

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERAGE - BUSINESS INCOME (AND EXTRA EXPENSE)

This endorsement modifies insurance provided under the following:
DIFFERENCE IN CONDITIONS COVERAGE FORM UND 1211

A. COVERAGE

1. Business Income

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

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

- b. Coverage is provided as described and limited below for one or more of the following options when shown in the Declarations:
- (1) Business Income.
 - (2) "Rental value".

Subject to the terms, exclusions, limits and conditions of the policy to which this endorsement is attached and to the provisions contained in this endorsement, 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", less applicable deductible. The "suspension" must be caused by accidental direct physical loss or damage to tangible property. The property sustaining loss or damage must be situated at the locations which are described in the Declarations and for which a stated value for Business Income or "rental value" is shown in Section E. **SCHEDULE OF LOCATIONS AND VALUES** in the Declarations or Statement of Values made part of this policy if the

SCHEDULE OF LOCATIONS AND VALUES

does not contain information on values. The property sustaining loss or damage must be insured under this policy; or, provided you are a tenant or lessee of the premises where the loss or damage occurred, must be non-owned property of the type described in Section A.1. **Covered Property** of the **DIFFERENCE IN CONDITIONS COVERAGE FORM**, and be necessary for your "operations". We do not pay, under any circumstance, for Business Income arising from loss or damage to property described in Section C. **PROPERTY EXCLUDED** of the **DIFFERENCE IN CONDITIONS COVERAGE FORM**. The loss or damage must be caused by or result from a Covered Cause of Loss first commencing during the Policy Period. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described locations include the area within 100 feet of the site at which the described locations are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described locations are located, your location means:

- (1) The portion of the building which you rent, lease or occupy; and
- (2) Any area within the building or on the site at which the described locations are located, if that area services, or is used to gain access to, the described locations.

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2. Extra Expense

- a. Extra Expense coverage is provided at the locations described in the Declarations only if a stated value for Business Income, "rental value", or Extra Expense is shown in Section **E. SCHEDULE OF LOCATIONS AND VALUES** in the Declarations (or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on values) for that location.
- b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to tangible property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- (1) Avoid or minimize the "suspension" of business and to continue "operations" at the described locations or at replacement locations or temporary locations, including relocation expenses and costs to equip and operate the replacement premises or temporary location; or
- (2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this endorsement.

3. Exclusions

The following exclusions apply in addition to those described in Section **C. PROPERTY EXCLUDED** and Section **D. CAUSES OF LOSS EXCLUDED** in the **DIFFERENCE IN CONDITIONS COVERAGE FORM**.

a. Interruption of Computer Operations

- (1) Coverage for Business Income does not apply when a "suspension" of "operations" is caused by direct physical loss or damage to "electronic data".

- (2) Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by direct physical loss or damage to "electronic data" or "electronic data processing equipment".

- (3) Coverage for Business Income does not apply when a "suspension" of "operations" is caused by direct physical loss or damage to "electronic data processing equipment", unless "electronic data processing equipment" is:

- (a) Covered Property under this policy; and
- (b) the direct physical loss or damage is both accidental and is caused by a Covered Cause of Loss.

4. Limitations

If shown as applicable in Section **C. SPECIFIC ENDORSEMENT INFORMATION** in the Declarations, the following Coverage Limitation applies:

a. Monthly Limit Of Indemnity

- (1) For any single location sustaining covered Business Income loss, the most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:
 - (a) The stated value for Business Income or "rental value" for the building or location as shown in Section **E. SCHEDULE OF LOCATIONS AND VALUES**, or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on values, of the Declarations, multiplied by
 - (b) The fraction shown in the Declarations for this Coverage Limitation,
 - (c) Less applicable deductibles.

EXAMPLE

When: The stated value for Business Income as shown in the Declarations is: \$ 120,000

The fraction shown in the Declarations for this Coverage Limitation is: 1/4

The deductible is 5% of the stated value for Business Income: \$ 6,000
(\$120,000 X 5% = \$6,000)

The most we will pay for loss in each period of 30 consecutive days is: \$ 30,000
(\$120,000 x 1/4 = \$30,000)

If, in this example, the actual amount of loss is:

Days 1–30:	\$ 40,000
Days 31–60:	\$ 20,000
Days 61–90:	\$ 30,000
	<hr/>
	\$ 90,000

We will pay:

Days 1–30:	\$ 30,000
Days 31–60:	\$ 20,000
Days 61–90:	\$ 30,000
	<hr/>
	\$ 80,000

Less the deductible 6,000 - \$

Total: \$ 74,000

The remaining \$16,000 is not covered.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage – Civil Authority, the described locations are locations to which a stated value for Business Income or “rental value” is shown in Section E. **SCHEDULE OF LOCATIONS AND VALUES** in the Declarations or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on values.

When a Covered Cause of Loss causes damage to property other than property at the described locations, 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 locations, 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 location is 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 and Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described location and will apply for a period of up to four consecutive weeks after the date of that action.

b. Extended Business Income

(1) Business Income

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:

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- (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) 30 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 location is located.

Loss of Business Income must be caused by accidental direct physical loss or damage to tangible property at the described locations caused by or resulting from any Covered Cause of Loss.

(2) "Rental value"

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

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenability is restored; and

- (b) Ends on the earlier of:

- (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "rental value" that would have existed if no direct physical loss or damage had occurred; or

- (ii) 30 consecutive days after the date determined in (2)(a) above.

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

Loss of "rental value" must be caused by accidental direct physical loss or damage to tangible property at the described locations caused by or resulting from any Covered Cause of Loss.

B. LIMITS OF INSURANCE

The most we will pay for loss under all coverages provided under this endorsement in any one "loss occurrence" are the amounts described in Section **A. 2. LIMITS OF INSURANCE** in the Declarations.

Payments made for coverage provided by this endorsement are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations.

C. DEDUCTIBLE

The deductible applies per Section **D. DEDUCTIBLES** of the Declarations, and as more fully described in Section **B. DEDUCTIBLE CLAUSE** of the **DIFFERENCE IN CONDITIONS COVERAGE FORM**.

D. LOSS CONDITIONS

The following conditions apply in addition to those listed in Section **G. LOSS CONDITIONS** in the **DIFFERENCE IN CONDITIONS COVERAGE FORM**.

1. Loss Determination

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

- (1) The Net Income of the business before the direct physical loss or damage occurred;

- (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to changes in business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

- (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
 - (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers;
 - (c) Deeds, liens or contracts; and
 - (d) Any other records or information that informs upon your business income.
- b. The amount of Extra Expense will be determined based on:
- (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - (b) Any Extra Expense that is covered by other insurance; and
 - (2) Necessary expenses to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this endorsement.
- c. **Resumption Of Operations**
- We will reduce the amount of your:
- (1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described location or elsewhere.
 - (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

- d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

E. OPTIONAL COVERAGE

If shown as applicable in the Declarations, the following Optional Coverage applies.

1. Extended Period Of Indemnity

Under Paragraph **A.5.b., Extended Business Income**, the number 30 in Subparagraphs **(1)(b)** and **(2)(b)** is replaced by the number shown in the Declarations for this Optional Coverage.

F. DEFINITIONS

- 1. "Electronic data" means information, records, files, facts and all software including operating systems, computer programs, procedures, applications, and source material 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.
- 2. "Electronic data processing equipment" means tangible hardware including, but not limited to, computers, servers, networks, mainframes, electronic accounting machines, drives, blades, and any storage device (excluding the "electronic data" stored thereon).
- 3. "Finished stock" means stock you have manufactured.
 "Finished stock" also includes whiskey and alcoholic products being aged.
 "Finished stock" does not include stock you have manufactured that is held for sale at the location of any retail outlet insured under this Policy.
- 4. "Operations" means:

- a. Your business activities occurring at the described locations; and
 - b. The tenantability of the described locations, if coverage for "rental value" applies.
5. "Period of restoration" means the period of time that:
- a. Begins:
 - (1) Immediately after the time of direct physical loss or damage, caused by or resulting from any Covered Cause of Loss at the described locations; and
 - b. Ends on the earlier of:
 - (1) The date when the property at the described locations 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 the time required to reproduce "finished stock".

For covered loss or damage involving "electronic data processing equipment", the "period of restoration" only includes the time required to repair, replace or rebuild the tangible hardware. "Period of restoration" does not include the time required to research, replace or restore "electronic data" nor the time required to load or configure any "electronic data" to "electronic data processing equipment".

"Period of restoration" does not include any increased period required due to the enforcement of 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".

- 6. "Rental value" means Business Income that consists of:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the locations described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described locations which is occupied by you; and
 - b. Continuing normal operating expenses incurred in connection with that location, including:
 - (1) Payroll; and
 - (2) The amount of charges, which are the legal obligation of the tenant(s) but would otherwise be your obligations.
7. "Suspension" means:
- a. The slowdown or cessation of your business activities; or
 - b. That a part or all of the described locations is rendered untenable, if coverage for "rental value" applies.

Nothing contained in this endorsement will be held to vary, alter, waive or extend any of the terms, conditions, or limitations of the policy to which this endorsement is attached other than as stated above.