

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERAGE - ACCOUNTS RECEIVABLE

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

A. COVERAGE

1. 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:
 - a. All amounts due from your customers that you are unable to collect;
 - b. Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
 - c. Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and
 - d. Other reasonable expenses that you incur to re-establish your records of accounts receivable; that result from accidental direct physical loss to your records of accounts receivable, at locations described in the Declarations, that is caused by a Covered Cause of Loss first commencing during the Policy Period.
2. **Property Not Covered**

Coverage does not apply to:

 - a. Records of accounts receivable in storage away from the locations described in the Declarations; or
 - b. Records of accounts receivable relative to contraband, or property in the course of illegal transportation or trade.

B. EXCLUSIONS

1. The following exclusions apply in addition to those indicated in the **DIFFERENCE IN CONDITIONS COVERAGE FORM**. We will not pay for loss or damage caused by or resulting from:
 - a. Alteration, falsification, concealment or destruction of records of accounts receivable which in any manner relate to or involve the wrongful giving, taking or withholding of money, securities or other property;
 - b. Bookkeeping, accounting or billing errors or omissions;
 - c. Electrical or magnetic injury, disturbance or erasure of electronic recordings that is caused by or results from:
 - (1) Programming errors or faulty machine instructions;
 - (2) Faulty installation or maintenance of data processing equipment or component parts;
 - (3) An occurrence that took place more than 100 feet from your location; or
 - (4) Interruption of electrical power supply, power surge, blackout or brownout if the cause of such occurrence took place more than 100 feet from your location.
 - d. Unauthorized instructions to transfer property to any person or to any place;
 - e. Unauthorized access to a computer system, the addition of a virus, destructive code or similar instruction that disrupts the normal operation of computer equipment or results in the loss of use or physical damage to computer equipment or computer media or data.

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2. We will not pay for cost or expense incurred by you or others for an audit of records and/or for any inventory computation in order to establish the existence or extent of any loss under this endorsement.

C. LIMIT OF INSURANCE

The most we will pay for loss in any one "loss occurrence" is the stated value for Accounts Receivable as 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. If there are no stated values shown for Accounts Receivable, the most we will pay for loss in any one "loss occurrence" for coverage provided by this endorsement is \$15,000. Payments made for coverage provided by this endorsement are within the Limits of Insurance and will not serve to increase our Limits of Insurance as shown in the Declarations.

D. ADDITIONAL CONDITIONS

1. Determination of Receivables

With respect only to the coverage added by this endorsement, paragraph **G. 14. Valuation** in the **DIFFERENCE IN CONDITIONS COVERAGE FORM** is replaced by the following:

- a. If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss, the following method will be used:
 - (1) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
 - (2) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.
- b. The following is to be deducted from the total amount of accounts receivable, however that amount is established:
 - (1) The amount of the accounts for which there is no loss;
 - (2) The amount of the accounts that you are able to re-establish or collect;
 - (3) The percentage of uncollectible receivables, which will be proportionate to receivables you were unable to collect during the 12 months immediately preceding the month in which the loss or damage occurs; and
 - (4) All unearned interest and service charges.

2. Express Assignment

You agree that you will execute an express written assignment to us before any payment for benefits under this coverage are paid to you. The assignment will give us all of your rights to recover the accounts receivable which we have agreed to pay to you under this coverage, from any person or entity who is obligated to pay you for them (the debtor). The assignment will include all of your rights to recover the covered receivables and any interest and attorneys fees you would have been entitled to recover from the debtor. You agree to cooperate fully with us in our attempt to recover on any assignment. In the event you fail to fully cooperate with us in our attempt to recover on any assignment, you agree to return all benefits paid by us to you under this coverage.

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.