



Commercial Property Checklist A good beginning!

Allen Messer, CIC, CPCU
Insurance Concepts & Services
amesser@insuranceconceptsandservices.com
830-481-7997

I. Introductory Comments

A. Agency Coverage Standards

- Every insurance agency should have minimum coverage standards for each type of insurance policy written

B. Exposure Identification

- Every insurance agency should have a formal method for exposure identification
 1. Checklist and survey
 2. Website Review
 3. Flowchart
 4. Insurance policy review
 5. Physical inspections
 6. Compliance review
 7. Procedures and policies review
 8. Contract review
 9. Financial statement analysis
 10. Loss data analysis

II. Overview

A. Types of property

1. Owned
2. Rented
3. Leased
4. Otherwise in named insured's care, custody, or control

B. Types of losses

1. Direct
2. Indirect
 - a. Business Income
 - b. Extra Expense
 - c. Loss of Use
 - d. Other Types Of Consequential loss

III. Building And Personal Property Coverage Form - **BUILDING**

A. New Construction – Under Construction – Under Renovation – New Location

1. Must examine Building And Personal Property Coverage Form – Vacancy Condition to determine definition of building, definition of vacant and how construction or renovation is affected by this provision – oftentimes, what the named insured considers vacant may vary from specific policy provisions

Loss Condition - Vacancy

6. Vacancy

a. Description Of Terms

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

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. **Such building is vacant when it does not contain enough business personal property to conduct customary operations.**

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. **Such building is vacant unless at least 31% of its total square footage is:**

- (i) Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or
- (ii) Used by the building owner to conduct customary operations.

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

b. Vacancy Provisions

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

- (1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
 - (a)Vandalism;
 - (b)Sprinkler leakage, unless you have protected the system against freezing;
 - (c)Building glass breakage;
 - (d)Water damage;
 - (e)Theft; or
 - (f)Attempted theft.
- (2) **With respect to Covered Causes of Loss other than those listed in b.(1)(a) through b.(1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.**

- **Vacancy Permit - CP 04 50** – waives the application of the vacancy clause for a specific time period shown on the endorsement
- **Vacancy Changes - CP 04 60** – changes the % for owner or general lessee to below 31%

- B. Tenant is insuring **entire building** – required by contract – policy needs to be endorsed to protect owner’s interest and owner’s involvement in claims settlement

1. **Additional Insured – Building Owner - CP 12 19**

- Adds building owner as a **named insured** as respects the building coverage for direct physical loss or damage to the building(s) described in the Schedule
- Does not require notice of cancellation or nonrenewal to the building owner

2. **Loss Payable Provisions - CP 12 18**

- Used to add building owner as a **loss payee** under Building Owner Loss Payable Clause
 - ❖ Does not require notice of cancellation or nonrenewal to the building owner
- Used to add mortgage holder under Lender’s Loss Payable Clause if tenant is only named insured
 - ❖ Does require notice of cancellation or nonrenewal to the lender

- C. Tenant is contractually responsible for maintenance/repairs/replacement to a **portion of the building** without regard to cause – e.g., HVAC, glass, etc.

1. **OLD APPROACH** - building coverage with sufficient limit to match exposure – includes exterior glass – will need to add appropriate causes of loss as well

- Must activate Agreed Value to avoid potential coinsurance “problem”

Optional Coverage

G. Optional Coverages

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

1. Agreed Value

- a. **The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies.** We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. **OLD APPROACH - Building Glass – Tenant’s Policy - CP 14 70 - withdrawn**

- Not needed if there is building coverage – if used, can have its own deductible

3. ISO – Forms Designed for Exposure – better approach

- **Scheduled Building Property – Tenant’s Policy - CP 14 01 09 17**
 - Adds certain building property as insured property, on a scheduled basis. Under this endorsement, building property means the building glass, building fixtures and permanently installed machinery and equipment described in the Schedule
 - When a Limit Of Insurance is shown for Building Glass, insurance is provided for building glass that is part of the building shown in the Schedule
 - When a Limit Of Insurance is shown for Building Property Other Than Glass, insurance is provided for building fixtures and permanently installed machinery and equipment that are part of the building shown in the Schedule
- **Unscheduled Building Property – Tenant’s Policy – CP 14 02 09 17**
 - Adds certain building property as insured property, on an unscheduled basis
 - When a Limit Of Insurance is shown for Building Glass, insurance is provided for building glass that is part of the building shown in the Schedule
 - When a Limit Of Insurance is shown for Building Property Other Than Glass, insurance is provided for building fixtures and permanently installed machinery and equipment that are part of the building shown in the Schedule
- **A Deductible is optional for building glass**, in recognition of having that option in past ISO glass insurance forms. **A separate deductible applies on Building Property Other than Glass**
- Endorsement **CP 14 70** has been withdrawn because the option to cover building glass is included in endorsements CP 14 01 and CP 14 02
- A. We will pay for direct physical loss of or damage to building property at the building shown in the Schedule caused by or resulting from a **Covered Cause of Loss shown in the Schedule**, provided that:
 - 1. **You are a tenant of the building shown in the Schedule; and**
 - 2. **You have a contractual responsibility to insure such property, or a contractual responsibility to pay for loss or damage to such property.**
- B. The value of building property covered under this endorsement will be determined in accordance with the terms of the **Valuation Condition indicated in the Schedule**, or at the amount for which you are liable under contract, whichever is less. If required by law, glass is covered at the cost of replacement with safety glazing material. However, the most we will pay for the coverage provided under this endorsement is the applicable Limit Of Insurance shown in the Schedule.
- C. The Coinsurance Condition applies to the property covered under this endorsement **only if a Coinsurance percentage is shown in the Schedule**.
- D. Any coverage provided under this Coverage Form or Policy for Your Business Personal Property or Personal Property Of Others does not apply to the property covered under this endorsement.

D. Other “building” considerations for coverage

1. Replacement Cost Optional Coverage

Optional Coverage

3. Replacement Cost

a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.

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

- (1) Until the lost or damaged property is actually repaired or replaced; and
- (2) Unless the repairs or replacement is made as soon as reasonably possible after the loss or damage.

- How is this addressed by your insurance proposals and your insurance summaries?

2. Agreed Value Optional Coverage

Optional Coverage

1. Agreed Value

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

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

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

- (1) On or after the effective date of this Optional Coverage; and
- (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

3. Increased Cost Of Loss And Related Expenses For Green Upgrades – CP 04 02

- Provides coverage for the increased costs of repairing or replacing covered property damaged by a covered cost of loss with materials that provide enhanced energy efficiency or use of environmentally-preferable, sustainable materials, products or methods in design, construction, manufacture or operations
- Can also provide coverage for related expenses of waste reduction and recycling, design and engineering professional expenses, certification fees and related equipment testing and building air-out and related air testing
- Can provide coverage for the increased period of restoration needed to build back in this manner

4. **Ordinance Or Law Coverage – CP 04 05**

- Can provide coverage for loss to the undamaged portion of the **building**, demolition costs for undamaged portion of the **building**, and increased costs of construction of the **building** to comply with ordinances or laws in effect **at the time of loss** – *changes covered property which may necessitate increasing Limit Of Insurance*
- **CP 04 05** has been revised to add an option to include an ordinance or law that is promulgated or revised after the loss but prior to commencement of reconstruction or repair, provided such ordinance or law requires compliance as a condition precedent to obtaining a building permit or certificate of occupancy – must offer

5. **Debris Removal Additional Insurance – CP 04 15**

- Used to increase the additional debris removal coverage granted in the Coverage Form (\$25,000) to the amount specified in the endorsement

6. **Functional Building Valuation – CP 04 38**

- Designed to insure an older building whose architectural style has become obsolete or simply unnecessary to the named insured's current use (replacement cost unnecessary in a total loss – ACV does not meet needs in a partial loss)
- Coinsurance does not apply
- Ordinance Or Law Coverage as part of Limit Of Insurance
- **CP 04 38** has been revised to add an option to include an ordinance or law that is promulgated or revised after the loss but prior to commencement of reconstruction or repair, provided such ordinance or law requires compliance as a condition precedent to obtaining a building permit or certificate of occupancy

7. **Increase In Rebuilding Expenses Following Disaster (Additional Expense Coverage On Annual Aggregate Basis) – CP 04 09**

- Increases the Limit Of Insurance for expenses for labor and/or building materials for repair or replacement of the damaged property as a result of the declared disaster (required to be declared by state or federal authorities) and the total cost of repair or replacement exceeds the applicable Limit Of Insurance due to such increase in expenses (potential for "demand surge")

8. **Earthquake And Volcanic Eruption Endorsement – CP 10 40**

- Adds the indicated causes of loss – all earthquake shocks or volcanic eruptions occurring within a 168-hour period are a single occurrence
- Special consideration needed for masonry veneer
- Does NOT change Covered Property – need to endorse – **Additional Covered Property – CP 14 10** – may then need to increase Limit Of Insurance

9. Flood Coverage Endorsement – CP 10 65

- Designed to **wrap around** (not supplement) coverage provided by the National Flood Insurance Program (allows insurer to waive requirement by specific location) – applies in excess of coverage available under NFIP (even if coverage does not exist) – defines flood under the endorsement as a general and temporary condition of partial or complete inundation of normally dry land areas
- Includes mudslide
- Includes coverage for back up and overflow from sewers, drains and sumps if such discharge occurs within 72 hours after the flood recedes
- Provides coverage for loss to underground foundations and underground pipes/flues/drains (changes Covered Property)
- Excludes coverage for bulkheads/pilings/piers/wharves/docks/retaining walls even if they are Covered Property
- Covers removal of flood-borne debris of Covered Property and other property (excluding mud deposits)
- Covers removal of debris of Covered Property from premises other than the named insured's premises
- An annual aggregate limit of insurance applies
- Coinsurance applies unless the NO COINSURANCE OPTION is selected

10. Discharge From Sewer, Drain Or Sump (Not Flood Related) – CP 10 38

- Includes coverage for discharge of water or waterborne material from a sewer, drain (including a roof drain) or sump located on the described premises, provided such discharge is not induced by flood or flood-related conditions
- **Does NOT apply** if discharge results from insured's failure to perform routine maintenance or repairs OR to sump pump failure resulting from power failure unless policy is endorsed to cover power failure affecting the described premises
- Discharge limit for property damage to Covered Property and business income (if carried) as well as optional Annual Aggregate Limitation

11. Equipment Breakdown Cause Of Loss – CP 10 46

- Used to add coverage for causes of loss otherwise excluded/limited
- Deletes exclusions related to artificially generated electrical, magnetic and electromagnetic energy; mechanical breakdown; explosion of steam equipment
- Deletes limitations applicable to steam equipment and water heating equipment
- Add exclusions for pressure or electrical testing as well as wear and tear and inherent vice
- Coverage for Ammonia Contamination And Hazardous Substance is limited to the lesser of 10% of the Limit Of Insurance or \$25,000 – higher limits may be selected

12. Additional Covered Property – CP 14 10

- Used to add coverage for otherwise excluded property (deletes Property Not Covered)
- Examples, if earthquake added as a cause of loss, then would need to add coverage for foundation, underground pipes/flues/drains, cost of excavations – a restaurant risk on the water may want coverage for pilings, piers, wharves or docks - may want coverage for “full” perils for a fence or detached retaining wall

13. Additional Property Not Covered – CP 14 20

- Used to exclude property that is included automatically as Covered Property
- Examples include tenants improvements and betterments where landlord has required tenant to insure, outdoor fixtures, etc.

14. Additional Building Property – CP 14 15

- Adds coverage for fixtures, machinery, and equipment that are not permanently installed under the building coverage - building rate will apply
- For example, would allow walk-in coolers/freezers to be building items
- Could also “add” tenants improvements and betterments **for the tenant** as building

15. Outdoor Trees, Shrubs And Plants – CP 14 30

- Adds trees, shrubs, and plants to the definition of Covered Property for Basic, Broad, or Special Causes of Loss
- Limit Of Insurance chosen for each tree/shrub/plant as well as all items combined (includes debris removal in Limit Of Insurance for ALL Items)
- In addition to Causes Of Loss exclusions/limitations adds exclusions for dampness or dryness of atmosphere, changes in or extremes of temperature, and rain/snow/ice/sleet – option for Vehicle Exclusion
- Coverage Extension – Outdoor Property and Additional Coverage – Debris Removal do not apply to the property covered under this endorsement

16. Outdoor Signs – CP 14 40

- Increases the BPPCF limitation of \$2500 per occurrence for all outdoor signs to the Limits Of Insurance shown for the described signs
- Will want to properly “address” awnings that are signs

17. Radio Or Television Antennas – CP 14 50

- Adds radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, as described in the schedule to the definition of Covered Property for Basic, Broad or Special Causes of Loss
- Limit Of Insurance chosen is shown on Schedule
- In addition to Causes Of Loss exclusions/limitations, adds exclusions for dampness or dryness of atmosphere, changes in or extremes of temperature, and rain/snow/ice/sleet

IV. Building And Personal Property Coverage Form – **BUSINESS PERSONAL PROPERTY**

A. Tenant's Improvements & Betterments

Definition of Your Business Personal Property

- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 (a) Made a part of the building or structure you occupy but do not own; and
 (b) You acquired or made at your expense but cannot legally remove;

1. Specifically defined in the Coverage Form - may be different from what the named insured thinks these are
 2. Can be insured as a separate item under Your Business Personal Property and building rate is then used instead of personal property rate
- **Your Business Personal Property – Separation Of Coverage – CP 19 10**
 3. Only for direct damage - need indirect loss coverage
 - **Leasehold Interest Coverage Form – CP 00 60** - provides coverage for unamortized portion of use interest in improvements and betterments when lease cancellation results from a covered cause of loss at the described premises
 - **Additional Building Property – CP 14 15** - could be used to make tenants improvements and betterments Building in order to provide coverage for the tenant for destruction due to enforcement of an ordinance or law – would need to add **Ordinance Or Law Coverage – CP 04 05**
 - **Better approach - Ordinance Or Law Coverage For Tenant's Interest In Improvements And Betterments (Tenant's Policy) – CP 04 26 09 17** - with the exception of terminology relating to improvements and betterments specific to this endorsement, and provisions recognizing the situations in which building codes may impact such property, the scope of Coverage A, Coverage B and Coverage C in endorsement **CP 04 26** is **equivalent to** that of **CP 04 05**
 4. Coverage may be needed/provided for both tenant and building owner – as previously stated, if owner does not want to insure, need to endorse
 - **Additional Property Not Covered – CP 14 20** – could be used to exclude tenants improvements and betterments from tenant's policy if landlord has assumed responsibility to insure

B. Leased Personal Property

Definition of Your Business Personal Property

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

1. Specifically must have a contractual responsibility **to insure**
2. A contractual responsibility for loss is not enough

- **Leased Property – CP 14 60**

- Provides coverage for leased property as Your Business Personal Property
- Valuation may be on an agreed value (stipulated loss value) basis
- **Should be attached to every policy even if no leased property at inception**
- Schedule of endorsement for leased property should indicate “*all leased property*”
- Schedule of endorsement for agreed value should indicate “*as required by lease*”

C. Additional Considerations for Your Business Personal Property

1. May want to modify causes of loss

- **Utility Services - Direct Damage – CP 04 17**

- Adds coverage for damage to covered property resulting from interruption of any of the utility services identified if the interruption results from a covered cause of loss – **overhead transmission lines must be specifically included**
- Provides coverage for direct damage only

- **Spoilage Coverage – CP 04 40**

- Adds coverage for damage to perishable stock due to breakdown or contamination (mechanical breakdown or mechanical failure of refrigerating, cooling or humidity control apparatus or equipment and contamination by the refrigerant)
- Adds coverage for damage to perishable stock for power outage beyond named insured’s control
- May be written to include selling price
- Has own set of exclusions/limitations applicable – e.g., disconnection from a source of power, turning the power switch off, breaking of glass that is part of unit, etc.
- May receive a credit for a refrigeration maintenance agreement but if declared agreement is voluntarily terminated, coverage is suspended

- **Earthquake And Volcanic Eruption Coverage With Percentage Deductible – CP 10 40**

- **Flood Coverage Endorsement – CP 10 65**

- **Discharge From Sewer, Drain Or Sump (Not Flood Related) – CP 10 38**

- **Equipment Breakdown Cause Of Loss – CP 10 46**

2. May **not** want to include certain business personal property in coverage as would be included in calculation for compliance with coinsurance

- **Additional Property Not Covered – CP 14 20**

3. Valuation may not meet need

Optional Coverage

3. Replacement Cost

a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.

b. This Optional Coverage does not apply to:

(1) *Personal property of others;*

(2) *Contents of a residence;*

(3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or

(4) "Stock," unless the Including "Stock" option is shown in the Declarations.

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

- Need for specific coverage for Personal Property Of Others
- Activate **Extension Of Replacement Cost To Personal Property Of Others – Optional Coverage** – to be discussed shortly

4. May want coverage for business personal property stored in a building for which building coverage is not wanted

Definition of Your Business Personal Property

b. Your Business Personal Property consists of the following property located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater:

- Solution - schedule building but show no Limit Of Insurance for the Building; show Limit Of Insurance for Your Business Personal Property

5. May want to change valuation for certain types of property

- **Distilled Spirits And Wines Market Value – CP 99 05**
 - Producers, processors, distributors, and retailers of alcoholic beverages can cover distilled spirits and wine on a market value basis
 - Bottled distilled spirits are valued at the market price as of the time and place of loss or damage
 - Bottled winery products are valued at the market price the case goods could have been sold as of the time and place of loss or damage
 - Establishes that paid and unpaid taxes that are refundable federal excise taxes and customs duties as well as refundable state and local taxes are either deducted from the value or recoverable by the insurer – these are refundable when they are “damaged” by any peril except theft
- **Alcoholic Beverages Tax Exclusion – CP 99 10**
 - Allows insured to exclude value for refundable federal excise taxes and customs duties as well as refundable state and local taxes from value of business personal property held for sale that consist of distilled spirits, wines, rectified products (e.g., Ever-clear) and beer for all perils other than theft and increase value of this business personal property for the peril of theft
- **Manufacturer's Selling Price (Finished "Stock" Only) - CP 99 30**
 - Allows insured to be paid for the profit that would otherwise have been earned from the sale of finished stock had it not been damaged by an insured peril
- **Market Value—Stock - CP 99 31**
 - Allows the insured to be paid the market value of stock that is bought and sold at an established market exchange where the market prices are posted and quoted
- **Manufacturers Consequential Loss Assumption – CP 99 02**
 - Allows the insured to recover the reduction in value of undamaged stock in the process of manufacture that is caused by damage to other stock (e.g., businesses that manufacture products that are sold in matched sets, using the same materials for all parts of the set – when one part is damaged, the other part has less value)
- **Functional Personal Property Valuation (Other Than Stock) – CP 04 39**
 - Allows the insured to replace personal property with the most closely equivalent property available
 - Coinsurance does not apply

6. Business personal property off premises
 - a. As Coverage Extension in Coverage Form

Coverage Extension

d. Property Off-premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
 - (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

- b. As Coverage Extension in Causes of Loss – Special Form

Coverage Extension

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

- Not the best method for insuring this exposure
- **Specified Business Personal Property Temporarily Away From Premises - CP 04 04**
 - Schedule shows Limit Of Insurance as well as type(s) or item(s) of business personal property
 - Not intended to apply to stock or salespersons samples unless at fair, trade show, or exhibit and theft from a vehicle must be visible signs of forced entry
 - **BUT** potential for property shipped at named insured's risk – need to check purchase orders, shipping documents, etc. – may need inland marine coverage

V. Building And Personal Property Coverage Form – **PERSONAL PROPERTY OF OTHERS**

A. As a **Coverage Extension**

Coverage Extension

b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

(1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.

(2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises.

Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

1. Limited to \$2,500 and would not apply to Property NOT Covered

2. Previously stated - valuation is also limited to ACV

Optional Coverage

3. Replacement Cost

a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.

b. This Optional Coverage does not apply to:

(1) Personal property of others;

B. As **Covered Property** - Personal Property Of Others

Covered Property

C. Personal Property Of Others that is:

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

(2) Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

1. Limited as to where this property is covered

2. Still subject to Property NOT Covered

3. **Only pays for direct damage** - what about potential exposure for loss of use? – **Legal Liability Coverage Form – CP 00 40**

4. Still subject to Causes of Loss Exclusions/Limitations - need to determine exposures/solutions

4. Valuation may be Replacement Cost, if extended

Covered Property

4. Extension Of Replacement Cost To Personal Property Of Others

- a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.
- b. With respect to replacement cost on the personal property of others, the following limitation applies:
If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, **but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.**

5. Valuation may be changed for certain types of property of others

- **Storage or Repairs Limited Liability – CP 99 42**

- Valuation of property of others held by the insured for storage or repairs becomes the lesser of the item's actual cash value or the value declared on the receipt issued by the insured to the insured's customer

C. Other types of coverages may be needed

- **Garagekeepers Coverage – CA 99 37**

- Insurer will pay all sums the insured legally must pay as damages for loss to a customer's auto or customer's auto equipment left in the insured's care while the insured is attending, servicing, repairing, parking or storing it in the named insured's garage operations under comprehensive, specified causes of loss and collision subject to a deductible
- Coverage may be written on a legal liability basis, a direct excess basis, or a direct primary basis
- Does not provide insurance protection for any contents of the customer's auto

- **Bailee's Customers Coverage (or similar commercial inland marine coverages)**

- Can be written on a legal liability basis or without regard to legal liability
- Valuation is ACV but may be changed to replacement costs if written without regard to legal liability
- Usually no insurance protection for loss of use of the damaged or destroyed property

- **Legal Liability Coverage Form - CP 00 40**

- Provide coverage for the named insured's legal liability for direct physical loss or damage (including loss of use) to property, either real or personal (other than electronic data), in the named insured's care, custody, or control caused by an accident and resulting from a covered cause of loss
- Causes Of Loss Form has an exclusion for liability assumed under contract, so this coverage is for tort liability only

- **Equipment Breakdown Coverage Form – EB 00 20**

- The ISO Equipment Breakdown Protection Coverage Form provides coverage by incorporating coverages into the form that are activated by inserting a limit, number of days, or the word “INCLUDED” on the Declarations. (EB DS 07 09 11)

Insurance applies only to a coverage for which a Limit of Insurance, a number of Days/Hours or the word **INCLUDED** is shown. If **INCLUDED** is shown, then the limit for that coverage is part of the Limit Per Breakdown.

Coverage	Limit Of Insurance Or Days/Hours
Limit Per Breakdown	
1. Property Damage	
2. Expediting Expense	
3. Business Income/Extra Expense	
a. Extra Expense Only	
b. Extended Period Of Restoration (Number Of Days Of Coverage)	Days
c. Data Or Media (\$25,000 Limit Of Insurance) or	
4. Spoilage Damage	
5. Utility Interruption	
a. Coverage applies only if the interruption of services lasts at least:	Hours
6. Newly Acquired Premises	INCLUDED
a. (Number Of Days Of Coverage)	Days
7. Ordinance Or Law	
8. Errors And Omissions	
9. Brands And Labels	
10. Contingent Business Income/Extra Expense	
a. Covered Premises:	
b. Sales, Services Or Materials:	

EB DS 07 09 11

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- **Money & Securities – Commercial Crime – Loss Sustained or Discovery**
- **Employee Theft – Commercial Crime – Loss Sustained or Discovery**

Policy Period:		
From:	To:	12:01 AM at your mailing address shown above
Coverage is provided only if an amount is shown opposite an Insuring Agreement. If the amount is left blank or "Not Covered" is inserted, such Insuring Agreement and any other reference thereto in this Policy will be deemed to be deleted therefrom.		
Insuring Agreements	Limit Of Insurance Per Occurrence	Deductible Amount Per Occurrence
1. Fidelity		
a. Employee Theft	\$	\$
b. ERISA Plan Official Dishonesty	\$	N/A
c. Employee Theft Of Clients' Property	\$	\$
2. Forgery Or Alteration		
a. Forgery Of Negotiable Instruments	\$	\$
b. Forgery Of Payment Card Instruments	\$	N/A
3. Inside The Premises – Theft Of Money And Securities	\$	\$
4. Inside The Premises – Robbery Or Safe Burglary Of Other Property	\$	\$
5. Outside The Premises	\$	\$
6. Computer And Funds Transfer Fraud	\$	\$
7. Fraudulent Impersonation	\$	\$
8. Money Orders And Counterfeit Money	\$	\$

D. **Watch out for:**

- **Protective Safeguards Endorsement – CP 04 11**

Endorsement

A. The following is added to the Commercial Property Conditions:

Protective Safeguards

As a condition of this insurance, you are required to:

1. Maintain the protective safeguards-listed in the Schedule and over which you have control, in complete working order;
2. **Actively engage and maintain in the "on" position at all times any automatic fire alarm or other automatic system listed in the Schedule;** and
3. Notify us if you know of any suspension of or impairment in any protective safeguard listed in the Schedule.

However, if part of an Automatic Sprinkler System or Automatic Commercial Cooking Exhaust And Extinguishing System is shut off due to breakage, leakage, freezing conditions or opening of sprinkler heads, notification to us will not be necessary if you can restore full protection within 48 hours.

B. The following is added to the **Exclusions** section of:

Causes Of Loss – Basic Form

Causes Of Loss – Broad Form

Causes Of Loss – Special Form

We will not pay for loss or damage caused by or resulting from fire if, prior to the fire, you failed to comply with any condition set forth in Paragraph **A**.

- **Burglary And Robbery Protective Safeguards – CP 12 11**

Endorsement

A. The following is added to the Commercial Property Conditions:

Burglary And Robbery Protective Safeguards

As a condition of this insurance, you are required to:

1. Maintain the protective safeguards listed in the Schedule, and over which you have control, in complete working order.;
2. **Actively engage any automatic burglary alarm or other automatic system listed in the Schedule and maintain it in the "on" position during all non-work hours and whenever the premises are unoccupied;**
3. Actively engage an automatic burglary alarm or other automatic system, or parts thereof, in accordance with any other requirements, if any, indicated in the Schedule; and
4. Notify us if you know of any suspension of or impairment in any protective safeguard listed in the Schedule.

However, notification to us of the suspension of or impairment in an automatic burglary alarm or other automatic system listed in the Schedule will not be necessary if you:

- a. Can restore full protection within 48 hours of the suspension or impairment;
- b. Provide at least one watchperson or other means of surveillance at the premises during all non-work hours and whenever the premises are otherwise unoccupied; and
- c. Provide at least one watchperson or other means of surveillance during work hours if the Schedule requires that the premises or part thereof be protected during work hours.

B. The following is added to the **Exclusions** section of the Causes Of Loss – Special Form:

Burglary And Robbery Protective Safeguards

We will not pay for loss or damage caused by or resulting from theft if, prior to the theft, you failed to comply with any condition set forth in Paragraph **A**.

- **Limitation On Loss Settlement—Blanket Insurance (Margin Clause) - CP 12 32**

Endorsement – IN PART**B. Margin Clause**

With respect to property that is subject to a Blanket Limit of Insurance, we will determine a maximum loss payable for each building and for the contents of each building or the contents at each premises. The maximum loss **payable is determined by applying the applicable Margin Clause percentage indicated in the Schedule to the value of the property as shown in the latest statement of values reported to us.** If the statement of values does not state individually the value of each building and the value of contents at each building or premises, we will determine individual values as a part of the total reported values prior to application of the Margin Clause percentage.

Actual loss payment will be determined based on the amount of loss or damage subject to all applicable policy provisions including the Limits of Insurance Condition, Coinsurance, Deductible and Valuation Conditions. But the actual loss payment, for each building, for the contents of each building or for the contents at each premises, will not exceed the maximum loss payable as described above and will not exceed the Blanket Limit of Insurance.

The Margin Clause does not increase the Blanket Limit of Insurance.

- **Limitations on Coverage for Roof Surfacing - CP 10 36**

Endorsement – IN PART

A. The following applies with respect to loss or damage by a **Covered Cause of Loss (including wind and hail if covered)** to a building or structure identified in the Schedule as being subject to this Paragraph **A.:**

Replacement Cost coverage (if otherwise applicable to such property) does not apply to roof surfacing. **Instead, we will determine the value of roof surfacing at actual cash value as of the time of loss or damage.**

B. The following applies with respect to loss or damage by **wind and/or hail** to a building or structure identified in the Schedule as being subject to this Paragraph **B.:**

We will not pay for cosmetic damage to roof surfacing caused by wind and/or hail. For the purpose of this endorsement, cosmetic damage means that the wind and/or hail caused marring, pitting or other superficial damage that altered the appearance of the roof surfacing, but such damage does not prevent the roof from continuing to function as a barrier to entrance of the elements to the same extent as it did before the cosmetic damage occurred.

C. For the purpose of this endorsement, roof surfacing refers to the shingles, tiles, cladding, metal or synthetic sheeting or similar materials covering the roof and includes all materials used in securing the roof surface and all materials applied to or under the roof surface for moisture protection, as well as roof flashing.

- **Exclusion Of Loss Due To By-Products of Production Or Processing Operations (Rental Properties) - CP 10 34**

Endorsement – IN PART

A. The terms of this endorsement apply to the rental unit(s) described in the Schedule, and to the building(s) in which such unit(s) is located, including any contents of such unit(s) and building(s), all of which constitute the described premises for the purpose of this endorsement.

B. We will not pay for loss or damage to the described premises, caused by or resulting from smoke, vapor, gas or any substance released in the course of production operations or processing operations performed at the rental unit(s) described in the Schedule. This exclusion applies regardless of whether such operations are:

1. Legally permitted or prohibited;
2. Permitted or prohibited under the terms of the lease; or
3. Usual to the intended occupancy of the premises.

This exclusion does not apply to loss or damage by fire or explosion that results from the release of a by-product of the production or processing operation.

C. If the loss or damage described in Paragraph **B.** results in Business Income loss or Extra Expense, there is no coverage for such loss or expense under the business income and/or extra expense forms listed in this endorsement, or under any other business interruption insurance if provided under this policy.

D. The conduct of a tenant's production or processing operations will not be considered to be vandalism of the rental premises regardless of whether such operations are:

1. Legally permitted or prohibited;
2. Permitted or prohibited under the terms of the lease; or
3. Usual to the intended occupancy of the premises.

- Other warranty endorsements

VI. Business Income Coverage Form

A. Business Income Defined

A. Coverage

1. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

- 1. Profit not required
- 2. Net loss subtracted from continuing normal operating expenses incurred in determining amount of business income
- 3. While payroll is included in this definition, Loss Determination Loss Condition states that payroll is included only to the extent that it is necessary to resume operations with the same quality of service that existed just before the loss

- And, for certain types of risks, **will tips be included in definition of payroll?**

Loss Condition

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

- (3) The operating expenses, including payroll expenses, necessary to resume "operations" ***with the same quality of service that existed just before the direct physical loss or damage;*** and

- Possibility of insurer/insured disagreement as to what payroll is necessary?
- **Discretionary Payroll Expenses – CP 15 04** eliminates any possibility of dispute
 - Job Classifications or Employees are shown in Schedule
 - Includes this payroll if paid for period of restoration/extension of period of restoration (any/all) unless otherwise limited by Schedule in endorsement

B. Options

Coverage is provided as described and limited below for one or more of the following options for which a Limit Of Insurance is shown in the Declarations:

- (1) Business Income Including "Rental Value".
- (2) Business Income Other Than "Rental Value".
- (3) "Rental Value".

- CAUTION: options create errors

C. Coverage “triggers”

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises means:

- (a) The portion of the building which you rent, lease or occupy;
- (b) Any area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
- (c) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

1. Suspension – DOES NOT HAVE TO BE A COMPLETE SHUTDOWN

6. "Suspension" means:

- a. The slowdown or cessation of your business activities; or
- b. That a part or all of the described premises is rendered untenable, if coverage for Business-Income Including "Rental Value" or "Rental Value" applies.

2. Operations

2. "Operations" means:

- a. Your business activities occurring at the described premises; and
- b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

3. Period of Restoration

3. "Period of restoration" means the period of time that:

a. Begins:

- (1) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
- (2) Immediately after the time of direct physical loss or damage for Extra Expense Coverage; caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

- (1) The date when the property at the described premises **should be** repaired, rebuilt or replaced with reasonable speed and similar quality; or
- (2) The date when business is resumed at a new permanent location.

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

- (1) Regulates the construction, use or repair, or requires the tearing down, of any property; or
- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

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

- 72 hours may be too long as a waiting period deductible – endorsement may be needed
- **Business Income Changes – Beginning Period Of The Period of Restoration – CP 15 56** to change to 24 hours or eliminate entirely
- Remember ordinance or law exposure – if endorsed to policy for direct damage, should endorse to policy for time element coverage - **Ordinance Or Law – Increased Period Of Restoration - CP 15 31**
- For many risks, this time period will not be sufficient – need to extend period for payment of business income loss beyond “period of restoration”
- **Additional Coverage – Extended Business Income** – gives 60 days coverage

c. Extended Business Income**(1) Business Income Other Than "Rental Value"**

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a)** Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b)** Ends on the earlier of:
 - (i)** The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii)** 60 consecutive days after the date determined in **(1)(a)** above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

- Should be extended beyond 60 days
- Available as one of the **Optional Coverages**

4. Extended Period Of Indemnity

Under Paragraph **A.5.c., Extended Business Income**, the number 60 in Subparagraphs **(1)(b)** and **(2)(b)** is replaced by the number shown in the Declarations for this Optional Coverage.

- Should be extended for period needed for exposure
 - 4. Described premises
- Losses may occur at other than the described premises that will affect named insured's business income
 - a. Policy may provide coverage automatically

5. Additional Coverages**a. Civil Authority**

In this Additional Coverage, Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
 - (2) When your Civil Authority Coverage for Business Income ends;
- whichever is later.

- Prohibited access to the described premises must be caused by act of civil authority
- Must be a Covered Cause of Loss causes damage to property other than property at the described premises
- Proximity to described premises limited – not more than one mile from the damaged property
 - May need to endorse – **Civil Authority Changes – CP 15 32** – increase radius
- Duration of coverage limited – four consecutive weeks
 - May need to endorse – **Civil Authority Changes – CP 15 32** – increase duration

b. Endorsements may be attached

• **Food Contamination (Business Interruption And Extra Expense) - CP 15 05**

- Extend coverage to apply to expenses to clean the named insured's equipment as required by governmental authority, to costs to replace the food that is or is suspected to be contaminated, to expenses of necessary medical tests or vaccinations for employees, unless they are provided coverage under a Workers Compensation And Employers Liability Insurance Policy, to the loss of Business Income the named insured sustains due to the necessary suspension of the named insured's operations as a result of the food contamination (as defined in the endorsement) which begins 24 hours after the named insured receives notice of closing from the governmental authority; and to the additional advertising expenses the named insured incurs to restore the named insured's reputation
- With respect to the coverage provided under this endorsement, any exclusion of virus or bacteria in the policy does not apply
- There is no coverage for fines or penalties imposed by a governmental authority.
- There are two annual aggregate limits for each described location – Food Contamination Limit applies to all expenses for which insurance protection is provided except the additional advertising expenses – Additional Advertising Expense Limit applies to that particular expense

• **Business Income From Dependent Properties – Broad Form – CP 15 08**

- Extends named insured's business income limits to dependent property locations listed on endorsement – may extend coverage as well to secondary contributing or secondary recipient locations (neither named)

• **Business Income From Dependent Properties – Limited Form – CP 15 09**

- Shows business income limits applicable to dependent property locations listed on endorsement - may extend coverage as well to secondary contributing or secondary recipient locations (neither named)

• **Off-Premises Interruption Of Business – Vehicles and Mobile Equipment – CP 15 06**

- Adds coverage for business income loss, extra expense loss, or both, resulting from loss or damage to vehicles and mobile equipment on which the business depends

Business Interruption Coverage – CA 99 05 (attached to Business Auto Policy)

- Adds coverage for business income and extra expense or business income only resulting from loss or damage to vehicles and mobile equipment on which the business depends to the Business Auto Policy

5. Covered Cause of Loss

- a. Many of the same concerns as for building/business personal property
- But special need for **Utility Services – Time Element – CP 15 45**
 - Need to be sure to properly address overhead transmission lines
 - Selection of an independent waiting period available for Business Income losses arising from utility services interruption, that is, a waiting period which could be different from the policy's waiting period – **options for no-waiting-period; 12 hours; 24 hours; 48 hours; 72 hours; 96 hours; 120 hours; 144 hours; 168 hours**
- May have need for **DIC** for additional causes of loss
- b. But **Causes of Loss – Special Form - CP 10 30** has specific exclusions applicable

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused by or resulting from:
 - (a) Damage or destruction of "finished stock"; or
 - (b) The time required to reproduce "finished stock".
 This exclusion does not apply to Extra Expense.
- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (3) Any increase of loss caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.
- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".
- (5) Any other consequential loss.

- No coverage for business income or extra expense losses resulting from loss or damage to radio or television antennas, etc. – delete exclusion – **Radio Or Television Antennas – Business Income Or Extra Expense - CP 15 50**
- No coverage for suspension, lapse or cancellation of any contract except during period of restoration – **example** – consideration should be given to **Extended Period Of Indemnity Optional Coverage** – but ISO says maximum of 730 days

D. Additional Business Income Considerations

1. **Business Income – Landlord As Additional Insured (Rental Value) – CP 15 03 –**
 - Mortgageholder may want to be added as additional insured as well – no standard endorsement available from ISO as of yet
2. **Payroll Limitation Or Exclusion – CP 15 10** - the endorsement is used to exclude or limit coverage for the payroll of all employees - payroll may be limited to a specific number of days or excluded in its entirety – may now exclude all employees and job classifications including officers, executives, management personnel and contract employees **OR** may exclude all employees and job classifications other than officers, executives, management personnel and contract employees **OR** may exclude all employees and job classifications (including officers, executives, management personnel and contract employees), **except OR** may excluded only the job classifications and/or employees listed AND may do this by premises and building
3. Disparagement of reputation and loss of business income
 - Nonstandard coverage - difficult to prove loss – difficult to establish “trigger” of coverage
4. Ingress/egress and loss of business income – e.g., road closed due to construction
 - Nonstandard coverage

VII. Extra Expense Coverage Form

A. Limitation On Loss Payment

Limits On Loss Payment

We will not pay more for Extra Expense than the percentages shown in the Declarations times the Limit Of Insurance.

When the “period of restoration” is:

- a. 30 days or less, the first percentage applies.
- b. 60 days or less, but more than 30 days, the second percentage applies.
- c. More than 60 days, the third percentage applies.

- **Expanded Limits On Loss Payment – CP 15 07**

B. Exposure may exist for dependent properties

- **Extra Expense From Dependent Properties – CP 15 34**

VIII. Leasehold Interest Coverage Form

A. Exposure

- Lease provisions that cancel the lease when property is damaged “at or near” the named insured’s premises

B. Coverage

Leasehold Interest Coverage Form - CP 00 60

A. COVERAGE

We will pay for loss of Covered Leasehold Interest you sustain due to the cancellation of your lease. The cancellation must result from direct physical loss or damage to property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Leasehold Interest

Covered Leasehold Interest means the following for which an amount of “net leasehold interest” at inception is shown in the Leasehold Interest Coverage Schedule:

a. Tenant’s Lease Interest, meaning the difference between the:

- (1) Rent you pay at the described premises; and
- (2) Rental value of the described premises that you leased.

b. Bonus Payments, meaning the unamortized portion of cash bonus that will not be refunded to you. A cash bonus is money you paid to acquire your lease. It does not include:

- (1) Rent, whether or not prepaid; or
- (2) Security.

c. Improvements and Betterments, meaning the unamortized portion of payments made by you for improvements and betterments. It does not include the value of improvements and betterments recoverable under any other insurance, but only to the extent of such other insurance. Improvements and betterments are fixtures, alterations, installations, or additions:

- (1) Made a part of the building or structure you occupy but do not own; and
- (2) You acquired or made at your expense but cannot legally remove.

d. Prepaid Rent, meaning the unamortized portion of any amount of advance rent you paid that will not be refunded to you. This does not include the customary rent due at:

- (1) The beginning of each month; or
- (2) Any other rental period.

Causes of Loss – Special Form - CP 10 30

b. Leasehold Interest Coverage Form

(1) Paragraph B.1.a., Ordinance Or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

- (a) Your cancelling the lease;
- (b) The suspension, lapse or cancellation of any license; or
- (c) Any other consequential loss.

IX. Legal Liability Coverage Form

A. The Exposure

- Named insured can be legally liable for more than just fire to premises rented to them
- “Sutton Doctrine” **may** apply, depending upon jurisdiction

B. The Coverage

Legal Liability Coverage Form CP 00 40

A. Coverage

We will pay those sums that you become legally obligated to pay as damages because of direct physical loss or damage, including loss of use, to Covered Property caused by accident and arising out of any Covered Cause of Loss. We will have the right and duty to defend any "suit" seeking those damages. However, we have no duty to defend you against a "suit" seeking damages for direct physical loss or damage to which this insurance does not apply. We may investigate and settle any claim or "suit" at our discretion. But:

- (1) The amount we will pay for damages is limited as described in Section **C. Limits Of Insurance**; and
- (2) Our right and duty to defend end when we have used up the Limit of Insurance in the payment of judgments or settlements.

1. Covered Property And Limitations

Covered Property, as used in this Coverage Form, means tangible property of others in your care, custody or control that is described in the Declarations or on the Legal Liability Coverage Schedule.

Covered Property does not include electronic data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph does not apply to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.

, not under coverage form)

- Tort liability only – no coverage for liability assumed under contract (exclusion under causes of loss form attached, not under coverage form)

Causes of Loss – Special Form - CP 10 30

c. Legal Liability Coverage Form

(1) The following exclusions do not apply to insurance under this Coverage Form:

- (a) Paragraph **B.1.a.**, Ordinance Or Law;
- (b) Paragraph **B.1.c.**, Governmental Action;
- (c) Paragraph **B.1.d.**, Nuclear Hazard;
- (d) Paragraph **B.1.e.**, Utility Services; and
- (e) Paragraph **B.1.f.**, War And Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

X. Recap – Conclusion