

State: California **Filing Company:** AXIS Insurance Company
TOI/Sub-TOI: 05.0 CMP Liability and Non-Liability/05.0003 Commercial Package
Product Name: Auto Dismantlers and Auto Scrap Dealers
Project Name/Number: New Program/GJSCMP-2017-100-CA-AIC

Filing at a Glance

Company: AXIS Insurance Company
 Product Name: Auto Dismantlers and Auto Scrap Dealers
 State: California
 TOI: 05.0 CMP Liability and Non-Liability
 Sub-TOI: 05.0003 Commercial Package
 Filing Type: New Program
 Date Submitted: 10/13/2017
 SERFF Tr Num: PERR-131229088
 SERFF Status: Closed-Approved
 State Tr Num: 17-6914
 State Status: Approved
 Co Tr Num: GJSCMP-2017-100-CA-AIC

Effective Date: On Approval
 Requested (New):
 Effective Date: On Approval
 Requested (Renewal):
 Author(s): Paula Rossman, Kevin Jones, Saraiah Coles
 Reviewer(s): Edward Saeedi (primary), Neruka Okpara
 Disposition Date: 12/21/2017
 Disposition Status: Approved
 Effective Date (New):
 Effective Date (Renewal):

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General Information

Project Name: New Program	Status of Filing in Domicile:
Project Number: GJSCMP-2017-100-CA-AIC	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 12/21/2017	
State Status Changed: 12/21/2017	Deemer Date: 12/26/2017
Created By: Saraiah Coles	Submitted By: Paula Rossman
Corresponding Filing Tracking Number:	

Filing Description:

With this filing, AXIS Insurance Company (AXIS) is submitting to your jurisdiction its commercial auto dismantlers and auto scrap dealers risks program forms that will augment current approved company and ISO forms, rules and rates for use in providing specialized coverage common for these risks on a package basis. AXIS has given the Insurance Services Office filing authority for these lines of business. The intent of the company is to offer to these risks a commercial package consisting of two or more of the following coverages; Commercial Automobile, Auto Dealer, General Liability, Commercial Property, Commercial Inland Marine and Commercial Crime.

The "Auto Dismantlers and Auto Scrap Dealers" program was previously provided through another insurance company (Star Insurance Company) which is NOT affiliated with AXIS Insurance Company. We are taking on this program and have included the forms, rates and rules to be used with this program. They augment current AXIS forms, rates and rules as well as the current ISO forms, loss costs and rules that have been adopted by the company in your jurisdiction for this program along with AXIS' current LCMs and ELRs unless indicated otherwise.

The company has a list under the Supporting Documentation Tab that provides a brief explanation/description for each form included in this filing. Please note that we are introducing an Asbestos Exclusion endorsement, AXIS 101 1051 which will be used for this program as well as our other programs going forward. It has no rate impact as we use it with programs that have asbestos exposure and our programs do not contemplate providing coverage for this exposure.

For justification of rates we have reviewed Star's current filings for their program in various states as well as relying on Hartford Steam Boiler in establishing equipment breakdown rates which we fully cede to them under the program which is the same approach Star used in their program. Since we are marketing to the same book of risks and using similar claims and distribution channels as Star, we expect similar loss ratios. For this reason we have taken the current Star rates and are adopting them as our initial rates for this program. We believe that this will result in rates that are adequate without being excessive.

The company uses notices developed and generated by ODEN, which is an industry recognized system in providing cancellation or nonrenewal notification. As TRIA is provided under this program at no additional charge, the company has included its previously filed TRIA policyholder notice that reflects this position that will be attached to every coverage offer and policy.

For those jurisdictions that require this material to be submitted by TOI rather than on a CMP basis, we are submitting the material accordingly.

Enclosed is authorization for Perr&Knight to submit this filing on behalf of the Company. All correspondence related to this filing should be directed to Perr&Knight. If there are any requests for additional information related to items prepared by the

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Company, we will forward the request immediately to the Company contact. The Company's response will be submitted to your attention as soon as we receive it.

Company and Contact

Filing Contact Information

Paula Rossman, State Filings Analyst prossman@perrknight.com
401 Wilshire Blvd 310-893-0033 [Phone]
Suite 300
Santa Monica, CA 90401

Filing Company Information

(This filing was made by a third party - perrandknightactuaryconsultants)

AXIS Insurance Company	CoCode: 37273	State of Domicile: Illinois
11680 Great Oaks Way	Group Code: 3416	Company Type:
Ste. 500	Group Name: AXIS Capital Group	State ID Number:
Alpharetta, GA 30022	FEIN Number: 39-1338397	
(678) 746-9423 ext. [Phone]		

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:

State Specific

Variance Requested? (Yes/No): No

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Neruka Okpara	12/21/2017	12/21/2017

Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Status Inquiry	Note To Reviewer	Paula Rossman	12/21/2017	12/21/2017
Status Check	Note To Reviewer	Paula Rossman	12/06/2017	12/06/2017
Status Check	Note To Reviewer	Paula Rossman	11/10/2017	11/10/2017

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Disposition

Disposition Date: 12/21/2017

Effective Date (New):

Effective Date (Renewal):

Status: Approved

Comment:

Only the changes specifically indicated in the application set forth above, as it may have been amended, are approved. Nothing in this letter shall constitute approval of any other application, whether incorporated by reference, or filed prior or subsequent to the application set forth above. The insurer shall begin issuing policies pursuant to this approval within 90 days of the date of this approval, provided that the insurer is licensed in California to transact the line of insurance for which the approval is given. The insurer may implement this approval earlier if it is able to do so. Regardless of the implementation date, the insurer shall implement this approval with the same effective date for both new and renewal business and shall offer this product to all eligible applicants as of the implementation date. This approval shall continue to have full force and effect until such time as a subsequent change for the referenced lines or programs may be approved or ordered by the Insurance Commissioner.

If the approved rate change is different than originally submitted, please be reminded that you must submit copies of rate pages at the approved level within 30 days.

If any portion of the application or related documentation conflicts with California law, that portion is specifically not approved. Policy forms and underwriting guidelines included in this filing were reviewed only insofar as they relate to rates contained in this filing or currently on file with the California Department of Insurance. This approval does not constitute an approval of underwriting guidelines nor the specific language, coverages, terms, covenants and conditions contained in any forms, or the forms themselves. The Commissioner may at any time take any action allowed by law if he determines that any underwriting guidelines, forms or procedures for application of rates, or any other portions of the application conflict with any applicable laws or regulations.

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
AXIS Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	New Prior Approval Rate Application		Yes
Supporting Document	Exhibits 16 and 18		Yes
Supporting Document	Authorization Letter		Yes
Form	SPOLIATION OF EVIDENCE ERRORS OR OMISSIONS		Yes

State: California

Filing Company:

AXIS Insurance Company

TOI/Sub-TOI: 05.0 CMP Liability and Non-Liability/05.0003 Commercial Package

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Schedule	Schedule Item	Schedule Item Status	Public Access
	ENDORSEMENT		
Form	ENHANCEMENT ENDORSEMENT - AUTO DEALERS		Yes
Form	PUNITIVE OR EXEMPLARY DAMAGES EXCLUSION		Yes
Form	ASBESTOS EXCLUSION FOR GENERAL LIABILITY COVERAGES		Yes
Form	CONVERSION COVERAGE ENDORSEMENT		Yes
Form	DEBRIS REMOVAL EXTENSION ENDORSEMENT		Yes
Form	ENHANCED PROPERTY COVERAGE ENDORSEMENT		Yes
Form	LOSS PAYABLE ENDORSEMENT		Yes
Form	MOTOR TRUCK CARGO LIABILITY COVERAGE FORM		Yes
Form	SPECIAL BROADENED PROPERTY COVERAGE ENDORSEMENT		Yes
Form	SPECIAL FLOATER COVERAGE FORM		Yes
Form	COMPUTER SYSTEMS COVERAGE FORM		Yes
Form	NAMED DRIVER EXCLUSION		Yes
Form	COMMERCIAL PROPERTY COVERAGE PART EQUIPMENT BREAKDOWN COVERAGE SCHEDULE		Yes
Form	EQUIPMENT BREAKDOWN COVERAGE (Including Electronic Circuitry Impairment)		Yes
Form	COMMERCIAL PROPERTY COVERAGE PART EQUIPMENT BREAKDOWN COVERAGE SCHEDULE		Yes
Form	EQUIPMENT BREAKDOWN COVERAGE		Yes
Form	COMMERCIAL INLAND MARINE DECLARATIONS		Yes
Form	COMPUTER SYSTEM COVERAGE DECLARATIONS		Yes
Form	SPECIAL FLOATER COVERAGE FORM DECLARATIONS		Yes
Rate	Division One – Commercial Auto Exception Page		Yes
Rate	Commercial Auto Physical Damage Experience and Schedule Rating Plan Exception Page		Yes
Rate	Commercial Auto Liability Experience and Schedule Rating Plan Exception Page		Yes
Rate	Division Eight – Commercial inland Marine Exception Page		Yes
Rate	Division Five – Commercial Fire and Allied Lines Exception Page		Yes

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Schedule	Schedule Item	Schedule Item Status	Public Access
Rate	Division Six – General Liability Exception Page		Yes
Rate	Commercial General Liability Experience and Schedule Rating Plan Exception Page		Yes
Rate	AUTO DISMANTLER UNDERWRITING GUIDELINES		Yes
Rate	SCRAP DEALERS PROGRAM UNDERWRITING GUIDELINES		Yes

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Note To Reviewer

Created By:

Paula Rossman on 12/21/2017 09:38 AM

Last Edited By:

Paula Rossman

Submitted On:

12/21/2017 09:38 AM

Subject:

Status Inquiry

Comments:

At your earliest convenience please provide a current status update on the review of this filing. Your help in this matter is much appreciated. Thank you.

State:	California	Filing Company:	AXIS Insurance Company
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Note To Reviewer

Created By:

Paula Rossman on 12/06/2017 09:55 AM

Last Edited By:

Paula Rossman

Submitted On:

12/06/2017 09:55 AM

Subject:

Status Check

Comments:

Thank you for your continued review of this filing. We are contacting you today to inquire on the current review status of this filing. Please relay any concerns you may have for the Company to address at your earliest convenience. Thanks,

State:	California	Filing Company:	AXIS Insurance Company
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Project Name/Number:	New Program/GJSCMP-2017-100-CA-AIC		

Note To Reviewer

Created By:

Paula Rossman on 11/10/2017 10:48 AM

Last Edited By:

Paula Rossman

Submitted On:

11/10/2017 10:48 AM

Subject:

Status Check

Comments:

Please advise of the current review status at your earliest convenience. Thank you.

State: California

Filing Company:

AXIS Insurance Company

TOI/Sub-TOI: 05.0 CMP Liability and Non-Liability/05.0003 Commercial Package

Product Name: Auto Dismantlers and Auto Scrap Dealers

Project Name/Number: New Program/GJSCMP-2017-100-CA-AIC

Form Schedule

Item No.	Schedule Item Status	Form Name	Form Number	Edition Date	Form Type	Form Action	Action Specific Data	Readability Score	Attachments
1		SPOILIATION OF EVIDENCE ERRORS OR OMISSIONS ENDORSEMENT	AXS GJS 123	(08-17)	END	New		0.000	AXS GJS 123 (08-17) SPOILIATION OF EVIDENCE ERRORS OR OMISSIONS COVERAGE ENDORSEMENT .pdf
2		ENHANCEMENT ENDORSEMENT - AUTO DEALERS	AXS GJS 113	(08-17)	END	New		0.000	AXS GJS 113 (08-17) ENHANCEMENT ENDORSEMENT - AUTO DEALERS.pdf
3		PUNITIVE OR EXEMPLARY DAMAGES EXCLUSION	AXIS 101 0419	(04-17)	END	New		0.000	AXIS 101 0419 (04-17).pdf
4		ASBESTOS EXCLUSION FOR GENERAL LIABILITY COVERAGES	AXIS 101 1051	(09-17)	END	New		0.000	AXIS 101 1051 (09-17) ASBESTOS EXCLUSION FOR GENERAL LIABILITY COVERAGES.pdf
5		CONVERSION COVERAGE ENDORSEMENT	AXS GJS 107	(08-17)	END	New		0.000	AXS GJS 107 (08-17) CONVERSION COVERAGE ENDORSEMENT (AUTODEALERS).pdf
6		DEBRIS REMOVAL EXTENSION ENDORSEMENT	AXS GJS 109	(08-17)	END	New		0.000	AXS GJS 109 (08-17) DEBRIS REMOVAL EXTENSION.pdf

SERFF Tracking #:

PERR-131229088

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17-6914

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GJSCMP-2017-100-CA-AIC

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Item No.	Schedule Item Status	Form Name	Form Number	Edition Date	Form Type	Form Action	Action Specific Data	Readability Score	Attachments
7		ENHANCED PROPERTY COVERAGE ENDORSEMENT	AXS GJS 114	(08-17)	END	New		0.000	AXS GJS 114 (08-17) ENHANCED PROPERTY COVERAGE ENDORSEMENT .pdf
8		LOSS PAYABLE ENDORSEMENT	AXS GJS 118	(08-17)	END	New		0.000	AXS GJS 118 (08-17) LOSS PAYABLE ENDORSEMENT .pdf
9		MOTOR TRUCK CARGO LIABILITY COVERAGE FORM	AXS GJS 120	(08-17)	END	New		0.000	AXS GJS 120 (08-17) MOTOR TRUCK CARGO LIABILITY COVERAGE FORM.pdf
10		SPECIAL BROADENED PROPERTY COVERAGE ENDORSEMENT	AXS GJS 121	(08-17)	END	New		0.000	AXS GJS 121 (08-17) SPECIAL BROADENED PROPERTY COVERAGE (2).pdf
11		SPECIAL FLOATER COVERAGE FORM	AXS GJS 122	(08-17)	END	New		0.000	AXS GJS 122 (08-17) SPECIAL FLOATER COVERAGE FORM.pdf
12		COMPUTER SYSTEMS COVERAGE FORM	AXS GJS 125	(08-17)	END	New		0.000	AXS GJS 125 (08-17) Computer Systems Coverage Form.pdf
13		NAMED DRIVER EXCLUSION	AXS300	04-17	END	New		0.000	AXS300 04-17 Named Driver Exclusion.pdf

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Item No.	Schedule Item Status	Form Name	Form Number	Edition Date	Form Type	Form Action	Action Specific Data	Readability Score	Attachments
14		COMMERCIAL PROPERTY COVERAGE PART EQUIPMENT BREAKDOWN COVERAGE SCHEDULE	AXIS101 2013	0317	DEC	New		0.000	AXIS 101 2013 0317.pdf
15		EQUIPMENT BREAKDOWN COVERAGE (Including Electronic Circuitry Impairment)	AXIS 101 2014	0317	END	New		0.000	AXIS 101 2014 0317.pdf
16		COMMERCIAL PROPERTY COVERAGE PART EQUIPMENT BREAKDOWN COVERAGE SCHEDULE	AXIS 101 2032	0417	DEC	New		0.000	AXIS 101 2032 0417.pdf
17		EQUIPMENT BREAKDOWN COVERAGE	AXIS 101 2031	0417	END	New		0.000	AXIS 101 2031 0417.pdf
18		COMMERCIAL INLAND MARINE DECLARATIONS	AXS GJS 203	(08/17)	DEC	New		0.000	AXS GJS 203 (08-17) Commercial Inland Marine Declarations.pdf
19		COMPUTER SYSTEM COVERAGE DECLARATIONS	AXS GJS 204	(08/17)	DEC	New		0.000	AXS GJS 204 (08-17) COMPUTER SYSTEM COVERAGE DECLARATIONS .pdf
20		SPECIAL FLOATER COVERAGE FORM DECLARATIONS	AXS GJS 207	(08/17)	DEC	New		0.000	AXS GJS 207 (08-17) SPECIAL FLOATER COVERAGE FORM DECLARATIONS .pdf

Form Type Legend:

ABE

Application/Binder/Enrollment

ADV

Advertising

State:	California	Filing Company:	AXIS Insurance Company
TOI/Sub-TOI:	05.0 CMP Liability and Non-Liability/05.0003 Commercial Package		
Product Name:	Auto Dismantlers and Auto Scrap Dealers		
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BND	Bond	CER	Certificate
CNR	Canc/NonRen Notice	DEC	Declarations/Schedule
DSC	Disclosure/Notice	END	Endorsement/Amendment/Conditions
ERS	Election/Rejection/Supplemental Applications	OTH	Other



Endorsement No.	Effective Date of Endorsement	Policy Number	Premium
	12:01 a.m. on If the above date is blank, then this endorsement is effective on the effective date of the policy.		

SPOILIATION OF EVIDENCE ERRORS OR OMISSIONS ENDORSEMENT

This endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM

It is agreed:

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

SCHEDULE

Limit of Insurance:	\$ 25,000 Per Spoliation Event \$ 50,000 Aggregate Limit for the Policy Period
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Spoliation of Evidence Errors or Omissions Coverage

The following terms and conditions shall be added to SECTION III – ACTS, ERRORS OR OMISSIONS LIABILITY COVERAGES of the policy:

A. Coverage

We will pay all sums you legally must pay as damages arising out of "spoliation of evidence errors or omissions"..

We have the right and duty to defend any "lawsuit" arising out of "spoliation of evidence errors or omissions". We may, at our discretion, investigate any alleged "spoliation of evidence errors or omissions.". We may, at our discretion, settle any claim or "lawsuit" as we consider appropriate. Our duty to defend or settle ends when the Limit of Insurance has been exhausted by payments of judgments or settlements.

B. Supplementary Payments

With respect to the "spoliation of evidence errors or omissions" coverage provided by this endorsement, we will pay for the "insured":

1. All expenses we incur.
2. The cost of bonds to release attachments in any "lawsuit" we defend. This applies only for bond amounts within the applicable Limit of Insurance (we do not have to furnish the bonds).
3. All court costs taxed against the "Insured" in any "lawsuit" we defend. However, these payments do not include attorneys' fees or attorneys' expenses taxed against the "insured".
4. All interest on the full amount of any judgment that accrues after entry of the judgment in any "lawsuit" we defend. However, our duty to pay interest ends when we have paid, offered to pay or deposited in



court the part of the judgment that is within our Limit of Insurance.

5. All reasonable expenses incurred by the "insured" at our request to assist us in the investigation or defense of the claim or "lawsuit". This includes actual loss of earnings up to \$250 a day because of time off from work.

These payments will not reduce the Limits of Insurance.

C. Exclusions

This insurance does not apply to any liability or claim:

1. Arising out the willful, dishonest, fraudulent, criminal, intentional or malicious spoliation of evidence by any "insured", any of the partners, officers, employees or agents of the "insured" or other party in interest, acting alone or in collusion with others, including the willful or reckless violation of any law or regulation. However, this exclusion does not apply to any "insured" who did not:
 - a. Personally commit, participate in, or acquiesce to; or
 - b. Remain passive after having knowledge of;such spoliation of evidence
2. Damages arising directly or indirectly out of any "spoliation of evidence error or omission" that violates or is alleged to violate any federal, state or local statute, ordinance or regulation that addresses, limits or prohibits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communication or distribution of material or information.

D. Limit of Insurance

1. With respect to any claims arising under the coverage provided by this endorsement, the Limits of Insurance shown in the Schedule shall apply. Regardless of the number of "insureds", claims made or "lawsuits" brought, the Aggregate Limit for the Policy Period is the most we will pay for the sum total of all payments for damages arising from all alleged "spoliation of evidence errors or proceedings" during the coverage period.
2. Subject to the Aggregate Limit for the Policy Period, the Per Spoliation Event limit is the most we will for all damages because of any one instance of spoliation arising out of "spoliation of evidence errors or omissions" regardless of the number of claims or "lawsuits" involved.
3. In no event shall we will pay no more than the amounts shown in the Limit of Insurance Schedule of this endorsement.

E. Definitions

1. "Lawsuit" means, for the purposes of this endorsement, a civil proceeding brought against you in which any damages arising out of "spoliation of evidence errors or omissions" are alleged. This includes arbitration proceedings alleging such damages.
2. "Spoliation of evidence errors or omissions" means, for the purposes of this endorsement, any actual or alleged negligent acts, errors or omissions by you arising out of the spoliation of evidence associated with the disposition of salvage in your possession held as evidence in a legal proceeding.
3. "Act, error or omission" as used in Section III – ACTS, ERRORS OR OMISSIONS LIABILITY COVERAGE, shall include "spoliation of evidence errors or omissions."

All other provisions of the policy remain unchanged.



Endorsement No.	Effective Date of Endorsement	Policy Number	Premium
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PUNITIVE OR EXEMPLARY DAMAGES EXCLUSION

It is agreed the following exclusion is added to the **EXCLUSIONS** section of the policy:

Punitive or Exemplary Damages

This insurance does not apply to those damages awarded against any insured that constitute fines, penalties, punitive damages, exemplary damages, treble damages or the multiplication of compensatory damages.

All other provisions of the policy remain unchanged.



Endorsement No.	Effective Date of Endorsement	Policy Number	Premium
	12:01 a.m. on If the above date is blank, then this endorsement is effective on the effective date of the policy.		

ASBESTOS EXCLUSION FOR GENERAL LIABILITY COVERAGES

This endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM
COMMERCIAL GENERAL LIABILITY COVERAGE FORM

It is agreed that:

The General Liability Coverages provided under the Coverage Form are changed as follows:

The following exclusion is added to **2. Exclusions** of Coverage **A. Bodily Injury And Property Damage Liability** and to **2. Exclusions** of Coverage **B. Personal And Advertising Injury Liability** :

Asbestos

"Bodily injury", "property damage", or "personal and advertising injury" arising directly or indirectly, out of:

- The actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of asbestos, asbestos fibers whether the asbestos is in pure form or is or was combined with any other products or material, or any other form of asbestos, or products or materials containing asbestos, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to any injury or damage;
- Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediation or disposing of, or in any way responding to, or assessing the effects of asbestos, asbestos fibers, or any other form of asbestos, by any insured or by any other person or entity;
- Any supervision, instructions, recommendations, warnings, or advice given or which should have been given in connection with a. and b. above;
- Any obligation to share damages with or repay someone else who must pay damages because of asbestos or products or materials containing asbestos; or
- Any injury or damage caused or alleged to have been caused by the removal, eradication, detoxification, remediation or decontamination of asbestos or property containing asbestos.

This exclusion shall apply without regard to the source or sources of asbestos, or the basis of the insured's liability. This exclusion includes defects or negligence in design, construction or materials, or any other event, conduct or misconduct, which may have or is claimed to have precipitated, caused or acted jointly, concurrently, or in any sequence with asbestos in causing injury or damage.

All other provisions of the policy remain unchanged.



Endorsement No.	Effective Date of Endorsement	Policy Number	Premium
	12:01 a.m. on If the above date is blank, then this endorsement is effective on the effective date of the policy.		

CONVERSION COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM

It is agreed:

SCHEDULE

Limits of Insurance	\$	Each "Conversion" Limit
	\$	"Conversion" Aggregate Limit
Deductible	\$	Each "Conversion" Deductible

- A. The following is added to Section II - General Liability Coverages, A. 1. Coverage of the Coverage Form:
CONVERSION COVERAGE

1. Coverage

- a. Subject to the applicable limits of insurance, we will pay 80% of those sums that the "insured" becomes legally obligated to pay as damages because of a "conversion" to which this insurance applies. We will have the right and duty to defend any "suit" seeking those damages. We may at our discretion investigate any "conversion" and settle any claim or "suit" that may result, provided, however, that:

(1) The amount we will pay for damages shall be limited as described below in Section C. of this endorsement; and

(2) Our right and duty to defend shall end when we have used up the applicable limit of insurance in the payment of judgments or settlements.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Section II - General Liability Coverages, E. Supplementary Payments of the Coverage Form to which this endorsement is attached.

- b. This insurance only applies to a "conversion" that:

(1) Takes place in the coverage territory; and

(2) Occurs during the policy period.

2. Exclusions



The "conversion" insurance coverage provided by this endorsement does not apply to:

a. Damages arising out of a:

- (1) Dishonest;
- (2) Fraudulent;
- (3) Criminal; or
- (4) Malicious

act, error or omission committed by an "insured", whether acting alone or in collusion with others;

b. "Bodily injury" or "property damage";

c. Damages arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time; and

Any loss, cost or expense arising out of any:

- (1) Request, demand or order that any "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or
- (2) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing or in any way responding to, or assessing the effects of "pollutants".

For the purpose of this endorsement, "pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes material to be recycled, reconditioned or reclaimed.

d. Damages which the "insured" is obligated to pay by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the "insured" would have in the absence of such contract or agreement.

e. This insurance does not apply to damages because of "conversion" directly or indirectly out of:

- (1) Any actual or alleged failure, malfunction or inadequacy of:

Any of the following, whether belonging to any "insured" or to others:

- (i) Computer hardware, including microprocessors;
- (ii) Computer application software;
- (iii) Computer operating systems and related software;
- (iv) Computer networks;
- (v) Microprocessors (computer chips) not part of any computer system; or
- (vi) Any other computerized or electronic equipment or components; or



- (2) Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Subparagraph e.(1) of this endorsement.
- B. Section II -General Liability Coverages, E. Supplementary Payments of the Coverage Form shall also apply to the conversion coverage provided by this endorsement.
- C. For the purpose of the Conversion Coverage provided by this endorsement, Section II - General Liability Coverages, F. Limits of Insurance-General Liability Coverages is amended as follows:
1. Paragraph 1.a. is replaced by the following:
 1. Regardless of the number of "insureds", claims made or "suits" brought or persons or organizations making claims or bringing "suits", the:
 - a. General Liability Aggregate Limit shown in the Declarations is the most we will pay for the sum of all: damages involving "auto dealer operations" other than the ownership, maintenance or use of covered "autos" under:
 - (1) Section II, Paragraph A. Bodily Injury and Property Damage Liability;
 - (2) Section II, Paragraph B. Personal And Advertising Injury Liability;
 - (3) Section II, Paragraph C. Locations And Operations Medical Payments; and
 - (4) "Conversion" Coverage.
 2. The following Paragraphs are added:
 8. Subject to Paragraph 1.a. above, the Each Conversion Limit shown in the Schedule is the most we will pay for all damages because of a "conversion" to which this insurance applies.
 9. The Conversion Aggregate Limit is the most we will pay for all damages because of all "conversions".
- D. Section IV • Conditions is amended as follows:
1. Paragraph A. 2. Duties **In** The Event Of Accident, Claim, Offense, Suit, Loss Or Acts, Errors Or Omissions is deleted in its entirety and replaced by the following:
 2. Duties In The Event Of Accident, Claim, Offense, Suit, Loss Or Acts, Errors Or Omissions

We have no duty to provide coverage under this policy unless there has been full compliance with the following duties:

 - a. In the event of "accident", "conversion", claim, "suit", offense. "loss", or "act, error or omission", you must give us or our authorized representative prompt notice of the "accident", "conversion", offense, "loss", or "act, error or omission". Include:
 - (1) How, when and where the "accident", "conversion", offense. "loss", or "act, error or omission" occurred;
 - (2) What the "act, error or omission" was;



- (3) The "insured's" name and address; and
- (4) To the extent possible, the names and addresses of:
 - (a) Any injured persons and witnesses; or
 - (b) Anyone who may suffer damages as a result of an "act, error or omission".
- b. Additionally, you and any other involved "insured" must:
 - (1) Assume no obligation, make no payment or incur no expense without our consent, except at the "insured's" own cost.
 - (2) Immediately send us copies of any request, demand, order, notice, summons or legal paper received concerning the claim or "suit".
 - (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit".
 - (4) Authorize us to obtain medical records or other pertinent information.
 - (5) Submit to examination at our expense, by physicians of our choice, as often as we reasonably require.
 - (6) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the "insured" because of an "act, error or omission" to which this insurance may also apply.
- c. If there is "loss" to a covered "auto" or its equipment you must also do the following:
 - (1) Promptly notify the police if the covered "auto" or any of its equipment is stolen.
 - (2) Take all reasonable steps to protect the covered "auto" from further damage. Also keep a record of your expenses for consideration in the settlement of the claim.
 - (3) Permit us to inspect the covered "auto" and records proving the "loss" before its repair or disposition.
 - (4) Agree to examinations under oath at our request and give us a signed statement of your answers.
2. Sub-paragraphs d., e. and f. of the Other Insurance provision set forth in Paragraph B. General Conditions, is amended to also apply to the Conversion Coverage provided by this endorsement.
3. The following Condition is added to Paragraph B. General Conditions of the Coverage Form:

Reporting Requirements

As a condition of this insurance, you are required to maintain accurate books, records and accounts in the following manner:

- a. A set of books showing a complete record of the business transacted including all purchases and sales for



both cash and credit over \$10,000;

- b. All such books, records and accounts shall be preserved for not less than one year following the termination of the policy and any renewal thereof; and
- c. We shall have access to your books and records of the transactions.

E. For the purpose of this endorsement, the following definition is added to Section V - Definitions:

"Conversion" means the acquisition of stock in trade from a seller who did not have legal title to the same without your knowledge.

F. For the purpose of the "conversion" coverage provided by this endorsement, the Definition of "suit" in Section V - Definitions is amended to include the following:

"Suit" means a civil proceeding in a court of record in which damages are alleged because of a "conversion" to which this insurance applies.

G. The definition of "auto dealer operations" in Section V – Definitions is amended to include the following:

"Auto dealer operations" shall also include the ownership, maintenance or use of locations for a scrap metal business, including all operations necessary or incidental to that business.

H. For the purpose of this endorsement, the following Deductible provision is added :

"Conversion" Deductible

1. The terms of this policy of insurance, including those with respect to:
 - a. Our right and duty to defend any "suits" seeking "conversion" damages; and
 - b. Your duties in the event of an "occurrence", offense, "conversion", claim or "suit" apply irrespective of the application of the deductible amount.
2. We may pay any part of all of the deductible and the twenty percent (20%) of the damages that the "insured" is obligated to pay to effect settlement of any claim or "suit" and, upon notification of such payment action taken, you shall promptly reimburse us for such amounts as has been paid by us.
3. A series of "conversions" involving one claimant will be considered to be a single "conversion" for the purposes of applying:
 - a. The Limits of Insurance;
 - b. The Each "Conversion" Deductible amount stated in the Schedule; and
 - c. The twenty percent (20%) portion of the damages in excess of the Each Conversion Deductible that the "insured" is obligated to pay.
 - d. All other provisions of the policy remain unchanged



Endorsement No.	Effective Date of Endorsement	Policy Number	Premium
	12:01 a.m. on If the above date is blank, then this endorsement is effective on the effective date of the policy.		

DEBRIS REMOVAL EXTENSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

CAUSE OF LOSS • SPECIAL FORM

It is agreed that:

Under F. Additional Coverage Extensions, Paragraph 1. Property In Transit, we will pay your expense to remove crushed vehicles being transported in or on a covered vehicle from a roadway, road bed, or lands adjacent thereto caused by or the result of vehicle collision, upset or overturn.

The most we will pay under this endorsement is \$10,000 each occurrence. This Coverage Extension is in addition to any other insurance payable under the Coverage Form.

This Extension does not apply to costs to:

1. Extract "pollutants" from land, water or Covered Property;
2. Remove, restore or replace polluted land, water or Covered Property; or
3. Transport polluted land or water to storage or decontamination sites.

All other provisions of the policy remain unchanged



Endorsement No.	Effective Date of Endorsement	Policy Number	Premium
	12:01 a.m. on If the above date is blank, then this endorsement is effective on the effective date of the policy.		

ENHANCED PROPERTY COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSES OF LOSS - SPECIAL FORM

It is agreed:

The ADDITIONAL COVERED CAUSES OF LOSS and COVERAGE EXTENSIONS provided by this endorsement are subject to all of the terms, deductibles, exclusions, and conditions applicable to this policy, except where otherwise provided herein. Each of these Additional Covered Causes of Loss is additional insurance. The Additional Condition, Coinsurance, set forth in the Building and Personal Property Coverage Form does not apply to these. Additional Covered Causes of Loss.

ADDITIONAL COVERED CAUSES OF LOSS

The following Additional Covered Causes of Loss are added to the policy:

1. MONEY AND SECURITIES COVERAGE

- a. We will pay for the theft, disappearance, or destruction of money and securities you use in your business as shown by your records.
- b. We will not pay for any loss caused by or resulting from accounting or arithmetical errors or omissions; dishonest or criminal acts of employees, directors, trustees or representatives; the giving or surrendering of money or checks in exchange of purchase; or damage resulting from fire, however caused.
- c. The most we will pay for loss in any one occurrence under this Additional Covered Cause of Loss is \$10, 000.
- d. Coverage A, Item 2. Paragraph a. PROPERTY NOT COVERED, of the Building and Personal Property Coverage Form is deleted in its entirety and replaced with the following:
 - a. Accounts, bills, currency, deeds, food stamps or other evidences of debt, lottery tickets or notes; except as provided in this endorsement.
- e. As used in this Additional Covered Cause of Loss:

"Money" means:

1. Currency coins and bank notes in current use and having a face value;
2. Deposits in an insured's financial institution account; and
3. Travelers checks, register checks and money orders held for sale to the public.



"Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

- a. Tokens tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
- b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money".

2. ELECTRONIC DATA PROCESSING EQUIPMENT SYSTEMS BREAKDOWN COVERAGE

- a. We will pay for loss or damage to your "electronic data processing equipment" and "electronic data processing media" owned by you or leased or rented from others for which you are legally responsible.
- b. We will pay for such loss or damage resulting from or caused by:
 - (1) Mechanical breakdown, or machinery malfunction;
 - (2) Short circuit, blowout or other electrical damage or disturbance (except interruption or power supply, power surge, blackout or brown-out if the cause of such an interruption took place more than 100 feet from the insured's location as shown in the policy);
 - (3) Faulty, inadequate or defective design, specifications, workmanship or materials. This does not apply to "electronic data processing media";
 - (4) Actual work upon Covered Property, including while such property is being repaired or serviced. This does not apply to "electronic data processing media";
 - (5) Electrical or magnetic injury, disturbance, or erasure of electrical recordings. We will not pay if such loss or damage occurs outside the Insured's location or if there is a change in the Insured's electrical power supply, such as interruption, power surge or brown-out, which originates more than 100 feet from the insured's location as shown in the policy.
- c. The most we will pay for loss or damage under this Additional Covered Cause of Loss is \$25,000 in any one occurrence.
- d. We will not pay for loss or damage resulting from:
 - (1) Loss to property loaned, leased or rented to others while away from the premises listed in the Declarations;
 - (2) Data or media which cannot be replaced with other data or media of the same kind and quality;
 - (3) Accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts or other documents. We will cover such property when it is converted to data form and then only in that form;
 - (4) Error or omission in machine programming or incorrect instruction to a machine.
- e. Exclusions: The CAUSES OF LOSS - SPECIAL FORM, B. EXCLUSIONS, apply to this coverage except exclusions B. 2. a. and B. 2 d. (6).
- f. "Electronic data processing equipment" means data processing systems, component parts and related peripheral equipment including air conditioning and fire protection equipment used solely for data processing operations. Electronic data processing equipment does not include electronic systems that control production machinery nor the production machinery itself.
- g. "Electronic data processing media" means all forms of data including computer instructions and programs which are converted to a form usable in your operation (but not including software or electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system) .



3. BACK-UP OF SEWERS AND DRAINS

- a. We will pay for loss or damage caused by water that backs up from sewers or drains.
- b. The most we will pay for this Additional Covered Cause of Loss in any policy year is \$25,000.
- c. Exclusion B.1. g. Water, of the Causes of Loss - Special Form is deleted in its entirety and replaced with the following:
 - (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge) ;
 - (2) Mudslide or mudflow;
 - (3) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.
 - (4) Waterborn material carried or otherwise moved by an of the water referred to in Paragraphs (1) or (3), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) – (4), is caused by an act or nature or otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

If Water, as described in c. (1) through (4) above or water that backs up from sewers or drains results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

4. ACCOUNTS RECEIVABLE COVERAGE

- a. We will pay:
 - (1) All amounts due from your customers that you are unable to collect;
 - (2) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of such amounts due from your customers that you are unable to collect;
 - (3) Collection expenses in excess of your normal collection expenses that are made necessary by the "loss; and
 - (4) Other reasonable expenses that you incur to re-establish your records of accounts receivable; that result from Covered Causes of Loss to your records of accounts receivable.
- b. The most we will pay for loss in any one occurrence for this Additional Covered Cause of Loss is \$25,000

5. EXTRA EXPENSE

When a loss covered by this policy occurs:

- a. We will pay any Extra Expense to avoid or minimize the suspension of your business if you cannot continue "operations":
 - (1) At the described premises; or
 - (2) At replacement premises or at temporary locations, including:
 - (a) Relocation expenses; and



(b) Costs to equip and operate the replacement or temporary locations.

b. We will pay any Extra Expense to minimize the suspension of business if you cannot continue "operations".

c. We will pay any Extra Expense to:

(1) Repair or replace any property; or

(2) Research, replace or restore the lost information on damaged valuable papers or records;

to the extent it reduces the amount of loss that otherwise would have been payable under this coverage.

d. 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 property caused by or resulting from a Covered Cause of Loss.

e. The Causes of Loss - Special Form, B. Exclusions, Item 4. Special Exclusions, that apply to the Extra Expense of Business Income Coverage Forms shall apply to this coverage.

f. We will not pay more than \$25,000 in any one occurrence under this Additional Covered Cause of Loss.

g. As used in this Additional Covered Cause of Loss,

"Operations" means your business activities occurring at the described premises.

"Period of Restoration" means the period of time that:

a. Begins with the date of direct physical loss or damage 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 that 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"

6. ORDINANCE OR LAW COVERAGE

a. If a Covered Cause of Loss occurs to a covered Building, we will pay:

(1) For loss or damage caused by enforcement of or compliance with any ordinance or law that:

(a) Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;

(b) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

(c) Is in force at the time of loss.



- (2) The increased cost to repair or reconstruct damaged portions of such a Building and /or reconstruct or remodel undamaged portions of such a Building, whether or not demolition is required, when the increased cost is a consequence of enforcement of or compliance with building, zoning or land use ordinance or law.

However:

- (a) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law
- (b) We will not pay for the increased cost of construction if the Building is not repaired, reconstructed or remodeled.

Coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated above:

- (a) The cost of excavations, grading, backfilling and filling;
- (b) Foundation of the building;
- (c) Pilings; and
- (d) Underground pipes, flues and drains.

These items, (a) through (d) are deleted from the Property Not Covered section of the Building and Personal Property Coverage Form, but only with respect to the coverage described in this provision, 6.a. (2), of this Additional Covered Cause of Loss.

- (3) The cost to demolish and clear the site of undamaged parts of the property caused by enforcement of or compliance with building, zoning or lands use ordinance or law.
- b. The most we will pay in any one occurrence under this Additional Covered Cause of Loss is \$25,000.
 - c. We will not pay for the costs associated with the enforcement of or compliance with 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 "pollutants".
 - d. EXCLUSION B. 1. a. of the Causes of Loss - Special Form, does not apply to this Additional Covered Cause of Loss.

7. CONSEQUENTIAL LOSS

- a. We will pay for consequential loss or damage to Covered Property caused by or resulting from:
 - (1) Change in temperature or humidity.
 - (2) Interruption of power; heat; air conditioning; refrigeration; humidifying; or dehumidifying apparatus, including connections and supply pipes, located on the insured premises or within one statute mile thereof;when such loss or damage results from a Covered Cause of Loss.
- b. The most we will pay under this Additional Covered Cause of Loss in any one occurrence is \$25,000.
- c. Exclusions. The Causes of Loss - Special Form, B. Exclusions, apply to this coverage except exclusions B.1.e. and B.2.d.7.

COVERAGE EXTENSIONS

The following coverage extensions and limitations are amended as follows:



1. FIRE DEPARTMENT SERVICE CHARGE

Coverage A, 4., Additional Coverages, Item c., Fire Department Service Charge, of the Building and Personal Property Coverage Form is amended as follows:

The limit provided under this Additional Coverage shall be increased to \$10,000.

2. BUILDING GLASS COVERAGE

LIMITATION C.2., of the Causes of Loss - Special Form is amended as follows:

We will not pay more than \$1,000 in any one occurrence for loss of or damage to glass that is part of a building or structure, regardless of the number of panes, plates or similar units of glass. Subject to this \$1,000 aggregate, we will not pay more than \$250 for any one pane, plate, multiple plate insulating unit, radiant or solar heating panel, jalousie, ouver or shutter. These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

However, this limitation and the special limits shall not apply to loss or damage by the "specified causes of loss", except vandalism.

3. PROPERTY IN TRANSIT

Item F. ADDITIONAL COVERAGE EXTENSIONS, paragraph 1. c. of the Causes of Loss - Special Form is amended as follows:

c. The most we will pay for loss or damage under this Extension is \$15,000.

ADDITIONAL EXTENSIONS

The Building and Personal Property Coverage Form, Item 5. Coverage Extensions, is revised to expand limits as follows:

1. Paragraph a. NEWLY ACQUIRED OR CONSTRUCTED PROPERTY

The coverage provided in subparagraphs (1) and (2) is amended as follows:

a. In subparagraph (1), the last sentence is deleted in its entirety and replaced with the following:

the most we will pay for loss or damage under this Extension is 25% of the Limit of Insurance for Buildings shown in the Declarations, but not more than \$1,000,000 at each building.

b. In subparagraph (2)(a) the last sentence is deleted in its entirety and replaced with the following:

the most we will pay for loss or damage under this Extension is 10% of the Limit of Insurance for Business Personal Property shown in the Declarations, but not more than \$1,000,000 at each building or structure.

2. Paragraph b. PERSONAL EFFECTS AND PROPERTY OF OTHERS

Coverage is amended as follows:

The limit stated in the last paragraph is changed from \$2,500 to \$15,000.

3. Paragraph c. VALUABLE PAPERS AND RECORDS - COST OF RESEARCH

Coverage is amended as follows:

The title of the coverage extension is amended to read: **"Valuable Papers and Records"**
The last sentence of sub-paragraph c.(1) is deleted.



The limit set forth in sub-paragraph c.(4) is changed to \$15,000.

4. **Paragraph d. PROPERTY OFF-PREMISES** is deleted in its entirety and replaced with the following: Coverage is amended as follows:

The limit set forth in sub-paragraph d.(3) is changed from \$10,000 to \$15,000.

5. **Paragraph e. OUTDOOR PROPERTY**

The paragraph beginning with the language "The most we will pay . . ." is deleted in its entirety and replaced with the following:

The most we will pay for loss or damage under this Extension is \$10,000, but not more than \$1,000 for any one tree, shrub, or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

EXCLUSIONS

The following exclusion is added to the Exclusions section of the Causes of Loss – Special Form:

Virtual Currency

- (a) Loss involving virtual currency of any kind, by whatever name known, whether actual or fictitious including, but not limited to, digital currency, crypto currency or any other type of electronic currency.

All other provisions of the policy remain unchanged



Endorsement No.	Effective Date of Endorsement	Policy Number	Premium
	12:01 a.m. on If the above date is blank, then this endorsement is effective on the effective date of the policy.		

LOSS PAYABLE ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

It is agreed:

In addition to the policy terms and conditions contained within the Commercial Inland Marine Coverage Part, the following conditions apply to described property as indicated on the Commercial Inland Marine Declarations, or Schedule attached.

LOSS PAYABLE

Any loss to described property shall be adjusted with you, and shall be payable jointly to you and the Loss Payee described on the Commercial Inland Marine Declarations, as the respective interests may appear.

LENDER'S LOSS PAYABLE

If the Loss Payee described on the Commercial Inland Marine Declarations is your lender, any loss to described property shall be adjusted with you, and shall be payable jointly to you and the Loss Payee, as the respective interests may appear.

The insurance and all of the terms of this Coverage Part continues in effect for the Loss Payee even when your insurance may be void for your failure to comply with coverage terms, or when a claim is denied you because of your acts, provided the Loss Payee:

1. Pays any premium due under this Coverage Part at our request, if you have failed to do so;
2. Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
3. Has notified us of any change in ownership or substantial increase in risk.

If we pay the Loss Payee for a loss where your insurance may be void for your failure to comply with coverage terms, or when a claim is denied you because of your acts, the Loss Payee's right to collect that portion of the debt from you then belongs to us to the extent of the amount that we pay for the loss. This, however, does not affect the Loss Payee's right to collect the remainder of the debt you owe. The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired. At our option, we may pay the full amount of the debt plus any accrued interest to the Loss Payee. In this event, you will pay your remaining debt to us.

If we cancel or chose not to renew the insurance modified by this endorsement, we will give notice to the Loss Payee under the same terms and conditions as the cancellation or nonrenewal notice provided to you.

CONTRACT OF SALE



If the Loss Payee described on the Commercial Inland Marine Declarations is a person or organization having a contract with you for the sale of the described property, any loss to described property shall be adjusted with you, and shall be payable jointly to you and the Loss Payee, as the respective interests may appear. When covered property is the subject of a contract of sale, the word "you" in this insurance includes the Loss Payee.

All other provisions of the policy remain unchanged



Endorsement No.	Effective Date of Endorsement	Policy Number	Premium
	12:01 a.m. on If the above date is blank, then this endorsement is effective on the effective date of the policy.		

MOTOR TRUCK CARGO LIABILITY COVERAGE FORM

Various Provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown on the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F.- DEFINITIONS

A. COVERAGE

We cover your legal liability as a carrier for loss or damage to Covered Property from any of the Covered Causes of Loss.

1. Covered Property

We cover property of others as described on the Motor Truck Cargo Liability Declarations that you have accepted for transportation as a carrier under contract, tariff, bill of lading or shipping receipt. Such property is covered in due course of transit in your care, custody or control.

2. Property Not Covered

We do not cover:

- Accounts, bills, deeds, notes, securities, evidences of debt, letters of credit, tickets, stamps, or valuable papers;
- Works of art, money, currency, bullion, precious stones, watches, furs or jewelry;
- Property held by you for storage and for which warehouse receipts have been issued;
- Intermodal containers, unless included in the value of the shipment;
- Eggs.

But we will pay for loss or damage due to breakage of eggs caused by or resulting from:

- (1) Fire, lightning or explosion;
- (2) Collision, overturn, or derailment of the vehicle or transporting conveyance;
- (3) Windstorm, cyclone or tornado;
- (4) Collapse of bridges or culverts; or
- (5) Hazards of seas, lakes, rivers, or inland waters while in transit on scheduled ferries only.

if these causes of loss or damage would be covered under this Coverage Form.



- f. Live animals. But we will pay for loss or damage due to death or destruction of live animals or birds resulting from or made necessary by:

- (1) Fire, lightning or explosion;
- (2) Collision, overturn, or derailment of the vehicle or transporting conveyance;
- (3) Windstorm, cyclone or tornado;
- (4) Collapse of bridges or culverts; or
- (5) Hazards of seas, lakes, rivers or inland waters, but only while in transit on scheduled ferries;

if these causes of loss or damage would be covered under this Coverage Form.

- g. Contraband or property in the course of illegal transportation or trade.

3. Covered Causes of Loss

We cover your legal liability for direct physical loss or damage to Covered Property in accordance with the Contract, Tariff, Bill of Lading or Shipping Receipt issued by you, except for loss or damage excluded in the EXCLUSIONS of this Coverage Form.

4. Additional Coverages

The Limit of Insurance for each of the following Additional Coverages is in addition to and shall not apply against any other amounts payable under this Coverage Form. If more than one of the following Additional Coverages is applicable to any one occurrence, the most we will pay is the highest limit of liability available under the applicable Additional Coverages.

a. Pollution Clean Up and Removal

We will pay your expenses to extract "pollutants" from land, water or Covered Property at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within one hundred eighty (180) days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not cover the costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing that is performed in the course of extracting the "pollutants" from the land, air, water or Covered Property.

The most we will pay under this Additional Coverage for your expenses to extract "pollutants" from land, water or Covered Property under this Additional Coverage is \$10,000 per occurrence.

b. Debris Removal

We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period.

The most we will pay under this Additional Coverage is \$5,000 per occurrence...



This Additional Coverage does not apply to costs to:

- (a) Extract "pollutants" from land, water or Covered Property;
- (b) Remove, restore or replace polluted land, water or Covered Property; or
- (c) Transport polluted land or water to storage or decontamination sites.

c. Freight Charges

We will pay freight charges, not to exceed \$2,500 per occurrence, which you have earned but cannot collect as a result of a Covered Cause of Loss.

d. Miscellaneous Equipment

We will pay for loss or damage to, not to exceed \$2,500 per occurrence, for direct physical loss or damage, hand trucks, dollies, pallets, pads, covers, tarpaulins and similar equipment used in shipping and handling of property as a result of a Covered Cause of Loss.

5. Coverage Extensions

The Limit of Insurance for each of the following Coverage Extensions is included within the Limits of Insurance applicable to the property listed on the Motor Truck Cargo Liability Declarations.

a. Temporary Hold

We will pay for loss or damage to the Covered Property resulting from a Covered Cause of Loss, while temporarily held for not more than 10 days, excluding Sundays and legal holidays, after arrival at the premises listed on the Motor Truck Cargo Liability Declarations for which a Limit of Insurance is shown.

b. Labels and Wrappers

We will pay for the cost to replace the identifying label or wrapper containing the Covered Property if this is the only part lost or damaged by a Covered Cause of Loss.

B. EXCLUSIONS

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

a. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by a governmental authority and taken at the time of a fire to prevent its spread of the fire would be covered under this Coverage Form.

b. Nuclear Hazard



- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation or radioactive contamination from any other cause.

But we will pay for direct loss or damage caused by resulting fire if the fire would be covered under this Coverage Form.

c. War and Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any governmental, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

d. Pollution

The discharge, dispersal, seepage, migration, release or escape of "pollutants".

These exclusions apply whether or not the loss or damage event results in widespread damage or affects substantial area.

2. We will not pay for a loss or damage caused by or resulting from:

- a. Delays, loss of use, loss of market or any other consequential loss;
- b. Unexplained disappearance;
- c. Shortage found upon taking inventory; or
- d. Spoilage, contamination, corrosion, rust, dampness or dryness, cold or heat;

But we will pay for your legal liability for direct physical loss or damage resulting from:

- (1) Fire, lightning or explosion;
- (2) Collision, overturn, or derailment of the vehicle or transporting conveyance;
- (3) Windstorm, cyclone or tornado;
- (4) Collapse of bridges or culverts;
- (5) Hazards of seas, lakes, rivers or inland waters while in transit on scheduled ferries only; or
- (6) Theft.

if these causes of loss or damage would be covered under this Coverage Form.

e. Dishonest or criminal act committed by:

- (1) You, any of your partners, employees, directors, trustees, or authorized representatives;
- (2) A manager or a member if you are a limited liability company;
- (3) Anyone else with an interest in the property, or their employees or authorized representatives; or
- (4) Anyone else to whom the property is entrusted for any purpose.



This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

However, this exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire or to acts of destruction by your employees. But theft by employees is not covered.

C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown on the Declarations. Two or more trailers while connected or while being operated with a single power unit will be considered separate vehicles in applying the applicable Limit of Insurance.

D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage before applying the applicable Limits of Insurance exceeds the Deductible shown on the Motor Truck Cargo Liability Declarations. We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

E. ADDITIONAL CONDITIONS

This coverage provided by this Coverage Form is subject to the following conditions in addition to the Common Policy Conditions and the Commercial Inland Marine Conditions:

1. Coverage Territory

We cover property wherever located within the United States and Canada. But we do not cover property in transit to or from Alaska or Hawaii.

2. Valuation

Solely with respect to the coverage provided by this Coverage Form, the VALUATION condition set forth in the GENERAL CONDITIONS of the COMMERCIAL INLAND MARINE CONDITIONS is deleted in its entirety and replaced by the following:

The Covered Property will be valued at the least of the following amounts:

- a. The actual cash value of the property at the time of loss or damage;
- b. The cost of restoring the property to its condition immediately before the loss or damage;
- c. The cost of replacing the property with substantially identical property;
- d. The value shown in the tariff document, bill of lading, shipping receipt or contract of carriage; or
- e. The amount shown on the invoice, if any.

3. Reports and Premium

This condition will apply to your policy only when there is a Reports Rate and Premiums section completed on the Motor Truck Cargo Liability Declarations.



a. Reports

Within 30 days after the end of each reporting period shown on the Motor Truck Cargo Liability Declarations, you will report to us the total amount of "gross earned receipts" from your business for that period of time. You shall deduct from these receipts the following:

- (1) Your proportion of overcharges resulting from the use of erroneous rates, weights, classification or computations; and
- (2) Fees for collection of C.O.D.s and other collections of money from consignees in connection with freight shipments.

b. Rates and Premiums

(1) Premium Computation

We will compute the premium:

- (a) Using the rates and premium base shown on the Motor Truck Cargo Liability Declarations; and
- (b) As of each Premium Adjustment Period shown in the Motor Truck Cargo Declarations.

(2) Premium Adjustment

- (a) When the Annual Premium Adjustment Period is shown on the Motor Truck Cargo Liability Declarations, we will compare the total computed premium to the Deposit Premium. If it is more than the Deposit Premium, you will pay us the difference.
- (b) When any other Premium Adjustment Period is shown on the Motor Truck Cargo Liability Declarations, we will apply the computed premium to the Deposit Premium until it is used up. You will pay us all premiums that exceed the Deposit Premium.

- (3) If this coverage is cancelled you will report the total amount of the "gross earned receipts" up to and including the date of cancellation.

4. Records

You will keep accurate records of your business and retain them for 3 years after the policy ends.

5. Fines and Assessments

We will not pay for costs or penalties resulting from your violation of any law or regulation due to any delay in the payment, denial or settlement of any claim.

6. Indemnity Agreement

You agree to reimburse us for all loss or damage payments that we would not have been required to pay for a loss or damage except for the conditions of any Federal or State Form or Endorsement added to the policy.



F. DEFINITIONS

1. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
2. "Gross earned receipts" mean the total charges, whether collected or uncollected, for ordinary packing of goods preparatory to loading, including the handling thereof in loading and unloading, and the actual charge for transporting the goods from original location to final destination whether you or any other carrier originated the transportation.

All other provisions of the policy remain unchanged



Endorsement No.	Effective Date of Endorsement	Policy Number	Premium
	12:01 a.m. on If the above date is blank, then this endorsement is effective on the effective date of the policy.		

SPECIAL BROADENED PROPERTY COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM and

CAUSES OF LOSS - SPECIAL FORM

COMMERCIAL PROPERTY CONDITIONS

It is agreed:

This endorsement provides (A) SPECIAL COVERAGES WITH OPTIONAL LIMITS OF INSURANCE, (B) SPECIFIC LIMITS FOR ADDED COVERAGES , and (C) EXTENSIONS OF THE POLICY COVERAGE LIMITS.

These SPECIAL COVERAGES, ADDITIONAL COVERAGES, and EXTENSIONS apply on a per occurrence basis, subject to an aggregate annual limit, and are subject to all the terms, deductibles, exclusions and conditions applicable to the policy to which they are attached, except where otherwise provided.

A. SPECIAL COVERAGES

The blanket limit of insurance selected will apply on an occurrence basis, subject to an annual aggregate for all SPECIAL COVERAGES. The Annual Aggregate is the maximum annual Limit of Insurance applicable to all of these SPECIAL COVERAGES combined.

LIMIT OF INSURANCE
\$xxxxx Occurrence
\$xxxxx Aggregate
SPECIAL COVERAGES
Accounts Receivable Back-up of Sewers and Drains EDP Equipment System Breakdown Extra Expense Fire Department Service Charge & Fire Suppression Equipment Recharge Ordinance or Law



*Information required to complete this table, if not shown on this endorsement, will be shown in the Declarations.

The Special Coverage Limits of Insurance are additional insurance. The Additional Condition, Coinsurance, does not apply.

The following SPECIAL COVERAGES are added. Accounts Receivable

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 the amounts due from your customers that you are unable to collect;
- c. Collection expenses in excess of your normal collection expenses that are made necessary by the "loss"; and
- d. other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from Covered Causes of Loss to your records of accounts receivable.

2. Back-up of Sewers and Drains

- a. We will pay for loss or damage caused by water that backs up from sewers or drains.
- b. Exclusion B.1. g. Water, of the Causes of Loss - Special Form is deleted in its entirety and replaced with the following:
 - (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge) ;
 - (2) Mudslide or mudflow;
 - (3) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.
 - (4) Waterborn material carried or otherwise moved by an of the water referred to in Paragraphs (1) or (3), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) – (4), is caused by an act or nature or otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

If Water, as described in c. (1) through (4) above or water that backs up from sewers or drains results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

3. Electronic Data Processing Equipment Systems Breakdown Coverage

- a. We will pay for loss or damage to your “electronic data processing equipment” and “electronic data processing media” owned by you or leased or rented from others for which you are legally responsible.



- b. We will pay for such loss or damage resulting from or caused by:
 - (1) Mechanical breakdown, or machinery malfunction;
 - (2) Short circuit, blowout or other electrical damage or disturbance (except interruption of power supply, power surge, blackout or brown-out if the cause of such an interruption took place more than 100 feet from the Insured's location as shown in the policy);
 - (3) Faulty, inadequate or defective design, specifications, workmanship or materials. This does not apply to "electronic data processing media";
 - (4) Actual work upon Covered Property including while such property is being repaired or serviced. This does not apply to "electronic data processing media";
 - (5) Electrical or magnetic injury, disturbance, or erasure of electrical recordings. We will not pay if such loss or damage occurs outside the Insured's location or if there is a change in the Insured's electrical power supply, such as interruption, power surge or brown-out, which originates more than 100 feet from the Insured's location as shown in the policy.
- c. We will not pay for loss or damage resulting from:
 - (1) Loss to property loaned, leased or rented to others while away from the premises listed in the Declarations;
 - (2) Data or media which cannot be replaced with other data or media of the same kind and quality;
 - (3) Accounts, bills, evidences of debt, valuable papers, records, abstracts, deeds, manuscripts or other documents. We will cover such property when it is converted to data form and then only in that form;
 - (4) Error or omission in machine programming or incorrect instruction to a machine.
- d. Exclusions The CAUSES OF LOSS - SPECIAL FORM, B. EXCLUSIONS, apply to this coverage except exclusions B.2.a. and B.2.d. (6).
- e. "Electronic data processing equipment" means data processing systems, component parts and related peripheral equipment including air conditioning and fire protection equipment used solely for data processing operations. Electronic data processing equipment does not include electronic systems that control production machinery nor the production machinery itself.
- f. "Electronic data processing media" means all forms of data including computer instructions and programs which are converted to a form usable in your operations (but not including software or electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system) .

4. **Extra Expense**

When a loss covered by this policy occurs:

- a. We will pay any Extra Expense to avoid or minimize the suspension of your business and to continue "operations":
 - (1) At the described premises; or



(2) At replacement premises or at temporary locations, including:

(a) Relocation expenses; and

(b) Costs to equip and operate the replacement or temporary locations.

b. We will pay any Extra Expense to minimize the suspension of business if you cannot continue "operations".

c. We will pay an Extra Expense to:

(1) Repair or replace any property; or

(2) Research replace or restore the lost information on damaged valuable papers or records;

to the extent it reduces the amount of loss that otherwise would have been payable under this coverage.

d. 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 property caused by or resulting from a Covered Cause of Loss.

5. The Causes of Loss - Special Form, B. Exclusions, Item 4. Special Exclusions, that apply to Extra Expense shall apply to this coverage. Fire Department Service Charge and Fire Suppression Equipment Recharge

Coverage A. Item 4., Additional Coverages, Item c., Fire Department Service Charge, of the Building and Personal Property Coverage Form is amended as follows:

The limit available under this Additional Coverage shall be increased to the Limit of Liability shown above in this endorsement.

Under this special coverage and subject to the same Limit of Liability, we will also pay the cost of foam solutions, dry chemicals, halon or other fire extinguishing materials which have been lost, expended, damaged or destroyed when caused by or resulting from a Covered Cause of Loss.

6. Ordinance or Law

a. If a Covered Cause of Loss occurs to a covered Building, we will pay:

(1) For loss or damage caused by enforcement of or compliance with any ordinance or law that:

(a) Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;

(b) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

(c) Is in force at the time of the loss.

(2) The increased cost to repair or reconstruct damaged portions of such a Building and/or reconstruct or remodel undamaged portions of such a Building, whether or not demolition is required, when the increased cost is a consequence of enforcement of or compliance with building, zoning or land use ordinance or law.

However:



- (a) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
- (b) We will not pay for the increased cost of construction if the Building is not repaired, reconstructed or remodeled.

Coverage for the increased cost of construction also applies to repair or reconstruction of the following subject to the same conditions stated above:

- (a) The cost of excavations, grading, backfilling and filling;
- (b) Foundation of the building;
- (c) Pilings; and
- (d) Underground pipes, flues and drains.

These items, (a) through (d) are deleted from the Property Not Covered section of the Building and Personal Property Coverage Form, but only with respect to the coverage described in this provision, 6.a. (2) of this Special Coverage.

- (3) The cost to demolish and clear the site of undamaged parts of the property caused by enforcement of or compliance with building, zoning or land use ordinance or law.
- b. We will not pay for the costs associated with the enforcement of or compliance with 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 "pollutants".
- c. EXCLUSION B.1.a., of the Causes of Loss - Special Form, does not apply to this Special Coverage.

7. Valuable Papers and Records - Cost of Research

Coverage Extensions 5.c. of the Building and Personal Property Coverage Form is amended as follows:

The title of the coverage extension is amended to read: **"Valuable Papers and Records"**

The last sentence of sub-paragraph c.(1) is deleted.

The limit set forth in sub-paragraph c.(4) is changed to the Limit of Liability set forth above in this endorsement.

B. ADDITIONAL COVERAGES

The following ADDITIONAL COVERAGES are added to the policy. These coverages and the specified limits shown below will apply on an occurrence basis to all covered locations.

The Additional Condition, Coinsurance, shall not apply to these Additional Coverages.

1. Reward Coverage

We will pay on your behalf an award up to \$10,000, not to exceed 10% of the loss or damage covered by this policy, for information which leads to a conviction of the perpetrator(s) of such a loss. This reward will not be



Increased regardless of the number of informants providing information that leads to a conviction.

The reward may be offered, subject to our prior agreement, on any of the following types of losses, Covered Cause of Loss, or Coverages:

- a. Arson (fire);
- b. Theft of Covered Property of "money" and "securities";
- c. "Employee Dishonesty";
- d. Vandalism, willful and malicious Damage to Covered Property; and
- e. other Covered Losses, which are not listed above, with our prior approval.

2. "Employee Dishonesty"

- a. We will pay for direct loss of or damage to business personal property, including "money" and "securities", resulting from dishonest acts committed by any of your employees
- b. We will not pay for loss resulting in inventory shortage, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

(2) An inventory computation; or

(3) A profit and loss computation.

- c. The most we will pay for all loss caused by, or involving, one or more persons, whether the result of a single act or series of acts, in any one occurrence is \$25,000.
- d. Solely with respect to this additional coverage, Exclusions 2. h. of the Exclusions section of the Causes of Loss - Special Form, is deleted in its entirety and replaced with the following:

Dishonest or criminal act by you, any of your partners, directors, trustees, authorized representatives or anyone other than your employees to whom you entrust the property for any purpose:

(1) Acting alone or in collusion with others; or

(2) Whether or not occurring during the hours of employment.

- e. With respect to the coverage provided by this additional coverage, Item 2. PROPERTY NOT COVERED, paragraph a. of A. Coverage, of the Building and Personal Property Coverage Form is revised as follows:

2. Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities; except as provided in this endorsement.

3. **"Money" and "Securities"**

- a. We will pay for the theft, disappearance, or destruction of "money" and "securities" you use in your business as shown by your records.
- b. We will not pay for any loss caused by or resulting from accounting or arithmetical errors or omissions; dishonest or criminal acts of employees, directors, trustees or representatives; the giving or surrendering



of money or checks in exchange of purchase; or damage resulting from fire, however caused.

- c. The most we will pay for all loss caused by, or involving, any one or more persons, whether the result of a single act or series of acts in any one occurrence on the described premises is \$25,000, and any one occurrence away from the described premises is \$10,000.
- d. With respect to the coverage provided by this additional coverage Item 2. PROPERTY NOT COVERED, paragraph a. of A. Coverage, of the Building and Personal Property Coverage Form is revised as follows:

- 2. Accounts, bills, currency, deeds, food stamps or other evidences of debt, money, notes or securities; except as provided in this endorsement.

4. Brands and Labels

If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at an agreed or appraised value. If we do, you may, at your own expense:

- a. Stamp "salvage" on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
- b. Remove the brands or labels, if doing so will not physically damage the merchandise. You must relabel the merchandise or its containers to comply with the law.

This coverage applies to Covered Property which is manufactured by the Insured.

5. Preservation Expenses

We will pay your expenses to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss.

The most we will pay under this Additional Coverage is \$5,000 in any one occurrence.

6. Seasonal Automatic Increase

You may extend the insurance that applies to your Business Personal Property to apply to seasonal increases in your values. Your Business Personal Property limit will automatically be increased by 25% to cover these seasonal increases. However, this increase will only apply if the Limit of Insurance as shown on the Declaration for your Business Personal Property is at least 90% of your average monthly values for:

- a. The twelve (12) months immediately preceding the loss; or
- b. The period of time "you" have been in business if you have been in business for less than twelve (12) months.

This Additional Coverage applies only to risks written on a non-reporting basis.

7. Consequential Loss

- a. We will pay for consequential loss or damage to Covered Property caused by or resulting from:

(1) Change in temperature or humidity;

(2) Interruption of power; heat; air conditioning; refrigeration; humidifying; or dehumidifying apparatus,



including connections and supply pipes, located on the insured premises or within one statute mile thereof;

when such loss or damage results from a Covered Cause of Loss.

b. The most we will pay in any one occurrence is \$50,000.

c. , Exclusions B.1.e. and B.2.d. (7) (a) and (b) of the Causes of Loss - Special Form do not apply to the coverage provided by this additional coverage.

C. EXTENSIONS OF COVERAGES

1. Building Glass

LIMITATION C.2., of the Causes of Loss - Special Form is amended as follows:

We will not pay more than \$1,000 in any one occurrence for loss of or damage to glass that is part of a building or structure, regardless of the number of panes, plates or similar units of glass. Subject to this

\$1,000 aggregate, we will not pay more than \$250 for any one pane, plate, multiple plate insulating unit, radiant or solar heating panel, jalousie, louver or shutter. These special limits are part of, and not in addition to, the Limit of Insurance applicable to the Covered Property .

However, this limitation does not apply to loss or damage by the "specified causes of loss", except vandalism.

2. Pollutants Clean-Up and Removal

Item d, Pollutant Clean-Up and Removal of, 4. Additional Coverages set forth A. Coverage of the Building and Personal Property Coverage Form, ,. is amended as follows:

The limit for this additional coverage as stated in the last paragraph is changed from \$10,000 to \$25,000.

3. Property In Transit

Paragraph 1.c., of Item F.. ADDITIONAL COVERAGE EXTENSIONS, of the Causes of Loss - Special Form is amended as follows:

The limit for this additional coverage is changed from \$5,000 to \$25,000.

ADDITIONAL EXTENSIONS

The Building and Personal Property Coverage Form, Item 5. Coverage Extensions, is revised to expand limits as follows:

1. Paragraph a. Newly Acquired or Constructed Property

The coverage provided in subparagraphs (1) and (2) is amended as follows:

a. In subparagraph (1), the last sentence is deleted in its entirety and replaced with the following:

the most we will pay for loss or damage under this Extension is 25% of the Limit of Insurance for Buildings shown in the Declarations, but not more than \$1,000,000 at each building.

b. In subparagraph (2)(a) the last sentence is deleted in its entirety and replaced with the following:



the most we will pay for loss or damage under this Extension is 10% of the Limit of Insurance for Business Personal Property shown in the Declarations, but not more than \$1,000,000 at each building or structure.

2. **Paragraph b. Personal Effects and Property of Others**

The coverage provided in subparagraphs (1) and (2) is amended as follows:

Coverage is amended as follows:

The limit stated in the last paragraph is changed from \$2,500 to \$25,000.

3. **Paragraph d. Property Off-Premises**

Coverage is amended as follows:

The limits set forth in sub-paragraph d.(3) is changed from \$10,000 to \$25,000.

4. **Paragraph e. Outdoor Property**

The paragraph beginning with the language "The most we will pay . . ." is deleted in its entirety and replaced with the following:

The most we will pay for loss or damage under this Extension is \$15,000, but not more than \$2,500 for any one tree, shrub, or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Solely with respect to the coverage provided by this endorsement only, the **OTHER INSURANCE** provision set forth in the **COMMERCIAL PROPERTY CONDITIONS** is revised as follows:

You may have other insurance subject to the same terms, conditions, and provisions as the insurance provided under the coverages provided in this endorsement. If you do, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not.

D. ADDITIONAL DEFINITIONS

The DEFINITIONS section of the Building and Personal Property Coverage Form is amended to include the following additional definitions:

"Employee" means:

a. Any natural person:

(1) While in your service (and for 30 days after termination of service);

(2) Whom you compensate directly by salary, wages or commissions; and

(3) Whom you have the right to direct and control while performing services for you; or

b. Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you excluding, however, any such person while having care and custody



of property outside the described premises.

But, "employee" does not mean any:

- (1) Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
- (2) Director or trustee except while performing acts coming within the scope of the usual duties of an employee.

2. "Employee Dishonesty" means only dishonest act(s) committed by an "employee" whether identified or not, acting alone or in collusion with other persons, except you or a partner, with the manifest intent to:

- a. Cause you to sustain loss; and also
- b. Obtain financial benefit (other than employee benefits earned in the normal course of employment, including: salaries, commissions, fees, bonuses, promotions, awards, profit sharing or pensions) for:

(1) The "employee"; or

(2) Any person or organization intended by the "employee" to receive that benefit.

3. "Money" means:

- a. Currency coins and bank notes in current use and having a face value;
- b. Deposits in an insured's financial institution account; and
- c. Travelers checks, register checks and money orders held for sale to the public.

4. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

- a. Tokens tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
- b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money".

8. "Operations" means your business activities occurring at the described premises.

9. "Period of Restoration" means the period of time that:

- a. Begins with the date of direct physical loss or damage 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 that 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"

E. EXCLUSIONS

The following is added to Exclusions section of the Causes Of Loss - Special Form:

Virtual Currency

Loss involving virtual currency of any kind, by whatever name known, whether actual or fictitious including, but not limited to, digital currency, crypto currency or any other type of electronic currency.

All other provisions of the policy remain unchanged



Endorsement No.	Effective Date of Endorsement	Policy Number	Premium
	12:01 a.m. on If the above date is blank, then this endorsement is effective on the effective date of the policy.		

SPECIAL FLOATER COVERAGE FORM

Various Provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown on the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F.- DEFINITIONS

A. COVERAGE

We will pay for loss or damage to Covered Property from any of the Covered Causes of Loss.

1. Covered Property

We cover:

Your property and similar property of others that is in your care, custody or control and for which you are legally liable, for up to the Limit of Insurance specified on each item in the schedule of property shown on the Declarations.

2. Property Not Covered We do not cover:

- a. Accounts, bills, currency, deeds, money, evidences of debt, notes or securities;
- b. Land or water;
- c. Contraband, or property in the course of illegal transportation or trade; or
- d. Animals.

3. Covered Causes of Loss

We cover risks of direct physical loss or damage to Covered Property except those causes of loss or damage listed in the Exclusions.

4. Additional Coverage

The Limit of Insurance for each of the following Additional Coverages is in addition to and shall not apply against any other amounts payable under this Coverage Form.

a. Pollution Clean Up and Removal



We will pay your expenses to extract "pollutants" from land, water or Covered Property at the insured premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within one hundred eighty (180) days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land, air, water or Covered Property.

The most we will pay under this Additional Coverage is \$10,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate twelve (12) month period of this policy.

We will not pay under this Additional Coverage your expenses to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period.

b. Debris Removal

- (1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period.
- (2) The most we will pay under this Additional Coverage is \$5,000. This amount is in addition to and shall not apply against any other amount payable under this Coverage Form.
- (3) This Additional Coverage does not apply to costs to:
 - (a) Extract "pollutants" from land, water or Covered Property;
 - (b) Remove, restore or replace polluted land, water or Covered Property; or
 - (c) Transport polluted land or water to storage or decontamination sites.

B. EXCLUSIONS

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

a. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

b. Nuclear Hazard

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation or radioactive contamination from any other cause.



But we will pay for direct loss or damage caused by resulting fire if the fire would be covered under this Coverage Form.

c. War and Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any governmental, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

d. Earthquake

- (1) Earth movement such as an earthquake, landslide or earth sinking, rising or shifting. But we will pay for loss or damage caused by resulting fire or explosion, if these causes of loss or damage would be covered under this Coverage Form.
- (2) Volcanic eruption, explosion or effusion. But we will pay for direct loss or damage caused by resulting fire, if the fire would be covered under this Coverage Form.

e. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up from any sewer or drain;
- (4) Water that seeps, leaks or flows from below the surface of the ground; or
- (5) Any release of water impounded by a dam.

But we will pay for direct loss or damage caused by resulting fire, explosion or theft, if these causes of loss or damage would be covered under this Coverage Form.

This Exclusion does not apply to property in transit.

f. Pollution

The discharge, dispersal, seepage, migration, release or escape of "pollutants".

These exclusions apply whether or not the loss or damage event results in widespread damage or affects substantial area.

2. We will not pay for a loss or damage caused by or resulting from:
 - a. Delays, loss of use, loss of market or any other consequential loss.
 - b. Unexplained disappearance.



- c. Shortage found upon taking inventory.
- d. Gradual deterioration, wear and tear, hidden or latent defect, rust, corrosion or any quality in the property that causes it to destroy itself.
- e. Dishonest or criminal act committed by:
 - (1) You, any of your partners, employees, directors, trustees, or authorized representatives;
 - (2) A manager or a member if you are a limited liability company;
 - (3) Anyone else with an interest in the property, or their employees or authorized representatives; or
 - (4) Anyone else to whom the property is entrusted for any purpose.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

This exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire or to acts of destruction by your employees. But theft by employees is not covered.

- f. Artificially generated current creating a short circuit or other electrical disturbance within electrical systems, devices or equipment including wiring.
- g. Mechanical breakdown; rupture or bursting caused by centrifugal or reciprocating force. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.
- h. Breakage of fragile articles. But we will pay for such loss or damage caused by fire, lightening, explosion, windstorm, vandalism, aircraft, riots, strikes, theft, collision, upset or overturn of the transporting conveyance, if these causes of loss or damage would be covered under his Coverage Form.

C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown on the Declarations.

D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage before applying Limit of Insurance exceeds the Deductible shown on the Declarations. We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

E. ADDITIONAL CONDITIONS

This Coverage Form is subject to the following conditions in addition to the Common Policy Conditions and the Commercial Inland Marine Conditions:

1. **Coverage Territory**

We cover property wherever located within the United States and Canada.

2. **Coinsurance**



All Covered Property must be insured for at least 80% of its actual cash value as of the date of loss or damage or you will incur a penalty. The penalty is that we will pay only the proportion of any loss or damage that the Limit of Insurance on a scheduled item bears to eighty percent (80%) of its actual cash value as of the date of loss or damage.

When unscheduled equipment is covered by this Coverage Form the penalty is that we will pay only the proportion of any loss or damage that the Limit of Insurance bears to 80% of the actual cash value of all such property as of the date of loss or damage.

F. DEFINITIONS

"Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

All other provisions of the policy remain unchanged



Endorsement No.	Effective Date of Endorsement	Policy Number	Premium
	12:01 a.m. on If the above date is blank, then this endorsement is effective on the effective date of the policy.		

COMPUTER SYSTEMS COVERAGE FORM

Various provisions in this Policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this Policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **F. Definitions**.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property from any of the Covered Causes of Loss.

1. Covered Property, as used in this Coverage Form, means:

- a. "Computer Equipment", "Data" and "Media" owned by you; and
- b. Similar property of others in your care, custody or control.

Unless otherwise specified in the Declarations, the Limit of Insurance applicable to Data and Media combined at each location is equal to 20 % of the total Limit of Insurance shown in the Declarations at that location.

2. Property Not Covered

Covered Property does not include:

- a. Property leased or rented to others while away from your premises described in the Declarations;
- b. Accounts, bills, evidences of debt, valuable papers, abstracts, records, deeds, manuscripts or other documents, unless converted to "data" and then only in that form;
- c. Portable computers, including, but not limited to, laptops, notebooks and tablets;
- d. Contraband, or property in the course of illegal transportation or trade; or
- e. Stock in trade.

3. Covered Causes Of Loss

Covered Causes of Loss means Direct Physical Loss Or Damage to Covered Property except those causes of loss listed in the Exclusions.



4. Extra Expense

We will pay your Extra Expense to continue your normal data processing operations following damage to the Covered Property. Such Extra Expense must be due to direct physical "loss" to any building or to any personal property described in the Declarations or at any Additional Acquired Premises, caused by or resulting from a Covered Cause of Loss.

Extra Expense means necessary expenses you incur that you would not have incurred if there had been no "loss" to that property. But we will pay these expenses only for the period of time it reasonably takes you to restore your normal data processing operations.

In no event will we pay for loss of profits or earnings resulting from a reduced volume of business.

Unless otherwise specified in the Declarations, the Limit of Insurance applicable to Extra Expense at each location is equal to 20% of the total Limit of Insurance shown in the Declarations for that location.

5. Loss of Income

We will pay your actual Loss of Income you sustain due to the necessary suspension of your data processing operations following damage to the Covered Property. Such Loss of Income must be due to direct physical "loss" to Covered Property at a location described in the Declarations, or at any Additional Acquired Premises, caused by or resulting from a Covered Cause of Loss.

Loss of Income means net income before taxes, payroll expense, interest, and other continuing operating expenses normally earned or incurred by you. We cover only those payroll and other expenses that are necessary to resume your data processing operations and to restore the same quality of service that existed before the "loss", and that you incur during the period beginning with direct physical "loss" to Covered Property and ending when the Covered Property should be repaired, rebuilt or replaced with reasonable speed and similar quality.

We also cover Loss of Income you sustain as a result of:

- a. damage to premises at a location described in the Declarations that prevents you from using the Covered Property;
- b. damage to the air conditioning or electrical systems that are necessary for the operation of the Covered Property, resulting in a reduction or suspension of your data processing operations; or
- c. an order by a civil authority that denies you access to a premises at a location described in the Declarations because of damage to that premises, or to an adjacent property, but not to exceed Loss of Income sustained during a period of two consecutive weeks from the date of the order.

The most we will pay is the Limit of Insurance shown on the Declarations for Loss of Income at each location. However, we will pay only that part of your "loss" in any one occurrence that exceeds the deductible shown on the Declarations as applying to all other "loss".

6. Additional Coverages

- a. Additional Acquired Premises



If during the policy period you acquire an additional premises, we will provide coverage for Covered Property at such premises for up to 60 days. The most we will pay for loss or damage is the lesser of:

- (1) 25% of the total Limit Of Insurance shown in the Declarations for all individually listed and described items; or
- (2) \$100,000.

You will report the values of such property to us within 60 days from the date you take possession and will pay any additional premium due. If you do not report such property, coverage will cease automatically 60 days after the date you take possession of the property or at the end of the policy period, whichever occurs first.

b. Debris Removal

- (1) We will pay your expenses to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) The most we will pay under this Additional Coverage is 25% of:
 - (a) The amount we pay for direct physical loss or damage to Covered Property; plus
 - (b) The deductible in this Policy applicable to that loss or damage;

but this limitation does not apply to any additional debris removal limit provided in the Limits Of Insurance section.

c. Preservation Of Property

If it is necessary to move Covered Property from the premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another premises; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

d. Recharging The Fire Suppression System

We will pay up to \$10,000 to recharge the fire suppression system protecting your premises if the system, for any reason, discharges.

e. Virus, Harmful Code Or Similar Instruction



- (1) Under this Additional Coverage, 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.
- (2) Subject to the provisions of this Additional Coverage:
 - (a) We will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a virus, harmful code or similar instruction; and
 - (b) You may extend insurance that applies to Business Income coverage, if applicable, to apply to a suspension of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a virus, harmful code or similar instruction;

introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.
- (3) To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
- (4) With respect to Business Income coverage, if applicable, this Additional Coverage – Virus, Harmful Code Or Similar Instruction does not apply to loss sustained after the end of the "period of restoration", even if the amount of insurance applicable in Paragraph **(5)** below has not been exhausted.
- (5) Unless a higher Limit Of Insurance for this coverage is shown in the Declarations, the most we will pay under this Additional Coverage – Virus, Harmful Code Or Similar Instruction is \$5,000 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

The \$5,000 (or higher) Limit of Insurance applies separately to direct physical loss or damage and to Business Income loss, if applicable.



B. Exclusions

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

- a. **Governmental Action**

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

- b. **Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the direct loss or damage caused by that fire if the fire would be covered under this Coverage Form.

- c. **War And Military Action**

- (1) War, including undeclared or civil war;
 - (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

Exclusions **B.1.a.** through **B.1.c.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

- a. Delay, loss of use, loss of market or any other consequential loss.
 - b. Dishonest or criminal act (including theft) committed by:
 - (1) You, any of your partners, employees (including temporary employees and leased workers), officers, directors, trustees, or authorized representatives;
 - (2) A manager or a member if you are a limited liability company; or
 - (3) Anyone else with an interest in the property, or their employees (including temporary employees and leased workers) or authorized representatives;

whether acting alone or in collusion with each other or with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.



This exclusion does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.

- c. Unauthorized instructions to transfer property to any person or to any place.
- d. Virus, harmful code or similar instruction introduced into or enacted on a computer system (including "data") or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation.

This exclusion applies except to the extent coverage is provided under Additional Coverage A.4.e. Virus, Harmful Code Or Similar Instruction.

- e. Work upon the property.

But if work upon the property results in fire or explosion, we will pay for direct loss or damage caused by that fire or explosion if the fire or explosion would be covered under this Coverage Form.

- f. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
- g. Theft by any person (except carriers for hire) to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

- 3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by that Covered Cause of Loss.

- a. Wear and tear, depreciation.
- b. Any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration.
- c. Insects, vermin or rodents.
- d. Corrosion or rust.

C. Limits Of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

Payments under the Debris Removal Additional Coverage will not increase the applicable Limit of Insurance; but if:

- 1. The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or



2. The debris removal expense exceeds the amount payable under the 25% limitation in Debris Removal Additional Coverage;

we will pay up to an additional \$10,000 in any one occurrence under the Debris Removal Additional Coverage.

D. Deductible

We will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage before applying the applicable Limits of Insurance exceeds the Deductible shown in the Declarations. We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

E. Additional Conditions

1. The **Valuation** General Condition in the Commercial Inland Marine Conditions is replaced by the following:

- a. The value of "computer equipment" will be:

- (1) The cost of replacing the equipment with new property functionally identical to the damaged equipment if replaced; or
- (2) Actual cash value if the property is not repaired or replaced.

In the event of partial damage to an item of "computer equipment", we will not pay more than the cost of reasonably restoring the property to its condition immediately prior to the loss.

- b. The value of "data" will be the actual cost to reproduce. If the "data" is not replaced or reproduced, we will pay the cost of the value of the "media" with no stored "data".
 - c. The value of "media" will be the cost to repair or replace the "media" with substantially identical property.
2. The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

a. Coverage Territory

- (1) We cover property wherever located within:

- (a) The United States of America (including its territories and possessions);
- (b) Puerto Rico; and
- (c) Canada.

- (2) We also cover property being shipped by air within and between points in Paragraph (1).

b. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies:



With respect to "computer equipment", we will not pay the full amount of any loss or damage if the value of "computer equipment" at the location where the loss occurred at the time of loss or damage times the Coinsurance percentage shown in the Declarations is greater than the applicable Limit of Insurance for "computer equipment".

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of "computer equipment" at the time of loss or damage by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss or damage, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

F. Definitions

1. "Computer Equipment" means:

- a. Your programmable electronic equipment that is used to store, retrieve and process data. It includes their component parts and air conditioning, fire suppression equipment and electrical equipment used exclusively in your computer operations; and
- b. Associated peripheral equipment that provides communication including input and output functions such as printing or auxiliary functions such as data transmission.

It does not include "data" and "media".

2. "Data" means:

- a. Data stored on "media"; and
- b. Programming records used for electronic data processing or electronically controlled equipment.

3. "Loss" means accidental loss or damage.

4. "Media" means electronic data processing, recording or storage media such as software, films, tapes, discs, drums or cells.

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

- a. Begins with the date of loss caused by or resulting from a Covered Cause of Loss at a covered location; and
- b. Ends on the date when the property at the covered location should be repaired, rebuilt or replaced with reasonable speed and similar quality.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NAMED DRIVER EXCLUSION

This endorsement modifies insurance provided under the following:

**BUSINESS AUTO COVERAGE FORM
GARAGE COVERAGE FORM
TRUCKERS COVERAGE FORM
MOTOR CARRIER COVERAGE FORM
AUTO DEALERS COVERAGE FORM**

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated below and shall remain in effect on all renewals or continuations until cancelled or deleted by us.

Endorsement Effective Date: _____ 12:01 AM Standard Time

Except as provided for in the paragraph immediately below, you agree that none of the insurance coverages afforded by the policy shall apply while a covered "auto" is driven, operated or in the care, custody or control of the named person(s) set forth in the **SCHEDULE** below. This exclusion applies whether or not the use of the "auto" was with the express or implied permission of the "insured".

If the excluding of uninsured, underinsured, uninsured or underinsured property damage, personal injury protection or auto medical payments coverage is in violation of any applicable state law, then coverage provided shall be no greater than the minimum coverage requirement applicable at the time of any "loss".

All other terms and conditions of the above policies remain unchanged by this endorsement.

SCHEDULE:

Excluded Driver(s) or Operator(s)	
_____	_____
_____	_____

ACCEPTED BY:

Signature Of Named Insured or, if a Corporation, an Authorized Representative	Title	Date Signed



COMMERCIAL PROPERTY COVERAGE PART EQUIPMENT BREAKDOWN COVERAGE SCHEDULE

Equipment Breakdown is subject to the Limits of Insurance shown in the Declarations except as specifically shown below.

These coverages apply to all locations covered on the policy, unless otherwise specified.

Coverages	Limits		
Equipment Breakdown Limit	\$		
Business Income	\$		
Extra Expense	\$		
Data Restoration	\$		
Expediting Expenses	\$		
"Fungus", Wet Rot, Dry Rot and Bacteria	\$		
Hazardous Substances	\$		
Off Premises Equipment Breakdown	\$		
Service Interruption	\$		
Spoilage	\$	@	% Coinsurance

DEDUCTIBLES

Combined, All Coverages	\$		
Direct Coverages	\$		
Indirect Coverages	\$		
	or	hrs.	
	or	times ADV	
Spoilage	\$		
	or	% of loss, \$	minimum

OTHER CONDITIONS



EQUIPMENT BREAKDOWN COVERAGE

(Including Electronic Circuitry Impairment)

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSES OF LOSS — BASIC FORM
CAUSES OF LOSS — BROAD FORM
CAUSES OF LOSS — SPECIAL FORM

- A. The following is added as an Additional Coverage to the Causes of Loss — Basic Form, Broad Form or Special Form.

Additional Coverage — Equipment Breakdown

The term Covered Cause of Loss includes the Additional Coverage Equipment Breakdown as described and limited below. Without an "accident" or "electronic circuitry impairment", there is no Equipment Breakdown Coverage.

1. We will pay for direct physical damage to Covered Property that is the direct result of an "accident" or "electronic circuitry impairment". We will consider "electronic circuitry impairment" to be physical damage to "covered equipment".
2. Unless otherwise shown in a "schedule", the following coverages also apply to the direct result of an "accident" or "electronic circuitry impairment". However, with respect to coverage **2.h. Service Interruption** below and any Dependent Properties coverage provided by this coverage part, coverage will apply only to the direct result of an "accident" and will not apply to the direct result of an "electronic circuitry impairment". These coverages do not provide additional amounts of insurance.

a. Business Income and Extra Expense

- (1) Any insurance provided under the coverage part for Business Income or Extra Expense is extended to the coverage provided by this endorsement. However, if a deductible is shown in a "schedule", then with respect to this endorsement only, the "period of restoration" will begin immediately after the "accident" or "electronic circuitry impairment", and the deductible shown in the "schedule" will apply.
- (2) The most we will pay for loss or expense under this coverage is the applicable limit for Business Income and Extra Expense, unless otherwise shown in a "schedule".

b. Data Restoration

- (1) We will pay for your reasonable and necessary cost to research, replace and restore lost "data".
- (2) The most we will pay for loss or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$25,000 unless otherwise shown in a "schedule".



c. Expediting Expenses

- (1) With respect to your damaged Covered Property, we will pay the reasonable extra cost to:
 - (a) Make temporary repairs; and
 - (b) Expedite permanent repairs or permanent replacement.
- (2) The most we will pay for loss or expense under this coverage is \$25,000 unless otherwise shown in a "schedule".

d. "Fungus", Wet Rot, Dry Rot And Bacteria

- (1) We will pay your additional cost to repair or replace Covered Property because of contamination by "fungus", wet rot, dry rot or bacteria. This includes the additional costs to clean up or dispose of such property. This does not include spoilage of personal property that is "perishable goods" to the extent that such spoilage is covered under Spoilage coverage.
- (2) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no "fungus", wet rot, dry rot or bacteria been involved.
- (3) We will also pay the cost of testing performed after repair or replacement of the damaged Covered Property is completed only to the extent that there is reason to believe there is the presence of "fungus", wet rot, dry rot or bacteria.
- (4) This coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.
- (5) The most we will pay in any "one equipment breakdown" for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$15,000 unless otherwise shown in a "schedule" even if the "fungus", wet rot, dry rot or bacteria continues to be present or active or recurs in a later policy period.

e. Hazardous Substances

- (1) We will pay your additional cost to repair or replace Covered Property because of contamination by a "hazardous substance". This includes the additional expenses to clean up or dispose of such property.
- (2) This does not include contamination of "perishable goods" by refrigerant, including but not limited to ammonia, which is addressed in **2.i.(1)(b)** below. As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no "hazardous substance" been involved.
- (3) The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$25,000 unless otherwise shown in a "schedule".



f. Off Premises Equipment Breakdown

- (1) We will pay for physical damage to transportable "covered equipment" that, at the time of the "accident" or "electronic circuitry impairment", is not at a covered location. As respects this Off Premises Equipment Breakdown coverage only, the "accident" or "electronic circuitry impairment" may occur in any country except one in which the United States has imposed sanctions, embargoes or similar restrictions on the provision of insurance.
- (2) We will also pay for your reasonable and necessary cost to research, replace and restore lost "data" contained within "covered equipment" as described under (1) above. This amount may not exceed the limit applicable to Data Restoration coverage.
- (3) The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, and Data Restoration as described in (2) above is \$10,000 unless otherwise shown in a "schedule".

g. Public Relations

- (1) This coverage only applies if you have sustained an actual loss of Business Income covered under this endorsement.
- (2) We will pay for your reasonable costs for professional services to create and disseminate communications, when the need for such communications arises directly from the interruption of your business. This communication must be directed to one or more of the following:
 - (a) The media;
 - (b) The public; or
 - (c) Your customers, clients or members.
- (3) Such costs must be incurred during the "period of restoration" or up to 30 days after the "period of restoration" has ended.
- (4) The most we will pay for loss or expense under this coverage is \$5,000.

h. Service Interruption

- (1) Any insurance provided for Business Income, Extra Expense, Data Restoration or Spoilage is extended to apply to your loss, damage or expense caused by a failure or disruption of service. The failure or disruption of service must be caused by an "accident" to equipment, including overhead transmission lines, that is owned by a utility, landlord, a landlord's utility or other supplier who provides you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, Internet access, telecommunications services, "cloud computing services", wide area networks or data transmission. The equipment must meet the definition of "covered equipment" except that it is not Covered Property.
- (2) "Cloud computing services" must be provided by a professional provider with whom you have a contract.



- (3) With respect to the Data Restoration portion of this Service Interruption coverage, coverage will also apply to "data" stored in the equipment of a provider of "cloud computing services".
- (4) Unless otherwise shown in a "schedule", any insurance provided for Business Income or Data Restoration will not apply under this Service Interruption coverage unless the failure or disruption of service exceeds 24 hours immediately following the "accident". If the interruption exceeds 24 hours, coverage will begin at the time of the disruption, and the applicable deductible will apply.
- (5) The most we will pay in any "one equipment breakdown" for loss, damage or expense under this coverage is the applicable limit for Business Income, Extra Expense, Data Restoration or Spoilage, except that if a limit is shown in a "schedule" for Service Interruption, that limit will apply to Business Income and Extra Expense loss under this coverage.

i. Spoilage

- (1) We will pay for:
 - (a) Physical damage to "perishable goods" due to spoilage;
 - (b) Physical damage to "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia;
 - (c) Any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
- (2) If you are unable to replace the "perishable goods" before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "accident" or "electronic circuitry impairment", less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation condition.
- (3) The most we will pay for loss, damage or expense under this coverage is \$25,000 unless otherwise shown in a "schedule".

3. EXCLUSIONS

All exclusions in the applicable Causes of Loss form apply except as modified below and to the extent that coverage is specifically provided by this endorsement.

a. The following exclusions are modified:

- (1) If the Causes of Loss — Basic Form or Causes of Loss — Broad Form applies, the following is added to **Exclusion B.2.**:

Depletion, deterioration, corrosion, erosion, wear and tear, or other gradually developing conditions. However, if an "accident" or "electronic circuitry impairment" results, we will pay for the resulting loss, damage or expense caused by that "accident" or "electronic circuitry impairment".



- (2) If the Causes of Loss — Special Form applies, with respect to this endorsement only, the last paragraph of **Exclusion B.2.d.** is deleted and replaced with the following:

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in an "accident" or "electronic circuitry impairment", we will pay for the loss, damage or expense caused by that "accident" or "electronic circuitry impairment".

b. The following exclusions are added:

- (1) We will not pay for loss, damage or expense caused by or resulting from a hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment.
- (2) Coverage under this endorsement does not apply to an "accident" or "electronic circuitry impairment" caused by or resulting from:
 - (a) Fire (including fire resulting from an "accident" or "electronic circuitry impairment"), or water or other means used to extinguish a fire;
 - (b) Explosion of gas or unconsumed fuel within the furnace of any boiler or fired vessel or within the passages from that furnace to the atmosphere;
 - (c) Any other explosion, except as specifically covered under this endorsement;
 - (d) Vandalism;
 - (e) Lightning; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; sprinkler leakage; elevator collision;
 - (f) Breakage of glass; falling objects; weight of snow, ice or sleet; freezing (caused by cold weather); collapse or molten material;
 - (g) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not; mudslide or mudflow; or water that backs up or overflows from a sewer, drain or sump. However, if electrical "covered equipment" requires drying out because of the above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible for Building or Business Personal Property, whichever applies;
 - (h) Any earth movement, including but not limited to earthquake, subsidence, sinkhole collapse, landslide, earth sinking, tsunami or volcanic action.
- (3) With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for any increase in loss resulting from an agreement between you and your customer or supplier.



(4) Except as specifically provided under **A.2.d. "Fungus", Wet Rot, Dry Rot and Bacteria Coverage**, we will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an "accident" or "electronic circuitry impairment": Any "fungus", wet rot, dry rot or bacteria, including any presence, growth, proliferation, spread or any activity of "fungus", wet rot, dry rot or bacteria. This includes, but is not limited to, costs arising from clean up, removal, or abatement of such "fungus", wet rot, dry rot or bacteria. However, this exclusion does not apply to spoilage of personal property that is "perishable goods", to the extent that such spoilage is covered under Spoilage coverage.

(5) We will not pay for any loss or damage to animals.

c. Exclusions **b.(2)(e)** and **b.(2)(f)** above shall not apply if:

(1) The excluded cause of loss occurs away from any covered location and causes an electrical surge or other electrical disturbance;

(2) Such surge or disturbance is transmitted through utility service transmission lines to the covered location and results in an "accident" or "electronic circuitry impairment"; and

(3) The loss, damage or expense caused by such surge or disturbance is not covered elsewhere under the policy.

d. Any cause of loss set forth in exclusion **b.(2)(f)** above that is not a Covered Cause of Loss in this coverage part shall be excluded only as respects Service Interruption coverage.

4. DEFINITIONS

The following definitions are added with respect to this endorsement only:

a. "Accident"

(1) "Accident" means a fortuitous event that causes direct physical damage to "covered equipment". The event must be one of the following:

(a) Mechanical breakdown, including rupture or bursting caused by centrifugal force;

(b) Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;

(c) Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;

(d) Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or

(e) Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.

(2) None of the following is an "accident":



- (a) Defect, programming error, programming limitation, computer virus, malicious code, loss of "data", loss of access, loss of use, loss of functionality or other condition within or involving "data" or "media" of any kind; or
- (b) Misalignment, miscalibration, tripping off-line, or any condition which can be corrected by re-setting, tightening, adjusting or cleaning, or by the performance of maintenance.

However, if an "accident" results, we will pay for the resulting loss, damage or expense caused by that "accident".

b. "Boilers and vessels" means:

- (1) Any boiler, including attached steam, condensate and feedwater piping; and
- (2) Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.

This term does not appear elsewhere in this endorsement, but may appear in a "schedule".

c. "Cloud computing services" means professional, on-demand, self-service data storage or data processing services provided through the Internet or over telecommunications lines. This includes services known as IaaS (infrastructure as a service), PaaS (platform as a service), SaaS (software as a service) and NaaS (network as a service). This includes business models known as public clouds, community clouds and hybrid clouds. "Cloud computing services" include private clouds if such services are owned and operated by a third party.

d. "Covered equipment"

- (1) "Covered equipment" means, unless otherwise specified in a "schedule", Covered Property:

- (a) That generates, transmits or utilizes energy; or
- (b) Which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

"Covered equipment" may utilize conventional design and technology or new or newly commercialized design and technology.

- (2) None of the following is "covered equipment":

- (a) Structure, foundation, cabinet or compartment;
- (b) Insulating or refractory material;
- (c) Sewer piping, buried vessels or piping, or piping forming a part of a sprinkler or fire suppression system;
- (d) Water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;



- (e) "Vehicle" or any equipment mounted on a "vehicle";
 - (f) Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
 - (g) Dragline, excavation or construction equipment; or
 - (h) Equipment manufactured by you for sale.
- e. "Data" means information or instructions stored in digital code capable of being processed by machinery.
- f. "Electronic circuitry" means microelectronic components, including but not limited to circuit boards, integrated circuits, computer chips and disk drives.
- g. "Electronic circuitry impairment"
 - (1) "Electronic circuitry impairment" means a fortuitous event involving "electronic circuitry" within "covered equipment" that causes the "covered equipment" to suddenly lose its ability to function as it had been functioning immediately before such event. This definition is subject to the conditions specified in (2), (3) and (4) below.
 - (2) We shall determine that the reasonable and appropriate remedy to restore such "covered equipment's" ability to function is the replacement of one or more "electronic circuitry" components of the "covered equipment".
 - (3) The "covered equipment" must be owned or leased by you, or operated under your control.
 - (4) None of the following is an "electronic circuitry impairment":
 - (a) Any condition that can be reasonably remedied by:
 - i. Normal maintenance, including but not limited to replacing expendable parts, recharging batteries or cleaning;
 - ii. Rebooting, reloading or updating software or firmware; or
 - iii. Providing necessary power or supply.
 - (b) Any condition caused by or related to:
 - i. Incompatibility of the "covered equipment" with any software or equipment installed, introduced or networked within the prior 30 days; or
 - ii. Insufficient size, capability or capacity of the "covered equipment".
 - (c) Exposure to adverse environmental conditions, including but not limited to change in temperature or humidity, unless such conditions result in an observable loss of functionality. Loss of warranty shall not be considered an observable loss of functionality.



- h. "Hazardous substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
- i. "Media" means material on which "data" is recorded, such as solid state drives, hard disks, optical disks, flash drives, magnetic tapes or floppy disks.
- j. "One equipment breakdown" means: If an initial "accident" or "electronic circuitry impairment" causes other "accidents" or "electronic circuitry impairments", all will be considered "one equipment breakdown". All "accidents" or "electronic circuitry impairments" that are the result of the same "accident" or "electronic circuitry impairment" will be considered "one equipment breakdown".
- k. "Perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
- l. "Production machinery" means any machine or apparatus that processes or produces a product intended for eventual sale. This includes all component parts of such machine or apparatus and any other equipment used exclusively with such machine or apparatus. However, "production machinery" does not mean any boiler, or fired or unfired pressure vessel.

This term does not appear elsewhere in this endorsement, but may appear in a "schedule".

- m. "Schedule" means the Equipment Breakdown Coverage Schedule.
- n. "Vehicle" means, as respects this endorsement only, any machine or apparatus that is used for transportation or moves under its own power. "Vehicle" includes, but is not limited to: car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.

However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a "vehicle".

B. The Building and Personal Property Coverage Form is modified as follows.

The definitions stated above also apply to section **B.** of this endorsement.

1. DEDUCTIBLE

The deductible in the Declarations applies unless a separate Equipment Breakdown deductible is shown in a "schedule". If a separate Equipment Breakdown deductible is shown, the following applies.

Only as regards Equipment Breakdown Coverage, provision **D. DEDUCTIBLE** is deleted and replaced with the following:

a. Deductibles for Each Coverage

- (1) Unless the "schedule" indicates that your deductible is combined for all coverages, multiple deductibles may apply to any "one equipment breakdown".



- (2) We will not pay for loss, damage or expense under any coverage until the amount of the covered loss, damage or expense exceeds the deductible amount indicated for that coverage in the "schedule". We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit.
- (3) If deductibles vary by type of "covered equipment" and more than one type of "covered equipment" is involved in any "one equipment breakdown", only the highest deductible for each coverage will apply.

b. Direct and Indirect Coverages

- (1) Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the "schedule".
- (2) Unless more specifically indicated in the "schedule":
 - (a) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss; and
 - (b) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this endorsement.

c. Application of Deductibles

(1) Dollar Deductibles

We will not pay for loss, damage or expense resulting from any "one equipment breakdown" until the amount of loss, damage or expense exceeds the applicable deductible shown in the "schedule". We will then pay the amount of loss, damage or expense in excess of the applicable deductible or deductibles, up to the applicable Limit of Insurance.

(2) Time Deductible

If a time deductible is shown in the "schedule", we will not be liable for any loss occurring during the specified number of hours or days immediately following the "accident" or "electronic circuitry impairment". If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

(3) Multiple of Average Daily Value (ADV)

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:



The ADV (Average Daily Value) will be the Business Income (as defined in any Business Income coverage that is part of this policy) that would have been earned during the period of interruption of business had no "accident" or "electronic circuitry impairment" occurred, divided by the number of working days in that period. No reduction shall be made for the Business Income not being earned, or in the number of working days, because of the "accident" or "electronic circuitry impairment" or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to the Business Income value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the "period of restoration". The number indicated in the "schedule" will be multiplied by the ADV as determined above. The result shall be used as the applicable deductible.

(4) Percentage of Loss Deductibles

If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated minimum deductible, the minimum deductible will be the applicable deductible.

2. CONDITIONS

- a. The following conditions are in addition to the Conditions in the Building and Personal Property Coverage Form, the Commercial Property Conditions and the Common Policy Conditions.

(1) Suspension

Whenever "covered equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" or "electronic circuitry impairment" to that "covered equipment". This can be done by mailing or delivering a written notice of suspension to:

- (a) Your last known address; or
- (b) The address where the "covered equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that "covered equipment". If we suspend your insurance, you will get a pro rata refund of premium for that "covered equipment" for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

(2) Jurisdictional Inspections

If any property that is "covered equipment" under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

(3) Coinsurance



If a coinsurance percentage is shown in a "schedule" for specified coverages, the following condition applies.

We will not pay for the full amount of your loss if the applicable limit is less than the product of the specified coinsurance percentage times the value of the property subject to the coverage at the time of the loss. Instead, we will determine what percentage this calculated product is compared to the applicable limit and apply that percentage to the gross amount of loss. We will then subtract the applicable deductible. The resulting amount, or the applicable limit, is the most we will pay. We will not pay for the remainder of the loss. Coinsurance applies separately to each insured location.

- b. As respects this endorsement only, the Valuation Condition in the Building and Personal Property Coverage Form is deleted and replaced with the following:

Valuation

We will determine the value of Covered Property as follows:

- (1) Except as specified otherwise, our payment for damaged Covered Property will be the smallest of:
 - (a) The cost to repair the damaged property;
 - (b) The cost to replace the damaged property on the same site; or
 - (c) The amount you actually spend that is necessary to repair or replace the damaged property.
- (2) The amount of our payment will be based on the most cost-effective means to replace the function, capacity and remaining useful life of the damaged property. This may include the use of generic, used or reconditioned parts, equipment or property.
- (3) Except as described in (4) below, you must pay the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.
- (4) Environmental, Safety and Efficiency Improvements

If "covered equipment" requires replacement due to an "accident" or "electronic circuitry impairment", we will pay your additional cost to replace with equipment that is better for the environment, safer for people or more energy or water efficient than the equipment being replaced. However, we will not pay to increase the size or capacity of the equipment and we will not pay more than 150% of what the cost would have been to replace with like kind and quality. This provision does not apply to the replacement of component parts or to any property to which Actual Cash Value applies and does not increase any of the applicable limits.
- (5) The following property will be valued on an Actual Cash Value basis:
 - (a) Any property that does not currently serve a useful or necessary function for you;
 - (b) Any Covered Property that you do not repair or replace within 24 months after the date of the "accident" or "electronic circuitry impairment"; and



- (c) Any Covered Property for which Actual Cash Value coverage is specified in a "schedule",
Actual Cash Value includes deductions for depreciation.
- (6) If any one of the following conditions is met, property held for sale by you will be valued at the sales price as if no loss or damage had occurred, less any discounts and expenses that otherwise would have applied:

 - (a) The property was manufactured by you;
 - (b) The sales price of the property is less than the replacement cost of the property; or
 - (c) You are unable to replace the property before its anticipated sale.
- (7) Except as specifically provided for under Data Restoration coverage, "data" and "media" will be valued on the following basis:

 - (a) For mass produced and commercially available software, at the replacement cost.
 - (b) For all other "data" and "media", at the cost of blank "media" for reproducing the records. We will not pay for "data" representing financial records based on the face value of such records.

The most we will pay for loss, damage or expense under this endorsement arising from any "one equipment breakdown" is the applicable Limit of Insurance in the Declarations unless otherwise shown in a "schedule". Coverage provided under this endorsement does not provide an additional amount of insurance.



**COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE SCHEDULE**

Equipment Breakdown is subject to the Limits of Insurance shown in the Declarations except as specifically shown below.

These coverages apply to all locations covered on the policy, unless otherwise specified.

COVERAGES	LIMITS
Equipment Breakdown Limit	\$
Business Income	\$
Extra Expense	\$
Expediting Expenses	\$
Hazardous Substances	\$
Spoilage	\$ @ ____% Coinsurance
Data Restoration	\$
Service Interruption	\$
DEDUCTIBLES	
Combined, All Coverages	\$
Direct Coverages	\$
Indirect Coverages	\$
	or _____ hrs.
	or _____ times ADV
Spoilage	\$
	or ____% of loss, \$ ____ minimum
OTHER CONDITIONS	



EQUIPMENT BREAKDOWN COVERAGE

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
CAUSES OF LOSS-- BASIC FORM
CAUSES OF LOSS-- BROAD FORM
CAUSES OF LOSS-- SPECIAL FORM

It is agreed:

- A. The following is added as an Additional Coverage to the Causes of Loss— Basic Form, Broad Form or Special Form.

Additional Coverage-- Equipment Breakdown

The term Covered Cause of Loss includes the Additional Coverage Equipment Breakdown as described and limited below.

1. We will pay for direct physical damage to Covered Property that is the direct result of an "accident." As used in this Additional Coverage, "accident" means a fortuitous event that causes direct physical damage to "covered equipment." The event must be one of the following:
 - a. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
 - b. Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
 - c. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
 - d. Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
 - e. Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.
2. Unless otherwise shown in a "schedule," the following coverages also apply to the direct result of an "accident." These coverages do not provide additional amounts of insurance.
 - a. Expediting Expenses

With respect to your damaged Covered Property, we will pay the reasonable extra cost to:

- (1) Make temporary repairs; and
- (2) Expedite permanent repairs or permanent replacement.

The most we will pay for loss or expense under this coverage is \$25,000 unless otherwise shown in a "schedule."



b. Hazardous Substances

We will pay your additional cost to repair or replace Covered Property because of contamination by a "hazardous substance." This includes the additional expenses to clean up or dispose of such property.

This does not include contamination of "perishable goods" by refrigerant, including but not limited to ammonia, which is addressed in 2.c.(1)(b) below. As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no "hazardous substance" been involved.

The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$25,000 unless otherwise shown in a "schedule."

c. Spoilage

(1) We will pay:

- (a) For physical damage to "perishable goods" due to spoilage;
- (b) For physical damage to "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia;
- (c) Any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

(2) If you are unable to replace the "perishable goods" before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "accident," less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation condition.

The most we will pay for loss, damage or expense under this coverage is \$25,000 unless otherwise shown in a "schedule."

d. Data Restoration

We will pay for your reasonable and necessary cost to research, replace and restore lost "data."

The most we will pay for loss or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$25,000 unless otherwise shown in a "schedule."

e. Service Interruption

(1) Any insurance provided for Business Income, Extra Expense or Spoilage is extended to apply to your loss, damage or expense caused by the interruption of utility services. The interruption must result from an "accident" to equipment, including overhead transmission lines, that is owned by a utility, landlord, a landlord's utility or other supplier who provides you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access,



telecommunications services, wide area networks or data transmission. The equipment must meet the definition of "covered equipment" except that it is not Covered Property.

- (2) Unless otherwise shown in a "schedule," Service Interruption coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the "accident." If the interruption exceeds 24 hours, coverage will begin at the time of the interruption, and the applicable deductible will apply.
- (3) The most we will pay in any "one accident" for loss, damage or expense under this coverage is the applicable limit for Business Income, Extra Expense or Spoilage, except that if a limit is shown in a "schedule" for Service Interruption, that limit will apply to Business Income and Extra Expense loss under this coverage.

f. Business Income and Extra Expense

Any insurance provided under the coverage part for Business Income or Extra Expense is extended to the coverage provided by this endorsement. However, if a deductible is shown in a "schedule," then as respects Equipment Breakdown coverage, the "period of restoration" will begin immediately after the "accident," and the deductible shown in the "schedule" will apply. The most we will pay for loss or expense under this coverage is the applicable limit for Business Income and Extra Expense, unless otherwise shown in a "schedule."

3. EXCLUSIONS

All exclusions in the applicable Causes of Loss form apply except as modified below and to the extent that coverage is specifically provided by this endorsement.

a. The following exclusions are modified:

- (1) If the Causes of Loss -- Basic Form or Causes of Loss -- Broad Form applies, the following is added to Exclusion B.2.:

Depletion, deterioration, corrosion, erosion, wear and tear, or other gradually developing conditions. However, if an "accident" results, we will pay for the resulting loss, damage or expense caused by that "accident."

- (2) The following is added to Exclusion B.1.g.:

However, if electrical "covered equipment" requires drying out because of Water, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible for Building or Business Personal Property, whichever applies.

- (3) If the Causes of Loss—Special Form applies, as respects this endorsement only, the last paragraph of Exclusion B.2.d. is deleted and replaced with the following:

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in an "accident," we will pay for the loss, damage or expense caused by that "accident."

b. The following exclusions are added:

- (1) We will not pay for loss, damage or expense caused by or resulting from:



- (a) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment; or
- (b) Any of the following:
 - (i) Defect, programming error, programming limitation, computer virus, malicious code, loss of "data," loss of access, loss of use, loss of functionality or other condition within or involving "data" or "media" of any kind; or
 - (ii) Misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.

However, if an "accident" results, we will pay for the resulting loss, damage or expense caused by that "accident."

- (2) With respect to Service Interruption, we will also not pay for an "accident" caused by or resulting from: fire; lightning; windstorm or hail; explosion (except as specifically provided in A.1.c. above); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing; collapse; flood or earth movement.
- (3) With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for any increase in loss resulting from an agreement between you and your customer or supplier.
- (4) We will not pay for loss, damage or expense caused directly or indirectly by the following, whether or not caused by or resulting from an "accident": Any "fungus," wet rot, dry rot or bacteria, including any presence, growth, proliferation, spread or any activity of "fungus," wet rot, dry rot or bacteria. This includes, but is not limited to, costs arising from clean up, removal, or abatement of such "fungus," wet rot, dry rot or bacteria. However, this exclusion does not apply to spoilage of personal property that is "perishable goods," to the extent that such spoilage is covered under Spoilage coverage.
- (5) We will not pay for any loss or damage to animals.

4. DEFINITIONS

The following definitions are added:

a. "Boilers and vessels" means:

- (1) Any boiler, including attached steam, condensate and feedwater piping; and
- (2) Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.

This term does not appear elsewhere in this endorsement, but may appear in a "schedule."

b. "Covered equipment"



- (1) "Covered equipment" means, unless otherwise specified in a "schedule," Covered Property:
 - (a) That generates, transmits or utilizes energy; or
 - (b) Which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

"Covered equipment" may utilize conventional design and technology or new or newly commercialized design and technology.
- (2) None of the following is "covered equipment":
 - (a) Structure, foundation, cabinet or compartment;
 - (b) Insulating or refractory material;
 - (c) Sewer piping, buried vessels or piping, or piping forming a part of a sprinkler or fire suppression system;
 - (d) Water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
 - (e) "Vehicle" or any equipment mounted on a "vehicle";
 - (f) Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
 - (g) Dragline, excavation or construction equipment; or
 - (h) Equipment manufactured by you for sale.
- c. "Data" means information or instructions stored in digital code capable of being processed by machinery.
- d. "Hazardous substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
- e. "Media" means material on which "data" is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.
- f. "One accident" means: If an initial "accident" causes other "accidents," all will be considered "one accident." All "accidents" that are the result of the same event will be considered "one accident."
- g. "Perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
- h. "Production machinery" means any machine or apparatus that processes or produces a product intended for eventual sale. This includes all component parts of such machine or apparatus and any other equipment used exclusively with such machine or apparatus. However, "production machinery" does not mean any boiler, or fired or unfired pressure vessel.



This term does not appear elsewhere in this endorsement, but may appear in a "schedule."

- i. "Schedule" means the Equipment Breakdown Coverage Schedule.
- j. "Vehicle" means, as respects this endorsement only, any machine or apparatus that is used for transportation or moves under its own power. "Vehicle" includes, but is not limited to: car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.

However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a "vehicle."

B. The Building and Personal Property Coverage Form, Condominium Association Coverage Form and Condominium Commercial Unit-Owners Coverage Form are modified as follows.

The definitions stated above also apply to section B. of this endorsement.

1. DEDUCTIBLE

The deductible in the Declarations applies unless a separate Equipment Breakdown deductible is shown in a "schedule." If a separate Equipment Breakdown deductible is shown, the following applies.

Only as regards Equipment Breakdown Coverage, provision D. DEDUCTIBLE is deleted and replaced with the following:

a. Deductibles for Each Coverage

- (1) Unless the "schedule" indicates that your deductible is combined for all coverages, multiple deductibles may apply to any "one accident."
- (2) We will not pay for loss, damage or expense under any coverage until the amount of the covered loss, damage or expense exceeds the deductible amount indicated for that coverage in the "schedule." We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit.
- (3) If deductibles vary by type of "covered equipment" and more than one type of "covered equipment" is involved in any "one accident," only the highest deductible for each coverage will apply.

b. Direct and Indirect Coverages

- (1) Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the "schedule."
- (2) Unless more specifically indicated in the "schedule":
 - (a) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss; and
 - (b) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this endorsement.

c. Application of Deductibles



(1) Dollar Deductibles

We will not pay for loss, damage or expense resulting from any "one accident" until the amount of loss, damage or expense exceeds the applicable Deductible shown in the "schedule." We will then pay the amount of loss, damage or expense in excess of the applicable Deductible or Deductibles, up to the applicable Limit of Insurance.

(2) Time Deductible

If a time deductible is shown in the "schedule," we will not be liable for any loss occurring during the specified number of hours or days immediately following the "accident." If a time deductible is expressed in days, each day shall mean twenty-four consecutive hours.

(3) Multiple of Average Daily Value (ADV)

If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the Business Income (as defined in any Business Income coverage that is part of this policy) that would have been earned during the period of interruption of business had no "accident" occurred, divided by the number of working days in that period. No reduction shall be made for the Business Income not being earned, or in the number of working days, because of the "accident" or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to the Business Income value of the entire location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the "period of restoration."

The number indicated in the "schedule" will be multiplied by the ADV as determined above. The result shall be used as the applicable deductible.

(4) Percentage of Loss Deductibles

If a deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage or expense (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated minimum deductible, the minimum deductible will be the applicable deductible.

2. CONDITIONS

The following conditions are in addition to the Conditions in the Building and Personal Property Coverage Form, Condominium Association Coverage Form and Condominium Commercial Unit-Owners Coverage Form, the Commercial Property Conditions and the Common Policy Conditions.

a. Suspension

Whenever "covered equipment" is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" to



that “covered equipment.” This can be done by mailing or delivering a written notice of suspension to:

- (1) Your last known address; or
- (2) The address where the “covered equipment” is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that “covered equipment.” If we suspend your insurance, you will get a pro rata refund of premium for that “covered equipment” for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

b. Jurisdictional Inspections

If any property that is “covered equipment” under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

c. Environmental, Safety and Efficiency Improvements

If “covered equipment” requires replacement due to an “accident,” we will pay your additional cost to replace with equipment that is better for the environment, safer for people, or more energy or water efficient than the equipment being replaced.

However, we will not pay to increase the size or capacity of the equipment and we will not pay more than 150% of what the cost would have been to replace with like kind and quality. This condition does not apply to the replacement of component parts or to any property to which Actual Cash Value applies and does not increase any of the applicable limits.

d. Coinsurance

If a coinsurance percentage is shown in a “schedule” for specified coverages, the following condition applies.

We will not pay for the full amount of your loss if the applicable limit is less than the product of the specified coinsurance percentage times the value of the property subject to the coverage at the time of the loss. Instead, we will determine what percentage this calculated product is compared to the applicable limit and apply that percentage to the gross amount of loss. We will then subtract the applicable deductible. The resulting amount, or the applicable limit, is the most we will pay. We will not pay for the remainder of the loss. Coinsurance applies separately to each insured location.

The most we will pay for loss, damage or expense under this endorsement arising from any “one accident” is the applicable Limit of Insurance in the Declarations unless otherwise shown in a “schedule.” Coverage provided under this endorsement does not provide an additional amount of insurance.

All other provisions of the policy remain unchanged

POLICY NUMBER:

RENEWAL OF:



AXIS INSURANCE COMPANY
111 South Wacker Drive, Suite 3500
Chicago, IL 60606

COMMERCIAL INLAND MARINE DECLARATIONS

NAMED INSURED:	See AXS GJS 201 Common Policy Declarations
MAILING ADDRESS:	

PRODUCER:	Name:
	Number:

POLICY PERIOD:	From:	To:
This policy becomes effective and expires at 12:01 a.m. Standard Time at Your Mailing Address shown above.		

Coverage Parts that apply to this Policy:	Coverage Part Premium
See Attached Declarations and Schedules	\$

Endorsements that apply to all Coverage Parts:
See Attached Listing of Forms and Endorsements

LOSS PAYEE (NAME AND ADDRESS)

POLICY NUMBER:

RENEWAL OF:



AXIS INSURANCE COMPANY
111 South Wacker Drive, Suite 3500
Chicago, IL 60606

COMPUTER SYSTEM COVERAGE DECLARATIONS

NAMED INSURED:	See AXS GJS 201 Common Policy Declarations	PRODUCER:	
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POLICY PERIOD: From: To:

This policy becomes effective and expires at 12:01 a.m. Standard Time at Your Mailing Address shown above.

LIMITS OF INSURANCE

Coverage is provided only if a Limit of Insurance is shown. The most we will pay for "loss" is:

PROPERTY AT DESCRIBED PREMISES	COMPUTER EQUIPMENT	DATA & MEDIA	EXTRA EXPENSE	LOSS OF INCOME
PROPERTY AT ANY ONE UNNAMED PREMISES EXCEPT AN ADDITIONALLY ACQUIRED PREMISES				
PROPERTY IN TRANSIT OR OTHERWISE AWAY FROM THE DESCRIBED PREMISES EXCEPT AN ADDITIONALLY ACQUIRED PREMISES				

ALL COVERED PROPERTY IN ANY ONE OCCURRENCE:

COINSURANCE:

DEDUCTIBLE:

OPTIONAL COVERAGE

VIRUS, HARMFUL CODE OR SIMILAR INSTRUCTION	
Revised Limit For Property Damage	
Revised Limit For Business Income (if applicable)	

RATES AND PREMIUMS:

Rates	Premium
-------	---------

SPECIAL PROVISIONS (IF ANY)

POLICY NUMBER:

RENEWAL OF:



AXIS INSURANCE COMPANY
111 South Wacker Drive, Suite 3500
Chicago, IL 60606

SPECIAL FLOATER COVERAGE FORM DECLARATIONS

NAMED INSURED:	See AXS GJS 201 Common Policy Declarations
-----------------------	--

POLICY PERIOD:	From:	To:
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PROPERTY COVERED AND LIMITS OF INSURANCE

We cover the property insured under the Miscellaneous Property Coverage Form or Special Floater Coverage Form as entered below under Forms Applicable for each item and its Limit of Insurance listed in the following Schedule of Covered Property:

SCHEDULE OF COVERED PROPERTY	Limits of Insurance
------------------------------	---------------------

All Covered Property in any one "loss":	Refer to Individual Limits
---	----------------------------

DEDUCTIBLE: (The deductible is \$250 unless otherwise stated)
--

PREMIUM: The premium for this coverage is:

FORMS APPLICABLE TO THIS COVERAGE PART:
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THESE DECLARATIONS ARE PART OF THE COMMON POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

SERFF Tracking #:	PERR-131229088	State Tracking #:	17-6914	Company Tracking #:	GJSCMP-2017-100-CA-AIC
State:	California	Filing Company:	AXIS Insurance Company		
TOI/Sub-TOI:	05.0 CMP Liability and Non-Liability/05.0003 Commercial Package				
Product Name:	Auto Dismantlers and Auto Scrap Dealers				
Project Name/Number:	New Program/GJSCMP-2017-100-CA-AIC				

Rate Information

Rate data applies to filing.

Filing Method:	Prior Approval
Rate Change Type:	Neutral
Overall Percentage of Last Rate Revision:	%
Effective Date of Last Rate Revision:	
Filing Method of Last Filing:	N/A, New Program
SERFF Tracking Number of Last Filing:	

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
AXIS Insurance Company	0.000%	0.000%	\$0	0	\$0	0.000%	0.000%

SERFF Tracking #:

PERR-131229088

State Tracking #:

17-6914

Company Tracking #:

GJSCMP-2017-100-CA-AIC

State: California

Filing Company:

AXIS Insurance Company

TOI/Sub-TOI: 05.0 CMP Liability and Non-Liability/05.0003 Commercial Package

Product Name: Auto Dismantlers and Auto Scrap Dealers

Project Name/Number: New Program/GJSCMP-2017-100-CA-AIC

Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		Division One Commercial Auto Exception Page	CA-GJS (1117)	New		CA-GJS (1117) v2.pdf
2		Commercial Auto Physical Damage Experience and Schedule Rating Plan Exception Page	CA-GJS E&S PhysDam (1117)	New		CA-GJS ES PhysDam (0417).pdf
3		Commercial Auto Liability Experience and Schedule Rating Plan Exception Page	CA-GJS E&S Liab (1117)	New		CA-GJS Liab (1117).pdf
4		Division Eight Commercial inland Marine Exception Page	CIM-GJS (1117)	New		CIM-GJS (1117).pdf
5		Division Five Commercial Fire and Allied Lines Exception Page	CP-GJS (1117)	New		CP-GJS (1117).pdf
6		Division Six General Liability Exception Page	GL-CJS (1117)	New		GL-GJS (1117) v2.pdf
7		Commercial General Liability Experience and Schedule Rating Plan Exception Page	GL-GJS E&S (1117)	New		GL-GJS ES (1117).pdf
8		AUTO DISMANTLER UNDERWRITING GUIDELINES	1-11	New		UNDERWRITING GUIDELINES AUTO DISMANTLER.pdf
9		SCRAP DEALERS PROGRAM UNDERWRITING GUIDELINES	1-10	New		UNDERWRITING GUIDELINES SCRAP.pdf

AXIS INSURANCE COMPANY
Commercial Lines Manual
Division One – Commercial Auto

Exception Page

AUTO DISMANTLERS AND SCRAP DEALERS PROGRAM

Entities that are engaged in the business of performing auto dismantling and salvage operations are eligible under the Auto Dismantlers and Scrap Dealers Program. The program exceptions are used with the company's current exceptions and the Insurance Services Office's Commercial Lines Manual.

ADDITIONAL RULES

Asbestos Exclusion Endorsement

This mandatory endorsement is attached to all policies under this program to exclude from bodily injury, property damage and personal and advertising injury liability coverages injury arising from asbestos as described in the endorsement. Attach mandatory form **AXIS 101 1051**. No additional premium charge.

Named Driver Exclusion

This optional endorsement amends who is an insured to exclude those drivers listed in the schedule from coverage. Attach form **AXS300**. No additional premium charge.

Punitive or exemplary Damages Exclusion

This endorsement is used to clarify that punitive and exemplary damages awarded against the insured are not covered by the policy. Attach mandatory form **AXIS 101 0419**. No additional premium charge.

SECTION V - GARAGES

49. AUTO DEALERS – PREMIUM DEVELOPMENT FOR COMOMON COVERAGES

The following replaces paragraph 3. under **D. Acts, Errors Or Omissions Liability Coverages**:

3. Apply the following factors for selected higher limits.

<u>Limit</u>	<u>Factor</u>
\$100,000	1.200
\$200,000	1.400
\$300,000	1.550

AXIS INSURANCE COMPANY

Commercial Lines Manual Division One – Commercial Auto

Exception Page

AUTO DISMANTLERS AND SCRAP DEALERS PROGRAM

50. AUTO DEALERS – ADDITIONAL PROVISIONS

The following is added to paragraph **B. Other Additional Coverages**:

Enhancement Endorsement – Auto Dealers

This optional endorsement is used to broaden the coverage offered under the auto dealers coverage form. Attach form **AXS GJS 113**. Charge a premium of 1% of the liability premium, subject to a \$250 minimum and a \$500 maximum charge.

Scrap Dealers Conversion Coverage Endorsement

This optional endorsement broadens the insurance provided under the auto dealers coverage form. This coverage is subject to a \$5,000 deductible. The aggregate limit shall be twice the selected occurrence limit on the policy. Attach form **AXS GJS 107**. Charge the following premium according to the selected occurrence limit.

<u>Limit</u>	<u>Factor</u>
\$10,000	\$100
\$25,000	\$125
\$50,000	\$150

Spoilation of Evidence Endorsements

This optional endorsement amends the policy to provide errors and omissions coverage and supplementary payments to dismantlers and salvage operations for damages arising from the disposition of salvage that is evidence in a legal proceeding. Attach form **AXS GJS 123**. Charge a premium of \$250.

55. GARAGEKEEPERS' INSURANCE – PREMIUM DEVELOPMENT

The following is added to paragraph **C.**:

For higher Garagekeepers' Legal Liability Collision Deductibles, apply the following factors to the \$100 deductible collision premium for the selected limit of liability.

<u>Deductible</u>	<u>Factor</u>
\$1,000	0.74
\$5,000	0.29

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Commercial Auto Physical Damage Experience and Schedule Rating Plan

Exception Page

AUTO DISMANTLERS AND SCRAP DEALERS PROGRAM

The ISO Commercial Auto Physical Damage Experience and Schedule Rating plan is amended as follows:

2. ELIGIBILITY

Paragraph **C. Eligibility For Experience Rating** is deleted and replaced with the following:

C. Eligibility For Experience Rating

An annual basic limits manual premium of \$3,500 or more is required for bodily injury and property damage exposures to be eligible for rating under this plan. Any risk that develops a credibility from the tables contained in Rule 11. of 0.03 or more for the exposures to be rated shall be eligible for the application of the experience rating modification provisions of this plan.

Paragraph **D. Eligibility For Schedule Rating** is deleted and replaced with the following:

D. Eligibility For Schedule Rating

An annual basic limits manual premium of \$1,000 or more is required to be eligible for rating under this plan.

AXIS INSURANCE COMPANY

Commercial Lines Manual Commercial Auto Liability Experience and Schedule Rating Plan

Exception Page

AUTO DISMANTLERS AND SCRAP DEALERS PROGRAM

The ISO Commercial Auto Liability Experience and Schedule Rating plan is amended as follows:

2. ELIGIBILITY

Paragraph **D. Eligibility For Experience Rating** is deleted and replaced with the following:

D. Eligibility For Experience Rating

An annual basic limits manual premium of \$3,500 or more is required for bodily injury and property damage exposures to be eligible for rating under this plan. Any risk that develops a credibility from the tables contained in Rule **14.** of 0.03 or more for the garage exposures, owned or hired automobile exposures, and employers non-ownership exposures to be rated shall be eligible for the application of the experience rating modification provisions of this plan.

Paragraph **E. Eligibility For Schedule Rating** is deleted and replaced with the following:

E. Eligibility For Schedule Rating

An annual basic limits manual premium of \$1,000 or more is required to be eligible for rating under this plan.

AXIS INSURANCE COMPANY

Commercial Lines Manual Division Eight – Commercial inland Marine

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AUTO DISMANTLERS AND SCRAP DEALERS PROGRAM

Entities that are engaged in the business of performing auto dismantling and salvage operations are eligible under the Auto Dismantlers and Scrap Dealers Program. The program exceptions are used with the company's current exceptions and the Insurance Services Office's Commercial Lines Manual.

ADDITIONAL RULES

Terrorism Options – Federal Backstop

As respects the AUTO DISMANTLERS AND SCRAP DEALERS PROGRAM, paragraph **B.2.**

Premium Determination is amended to indicate that there is no charge for coverage provided under the Terrorism Risk Insurance Act including all subsequent amendments. Coverage will be provided automatically on all insureds qualified under the AUTO DISMANTLERS AND SCRAP DEALERS PROGRAM.

Electronic Data Processing Coverage

1. Description of Coverage

This form provides broad coverage for scheduled equipment, data and media and extra expense. When equipment is covered, limits equal to 20% of the equipment limit may be provided without additional charge for data and media and for extra expense coverages. Additional premium is charged if higher limits are requested. Breakdown coverage is included in this form. No coinsurance applies.

2. Form

Attach form **AXS GJS 125**.

3. Premium Determination

a. Equipment

Charge \$1.00 per \$100 of total insurable values.

b. Data/Media (20% of the total Limit of Insurance shown in the Schedule for Equipment at the location is included)

Charge \$1.00 per \$100 of excess limits over the included limit.

c. Extra Expense (20% of the total Limit of Insurance shown in the Schedule for Equipment at the location is included)

Charge \$1.00 per \$100 of excess limits over the included limit.

d. Loss of Income (20% of the total Limit of Insurance shown in the Schedule for Equipment at the location is included)

Charge \$1.00 per \$100 of excess limits over the included limit.

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Commercial Lines Manual Division Eight – Commercial inland Marine

Exception Page

AUTO DISMANTLERS AND SCRAP DEALERS PROGRAM

- e. In Transit** (\$25,000 or the limit shown in the Schedule for this coverage is included)
Charge \$1.00 per \$100 of excess limits over the included limit.

4. Deductible

The form contemplates a standard deductible amount of \$250 for all causes of loss. If higher deductibles are requested apply the following deductible factors:

Deductible Amount	Factor
\$ 500	.92
\$1,000	.87
\$2,500	.83

5. Minimum Premium

Minimum Annual Premium - \$100.

Motor Truck Cargo Coverage

1. Description of Coverage

This form provides coverage for property of others described in the Motor Truck Cargo Liability Declarations that the insured has accepted as a carrier under contract. To be eligible for this coverage, the risk must be operating as a common carrier and/or contract carrier operating intrastate or interstate.

2. Form

Attach form **AXS GJS 125**.

3. Premium Determination

Motor Truck Cargo varies widely from risk to risk and region to region. Apply a base rate of \$0.75 to \$2.00 per \$100 of limit. Apply the following load factors, according to criteria described hereafter, to develop the loaded rate for the selected limit.

<u>Factors</u>	<u>Load</u>
Radius of Operations	+/- 10%
Management	+/- 15%
Premises/Equipment	+/- 10%

Radius of Operations – Hauling distances greatly affects the desirability of each risk. Consideration should be given to the following:

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AUTO DISMANTLERS AND SCRAP DEALERS PROGRAM

The longer the haul the greater the chance of loss exists. Long distance (over 400 miles) operations must carry high value loads to be profitable and losses are likely to be large.

Terrain and climatic conditions affect the collision, upset and overturn exposures due to ice, sleet, snow, wind and condition of roads.

Management – While financial condition is a sign of management involvement, there are other areas which reflect management's interest in an organization. Employee turnover, safety incentives, funding of routine expenses all start with management decisions. Some questions that should be asked are:

Is management involved in the safety program?

Do they have a safety director?

Is maintenance a burden or integral part of their operations?

Has the insured been in business for at least 3 years?

Large fleets require extraordinary underwriting attention. Examine the carrier's:

Internal operations

Maintenance program

Practice of hiring drivers that operate their vehicles

Driver's experience and any safety program instituted by the insured.

Premises/Equipment – Sprinkler systems and fire/smoke alarms can be positive measures for fire protection in terminals. Some questions that should be asked are:

For large yards with considerable activity, are watchmen and/or gate guards used?

Are theft prone commodities adequately protected by alarms?

Do the terminals have the same protection?

Conditions at the risk's premises and at the shipper/receiver's premises, and vehicle maintenance can influence loss experience. Some questions that should be asked are:

Is the location where a trip starts or ends a hazard to the trip?

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AUTO DISMANTLERS AND SCRAP DEALERS PROGRAM

Do the premises reflect management's desire to run a safe operation?

Is the equipment being used suitable for the task?

A company using local trucks for long hauls, letting equipment go until it has to be replaced, etc. is running on the edge. Equipment will reflect the safety program, maintenance program and management's attitude.

4. Deductible

Total the premiums and apply the following deductible factor:

<u>Deductible</u>	<u>Factor</u>
\$ 2,500	0.90
\$ 5,000	0.85
\$10,000	0.80
\$25,000 and over	0.65

Special Floater Coverage

1. Description of Coverage

This form covers miscellaneous property against risks of direct physical loss except those causes of loss specifically excluded. This rule applies to miscellaneous property not specifically covered by another commercial inland marine coverage form.

2. Form

Attach form **AXS GJS 122**.

3. Premium Determination

Charge a rate range of \$0.75 to \$2.00 per \$100 of the exposure base.

4. Deductible

The following deductible options apply:

<u>Deductible</u>	<u>Factor</u>
\$ 500	0.92
\$ 1,000	0.87
\$ 2,500	0.83

AXIS INSURANCE COMPANY

Commercial Lines Manual Division Five – Commercial Fire and Allied Lines

Exception Page

AUTO DISMANTLERS AND SCRAP DEALERS PROGRAM

Entities that are engaged in the business of performing auto dismantling and salvage operations are eligible under the Auto Dismantlers and Scrap Dealers Program. The program exceptions are used with the company's current exceptions and the Insurance Services Office's Commercial Lines Manual.

ADDITIONAL RULES

Terrorism Options – Federal Backstop

As respects the AUTO DISMANTLERS AND SCRAP DEALERS PROGRAM, paragraph **B.2. Premium Determination** is amended to indicate that there is no charge for coverage provided under the Terrorism Risk Insurance Act including all subsequent amendments. Coverage will be provided automatically on all insureds qualified under the AUTO DISMANTLERS AND SCRAP DEALERS PROGRAM.

Debris Removal Extension Endorsement

This optional endorsement modifies paragraph **1. Property In Transit** under **F. Additional Coverage Extensions** under the Cause of Loss – Special Form to provide coverage for the expense of removing crushed vehicles being transported subject to the terms of the endorsement. Attach form **AXS GJS 109**. A flat charge of \$250 applies per location.

SECTION II – COVERAGE FORM RULES BUILDING AND PERSONAL PROPERTY COVERAGE

38. BUILDING AND PERSONAL PROPERTY COVERAGE OPTIONS

The following coverage endorsements are added:

Enhancement Property Coverage Endorsement

This optional endorsement modifies both the Building and Personal Property Coverage form and the Causes of Loss – Special Form. Attach form **AXS GJS 114**. A flat charge of \$250 applies per location.

Equipment Breakdown Coverage Form

This optional endorsement modifies commercial property coverage to provide coverage for equipment breakdown including electronic circuitry impairment under this program. Attach form **AXIS 101 2014**. Charge 6.7% per \$100 of TIV.

Equipment Breakdown Coverage Form

This optional endorsement modifies commercial property coverage to provide coverage for equipment breakdown under this program. Attach form **AXIS 101 2031**. Charge 6.2% per \$100 of TIV.

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Commercial Lines Manual Division Five – Commercial Fire and Allied Lines

Exception Page

AUTO DISMANTLERS AND SCRAP DEALERS PROGRAM

Special Broadened Property Coverage Endorsement

This optional endorsement modifies both the Building and Personal Property Coverage form and the Causes of Loss – Special Form as well as the Commercial Property Conditions. It provides limits for Accounts receivable; Back-Up of Sewers and Drains; EDP Equipment System Breakdown Extra Expense; Fire Department Service Charge & Fire Suppression Equipment Recharge; and Ordinance or Law. Attach form **AXS GJS 121**. Charge the following premiums depending on the Band selected.

a. Silver Band (\$100,000 Occurrence / \$250,000 Annual Aggregate)

1. Charge a \$350 Minimum Premium for the first location.
2. Charge \$75 for each additional location.

b. Gold Band (\$250,000 Occurrence / \$500,000 Annual Aggregate)

1. Charge a \$500 Minimum Premium for the first location.
2. Charge \$100 for each additional location.

Each location premium charge is pro-ratable if added mid-term. The premium charges are not subject to modification except for any premium size modification.

SECTION VIII – BASIC GROUP I CLASS RATES

85. BASIC GROUP I CLASS RATES

The following is added to paragraph 3. under **L. Special Class Rates** (CSP Class Code 1190):

For a limit of \$100,000 and a deductible of \$1,000 charge \$350.

85. BASIC GROUP I CLASS LOSS COSTS

The Basic Group I loss costs for Class 1400 Waste and Reclaimed Materials Including Yards are:

Coverage	Frame	Joisted Masonry	Non- Combustible	Masonry Non- Combustible	Modified F.R. or Fire Resistive
Building (1)	0.254	0.191	0.151	0.124	0.099
Contents (2)	0.283	0.211	0.173	0.137	0.120
Yard	1.087		0.166		

AXIS INSURANCE COMPANY

Commercial Lines Manual Division Six – General Liability

Exception Page

AUTO DISMANTLERS AND SCRAP DEALERS PROGRAM

Entities that are engaged in the business of performing auto dismantling and salvage operations are eligible under the Auto Dismantlers and Scrap Dealers Program. The program exceptions are used with the company's current exceptions and the Insurance Services Office's Commercial Lines Manual.

ADDITIONAL RULES

Asbestos Exclusion Endorsement

This mandatory endorsement is attached to all policies under this program to exclude from bodily injury, property damage and personal and advertising injury liability coverages injury arising from asbestos as described in the endorsement. Attach mandatory form **AXIS 101 1051**. No additional premium charge.

Punitive or exemplary Damages Exclusion

This endorsement is used to clarify that punitive and exemplary damages awarded against the insured are not covered by the policy. Attach mandatory form **AXIS 101 0419**. No additional premium charge.

Rule A# Terrorism Premium Determination

Table **A#.A.1.a. Certified Acts of Terrorism** is replaced with the following table:

Type	Exposure Classes	Entire State
TRIA	Above Average Exposure Classes	.000
	Average Exposure Classes	.000
Full (Post-TRIA)	Above Average Exposure Classes	.000
	Average Exposure Classes	.000

EMPLOYMENT PRACTICES LIABILITY INSURANCE COVERAGE

- 1. Description of Coverage** (see endorsement for exact description, limitations)
This claims-made endorsement provides coverage for Employment Practices Liability Insurance (EPL) caused by a wrongful employment act as defined in the endorsement. Coverage is based on number of employees.
- 2. Form**
Attach Employment Practices Liability Insurance Coverage **AXPROGGL40**.

AXIS INSURANCE COMPANY

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AUTO DISMANTLERS AND SCRAP DEALERS PROGRAM

3. Rates

The following rates are to be applied per employee based on the limit of liability selected:

Aggregate Limit of Liability	Per Claim Deductible	Premium Per Employee
\$25,000	\$2,500	\$45.36
\$25,000	\$5,000	\$36.29
\$50,000	\$2,500	\$54.44
\$50,000	\$5,000	\$45.36
\$75,000	\$5,000	\$54.44
\$100,000	\$2,500	\$69.56
\$100,000	\$5,000	\$60.49
\$100,000	\$10,000	\$54.44
\$250,000	\$2,500	\$87.71
\$250,000	\$5,000	\$78.63
\$250,000	\$10,000	\$72.58
\$250,000	\$25,000	\$63.51

Employees other than full-time to be counted as ½ an employee.

4. Minimum Premium

The following minimum premium amounts apply based on the limit of liability selected:

Annual Aggregate Limit of Liability	Minimum EPL Premium
\$25,000	\$78
\$50,000	\$78
\$75,000	\$117
\$100,000	\$156
\$250,000	\$234
\$500,000 (Must involve carrier)	\$602
\$1,000,000 (Must involve carrier)	\$1,203

For short term policies of less than 6 months, minimum EPL premium equal to 6 months is required.

5. Supplemental Extended Reporting Period Elected

In the event of cancellation or nonrenewal, the Named Insured has the right, upon payment of an additional premium to purchase an Extended Reporting Period Elected endorsement (**AXPROGGL41** endorsement as applicable in each state) which provides an extended reporting period following the effective date of cancellation or nonrenewal, to report claims which occurred on or after the retroactive date and on or before the date of cancellation or nonrenewal.

AXIS INSURANCE COMPANY

Commercial Lines Manual **Division Six – General Liability**

Exception Page

AUTO DISMANTLERS AND SCRAP DEALERS PROGRAM

SECTION II – COVERAGE RULES

36. DESCRIPTION OF ADDITIONAL OPTIONAL ENDORSEMENTS

The following is added to the rule:

For all ISO additional insured endorsements with a premium charge as “Refer To Company”, charge \$100 regardless of the number of additional insureds.

43. EMPLOYEE BENEFITS LIABILITY COVERAGE

Paragraph **D. Company Rates** is replaced with the following:

D. Company Rates

Charge a rate of \$.20 per employee.

E. Minimum Premium

Charge a minimum premium for this coverage of \$50.

AXIS INSURANCE COMPANY

Commercial Lines Manual Commercial General Liability Experience and Schedule Rating Plan

Exception Page

AUTO DISMANTLERS AND SCRAP DEALERS PROGRAM

The ISO Commercial General Liability Experience and Schedule Rating plan is amended as follows:

2. ELIGIBILITY

Paragraph **E. Eligibility For Experience Rating** is deleted and replaced with the following:

E. Eligibility For Experience Rating

An annual basic limits manual premium of \$3,500 or more is required for bodily injury and property damage exposures to be eligible for rating under this plan. Any risk that develops a credibility from the tables contained in Rule **16.** of 0.03 or more for the exposures to be rated shall be eligible for the application of the experience rating modification provisions of this plan.

Paragraph **F. Eligibility For Schedule Rating** is deleted and replaced with the following:

F. Eligibility For Schedule Rating

An annual basic limits manual premium of \$1,000 or more is required to be eligible for rating under this plan.

AUTO DISMANTLER UNDERWRITING GUIDELINES

I. BACKGROUND

This is a fully insured program providing Property, Inland Marine, Crime, Garage Liability, Auto Dealer Liability, EPLI, General Liability, Garagekeepers Legal Liability and Umbrella coverage's.

The program is designed for risks focused on the automobile dismantling industry that have a minimum of 60% of receipts generated from dismantling and sale of used auto parts. The primary operations of the insured will denote if the risk should be placed in the Scrap Program or the Auto Dismantling Program. For example, if the primary operation is 60% dismantling and 14% scrap, this risk will be written under the Dismantling program. The same would hold true if the primary operation was scrap, the risk would be written in the Scrap Program. We require dismantling to be at least 60% of the operations, so if your risk was 50% dismantling and 50% scrap, it would be written under the Scrap Program. Any renewal dismantler account previously approved for the Dismantling Program will remain in the Dismantling Program. Total revenue of a combinations yards, must be a minimum of 60% to qualify for both Programs.

The Automobile Dismantler Program is extended to include "Auctions" as an acceptable class of operations. The primary operation must be auto dismantling with 60% of receipts generated from dismantling and the sale of used auto parts. The Insured can have up to 40% of receipts generated from "Auctions." Auctions will include drivable vehicles as well as vehicles that are not drivable and considered as a "whole part."

II. HAZARDS

Risks within this program haul cars and trucks to the yard by tow truck, flatbed, or multi-car carrier. In some cases, the owner may bring the vehicle to the yard. The radius of operation may vary but the majority of risks work within a local radius of 50 miles.

Driving presents a large exposure to loss. An annual review of MVR's for all drivers will assist the insured and underwriter in identifying poor drivers and allow for corrective action.

Proper storage of flammables such as oil and gasoline drained from the vehicles is required. The insured must have adequate storage for various parts and assemblies removed from vehicles and held for sale.

III. GENERAL RULES

A. Application of the Manual Rules

The manual rule exceptions outlines the rules for any insurance provided to insured's written that qualify as automobile dismantlers. It will be used in conjunction with the basic ISO manual and Company specific manual pages applicable in the eligible states.

B. Coverage

1. Property

Coverage will be available via the Standard ISO forms and company independent forms. Property valuation can be Actual Cash Value (ACV), Replacement Cost (RC) or Agreed Amount (Statement of Values required) in accordance with the ISO rules.

- a. Buildings written on a Replacement Cost basis must include an Insurance to Value Cost Estimator to verify building values.
- b. Buildings over 30 years of age are not eligible for Replacement Cost coverage unless electrical, plumbing and roof updates have been completed within the last 20 years.
- c. Buildings/premises will be in good condition and well maintained with:
 1. Life safety measures in place (extinguishers, alarms, proper egress, clear aisles and doorways).
 2. Due to type of and nature of the materials on the premises, it is important to know the extent to which preventative and control measures have been discussed with local fire officials.
- d. Authority is granted up to \$5,000,000 TIV for any risk located in Protection Class 9 or lower and \$1,000,000 TIV for Protection Class 10. The underwriting file must be documented with the distance to the nearest water source and fire department and note whether the fire department is voluntary or paid.
- e. Any risk within the coastal counties identified in Addendum I (coastal exposure) must involve the Company Underwriter if wind is desired.

All ISO Cause of Loss Forms are available. Optional Coverage Endorsements that may apply:

- a. AXS GJS 114 - Enhanced Property Coverage Endorsement This endorsement broadens coverage provided under Building and Personal Property Coverage Form, CP 00 10 and Cause of Loss- Special Form, CP 10 30.

- b. AXS GJS 121 - Special Broadened Property Coverage This endorsement is similar to the Enhanced Property Coverage Endorsement as it broadens coverage provided under Building and Personal Property Coverage Form, CP 00 10 and Cause of Loss - Special Form, CP 10 30. It differs in some of the coverage's and by offering two Limit of Insurance options; Silver Band and Gold Band.

2. Inland Marine

Coverage is available for the following forms and coverage's:

- a. AXS GJS 122 - Special Floater Coverage Forms
- b. AXS GJS 120 - Motor Truck Cargo Liability Coverage Form
- c. AXS GJS 125 – Computer Systems Coverage

In addition, all ISO Inland Marine Coverage's are available.

3. Crime

Coverage is available via the Standard ISO forms.

Proper controls must be in place. Regular bank deposits, audits and other precautions will be in place to reduce exposure to Robbery and Fidelity losses.

4. General Liability

Coverage will be available via the Standard ISO forms and Company independent forms and will be written on an Occurrence Basis.

Subcontractors must be approved and Certificate of Insurance obtained by the Insured. The Administering Agent must verify the Insured has requested a COI and confirm the Insured is named as an Additional Insured on the subcontractor's policy.

CG 21 67- Fungi or Bacteria Exclusion is mandatory on all policies.

Optional Coverage Endorsements that may apply:

- a. CG 04 35 - Employee Benefits Liability Coverage
- b. Employer's Liability Stop Gap
 - ND-CG 04 40
 - OH-CG 04 41
 - WA-CG 04 42
 - WY-CG 04 44

5. CA 00 25 – Auto Dealers Coverage Form includes:
Auto Liability, Auto Physical Damage, Garagekeepers
General Liability Coverages – BI and PD, PI and AI
Locations and Operations Medical Payments.
Acts, Errors, or Omissions Liability

Mandatory Coverage Endorsements that will apply:

All policies will be issued with the following program specific
endorsements, for which premium is included in the rates:

Impaired Property Amendatory Endorsement
GL Conversion Coverage Endorsement – AXS GJS 108
Automobile Dealers Errors and Omissions Endorsement-
AXS GJS 105

The available limits for the Conversion Coverage are \$10,000,
\$25,000 or \$50,000 subject to a \$5,000 deductible.

Optional Coverage Endorsements that may apply:

- a. AXS GJS 113 - Enhancement Endorsement - Auto Dealers
This endorsement broadens coverage provided under the
Auto Dealers Coverage Form, CA 00 25.
- b. AXS GJS 123 - Spoilage of Evidence E&O Coverage
This endorsement provides coverage for sums the insured is
legally must pay as damages because of their negligent acts,
errors or omissions associated with the disposition of salvage
in their possession that is held as evidence in a legal
proceeding.

6. Umbrella

Coverage is available via ISO and Company independent forms.
Various Follow Form and Exclusion Endorsements are mandatory.

C. Limits of Liability

1. Property, Inland Marine, and Crime

Combined Property, Inland Marine, and Crime limits up to
\$5,000,000 total values per location can be written.

Motor Truck Cargo- \$300,000

2. General Liability

- a) Limits available shall not exceed
 - \$1,000,000 per Occurrence
 - \$3,000,000 General Aggregate
 - \$3,000,000 Products-Completed Operations Aggregate
 - \$1,000,000 Personal & Advertising Injury
 - \$ 100,000 Damage to Premises Rented To You
 - \$ 5,000 Medical Expense
- b) Employee Benefits Liability
 - \$1,000,000 each Claim
 - \$3,000,000 Aggregate
- c) Employers' Liability Stop Gap
 - 300,000/300,000/300,000
 - 500,000/500,000/500,000
 - 1,000,000/1,000,000/1,000,000

3. Garage Liability / Auto Dealer Liability

Limits available shall not exceed:
Liability - \$1,000,000 Combined Single Limit

Uninsured/Underinsured Motorists - \$1,000,000
Use the appropriate state form for Selection/Rejection of
UM/UIM.

Hired & Non-Owned Automobile- \$1,000,000
Garagekeepers- \$1,000,000 Any One Location
Dealer Open Lot - \$250,000
Spoilage of Evidence - \$25,000 per Covered Claim
\$50,000 Agg Limit for the Policy period

4. Umbrella

Umbrella limits are established by reinsurance placement.

D. Classifications

Risks written under this program will be classified using an applicable ISO class code for each line of business. Company specific class codes will be utilized for all independent coverages.

In addition, the standard exceptions classes will apply. Other classifications may apply based on risk exposures.

E. Policy Term

Policies shall be written for a term of one year. Applicable state rules will be followed for policy terms of other than one year. A short-term policy may be necessary in order to attain concurrence of policies.

IV. UNDERWRITING GUIDELINES

A. Eligibility/Ineligibility

1. Risks must have a minimum of 60% sales derived from auto dismantling. Acceptable incidental operation outlined below include:
 - a) Towing For Hire is eligible subject to the following:
 1. Towing for Hire must be less than 25% of the Insured's overall operation.
 2. 24 hour operations must be less than 5% of the towing for hire exposure.
 3. Towing of heavy trucks "big rigs", defined as over 20,000 lbs. GVW, must be less than 5% of the towing for hire exposure.
 4. If the Insured tows the vehicles to their owned business, there must be a separate, fenced area for the towed vehicles.
 5. A Towing For Hire Questionnaire must be completed and in file.
 6. The file must contain a MVR for the driver(s) and must meet the program criteria for acceptability.
 - b) Used car sales- a maximum of 20% of total annual revenue generated from used car sales.
 - c) Repair operations, maximum of 25%. No brake repair allowed if using used brake parts. Brake repair is acceptable as long as the insured has met the following criteria:
 1. New parts only
 2. Mechanic must be certified in new brake repair
 - d) Hauling of crushed vehicles- is permitted under the following circumstances:
 1. A 50 mile maximum radius of operation (Metropolitan) or 100 miles (Rural)
 2. A maximum three (3) "stacks" of vehicles being Hauled at any given time.
 3. Vehicles will be properly secured with chains.
 - e) Scrap Dealers may be considered for coverage
 - f) Auctions are eligible subject to the following:
 1. Auctions will be held on the Insured's premises only. Auctions held off premises are unacceptable.
 2. Controls must be in place to prevent and/or reduce trip and falls on the premises and should include but not limited to:

- a. Controlled seating where participants are confined to a safe area.
 - b. Aisles and rows between chairs shall be of sufficient width.
 - c. Emergency exits shall be clearly marked and unobstructed.
 - d. Condition of outdoor parking lot and sidewalks shall be maintained as well as the premises.
 - e. Vehicles shall be located in an area that is well organized so that customers can inspect it prior to the sale.
 3. No test driving of vehicles allowed.
 4. Cars are sold "as is" and will not be modified or repaired.
 5. Cars will be transported to and from the insured location via private carrier. The insured must require certificates of insurance with limits equal to our policy.
 6. The "Bidder" should take delivery on the same day purchased and makes own arrangements for vehicle to be transported.
 7. Auctions are limited to one time a month.
 8. "Stand alone Auctions" are unacceptable.
2. Customers may be allowed access to the insured's yard only if they are accompanied by an employee of the insured. Customers will not be allowed to "pick their own parts" unless this portion of the operation is incidental (Self Service at 60%, combined with the full service minimum) and file documentation includes:
- a. Acceptable Loss Control inspection of the premises
 - b. Confirmation vehicles that are used to get parts are not stacked.
 - c. Does the insured loan tools to the customer or do they bring their own?
 - d. Does the customer sign a waiver holding the insured harmless for any injuries before entering the area?
3. Risks that generate a significant portion of its revenues from operations other than automobile dismantling are ineligible. See Item I. above for acceptable incidental operations.
4. The following operations are ineligible for coverage whether the exposure is incidental or not:
- a) Transformer dismantling
 - b) Risks involved in brake repair using old/salvaged parts (used parts)
 - c) Risks involved in the rental or leasing of vehicles or mobile equipment
 - d) Any risk hauling for others (towing, trucking). Incidental

hauling of scrap for others in the course of the insured's operation is acceptable.

5. A risk must be in business for a minimum of three (3) years. Risks that have not been in business for three (3) years can be considered if the owner has three (3) years managerial experience in the Auto Dismantling Business.
6. Earthquake, Earthquake Sprinkler Leakage, and Flood coverage are ineligible under this program.
7. Risks with unrestrictive guard dogs during working hours are ineligible for the program. If a risk has a guard dog, the dog must be: a) kept in a pen during working hours, b) the yard must be posted notifying the public that there is a guard dog on premises, and c) pen must be located in an area away from any possible customer traffic. When considering any risk with a guard dog for coverage and there has been a previous dog bite claim, ask the prospected insured if they are willing to remove the guard dog from the premises. If not, the risk should be declined.
8. MVR's must be obtained on all employees and family members who drive covered vehicles.
 - a. Current MVR's (dated no more than 45 days prior to policy effective date) should be received and reviewed by the underwriter.
 - b. An owner's son/daughter can be accepted as follows:
 1. Minimum age of 19
 2. Unit/type of vehicle to be driven and radius of operation
 3. MVR of driver must be provided. MVR must be clean (no violations or accidents). Properly licensed (if son/daughter is to be driving a tow truck, be sure that driver has proper license class).
 4. Verify that unit driver is operated within the scope of the son/daughter's job duties.
 - c. If a driver is older than 75 years of age:
 1. Their MVR must be reviewed annually.
 2. A Self Driver Appraisal Form must be completed and maintained in the file.
 3. The driver would need to be excluded if 3 or more PD Accidents in the past 3 years. (Note: you could have a loss without a violation to the Driver.
 4. All other MVR acceptable criteria would apply.
 - d. Drivers must be between the ages of 21 and 75 must meet the following criteria, within the last three years:

1. No more than one (1) at fault accident and/or moving violation
If a driver or prospective new employee does not meet this criteria, this driver must be excluded from coverage.
 2. All accidents must be documented by obtaining a police report or a copy of the draft check issued to the driver. In order for an accident to be considered not at-fault when determining a driver's acceptability, the police report must reflect this. (Driver not charged or other party charged with cause of accident in question)
 3. No major violations are acceptable. Major violations include
 - Driving while intoxicated (DUI or DWI)
 - Driving under the influence of drugs
 - Leaving the scene of an accident/hit and run
 - Speeding in excess of 100 MPH
 - Speed contest or racing
 - Reckless driving or driving on the wrong side of a dividend highway
 - Passing/disobeying school bus warning lights when children are disembarking the bus
 - Manslaughter
- e. If the driver has two (2) moving violations within the last three (3) years, this driver must be placed on probation (Quarterly or Semi-Annual) and a current MVR pulled and reviewed for additional violations/accident. If there is any additional activity, the following action should be taken on the driver.
1. If currently on semi-annual review and the driver has another moving violation, place the driver on quarterly review and notify the insured that any additional activity on this driver's MVR will lead to a request to exclude the driver from coverage.
 2. If currently on quarterly review and the driver receives another moving violation, request the driver be excluded from coverage.
- The above guidelines are for additional moving violations. If a driver has a MAJOR VIOLATION or an AT-FAULT ACCIDENT then the underwriter should take immediate action in order to exclude the driver.
- f. A combination of 1 at-fault accident and 2 moving violations within the last 3 years should lead to a current driver being excluded. Any new hires should be excluded.

A Named Driver Exclusion Endorsement is allowed in the states listed

below.

Use form AXS300 in the following states:

Alabama	Illinois
Arizona	Indiana
Arkansas	Kentucky
California	North Dakota
Colorado	Ohio
Georgia	Wyoming

Certain restrictions or conditions may apply. Refer to the Named Driver Exclusion By State chart for requirements.

B. Evaluation Criteria

In order to make an underwriting evaluation, the following are required:

1. A completed Accord Application signed by the insured and producer must be completed in full, including complete explanations to any "yes" responses for all requested lines of business.
2. A completed Auto Dismantler Supplemental Application
3. Currently valued (within 90 days) prior carrier loss information for the past four (4) years at a minimum.
4. Current (within 45 days) MVR's on ALL drivers of insured vehicles in file and updated annually.
5. Expiring carrier and premium information.
6. A strict policy must be in place that prohibits employees from consuming alcohol and/or illegal drugs during work hours.
7. Each underwriting file must contain:
 - a) Documentation of the underwriter's thought process on why the account was written and how it was priced
 - b) Rating Worksheets
 - c) Schedule Rating/IRPM justification by line of business d) Current MVR's on all drivers
 - e) Insurance To Value on risks written on a Replacement Cost basis if minimums are not met.
 - f) Loss control report and recommendation compliance
 - g) Any additional pertinent underwriting information

ADDENDUM I- COASTAL TERRITORIES

Any risk located in the Counties listed below by State, must be referred to the company prior to quoting.

Alabama- Baldwin, Mobile

Florida- Bay, Bradford, Brevard, Broward, Citrus, Charlotte, Collier, Dade, Dixie, Duval, Escambia, Flagler, Franklin, Gilchrist, Gulf, Hernando, Hillsborough, Indian River, Jefferson, Lafayette, Lee, Levy, Manatee, Martin, Monroe, Nassau, Okaloosa, Okeechobee, Palm Beach, Pasco, Pinellas, Santa Rosa, Sarasota, Seminole, St. Johns, St. Lucie, Sumter, Taylor, Volusia, Wakulla, Walton

Georgia- Bryan, Camden, Charlton, Chatham, Glynn, Liberty, McIntosh

Louisiana- Cameron, Iberia,, Jefferson, , Lafourche, Orleans, Plaquemine, St. Bernard, St. Charles, St. John The Baptist, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion

Mississippi- Hancock, Harrison, Jackson

North Carolina- Beaufort, Bertie, Brunswick, Camden, Carteret, Chowan, Craven, Currituck, Dare, Gates, Hertford, Hyde, Jones, Martin, New Hanover, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Tyrrell, Washington

South Carolina- Beaufort, Berkeley, Charleston, Colleton, Georgetown, Horry, Jasper

Texas- Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Harris, Jackson, Jefferson, Kennedy, Kleberg, Liberty, Matagorda, Newton, Nueces, Orange, Refugio, San Patricio, Victoria, Willacy

SCRAP DEALERS PROGRAM UNDERWRITING GUIDELINES

I. BACKGROUND

This is a fully insured program providing Property, Inland Marine, Crime, Garage Liability, Auto Dealer Liability, EPLI, General Liability, Garagekeepers Legal Liability and Umbrella coverage's.

The program is designed for risks focused in the metal scrap and glass recycling industry. Accounts with both scrap recycling operations and automobile dismantling operations will be placed in the Scrap Dealer Program when the scrap recycling sales are 15% or more of the total operation sales. Automobile dismantling with incidental scrap recycling operations (less than 15% of total sales) will be placed in the Auto Dismantling Program. Any renewal scrap account previously approved for the Scrap Program will remain in the Scrap Program. Total revenue of a combinations yards, must be a minimum of 60% to qualify for the both Programs.

II. HAZARDS

Risks within this program collect, process, broker and sell primarily scrap metal and glass. The radius of operation may vary, but the majority of risks work within a radius of 100 miles.

Driving presents a large exposure to loss. An annual review of MVR's for all drivers will assist the insured and underwriter in identifying poor drivers and allow for corrective action.

Proper storage of flammables such as oil and gasoline drained from the vehicles is required. The insured must have adequate storage for various parts and assemblies removed from vehicles and held for sale.

III. GENERAL RULES

A. Application of the Manual Rules

The manual rule exceptions outlines the rules for any insurance provided to insured's written that qualify as scrap dealers. It will be used in conjunction with the basic ISO manuals and Company specific manual pages applicable in the eligible states.

B. Coverage

1. Property

Coverage will be available via the Standard ISO forms and Company independent forms. Property valuation can be Actual Cash Value (ACV), Replacement Cost (RC) or Agreed Amount (Statement of Values required) in accordance with the ISO rules.

- a. Buildings written on a Replacement Cost basis must include an Insurance To Value Cost Estimator to verify building values.
- b. Buildings over 30 years of age are not eligible for Replacement Cost coverage unless electrical, plumbing and/or roof updates have been completed within the last 20 years.
- c. Buildings/premises will be in good condition and well maintained with:
 1. Life safety measures in place (extinguishers, alarms, proper egress, clear aisles and doorways).
 2. Due to type of and nature of the materials on the premises, it is important to know the extent to which preventative and control measures have been discussed with local fire officials.
 3. Housekeeping and the storage and segregation of hazardous materials are critical.
- d. Authority is granted up to \$5,000,000 TIV for any risk located in Protection Class 9 or lower and \$1,000,000 TIV for Protection Class 10. The underwriting file must be documented with distance to the nearest water source and fire department, and if the fire department is voluntary or paid.
- e. Any risk within the coastal counties identified in Addendum I (coastal exposure) must involve the Company Underwriter if wind is desired.
- f. Any Property risks other than metal and glass recycling (such as paper, boxes, rags, textiles, plastics, etc.) must involve the Company Underwriter.

All ISO Cause of Loss Forms are available. Optional Coverage Endorsements that may apply:

- a. AXS GJS 114 – Enhanced Property Coverage Endorsement
This endorsement broadens coverage provided under Building and Personal Property Coverage Form, CP 00 10 and Cause of Loss – Special Form, CP 10 30.

- b. AXS GJS 121 – Special Broadened Property Coverage
This endorsement is similar to the Enhanced Property Coverage Endorsement as it broadens coverage provided under Building and Personal Property Coverage Form, CP 00 10 and Cause of Loss – Special Form, CP 10 30. It differs in some of the coverages and by offering two Limit of Insurance options; Silver Band and Gold Band.

2. Inland Marine

Coverage is available for the following forms and coverages:

- a. AXS GJS 122 – Special Floater Coverage Forms
- b. AXS GJS 120 - Motor Truck Cargo Liability Coverage Form
- c. AXS GJS 125 – Computer Systems Coverage

In addition, all ISO Inland Marine Coverages are available.

3. Crime

Coverage is available via the Standard ISO forms.

Proper controls must be in place. Regular bank deposits, audits and other precautions will be in place to reduce exposure to Robbery and Fidelity losses.

4. General Liability

Coverage will be available via the Standard ISO forms and Company independent forms and will be written on an Occurrence Basis.

Subcontractors must be approved and Certificate of Insurance obtained by the Insured. The Administering Agent must verify the Insured has requested a COI and confirm the Insured is named as an Additional Insured on the subcontractor policy.

CG 21 67 – Fungi or Bacteria Exclusion is mandatory on all policies.

Optional Coverage Endorsements that may apply:

- a. CG 04 35 – Employee Benefits Liability Coverage
- b. Employer's Liability Stop Gap

ND – CG 04 40
OH – CG 04 41
WA – CG 04 42
WY – CG 04 44

5. CA 00 25 - Auto Dealers Coverage Form includes:
Auto Liability, Auto Physical Damage, Garagekeepers
General Liability Coverages – BI and PD, PI and AI
Locations and Operations Medical Payments.
Acts, Errors, or Omissions Liability

Mandatory Coverage Endorsements that will apply:

All policies will be issued with the following program specific
endorsements, for which premium is included in the rates:

Impaired Property Amendatory Endorsement
GL Conversion Coverage Endorsement – AXS GJS 108
Automobile Dealers Errors and Omissions Endorsement – AXS GJS 105

The available limits for the Conversion Coverage are \$10,000, \$25,000 or
\$50,000 subject to a \$5,000 deductible.

Optional Coverage Endorsements that may apply:

- a. AXS GJS 113 – Enhancement Endorsement – Auto Dealers
This endorsement broadens coverage provided under the
Business Auto Coverage Form, CA 00 25.
- b. AXS GJS 123 – Spoilage of Evidence E&O Coverage
This endorsement provides coverage for sums the insured is
legally must pay as damages because of their negligent acts,
errors or omissions associated with the disposition of salvage
in their possession that is held as evidence in a legal
proceeding.

6. Umbrella

Coverage is available using ISO and Company independent forms.
Various Follow Form and Exclusion Endorsements are mandatory.

C. Limits of Liability

1. Property, Inland Marine, and Crime

Combined Property, Inland Marine, and Crime limits up to \$5,000,000
total values per location can be written.

Motor Truck Cargo - \$300,000

2. General Liability

- a) Limits available shall not exceed:
\$1,000,000 per Occurrence
\$3,000,000 General Aggregate
\$3,000,000 Products-Completed Operations Aggregate
\$1,000,000 Personal & Advertising Injury
\$ 100,000 Damage to Premises Rented To You
\$ 5,000 Medical Expense
- b) Employee Benefits Liability
\$1,000,000 each Claim
\$3,000,000 Aggregate
- c) Employers' Liability Stop Gap
300,000/300,000/300,000
500,000/500,000/500,000
1,000,000/1,000,000/1,000,000

3. Garage Liability / Auto Dealer Liability

Limits available shall not exceed:

Liability - \$1,000,000 Combined Single Limits

Uninsured/Underinsured Motorists - \$1,000,000

Use the appropriate state form for Selection/Rejection of UM/UIM.

Hired & Non-Owned Automobile - \$1,000,000

Garagekeepers - \$1,000,000 Any One Location

Dealer Open Lot - \$250,000

Spoilage of Evidence - \$25,000 per Covered Claim

\$50,000 Aggregate Limit for the Policy Period

4. Umbrella

Umbrella limits are established by reinsurance placement.

D. Classifications

Risks written under this program will be classified using an applicable ISO class code for each line of business. Company specific class codes will be utilized for all independent coverages.

E. Policy Term

Policies shall be written for a term of one year. Applicable state rules will be followed for policy terms of other than one year. A short-term policy may be necessary in order to attain concurrence of policies.

IV. UNDERWRITING GUIDELINES

A. Eligibility/Ineligibility

A. Eligible Risks

Risks must be primarily metal and glass recyclers. The collection and sales of plastic and/or paper in amounts greater than 15% will only be considered if fire protection is highly protected. (Sprinklered / HPR Quality)

Automobile Dismantling & Used Automobile Parts Sales – Subject to Auto Dismantling and Self Service Underwriting Criteria

A risk must be in business for a minimum of three (3) years. Risks that have not been in business for three (3) years can be considered if the owner has three (3) years managerial experience in the Scrap Recycling industry.

B. Ineligible Risks

- Transformer dismantling
- Rag or rubber scrap operations
- Any risk which is currently in bankruptcy
- Barges and any operations with barges
- Demolition on buildings over 3 stories in height
- Earthquake, Earthquake Sprinkler Leakage, and Flood coverage are ineligible under this program.
- Operations in SIC Classification 5093 other than Iron, Steel, Metal, Non-Ferrous Metal Glass, Plastic, and Paper
- Risks with unrestrictive guard dogs during working hours are ineligible for the program. If a risk has a guard dog, the dog must be: a) kept in a pen during working hours, b) the yard must be posted notifying the public that there is a guard dog on premises, and c) pen must be located in an area away from any possible customer traffic. When considering any risk with a guard dog for coverage and there has been a previous dog bite claim, ask the prospective insured if they are willing to remove the guard dog from the premises. If not, the risk shall be declined.

C. Automobile Driver / MVR Guidelines

MVR's must be obtained on all employees and family members who drive covered vehicles.

- a. Current MVR's (dated no more than 45 days prior to policy effective date) should be received and reviewed by the underwriter.
- b. An owner's son/daughter can be accepted as follows:
 1. Minimum age of 19
 2. Unit/type of vehicle to be driven and radius of operation

3. MVR of driver must be provided. MVR must be clean (no violations or accidents). Properly licensed (if son/daughter is to be driving a tow truck, be sure that driver has proper license class).
 4. Verify that unit driver is operated within the scope of the son/daughter's job duties.
- c. If a driver is older than 75 years of age:
1. Their MVR must be reviewed annually.
 2. A Self Driver Appraisal Form must be completed and maintained in the file.
 3. The driver would need to be excluded if 3 or more PD Accidents in the past 3 years. (Note: you could have a loss without a violation to the Driver.
 4. All other MVR acceptable criteria would apply.
- d. Drivers must be between the ages of 21 and 75 must meet the following criteria, within the last three years:
1. No more than one (1) at fault accident and/or moving violation
If a driver or prospective new employee does not meet this criteria, this driver must be excluded from coverage.
 2. All accidents must be documented by obtaining a police report or a copy of the draft check issued to the driver. In order for an accident to be considered not at-fault when determining a driver's acceptability, the police report must reflect this. (Driver not charged or other party charged with cause of accident in question)
 3. No major violations are acceptable. Major violations include
 - Driving while intoxicated (DUI or DWI)
 - Driving under the influence of drugs
 - Leaving the scene of an accident/hit and run
 - Speeding in excess of 100 MPH
 - Speed contest or racing
 - Reckless driving or driving on the wrong side of a dividend highway
 - Passing/disobeying school bus warning lights when children are disembarking the bus
 - Manslaughter
- e. If the driver has two (2) moving violations within the last three (3) years, this driver must be placed on probation (Quarterly or Semi-Annual) and a current MVR pulled and reviewed for additional violations/accident. If there is any

additional activity, the following action should be taken on the driver.

1. If currently on semi-annual review and the driver has another moving violation, place the driver on quarterly review and notify the insured that any additional activity on this driver's MVR will lead to a request to exclude the driver from coverage.
2. If currently on quarterly review and the driver receives another moving violation, request the driver be excluded from coverage.

The above guidelines are for additional moving violations. If a driver has a MAJOR VIOLATION or an AT-FAULT ACCIDENT then the underwriter should take immediate action in order to exclude the driver.

- f. A combination of 1 at-fault accident and 2 moving violations within the last 3 years should lead to a current driver being excluded. Any new hires should be excluded.

A Named Driver Exclusion Endorsement is allowed in the states listed below.

Use form AXS300 in the following states:

Alabama	Illinois
Arizona	Indiana
Arkansas	Kentucky
California	North Dakota
Colorado	Ohio
Georgia	Wyoming

Certain restrictions or conditions may apply. Refer to the Named Driver Exclusion by State chart for requirements.

D. Evaluation Criteria

In order to make an underwriting evaluation, the following are required:

1. A completed Accord Application signed by the insured and producer must be completed in full, including complete explanations to any "yes" responses for all requested lines of business.
2. A completed Scrap Recycling Supplemental Application
3. Currently valued (within 90 days) prior carrier loss information for the past four (4) years at a minimum.
4. Current (within 45 days) MVR's on **ALL** drivers of insured vehicles in file and updated annually.

5. Expiring carrier and premium information.
6. A strict policy must be in place that prohibits employees from consuming alcohol and/or illegal drugs during work hours.
7. Each underwriting file must contain:
 - a) Documentation of the underwriter's thought process on why the account was written and how it was priced
 - b) Rating Worksheets
 - c) Schedule Rating/IRPM justification by line of business
 - d) Current MVR's on all drivers
 - e) Insurance To Value on risks written on a Replacement Cost basis if minimums are not met.
 - f) Loss control report and recommendation compliance
 - g) Any additional pertinent underwriting information

ADDENDUM I – COASTAL TERRITORIES

Any risk located in the Counties listed below by State, must be referred to the company prior to quoting.

Alabama – Baldwin, Mobile

Florida – Bay, Bradford, Brevard, Broward, Citrus, Charlotte, Collier, Dade, Dixie, Duval, Escambia, Flagler, Franklin, Gilchrist, Gulf, Hernando, Hillsborough, Indian River, Jefferson, Lafayette, Lee, Levy, Manatee, Martin, Monroe, Nassau, Okaloosa, Okeechobee, Palm Beach, Pasco, Pinellas, Santa Rosa, Sarasota, Seminole, St. Johns, St. Lucie, Sumter, Taylor, Volusia, Wakulla, Walton

Georgia – Bryan, Camden, Charlton, Chatham, Glynn, Liberty, McIntosh

Louisiana – Cameron, Iberia, , Jefferson, , Lafourche, Orleans, Plaquemine, St. Bernard, St. Charles, St. John The Baptist, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion

Mississippi – Hancock, Harrison, Jackson

North Carolina – Beaufort, Bertie, Brunswick, Camden, Carteret, Chowan, Craven, Currituck, Dare, Gates, Hertford, Hyde, Jones, Martin, New Hanover, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Tyrrell, Washington

South Carolina – Beaufort, Berkeley, Charleston, Colleton, Georgetown, Horry, Jasper

Texas – Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Harris, Jackson, Jefferson, Kennedy, Kleberg, Liberty, Matagorda, Newton, Nueces, Orange, Refugio, San Patricio, Victoria, Willacy

State:	California	Filing Company:	AXIS Insurance Company
TOI/Sub-TOI:	05.0 CMP Liability and Non-Liability/05.0003 Commercial Package		
Product Name:	Auto Dismantlers and Auto Scrap Dealers		
Project Name/Number:	New Program/GJSCMP-2017-100-CA-AIC		

Supporting Document Schedules

Satisfied - Item:	New Prior Approval Rate Application
Comments:	
Attachment(s):	CA PriorAppRateTI_Ed05-08-2017 Sullivan.pdf CA PriorAppRateTI_Ed05-08-2017 Sullivan.xlsm Copy of PriorAppRateAPL_Ed10-24-2016_GJS.pdf Copy of PriorAppRateAPL_Ed10-24-2016_GJS.xlsm
Item Status:	
Status Date:	

Satisfied - Item:	Exhibits 16 and 18
Comments:	
Attachment(s):	Exhibit 16 - GJS.pdf Exhibit 18 - GJS.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Authorization Letter
Comments:	
Attachment(s):	LOA 2017.pdf
Item Status:	
Status Date:	

PRIOR APPROVAL RATE TEMPLATE FOR PROPERTY & LIABILITY LINES GENERAL INFORMATION

Completed by:

Donna Keefer

Date:

10/10/2017

CDI File # (Department Use Only) :

Company Name:

AXIS Insurance Company

Marketing System Distribution:

%Captive

%Direct

%Independent

0.0%

0.0%

100.0%

Line Type:

Commercial

General Line :

Multiple Peril

Proposed Effective Date (new rates):

1/10/2018

New Program:



LCM Calculation(s) Included:



(LCM Calculation(s) is(are) hidden unless this box is checked.)

Data Aggregation:

Accident Year Data

Most Recent Year of Experience Data Ending:

(Enter in YYYYQ format.)

Enter name of each coverage/form/program for which a rate change is being requested in the cells below. Otherwise, leave blank.

Detailed Line Description(s)

Coverage/Form/Program

Proposed %
Impact

Prior Effective
Date (current
rates)

Commercial Multiple Peril (Combined)	▼
	▼
	▼
	▼
	▼
	▼
	▼
	▼
	▼
	▼

Commercial Multi Peril	0.0%	

Variance Request:

Does the Ratemaking Data include a Request(s) for Variance?

If yes, is Variance #3 requested for any coverage?

N	▼
N	▼

Variance #:

PRIOR APPROVAL RATE TEMPLATE FOR PROPERTY & LIABILITY LINES SUMMARY

Coverage/Form/Program	Projected Annual Premium (\$)	Minimum Permitted Earned Premium (\$)	Maximum Permitted Earned Premium (\$)	Change at Minimum %	Change at Maximum %	Proposed %
Commercial Multi Peril	3,482,500	2,740,220	4,305,835	-21.3%	23.6%	0.0%
Combined	3,482,500	2,740,220	4,305,835	-21.3%	23.6%	0.0%

Combined Total Earned Exposures for Latest Year:

930

Coverage/Form/Program	Average Earned Premium \$ per Exposure				Projected Earned Exposures
	Projected	Minimum Permitted	Maximum Permitted	Proposed	
Commercial Multi Peril	3,744.62	2,946.47	4,629.93	3,744.62	930
Combined	3,744.62	2,946.47	4,629.93	3,744.62	930

Coverage/Form/Program	Projected Annual Premium (\$)	Projected Annual Ultimate Loss & DCCE (\$)	Projected Annual Ultimate Loss & DCCE Ratio
Commercial Multi Peril	3,482,500	2,242,500	64.4%
Combined	3,482,500	2,242,500	64.4%

PROJECTED YIELD AND FEDERAL INCOME TAX RATE ON INVESTMENT INCOME

		Short-Term Assets	Intermediate-Term Assets		Long-Term Assets	
Line	Description	1 Year or Less	Over 1 Year thru 5 Years	Over 5 Years thru 10 Years	Over 10 Years thru 20 Years	Over 20 Years
1.7	U.S. Governments	238,485,299	161,310,896	141,099,900	3,776,688	605,289
2.7	All Other Governments	39,515,938	118,548,764	6,287,512	0	0
3.7	States, Territories and Possessions	0	2,170,900	2,846,874	0	0
4.7	Political Subdivisions	0	9,774,858	1,775,525	0	0
5.7	Special Revenue and Assessment Obligations	91,419,703	273,246,379	176,054,053	115,330,521	26,709,105
6.7	Industrial and Miscellaneous	240,392,031	811,431,370	515,399,309	16,419,195	8,949,528
7.7	Hybrid Securities	0	0	0	0	0
8.7	Parent, Subsidiaries and Affiliates	0	0	0	0	0

Source:

Schedule D, Part 1A, Section 1 of the insurer **group's** most recent consolidated (combined) statutory Annual Statement.

		Short-Term Assets	Intermediate-Term Assets	Long-Term Assets
		1 Year or Less	Over 1 Year thru 10 Years	Over 10 Years
(1)	Government Bonds (Sum of Lines 1.7 & 2.7)	278,001,237	427,247,072	4,381,977
(2)	Other Taxable Bonds (Sum of Lines 6.7, 7.7, 8.7 and one-half of Line 5.7)	286,101,883	1,551,480,895	96,388,536
(3)	Tax-Exempt Bonds (Sum of Lines 3.7, 4.7 and one-half of Line 5.7)	45,709,852	241,218,373	71,019,813

(Note: CCR §2644.20 refers to bond asset classes of "Credit Tenant Loans" and "Public Utilities" that are no longer recorded in the NAIC Annual Statement Schedule D, Part 1A, Section 1. Assets included in "Other Taxable Bonds" conform to the current NAIC Annual Statement Blank.)

PROJECTED YIELD AND FEDERAL INCOME TAX RATE ON INVESTMENT INCOME (continued)

		Invested Assets ¹	Currently Available Yield ²	Return on Invested Assets	Federal Income Tax Rate	Federal Income Taxes
		[1]	[2]	[3] = [1] * [2]	[4]	[5] = [3] * [4]
(1)	U.S. Government Bonds					
	(i) Short-Term	278,001,237	1.1%	2,937,546	35.00%	1,028,141
	(ii) Intermediate-Term	427,247,072	2.2%	9,584,576	35.00%	3,354,602
	(iii) Long-Term	4,381,977	2.6%	112,909	35.00%	39,518
(2)	Other Taxable Bonds					
	(i) Short-Term	286,101,883	1.2%	3,547,663	35.00%	1,241,682
	(ii) Intermediate-Term	1,551,480,895	2.9%	44,863,993	35.00%	15,702,398
	(iii) Long-Term	96,388,536	3.7%	3,585,559	35.00%	1,254,946
(3)	Tax-Exempt Bonds					
	(i) Short-Term	45,709,852	0.8%	368,421	5.25%	19,342
	(ii) Intermediate-Term	241,218,373	2.1%	4,953,577	5.25%	260,063
	(iii) Long-Term	71,019,813	3.1%	2,214,435	5.25%	116,258
(4)	Common Stock	142,437,202				
	(i) Dividends		2.2%	3,104,091	14.18%	440,005
	(ii) Capital Gains		7.6%	10,842,093	34.10%	3,697,154
(5)	Preferred Stock Dividends	1,500,000	4.9%	74,204	14.18%	10,518
(6)	Mortgage Loans	349,968,895	3.7%	13,018,501	35.00%	4,556,475
(7)	Real Estate	0	3.8%	0	35.00%	0
(8)	Cash	12,143,651	1.1%	128,318	35.00%	44,911
(9)	Other	26,595,734				
	(i) Dividends		2.2%	579,593	14.18%	82,157
	(ii) Capital Gains		7.6%	2,024,425	34.10%	690,329
(10)	Total Gross Invested Assets	3,534,195,119		101,939,905	34.10%	32,538,499
(11)	Investment Expense ³			6,139,405	35.00%	2,148,792
(12)	Total Net Invested Assets	3,534,195,119		95,800,500		30,389,707
(13)	Federal Income Tax: Line (12); column [5]/column [3]				31.7%	
(14)	Projected Yield on Invested Assets: Line (12), column [3]/column [1]		2.7%			
		Most Recent Calendar Year				
(15)	Loss Reserves ⁴	1,743,858,097				
(16)	Loss Adjustment Expense Reserves ⁴	357,313,658				
(17)	Unearned Premium Reserves ⁴	587,142,784				
(18)	Surplus as Regards to Policyholders ⁴	1,470,772,354				
(19)	Total Reserves and Surplus	4,159,086,893				
(20)	Projected Yield adjusted to Reserve and Surplus Base: Line (14), column [2]*Line (12), column [1]/Line (19), column [1]		2.3%			

¹ Source for Column [1], Lines (4) through (9): Page 2 (Assets) of the insurer group's most recent consolidated (combined) statutory Annual Statement.

- Line (8) Cash: Page 2 (Assets) Line 5, cash only; cash equivalents and short-term investments are included in Schedule D.

- Line (9) Other: Page 2 (Assets) Sum of Lines 6, 8, 9 and 11.

² Currently available yields are defined in CCR §2644.20. Latest values are posted at:

<http://www.insurance.ca.gov/0250-insurers/0800-rate-filings/0200-prior-approval-factors/>

Month/Year (Yield): **September 2017**

³ Source: Page 11, Line 25 of the insurer group's most recent consolidated statutory Annual Statement. Entered as a positive expense.

⁴ Source for Column [1], Lines (15) through (18):

Page 3 (Liabilities, Surplus and Other Funds) of the insurer group's most recent consolidated statutory Annual Statement, Lines 1, 3, 9 and 37, respectively.

EXCLUDED EXPENSE RATIO Countrywide Insurer Group Data

Countrywide direct earned premium for lines of business subject to Proposition 103 (\$):

Countrywide direct earned premium for lines of business **not** subject to Proposition 103 (\$):

Total countrywide direct earned premium (\$):

(Note: Total must reconcile to the countrywide direct earned premium in the Insurance Expense Exhibit, Part 3 for the **insurer group**.)

☒ **Check box if the excluded expenses entered in this page are derived on a countrywide, group basis**

CCR §2644.10 (b): Executive Compensation

	2nd Prior Calendar Year		1st Prior Calendar Year		Most Recent Calendar Year	
	2014		2015		2016	
	Cash & Salary	Bonus	Cash & Salary	Bonus	Cash & Salary	Bonus
1st Highest Paid	786,346	918,800	827,692	1,000,000	482,000	1,385,000
2nd Highest Paid	520,200	390,000	594,904	806,797	800,000	1,051,000
3rd Highest Paid	500,000	354,600	517,308	472,000	575,541	884,563
4th Highest Paid	467,000	320,000	538,207	309,500	456,840	770,000
5th Highest Paid	450,500	285,000	444,885	261,500	500,000	618,000

	2nd Prior Calendar Year		1st Prior Calendar Year		Most Recent Calendar Year	
	2014		2015		2016	
	Maximum Permissible	Excessive Amount	Maximum Permissible	Excessive Amount	Maximum Permissible	Excessive Amount
1st Highest Paid	571,920	1,133,226	576,982	1,250,710	585,024	1,281,976
2nd Highest Paid	341,759	568,441	344,358	1,057,343	348,479	1,502,521
3rd Highest Paid	284,151	570,449	286,517	702,791	290,273	1,169,831
4th Highest Paid	248,179	538,821	250,115	597,592	253,186	973,654
5th Highest Paid	220,754	514,746	222,398	483,987	225,007	892,993
Total Excessive		3,325,683		4,092,423		5,820,975

CCR §2644.10 (f): Institutional Advertising

	2nd Prior Calendar Year		1st Prior Calendar Year		Most Recent Calendar Year	
	2014		2015		2016	
	Institutional	Non-Institutional	Institutional	Non-Institutional	Institutional	Non-Institutional
Total Advertising ¹	0	812,201	0	1,124,000	0	907,000

¹ Note: For each calendar year, the sum of Institutional and Non-Institutional advertising expenses must reconcile to the total advertising expenses reported in the Insurance Expense Exhibit, Part 1, Line 4 for the **insurer group**.

EXCLUDED EXPENSE RATIO (continued)

Countrywide Insurer Group Data

☐ Check box if the excluded expenses entered in this page are derived on a countrywide, group basis

	2nd Prior Calendar Year	1st Prior Calendar Year	Most Recent Calendar Year
	2014	2015	2016
CCR §2644.10 (a): Political contribution and lobbying	72,352	80,201	70,621
CCR §2644.10 (b): Excessive Executive Compensation (Page 4.1)	3,325,683	4,092,423	5,820,975
CCR §2644.10 (c): Bad faith judgments and associated DCCE	0	14,556,581	750,000
CCR §2644.10 (d): All costs for unsuccessful defense of discrimination claims	0	0	0
CCR §2644.10 (e): Fines and penalties	1,614	0	300
CCR §2644.10 (f): Institutional advertising expenses (Page 4.1)	0	0	0
CCR §2644.10 (g): Excessive payments to affiliates	0	0	0
Total Excluded Expenses	3,399,649	18,729,205	6,641,896
Excluded Expense Ratio	0.2%	1.3%	0.5%
Three-Year Average Excluded Expense Ratio			0.7%

FINAL ADJUSTED CDI PARAMETERS

Efficiency Standard									
Detailed Line Description	Line Code	Coverage/Form	Marketing System Distribution			Weighted Average	Variance Adjustment	Excluded Expense Ratio	Final Adjusted Efficiency Standard
			0.0%	0.0%	100.0%				
			Captive	Direct	Independent				
Commercial Multiple Peril (Combined)	5	Commercial Multi Peril	38.3%	33.9%	39.3%	39.3%	0.0%	0.7%	38.7%

			Reserves Ratio		Leverage Factor (Variance 3 not applied)			Yields Through September 2017	
Detailed Line Description	Line Code	Coverage/Form	Unearned Premium Reserves	Loss Reserves	Raw Factor	Variance Adjustment	Final Adjusted Leverage Factor	Yield	2.3%
			0.4867	1.8805	0.7470	1.0000	0.7470	FIT	31.7%
								Risk Free Rate of Return	1.8%

RATEMAKING DATA

Completed by: Donna Keefer

Variance #(s):

Date Completed: 10/10/2017

Detailed Line Description: Commercial Multiple Peril (Combined)

Coverage: Commercial Multi Peril

Line	Description	Source	2nd Prior Year Ending	1st Prior Year Ending	Most Recent Year Ending	Projected ¹	New Program ²
(0)	Year		#VALUE!	#VALUE!	0		
(1)	California Direct Written Premium						3,250,000
(2)	California Direct Earned Premium						3,250,000
(3)	Premium Adjustment Factor	Exh 4					
(4)	Premium Trend Factor ¹	Exh 5					
(5)	Miscellaneous Fees and Flat Charges not included in Line (2)	Exh 6					232,500
(6)	Earned Exposure Units						930
(7)	Historic Losses						1,681,875
(8)	Historic Defense and Cost Containment Expense (DCCE)						560,625
(9)	Loss Development Factor	Exh 7					
(10)	DCCE Development Factor	Exh 7					
(11)	Loss Trend Factor ¹	Exh 8					
(12)	DCCE Trend Factor ¹	Exh 8					
(13)	Catastrophe Adjustment Factor	Exh 9					
(14)	Credibility for Losses & DCCE	Exh 10					
(15)	Ancillary Income	Exh 11					0

Lines 16-18 link directly to pages 3 and 4 of the rate template.

(16)	Excluded Expense Ratio	Pg 4.2					0.7%
(17)	Projected Federal Income Tax Rate on Investment Income	Pg 3.2					31.7%
(18)	Projected Yield	Pg 3.2					2.3%

¹ The Projected column should reflect the annual trend expressed as a percentage for premium, loss and DCCE trends, and credibility.

² Refer to Section III.C. of the Prior Approval Rate Filing Instructions for New Program requirements.

VARIANCE - NONE

RATE CHANGE CALCULATION

Completed by: Donna Keefer
Date Completed: 10/10/2017
Prior Effective Date:
Proposed Effective Date: 1/10/2018
Detailed Line Description: Commercial Multiple Peril (Combined)
Coverage: Commercial Multi Peril

Data Provided by Filer	#VALUE!	#VALUE!	0	Projected
Prem_Written				3,250,000
Prem_Earned				3,250,000
Prem_Adj				
Prem_Trend				0.0%
Misc_Fees				232,500
Exposures_Earned				930
Losses				1,681,875
DCCE				560,625
Loss_Devt				
DCCE_Devt				
Loss_Trend				0.0%
DCCE_Trend				0.0%
CAT_Adj				
Anc_Income				0
Credibility				100.0%
ExpRatio_Excluded				0.7%
FIT_Inv				31.7%
Yield				2.3%

CDI Parameters

FIT_UW				35.0%
EffStd_Final		Data as of:	2015	38.7%
LevFact_Final		Data as of:	2015	0.75
PremTaxRate				2.4%
SurplusRatio				1.34
ResRatio_UPR		Data as of:	2015	0.49
ResRatio_Loss		Data as of:	2015	1.88
ROR_RiskFree		Data as of:	September 2017	1.8%
ROR_Min				-6.0%
ROR_Max				7.8%

Calculations

	#VALUE!	#VALUE!	0	
Prem_Adjusted				3,482,500
Losses_Adjusted				1,681,875
DCCE_Adjusted				560,625
LossDCCERatio_Adjusted				64.4%
TCRLP_perExp				3,744.62
LossDCCE_perExp				2,411.29
CompLossDCCE_perExp				1,950.22
CredLoss_perExp				2,411.29
Anc_Inc_perExp				0.00
InvInc_Fixed				4.5%
InvInc_Variable				4.4%
Net_AnnualTrend				0.0%
Comp_Trend				0.0%
Max_Profit				16.0%
Min_Profit				-12.4%
UW_Profit				9.3%
Min_Denom				0.78
Max_Denom				0.50
Min_Premium				\$2,946.47
Max_Premium				\$4,629.93
CHANGE_AT_MIN				-21.3%
CHANGE_AT_MAX				23.6%

Instructions for Completing the Prior Approval Rate Application

Note: For information on populating the application in its entirety, including the Prior Approval Rate Application, Prior Approval Rate Template and Standard Exhibits Template, refer to the complete Prior Approval Rate Filing Instructions posted in PDF format on the CDI website, below:

<http://www.insurance.ca.gov/0250-insurers/0800-rate-filings/>

- 1) Enter general filing characteristics associated with this application as well as company-specific information on the "1.General" page. Areas of insurer input are generally identified with **blue font text** and/or light blue outlined boxes. If this filing contains group data, select the appropriate indicator on the "1.General" page. The "2.Group" page will automatically unhide to allow for the identification of each company to which this filing applies.

- 2) Enter the type of filing to which this application applies. Complete all exhibits and Prior Approval Rate Application pages required for the designated type of filing on the "3.Filing Type" page, *in addition to the Prior Approval Rate Template and Standard Exhibits Template, where applicable*. Refer to the Prior Approval Filing Instructions for more information.

- 3) On the "6.Program Detail" page, provide premium, loss and DCCE information for the entire line of business as shown in your company's Annual Statement as well as for each separate program that comprises your company's line of business. Programs with less than \$25M in premium each can be combined into one entry. The total of all programs must reconcile to the total Annual Statement line of business for each year provided. Click the "Add 5 Programs" button if additional programs are required. If filing to be submitted is a group filing, populate the page with group data.

- 4) If this filing includes a variance request, select the appropriate indicator on the "1.General" page. The "11.Variance Request" page will automatically unhide to allow for the identification and impact of each variance being requested. Final decisions regarding variances will be made by the CDI and/or administrative hearing.

PRIOR APPROVAL RATE APPLICATION FOR PROPERTY & LIABILITY LINES GENERAL INFORMATION

Completed by: Date:

Your File #:
(15 Character Maximum)

Filing Characteristics

Does this filing include a variance request? (Page 11 hidden)

If yes,

Is this a variance request submitted after the prior approval application to which it applies?

Provide the applicable CDI File #:

Does this file contain group data? If yes, complete Page 2. (Page 2 hidden)

Is this a specialty filing?

Line Type:

General Line :

Subline:

Program:

Provide the most recent applicable CDI file # in this line, subline and/or program:

DEPARTMENT USE ONLY

CDI File #:

SERFF #:

Filed Date:

Compliance Date:

Public Notice Date:

Deemer Date:

Intake Analyst:

Bureau/Senior:

Group Filing?: ☐ Yes ☐ No

X-Reference #:

Filing Type: ☐ Rate ☐ Rule

☐ Form ☐ Variance

☐ New Program

% Change:

Company Information

Company Name:

Group Name:

NAIC Company Code:

NAIC Group Code:

Organized under the laws of the State of:

Home Office:

Contact Name/Title:

Toll Free Phone #: Fax #:

Email Address:

Mailing Address:

I declare under penalty of perjury under the laws of the State of California, that the information filed is true, complete, and correct, and that price optimization methods or models have not been used in the development of the final rates for any segment of the filed rating plan.

Fred Reuter

Authorized Signature

October 13, 2017

Date of Filing

678-746-9562

Telephone #

Refer to CDI website below for the most current rate template and prior approval factors:

<http://www.insurance.ca.gov/0250-insurers/0800-rate-filings/>

FILING TYPE

The purpose of this filing is (check all that apply):

Type of Filing	Required Documentation ^{1,2,3}
<input checked="" type="checkbox"/> New Program (Includes adoption of advisory organization loss costs, forms and rules.)	Pages 1 through 4, 8 through 10 & 12, Exhibit 16 plus Prior Approval Rate Template
<input type="checkbox"/> Rates (Includes adoption of advisory organization loss costs.)	
<input type="checkbox"/> Rate increase	Pages 1 through 8 & 12, Exhibits 1-17 & 20, plus Prior Approval Rate Template
<input type="checkbox"/> Rate decrease	Pages 1 through 8 & 12, Exhibits 1-17 & 20, plus Prior Approval Rate Template
<input type="checkbox"/> Revenue-neutral change (zero percent overall impact)	Pages 1 through 8 & 12, Exhibits 1-17 & 20, plus Prior Approval Rate Template
<input type="checkbox"/> Variance Request	
<input type="checkbox"/> Filed together with the prior approval application to which it applies.	Page 11, Exhibit 13 plus Prior Approval Rate Template
<input type="checkbox"/> Filed after the prior approval application to which it applies.	Pages 1 through 4, 11 & 12, Exhibit 13 plus Prior Approval Rate Template
<input type="checkbox"/> Coverage Forms (Includes adoption of advisory organization forms.)	
<input type="checkbox"/> With rate impact	Pages 1 through 9 & 12, Exhibits 1-17 & 20 plus Prior Approval Rate Template
<input type="checkbox"/> Without rate impact	Pages 1 through 4, 9 & 12
<input type="checkbox"/> Rules and Underwriting Guidelines (Includes adoption of advisory organization rules.)	
<input type="checkbox"/> With rate impact	Pages 1 through 8, 10 & 12, Exhibits 1-18 & 20 plus Prior Approval Rate Template
<input type="checkbox"/> Without rate impact	Pages 1 through 4, 10 & 12 plus Exhibit 18

¹ Page numbers refer to pages of the Prior Approval Rate Application. Where Exhibits 5, 7 and 8 are required, applications must also include a completed Standard Exhibits Template. Exhibit 21 must be included for all Specialty filing applications.

² All Private Passenger Automobile class plans must be filed separately from the Prior Approval Rate Applications.

³ Page 6 of the Prior Approval Rate Application is required solely for insurers submitting filings for a subset of their Homeowners Multiple Peril line.

IMPACT OF PROPOSED CHANGES

Proposed Overall Rate Change:	0.0%
Proposed Earned Premium Per Exposure:	\$3,500.00
Proposed Effective Date:	01/10/18

	Coverage/Form ¹	Indicated % Change	Proposed % Change	Adjusted Earned Premium ^{2,3}	Projected Earned Premium ³
(1)	Commercial Package	0.0%	0.0%	\$3,250,000	\$3,250,000
(2)					\$0
(3)					\$0
(4)					\$0
(5)					\$0
(6)					\$0
(7)					\$0
(8)					\$0
(9)					\$0
(10)					\$0
Total		0.0%	0.0%	\$3,250,000	\$3,250,000

¹ Commercial Auto Liability and Physical Damage must be combined in one application, with separate Rate Calculation pages in the Prior Approval Rate Template for liability and physical damage coverages.

² Adjusted earned premium is the historical earned premium for the most recent year adjusted to the current rate level and trended to the average earned date of the proposed rating period. These figures should reconcile to the Prior Approval Rate Template.

³ Total earned premium must include all income derived from miscellaneous fees and other charges.

RECONCILIATION OF DIRECT EARNED PREMIUM DATA

Annual Statement Statutory Page 14 Calendar Year Data

	Coverage/Form/Program ¹	Latest CDI Filing # ²	2nd Prior Calendar Year	1st Prior Calendar Year	Most Recent Calendar Year
			#VALUE!	#VALUE!	YYYY
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					
Total			0	0	0
Statutory Page 14					
Difference			0	0	0

Explain any differences:

¹ This exhibit requires insurers to itemize each program until **all** data is reconciled to the corresponding annual statement line of insurance.

² For residual market data, a filing number is not required.

ANNUAL STATEMENT LINE Multiple Plan

	Year	Written Premium	Earned Premium	Incurred Loss	IL%	DCCE	DCCE%	IL+DCCE	IL+DCCE %
(1)	YYYY	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
(2)	#VALUE!	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
(3)	#VALUE!	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
(7)	3 Yr Avg	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!

#VALUE!

NOTE: Programs with less than \$2,000 in premium each can be combined into one entry.

NOTE: Ratios are weighted averages. Dollars are arithmetic averages.

Total - All Programs

	Year	Written Premium	Earned Premium	Incurred Loss	IL%	DCCE	DCCE%	IL+DCCE	IL+DCCE %
(5)	YYYY	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
(6)	#VALUE!	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
(7)	#VALUE!	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
(8)	3 Yr Avg	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!

Difference	-	-	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!
------------	---	---	---	---------	---	---------	---	---------

(specify program)

	Year	Written Premium	Earned Premium	Incurred Loss	IL%	DCCE	DCCE%	IL+DCCE	IL+DCCE %
	YYYY	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
	#VALUE!	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
	#VALUE!	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
	3 Yr Avg	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!

(specify program)

	Year	Written Premium	Earned Premium	Incurred Loss	IL%	DCCE	DCCE%	IL+DCCE	IL+DCCE %
	YYYY	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
	#VALUE!	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
	#VALUE!	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
	3 Yr Avg	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!

(specify program)

	Year	Written Premium	Earned Premium	Incurred Loss	IL%	DCCE	DCCE%	IL+DCCE	IL+DCCE %
	YYYY	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
	#VALUE!	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
	#VALUE!	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
	3 Yr Avg	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!

(specify program)

	Year	Written Premium	Earned Premium	Incurred Loss	IL%	DCCE	DCCE%	IL+DCCE	IL+DCCE %
	YYYY	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
	#VALUE!	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
	#VALUE!	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
	3 Yr Avg	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!

(specify program)

	Year	Written Premium	Earned Premium	Incurred Loss	IL%	DCCE	DCCE%	IL+DCCE	IL+DCCE %
	YYYY	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
	#VALUE!	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
	#VALUE!	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!
	3 Yr Avg	0	0	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!

ADDITIONAL CALENDAR YEAR DATA REQUIRED BY STATUTE

Refer to CIC §1857.7, CIC §1857.9 and CIC §1864 for more information.

Line	Type of Data	Most Recent Calendar Year
(0)		YYYY
(1)	Number of claims outstanding at beginning of year	
(2)	Number of claims during the year	
(3)	Number of claims closed during the year	
(4)	Number of claims outstanding at year's end [(1) + (2) - (3)]	0
(5)	Unearned Premiums	
(6)	Dollar amount of claims paid	
(7)	Net loss reserves for outstanding claims excluding claims incurred but not reported (case reserves)	
(8)	Net loss reserves for claims incurred but not reported (IBNR)	
(9)	Losses incurred as a percentage of premiums earned, including IBNR	
(10)	Net investment gain or loss and other income or gain or loss allocated to the line	
(11)	Net income before federal and foreign income taxes [(10) + (15)]	\$0
(12)	Total number of policies in force on the last day of the reporting period	
(13)	Total number of policies canceled	
(14)	Total number of policies non-renewed	
(15)	Net underwriting gain or loss (= CY earned premiums less CY incurred loss less CY incurred expense)	
(16)	Separate allocations of expenses for:	
(17)	(a) commissions and brokerage expense	
(18)	(b) other acquisition costs	
(19)	(c) general office expenses	
(20)	(d) taxes, licenses and fees	
(21)	(e) loss adjustment expense (DCCE & AOE)	
(22)	(f) other expenses	

MISCELLANEOUS FEES AND OTHER CHARGES

Check all fees that apply and identify the amount charged for each transaction.

If no fees apply to this program, check here:

☒

Miscellaneous Fees

	New Business	Renewal Business
Policy Fee	<input type="checkbox"/> <input type="text"/>	<input type="checkbox"/> <input type="text"/>
Installment Fee (Fixed \$)	<input type="checkbox"/> <input type="text"/>	<input type="checkbox"/> <input type="text"/>
Endorsement Fee	<input type="checkbox"/> <input type="text"/>	<input type="checkbox"/> <input type="text"/>
Inspection Fee	<input type="checkbox"/> <input type="text"/>	<input type="checkbox"/> <input type="text"/>
Cancellation Fee	<input type="checkbox"/> <input type="text"/>	<input type="checkbox"/> <input type="text"/>
Reinstatement Fee	<input type="checkbox"/> <input type="text"/>	<input type="checkbox"/> <input type="text"/>
Late Fee	<input type="checkbox"/> <input type="text"/>	<input type="checkbox"/> <input type="text"/>
SR-22	<input type="checkbox"/> <input type="text"/>	<input type="checkbox"/> <input type="text"/>
Other Fees (specify below)		
<i>Fee 1</i>	<input type="checkbox"/> <input type="text"/>	<input type="checkbox"/> <input type="text"/>
<i>Fee 2</i>	<input type="checkbox"/> <input type="text"/>	<input type="checkbox"/> <input type="text"/>
<i>Fee 3</i>	<input type="checkbox"/> <input type="text"/>	<input type="checkbox"/> <input type="text"/>
<i>Fee 4</i>	<input type="checkbox"/> <input type="text"/>	<input type="checkbox"/> <input type="text"/>

Ancillary Income

	New Business	Renewal Business
Installment Finance Charge (APR %)	<input type="checkbox"/> <input type="text"/>	<input type="checkbox"/> <input type="text"/>
Non-Sufficient Funds (NSF) Fee	<input type="checkbox"/> <input type="text"/>	<input type="checkbox"/> <input type="text"/>
Membership Dues	<input type="checkbox"/> <input type="text"/>	<input type="checkbox"/> <input type="text"/>
Premium Finance Revenues	<input type="checkbox"/> <input type="text"/>	<input type="checkbox"/> <input type="text"/>
Other Fees (specify below)		
<i>Fee 1</i>	<input type="checkbox"/> <input type="text"/>	<input type="checkbox"/> <input type="text"/>
<i>Fee 2</i>	<input type="checkbox"/> <input type="text"/>	<input type="checkbox"/> <input type="text"/>
<i>Fee 3</i>	<input type="checkbox"/> <input type="text"/>	<input type="checkbox"/> <input type="text"/>
<i>Fee 4</i>	<input type="checkbox"/> <input type="text"/>	<input type="checkbox"/> <input type="text"/>

Use Exhibit 6 if additional space is needed to explain fees not listed above.

FORMS

		Applicable Form			Source of Form		Category	Coverage Change Reflects		Coverage Change Includes		Factor of Change
		#	Title	Type	Source	CDI File # ¹		Restriction? ²	Broadening?	Rate Impact?	% Impact	(\$, % or Description)
(1)	Proposed	AXS GJS 123 (08-17)	SPOILATION OF EVIDENCE ERRORS OR OMISSIONS ENDORSEMENT	2	3		2	N	Y	Y		FLAT
	Current											
(2)	Proposed	AXS GJS 113 (08-17)	ENHANCEMENT ENDORSEMENT - AUTO DEALER	2	3		2	N	Y	Y		%
	Current											
(3)	Proposed	AXIS 101 0419 (08-17)	PUNITIVE DAMAGES EXCLUSION	2	3		1	Y	N	N		
	Current											
(4)	Proposed	AXIS 101 1051 (09-17)	ASBESTOS EXCLUSION FOR GENERAL LIABILITY COVERAGES	2	3		1	Y	N	N		
	Current											
(5)	Proposed	AXS GJS 107 (08-17)	CONVERSION COVERAGE EXTENSION	2	3		2	N	Y	Y		FLAT
	Current											
(6)	Proposed	AXS GJS 109 (08-17)	DEBRIS REMOVAL EXTENSION	2	3		2	N	Y	Y		FLAT
	Current											
(7)	Proposed	AXS GJS 114 (08-17)	ENHANCED PROPERTY COVERAGE ENDORSEMENT	2	3		2	N	Y	Y		FLAT
	Current											
(8)	Proposed	AXS GJS 118 (08-17)	LOSS PAYABLE ENDORSEMENT	2	3		2	N	N	N		
	Current											
(9)	Proposed	AXS GJS 120 (08-17)	MOTOR TRUCK CARGO LIABILITY COVERAGE FORM	2	3		2	N	Y	Y		%
	Current											
(10)	Proposed	AXS GJS 121 (08-17)	SPECIAL BROADENED PROPERTY COVERAGE ENDORSEMENT	2	3		2	N	Y	Y		FLAT
	Current											
(11)	Proposed	AXS GJS 122 (08-17)	SPECIAL FLOATER COVERAGE FORM	2	3		2	N	Y	N		%
	Current											
(12)	Proposed	AXS GJS 125 (08-17)	COMPUTER SYSTEMS COVERAGE FORM	2	3		2	N	Y	Y		\$1 PER \$100 of excess limit
	Current											
(13)	Proposed	AXS 300 (04-17)	NAMED DRIVER EXCLUSION	2	3		2	Y	N	N		
	Current											
(14)	Proposed	AXIS 101 2013 (03-17)	COMMERCIAL PROPERTY COVERAGE PART - EQUIPMENT BREAKDOWN COVERAGE SCHEDULE	4	3		2	N	N	N		
	Current											
(15)	Proposed	AXIS 101 2014 (03-17)	EQUIPMENT BREAKDOWN COVERAGE (INCLUDING ELECTRONIC CIRCUITRY IMPAIRMENT)	2	3		2	N	Y	Y		%
	Current											
(16)	Proposed	AXIS 101 2032 (04-17)	COMMERCIAL PROPERTY COVERAGE PART - EQUIPMENT BREAKDOWN COVERAGE SCHEDULE	4	3		2	N	N	N		
	Current											
(17)	Proposed	AXIS 101 2031 (04-17)	EQUIPMENT BREAKDOWN COVERAGE	2	3		2	N	Y	Y		%
	Current											
(18)	Proposed	AXS GJS 203 (08-17)	COMMERCIAL INLAND MARINE DECLARATIONS	4	3		2	N	N	N		
	Current											
(19)	Proposed	AXS GJS 204 (08-17)	COMPUTER SYSTEMS COVERAGE DECLARATIONS	4	3		2	N	N	N		
	Current											
(20)	Proposed	AXIS GJS 207 (08-17)	SPECIAL FLOATER COVERAGE FORM DECLARATIONS	4	3		2	N	N	N		
	Current											

FORMS

		Applicable Form			Source of Form		Category	Coverage Change Reflects		Coverage Change Includes		Factor of Change (\$, % or Description)
		#	Title	Type	Source	CDI File # ¹		Restriction? ²	Broadening?	Rate Impact?	% Impact	
(21)	Proposed											
	Current											
(22)	Proposed											
	Current											
(23)	Proposed											
	Current											
(24)	Proposed											
	Current											
(25)	Proposed											
	Current											
(26)	Proposed											
	Current											
(27)	Proposed											
	Current											
(28)	Proposed											
	Current											
(29)	Proposed											
	Current											
(30)	Proposed											
	Current											

¹ If Source selected is ISO or Other Advisory Organization, provide the CDI File # of applicable filing from which the form is being adopted. If Source selected is Company and Category is Replacement, provide the CDI File # under which current form is approved.

² Forms that restrict, exclude or delete coverage require consideration of a rate offset/credit. Provide the amount of prior losses incurred associated with the impacted coverage, if any.

Legend of Response Codes

Type Code	Source Code	Category Code
(1) Application	(1) Insurance Services Organization (ISO)	(1) New, mandatory
(2) Endorsement	(2) Other Advisory Organization	(2) New, optional
(3) Policy	(3) Company	(3) Replacement, mandatory
(4) Other (Describe in filing memorandum)	(4) Other (Describe in filing memorandum)	(4) Replacement, optional
		(5) Withdrawn, mandatory
		(6) Withdrawn, optional

RULES AND UNDERWRITING GUIDELINES

Insurers submitting a rule change filing must provide the information identified below.
Complete Exhibit 18 as necessary to fulfill this requirement.

Check all that apply:

- ☒ (1) Introducing a new rule(s)
- ☐ (2) Revising an existing rule(s)
- ☐ (3) Adopting an approved Advisory Organization (AO) rule(s)
- ☐ (4) Withdrawing an approved rule(s)
- ☐ (5) Introducing or revising an underwriting guideline(s)¹

If (1), (2) or (5) above is checked, provide the following:

- (a) The purpose for the rule or underwriting guideline or an explanation for revising an existing rule or underwriting guideline (Exhibit 18)
- (b) A copy of the current and proposed manual page corresponding to the rule or underwriting guideline
- (c) The proposed charge for the rule, and justification of the charge including the rate or premium development method (Exhibit 18)
- (d) The rate impact of the rule or underwriting guideline on the current book of business, with corresponding calculation of that impact (Exhibit 18)
- (e) Advise if the rule is:
 - ☐ (i) Optional
 - ☒ (ii) Mandatory

If (3) above is checked, specify the approved CDI File #(s) of the AO rule:

If (4) above is checked, provide the following:

- (a) An explanation for the withdrawal of the rule (Exhibit 18)
- (b) A copy of the current and proposed manual page corresponding to the withdrawn rule
- (c) The rate impact of withdrawing the rule on the current book of business, with corresponding calculation of that impact (Exhibit 18)

For all rule and underwriting guideline changes, provide any additional comments necessary to adequately explain the rule change (Exhibit 18).

¹ Underwriting guidelines included in this filing are reviewed only insofar as they relate to rates contained in this filing or currently on file with the California Department of Insurance.

FILING CHECKLIST

Use this checklist to assemble a complete application:

☒ **Prior Approval Rate Application**

- ☒ General Information, Page 1
- ☒ Insurer Group Information, Page 2
- ☒ Filing Type, Page 3
- ☒ Proposed Impact, Page 4
- ☐ Reconciliation of Direct Earned Premium to Statutory Data, Page 5
- ☐ Homeowners Form Detail (if applicable), Page 6
- ☐ Additional Calendar Year Data Required by Statute, Page 7
- ☒ Miscellaneous Fees and Other Charges, Page 8
- ☒ Forms, Page 9
- ☒ Rules and Underwriting Guidelines, Page 10
- ☐ Variance Request, Page 11
- ☒ Filing Checklist, Page 12

☒ **Filing Memorandum**

☒ **Prior Approval Rate Template¹**

☐ **Standard Exhibits Template¹**

☒ **Printed Rate and Rule Manual Pages¹**

☒ **Underwriting Guidelines¹**

☒ **Forms^{1,2}**

☐ **Copies of Reinsurance Agreements¹**

☒ **Supporting Exhibits**

- ☐ Exhibit 1 - Filing History
- ☐ Exhibit 2 - Rate Level History
- ☐ Exhibit 3 - Policy Term Distribution
- ☐ Exhibit 4 - Premium Adjustment Factor
- ☐ Exhibit 5 - Premium Trend Factor³
- ☐ Exhibit 6 - Miscellaneous Fees and Other Charges
- ☐ Exhibit 7 - Loss and Defense & Cost Containment Expense (DCCE) Development Factors³
- ☐ Exhibit 8 - Loss and DCCE Trend³
- ☐ Exhibit 9 - Catastrophe Adjustment
- ☐ Exhibit 10 - Credibility Adjustment
- ☐ Exhibit 11 - Ancillary Income
- ☐ Exhibit 12 - Reinsurance Premium and Recoverables
- ☐ Exhibit 13 - Variance Request
- ☐ Exhibit 14 - Rate Distribution
- ☐ Exhibit 15 - Rate Classification Relativities
- ☒ Exhibit 16 - New Program
- ☐ Exhibit 17 - Super Group Corporate Structure Verification (PPA only)
- ☒ Exhibit 18 - Rules and Underwriting Guidelines
- ☐ Exhibit 19 - Supplemental Information
- ☐ Exhibit 20 - Customer Dislocation
- ☐ Exhibit 21 - Insurer's Ratemaking Calculations for Specialty Filings

¹ See Prior Approval Rate Filing Instructions.

² Attach all independent forms and list all advisory organization forms.

³ Provide Standard Exhibits Template for these exhibits.

AXIS INSURANCE COMPANY
Auto Dismantlers and Scrap Dealers Program

Exhibit 16

With this filing, AXIS Insurance Company (AXIS) is submitting to your jurisdiction its commercial auto dismantlers and auto scrap dealers risks program forms that will augment current approved company and ISO forms, rules and rates for use in providing specialized coverage common for these risks on a package basis. AXIS has given the Insurance Services Office filing authority for these lines of business. The intent of the company is to offer to these risks a commercial package consisting of two or more of the following coverages; Commercial Automobile, Auto Dealer, General Liability, Commercial Property, Commercial Inland Marine and Commercial Crime.

The "Auto Dismantlers and Auto Scrap Dealers" program was previously provided through another insurance company (Star Insurance Company) which is NOT affiliated with AXIS Insurance Company. We are taking on this program and have included the forms, rates and rules to be used with this program. They augment current AXIS forms, rates and rules as well as the current ISO forms, loss costs and rules that have been adopted by the company in your jurisdiction for this program along with AXIS' current LCMs and ELRs unless indicated otherwise.

The company has a list under the Supporting Documentation Tab that provides a brief explanation/description for each form included in this filing. Please note that we are introducing an Asbestos Exclusion endorsement, AXIS 101 1051 which will be used for this program as well as our other programs going forward. It has no rate impact as we use it with programs that have asbestos exposure and our programs do not contemplate providing coverage for this exposure.

For justification of rates we have reviewed Star's current filings for their program in various states as well as relying on Hartford Steam Boiler in establishing equipment breakdown rates which we fully cede to them under the program which is the same approach Star used in their program. Since we are marketing to the same book of risks and using similar claims and distribution channels as Star, we expect similar loss ratios. For this reason we have taken the current Star rates and are adopting them as our initial rates for this program. We believe that this will result in rates that are adequate without being excessive.

The company uses notices developed and generated by ODEN, which is an industry recognized system in providing cancellation or nonrenewal notification. As TRIA is provided under this program at no additional charge, the company has included its previously filed TRIA policyholder notice that reflects this position that will be attached to every coverage offer and policy.

AXIS INSURANCE COMPANY
Auto Dismantlers and Scrap Dealers Program

Exhibit 18

Rules and Underwriting Guidelines

The Rules and Underwriting Guidelines for this new program are included in the submission.



AXIS

11680 Great Oaks Way
Suite 500
Alpharetta, GA 30022

February 2, 2017

Re: Axis Insurance Company
NAIC: 37273

To Whom It May Concern:

Perr&Knight is hereby authorized to submit rate, rule, and form filings on behalf of **Axis Insurance Company**. This authorization includes providing additional information and responding to questions regarding the filings on our behalf as necessary.

Please direct all correspondence and inquiries related to this filing to Perr&Knight at the following address:

State Filings Department
Perr&Knight
401 Wilshire Blvd, Suite 300
Santa Monica, CA 90401
Phone: (310) 230-9339
Fax: (310) 230-1061

Please contact me if you have any questions regarding this authorization.

Sincerely,

A handwritten signature in black ink, appearing to read "Fred Reuter". The signature is fluid and cursive, with the first name "Fred" and last name "Reuter" clearly distinguishable.

Fred Reuter, CPCU
Assistant Vice President
Product Development
Telephone: 678-746-9562
fred.reuter@axiscapital.com