

# STANDARD POLICY

## STATE OF ALABAMA DEPARTMENT OF FINANCE

### STATE INSURANCE FUND MONTGOMERY 36130

INSURED'S NAME:

ADDRESS:

PERIL(S): **All Risk** (with exclusions)

LIMIT(S): (See Schedule Total)

POLICY NO:

EFFECTIVE: 10/01/18

EXPIRATION: 09/30/19

PREMIUM: (See Schedule Total)

Subject to the following forms (if attached):

End't #1 End't #2 End't #3 End't #4, End't #5, End't #6, End't #7, End't #8 End't #9, End't #10, End't #11, End't #12, End't #13, End't #15, End't #17, End't #18, End't #19, and End't #20, and End't #21, and End't #22, and End't #23, and End't #24, and End't #26, and End't #27 as amended, revised, and adopted by the State Insurance Fund.

**Mortgage Clause:** Subject to the provisions of the mortgage clause attached hereto, loss, if any, on building items shall be payable to:

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Max Graham  
Risk Manager  
State Insurance Fund

**IN CONSIDERATION OF THE PROVISIONS AND STIPULATIONS HEREIN ADDED HERETO AND** of the premium specified above, the State Insurance Fund, for the term of year(s) specified above from inception date shown above at 12:01 AM (Standard Time) to expiration date shown above at 12:01 AM (Standard Time) at location of property involved, does insure the insured named above and legal representatives, to the extent of the actual cash value of the property at the time of loss. Settlement shall not exceed the amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after such loss, to an amount not exceeding the lesser of the actual adjusted amount(s) of loss covered by this policy or 115% of the reported values for each scheduled building and its contents, all without allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair, and without compensation for loss resulting from interruption of business or manufacture, nor in any event for more than the interest of the insured. Assignment of this policy shall not be valid except with the permission of the State Insurance Fund. This policy is made and accepted subject to the foregoing provisions and stipulations and those hereinafter stated, which are hereby made a part of this policy, together with such other provisions, stipulations and agreements as may be added hereto, as provided in this policy.

1 **Concealment, fraud.** This entire policy shall be void if, whether before or after a loss, the insured  
2 has willfully concealed or misrepresented any material fact or circumstance concerning this  
3 insurance or the subject thereof, or the interest of the insured therein, or in case of any fraud or  
4 false swearing by the insured relating thereto.

5 **Uninsurable and excepted property.** This policy shall not cover accounts, bills, currency, deeds,  
6 evidence of debt, money or securities, land and water; nor, unless specifically named hereon in  
7 writing, bullion or manuscripts.

8 **Perils not included.** The State Insurance Fund (hereinafter referred as "SIF") shall not be liable  
9 for loss by fire or other perils insured against in this policy caused, directly or indirectly, by: (a)  
10 enemy attack by armed forces, including action taken by military, naval or air forces in resisting  
11 an actual or an immediately impending enemy attack; (b) invasion; (c) insurrection; (d) rebellion;  
12 (e) revolution; (f) civil war; (g) usurped power; (h) order of any civil authority except acts of  
13 destruction at the time of and for the purpose of preventing the spread of fire, provided that such  
14 fire did not originate from any of the perils excluded by this policy; (i) neglect of the insured to  
15 use

16 all reasonable means to save and preserve the property at and after a loss, or when the property  
17 is endangered by fire in neighboring premises; (j) nor shall the SIF be liable for loss by theft.

18 **Other Insurance.** Other insurance may be prohibited or the amount of insurance may be limited  
19 by endorsement attached hereto.

20 **Other perils or subjects.** Any other peril to be insured against or subject of insurance to be  
21 covered in this policy shall be by endorsement in writing hereon or added hereto.

22 **Added provisions.** The extent of the application of insurance under this policy and of the  
23 contribution to be made by the SIF in case of loss, and any other provision or agreement not  
24 inconsistent with the provisions of this policy, may be provided for in writing added hereto, but  
25 no provision may be waived except such as by the terms of this policy.

26 **Waiver provisions.** No permission affecting this insurance shall exist, or waiver of any provision  
27 be valid, unless granted herein or expressed in writing added hereto. No provision, stipulation or  
28 forfeiture shall be held to be waived by any requirement or proceeding on the part of the SIF  
29 relating to appraisal or to any examination provided for herein.

30 **Mortgagee interests and obligations.** If loss thereunder is made payable, in whole or in part, to a  
31 designated mortgagee not named herein as the insured, such interest in this policy may be  
32 canceled by giving to such mortgagee a ten days' written notice of cancellation.

33 If the insured fails to render proof of loss such mortgagee, upon notice, shall render proof of loss  
34 in the form herein specified within sixty (60) days thereafter and shall be subject to the provisions  
35 hereof relating to appraisal and time of payment and of bringing suit. If the SIF shall claim that no  
36 liability existed as to the mortgagor or owner, it shall, to the extent of payment of loss to the  
37 mortgagee, be subrogated to all the mortgagee's rights of recovery, but without impairing  
38 mortgagee's right to sue; or it may pay off the mortgage debt and require an assignment thereof  
39 and of the mortgage. Other provisions relating to the interests and obligations of such mortgagee  
40 may be added hereto by agreement in writing.

41 **Pro rata liability.** The SIF shall not be liable for a greater proportion of any loss than the amount  
42 hereby insured shall bear to the whole insurance covering the property against the peril involved,  
43 whether collectible or not.

44 **Requirements in case loss occurs.** The insured shall give immediate written notice to the SIF of  
45 any loss, protect the property from further damage, forthwith separate the damaged and  
46 undamaged personal property, put it in the best possible order, furnish a complete inventory of

47 the destroyed, damaged and undamaged property, showing in detail quantities, costs, actual cash  
48 value and amount of loss claimed; and within sixty days after the loss, unless such time is  
49 extended in writing by the SIF, the insured shall render to the SIF a proof of loss, signed and  
50 sworn to by the insured, stating the knowledge and belief of the insured as to the following: the  
51 time and origin of the loss, the interest of the insured and of all others in the property, the actual  
52 cash value of each item thereof and the amount of loss thereto, all encumbrances thereon, all other  
53 contracts of insurance, whether valid or not, covering any of said property, any changes in the  
54 title, use, occupation, location, possession or exposures of said property since the issuing of this  
55 policy,  
56 by whom and for what purpose any building herein described and the several parts thereof were  
57 occupied at the time of loss and whether or not it then stood on leased ground, and shall furnish  
58 a copy of all the descriptions and schedules in all policies and, if required, verified plans and  
59 specifications of any building, fixtures or machinery destroyed or damaged. The insured, as often  
60 as may be reasonably required, shall exhibit to any person designated by the SIF all that remains  
61 of any property herein described, and submit to examinations under oath by any person named  
62 by the SIF, and subscribe the same; and, as often as may be reasonably required, shall produce  
63 for examination all books of account, bills, invoices and other vouchers, or certified copies thereof  
64 if originals be lost, at such reasonable time and place as may be designated by the SIF or its  
65 representative, and shall permit extracts and copies thereof to be made.  
66 **Company's options.** It shall be optional with the SIF to take all, or any part, of the property at the  
67 agreed or appraised value, and also to repair, rebuild or replace the property destroyed or  
68 damaged with other of like kind and quality within a reasonable time, on giving notice of its  
69 intention to do so within thirty days after the receipt of the proof of loss herein required.  
70 **Abandonment.** There can be no abandonment to the SIF of any property.  
71 **When loss payable.** The amount of loss for which the SIF may be liable shall be payable sixty  
72 days after proof of loss, as herein provided, is received by the SIF and ascertainment of the loss is  
73 made either by agreement between the insured and the SIF expressed in writing or by the filing  
74 with the SIF of an award as herein provided.  
75 **Suit.** No suit or action on this policy for the recovery of any claim shall be sustainable in any  
76 court  
77 of law or equity unless all the requirements of this policy shall have been complied with, and  
78 unless commenced within twelve months next after inception of the loss.  
79 **Subrogation.** The SIF may require from the insured an assignment of all right of recovery against  
80 any party for loss to the extent that payment therefore is made by the SIF

IN WITNESS WHEREOF, the SIF has executed and attested these presents; but this policy shall not be valid unless countersigned by the duly authorized Agent of the SIF at the agency hereinbefore mentioned.

## **SPECIAL BUILDING AND PERSONAL PROPERTY FORM**

This form cancels and replaces any coverage on buildings and/or personal property provided under any other form made a part of this policy, but only with respect to buildings and/or personal property to which this form is shown to be applicable.

Insurance applies only to item(s) specifically described in this policy for which an amount of insurance is shown and, unless otherwise provided, all provisions and stipulations of this form and policy shall apply separately to each such item.

### **SECTION I - PROPERTY COVERED**

When insurance under this policy covers “Building(s)” and/or “Personal Property”, such insurance shall cover in accordance with the following description of coverage.

**Coverage A - Building(s)** or structure(s) shall include attached additions and extensions; fixtures, machinery and equipment constituting a permanent part of and pertaining to the service of the building(s); materials and supplies intended for use in construction, alteration or repair of the building(s) or structure(s); personal property of the named insured used for the maintenance or service of the described building, including fire extinguishing apparatus, floor coverings and appliances for refrigerating, ventilating, cooking, dish washing and laundering (but not including other personal property in apartments or rooms furnished by the named insured as landlord); all while at the described premises.

**Debris Removal:** This policy covers expense incurred in the removal of debris of the property covered hereunder which may be occasioned by loss by a peril not otherwise excluded. The total amount recoverable under this policy for both loss to property and debris removal expense shall not exceed the amount of insurance applying to the described property.

**Coverage B - Personal Property Of The Insured:** Business personal property owned by the named insured and usual to the occupancy of the named insured, including the named insured’s interest in personal property owned by others to the extent of the value of labor, materials and charges furnished, performed or incurred by the named insured; all while (1) in or on the described building(s), or (2) in the open (including vehicles) on or within 100 feet of the described premises.

This coverage shall also include Tenant’s Improvements and Betterments when not otherwise specifically covered. Tenant’s Improvements and Betterments means the named insured’s use, interest in fixtures, alterations, installations or additions constituting a part of the building(s) occupied but not owned by the named insured and made or acquired at the expense of the named insured, exclusive of rent paid by the named insured, but which are not legally subject to removal by the named insured.

## **SECTION II - PROPERTY NOT COVERED**

### **This policy does not cover:**

- A.** The cost of excavations, grading or filling: foundations of buildings, machinery, boilers or engines which foundations are below the undersurface of the lowest basement floor, or where there is no basement, below the surface of the ground; pilings, piers, pipes, flues and drains which are underground, pilings which are below the low water mark; and all piers, docks, wharves, beach and diving platforms, and boardwalks at all locations in Mobile and Baldwin counties that are on or within 1,000 feet of the coast.
- B.** Property which is more specifically covered in whole or in part by this or any other contract of insurance, except for the amount of loss which is in excess of the amount due from such more specific insurance.
- C.** Property sold by the named insured under conditional sale, trust agreement, installment payment or other deferred payment plan, after delivery to customers.
- D.** Automobiles, trailers, semi-trailers or any self-propelled vehicles or machines that are licensed or eligible to be licensed for road use.
- E.** Accounts, bills, currency, deeds, evidences of debt, money and securities.
- F.** Standing timber, growing crops and lawns.

## **SECTION III - PROPERTY SUBJECT TO LIMITATIONS**

### **The following property is subject to these additional limitations:**

- A.** Plumbing, heating, air conditioning or other equipment or appliances (except fire protective systems) are not covered against loss caused by or resulting from freezing while the described buildings are vacant or unoccupied, unless the named insured shall have exercised due diligence with respect to maintaining heat in the buildings or unless such equipment and appliances have been drained and the water supply shut off during such vacancy or unoccupancy.
- B.** Steam boilers, steam pipes, steam turbines or steam engines are not covered against loss caused by any condition or occurrence within such boilers, pipes, turbines or engines (except direct loss resulting from the explosion of accumulated gases or unconsumed fuel within the firebox, or combustion chamber, of any fired vessel or within the flues or passages which conduct the gases of combustion there from).
- C.** Hot water boilers or other equipment for heating water are not covered against loss caused by any condition or occurrence within such boilers or equipment, other than an explosion.

**D.** Fences, pavements, outdoor swimming pools and related equipment, retaining walls, bulkheads, piers, wharves or docks, when covered under this policy, are not covered against loss caused by freezing or thawing, impact of watercraft, or by the pressure or weight of ice or water whether driven by wind or not. Further, all piers, docks, wharves, beach and diving platforms, and boardwalks at all locations in Mobile and Baldwin counties that are on or within 1,000 feet of the coast are totally excluded from all loss.

**E.** Metal smokestacks and, when outside of buildings (1) awnings of fabric or slat construction, canopies of fabric or slat construction including their supports, and (2) radio or television antennas, including their lead-in wiring, masts or towers are not covered against loss caused by ice, snow, sleet, windstorm or hail.

**F.** The interior of buildings is not covered against loss caused by rain, snow, sand or dust, whether driven by wind or not, unless (1) the buildings shall first sustain an actual damage to roof or walls by the direct action of wind or hail, and then the State Insurance Fund (hereinafter referred to as "SIF") shall be liable for loss to the interior of the buildings as may be caused by rain, snow, sand or dust which enter the buildings through openings in the roof or walls made by direct action of wind or hail; or (2) such loss results from fire, lightning, aircraft, vehicles, explosion, riot, civil commotion, vandalism, malicious mischief, weight of ice, snow or sleet to the extent that such perils are insured against in this policy.

**G.** Buildings or structures in process of construction, including materials and supplies therefore, when covered under this policy, are not covered against loss unless caused by fire, lightning, windstorm, hail, aircraft, vehicles, smoke, explosion, riot, civil commotion, vandalism or malicious mischief, and then the SIF shall be liable only to the extent that such perils are insured against in this policy.

**H.** Property undergoing alterations, repairs, installations or servicing is not covered against loss if such loss is directly attributable to the operations or work being performed thereon, unless a peril not excluded by this policy ensues, and then the SIF shall be liable for only loss caused by such ensuing peril.

**I.** Except for loss caused by the "specified perils";

**1.** Fur and fur garments are covered for not exceeding loss in the aggregate of **\$1,000** in any one occurrence for all contributing insurance.

**2.** Jewelry and watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals are covered for not exceeding loss in the aggregate of **\$1,000** in any one occurrence for all contributing insurance. This limitation shall not apply to jewelry and watches valued at **\$25** or less per item.

**3.** Patterns, dies, molds, models and forms are covered for not exceeding loss in the aggregate of **\$1,000** in any one occurrence for all contributing insurance.

**4.** Stamps, tickets, and letters of credit are covered for not exceeding loss in the aggregate of **\$250** in any one occurrence for all contributing insurance.

**J.** Valuable papers and records meaning books of account, manuscripts, abstracts, drawings, card index systems and other records including film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing, are covered only against loss caused by the “specified perils”.

**K.** Animals and pets are not covered, except when held for sale or sold but not delivered, and then only against death or destruction directly resulting from or made necessary by the “specified perils”.

**L.** Glass, glassware, statuary, marbles, bric-a-brac, porcelains and other articles of a fragile or brittle nature are covered against loss by breakage only if directly caused by the “specified perils”. This limitation shall not apply to bottles or similar containers of property for sale, or sold but not delivered, nor to lenses of photographic or scientific instruments.

**M.** Steam boilers, steam pipes, steam turbines and steam engines are not covered against loss caused by bursting, rupture, cracking or explosion originating therein (other than explosion of accumulated gases or unconsumed fuel within a firebox or combustion chamber.)

**N.** Machines and machinery are not covered against loss caused by rupture, bursting or disintegration of their rotating or moving parts resulting from centrifugal or reciprocating force.

**O.** Personal property damaged as a result of exterior damage to the building is covered only against loss caused by the “specified perils”.

The term “specified perils” shall mean direct loss by fire, lightning, aircraft, explosion, riot, civil commotion, smoke, vehicles, windstorm or hail to property contained in any building, vandalism, malicious mischief and leakage or accidental discharge from automatic fire protective systems.

#### **SECTION IV - EXTENSIONS OF COVERAGE**

The total amount recoverable under the Extensions of Coverage in this form and Extensions of Coverage in any other form made a part of this policy are not cumulative and shall not exceed the largest amount recoverable under any single form made a part of this policy;

When, in accordance with the Other Insurance condition, there is Contributing Insurance, the SIF shall not be liable for more than it’s pro rata share of the limits set forth in the following Extensions of Coverage.

**A. Newly Acquired Property:** Any new structure will be automatically covered until the next renewal date. Should a loss occur, loss will be adjusted less the premium from date of occupancy. The next Certification must bring the new properties on to the schedule. This extension of coverage does not preclude the SIF’s normal procedure for reporting new properties.

**1.** New buildings and new structures being constructed on the described premises and intended for similar occupancy when not otherwise covered by insurance.

2. Buildings acquired by the named insured at any location, elsewhere than at the described premises, within or between the fifty states of the United States of America, the District of Columbia and Puerto Rico and used for similar occupancies or warehouse purposes.

3. Additional premium shall be due and payable for values so reported from the date construction begins or the property is acquired.

4. The named insured may apply up to 10% of the amount of insurance specified for Personal Property of the insured but not exceeding **\$10,000**, to cover direct loss in any one occurrence by a peril not otherwise excluded to such property at any location (except fairs and exhibitions) acquired by the named insured for similar occupancies or warehousing purposes, elsewhere than at the described premises within or between the fifty states of the United States of America, the District of Columbia and Puerto Rico. This coverage shall cease 30 days from the date of such acquisition or on the date values at such locations are reported to the SIF, or on the expiration date of the policy, whichever occurs first. Additional premium shall be due and payable for values so reported from the date the property is acquired.

**B. Off Premises:** The named insured may apply up to 2% of the amount of insurance specified for Building(s) and/or Personal Property therein, but not exceeding **\$5,000**, situated at a described location, to cover direct loss in any one occurrence by a peril not otherwise excluded to Building(s) and/or Personal Property covered, while removed from the described premises for purposes of cleaning, repairing, reconstruction or restoration. This Extension of Coverage shall not apply to loss by theft, to property in transit, or to property on any premises owned, leased, operated or controlled by the named insured.

**C. Valuable Papers and Records:** The named insured may apply up to **\$500** per occurrence per location to cover direct loss in any one occurrence by a peril not otherwise excluded to valuable papers and records consisting of books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing, and other records, all the property of the named insured at the described premises. This Extension of Coverage covers only the cost of research and other expense necessarily incurred by the named insured to reproduce, replace or restore such valuable papers and records. The total amount payable in any one occurrence under this Extension of Coverage shall not exceed the limit specified above, regardless of the number of described locations.

**D. Extra Expense:** The named insured may apply up to **\$1,000** per occurrence per location to cover the necessary extra expense incurred by the named insured in order to continue as nearly as practicable the normal operations of the named insured's business immediately following damage by a peril not otherwise excluded under this form to the buildings or personal property situated at the described premises.

“Extra Expense” means the excess of the total cost incurred during the period of restoration chargeable to the operations of the named insured's business over and above the total cost that would normally have been incurred to conduct the business during the same period had no loss occurred. Any salvage value of property obtained for temporary use during the period of restoration, which remains after the resumption of normal operations, shall be taken into consideration in the adjustment of any loss hereunder.



“Period of restoration” means that period of time, commencing with the date of damage and not limited by the date of expiration of this policy, as would be required with the exercise of due diligence and dispatch to repair, rebuild, or replace such part of said buildings or personal property as have been damaged.

The SIF shall not be liable under this Extension of Coverage for:

1. Loss of income;
2. The cost of repairing or replacing any of the described property, or the cost of research or other expense necessary to replace or restore books of account, manuscripts, abstracts, drawings, card index systems, film, tape, disc, drum, cell and other magnetic recording or storage media for electronic data processing, and other records that have been damaged by a peril not otherwise excluded, except cost in excess of the normal cost of such repair, replacement or restoration necessarily incurred for the purpose of reducing the total amount of extra expense. In no event shall such excess exceed the amount by which the total extra expense otherwise payable under this Extension of coverage is reduced; or
3. Any other consequential or remote loss.

**E. Damage to Buildings from Theft, Burglary or Robbery:** This policy includes loss (except by fire or explosion) to that part of the building occupied by the named insured and containing property covered, and to equipment therein pertaining to the service of the building but not building property or equipment removed from premises, directly resulting from theft, burglary or robbery (including attempt thereat), provided the named insured is the owner of such building or equipment or is liable for such damage, but in no event shall this coverage apply to glass (other than glass building blocks) or to any lettering or ornamentation thereon.

**F. Transportation:** The named insured may apply up to **\$1,000** to cover insured personal property (other than property in the care, custody or control of salesmen) during transportation by motor vehicles owned, leased or operated by the named insured for loss in any one occurrence caused by:

1. Fire, lightning, windstorm, hail, explosion, smoke, riot, riot attending a strike, civil commotion, vandalism or malicious mischief; or
2. Collision, overturning or upset of the vehicle; meaning thereby the violent and accidental contact of the vehicle conveying the property described herein with any other vehicle or object excluding any loss or damage done by coming in contact with any portion of the road bed or by means other than as expressly indicated; or
3. Theft of an entire shipping bale, case or package from a vehicle while such property is contained in a fully enclosed and securely locked body or compartment and theft results from forcible entry, evidenced by visible marks upon such body or compartment.

This Extension of Coverage covers the above described property while in transit within or between the fifty states of the United States of America, the District of Columbia and Puerto Rico.

## **SECTION V - PERILS INSURED AGAINST**

This policy insures against all risks of direct physical loss subject to the provisions and stipulations herein and in the policy of which this form is made a part.

## SECTION VI – EXCLUSIONS

### **A. This policy does not insure under this form against loss caused by:**

1. Enforcement of any ordinance or law regulating the use, construction, repair, or demolition of property, including debris removal expense;
2. Unexplained or mysterious disappearance of property, or shortage of property disclosed on taking inventory, or caused by any willful or dishonest act or omission of the named insured or any associate, employee or agent of any insured; or
3. Actual work upon, installation or testing of property covered; failure, breakdown or derangement of machines or machinery, mechanical breakdown, including rupture or bursting caused by centrifugal force; error, omission or deficiency in design, specifications, workmanship or materials; unless loss by fire or explosion not otherwise excluded ensues and then the SIF shall be liable for only such ensuing loss;
4. Any electrical injury or disturbance to electrical appliances, devices, fixtures or wiring caused by electrical currents artificially generated unless fire as insured against ensues, and then the SIF shall be liable for only loss caused by the ensuing fire;
5. Leakage or overflow from plumbing, heating, air conditioning or other equipment or appliances (except fire protective systems) caused by or resulting from freezing while the described building is vacant or unoccupied, unless the named insured shall have exercised due diligence with respect to maintaining heat in the buildings or unless such equipment and appliances had been drained and the water supply shut off during such vacancy or unoccupancy;
6. Delay, loss of market, interruption of business, or consequential loss of any nature;
7.
  - (a) wear and tear, marring or scratching;
  - (b) deterioration, inherent vice, latent defect;
  - (c) rust, mold, wet or dry rot, contamination;
  - (d) dampness or dryness of atmosphere, changes in or extremes of temperature;
  - (e) smog, smoke from agricultural smudging or industrial operations;
  - (f) birds, vermin, rodents, insects or animals;

unless loss by fire, smoke (other than smoke from agricultural smudging or industrial operations), explosion, collapse of a building, glass breakage or water not otherwise excluded ensues, then this policy shall cover only such ensuing loss.

If loss by water not otherwise excluded ensues, this policy shall also cover the cost of tearing out and replacing of an part of the building covered required to effect repairs to the plumbing,

heating or air conditioning system or domestic appliance but excluding loss to the system or appliance from which the water escapes;

**8.** Explosion of steam boilers, steam pipes, steam turbines or steam engines (except direct loss resulting from the explosion of accumulated gases or unconsumed fuel within the firebox, or combustion chamber, of any fired vessel or within the flues or passages which conduct the gases of combustion there from) if owned by, leased by or operated under the control of the named insured or for any ensuing loss except by fire or explosion not otherwise excluded, and then the SIF shall be liable for only such ensuing loss;

**9.** Voluntary parting with title or possession of any property by the named insured or others to whom the property may be entrusted if induced to do so by any fraudulent scheme, trick, device or false pretense;

**10.** Any fraudulent, dishonest or criminal act done by or at the instigation of any insured, partner or joint adventurer in or of an insured, an officer, director or trustee of any insured; pilferage, appropriation or concealment of any property covered due to any fraudulent, dishonest or criminal act of any employee while working or otherwise, or agent of any insured, or any person to whom the property covered may be entrusted;

**11.** Theft (including but not limited to burglary and robbery) of any property which at the time of loss is not installed or attached to or made part of a building or structure (except direct loss by pillage and looting occurring during and at the immediate place of a riot or civil commotion), unless loss by a peril not otherwise excluded in this policy ensues from theft or attempted theft, and then the SIF shall be liable only for such ensuing loss;

**12.** Vandalism, malicious mischief, theft or attempted theft, if the building had been vacant or unoccupied beyond a period of 30 consecutive days immediately preceding the loss, unless loss by a peril not otherwise excluded in this policy ensues, and then the SIF shall be liable for only ensuing loss;

**13.** Continuous or repeated seepage or leakage of water from within plumbing, heating or air conditioning system or from within a domestic appliance which occurs over a period of weeks, months, or years;

**14.** Rain, snow, or sleet to property in the open.

**B. This policy does not insure under this form against** loss caused directly or indirectly by the interruption of power or other utility service furnished to the described premises if the interruption takes place away from the described premises.

If a peril not otherwise excluded ensues on the described premises, the SIF will pay only for loss caused by the ensuing peril.

**C. This policy does not insure under this form against** loss caused by, resulting from, contributed to or aggravated by any of the following:

**1.** Earthmovement, including but not limited to earthquake, landslide, mudflow, earth sinking, earth rising or shifting;

2. Flood, surface water, waves, tidal water or tidal waves, overflow of streams or other bodies of water, or spray from any of the foregoing, all whether driven by wind or not;

3. Water which backs up through sewers or drains; or

4. Water below the surface of the ground including that which exerts pressure on or flows, seeps or leaks through sidewalks, driveways, foundations, walls, basement or other floors, or through doors, windows or any other openings in such sidewalks, driveways, foundations, walls or floors; unless fire or explosion as insured against ensues, and then the SIF shall be liable for only loss caused by the ensuing fire or explosion; but these exclusions shall not apply to loss arising from theft.

**D. War Risk and Governmental Action Exclusions:** This policy shall not apply to loss caused, directly or indirectly, by or due to any act or condition incident to the following:

1. Hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack (a) by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or (b) by military, naval or air forces; or (c) by an agent of such government, power, authority or forces, it being understood that any discharge, explosion or use of any weapon of war employing nuclear fission or fusion shall be conclusively presumed to be such a hostile or warlike action by such a government, power, authority or forces;

2. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence; seizure or destruction under quarantine or custom's regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.

**E. Nuclear Clause and Nuclear Exclusion:**

1. **Nuclear Clause:** The word "fire" in this policy is not intended to and does not embrace nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, and loss by nuclear reaction or nuclear radiation or radioactive contamination is not intended to be and is not insured against by this policy, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by "fire" or any other perils insured against by this policy. However, subject to the foregoing and all provisions of this policy, direct loss by "fire" resulting from nuclear reaction or nuclear radiation or radioactive contamination is insured against by this policy.

2. **Nuclear Exclusion:** Loss by nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing is not insured against by this policy, whether such loss be direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by any of the perils insured against by this policy; and nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled is not "explosion" or "smoke". This clause

applies to all perils insured against hereunder except the peril of fire, which is otherwise provided for in the nuclear clause above.

**F. Terrorism Exclusion:**

We will not pay for loss or damage caused directly or indirectly by "terrorism", including action taken to prevent, defend against, respond to or retaliate against an actual or suspected incident of "terrorism".

“Terrorism” is any act involving the use or threat of: force, violence, dangerous conduct, interference with the operations of any business, government or other organization or institution, or any similar act,

When the effect or apparent purpose is:

(i) To influence or instill fear in any government (de jure or de facto) or the public, or any segment of either; or

(ii) To further or to express support for, or opposition to, any political, religious, social, ideological, or similar type of objective or position.

Any act which satisfies the definition of “Terrorism” as provided herein shall not be considered to be vandalism, malicious mischief, riot, civil commotion, or any other risk of physical loss or damage covered elsewhere in this policy.

## **SECTION VII – OTHER PROVISIONS**

**A. Other Insurance:**

1. If at the time of loss there is other insurance written in the name of the insured upon the same plan, terms, conditions and provisions as contained in this policy, herein referred to as Contributing Insurance, the SIF shall be liable for no greater proportion of any loss than the amount of insurance under this policy bears to the whole amount of insurance covering such loss.

2. If at the time of loss there is other insurance other than that as described in A. above, the SIF shall not be liable for any loss hereunder until:

(a) the liability of such other insurance has been exhausted, and

(b) then for only such amount as may exceed the amount due from such other insurance, whether collectible or not.

**B. Control of Property:** This insurance shall not be prejudiced by any act or neglect of any person (other than the named insured), when such act or neglect is not within the control of the named insured.

**C. Divisible Contract Clause:** If this policy covers two or more buildings, the breach of any condition of the policy in any one or more of the buildings covered or containing the property covered shall not prejudice the right to recover for loss occurring in any building

covered or containing the property covered, where at the time of loss a breach of condition does not exist.

**D. Inspection of Property and Operations:** The SIF and any person or organization making inspections on the SIF's behalf shall be permitted but not obligated to inspect the named insured's property and operations at any time. Neither the right of the SIF and any person or organization to make such inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the named insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

**E. Liberalization:** If, during the period that insurance is in force, under this policy, or within 45 days prior to the inception date thereof, on behalf of the SIF there be adopted or filed with and approved or accepted by the insurance supervisory authorities, all in conformity with law, any changes in the form attached to this policy by which this form of insurance could be extended or broadened without increased premium charge by endorsement or substitution of form, then such extended or broadened insurance shall inure to the benefit of the named insured hereunder as though such endorsement or substitution of form had been made.

**F. Loss Clause:** Any loss hereunder shall not reduce the amount of this policy.

**G. Mortgage Clause:** (Applies only when policy is made payable to a named mortgagee or trustee.)

Loss or damage, if any, under this policy, shall be payable to the mortgagee (or trustee), named on the first page of this policy, as interest may appear, under all present or future mortgages upon the property herein described in which the aforesaid may have an interest as mortgagee (or trustee) in order of precedence of said mortgages, and this insurance, as to the interest of the mortgagee (or trustee) only therein, shall not be invalidated by any act or neglect of the mortgagor or owner of the within described property, nor by any foreclosure or other proceedings or notice of sale relating to the property, nor by any change in the title or ownership of the property, nor by the occupation of the premises for purposes more hazardous than are permitted by this policy; provided, that in case the mortgagor or owner shall neglect to pay any premium due under this policy, the mortgagee (or trustee) shall, on demand, pay the same.

Provided, also, that the mortgagee (or trustee) shall notify the SIF of any change of ownership or occupancy or increase of hazard which shall come to the knowledge of said mortgagee (or trustee) and, unless permitted by this policy, it shall be noted thereon and the mortgagee (or trustee) shall, on demand, pay the premium for such increased hazard for the term of the use thereof; otherwise, this policy shall be null and void.

The SIF reserves the right to cancel this policy at any time as provided by its terms, but in such case this policy shall continue in force for the benefit only of the mortgagee (or trustee) for 10 days after notice to the mortgagee (or trustee) of such cancellation and shall then cease, and the SIF shall have the right, on like notice, to cancel this agreement.

Whenever the SIF shall pay the mortgagee (or trustee) any sum for loss under this policy and shall claim that, as to the mortgagor or owner, no liability therefore existed, the SIF shall, to the extent of such payment, be thereupon legally subrogated to all the rights of the party to whom

such payment shall be made, under all securities held as collateral to the mortgage debt, or may, at its option, pay to the mortgagee (or trustee) the whole principal due or to grow due on the mortgage with interest, and shall thereupon receive a full assignment and transfer of the mortgage and of all such other securities; but no subrogation shall impair the right of the mortgagee (or trustee) to recover the full amount of said mortgagee's (or trustees) claim.

**H. Permits and Use:** Except as otherwise provided, permission is granted:

1. To make alterations and repairs;

2. In the event of loss hereunder, to make reasonable repairs, temporary or permanent, provided such repairs are confined solely to the protection of the property from further damage, and provided further that the named insured shall keep an accurate record of such repair expenditures. The cost of any such repairs directly attributable to damage by any peril not otherwise excluded shall be included in loss hereunder.

Nothing herein contained is intended to modify the policy requirements applicable in case loss occurs, and in particular the requirement that, in case loss occurs, the named insured shall protect the property from further damage.

**I. Protective Safeguards:** It is a condition of this insurance that the named insured shall maintain, so far as is within his control, such protective safeguards as are set forth by endorsement, if attached.

Failure to maintain such protective safeguards shall suspend this insurance, only as respects the location or situation affected, for the time of such discontinuance.

**J. Subrogation:**

1. In the event of any payment under this policy, the SIF shall be subrogated to all the named insured's rights of recovery against any person or organization and the named insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The named insured shall do nothing after loss to prejudice such rights.

2. The SIF shall not be bound to pay any loss if the named insured has impaired any right of recovery for loss; however, it is agreed that the named insured may:

(a) as respects property in transit, accept such bills of lading, receipts or contracts of transportation as are ordinarily issued by carriers containing a limitation as to the value of such goods or merchandise.

**K. No Benefit To Bailee:** This insurance shall not inure directly or indirectly to the benefit of any carrier or other bailee.

**L. Report To Police:** When either a loss or occurrence takes place, the named insured shall give notice thereof to the proper police authority if loss or occurrence is due to a violation of law.