

ORIGINAL

LAW OFFICES

ROSE, SUNDSTROM & BENTLEY, LLP

2548 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FLORIDA 32301

(850) 877-6555

Fax (850) 656-4029

www.rsbatorneys.com

CENTRAL FLORIDA OFFICE

600 S. NORTH LAKE BLVD., SUITE 160

ALTAMONTE SPRINGS, FLORIDA 32701

(407) 830-6331

FAX (407) 830-8522

MARTIN S. FRIEDMAN, P.A.

VALERIE L. LORD, OF COUNSEL

(LICENSED IN TEXAS ONLY)

CHRIS H. BENTLEY, P.A.
ROBERT C. BRANNAN
DAVID F. CHESTER
F. MARSHALL DETERDING
JOHN R. JENKINS, P.A.
STEVEN T. MINDLIN, P.A.
DAREN L. SHIPPY
WILLIAM E. SUNDSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WHARTON
ROBERT M. C. ROSE, OF COUNSEL
WAYNE L. SCHIEFELBEIN, OF COUNSEL

July 1, 2003

Mr. Troy Rendell
Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RECEIVED-FPSC
03 JUL - 1 PM 4: 28
COMMISSION
CLERK

Re: Service Management Systems, Inc.; PSC Docket No. 021228-WS
Application for Staff Assisted Water and Sewer Rate Increase in Brevard County
Our File No. 36082.01

Dear Mr. Rendell:

I am in receipt of your letter of June 23, 2003 and have been working with the Utility's office personnel and consultants in order to try and provide responses to all of the points raised therein and in your letter of June 20, 2003. Both Mr. Jim Bates and Mr. Ron Chupka are out of town from last week until Wednesday of this week and as such, my answers hereto may not be totally complete. For that reason, I request that you and members of the staff review them in detail and let me know if there is anything I have missed or anything further you need. As noted below, the issues related to Mr. Chupka and required operation time at the plants, may need further clarification once these gentlemen return.

1. Insurance - I am attaching hereto as Exhibit "A" a copy of the insurance policy which you requested in your June 20, 2003 letter. I believe this complies with the request provided. However, to the extent there is anything missing or you need any further information on this issue, please let me know.
2. Operations and Maintenance Salaries - With regard to the salary and responsibilities of Mr. Chupka, your letter suggests that the staff learned during its recent visit to the service area that Mr. Chupka would be retained for the purpose of providing his operator duties on a going

AUS _____
CAF _____
CMP _____
COM S _____
CTR _____
ECR _____
GCL _____
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SEC I _____
OTH _____

FILED FOR RECORDING

05877 JUL - 1 2003

FPSC-COMMISSION CLERK

Mr. Troy Rendell
July 1, 2003
Page 2

forward basis. As noted above, both Mr. Bates and Mr. Chupka were out of town last week and are out of town the first part of this week. Therefore, I am representing the facts as I understand them, rather than as verified by Mr. Bates or Mr. Chupka. Upon receipt of your letter, I contacted the Utility's management and the new maintenance man who will replace Mr. Chupka for the purposes of providing most of the maintenance at the Utility's facilities. Mr. Scottie informed me that there had apparently been a good deal of misunderstanding about what Mr. Chupka would be doing on a going forward basis. Below is what I understand to be the situation and changes that are occurring for the future.

In the past, Mr. Chupka has provided full time maintenance and part of the operator time necessary under DEP rules. The remainder of the required operator time has been provided by Accurate Utilities, Inc. When I last wrote you, I was under the mistaken belief that Mr. Chupka would be retiring altogether. I understand now from Mr. Scottie that Mr. Chupka now intends to merely become a part-time employee. Mr. Chupka is proposing to provide some maintenance, labor, and operator time to the Utility for approximately three of the required seven days a week that the DEP requires an operator. As such, the Accurate Utilities' operator time will only be necessary for $\frac{1}{2}$ of the regular weekly schedule. This is the schedule that has been gradually placed in effect since last August.

There will also need to be recognition of the cost for employing Mr. Chupka on a part-time basis (at a higher hourly rate than he was being paid on a full-time basis) to provide this operator coverage at the plants. Mr. Scottie became the full-time maintenance person for the Utility as of November of 2002 and Mr. Chupka gradually moved to part-time, which he has been since November of 2002. Mr. Chupka's pay rate is \$425 plus tax and benefits (every two weeks) for providing these part-time services. Accurate Utilities, Inc. will continue to be utilized for providing approximately $\frac{1}{2}$ of the operations responsibilities and to be called upon for major repairs in the future. Therefore, the real change from the test year is to fully recognize Mr. Scottie as a full-time employee in place of Mr. Chupka, and to recognize Mr. Chupka's additional salary as a part-time employee. These costs must be considered on a going forward basis. The only alternative available to the Utility is to utilize full operations contracting with Accurate as previously estimated. Even then, additional maintenance help would likely be needed.

3. Recurring Repairs - Your June 23, 2003 letter again raises staff's concern with certain repairs that the staff contends should be amortized or capitalized because of staff's apparent initial position that they extend the use for life of the facilities. The Utility believes that a careful examination of the expenses that the staff has removed for the test year will reveal that they do not extend the use for life of the facility being operated, but rather are normal maintenance costs for a system such as that operated by the Utility and the environment of being operated on a barrier island with the resulting additional maintenance and repairs required under those circumstances. We believe the Utility's history of repairs clearly demonstrates that these are recurring repairs. Regardless of whether staff agrees that these repairs are recurring, your letter suggests that the staff feels that these repairs have extended the useful life of the plant and facilities on which they were made. If that is the case, then the depreciable life of the wastewater treatment plant should have been extended in a recognition of these repairs that the Utility has undertaken on a regular basis and at recurring levels, similar to those during the test years and all recent years leading up to the test year. As such, the staff must recognize either the repairs or the extended useful, and therefore depreciable, life of the sewage treatment plant and other facilities which have been repaired.
4. Office Rental - The Utility is currently utilizing a room within the clubhouse for the community in which it serves. Attached hereto as Exhibit "B" is a calculation of the appropriate rental expense for use of this related party property, utilizing information from the local realtor about an estimate of reasonable cost for such commercial office rental. We have utilized the midpoint of the range offered by this outside agent and based upon that have calculated a reasonable rental expense of \$23,760 per year, which should appropriately be recognized in rate setting.
5. Rate Case Expense - Attached hereto as Exhibit "C" is a listing of the actual rate case expenses incurred by the Utility to date, including those costs provided to the staff several months ago, concerning the initial audit of the Utility which was undertaken during the transfer proceeding, but was utilized primarily for the purposes of this Staff Assisted Rate Case since the transfer initially filed as an asset transfer ultimately became a Transfer of Majority Organizational Control, thereby not requiring that rate base be established. As noted in that letter dated March 4, 2003 to Marshall Willis, we believe those costs should be included as part of the overall Staff Assisted Rate Case expenses. The

Mr. Troy Rendell
July 1, 2003
Page 4

backup information for those costs was included with that March 4th letter.

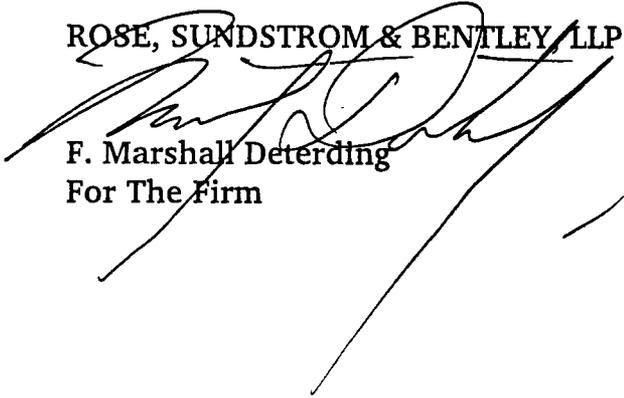
This schedule also includes estimates of costs expected to be incurred in order to complete this rate case. While we understand the Commission staff's desire to keep the rate case expense to a minimum, especially in a Staff Assisted Rate Case, we have worked hard to avoid incurring any more costs than were absolutely necessary for the Utility to properly review and respond to staff audits, analyses, and reports. Therefore, we believe the expenses incurred by this Utility in attempting to receive expert advice on these issues, are reasonable and have been held to the minimum necessary to do so.

Again, we wish to thank the staff for reviewing these items and giving additional consideration to the issues which we have raised after issuance of the staff's preliminary report. We understand that it is the desire of the Commission to establish just and reasonable rates that will allow this Utility to provide good quality service on a going forward basis, and we believe that the additional considerations that we have outlined in our various correspondence to the staff, are necessary to ensure appropriate rates are set that will accomplish these goals.

Once again, if there is any additional information needed by the staff in order to fully analyze the Utility's operations or issues raised by us, we will be more than happy to provide additional information to the staff as quickly as is possible.

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP



F. Marshall Deterding
For The Firm

FMD\tms

cc: Blanca S. Bayo, Esquire
Marshall Willis, CPA
Ralph Jaeger, Esquire
Mr. Tony Sargent
Mr. Ryan Fitch
James Bates
Robert Frazier, Esquire
Marty Sadkin
Robert C. Nixon, CPA

indian\2rendell.ltr

Common Policy Declarations

RENEWAL DECLARATION

NAME AND ADDRESS OF AGENCY USI Florida 8100 SW 10 th St., Suite 2000 Plantation, FL 33324	C 957 044 0000035313	INSURANCE COMPANY Granite State Insurance Company Member American International Group, Inc Executive Offices: 70 Pine St. New York NY 10270
NAME AND MAILING ADDRESS OF INSURED SERVICE MANAGEMENT SYSTEMS, INC. 250 AQUARINA BLVD. MELBOURNE BEACH FL 32951	POLICY NUMBER 02-LX -7507801-1/000 POLICY PERIOD FROM: 05-14-03 TO: 05-14-04	RENEWAL OF 02-LX-7507801-0

at 12:01 A.M. standard time at the mailing address shown.

THE NAMED INSURED IS : CORPORATION BUSINESS DESC : WATER/SEWER SYSTEM

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE INSURANCE AS STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

	PREMIUM
COMMERCIAL PROPERTY COVERAGE PART	100
COMMERCIAL GENERAL LIABILITY COVERAGE PART	2,079
COMMERCIAL CRIME COVERAGE PART	NOT COVERED
COMMERCIAL INLAND MARINE COVERAGE PART	NOT COVERED
COMMERCIAL AUTO COVERAGE PART	NOT COVERED
GARAGE COVERAGE PART	NOT COVERED
MISCELLANEOUS PROFESSIONAL LIABILITY	NOT COVERED
ESTIMATED TOTAL PREMIUM	\$2,179
FLORIDA E.M.P.&A. TRUST FUND SURCHARGE	4.00
THE POLICY WRITING NONREFUNDABLE MINIMUM PREMIUM IS \$100	

FORMS AND ENDORSEMENTS APPLICABLE TO ALL COVERAGE PARTS
 81127 (12-02) 1L0017 (11-98)

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ATTACHED HERETO, COMPLETE THE ABOVE NUMBERED POLICY.



Handwritten signature

Commercial Property

RENEWAL DECLARATION

NAME AND ADDRESS OF AGENCY		INSURANCE COMPANY	
USI Florida	nc	Granite State Insurance Company	
8100 SW 10 th St., Suite 2000	1957	Member American International Group, Inc	
Plantation, FL 33324	9044	Executive Offices: 70 Pine St.	
	0000035313	New York NY 10270	
NAME AND MAILING ADDRESS OF INSURED		POLICY NUMBER	RENEWAL OF
SERVICE MANAGEMENT SYSTEMS, INC.		02-LX -7507801-1/000	02-LX-7507801-0
250 AQUARINA BLVD.		POLICY PERIOD	
MELBOURNE BEACH	FL 32951	FROM: 05-14-03	TO: 05-14-04
At 12:01 A.M. standard time at the mailing address shown.			

FORMS AND ENDORSEMENTS

APPLYING TO COMMERCIAL PROPERTY COVERAGE PART AND MADE PART OF THIS POLICY AT TIME OF ISSUE:

69813 (02-98) CP0090 (07-88) CP0125 (06-95) 1L0255 (07-02) 1L0175 (07-02) CP1054 (06-95)
CP1053 (06-95) CP1556 (02-97) CP0030 (10-00) AIU130 (10-90) G7361 (10-90) G7362 (10-90)

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

Commercial General Liability

RENEWAL DECLARATION

NAME AND ADDRESS OF AGENCY USI Florida 8100 SW 10 th St., Suite 2000 Plantation, FL 33324	Inc 1957 19044 Y 0000035313	INSURANCE COMPANY Granite State Insurance Company Member American International Group, Inc Executive Offices: 70 Pine St. New York NY 10270
NAME AND MAILING ADDRESS OF INSURED SERVICE MANAGEMENT SYSTEMS, INC. 250 AQUARINA BLVD. MELBOURNE BEACH FL 32951	POLICY NUMBER 02-LX -7507801-1/000 POLICY PERIOD FROM: 05-14-03 TO: 05-14-04	RENEWAL OF 02-LX-7507801-0

At 12:01 A.M. standard time at the mailing address shown.

LIMITS OF INSURANCE		
GENERAL AGGREGATE	\$	2,000,000
PRODUCTS-COMPLETED OPERATIONS AGGREGATE	\$	2,000,000
PERSONAL INJURY & ADVERTISING INJURY	\$	1,000,000
EACH OCCURRENCE	\$	1,000,000
DAMAGE TO PREMISES RENTED TO YOU	\$	100,000 ANY ONE PREMISES
MEDICAL EXPENSE	\$	5,000 ANY ONE PERSON

STATE - 1

LOCATION OF ALL PREMISES YOU OWN, RENT OR OCCUPY: LOC # 1: 235 HAMMOCK SHORE DRIVE MELBOURNE BEACH, FL 32951

LOC CLASSIFICATION	CODE	PREMIUM BASIS	PMS RATE	PDS RATE
1 WATER TREATMENT PLANTS PRODUCTS-COMPLETED OPERATIONS ARE SUBJECT TO THE GENERAL AGGREGATE LIMIT	99943	PAYROLL	22,000 31.658	INCL
1 SEWAGE DISPOSAL - PLANT OPERATIONS PRODUCTS-COMPLETED OPERATIONS ARE SUBJECT TO THE GENERAL AGGREGATE LIMIT	98810	PAYROLL	22,000 16.600	INCL
1 SEWERS PRODUCTS-COMPLETED OPERATIONS ARE SUBJECT TO THE GENERAL AGGREGATE LIMIT	48039	EACH	5 85.674	INCL
HIRED/NON-OWN AUTO LIABILITY		LIMIT OF LIABILITY: \$1,000,000 CSL		
FAILURE TO SUPPLY COVERAGE		NO DEDUCTIBLE		
\$2,000,000/\$1,000,000 LIMIT		77235 11/00	44444	PAYROLL
PRODUCTS/COMPLETED OPERATIONS		WATER COMPANIES REDEFINED		
PER ATTACHED MANUSCRIPT FORM		44444	PAYROLL	

TERRORISM EXCLUSION APPLIES - TERRORISM INSURANCE ACT REJECTED

Commercial General Liability

RENEWAL DECLARATION

USI Florida 8100 SW 10 th St., Suite 2000 Plantation, FL 33324	nc 1957 9044 0000035313	INSURANCE COMPANY Granite State Insurance Company Member American International Group, Inc Executive Offices: 70 Pine St. New York NY 10270
NAME AND MAILING ADDRESS OF INSURED SERVICE MANAGEMENT SYSTEMS, INC. 250 AQUARINA BLVD. MELBOURNE BEACH FL 32951	POLICY NUMBER 02-LX -7507801-1/000	RENEWAL OF 02-LX-7507801-0
	POLICY PERIOD FROM: 05-14-03 TO: 05-14-04	
At 12:01 A.M. standard time at the mailing address shown.		

GENERAL LIABILITY PREMIUM	\$2,079
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FORMS AND ENDORSEMENTS

APPLYING TO COMMERCIAL GENERAL LIABILITY COVERAGE PART AND MADE PART OF THIS POLICY AT TIME OF ISSUE:
1L0021 (04-98) CG0001 (10-01) CG2147 (07-98) CG0419 (11-85) 77235 11/00 CG0220 (03-98)

THESE DECLARATIONS AND THE COMMON POLICY DECLARATIONS, IF APPLICABLE, TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

FORMS SCHEDULE

USI Florida
 8100 SW 10th St., Suite 2000
 Plantation, FL 33324
 Inc
 1957
 19044
 Y 0000035313

INSURANCE COMPANY
 Granite State Insurance Company
 Member American International Group, Inc
 Executive Offices: 70 Pine St.
 New York NY 10270

NAME AND MAILING ADDRESS OF INSURED
 SERVICE MANAGEMENT SYSTEMS, INC.
 250 AQUARINA BLVD.
 MELBOURNE BEACH FL 32951

POLICY NUMBER
 02-LX -7507801-1/000
 RENEWAL OF
 02-LX-7507801-0
 POLICY PERIOD
 FROM: 05-14-03 TO: 05-14-04

at 12:01 A.M. standard time at the mailing address shown.

COMMON POLICY PACKAGE

81127 (12-02) TERRORISM EXCLUSION
 IL0017 (11-98) COMMON POLICY CONDITIONS

COMMERCIAL PROPERTY

69813 (02-98) COMBINED PROPERTY/BOILER & MACHINERY MILLENIUM END
 CP0090 (07-88) COMMERCIAL PROPERTY CONDITIONS
 CP0125 (06-95) FLORIDA CHANGES
 IL0255 (07-02) FLORIDA CHANGES - CANCELLATION & NONRENEWAL
 IL0175 (07-02) FLORIDA CHANGES - LEGAL ACTION AGAINST US
 CP1054 (06-95) WINDSTORM OR HAIL EXCLUSION
 CP1053 (06-95) WINDSTORM OR HAIL EXCLUSION-DIRECT DAMAGE
 CP1556 (02-97) BUSINESS INC CHG-BEGINNING OF PERIOD OF RESTORAT.
 CP0030 (10-00) BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
 AIU130 (10-90) COMMERCIAL PROPERTY EXTENSION ENDT
 G7361 (10-90) CAUSES OF LOSS - SPECIAL FORM
 G7362 (10-90) BUILDING & PERSONAL PROPERTY COVERAGE FORM

COMMERCIAL GENERAL LIABILITY

IL0021 (04-98) NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT
 CG0001 (10-01) COMMERCIAL GENERAL LIABILITY COVERAGE FORM
 CG2147 (07-98) EMPLOYMENT-RELATED PRACTICES EXCLUSION
 CG0419 (11-85) HIRED/NON-OWNED AUTO
 77235 11/00
 CG0220 (03-98) FLORIDA CHANGES - CANCELLATION AND NONRENEWAL

This endorsement, effective 12:01 A. M. forms a part of Policy

No. issued to by

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TERRORISM EXCLUSION

This endorsement modifies insurance provided under the following:

This insurance does not apply to loss, injury, damage, claim or suit, arising directly or indirectly as a result of a certified "act of terrorism" defined by Section 102. Definitions, of the Terrorism Risk Insurance Act of 2002 and any revisions or amendments.

For purposes of this endorsement and in compliance with the Terrorism Risk Insurance Act of 2002, an "act of terrorism" shall mean:

(1) Act of Terrorism –

(A) Certification. – The term "act of terrorism" means any act that is certified by the Secretary of the Treasury of the United States, in concurrence with the Secretary of State, and the Attorney General of the United States --

(i) to be an act of terrorism;

(ii) to be a violent act or an act that is dangerous to --

(I) human life;

(II) property; or

(III) infrastructure;

(iii) to have resulted in damage within the United States, or outside of the United States in the case of --

(I) an air carrier or vessel described in paragraph (5)(B); [for the convenience of this endorsement, paragraph (5)(B) reads: occurs to an air carrier (as defined in Section 40102 of title 49, United States Code) to a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs, or at the premises of any United States mission];

(II) the premises of a United States mission; and

(iv) to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

(B) Limitation. -- No act shall be certified by the Secretary as an act of terrorism if --

(i) the act is committed as part of the course of a war declared by the Congress, except that this clause shall not apply with respect to any coverage for workers' compensation; or

(ii) property and casualty insurance losses resulting from the act, in the aggregate, do not exceed \$5,000,000.

(C) Determinations Final. – Any certification of, or determination not to certify, an act as an act of terrorism under this paragraph shall be final, and shall not be subject to judicial review.

(D) Nondelegation. – The Secretary may not delegate or designate to any other officer, employee, or person, any determination under this paragraph of whether, during the effective period of the Program, an act of terrorism has occurred.

All other terms and conditions of the policy are the same.

Authorized Representative or Countersignature
(where required by law)

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and

- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

ENDORSEMENT #

This endorsement effective 12:01 A.M.
policy number
Issued to:

forms a part of

By

**COMBINED PROPERTY/BOILER & MACHINERY
MILLENNIUM ENDORSEMENT**

This policy is hereby amended as follows:

A. The Insurer will not pay for Damage or Consequential Loss directly or indirectly caused by, consisting of, or arising from, the failure of any computer, data processing equipment, media microchip, operating systems, microprocessors (computer chip), integrated circuit or similar device, or any computer software, whether the property of the Insured or not, and whether occurring before, during or after the year 2000 that results from the inability to:

1. correctly recognize any date as its true calendar date;
2. capture, save, or retain, and/or correctly manipulate, interpret or process any data or information or command or instruction as a result of treating any date other than its true calendar date; and/or
3. capture, save, retain or correctly process any data as a result of the operation of any command which has been programmed into any computer software, being a command which causes the loss of data or the inability to capture, save, retain or correctly process such data on or after any date.

B. It is further understood that the Insurer will not pay for the repair or modification of any part of an electronic data processing system or its related equipment, to correct deficiencies or features of logic or operation.

C. It is further understood that the Insurer will not pay for Damage or Consequential Loss arising from the failure, inadequacy, or malfunction of any advice, consultation, design, evaluation, inspection, installation, maintenance, repair or supervision done by the Insured or for the Insured or by or for others to determine, rectify or test, any potential or actual failure, malfunction or inadequacy described in A. above.

Such Damage or Consequential Loss described in A, B, or C above, is excluded regardless of any other cause that contributed concurrently or in any other sequence.

This endorsement shall not exclude subsequent Damage or Consequential Loss, not otherwise excluded, which itself results from a Defined Peril. Defined Peril shall mean fire, lightning, explosion, aircraft or vehicle impact, falling objects, windstorm, hail, tornado, hurricane, cyclone, riot, strike, civil commotion, vandalism, malicious mischief, earthquake, volcano, tsunami, freeze or weight of snow, sudden and accidental breakdown of an object, including mechanical and electrical breakdown.

All other terms, conditions and exclusions of this policy remain unchanged.

Authorized Representative

COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, 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. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance;
 - b. A business firm:
 - (1) Owned or controlled by you; or
 - (2) That owns or controls you; or
 - c. Your tenant.

This will not restrict your insurance.

POLICY NUMBER:

COMMERCIAL PROPERTY
CP 01 25 06 95

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLORIDA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

- A. When this endorsement is attached to the Standard Property Policy CP 00 99 the term Coverage Part in this endorsement is replaced by the term Policy.
- B. The following provision applies when a Coinsurance percentage is shown in the Declarations:
Florida law states as follows:
Coinsurance contract: The rate charged in this policy is based upon the use of the coinsurance clause attached to this policy, with the consent of the Insured.

C. The following is added:

If loss or damage to Covered Property is caused by or results from Windstorm, the following exclusion applies in:

1. Broward County;
2. Dade County;
3. Martin County;
4. Monroe County;
5. Palm Beach County; and
6. All the areas east of the west bank of the Intra-Coastal Waterway in the Counties of:
 - a. Indian River; and
 - b. St. Lucie.

Windstorm Exterior Paint and Waterproofing Exclusion

We will not pay for loss or damage to:

1. Paint; or
2. Waterproofing material;

applied to the exterior of Buildings.

We will not include the value of paint or waterproofing material to determine:

- a. The amount of the Windstorm or Hail Deductible; or
- b. The value of Covered Property when applying the Coinsurance Condition.

- D. The LOSS PAYMENT Condition dealing with the number of days within which we must pay for covered loss or damage is replaced by the following:

Provided you have complied with all the terms of this Coverage Part, we will pay for covered loss or damage:

- (1) Within 20 days after we receive the sworn proof of loss and reach written agreement with you; or
- (2) Within 30 days after we receive the sworn proof of loss and:
 - (a) There is an entry of a final judgment; or
 - (b) There is a filing of an appraisal award with us.

E. Sinkhole Collapse

1. Paragraph A.10., SINKHOLE COLLAPSE, of the Causes of Loss – Basic Form and the Causes of Loss – Broad Form;
2. Paragraph A.2.c.(8) of COVERED CAUSES OF LOSS of the Mortgageholders Errors and Omissions Coverage Form; and
3. Paragraph A.3.h., SINKHOLE COLLAPSE, of the Standard Property Policy

are replaced by the following:

Sinkhole Collapse, meaning loss or damage caused by the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or similar rock formations. This cause of loss does not include:

- a. The cost of filling sinkholes; or
- b. Sinking or collapse of land into man-made underground cavities.

F. Paragraph F.1. of DEFINITIONS of the Causes of Loss
– Special Form is replaced by the following:

1. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or similar rock formations. This cause of loss does not include:
 - a. The cost of filling sinkholes; or
 - b. Sinking or collapse of land into man-made underground cavities.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLORIDA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 FARM COVERAGE PART

A. Paragraph 2. of the Cancellation Common Policy Condition is replaced by the following:

2. Cancellation For Policies In Effect 90 Days Or Less

a. If this policy has been in effect for 90 days or less, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, accompanied by the specific reasons for cancellation, at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (2) 20 days before the effective date of cancellation if we cancel for any other reason, except we may cancel immediately if there has been:

- (a) A material misstatement or misrepresentation; or
- (b) A failure to comply with underwriting requirements established by the insurer.

b. We may not cancel:

- (1) On the basis of property insurance claims that are the result of an act of God, unless we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property; or

(2) On the basis of filing of claims for partial loss caused by sinkhole damage, regardless of whether this policy has been the subject of a sinkhole claim, or on the basis of the risk associated with the occurrence of such a claim. However, we may cancel this policy if:

- (a) The total of such property insurance claim payments for this policy exceeds the current policy limits of coverage for property damage; or
- (b) You have failed to repair the structure in accordance with the engineering recommendations upon which any loss payment or policy proceeds were based.

B. The following is added to the Cancellation Common Policy Condition:

7. Cancellation For Policies In Effect For More Than 90 Days

a. If this policy has been in effect for more than 90 days, we may cancel this policy only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) The policy was obtained by a material misstatement;
- (3) There has been a failure to comply with underwriting requirements established by the insurer within 90 days of the effective date of coverage;

- (4) There has been a substantial change in the risk covered by the policy;
 - (5) The cancellation is for all insureds under such policies for a given class of insureds;
 - (6) On the basis of property insurance claims that are the result of an act of God, if we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property; or
 - (7) On the basis of filing of claims for partial loss caused by sinkhole damage, or on the basis of the risk associated with the occurrence of such a claim, if:
 - (a) The total of such property insurance claim payments for this policy exceeds the current policy limits of coverage for property damage; or
 - (b) You have failed to repair the structure in accordance with the engineering recommendations upon which any loss payment or policy proceeds were based.
- b. If we cancel this policy for any of these reasons, we will mail or deliver to the first Named Insured written notice of cancellation, accompanied by the specific reasons for cancellation, at least:
- (1) 10 days before the effective date of cancellation if cancellation is for non-payment of premium; or
 - (2) 45 days before the effective date of cancellation if:
 - (a) Cancellation is for one or more of the reasons stated in 7.a.(2) through 7.a.(7) above; and
 - (b) This policy does not cover a residential structure or its contents; or
 - (3) 90 days before the effective date of cancellation if:
 - (a) Cancellation is for one or more of the reasons stated in 7.a.(2) through 7.a.(7) above; and
 - (b) This policy covers a residential structure or its contents.

C. The following is added:

NONRENEWAL

1. If we decide not to renew this policy we will mail or deliver to the first Named Insured written notice of nonrenewal, accompanied by the specific reason for nonrenewal, at least:
 - a. 90 days prior to the expiration of the policy if this policy covers a residential structure or its contents; or
 - b. 45 days prior to the expiration of the policy for all other policies.
2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.
3. We may not refuse to renew this policy:
 - a. On the basis of property insurance claims that are the result of an act of God, unless we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property; or
 - b. On the basis of filing of claims for partial loss caused by sinkhole damage, regardless of whether this policy has been the subject of a sinkhole claim, or on the basis of the risk associated with the occurrence of such a claim. However, we may refuse to renew this policy if:
 - (1) The total of such property insurance claim payments for this policy exceeds the current policy limits of coverage for property damage; or
 - (2) You have failed to repair the structure in accordance with the engineering recommendations upon which any loss payment or policy proceeds were based.

IL 01 75 07 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLORIDA CHANGES – LEGAL ACTION AGAINST US

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
FARM COVERAGE PART

The following replaces the second paragraph of the Legal Action Against Us condition:

LEGAL ACTION AGAINST US

Legal action against us involving direct physical loss or damage to property must be brought within 5 years from the date the loss occurs.

POLICY NUMBER:

COMMERCIAL PROPERTY
CP 10 54 06 95

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WINDSTORM OR HAIL EXCLUSION

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – BASIC FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – SPECIAL FORM
STANDARD PROPERTY POLICY

- A. The following is added to the EXCLUSIONS section and is therefore not a Covered Cause of Loss:

WINDSTORM OR HAIL

We will not pay for loss or damage:

1. Caused directly or indirectly by Windstorm or Hail, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage; or
2. Caused by rain, snow, sand or dust, whether driven by wind or not, if that loss or damage would not have occurred but for the Windstorm or Hail.

But if Windstorm or Hail results in a cause of loss other than rain, snow, sand or dust, and that resulting cause of loss is a Covered Cause of Loss, we will pay for the loss or damage caused by such Covered Cause of Loss. For example, if the Windstorm or Hail damages a heating system and fire results, the loss or damage attributable to the fire is covered subject to any other applicable policy provisions.

- B. Under ADDITIONAL COVERAGE – COLLAPSE, in the Causes of Loss – Broad Form, Windstorm or Hail is deleted from paragraph a.(1).
- C. In the Causes of Loss – Special Form, Windstorm or Hail is deleted from the "specified causes of loss".
- D. Under ADDITIONAL COVERAGE EXTENSIONS – PROPERTY IN TRANSIT, in the Causes of Loss – Special Form, Windstorm or Hail is deleted from paragraph b.(1).

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WINDSTORM OR HAIL EXCLUSION – DIRECT DAMAGE

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – BASIC FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – SPECIAL FORM
STANDARD PROPERTY POLICY

- A. The following is added to the EXCLUSIONS section and is therefore not a Covered Cause of Loss:

WINDSTORM OR HAIL

We will not pay for loss or damage:

1. Caused directly or indirectly by Windstorm or Hail, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage; or
2. Caused by rain, snow, sand or dust, whether driven by wind or not, if that loss or damage would not have occurred but for the Windstorm or Hail.

But if Windstorm or Hail results in a cause of loss other than rain, snow, sand or dust, and that resulting cause of loss is a Covered Cause of Loss, we will pay for the loss or damage caused by such Covered Cause of Loss. For example, if the Windstorm or Hail damages a heating system and fire results, the loss or damage attributable to the fire is covered subject to any other applicable policy provisions.

- B. Under ADDITIONAL COVERAGE – COLLAPSE, in the Causes of Loss – Broad Form, windstorm or hail is deleted from paragraph a.(1).
- C. In the Causes of Loss – Special Form, windstorm or hail is deleted from the "specified causes of loss".
- D. Under ADDITIONAL COVERAGE EXTENSIONS – PROPERTY IN TRANSIT, in the Causes of Loss – Special Form, windstorm or hail is deleted from paragraph b.(1).
- E. This endorsement does not apply to coverage provided under the following:
1. BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM;
 2. BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM;
 3. EXTRA EXPENSE COVERAGE FORM; and
 4. LEASEHOLD INTEREST COVERAGE FORM.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**BUSINESS INCOME CHANGES –
BEGINNING OF THE PERIOD OF RESTORATION
(NO WAITING PERIOD)**

This endorsement modifies insurance provided under the following:

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM

A. In the Business Income (And Extra Expense)
Coverage Form:

1. The Civil Authority Additional Coverage is amended by deleting the second and third paragraphs and replacing them with the following:

This coverage will apply for a period of up to three consecutive weeks from the date of that action.
2. Paragraph a. of the "Period of Restoration" definition is replaced by the following:
 - a. Begins immediately after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

B. In the Business Income (Without Extra Expense)
Coverage Form:

1. The Civil Authority Additional Coverage is amended by deleting the last sentence and replacing it with the following:

This coverage will apply for a period of up to three consecutive weeks from the date of that action.
2. Paragraph a. of the "Period of Restoration" definition is replaced by the following:
 - a. Begins immediately after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises; and

BUSINESS INCOME (AND EXTRA EXPENSE) 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 G. – Definitions.

A. Coverage

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

- (i) Business Income including "Rental Value".
- (ii) Business Income other than "Rental Value".
- (iii) "Rental Value".

If option (i) above is selected, the term Business Income will include "Rental Value". If option (iii) above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

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

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

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

1. Business Income

Business Income means the:

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

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

2. Covered Causes Of Loss

See applicable Causes of Loss Form as shown in the Declarations.

3. Additional Coverages

a. Extra Expense

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.

- (1) We will pay any Extra Expense to avoid or minimize the "suspension" of business and to continue "operations":
 - (a) At the described premises; or
 - (b) At replacement premises or at temporary locations, including:
 - (i) Relocation expenses; and
 - (ii) Costs to equip and operate the replacement or temporary locations.
- (2) We will pay any Extra Expense to minimize the "suspension" of business if you cannot continue "operations".
- (3) We will pay any Extra Expense to:
 - (a) Repair or replace any property; or

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

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

b. Civil Authority

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss.

The coverage for Business Income will begin 72 hours after the time of that action and will apply for a period of up to three consecutive weeks after coverage begins.

The coverage for Extra Expense will begin immediately after the time of that action and will end:

- (1) 3 consecutive weeks after the time of that action; or
- (2) When your Business Income coverage ends;

whichever is later.

c. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
 - (a) Used in the construction, alterations or additions; or
 - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

d. Extended Business Income

(1) Business Income Other Than "Rental Value"

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

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
 - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 30 consecutive days after the date determined in (1)(a) above.

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

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

(2) "Rental Value"

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

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
 - (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 30 consecutive days after the date determined in (2)(a) above.

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

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

4. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

Newly Acquired Locations

- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$100,000 at each location.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - (1) This policy expires;
 - (2) 30 days expire after you acquire or begin to construct the property; or
 - (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

This Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

B. Exclusions And Limitations

See applicable Causes of Loss Form as shown in the Declarations.

C. Limits Of Insurance

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

The limit applicable to the Coverage Extension is in addition to the Limit of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Alterations and New Buildings;
2. Civil Authority;

3. Extra Expense; or
4. Extended Business Income.

D. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

- a. You must see that the following are done in the event of loss:
 - (1) Notify the police if a law may have been broken.
 - (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.
 - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
 - (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (7) Cooperate with us in the investigation or settlement of the claim.
 - (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Limitation – Electronic Media And Records

We will not pay for any loss of Business Income caused by direct physical loss of or damage to Electronic Media and Records after the longer of:

- a. 60 consecutive days from the date of direct physical loss or damage; or
- b. The period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild or replace, with reasonable speed and similar quality, other property at the described premises due to loss or damage caused by the same occurrence.

Electronic Media and Records are:

- (1) Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;
- (2) Data stored on such media; or
- (3) Programming records used for electronic data processing or electronically controlled equipment.

This limitation does not apply to Extra Expense.

Example No. 1:

A Covered Cause of Loss damages a computer on June 1. It takes until September 1 to replace the computer, and until October 1 to restore the data that was lost when the damage occurred. We will only pay for the Business Income loss sustained during the period June 1 – September 1. Loss during the period September 2 – October 1 is not covered.

Example No. 2:

A Covered Cause of Loss results in the loss of data processing programming records on August 1. The records are replaced on October 15. We will only pay for the Business Income loss sustained during the period August 1 – September 29 (60 consecutive days). Loss during the period September 30 – October 15 is not covered.

4. Loss Determination

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

- (1) The Net Income of the business before the direct physical loss or damage occurred;
- (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
- (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
- (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

- (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and

- (2) All necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

- (1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
- (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

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

5. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

E. Additional Condition

Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any Business Income loss if the Limit of Insurance for Business Income is less than:

- a. The Coinsurance percentage shown for Business Income in the Declarations; times
- b. The sum of:
- (1) The Net Income (Net Profit or Loss before income taxes), and
- (2) Operating expenses, including payroll expenses,
- that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

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

1. Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;
2. Divide the Limit of Insurance for the described premises by the figure determined in Step 1.; and
3. Multiply the total amount of loss by the figure determined in Step 2.

We will pay the amount determined in Step 3. 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.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

1. Prepaid freight – outgoing;
2. Returns and allowances;
3. Discounts;
4. Bad debts;
5. Collection expenses;
6. Cost of raw stock and factory supplies consumed (including transportation charges);
7. Cost of merchandise sold (including transportation charges);
8. Cost of other supplies consumed (including transportation charges);
9. Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
10. Power, heat and refrigeration expenses that do not continue under contract (if Form CP 15 11 is attached);
11. All ordinary payroll expenses or the amount of payroll expense excluded (if Form CP 15 10 is attached); and
12. Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion – not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

Example No. 1 (Underinsurance):

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been \$ 400,000

The Coinsurance percentage is 50%

The Limit of Insurance is \$ 150,000

The amount of loss is \$ 80,000

Step 1: $\$400,000 \times 50\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step 2: $\$150,000 \div \$200,000 = .75$

Step 3: $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

Example No. 2 (Adequate Insurance):

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been \$ 400,000

The Coinsurance percentage is 50%

The Limit of Insurance is \$ 200,000

The amount of loss is \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$400,000 \times 50\%$). Therefore, the Limit of Insurance in this Example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

This condition does not apply to the Extra Expense Additional Coverage.

F. Optional Coverages

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

1. Maximum Period Of Indemnity

a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.

b. The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

- (1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or
- (2) The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.

b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:

- (1) The Limit of Insurance, multiplied by
- (2) The fraction shown in the Declarations for this Optional Coverage.

Example:

When: The Limit of Insurance is \$ 120,000

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

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

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

Days 1-30	\$ 40,000
Days 31-60	20,000
Days 61-90	<u>30,000</u>
	\$ 90,000

We will pay:

Days 1-30	\$ 30,000
Days 31-60	20,000
Days 61-90	<u>30,000</u>
	\$ 80,000

The remaining \$10,000 is not covered.

3. Business Income Agreed Value

a. To activate this Optional Coverage:

(1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":

(a) During the 12 months prior to the date of the Work Sheet; and

- (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.
- (2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:
 - (a) The Coinsurance percentage shown in the Declarations; multiplied by
 - (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.
- b. The Additional Condition, Coinsurance, is suspended until:
 - (1) 12 months after the effective date of this Optional Coverage; or
 - (2) The expiration date of this policy; whichever occurs first.
- c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:
 - (1) Within 12 months of the effective date of this Optional Coverage; or
 - (2) When you request a change in your Business Income Limit of Insurance.
- d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:
 - (1) The Business Income Limit of Insurance; divided by
 - (2) The Agreed Value.

Example:

When:	The Limit of Insurance is	\$ 100,000
	The Agreed Value is	\$ 200,000
	The amount of loss is	\$ 80,000
Step (a):	$\$100,000 \div \$200,000 = .50$	
Step (b):	$.50 \times \$80,000 = \$40,000$	

We will pay \$40,000. The remaining \$40,000 is not covered.

4. Extended Period Of Indemnity

Under Paragraph A.3.d., Extended Business Income, the number "30" in Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

G. Definitions

1. "Finished Stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.
2. "Operations" means:
 - a. Your business activities occurring at the described premises; and
 - b. The tenability of the described premises, if coverage for Business Income including "Rental Value" or "Rental Value" applies.
3. "Period of Restoration" means the period of time that:
 - a. Begins:
 - (1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or
 - (2) Immediately after the time of direct physical loss or damage for Extra Expense coverage; caused by or resulting from any Covered Cause of Loss at the described premises; and
 - b. Ends on the earlier of:
 - (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of 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".
4. "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.

5. "Rental Value" means the:

- a. Total anticipated rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, and
- b. Amount of all charges which are the legal obligation of the tenant(s) and which would otherwise be your obligations, and
- c. Fair rental value of any portion of the described premises which is occupied by you.

6. "Suspension" means:

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

POLICY NUMBER:

COMMERCIAL PROPERTY
Form AIU 130 10 90

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL PROPERTY EXTENSION ENDORSEMENT

(For use with Building and Personal Property Coverage Form, Business Income Coverage Form or Business Income (and Extra Expense) Coverage Form and Cause Loss-Special Form.)

In consideration of the additional premium charged, this endorsement modifies insurance provided under the following:

A. Building and Personal Property Coverage Forms

1. Additional Coverages

- a. Section A. Coverage – Paragraph 4 – Additional Coverages, the following is added:

f. Money and Securities

We will cover money and securities used in your business that are lost, damaged or destroyed as a result of a covered cause of loss. The most we will pay for the coverage is:

1. \$10,000 on your premises stated in the declarations, or in a recognized savings or banking institution, and
2. \$5,000 away from your premises while in transit by a person authorized by you, or within the living quarters of someone to whom you have entrusted the covered property.

Money means currency, coins, bank notes, bullion, traveler checks and registered checks.

Securities means documents or instruments of trade that represents money or property, such as revenue stamps, tokens, tickets, and unused postage on meters. We will not cover manuscripts, records or accounting books.

When the loss of money occurs, we will pay the cost to replace the money.

When the loss of securities occurs, we will pay the attached cash value of the securities at the end of the last business day before the loss is discovered, or the cost to replace the securities, whichever is less. We will not pay the loss of income, interest, or dividends that occurs as a result of a covered loss.

g. Inflation Protection

The limit of insurance for covered property will automatically increase at an annual rate of six percent. The annual increase will be prorated at the time of any covered loss or damage, based on the number of days since inception of the coverage.

2. Coverage Extensions

Section A. Coverage, Paragraph 5, Coverage Extensions, the following is added:

j. Installation Coverage

We will pay for loss or damage by a covered cause of loss to covered property while it is at a job site, or while temporarily being stored for up to 90 days while waiting to be installed. This coverage stops once the property is installed, or the buyer accepts the work as completed, whichever comes first.

The most we will pay under this extension is \$10,000.

3. Section E. Loss Conditions

- a. Item 4.a. Loss Payment, the following option may be selected by you:

If Branded or Labeled merchandise is damaged, you may at your own expense;

- 1) Stamp "salvage" on the merchandise or its containers, if the stamp will not physically damage the merchandise, or
- 2) Remove the brands or labels, if doing so will not physically damage the merchandise. You must re-label the merchandise or its containers to comply with the law.

If you elect one of these options, we will pay the difference between the salvage value of damaged merchandise with the brand or label attached; and the salvage value of damaged merchandise with the brand or label removed.

b. Item 4.g. is added:

We will pay up to \$10,000 towards the cost of inventories that we request, or appraisals that are required under the Loss Conditions.

B. Causes of Loss-Special Form

When the Causes of Loss - Special Form applies to Covered Property or Business Income, the following changes apply:

Section B. Exclusions - Limited coverage is provided for the following otherwise excluded causes of loss.

1.a. Ordinance or Law

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

1. For loss or damage caused by enforcement of any 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, rebuild or construct the property caused by enforcement of building, zoning or land use law. If the property is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use law.
3. The cost to demolish and clear the site of undamaged parts of the property caused by enforcement of the building, zoning or land use law.

We will not pay for increased construction costs under this endorsement:

1. Until the property is actually repaired or replaced on the same premises or elsewhere; and
2. Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed 2 years. We may extend this period in writing during the 2 years.

However, we will not pay under this endorsement for the costs associated 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".

We will not pay more:

1. If the property is not repaired or replaced on the same premises, than the amount you actually spend to:
 - a. Demolish and clear the site; and
 - b. Repair, rebuild or construct the property but not for more than property of the same height, flood area and style on the same premises.

2. If the property is not repaired or replaced on the same premises than;
 - A. The amount you actually spend to demolish and clear the site; and
 - B. The cost to replace on the same premises the damaged or destroyed property with other property
 - (1) Of comparable material and quality;
 - (2) Of the same height, floor area and style; and
 - (3) Used for the same purpose.

This additional Coverage will not increase the Limits of Insurance provided in this Coverage Part.

The Terms of this Coverage apply separately to each location in the declarations.

1.b. Earth Movement

We will pay up to \$25,000 for direct physical loss or damage to Covered Property caused directly or indirectly by this otherwise excluded cause of loss.

This limited coverage does not apply to loss of Business income or Extra Expense. We will not pay for loss or damage until the loss or damage exceeds \$1,000 and then we will pay the amount of loss or damage up to \$25,000.

1.e Off Premises Utility Failure

We will pay up to \$25,000 for loss or damage to Covered Property caused by the interruption of service to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the following property, not on the described premises.

A. **Water Supply Services**, meaning the following types of property supplying water to the described premises:

1. Pumping stations; and
2. Water mains.

B. **Communication Supply Services**, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:

1. Communication transmission lines;
2. Coaxial cables; and
3. Microwave radio relays except satellites.

It does not include overhead transmission lines.

C. **Power Supply Services**, meaning the following types of property supplying electricity, steam or gas to the described premises:

1. Utility generating plants;
2. Switching stations;
3. Substations;
4. Transformers; and
5. Transmission lines.

It does not include overhead transmission lines.

1.g. Water

We will pay up to \$25,000 for direct physical loss or damage to Covered Property caused directly or indirectly by this otherwise excluded cause of loss. This limited coverage does not apply to loss of Business Income or Extra Expense. We will not pay for loss or damage until the amount exceeds \$1,000, and then we will pay the amount of the loss or damage up to \$25,000.

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2. Changes or Extremes in Temperature or Humidity

We will pay up to \$25,000 for direct physical loss or damage to business Personal Property caused by changes in or extremes of temperature or humidity.

Unless otherwise stated above, each of these Limited Coverages is additional insurance.

The Additional Condition, Coinsurance, does not apply to these extensions.

Section C. Limitations, Item 3 is deleted, and replaced by the following:

3. For loss or damage by theft, the following types of property are covered only up to the limits shown:

- a. \$10,000 for furs, fur garments, and garments trimmed in fur.
- b. \$10,000 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum, and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
- c. \$250 for stamps, tickets, and letters of credit if such items are for sale, trade, or show, as part of your business.

C. Other Rules

Unless a separate deductible is stated in the additional coverages and extensions provided in this endorsement, the deductible provision of the building and Personal Property Coverage form applies to these additional coverages and extensions.

CAUSES OF LOSS - SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section F. - Definitions.

A. COVERED CAUSES OF LOSS

When Special is shown in the Declarations, Covered Causes of Loss mean RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

1. Excluded in Section B., Exclusions; or
2. Limited in Section C., Limitations; that follow.

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.

a. Ordinance of Law

The enforcement of any ordinance or law:

- 1) Regulating the construction, use or repair of any property; or
- 2) Requiring the tearing down of any property, including the cost of removing its debris.

b. Earth Movement

- 1) Any earth movement (other than sinkhole collapse), such as an earthquake, landslide, mine subsidence or earth sinking, rising or shifting. But if loss or damage by fire or explosion results, we will pay for that resulting loss or damage.
- 2) Volcanic eruption, explosion or effusion. But if loss or damage by fire, building glass breakage or volcanic action results, we will pay for that resulting loss or damage.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

All volcanic eruptions that occur within any 168 hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

This exclusion does not apply to the coverage extensions for Accounts Receivable, Valuable Papers, Fine Arts, or Computers.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for 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 Part.

d. Nuclear Hazard

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

But if loss or damage by fire results, we will pay for that resulting loss or damage.

e. Power Failure

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

This exclusion does not apply to the coverage extensions for Accounts Receivable, Valuable Papers, Fine Arts, or Computers.

f. 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.

g. 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 a sewer or drain; or
- 4) 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.

But if loss or damage by fire, explosion or sprinkler leakage results, we will pay for that resulting loss or damage.

This exclusion does not apply to the coverage extensions for Accounts.

Receivable, Valuable Papers, Fine Arts, or Computers.

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

- a. Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires. But if loss or damage by fire results, we will pay for that resulting loss of damage.
- b. Delay, loss of use or loss of market.
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d.
 - 1) Wear and tear;
 - 2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
 - 3) Smog;
 - 4) Settling, cracking, shrinking or expansion;
 - 5) Insects, birds, rodents or other animals;
 - 6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. However, this exclusion does not apply to any resulting loss or damage caused by elevator collision;
 - 7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching.

But if loss or damage by the "specified causes of loss" or building glass breakage results, we will pay for that resulting loss or damage.

The exclusion for item 2.a. and 2.d. (3), (4), and (7) do not apply to the coverage extension for Accounts Receivable, Valuable Papers, Fine Arts, and Computers.

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if loss or damage by fire or combustion explosion results, we will pay for the resulting loss or damage. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f. Continuous or repeated seepage or leakage of water that occurs over a period of 14 day or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - 1) You do your best to maintain heat in the building or structure; or
 - 2) You drain the equipment and shut off the supply if the heat is not maintained.
- h. Dishonest or criminal act by you, any of you partners, employees, directors, trustees, authorized representatives or anyone 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.

This exclusion does not apply to acts of destruction by your employees; but theft by employees is not covered.

- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
 - j. Rain, snow, ice or sleet to personal property if the open.
 - k. Collapse, except as provided below in the Additional coverage for Collapse. But if loss or damage by a Covered Cause of Loss results at the described premises, we will pay for that resulting loss or damage.
 - l. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if loss or damage by the "specified causes of loss" results, we will pay for the resulting damage caused by the "specified cause of loss".
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 that resulting loss or damage.
- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. Above to produce the loss or damage.
 - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - c. Faulty, inadequate or defective:
 - 1) Planning, zoning, development, surveying, siting;
 - 2) Design, specification, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - 3) Material used in repair, construction, renovation or remodeling; or
 - 4) Maintenance;

Of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

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

We will not pay for:

- 1) Any loss caused by or resulting from:

- (a) Damage or destruction of "finished stock"; or
- (b) The time required to reproduce "finished stock"

This exclusion does not apply to Extra Expense.

- 2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas, including their lead-in wiring; mast or towers.
 - 3) Any increase of loss caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your Business Income during the "period of restoration".
 - 4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".
 - 5) Any other consequential loss.
- b. Leasehold Interest Coverage Form
- 1) Paragraph B.1.a Ordinance or Law, does not apply to insurance under this Coverage Form.
 - 2) We will not pay for any loss caused by:
 - (a) Your canceling the leases;
 - (b) The suspension, lapse or cancellation of any license; or
 - (c) Any other consequential loss.
- c. Legal Liability Coverage Form
- 1) The following Exclusions do not Apply to insurance under the Coverage Form:
 - (a) Paragraph B.1.a., Ordinance or Law;
 - (b) Paragraph B.1.c., Governmental Action;
 - (c) Paragraph B.1.d., Nuclear Hazard;
 - (d) Paragraph B.1.e., Power Failure; and
 - (e) Paragraph B.1.f., War and Military Action.
 - 2) Contractual Liability
We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement.
 - 3) Nuclear Hazard
We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

C. LIMITATIONS

- 1. We will not pay for loss of or damage to:
 - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
 - c. The interior of any building or structure caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - 1) The building or structure first sustains damage by a Covered Cause or Loss to its roof or walls through which the rain, snow, sleet, ice, sand, or dust enter; or
 - 2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
 - d. Building materials and supplies not attached as part of the building or structure, unless held for sale by you, caused by or resulting from theft, except as provided in c.4.a. below.

- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building Glass breakage:
- a. Valuable papers and records, such as books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell or other data processing, recording or storage media, and other records.
 - b. Animals, and then only if they are killed Or their destruction is made necessary.
 - c. Fragile articles, such as glassware, Statuary, marbles, chinaware and Porcelains, if broken. This restriction does not apply to:
 - 1) Glass that is part of a building or structure;
 - 2) Containers of property held for sale; or
 - 3) Photographic or scientific instrument lenses.
 - d. Builders' machinery, tools and equipment you own or that are entrusted to you, while away from the premises described in the declarations, except as provided in paragraph c.4.b. below.
3. For loss or damage by theft, the following Types of property are covered only up to the Limits shown:
- a. \$5,000 for furs, fur garments and garments trimmed with fur.
 - b. \$5,000 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - c. \$250 for stamps, tickets and letters of credit, if such items are for sale, trade, or show.
4. Builders' Risk Coverage Form Limitations The following provisions apply only to the Builders' Risk Coverage Form.
- a. Limitation 1.d. is replaced by the following:
 - 1) Building materials and supplies not attached as part of the building or structure caused by or resulting from theft.
 - b. Limitation 2.d. is replaced by the following:
 - 1) Builders' machinery, tools and equipment you own or that are entrusted to you.

D. ADDITIONAL COVERAGE - COLLAPSE

We will pay for loss or damage caused by or resulting from risks or direct physical loss involving collapse of a building or any part of a building caused only by one or more of the following:

1. The "Specified causes of loss" or breakage of building glass, all only as insured against in this Coverage Part;
2. Hidden decay;
3. Hidden insect or vermin damage;
4. Weight of people or personal property;
5. Weight of rain that collects on a roof;
6. Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

We will not pay for loss or damage to the following types of property, if otherwise covered in this Coverage Part, under items 3., 4., 5., and 6, Unless the loss or damage is a direct result of the collapse of a: building, outdoor radio or television antennas, including their lead-in wiring, masts or towers, awnings, gutters and downspouts; yard fixtures; outdoor swimming pools; fences, piers, wharves and docks; beach or diving platforms or appurtenance; retaining walls; walks, roadways and other paved surfaces.

Collapse does not include settling, cracking, shrinkage, Bulging, expansion, or decomposition of building material, which is an integral part of the structure.

This Additional Coverage will not increase the Limits of Insurance provided in this Coverage Part.

E. ADDITIONAL COVERAGE EXTENSIONS

1. Property In Transit. This Extension applies only to your personal property to which this form applies.
 - a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salesperson) in transit more than 1,000 feet from the described premises. Property must be in or a motor vehicle you own, leave or operate while between points in the coverage territory.
 - b. Loss or damage must be caused by or resulting from one of the following causes of loss;
 - 1) Fire, lightning, explosion, windstorm, or hail, riot or civil commotion, or vandalism.
 - 2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object, it does not mean your vehicle's contact with the road bed.
 - 3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
 - c. The most we will pay for loss or damage under this Extension is \$5,000. This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.
2. Water Damage, Other Liquids, Power or Molten Material Damage. If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

We will not pay the cost to repair any defect that caused the loss or damage; but will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the parts of fire extinguishing equipment if the damage:

- a. Results in discharge of any substance from an automatic fire protection system; or
- b. Is directly caused by freezing.

F. DEFINITIONS

"Specified Causes of Loss" means the following:

fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing, equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

1. Sinkhole collapse means the sudden sinking or collapse of land into underground empty Spaces created by the action of water on Limestone or dolomite. This cause of loss does not include:
 - a. The cost of filling, sinkhole; or
 - b. Sinking or collapse of land into man-made underground cavities.
2. Falling objects does not include loss or damage to:
 - a. Personal property in the open; or
 - b. The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the Building or structure is first damaged by a falling object.
3. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

BUILDING AND PERSONAL PROPERTY 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 H--DEFINITIONS

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the following types of property for which a Limit of Insurance is shown in the Declarations:

- a. Building, meaning the building or structure described in the Declarations, including:
 - 1) Completed additions;
 - 2) Permanently installed:
 - (a) Fixtures;
 - (b) Machinery;
 - (c) Equipment; and
 - (d) Signs Attached to Buildings.
 - 3) Outdoor fixtures;
 - 4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dish washing or laundering;
 - 5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;
 - (b) Materials, equipment, supplies and temporary structures, on or within 1000 feet of the described premises, used for making additions, alterations or repairs to the building or structure.
- b. Your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1000 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property Separation of Coverage form:
 - 1) Furniture and fixtures;
 - 2) Machinery and equipment;
 - 3) "Stock";
 - 4) All other personal property owned by you and used in your business;
 - 5) Labor, materials or services furnished or arranged by you on personal property of others;
 - 6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions;
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;

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

c. **Personal Property of Others** that is:

- 1) In your case, custody or control; and
- 2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 1000 feet of the described premises.

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

2. **Property Not Covered**

Covered Property does not include:

- a. Accounts, bills, currency, deeds, evidences of debt, money, notes or securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - 1) The lowest basement floor; or
 - 2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property while airborne or waterborne;
- j. Pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other "insurance";
- l. Retaining walls that are not part of the building described in the Declarations;
- m. Underground pipes, flues or drains;
- n. The cost to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media, except as provided in the Coverage Extensions;
- o. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - 1) Are licensed for use on public roads; or
 - 2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
 - (b) Vehicles or self-propelled machines, other than autos, you hold for sale; or
 - (c) Rowboats or canoes out of water at the described premises;
- p. The following property while outside of buildings:
- 1) Grain, hay, straw or other crops;
 - 2) Fences, radio or television antennas, satellite dish, including their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants, all except as provided in the Coverage Extensions.

3. **Covered Causes of Loss**

See applicable Causes of Loss Form as shown in the Declarations.

4. **Additional Coverages**

a. 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. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:
 - (a) The date of direct physical loss or damage; or
 - (b) The end of the policy period.
- 2) The most we will pay under this Additional Coverage is 25% of:
 - (a) The amount we pay for direct physical loss of 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.
- 3) This Additional Coverage does not apply to costs to:
 - (a) Extract "pollutants" from land or water; or
 - (b) Remove, restore or replace polluted land or water.

b. Preservation of Property

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

- 1) While it is being moved or while temporarily stored at another location; and
- 2) Only if the loss or damage occurs within 10 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$25,000 for your liability for fire department service charges:

- 1) Assumed by contract or agreement prior to loss; or
- 2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean Up and Removal

We will pay your expense to extract "pollutants" from land or water 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 180 days of the earlier of:

- 1) The date of direct physical loss or damage; or
- 2) The end of the policy period.

The most we will pay for each location under this Additional Coverage is \$25,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy. A \$1,000 deductible will apply to this Additional coverage.

e. Recharge of Fire Protection Equipment

We will pay expenses you incur to recharge your fire protection equipment, when you used your equipment or the equipment automatically discharges, to protect your covered property as a result of a covered cause of loss.

The most we will pay under this extension is \$5000. No deductible applies to this extension.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1000 feet of the described premises.

If a Coinsurance percentage of 80% or more or, a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired or Constructed Property

- 1) You may extend the insurance that applies to Building to apply to:
 - (a) Your new buildings while being built on the described premises; and
 - (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$1,000,000.

- 2) You may extend the insurance that applies to Your Business Personal property to apply to that property at any location you acquire other than at fairs or exhibitions.

The most we will pay for loss or damage under this Extension is \$500,000 at each building.

- 3) Insurance under this Extension for each newly acquired or constructed property will end when any of the following first occurs:
 - (a) This policy expires.
 - (b) 180 days expire after you acquire or begin to construct the property, or
 - (c) You report values to us.

We will charge you additional premium for values reported from the date construction begins or you acquire the property.

b. Personal Effects and Property of Others.

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

- 1) Personal effects owned by you, your officers, your partners or your employees. This extension does not apply to loss or damage by theft.
- 2) Personal property of others in your care, custody or control.

Unless a higher limit is specified in the declarations the most we will pay for loss or damage under this Extension is \$25,000 at each described premises. Our payment for loss of or damage to personal property of others will only be for account of the owner of the property.

c. Valuable Papers and Records-Cost of Research

You may extend the insurance that applies to Your Business personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which duplicates do not exist.

The most we will pay under this Extension is \$25,000 at each described premises.

d. Property Off-Premises

You may extend the insurance provided by this coverage Form to apply to your Covered Property, other than "stock", that is temporarily at a location you do not own, lease or operate. This Extension does not apply to Covered Property in or on a vehicle. Coverage is provided for up to 90 days, but not past expiration date of the policy.

The most we will pay for loss or damage under this Extension is \$25,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas, satellite dish signs (other than signs attached to buildings), trees, shrubs and plants, including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- 1) Fire;
- 2) Lightning;
- 3) Explosion;
- 4) Riot or Civil Commotion; or
- 5) Aircraft.

The most we will pay for loss or damage under this Extension is \$25,000, but not more than \$250 for any one tree, shrub or plant.

f. Property in Transit

You may extend the insurance that applies to your Business Personal property to apply to property while in transit within the Continental United States, Alaska, Hawaii, Puerto Rico, or Canada, or between these places. This extension does not apply to property that is otherwise covered for transit, or to property of others that you are responsible for as a carrier for hire, as a shipper, or hauler. Nor does it apply to property once it is in the care of the United States Postal Service. The most we will pay under this extension is \$5000.

g. Accounts Receivable Coverage

You may extend the insurance that applies to your Business Personal property to apply to your accounts receivable records.

We will pay:

- 1) All amounts due from your customers that you are unable to collect.
- 2) Interest charges on any loans required to offset amounts you are unable to collect pending our payment of these amounts.
- 3) Reasonable collection expenses in excess of your normal collection expenses that are made necessary by the loss, and
- 4) Other reasonable expense that you incur to re-establish your records of account receivable.

The most we will pay under this extension is \$25,000 at each described premises.

h. Fine Arts Coverage

You may extend the insurance that applies to your Business Personal Property to apply to your fine arts. *Fine arts means antiques, paintings, statues, and objects of art of every nature and description.* The most we will pay under this extension is \$25,000.

i. Computer equipment Coverage

You may extend the insurance that applies to your business personal Property to apply to "computer equipment", "media", "data" and "programs" which you own, lease, or rent from others, or for which you are legally responsible. We will pay the replacement cost to reproduce data or programs that are lost or accidentally erased, including documentation and source materials, if you actually replace or reproduce them.

The most we will pay under this extension is \$25,000 unless a higher limit for computer equipment, data and media is specifically shown in the declarations page, up to a maximum of \$250,000.

B. EXCLUSIONS

See applicable Causes of Loss Form as shown in the Declarations.

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.

The limits applicable to the Coverage Extensions and the Fire Department Service Charge, Recharge of Fire Protection Equipment, and Pollutant Clean Up and Removal Additional Coverages are in Addition to the Limits of Insurance.

Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

1. Preservation of Property; or
2. Debris Removal; but if:
 - a. The sum of direct physical loss or damage and debris removal expense exceeds the Limit of Insurance; or
 - b. The debris removal expense exceeds the amount payable under the 25% limitation in the Debris Removal Additional Coverage;

We will pay up to an additional \$5,000 for each location 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 loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

E. LOSS CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraiser will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

You must see that the following are done in the event of loss or damage to Covered Property:

- a. Notify the police if a law may have been broken.
- b. Give us prompt notice of the loss or damage. Include a description of the property involved.
- c. As soon as possible, give us a description of how, when and where the loss or damage occurred.
- d. Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.
- e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- f. Permit us to inspect the property and records proving the loss or damage. Also permit us to take samples of damaged property for inspection, testing and analysis.

- g. If requested, permit us to question you under oath at such times as may be reasonably required about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed.
- h. Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- i. Cooperate with us in the investigation or settlement of the claim.

4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
 - 1) Pay the value of lost or damaged property;
 - 2) Pay the cost of repairing or replacing the lost or damaged property;
 - 3) Take all or any part of the property at an agreed or appraised value; or
 - 4) Repair, rebuild or replace the property with other property of like kind and quality.
- b. We will give notice of our intentions within 30 days after we receive the sworn statement of loss.
- c. We will not pay you more than your financial interest in the Covered Property.
- d. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- e. We may select to defend you against suits arising from claims of owners of property. We will do this at our expense.
- f. We will pay for covered loss or damage within 30 days after we receive the sworn statement of loss, if:
 - 1) You have complied with all of the terms of this Coverage Part; and
 - 2)
 - (a) We have reached agreement with you on the amount of loss; or
 - (b) An appraisal award has been made.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

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

- a. Not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:
 - 1) Vandalism;
 - 2) Sprinkler leakage, unless you have protected the system against freezing;
 - 3) Building glass breakage;
 - 4) Water damage,
 - 5) Theft; or
 - 6) Attempted theft.
- b. Reduce the amount we would otherwise pay for the loss or damage by 15%.

A building is vacant when it does not contain enough business personal property to conduct customary operations.

Buildings under construction are not considered vacant.

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

- a. At actual cash value as of the time of loss or damage, except as provided in b., c., d., e. and f. below.
- b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement. This provision does not apply to the following even when attached to the building:
 - 1) Awnings or floor coverings;
 - 2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
 - 3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety glazing materials if required by law.
- e. Tenant's Improvements and Betterments at:
 - 1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - 2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
 - 3) Nothing if others pay for repairs or replacement.
- f. Valuable Papers and Records, including those which exist on electronic or magnetic media (other than prepackaged software programs), at the cost of:
 - 1) Blank materials for reproducing the records; and
 - 2) Labor to transcribe or copy the records when there is a duplicate.

F. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Coinsurance

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

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property. Instead, we will determine the most we will pay using the following steps:
 - 1) Multiply the value of Covered Property at the time of loss 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, 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.

Example No. 1: (Underinsurance):

When:

The value of the property is	\$250,000
The Coinsurance percentage for it is	80%
The Limit of Insurance for it is	\$100,000

The deductible is \$250
 The amount of loss is \$40,000
 Step (1): $\$250,000 \times 80\% = \$200,000$
 (the minimum amount of insurance to meet your Coinsurance requirements)
 Step (2): $\$100,000$ divided by $\$200,000 = .50$
 Step (3): $\$40,000 \times .50 = \$20,000$
 Step (4): $\$20,000 - \$250 = 419,750$.
 We will pay no more than \$19,750.
 The remaining \$20,250 is not covered.

Example No. 2 (Adequate Insurance):

When:

The value of the property is \$250,000
 The coinsurance percentage for it is 80%
 The Limit of Insurance for it is \$200,000
 The Deductible is \$250
 The amount of loss is \$40,000

Step (1): $\$250,000 \times 80\% = \$200,000$
 (the minimum amount of insurance to meet your Coinsurance requirements)
 Step (2): $\$200,000$ divided by $\$200,000 = 1.00$
 Step (3): $\$40,000 \times 1.00 = \$40,000$
 Step (4): $\$40,000 - \$250 = \$29,750$

We will cover the \$39,750 loss in excess of the Deductible. No penalty applies.

b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies:

Example No. 3:

When:

The value of property is:
 Bldg. At Location No. 1 \$ 75,000
 Bldg. At Location No. 2 \$ 100,000
 Personal Property at Location No. 2 \$ 75,000
 \$ 250,000
 The Coinsurance percentage for It is 90%
 The Limit of Insurance for Buildings and Personal
 Property at Location Nos. 1 and 2 is \$ 180,000

The Deductible is \$ 1,000
 The amount of loss is Bldg. at Location No. 2 \$ 30,000
 Personal Property at Location No. 2. \$ 20,000
 \$ 50,000

Step (1): $\$250,000 \times 90\% = \$225,000$
 (the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)
 Step (2): $\$180,000$ divided by $\$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000.

The remaining \$11,000 is not covered.

2. Mortgage Holders

- a. The term "mortgage holder" includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgage holder will still have the right to receive loss payment if the mortgage holder:
 - 1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - 2) Submits a signed, sworn statement 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, occupancy or substantial change in risk known to the mortgage holder.

All of the terms of this Coverage Part will then apply directly to the mortgage holder.

- e. If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of the Coverage Part:
 - 1) The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
 - 2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgage holder at least:
 - 1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - 2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.

G. OPTIONAL COVERAGES

If shown in the declarations, the following Optional Coverages apply separately to each item.

1. Agreed Value

- a. The additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay not more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Original Coverage shown in the Declarations is not extended the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:

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

2. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Loss Condition, Valuation, of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - 1) Property of others;
 - 2) Contents of residence;
 - 3) Manuscripts;
 - 4) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and Bric-a-brac; or
 - 5) "Stock", unless the Including "Stock" option is shown in the Declarations.
- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss to damage.
- d. We will not pay on a replacement cost basis for any loss or damage;
 - 1) Until the lost or damaged property is actually repaired or replaced; and
 - 2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of:
 - 1) The Limit of Insurance applicable to the lost or damaged property;
 - 2) The cost to replace, on the same premises, the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purposes; or
 - 3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

H. 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. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.
3. "Computer Equipment" means data processing systems including keyboards, display screens, terminals, printers and related peripheral equipment used solely for data processing operations. This does not include such equipment held for sale, distribution or manufactured products in the course of your business.
4. "Media" means items such as magnetic tapes, disks, cards or paper products on which data is recorded.
5. "Data" means information, instructions, or programs material that is recorded on your media, including original source material used to enter data.
6. "Programs" means programs that are purchased or written specifically to be used with the computer system.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT (Broad Form)

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS POLICY
COMMERCIAL AUTO COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
SPECIAL PROTECTIVE AND HIGHWAY LIABILITY POLICY NEW YORK DEPARTMENT OF
TRANSPORTATION
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:

A. Under any Liability Coverage, to "bodily injury" or "property damage":

- (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or

C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:

- (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
- (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
- (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "Special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a) Any "nuclear reactor";
- (b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel", or (3) handling, processing or packaging "waste";

(c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

COMMERCIAL GENERAL 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 in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

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

SECTION I – COVERAGES

COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

- b. This insurance applies to "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
- (2) The "bodily injury" or "property damage" occurs during the policy period; and
- (3) Prior to the policy period, no insured listed under Paragraph 1. of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

- (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
- (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
- (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
 - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
 - (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. Pollution

(1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:

(i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot from equipment used to heat that building;

(ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

(b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

(i) Any insured; or

(ii) Any person or organization for whom you may be legally responsible; or

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;

(ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".

- (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".
- (2) Any loss, cost or expense arising out of any:
- (a) Request, demand, order or statutory or regulatory requirement 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
 - (b) 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".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 26 feet long; and
 - (b) Not being used to carry persons or property for a charge;

- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. Damage To Property

"Property damage" to:

- (1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III – Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

Exclusions c. through n. do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section III – Limits Of Insurance.

COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance ; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

- b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. Knowing Violation Of Rights Of Another

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period

"Personal and advertising injury" arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

d. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

e. Contractual Liability

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

f. Breach Of Contract

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

g. Quality Or Performance Of Goods – Failure To Conform To Statements

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. Wrong Description Of Prices

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights.

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

j. Insureds In Media And Internet Type Businesses

"Personal and advertising injury" committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of websites for others; or
- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs 14.a., b. and c. of "personal and advertising injury" under the Definitions Section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

k. Electronic Chatrooms Or Bulletin Boards

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

I. Unauthorized Use Of Another's Name Or Product

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. Pollution

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. Pollution-Related

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".

COVERAGE C MEDICAL PAYMENTS

1. Insuring Agreement

a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

- (1) On premises you own or rent;
 - (2) On ways next to premises you own or rent; or
 - (3) Because of your operations;
- provided that:

- (1) The accident takes place in the "coverage territory" and during the policy period;
- (2) The expenses are incurred and reported to us within one year of the date of the accident; and
- (3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;

(2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and

(3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

We will not pay expenses for "bodily injury":

a. Any Insured

To any insured, except "volunteer workers".

b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

d. Workers Compensation And Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

e. Athletics Activities

To a person injured while taking part in athletics.

f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

g. Coverage A Exclusions

Excluded under Coverage A.

h. War

Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

- a. All expenses we incur.

- b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
- c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
- e. All costs taxed against the insured in the "suit".
- f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

- 2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:
 - a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
 - b. This insurance applies to such liability assumed by the insured;
 - c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
 - d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;

e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and

f. The indemnitee:

(1) Agrees in writing to:

- (a) Cooperate with us in the investigation, settlement or defense of the "suit";
- (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
- (c) Notify any other insurer whose coverage is available to the indemnitee; and
- (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(2) Provides us with written authorization to:

- (a) Obtain records and other information related to the "suit"; and
- (b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph 2.b.(2) of Section 1 – Coverage A – Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

- a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or
- b. The conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

SECTION II - WHO IS AN INSURED

1. If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
- e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

- a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

(1) "Bodily injury" or "personal and advertising injury":

- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;

- (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above;

- (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (b) above; or

- (d) Arising out of his or her providing or failing to provide professional health care services.

(2) "Property damage" to property:

- (a) Owned, occupied or used by,

- (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

- b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.

- c. Any person or organization having proper temporary custody of your property if you die, but only:

- (1) With respect to liability arising out of the maintenance or use of that property; and

- (2) Until your legal representative has been appointed.

- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

- a. "Bodily injury" to a co-"employee" of the person driving the equipment; or

- b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
 - a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
 - b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
 - c. Coverage B does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
2. The General Aggregate Limit is the most we will pay for the sum of:
 - a. Medical expenses under Coverage C;
 - b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
 - c. Damages under Coverage B.
3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to 2. above, the Personal and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.

5. Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
 - a. Damages under Coverage A; and
 - b. Medical expenses under Coverage C because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to 5. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS

1. **Bankruptcy**
Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.
2. **Duties In The Event Of Occurrence, Offense, Claim Or Suit**
 - a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
 - (1) How, when and where the "occurrence" or offense took place;
 - (2) The names and addresses of any injured persons and witnesses; and
 - (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
- (4) 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 injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages A or B of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.

b. Excess Insurance

This insurance is excess over:

- (1) Any of the other insurance, whether primary, excess, contingent or on any other basis:
 - (a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
 - (b) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
 - (c) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or
 - (d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of Section I – Coverage A – Bodily Injury And Property Damage Liability.
- (2) Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.

When this insurance is excess, we will have no duty under Coverages A or B to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V – DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
 - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
 - b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in a. above; or
 - c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in a. above;
 - (2) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; or
 - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communicationprovided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.
5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;if such property can be restored to use by:
 - a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
 - b. Your fulfilling the terms of the contract or agreement.

9. "Insured contract" means:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b. A sidetrack agreement;
- c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement;
- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings; opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

11. "Loading or unloading" means the handling of property:

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b. While it is in or on an aircraft, watercraft or "auto"; or
- c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. Vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2) Cherry pickers and similar devices used to raise or lower workers;

f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

(1) Equipment designed primarily for:

- (a) Snow removal;
- (b) Road maintenance, but not construction or resurfacing; or
- (c) Street cleaning;

(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

(3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
- f. The use of another's advertising idea in your "advertisement"; or
- g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. "Pollutants" mean 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.

16. "Products-completed operations hazard":

a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

- (1) Products that are still in your physical possession; or
- (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

b. Does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
- (3) Products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "Property damage" means:

a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

21. "Your product":

a. Means:

- (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a) You;
 - (b) Others trading under your name; or
 - (c) A person or organization whose business or assets you have acquired; and
- (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
- (2) The providing of or failure to provide warnings or instructions.

c. Does not include vending machines or other property rented to or located for the use of others but not sold.

22. "Your work":

a. Means:

- (1) Work or operations performed by you or on your behalf; and
- (2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work", and
- (2) The providing of or failure to provide warnings or instructions.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYMENT-RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:

This insurance does not apply to:

"Bodily injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

- B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

This insurance does not apply to:

"Personal and advertising injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

HIRED AUTO AND NON-OWNED AUTO LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

SCHEDULE

Insurance is provided only with respect to those coverages for which a specific premium charge is shown:

Coverage	Additional Premium
Non-Ownership Liability	\$
Hired Auto Liability	\$

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

HIRED AUTO LIABILITY

The insurance provided under COVERAGE A (Section I) applies to "bodily injury" or "property damage" arising out of the maintenance or use of a "hired auto" by you or your employees in the course of your business.

With respect to the insurance provided by this endorsement:

1. The exclusions, under COVERAGE A (Section I), other than exclusions a, b, d, f and i and the Nuclear Liability Exclusion (Broad Form) are deleted and replaced by the following:
 - a. "Bodily injury:"
 - (1) To an employee of the insured arising out of and in the course of employment by the insured; or
 - (2) To the spouse, child, parent, brother or sister of that employee as a consequence of (1) above.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of injury.

This exclusion does not apply to:

- (1) Liability assumed by the insured under an "insured contract;" or
- (2) "Bodily injury" arising out of and in the course of domestic employment by the insured unless benefits for such injury are in whole or in part either payable or required to be provided under any workers compensation law.

b. "Property damage" to:

- (1) Property owned or being transported by, or rented or loaned to the insured; or
- (2) Property in the care, custody or control of the insured.

2. WHO IS AN INSURED (Section II) is replaced by the following:

Each of the following is an insured under this insurance to the extent set forth below:

- a. You;
- b. Any other person using a "hired auto" with your permission;
- c. With respect to a "non-owned auto," any partner or executive officer of yours, but only while such "non-owned auto" is being used in your business.
- d. Any other person or organization, but only with respect to their liability because of acts or omissions of an insured under a, b., or c. above.

None of the following is an insured:

- a. Any person engaged in the business of his or her employer with respect to "bodily injury" to any co-employee of such person injured in the course of employment;
- b. Any partner or executive officer with respect to any "auto" owned by such partner or officer or a member of his or her household;
- c. Any person while employed in or otherwise engaged in duties in connection with an "auto business," other than an "auto business" you operate;

- d. The owner or lessee (of whom you are a sublessee) of a "hired auto" or the owner of a "non-owned auto" or any agent or employee of any such owner or lessee;
- e. Any person or organization with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

NON-OWNED AUTO LIABILITY

The insurance provided under COVERAGE A (Section I) applies to "bodily injury" or "property damage" arising out of the use of any "non-owned auto" in your business by any person other than you.

The following additional definitions apply:

"Auto business" means the business or occupation of selling, repairing, servicing, storing or parking "autos."

"Hired auto" means any "auto" you lease, hire, or borrow. This does not include any "auto" you lease, hire, or borrow from any of your employees or members of their households, or from any partner or executive officer of yours.

"Non-owned auto" means any "auto" you do not own, lease, hire or borrow which is used in connection with your business. However, if you are a partnership a "non-owned auto" does not include any auto owned by any partner.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLORIDA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraph 2. of the Cancellation Common Policy Condition is replaced by the following:

2. Cancellation Of Policies In Effect

a. For 90 Days Or Less

If this policy has been in effect for 90 days or less, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, accompanied by the reasons for cancellation, at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (2) 20 days before the effective date of cancellation if we cancel for any other reason, except we may cancel immediately if there has been:
 - (a) A material misstatement or misrepresentation; or
 - (b) A failure to comply with the underwriting requirements established by the insurer.

b. For More Than 90 Days

If this policy has been in effect for more than 90 days, we may cancel this policy only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) The policy was obtained by a material misstatement;
- (3) Failure to comply with underwriting requirements established by the insurer within 90 days of the effective date of coverage;

(4) A substantial change in the risk covered by the policy; or

(5) The cancellation is for all insureds under such policies for a given class of insureds.

If we cancel this policy for any of these reasons, we will mail or deliver to the first Named Insured written notice of cancellation, accompanied by the reasons for cancellation, at least:

- (a) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (b) 45 days before the effective date of cancellation if we cancel for any of the other reasons stated in Paragraph 2.b.

B. The following is added and supersedes any other provision to the contrary:

NONRENEWAL

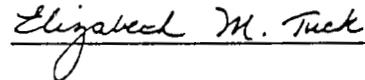
1. If we decide not to renew this policy we will mail or deliver to the first Named Insured written notice of nonrenewal, accompanied by the reason for nonrenewal, at least 45 days prior to the expiration of this policy.
2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

ADDENDUM TO THE COMMON POLICY DECLARATIONS

IN WITNESS WHEREOF, the Insurance Company identified on the Common Policy Declarations has caused this policy to be signed by its President, Secretary and a duly authorized representative of the Insurance Company.



Kristian P. Moor
PRESIDENT

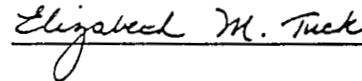


Elizabeth M. Tuck
SECRETARY

American International Pacific Insurance Company
Granite State Insurance Company
Illinois National Insurance Company
New Hampshire Insurance Company

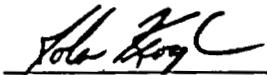


Susan M. Rivera
PRESIDENT

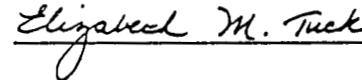


Elizabeth M. Tuck
SECRETARY

American Home Assurance Company

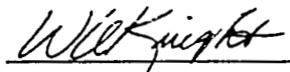


John W. Keogh
PRESIDENT



Elizabeth M. Tuck
SECRETARY

National Union Fire Insurance Company of Pittsburgh, Pa.



W. Gordon Knight
PRESIDENT

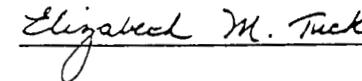


Elizabeth M. Tuck
SECRETARY

American International South Insurance Company



Darrell W. Alligood
PRESIDENT



Elizabeth M. Tuck
SECRETARY

National Union Fire Insurance Company of Louisiana

AUTHORIZED REPRESENTATIVE

COUNTERSIGNATURE DATE

COUNTERSIGNED AT

Policy Number _____

Endorsement Effective: _____

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COVERAGE – FAILURE TO SUPPLY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Schedule of Utilities Supplied	Aggregate	Limit of Insurance	Deductible
Gas			
Oil			
Electricity			
Steam			
Water	\$	\$	\$

A. The following is added and supercedes anything to the contrary:

No exclusion making this insurance inapplicable to injury or damage arising out of the failure to supply any service shall apply to the failure to supply any Utility shown in the Schedule above for which either a dollar amount or the word "included" is shown under the column "Limit of Insurance".

B. The following is added to the LIMITS OF INSURANCE (Section III):

8. If an amount is shown for the Aggregate in the above Schedule, the following applies with respect to the Utility for which such aggregate amount is shown:

Subject to 2. above (the "General Aggregate Limit"), the Aggregate shown in the Schedule above is the most we will pay for the sum of all damages or medical expenses because of bodily injury, property damage, personal injury or advertising injury arising out of the failure to supply that Utility shown in the Schedule.

9. If an amount is shown for the Limit of Insurance in the above Schedule, the following applies with respect to the Utility for which the amount is shown:

Subject to 4. above (the "Personal Injury and Advertising Injury Limit"), the Limit of Insurance shown in the Schedule above is the most we will pay for the sum of all damages because of all personal injury and all advertising injury sustained by any one person or organization arising out of the failure to supply the Utility shown in the Schedule.

10. If an amount is shown for the "Limit of Insurance" in the above Schedule, the following applies with Respect to the Utility for which the amount is shown:

Subject to 5. above (the "Each Occurrence Limit"), the Limit of Insurance shown in the Schedule above is the most we will pay for sum of all damages because of bodily injury and property damage arising out of the failure to supply that Utility shown in the Schedule arising out of any one occurrence.

C. The following condition is added:

If an amount is shown for the Deductible in the above Schedule, the following applies with respect to the Utility for which the amount is shown:

1. Our obligation under the Bodily Injury Liability and Property Damage Liability Coverages to pay Damages arising out of the failure to supply the Utility shown in the Schedule on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the Schedule above as applicable to such coverages
2. The deductible amount indicated in the Schedule above is on a per occurrence basis, that deductible Amount applies to all damages because of bodily injury or property damage as the result of any one occurrence, regardless of the number of persons or organizations who sustain damages because of that occurrence.
3. The terms of this insurance, including those with respect to:
 - (a) our right and duty to defend any suits seeking those damages; and
 - (b) your duties in the event of an occurrence, claim or suit apply irrespective of the application of the deductible amount.
4. We may pay any part or all of the deductible amount to effect settlement of any claim or suit and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

POLICY NUMBER:

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**PRODUCTS/COMPLETED OPERATIONS
WATER COMPANIES REDEFINED**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

It is hereby agreed and understood that Paragraph b. 3 of the definition of "Products - completed operations hazard" in the DEFINITIONS Section is deleted in its entirety

SERVICE MANAGEMENT SYSTEMS, INC.
PSC Docket No. 021256

Estimate of Reasonable Office Rent

12 X 10 Utility Office at Clubhouse = 120 square feet

Average rate for commercial office space rental in the area = \$ 16.50 per square foot

Monthly Rent \$ 1,980

Annual Office Rental Expense \$ 23,760

EXHIBIT "B"

07/01/2003 14:41 9543709771
FROM :

MILES BROKERAGE INC

PAGE 02

FAX NO. :

Jan. 16 2002 02:49AM P1



www.certifiedrealtyinc.com

July 1, 2003

To Whom It May Concern:

The average rent in the Melbourne Beach area is \$15.00 to \$18.00 per square foot.

Respectfully,

A handwritten signature in black ink that reads "Dan Winkler". The signature is written in a cursive, flowing style.

Dan Winkler
Certified Building Corp.

DLW/jls

7500 A1A South |

| (321) 729-0677

SERVICE MANAGEMENT SYSTEMS, INC.
PSC Docket No. 021256-WU

Summary of Actual and Estimated Rate Case Expense
Fees and Costs Incurred

1.	Actual costs incurred from 03/01/03 through 05/31/03		
	a.	Legal	\$ 2,247.66
	b.	Accounting	\$ 873.00
		Total 03/01/03 - 05/31/03	\$ 3,120.66
2.	Costs incurred but unbilled		
	a.	Legal	\$ 2,139.63
	b.	Accounting	\$ 1,350.00
		Total	\$ 3,489.63
3.	Estimate of cost to complete rate case		
	a.	Legal	\$ 4,137.50
	b.	Accounting	\$ 1,438.00
		Total	\$ 5,575.50
4.	Accounting and legal expenses related to rate base audit		\$ 6,672.49
	Total Actual & Estimated Costs of the Rate Case through 05/31/03		<u>\$ 18,858.28</u>

indian\lead.sch



SERVICE MANAGEMENT SYSTEMS, INC.

PSC Docket No. 021256-WU

Estimate of Attorney's Fees and Costs From June 30, 2003 to Completion of Case

Review staff two requests re: insurance costs, rent, rate case expense, and other issues; telephone conferences w/Bates and Nixon and provide final information requested by staff; prepare rate case expense information and provide to staff; submit all with cover letter

5.5 hours at \$225/hour = \$1,237.50

Obtain and review staff recommendation for final decision on Staff Assisted Rate Case; telephone conferences w/Nixon and Bates; organize additional information and prepare additional documents to provide to staff

4.0 hours at \$225/hour = \$900

Prepare for and attend agenda conference on Staff Assisted Rate Case; telephone conferences and meetings with clients and accountants in preparation for same; draft letter to client as to outcome and Commission decision

5.0 hours at \$225/hour = \$1,125

Review Final Order; review file and compare to staff recommendation; work with client in preparation of final customer notice and tariffs and compliance with Order requirements

3.0 hours at \$225/hour = \$675

Costs - Fed Ex, copying, telephone - \$200

<u>Fees</u>	<u>Costs</u>	<u>Total</u>
\$3,937.50	\$200	\$4,137.50
Total Estimated to Complete:	\$4,137.50	

ACTUAL LEGAL FEES AND COSTS INCURRED
INDIAN RIVER DEVELOPMENT
Fees and Costs Related to the Audit Response

LEGAL FEES

<u>Invoice Date</u>	<u>Hours</u>	<u>Fees</u>	<u>Costs</u>	<u>Total</u>
08/02	9.70	\$ 2,037.00	\$ 148.82	\$ 2,185.82
09/02	<u>3.80</u>	<u>798.00</u>	<u>242.21</u>	<u>1,040.21</u>
Total	<u>13.50</u>	<u>\$ 2,835.00</u>	<u>\$ 391.03</u>	<u>3,226.03</u>

ACCOUNTING FEES

<u>Invoice Date</u>	<u>Fees</u>	<u>Costs</u>	<u>Total</u>
08/02	\$ 3,420.00	\$ 26.46	<u>\$ 3,446.46</u>

Total Expenses Related to the Rate Base Audit: \$ 6,672.49

SERVICE MANAGEMENT SYSTEMS, INC.
PSC Docket No. 021256-WU

Actual Costs Incurred

<u>Invoice Date</u>	<u>Hours</u>	<u>Fees</u>	<u>Costs</u>	<u>Total</u>
04/03	4.00	\$ 900.00	\$ 34.51	\$ 934.51
05/03	3.60	810.00	36.28	846.28
06/03	2.00	450.00	16.87	466.87
Unbilled	<u>9.30</u>	<u>2,092.50</u>	<u>47.13</u>	<u>2,139.63</u>
Total	<u>18.90</u>	<u>4,252.50</u>	<u>134.79</u>	<u>4,387.29</u>

indian\2schedule

LAW OFFICES

ROSE, SUNDBSTROM & BENTLEY, LLP

P. O. BOX 1567

TALLAHASSEE, FLORIDA 32302-1567

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

F.E.I. # 59-2783536

INDIAN RIVER DEVELOPMENT
7860 PETERS RD, F111
PLANTATION, FL 33324
ATTN: STACEY

INVOICE # 26322
JANUARY 30, 2003
FILE # 36082-0001

PAGE 1

MATTER TRANSFER APPLICATION

12/05/02	REVIEW LETTER FROM PSC TO BATES RE: AUDIT AND REVIEW PSC DOCKETS AND LETTER TO BATES RE: SAME.	1.10	
		1.10	231.00
	LONG DISTANCE CALLS	1.25	
	TELECOPIER	7.50	
	PHOTOCOPIES	7.75	
	TOTAL COSTS ADVANCED		16.5
	TOTAL STATEMENT		\$247.5

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TALLAHASSEE, FLORIDA 32302-1567

(850) 877-6555

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F.E.I. # 59-2783536

INDIAN RIVER DEVELOPMENT
7860 PETERS RD, F111
PLANTATION, FL 33324
ATTN: STACEY

INVOICE # 26473
FEBRUARY 21, 2003
FILE # 36082-0001

PAGE 1

MATTER	TRANSFER APPLICATION		
01/28/03	REVIEW STAFF PRIOR QUESTIONS ON OUTSTANDING ISSUES; REVIEW FILE RE: RESPONSES AND NEEDED INFORMATION TO FINALIZE CASE.	1.10	
01/29/03	TELEPHONE CONFERENCE WITH BATES; TELEPHONE CONFERENCE WITH STAFF ANALYST; TELEPHONE CONFERENCE WITH FRAZIER'S OFFICE RE: OUTSTANDING ISSUES; REVIEW PRIOR INQUIRIES RE: SAME.	1.90	
01/30/03	REVIEW VARIOUS DOCUMENTS AND LETTER TO FRAZIER RE: FINAL REQUIREMENTS TO RESPOND TO STAFF INQUIRIES AND SEND.	1.90	
01/31/03	TELEPHONE CONFERENCE WITH FRAZIER; TELEPHONE CONFERENCE WITH BATES; TELEPHONE CONFERENCE WITH PSC ANALYST; REVIEW FILES RE: ANSWERS TO VARIOUS STAFF INQUIRIES; BEGIN ORGANIZING SAME.	2.20	
		7.10	1,597.50
	LONG DISTANCE CALLS	0.50	
	TELECOPIER	12.50	
	PHOTOCOPIES	3.75	
	TOTAL COSTS ADVANCED		16.75
	TOTAL STATEMENT		\$1,614.25

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TALLAHASSEE, FLORIDA 32302-1567

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WHEN REMITTING

F.E.I. # 59-2783536

INDIAN RIVER DEVELOPMENT
7860 PETERS RD, F111
PLANTATION, FL 33324
ATTN: STACEY

03/14/03

36082-06

ACCOUNTS PREVIOUSLY RENDERED

MATTER	STATEMENT #	DATE	BALANCE
1	TRANSFER APPLICATION		
	25416	07/17/02	517.00
	25538	08/20/02	2185.82
	25710	09/18/02	3805.00
	25865	10/21/02	866.00
	25994	11/19/02	1123.75
	26473	02/21/03	1614.25
	26561	03/14/03	6550.01

\$16,661.83

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F.E.I. # 59-2783536

INDIAN RIVER DEVELOPMENT
7860 PETERS RD, F111
PLANTATION, FL 33324
ATTN: STACEY

INVOICE # 26561
MARCH 14, 2003
FILE # 36082-0001

PAGE 1

MATTER

TRANSFER APPLICATION

02/05/03	TELEPHONE CONFERENCE WITH STAFF ANALYST AND REVIEW FILE RE: NEEDED INFORMATION; TELEPHONE CONFERENCE WITH FRAZIER'S OFFICE RE: NEEDED INFORMATION; REVIEW STAFF LETTER AND VARIOUS DOCUMENTS.	1.90
02/07/03	REVIEW FILE; TELEPHONE CONFERENCE WITH STAFF ANALYST; TELEPHONE CONFERENCE WITH FRAZIER'S OFFICE; TELEPHONE CONFERENCE WITH BATES; LETTER TO FRAZIER RE: ADDITIONAL INFORMATION NEEDED.	2.10
02/12/03	REVIEW VARIOUS DOCUMENTS AND WORK ON DRAFT RESPONSE TO PSC AND STAFF INQUIRIES.	2.10
02/13/03	WORK ON DRAFT RESPONSE TO STAFF INQUIRIES; REVIEW VARIOUS DOCUMENTS.	1.00
02/14/03	CONTINUE TO WORK ON RESPONSE TO STAFF INQUIRIES.	1.20
02/17/03	CONTINUE TO WORK ON RESPONSE TO STAFF ISSUES AND TELEPHONE CONFERENCE WITH STAFF ANALYST; REVIEW VARIOUS DOCUMENTS.	1.50
02/18/03	TELEPHONE CONFERENCE WITH FRAZIER; DRAFT "UNWIND" AGREEMENT; REVIEW PREVIOUS CORRESPONDENCE; TELEPHONE CONFERENCE WITH BATES; TELEPHONE CONFERENCE WITH BRADY AND DANIEL OF PSC STAFF; LETTER TO FRAZIER RE: NEED TO EXECUTE UNWIND IMMEDIATELY; REVISE AND FINALIZE LETTER TO PSC.	3.90
02/18/03	TELEPHONE CONFERENCE WITH BATES; TELEPHONE CONFERENCE WITH FRAZIER RE: GETTING SIGNATURES ON UNWIND AGREEMENT AND FILING OF SAME.	0.60
02/19/03	TELEPHONE CONFERENCE WITH BATES; TELEPHONE CONFERENCE WITH FRAZIER RE: GETTING SIGNATURES ON UNWIND AGREEMENT AND FILING OF SAME.	0.60
02/21/03	REVIEW EXECUTED UNWIND AGREEMENT RECEIVED; REVISE AND FINALIZE LETTER ON ALL ISSUES AND AND SEND WITH COVER	2.90

LAW OFFICES

ROSE, SUNDBSTROM & BENTLEY, LLP

P. O. BOX 1567
TALLAHASSEE, FLORIDA 32302-1567

(850) 877-6555

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F.E.I. # 59-2783536

INDIAN RIVER DEVELOPMENT

INVOICE # 26561
MARCH 14, 2003
FILE # 36082-0001

PAGE 2

02/26/03	LETTER TO PSC STAFF. TELEPHONE CONFERENCE WITH STAFF ANALYST RE: LEGAL DESCRIPTION OF TERRITORY AND CORRECTION OF SAME AND CORRECTION OF TARIFFS; BEGIN REVIEW OF ALL OLD ORDERS AND TARIFFS IN ORDER TO CORRECT SAME.	1.80	
02/27/03	TELEPHONE CONFERENCE WITH BATES RE: LATEST REQUEST FROM STAFF; REVISE TARIFFS AND SEND TO STAFF WITH COVER LETTER; TELEPHONE CONFERENCE WITH STAFF ANALYST AND ENGINEER ON TERRITORY DESCRIPTION AND TARIFF REVISIONS; LETTER	4.20	
02/27/03	TO SADKIN RE: STATUS OF CASE AND EXPECTED DATE FOR FINALIZATION.	0.00	
02/28/03	REVIEW AUDIT INQUIRY AND LETTER FROM ACCOUNTANT AND PREPARE RESPONSE RE: SAME; FINALIZE AND SEND.	3.20	
		26.40	5,940.00
	LONG DISTANCE CALLS	5.25	
	LEGAL ADVERTISEMENTS	361.51	
	TELECOPIER	35.50	
	PHOTOCOPIES	207.75	
	TOTAL COSTS ADVANCED		610.01
	TOTAL STATEMENT		\$6,550.01

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TALLAHASSEE, FLORIDA 32302-1567

(850) 877-6555

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F.E.I. # 59-2783536

INDIAN RIVER DEVELOPMENT
7860 PETERS RD, F111
PLANTATION, FL 33324
ATTN: STACEY

INVOICE # 26760
APRIL 15, 2003
FILE # 36082-0001

PAGE 1

MATTER TRANSFER APPLICATION

03/03/03	TELEPHONE CONFERENCE WITH STAFF ANALYST RE: NEEDED DEED; REVIEW EMAIL RE: SAME; TELEPHONE CONFERENCE WITH COUNTY RECORDS OFFICE RE: SAME; OBTAIN COPY OF SAME.	1.70
03/04/03	REVIEW COSTS FROM NIXON AND REVIEW LEGAL BILLS RE: AUDIT REVIEW AND COMMENT; DRAFT LETTER TO WILLIS RE: SUCH COSTS AND RATE CASE EXPENSE; PREPARE SCHEDULE OF COSTS.	1.90
03/05/03	TELEPHONE CONFERENCE WITH PAT BRADY RE: QUESTIONS ON ESCROW; TELEPHONE CONFERENCE WITH FRAZIER'S OFFICE; OBTAIN LEGAL FOR DEEDS FROM CLERK; TELEPHONE CONFERENCE WITH BATES AND SEND TO STAFF WITH COVER LETTER.	1.90
03/06/03	TELEPHONE CONFERENCE WITH STAFF ANALYST RE: ADDITIONAL QUESTIONS; TELEPHONE CONFERENCE WITH FRAZIER; ADDITIONAL TELEPHONE CONFERENCE WITH STAFF ANALYST.	1.60
03/13/03	REVIEW LETTER FROM WILLIS RE: STAFF ASSISTED RATE CASE; LETTER TO WILLIS RE: SAME.	1.10
03/18/03	LETTER TO BATES RE: INDEX CHANGES WITH DEP REQUIRED TESTING.	0.30
03/21/03	TELEPHONE CONFERENCE WITH STAFF RE: DEED AND STAFF RECOMMENDATION; TELEPHONE CONFERENCE WITH BATES RE: SAME.	1.10
03/28/03	REVIEW AUDIT; TELEPHONE CONFERENCE WITH STAFF RE: ISSUES ON REGULATORY ASSESS- MENT FEES; DRAFT LETTER TO BATES; CALL BATES RE: ALL ISSUES; CALL FRAZIER RE: TITLE OPINION; TELEPHONE CONFERENCE WITH STAFF ANALYST RE: TITLE OPINION; TELE- PHONE CONFERENCE WITH ANALYST RE:	3.20
03/28/03	REGULATORY FEES.	0.00

All SARC

All SARC

1.0 SARC

Continued

LAW OFFICES

ROSE, SUNDBSTROM & BENTLEY, LLP

P. O. BOX 1567
TALLAHASSEE, FLORIDA 32302-1567

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

F.E.I. # 59-2783536

Stacey

7-11-03

INDIAN RIVER DEVELOPMENT

7-11-03-001

INVOICE # 26760
APRIL 15, 2003
FILE # 36082-0001

PAGE 2

12.80 2,880.00

LONG DISTANCE CALLS	5.50
LEGAL ADVERTISEMENTS	37.19
TELECOPIER	48.50
PHOTOCOPIES	19.25

TOTAL COSTS ADVANCED 110.44

TOTAL STATEMENT \$2,990.44

PLEASE REFER TO INVOICE # WHEN REMITTING

ROSE, SUNDSTROM & BENTLEY, LLP

P. O. BOX 1567
TALLAHASSEE, FLORIDA 32302-1567

(850) 877-6555

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WHEN REMITTING

F.E.I. # 59-2783536

INDIAN RIVER DEVELOPMENT
7860 PETERS RD, F111
PLANTATION, FL 33324
ATTN: STACEY

INVOICE # 26913
MAY 21, 2003
FILE # 36082-0001

PAGE 1

MATTER TRANSFER APPLICATION

04/01/03	TELEPHONE CONFERENCE WITH NIXON AND FRAZIER RE: NEEDED INFORMATION TO RESPOND TO PSC INQUIRIES ON RAF'S AND TRANSFER ISSUES; REVIEW FILE AND TELEPHONE CONFERENCE WITH TWO STAFF ANALYSTS RE: SAME.	1.80
04/02/03	TELEPHONE CONFERENCE WITH STAFF ANALYST RE: STAFF RECOMMENDATION AND ADDITIONAL INFORMATION NEEDED; TELEPHONE CONFERENCE WITH FRAZIER RE: OPINION LETTER NEEDED AND REGULATORY ASSESSMENT FEES AND COMPANY CONTACT; ADDITIONAL TELEPHONE CONFERENCE WITH STAFF ANALYST RE: SAME.	1.30
04/02/03	TELEPHONE CONFERENCE WITH STAFF ANALYST RE: SAME.	0.00
04/04/03	TELEPHONE CONFERENCE WITH STAFF ANALYST AND SUPERVISOR RE: REGULATORY ASSESSMENT FEES AND OTHER ISSUES; TIMING FOR STAFF RECOMMENDATION.	0.90
04/07/03	TELEPHONE CONFERENCE WITH BATES RE: AUDIT RESPONSE AND ENGINEERING ISSUES RE: SAME; LETTER TO WILLIS AT THE PSC RE: NEED TO RESPOND TO AUDIT AND USED AND USEFUL ISSUES TO BE COVERED.	1.50
04/09/03	REVIEW TITLE LETTER FROM FRAZIER; REVIEW REGULATORY ASSESSMENT FEE STATEMENT RECEIVED FROM BATES; TELEPHONE CONFERENCE WITH BATES RE: ALL AND RE: AUDIT AND LETTER TO PSC RE: INFORMATION REQUESTED ON TRANSFER CASE.	2.10
04/14/03	REVIEW ENGINEERING REPORT RECEIVED; TELEPHONE CONFERENCE WITH BATES RE: SAME AND RESPONSES TO SAME.	1.80
04/29/03	TELEPHONE CONFERENCE WITH STAFF ANALYST AND SUPERVISOR RE: STATUS; REVIEW SCHEDULE RE: SAME.	0.70
04/30/03	TELEPHONE CONFERENCE WITH STAFF ATTORNEY	2.30

All SARC

All SARC

.3 SARC

Continued

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P. O. BOX 1567
TALLAHASSEE, FLORIDA 32302-1567

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

F.E.I. # 59-2783536

INDIAN RIVER DEVELOPMENT

INVOICE # 26913
MAY 21, 2003
FILE # 36082-0001

PAGE 2

AND ANALYST; REVIEW FILE; LETTER TO
FRAZIER RE: DEED; REVIEW TARIFFS
RECEIVED FROM STAFF WITH NUMEROUS
CHANGES; TELEPHONE CONFERENCE WITH BATES
RE: NEED FOR FORM BILL AND OTHER ISSUES
RELATED TO THE STAFF ASSISTED RATE CASE.

04/30/03

0.00
12.40

2,790.00

LONG DISTANCE CALLS	5.75
LEGAL ADVERTISEMENTS	97.98
TELECOPIER	21.00
PHOTOCOPIES	0.25

TOTAL COSTS ADVANCED 124.98

TOTAL STATEMENT \$2,914.98

PLEASE REFER TO INVOICE # WHEN REMITTING

LAW OFFICES
ROSE, SUNDBSTROM & BENTLEY, LLP

P. O. BOX 1567
TALLAHASSEE, FLORIDA 32302-1567

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

F.E.I. # 59-2783536

INDIAN RIVER DEVELOPMENT
7860 PETERS RD, F111
PLANTATION, FL 33324
ATTN: MARTY SADKIN

INVOICE # 27077
JUNE 16, 2003
FILE # 36082-0001

PAGE 1

MATTER TRANSFER APPLICATION

05/01/03	REVIEW TARIFFS FROM PAT BRADY AS MARKED UP; BEGIN REVISIONS TO SAME.	0.90
05/13/03	TELEPHONE CONFERENCE WITH STAFF ANALYST; REVIEW EMAIL FROM STAFF RE: DEED OR TITLE INSURANCE; TELEPHONE CONFERENCE WITH BATES RE: STAFF ISSUE ON DEED; ADDITIONAL TELEPHONE CONFERENCE WITH BATES RE: TITLE INSURANCE; REVIEW PSC SCHEDULE RE: CASE.	1.10
05/13/03	REVIEW EMAIL; REVISE TARIFF AS PROPOSED BY STAFF; PREPARE REVISED TARIFF WITH MULTIPLE CHANGES REQUIRED BY STAFF; COVER LETTER TO STAFF ANALYST RE: CHANGES TO SAME; TELEPHONE CONFERENCE WITH STAFF; TELEPHONE CONFERENCE WITH BATES' OFFICE RE: ISSUE OF DEED OR TITLE INSURANCE.	0.00
05/16/03	TELEPHONE CONFERENCE WITH STAFF ANALYST; TELEPHONE CONFERENCE WITH BATES' OFFICE; REVIEW FAX; TELEPHONE CONFERENCE WITH BATES.	1.50
05/16/03	REVIEW INITIAL SARC REPORT AND SEND WITH COVER LETTER; TELEPHONE CONFERENCE WITH BATES; REVIEW TITLE INSURANCE AND SEND WITH COVER LETTER TO PSC; TELEPHONE CONFERENCE WITH BRADY AND ATTEMPT TO CALL STAFF ATTORNEY AND ANALYST RE: CUSTOMER NOTICE AND MEETING.	0.00
05/20/03	TELEPHONE CONFERENCE WITH STAFF ANALYST RE: QUIT CLAIM DEED AND OTHER REMAINING ISSUES; REVIEW TITLE; REVIEW ORDERS AND CORRESPONDENCE; TELEPHONE CONFERENCE WITH BATES; DRAFT TWO LETTERS TO BRADY OF PSC AND LETTER TO SADKIN; ADDITIONAL TELEPHONE CONFERENCE WITH BRADY.	0.70
05/22/03		2.60
05/22/03		0.00
05/23/03		3.50
05/23/03		0.00

2.0 SARC

LAW OFFICES

ROSE, SUNDSTROM & BENTLEY, LLP

P. O. BOX 1567
TALLAHASSEE, FLORIDA 32302-1567

(850) 877-6555

PLEASE REFER TO INVOICE NUMBER
WHEN REMITTING

FE.I. # 59-2783536

INDIAN RIVER DEVELOPMENT

INVOICE # 27077
JUNE 16, 2003
FILE # 36082-0001

PAGE 2

05/29/03	TELEPHONE CONFERENCE WITH STAFF ANALYST RE: FINAL RECOMMENDATION ON TRANSFER AND REVIEW FILE RE: SAME.	0.40	
		10.70	2,407.50
	LONG DISTANCE CALLS	5.75	
	TELECOPIER	24.00	
	PHOTOCOPIES	60.50	
	TOTAL COSTS ADVANCED		90.25
	TOTAL STATEMENT		\$2,497.75

PLEASE REFER TO INVOICE # WHEN REMITTING

SERVICE MANAGEMENT SYSTEMS, INC.
 SCHEDULE OF ACTUAL AND ESTIMATED RATE CASE EXPENSE - ACCOUNTING
 DOCKET NO. 021228 - WS

LINE NO.	DESCRIPTION	INVOICE DATE	TIME CHARGES	OUT OF POCKET	TOTAL
1	<u>BILLED CHARGES</u>				
2	APRIL, 2003	05/08/03	\$ 540	\$ 3	\$ 543
3	MAY, 2003	6/16/03	330	-	330
4	TOTAL BILLED CHARGES		<u>870</u>	<u>3</u>	<u>873</u>
5	<u>UNBILLED CHARGES</u>				
6	JUNE (REVIEW AUDIT WORKPAPERS ON DEPRECIATION;				
7	USED & USEFUL CALCULATIONS; EXPENSE ADJUSTMENTS;				
8	CONFERENCES WITH MANAGEMENT & MR. DETERDING -				
9	TOTAL OF 8 HRS.@ \$165 - R.C. NIXON)	PENDING	<u>1,320</u>	<u>30</u>	<u>1,350</u>
10	TOTAL ACTUAL INCURRED CHARGES		<u>2,190</u>	<u>33</u>	<u>2,223</u>
11	<u>ESTIMATE TO COMPLETE</u>				
12	PREPARE SCHEDULE OF RATE CASE EXPENSE - 1.5HRS @ \$165		248		248
13	REVIEW FINAL STAFF RECOMMENDATION - 3 HRS.@ \$165		495		495
14	REVIEW FINAL ORDER & PROOF REVENUE - 3 HRS. @ \$165		495		495
15	CONFERENCES WITH MANAGEMENT & MR. DETERDING -				-
16	1 HR.@ \$165		165		165
17	PHONE, POSTAGE, FED-X CHARGES		-	<u>35</u>	<u>35</u>
18	TOTAL ESTIMATE TO COMPLETE		<u>1,403</u>	<u>35</u>	<u>1,438</u>
19	TOTAL ACTUAL & ESTIMATED ACCOUNTING EXPENSE		<u>\$ 3,593</u>	<u>\$ 68</u>	<u>\$ 3,661</u>

Cronin, Jackson, Nixon & Wilson
CERTIFIED PUBLIC ACCOUNTANTS, P.A.

JAMES L. CARLSTEDT, C.P.A.
CHRISTINE R. CHRISTIAN, C.P.A.
JOHN H. CRONIN, JR., C.P.A.
ROBERT H. JACKSON, C.P.A.
ROBERT C. NIXON, C.P.A.
JEANETTE SUNG, C.P.A.
HOLLY M. TOWNER, C.P.A.
REBECCA G. VOITLEIN, C.P.A.
JAMES L. WILSON, C.P.A.

2560 GULF-TO-BAY BOULEVARD
SUITE 200
CLEARWATER, FLORIDA 33765-4419
(727) 791-4020
FACSIMILE
(727) 797-3602
e-Mail
cpas@cjnw.net

INVOICE

May 8, 2003

Service Management Systems, Inc.
235 Hammock Shore Drive
Melbourne Beach, FL 32951

#1168

For professional services rendered during April 2003, as follows:

1. Review of PSC Staff audit report and calculate impact on revenue of accepting Staff adjustment for accumulated depreciation.	\$ 540.00
2. Telephone charges.	<u>2.76</u>
Total	<u>\$ 542.76</u>

Cronin, Jackson, Nixon & Wilson
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INVOICE

June 16, 2003

Service Management Systems, Inc.
235 Hammock Shore Drive
Melbourne Beach, FL 32951

#1168

For professional services rendered during May 2003, as follows:

- 1. Review Staff recommendation in Staff Assisted Rate Case.

\$ 330.00