL ALSO FILE WITH THE COMPANY OR ITS AGENT WITHIN NINETY (90) DAYS FROM DATE OF DISCOVERY OF SUCH LOSS, DAMAGE OR OCCURRENCE, A DETAILED SWORN PROOF OF LOSS.
11. **EXAMINATION UNDER OATH** - THE INSURED, AS OFTEN AS MAY BE REASONABLY REQUIRED, SHALL EXHIBIT TO ANY PERSON DESIGNATED BY THE COMPANY ALL THAT REMAINS OF ANY PROPERTY HEREIN DESCRIBED, AND SHALL SUBMIT, AND IN SO FAR AS IS WITHIN HIS OR THEIR POWER CAUSE HIS OR THEIR EMPLOYEES, MEMBERS OF THE HOUSEHOLD AND OTHERS TO SUBMIT TO EXAMINATIONS UNDER OATH BY ANY PERSON NAMED BY THE COMPANY AND SUBSCRIBE THE SAME; AND, AS OFTEN AS MAY BE REASONABLY REQUIRED, SHALL PRODUCE FOR EXAMINATION ALL WRITINGS, BOOKS OF ACCOUNT, BILLS, INVOICES AND OTHER VOUCHERS, OR CERTIFIED COPIES THEREOF IF ORIGINALS BE LOST, AT SUCH REASONABLE TIME AND PLACE AS MAY BE DESIGNATED BY THE COMPANY OR ITS REPRESENTATIVE, AND SHALL PERMIT EXTRACTS AND COPIES THEREOF TO BE MADE NO SUCH EXAMINATIONS UNDER OATH OR EXAMINATION OF BOOKS OR DOCUMENTS, NOR ANY OTHER ACT OF THE COMPANY OR ANY OF ITS EMPLOYEES OR REPRESENTATIVES IN CONNECTION WITH THE INVESTIGATION OF ANY LOSS OR CLAIM HEREUNDER, SHALL BE DEEMED A WAIVER OF ANY DEFENSE WHICH THE COMPANY MIGHT OTHERWISE HAVE WITH RESPECT TO ANY LOSS OR CLAIM, BUT ALL SUCH EXAMINATIONS AND ACTS SHALL BE DEEMED TO HAVE BEEN MADE OR DONE WITHOUT PREJUDICE TO THE COMPANY'S LIABILITY.
12. **PRIVILEGE TO ADJUST WITH OWNER** - IN THE EVENT OF LOSS OF OR DAMAGE TO PROPERTY OF OTHERS HELD BY THE INSURED FOR WHICH CLAIM IS MADE UPON THE COMPANY, THE RIGHT TO ADJUST SUCH LOSS OR DAMAGE WITH THE OWNER OR OWNERS OF THE PROPERTY IS RESERVED TO THE COMPANY AND THE RECEIPT OF SUCH OWNER OR OWNERS IN SATISFACTION THEREOF SHALL BE IN FULL SATISFACTION OF ANY CLAIM OF THE INSURED FOR WHICH SUCH PAYMENT HAS BEEN MADE. IF LEGAL PROCEEDINGS BE TAKEN TO ENFORCE A CLAIM AGAINST THE INSURED AS RESPECTS ANY SUCH LOSS OR DAMAGE, THE COMPANY RESERVES THE RIGHT AT THIS OPTION WITHOUT EXPENSE TO THE INSURED, TO CONDUCT AND CONTROL THE DEFENSE ON BEHALF OF AND IN THE NAME OF THE INSURED. NO ACTION OF THE COMPANY IN SUCH REGARD SHALL INCREASE THE LIABILITY OF THE COMPANY UNDER THIS POLICY, NOR INCREASE THE LIMITS OF LIABILITY SPECIFIED IN THE POLICY.
13. **SETTLEMENT OF LOSS** - ALL ADJUSTED CLAIMS SHALL BE PAID OR MADE GOOD TO THE INSURED WITHIN SIXTY (60) DAYS AFTER PRESENTATION AND ACCEPTANCE OF SATISFACTORY PROOF OF INTEREST AND LOSS AT THE OFFICE OF THE COMPANY. NO LOSS SHALL BE PAID OR MADE GOOD IF THE INSURED HAS COLLECTED THE SAME FROM OTHERS.

14. **NO BENEFIT TO BAILEE** - THIS INSURANCE SHALL IN NO WAY INURE DIRECTLY OR INDIRECTLY TO THE BENEFIT OF ANY CARRIER OR OTHER BAILEE.
15. **PAIR, SET OR PARTS** - IN THE EVENT OF LOSS OF OR DAMAGE TO:
- (A) ANY ARTICLE OR ARTICLES WHICH ARE A PART OF A PAIR OR SET, THE MEASURE OF LOSS OF OR DAMAGE TO SUCH ARTICLE OR ARTICLES SHALL BE REASONABLE AND FAIR PROPORTION OF THE TOTAL VALUE OF THE PAIR OR SET, GIVING CONSIDERATION TO THE IMPORTANCE OF SAID ARTICLE OR ARTICLES, BUT IN NO EVENT SHALL SUCH LOSS OR DAMAGE BE CONSTRUED TO MEAN TOTAL LOSS OF THE PAIR OR SET; OR
- (B) ANY PART OF PROPERTY COVERED CONSISTING, WHEN COMPLETE FOR USE OR SALE, OF SEVERAL PARTS, THE COMPANY SHALL BE LIABLE FOR THE VALUE OF THE PART LOST OR DAMAGED
16. **RECORDS AND INVENTORY** - THE INSURED SHALL KEEP ACCURATE BOOKS, RECORDS AND ACCOUNTS IN THE FOLLOWING MANNER: A DETAILED AND ITEMIZED INVENTORY RECORD OF ALL PROPERTY COVERED HEREUNDER SHALL BE MAINTAINED AND PHYSICAL INVENTORY SHALL BE TAKEN PERIODICALLY AT INTERVALS NOT MORE THAN TWELVE MONTHS APART.
17. **EXAMINATION OF RECORDS** - THE INSURED SHALL, AS OFTEN AS MAY BE REASONABLY REQUIRED DURING THE TERM OF THIS POLICY AND FOR ONE YEAR THEREAFTER, PRODUCE FOR EXAMINATION BY THE COMPANY OR ITS DULY AUTHORIZED REPRESENTATIVE ALL THE BOOKS AND RECORDS, INVENTORIES AND ACCOUNTS RELATING TO THE PROPERTY COVERED HEREUNDER.
18. **SUIT** - NO SUIT, ACTION OR PROCEEDING FOR THE RECOVERY OF ANY CLAIM UNDER THIS POLICY SHALL BE SUSTAINABLE IN ANY COURT OF LAW OR EQUITY UNLESS THE SAME BE COMMENCED WITHIN TWELVE (12) MONTHS NEXT AFTER DISCOVERY BY THE INSURED OF THE OCCURRENCE WHICH GIVES RISE TO THE CLAIM, PROVIDED HOWEVER, THAT IF BY THE LAWS OF THE STATE WITHIN WHICH THIS POLICY IS ISSUED SUCH LIMITATION IS INVALID, THEN ANY SUCH CLAIMS SHALL BE VOID UNLESS ACTION, SUIT OR PROCEEDING BE COMMENCED WITHIN THE SHORTEST LIMIT OF TIME PERMITTED BY THE LAWS OF SUCH STATE
19. **APPRAISAL** - IF THE INSURED AND THE COMPANY FAIL TO AGREE AS TO THE AMOUNT OF LOSS, EACH SHALL, ON THE WRITTEN DEMAND OF EITHER, MADE WITHIN (60) DAYS AFTER RECEIPT OF PROOF OF LOSS BY THE COMPANY, SELECT A COMPETENT AND DISINTERESTED APPRAISER, AND THE APPRAISAL SHALL BE MADE AT A REASONABLE TIME AND PLACE THE APPRAISERS SHALL FIRST SELECT A COMPETENT AND DISINTERESTED UMPIRE, AND FAILING FOR FIFTEEN (15) DAYS TO AGREE UPON SUCH UMPIRE, THEN, ON THE REQUEST OF THE INSURED OR THE COMPANY, SUCH UMPIRE SHALL BE SELECTED BY A JUDGE OF A COURT OF RECORD IN THE STATE IN WHICH SUCH APPRAISAL IS PENDING. THE APPRAISERS SHALL THEN APPRAISE THE LOSS, STATING SEPARATELY THE ACTUAL CASH VALUE AT THE TIME OF LOSS AND THE AMOUNT OF LOSS, AND FAILING TO AGREE SHALL SUBMIT THEIR DIFFERENCES TO THE UMPIRE AN AWARD IN WRITING OF ANY TWO SHALL DETERMINE THE AMOUNT OF LOSS. THE INSURED AND THE COMPANY SHALL EACH PAY HIS OR ITS CHOSEN APPRAISER AND SHALL BEAR EQUALLY THE OTHER EXPENSES OF THE APPRAISAL AND UMPIRE THE COMPANY SHALL NOT BE HELD TO HAVE WAIVED ANY OF ITS RIGHTS BY ANY ACT RELATING TO APPRAISAL
20. **COMPANY'S OPTIONS** - IT SHALL BE OPTIONAL WITH THE COMPANY TO TAKE ALL, OR ANY PART, OF THE PROPERTY AT THE AGREED OR APPRAISED VALUE, OR TO REPAIR, REBUILD OR REPLACE THE PROPERTY DESTROYED OR DAMAGED WITH OTHER OF LIKE KIND AND QUALITY WITHIN A REASONABLE TIME, ON GIVING NOTICE OF ITS INTENTION TO DO SO WITHIN SIXTY (60) DAYS AFTER THE RECEIPT OF THE PROOF OF LOSS HEREIN REQUIRED
21. **ABANDONMENT** - THERE CAN BE NO ABANDONMENT TO THE COMPANY OF ANY PROPERTY

22. **CLAIMS AGAINST THIRD PARTIES** - IN THE EVENT OF ANY LOSS OF OR DAMAGE TO THE PROPERTY COVERED HEREUNDER THE INSURED SHALL IMMEDIATELY MAKE CLAIM IN WRITING AGAINST THE CARRIER(S), BAILEE(S) OR OTHERS INVOLVED.
23. **LABELS** - IN THE EVENT OF LOSS OF OR DAMAGE TO LABELS, CAPSULES OR WRAPPERS, THE LOSS SHALL BE ADJUSTED ON THE BASIS OF AN AMOUNT SUFFICIENT TO PAY THE COST OF NEW LABELS, CAPSULES OR WRAPPERS.
24. **ASSISTANCE AND COOPERATION OF THE INSURED** - IN THE EVENT THIS POLICY COVERS THE INSURED'S LIABILITY, THE INSURED SHALL COOPERATE WITH THE COMPANY, AND UPON THE COMPANY'S REQUEST, SHALL ATTEND HEARINGS AND TRIALS AND SHALL ASSIST IN EFFECTING SETTLEMENTS, SECURING AND GIVING EVIDENCE, OBTAINING THE ATTENDANCE OF WITNESSES AND IN THE CONDUCT OF SUITS. THE INSURED SHALL NOT, EXCEPT AT HIS OWN COST, VOLUNTARILY MAKE ANY PAYMENT, ASSUME ANY OBLIGATION OR INCUR ANY EXPENSE WITHOUT WRITTEN CONSENT OF THE COMPANY.
25. **SUE AND LABOR** - IN CASE OF ACTUAL (OR IMMINENT, WITH PROPER NOTICE TO AND APPROVAL FROM THIS COMPANY) LOSS OR DAMAGE IT SHALL BE LAWFUL AND NECESSARY FOR THE INSURED, THEIR FACTORS, SERVANTS OR ASSIGNS, TO SUE, LABOR AND TRAVEL FOR IN AND ABOUT THE DEFENSE, SAFEGUARD AND RECOVERY OF THE PROPERTY INSURED HEREUNDER, OR ANY PART THEREOF, WITHOUT PREJUDICE TO THIS INSURANCE, NOR SHALL THE ACTS OF THE INSURED OR THIS COMPANY IN RECOVERING, SAVING AND PRESERVING THE PROPERTY INSURED IN CASE OF LOSS OR DAMAGE, BE CONSIDERED A WAIVER OR ACCEPTANCE OF ABANDONMENT; TO THE CHARGES THEREOF, THIS COMPANY WILL CONTRIBUTE ACCORDING TO THE RATE AND QUANTITY OF THE SUM HEREIN INSURED.
26. **DEBRIS REMOVAL:**
1. THIS POLICY COVERS EXPENSES INCURRED IN THE REMOVAL OF ALL DEBRIS OF THE PROPERTY COVERED HEREUNDER WHICH MAY BE OCCASIONED BY LOSS CAUSED BY ANY OF THE PERILS INSURED AGAINST, SUBJECT HOWEVER TO THE LIMIT OF LIABILITY
  2. THIS COMPANY SHALL NOT BE LIABLE UNDER THIS POLICY AND THIS CLAUSE FOR:
    - (A) MORE THAN THE AMOUNT OF INSURANCE PROVIDED IN THIS POLICY;
    - (B) ANY GREATER PROPORTION OF SUCH EXPENSE THAN THE AMOUNT OF INSURANCE HEREUNDER BEARS TO THE TOTAL AMOUNT OF ALL INSURANCE, WHETHER ALL SUCH INSURANCE CONTAINS THIS CLAUSE OR NOT; NOR
    - (C) LOSS OCCASIONED BY THE ENFORCEMENT OF ANY STATE OR MUNICIPAL LAW OR ORDINANCE WHICH NECESSITATES THE DEMOLITION OF ANY PORTION OF THE BUILDING COVERED HEREUNDER WHICH HAS NOT SUFFERED DAMAGE BY ANY OF THE PERILS INSURED AGAINST IN THIS POLICY UNLESS SUCH LIABILITY IS OTHERWISE SPECIFICALLY INSURED BY THIS POLICY:
  3. IF THIS POLICY IS DIVIDED INTO TWO OR MORE ITEMS, THE FOREGOING SHALL APPLY SEPARATELY TO EACH SUCH ITEM.
27. **CANCELLATION** - THIS POLICY MAY BE CANCELED BY THE INSURED BY MAILING TO THE COMPANY WRITTEN NOTICE STATING WHEN THEREAFTER SUCH CANCELLATION SHALL BE EFFECTIVE THIS POLICY MAY BE CANCELED BY THE COMPANY BY MAILING TO THE INSURED AT THE ADDRESS SHOWN IN THIS POLICY OR LAST KNOWN ADDRESS WRITTEN NOTICE STATING WHEN NOT LESS THAN THIRTY (30) DAYS THEREAFTER SUCH CANCELLATION SHALL BE EFFECTIVE; HOWEVER, CANCELLATION DUE TO NON-PAYMENT OF PREMIUM SHALL REQUIRE TEN (10) DAYS WRITTEN NOTICE OF CANCELLATION. THE MAILING OF NOTICE AS

AFOREMENTIONED SHALL BE SUFFICIENT PROOF OF NOTICE AND THE EFFECTIVE DATE OF CANCELLATION STATED IN THE NOTICE SHALL BECOME THE END OF THE POLICY PERIOD. DELIVERY OF SUCH WRITTEN NOTICE EITHER BY THE INSURED OR BY THE COMPANY SHALL BE EQUIVALENT TO MAILING

28. **ALL OTHER MATTERS** - ALL MATTERS NOT PROVIDED FOR HEREIN OR BY ENDORSEMENT HEREON SHALL BE GOVERNED BY THE TERMS AND CONDITION OF THE COMPANY'S PRINTED POLICY FORM TO WHICH THIS FORM IS ATTACHED AND WHICH HAS BEEN ISSUED IN CONJUNCTION HEREWITH THE FOREGOING CLAUSES SHALL, HOWEVER, BE CONSIDERED TO SUPERSEDE AND ANNUL ANY CLAUSES THEREIN WHICH MAY BE OF THE SAME OR SIMILAR NATURE.
29. **STATUTORY REQUIREMENTS** - IT IS HEREBY AGREED THAT IF PROPERTY COVERED UNDER THIS POLICY IS LOCATED IN A STATE THAT REQUIRES A STATUTORY POLICY OR STANDARD FORM(S) AT VARIANCE WITH THIS POLICY OR THE FORM(S) ATTACHED HERETO, THEN THIS INSURANCE SHALL COVER SUCH PROPERTY IN ACCORDANCE WITH THE PROVISIONS OF SUCH REQUIRED POLICY OR FORM(S).
30. **VALUATION** - THIS COMPANY SHALL NOT BE LIABLE FOR MORE THAN THE ACTUAL CASH VALUE OF THE PROPERTY AT THE TIME ANY LOSS OR DAMAGE OCCURS AND THE LOSS OR DAMAGE SHALL BE ASCERTAINED OR ESTIMATED ACCORDING TO SUCH ACTUAL CASH VALUE WITH PROPER DEDUCTION FOR DEPRECIATION, HOWEVER CAUSED, AND SHALL IN NO EVENT EXCEED WHAT IT WOULD THEN COST TO REPAIR OR REPLACE THE SAME WITH MATERIAL OF LIKE KIND AND QUALITY, NOR THE AMOUNT FOR WHICH THE INSURED MAY BE LIABLE.
31. **DEFINITION OF FLOOD** - WHEREVER IN THIS POLICY THE TERM "FLOOD" OCCURS, IT SHALL BE HELD TO MEAN A GENERAL AND TEMPORARY CONDITION OF PARTIAL OR COMPLETE INUNDATION OF NORMALLY DRY LAND AREAS FROM (1) THE OVERFLOW OF INLAND OR TIDAL WAVES, (2) THE UNUSUAL AND RAPID ACCUMULATION OR RUNOFF OF SURFACE WATERS FROM ANY SOURCE OR SPRAY FROM ANY OF THE FOREGOING, (3) MUDSLIDES WHICH ARE CAUSED OR PRECIPITATED BY ACCUMULATIONS OF WATER ON OR UNDER THE GROUND; ALL WHETHER DRIVEN BY WIND OR NOT
32. **EXCESS INSURANCE** - PERMISSION IS GRANTED THE INSURED TO HAVE EXCESS INSURANCE OVER THE LIMIT OF LIABILITY SET FORTH IN THIS POLICY WITHOUT PREJUDICE TO THIS POLICY AND THE EXISTENCE OF SUCH INSURANCE, IF ANY, SHALL NOT REDUCE ANY LIABILITY UNDER THIS POLICY.
33. **SALVAGE AND RECOVERIES** - ALL SALVAGE, RECOVERIES AND PAYMENTS RECOVERED OR RECEIVED SUBSEQUENT TO A LOSS SETTLEMENT UNDER THIS POLICY SHALL BE APPLIED AS IF RECOVERED OR RECEIVED PRIOR TO THE LOSS SETTLEMENT AND ALL NECESSARY ADJUSTMENTS SHALL BE MADE BY THE PARTIES HERETO.

**ALL RISK WARRANTY**

IT IS AGREED THE INSURED SHALL MAINTAIN UNDERLYING ALL RISK COVERAGE FROM THE INCEPTION OF THIS POLICY TO EXPIRATION EQUIVALENT TO STANDARD FORM CF 0013, CF 0014 OR CP 1030.

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

## **EXCLUSION OF CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

### **DIFFERENCE IN CONDITIONS POLICY**

- A.** The following definition is added with respect to the provisions of this endorsement:

"Certified act of terrorism" means an 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. The criteria contained in that Act for a "certified act of terrorism" include the following:

1. The act resulted in aggregate losses in excess of \$5 million; and
2. 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 acting on behalf of any foreign person or foreign interest, 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.

- B.** The following exclusion is added:

#### **CERTIFIED ACT OF TERRORISM EXCLUSION**

We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

- C.** **Application Of Other Exclusions**

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 Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

## **FLOOD EXCLUSION**

UNDER SECTION 4., PERILS EXCLUDED, IT IS AGREED THAT EXCLUSION (B) IS AMENDED TO READ:

- (B) flood, surface water, waves, tidal water or tidal wave, overflow of streams or other bodies of water, or spray from any of the foregoing, all whether driven by wind or not, water which backs up through sewers or drains; or water below the surface of the ground including that which exerts pressure on or flows, seeps or leaks through sidewalks, driveways, foundations, walls basement or other floors, or through doors, windows, or any other opening in such sidewalks, driveways, foundations, walls or floors.

**MINIMUM EARNED PREMIUM**

IF THIS POLICY IS CANCELLED AT THE REQUEST OF THE INSURED, THE TOTAL RETAINED BY THE COMPANY SHALL NOT BE LESS THAN \$2,614.00.

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

## **LIMITATIONS ON FUNGUS, WET ROT, DRY ROT AND BACTERIA**

This endorsement modifies insurance provided under the following:

### **DIFFERENCE IN CONDITIONS POLICY**

**A.** The following exclusion is added. With respect to the loss or damage addressed therein, this exclusion supersedes any other exclusion which addresses fungus.

#### **"Fungus", Wet Rot, Dry Rot And Bacteria**

We will not pay for loss or damage caused directly or indirectly by the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

But if "fungus", wet or dry rot or bacteria results in:

1. A "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss", if the Causes of Loss – Special Form applies; or
2. A Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss, if the Causes of Loss – Basic Form, Causes of Loss – Broad Form or Standard Property Policy applies.

**B.** The following exclusion replaces any exclusion pertaining to continuous or repeated seepage or leakage of water; and supersedes any other exclusion, preclusion of coverage or exception to an exclusion pertaining to leakage or discharge of water or steam from a system or appliance.

We will not pay for loss or damage caused by or resulting from continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

**C.** The following is added:

#### **Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria**

1. The coverage described in **C.2.** and **C.6.** only applies when the "fungus", wet or dry rot or bacteria is the result of one or more causes of loss or damage, as covered by the Difference In Conditions Form, that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
  - a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
  - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
  - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under C.2. of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences described in C.1., which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

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

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

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under the Additional Coverage – Collapse, if such Additional Coverage applies to your policy.

6. The following, 6.a. or 6.b., applies only if Business Income and/or Extra Expense coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense coverage form.

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

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

D. If the policy is endorsed to provide Ordinance Or Law Coverage with respect to property damage, Business Income or Extra Expense, we will not pay under the Ordinance Or Law Coverage for:

1. Loss or expense sustained due to the enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or

2. The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "fungus", wet or dry rot or bacteria.

E. The following definition is added:

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

## **EXCLUSION ENDORSEMENT**

### **SEEPAGE, POLLUTION OR CONTAMINATION**

THIS POLICY EXCLUDES LOSS OR DAMAGE OR COSTS OR EXPENSES TO PROPERTY INSURED HEREUNDER, EITHER DIRECTLY OR INDIRECTLY ARISING FROM SEEPAGE AND/OR CONTAMINATION, OTHER THAN CONTAMINATION FROM SMOKE DAMAGE. ANY SUCH LOSS TO PROPERTY INSURED UNDER THIS POLICY IS EXCLUDED REGARDLESS OF ANY CAUSE OR EXTENT THAT CONTRIBUTES CONCURRENTLY OR IN ANY OTHER SEQUENCE TO THE LOSS. NEVERTHELESS, THIS EXCLUSION DOES NOT PRECLUDE PAYMENT OF THE COST OF REMOVAL OF DEBRIS OF PROPERTY DAMAGED BY A LOSS OTHERWISE COVERED HEREUNDER. IN THE EVENT OF SUCH LOSS OR DAMAGE, THIS COMPANY SHALL BE LIABLE ONLY FOR THE ACTUAL LOSS SUSTAINED, SUBJECT TO POLICY DEDUCTIBLE, BUT NOT EXCEEDING A MAXIMUM LIMIT OF \$10,000. ON ANY ONE LOSS, AT ANY ONE LOCATION, FOR ANY ONE ORIGINAL INSURED.

## REPLACEMENT COST ENDORSEMENT

- A. AS RESPECTS LOSS TO BUILDINGS OR PERSONAL PROPERTY THE PROVISIONS OF THIS POLICY APPLICABLE ONLY TO SUCH ITEM(S) ARE AMENDED TO SUBSTITUTE THE TERM "REPLACEMENT COST" (WITHOUT DEDUCTION FOR DEPRECIATION) FOR THE TERM "ACTUAL CASH VALUE" WHEREVER IT APPEARS IN THIS POLICY, SUBJECT, HOWEVER, IN ALL OTHER RESPECTS TO THE PROVISIONS OF THIS VALUATION CLAUSE AND OF THE POLICY TO WHICH IT IS PART.
  
- B. THIS SHALL NOT APPLY TO STOCK (RAW, IN PROCESS OR FINISHED) OR MERCHANDISE, INCLUDING MATERIALS AND SUPPLIES IN CONNECTION THEREWITH, PROPERTY OF OTHERS, HOUSEHOLD FURNITURE OR RESIDENTIAL CONTENTS.
  
- C. THIS COMPANY SHALL NOT BE LIABLE UNDER THIS VALUATION CLAUSE FOR ANY LOSS UNLESS AND UNTIL THE LOST OR DAMAGED PROPERTY IS ACTUALLY REPAIRED OR REPLACED BY THE INSURED WITH DUE DILIGENCE AND DISPATCH.
  
- D. RECOVERY ON A REPLACEMENT COST BASIS WILL NOT BE IMPAIRED IF ALL OR A PORTION OF THE BUILDING IS NOT REPLACED DUE TO THE ENFORCEMENT OF AN ORDINANCE, LAW OR CODE AFFECTING REBUILDING THE DAMAGED BUILDING TO THE SAME USE, WITH THE SAME SQUARE-FOOT AREA OR NUMBER OF UNITS THAT EXISTED PRIOR TO LOSS. RECOVERY WILL INCLUDE FULL REPLACEMENT COST OF THE LOST VALUE OF THE PORTION OF THE BUILDING THAT IS NOT REBUILT.
  
- E. THE INSURED MAY ELECT TO MAKE CLAIM UNDER THIS POLICY IN ACCORDANCE WITH ITS PROVISIONS, DISREGARDING THIS PROVISION AND THE INSURED MAY MAKE FURTHER CLAIM FOR ANY ADDITIONAL LIABILITY BROUGHT ABOUT BY THIS VALUATION CLAUSE IN ACCORDANCE WITH ITS PROVISIONS, PROVIDED THIS COMPANY IS NOTIFIED IN WRITING WITHIN 180 DAYS AFTER LOSS OF THE INSURED'S INTENT TO MAKE SUCH FURTHER CLAIM.

- (1) THIS COMPANY'S LIABILITY FOR LOSS ON A REPLACEMENT COST BASIS SHALL NOT EXCEED THE SMALLEST OF THE FOLLOWING AMOUNTS.
  - A. THE AMOUNT OF THIS POLICY APPLICABLE TO THE DAMAGED OR DESTROYED PROPERTY;
  - B. THE REPLACEMENT COST OF THE PROPERTY OR ANY PART THEREOF IDENTICAL WITH SUCH PROPERTY ON THE SAME PREMISES AND INTENDED FOR THE SAME OCCUPANCY AND USE;  
OR
  - C. THE AMOUNT ACTUALLY AND NECESSARILY EXPENDED IN REPAIRING OR REPLACING SAID PROPERTY OR ANY PART THEREOF.
  
- (2) IF THE COVERAGE ON PROPERTY UNDER THIS POLICY BE DIVIDED INTO TWO OR MORE ITEMS, ALL OF THE FOREGOING SHALL APPLY SEPARATELY TO EACH ITEM TO WHICH THIS PROVISION APPLIES.

## CALIFORNIA CHANGES - CANCELLATION AND NONRENEWAL

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under this policy:

1. The following is added to the 7., CANCELLATION:

WITH RESPECT TO POLICIES IN EFFECT FOR MORE THAN 60 DAYS:

- A. If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of this policy, of one or more of the following.

- (1) Nonpayment of premium, including payment due on prior policy we issued and due during the current policy term covering the same risks.

- (2) Discovery of fraud or material misrepresentation by:

- (a) Any insured or his or her representative in obtaining this insurance; or

- (b) You or your representative in pursuing a claim under this policy.

- (3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.

- (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increases any of the risks insured against.

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- (5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.
- (6) A determination by the Commissioner of Insurance that the:
  - (a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
  - (b) Continuation of the policy coverage would:
    - i Place us in violation of California law or the laws of the state where we are domiciled; or
    - ii Threaten our solvency.
- (7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk, is included in the policy.

2. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the Named Insured and to the producer of record, at least:

- (1) 10 days before the effective date of cancellation if we cancel for a reason listed in paragraph 7.a.(1) or (2).
- (2) 30 days before the effective date of cancellation if we cancel for any other reason listed in paragraph 7.a.

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- B. The following is added and supersedes any provisions to the contrary:

#### NONRENEWAL

1. If we decide not to renew this policy, we will mail or deliver written notice stating the reason for nonrenewal to the Named Insured shown in the Declarations and to the producer of record, at least:
  - a. 45 days, but not more than 120 days, before the expiration or anniversary date, if the aggregate policy premium is more than \$10,000.; or
  - b. 60 days, but not more than 120 days, before the expiration or anniversary date, if the aggregate policy premium is \$10,000. or less.
2. We will mail or deliver our notice to the Named Insured, and to the producer of record, at the mailing address show in the policy.
3. We are not required to send notice of nonrenewal in the following situations:
  - a. If the transfer or renewal of a policy, without any changes in terms, conditions, or rates, is between us and a member of our insurance group.
  - b. If the policy has been extended for 90 days or less, provided that notice has been give in accordance with paragraph B.1.
  - c. If you have obtained replacement coverage, or if the Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.

- d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
- e. If the Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
- f. If we have made written offer to the Named Insured, in accordance with the time frames show in paragraph B.1. to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%

**NOTICE TO GOLDEN BEAR POLICY HOLDERS  
INFORMATION CONCERNING A CLAIM**

**Golden Bear Insurance Company is here to serve you . . .**

**As our policy holder, your satisfaction is very important to us. Should you have a valid claim, we fully expect to provide a fair settlement in a timely fashion.**

**If you are not satisfied . . .**

**Should you feel you are not being treated fairly, we want you to know you may contact the California Department of Insurance with your complaint and seek assistance from the governmental agency that regulates insurance.**

**To contact the Department, write or call :**

**Consumer Services Division  
California Department of Insurance  
300 South Spring Street  
Los Angeles, California 90013**

**Consumer Hot Line : 1-800-927-4357**

**GBR101 (07 96)**