

DIFFERENCE IN CONDITIONS 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 I., **DEFINITIONS**.

A. COVERAGE

In return for your payment of the required premium, we will pay for accidental direct physical loss or damage to Covered Property at the locations described in the Declarations caused by or resulting from a Covered Cause of Loss first commencing during the Policy period. A Covered Cause of Loss means direct physical loss unless the loss is excluded in Sections C., **PROPERTY EXCLUDED** or D., **CAUSES OF LOSS EXCLUDED**, or excluded or limited in the Declarations or by endorsement.

1. Covered Property

- a. **Building**, meaning the building or structure described in the Declarations, including:
- (1) Completed additions;
 - (2) Interior and exterior fixtures, which are permanently affixed to the building;
 - (3) Other fixtures not described in (2) above, but only when specifically described in the Declarations;
 - (4) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
 - (5) Personal property owned by you that is used to maintain or service the building or structure on its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
 - (6) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to buildings or structures at the locations described in the Declarations. An addition does not include new construction of any separate building or structure;
 - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described location, used for making additions, alterations or repairs to the building or structure.

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- b. **Contents**, meaning furniture, fixtures, machinery and equipment being property belonging to you, or such properties of others in your care, custody or control and for which you are liable in the event of a direct physical loss.
- c. **"Stock"**, including "stock" of others in your care, custody or control and for which you are liable in the event of a direct physical loss.
- d. **Tenant's Improvements and Betterments**, meaning fixtures, alterations, installations or additions:
 - (1) Made a part of the building you occupy but do not own; and
 - (2) You acquired or made at your expense but cannot legally remove.

2. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraph (3) below, 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 date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to remove debris caused by an excluded cause of loss.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
 - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property, as specified in Section A. 2., **LIMITS OF INSURANCE** in the Declarations, that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.
- (4) We will not be liable under this policy for:
 - (a) Any greater proportion of such expense than the amount of insurance hereunder bears to the total amount of all insurance, whether all such insurance contains this clause or not.
 - (b) Loss occasioned by the enforcement of any state or municipal law or ordinance which necessitates the demolition of any portion of the building which has not suffered loss by any Covered Cause of Loss unless such liability is otherwise specifically insured by this policy.

b. Limited Coverage for "Fungus", Wet Rot, Dry Rot and Bacteria

- (1) The coverage described in A.2.b.(2) only applies when the "fungus", wet or dry rot or bacteria is the result of a Covered Cause of Loss that occurs during the Policy Period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
- (2) The amount of \$5,000 is the most we will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
 - (a) Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;

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- (b) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
- (c) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.
- (3) The coverage described under **b.(2)** of this Limited Coverage is limited to \$5,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of Covered Causes of Loss which take place during the Policy Period. With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$5,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later Policy Period.
- (4) The coverage provided under this Limited Coverage does not increase the applicable Limits of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limits of Insurance on the affected Covered Property, as specified in Section **A. 2., LIMITS OF INSURANCE** in the Declarations.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

Increase in loss or damage as used in this Limited Coverage means any loss, damage, cost or expense resulting from the presence, treatment, removal or disposal of "fungus", wet or dry rot or bacteria as excluded in this policy.

c. Limited Coverage for Land Stabilization and Building Foundations

- (1) We will pay your expenses, including engineering costs, to replace, stabilize or restore the land that supports the damaged Building when necessary in order to repair the Building which has suffered structural damage. The structural damage to the Building must be directly caused by the perils of either "earthquake" or flood. This Limited Coverage is then only provided if a limit is shown in the Declarations for the peril that caused the structural damage.

The Limited Coverage under this subsection **c.(1)** only applies if:

- (a) the stabilization or restoration is required in order to repair damage to the damaged Building located directly upon that land; and
- (b) the damage to land is the result of "earthquake", or flood if endorsed onto this policy.

This Limited Coverage does not apply to costs to stabilize or restore land if the land damage is caused by an excluded cause of loss.

We do not provide any other coverage for land, land damage or landscaping.

- (2) We will pay your expenses to repair or replace Building foundations when required in order to repair the Building which has suffered structural damage. The structural damage to the Building must be directly caused by the perils of either "earthquake" or flood. This Limited Coverage is then only provided if a limit is shown in the Declarations for the peril that caused the structural damage.

The Limited Coverage under this subsection **c.(2)** only applies if:

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- (a) the repair or replacement of Building foundations is required in order to repair damage to the damaged Building located directly upon those foundations; and
- (b) the damage to foundations is the result of "earthquake", or flood if endorsed onto this policy.

This Limited Coverage does not apply to expenses to repair or replace Building foundations if the damage to the Building is caused by an excluded cause of loss.

As used in this Limited Coverage, Building foundations means the foundations of buildings, machinery or boilers if their foundations are below:

- a. the lowest basement floor; or
- b. the surface of the ground, if there is no basement;

The amount of \$5,000 is the most we will pay for Land Stabilization and Building Foundations under this Limited Coverage. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all "loss occurrences" caused by "earthquake" or flood which take place during the Policy Period.

Structural damage to the Building must exceed the deductible in order for this Limited Coverage to apply.

The expenses for land stabilization and/or Building Foundations will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

Payments made for coverage under this Limited Coverage for Land Stabilization and Building Foundations are within the Limits of Insurance and will not serve to increase our Limits of Insurance shown in the Declarations.

B. DEDUCTIBLE CLAUSE

All claims for loss or damage arising out of a single "loss occurrence" will be adjusted as one claim, and we will then be liable for the excess of the percentage(s) or amount(s) shown in the Declarations, but in no event to exceed the applicable Limits of Insurance shown in the Declarations. If two or more causes of loss covered by this policy contribute to a single "loss occurrence", the total deductible will be the largest deductible applicable.

a. Per Unit of Insurance

When "Per Unit" is indicated in the Declarations, your deductible is calculated separately for, and applied separately to each Unit of Insurance. Each separate Coverage Item described in Section E. SCHEDULE OF LOCATIONS AND VALUES in the Declarations is considered a separate Unit of Insurance. The deductible is calculated by multiplying the deductible percentage separately to the stated value of each Unit of Insurance.

EXAMPLE – APPLICATION OF PER UNIT OF INSURANCE DEDUCTIBLE

The coverages and amounts shown in the example may not be applicable to your policy. They are being used only to provide you with an example.

One location with one Building:

Building #1 - The total stated value of the Building is \$800,000, Contents is \$700,000 and Business Income is \$200,000

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The total adjusted loss at Building #1 = \$100,000 in Building damage, \$600,000 in Contents damage and \$150,000 for Business Income loss.

Deductible = 10%

Step 1: Building deductible = \$800,000 x 10% = \$80,000

Step 2: Contents deductible = \$700,000 x 10% = \$70,000

Step 3: Business Income deductible = \$200,000 x 10% = \$20,000

Step 4: Building damage less deductible = \$100,000 - \$80,000 = \$20,000

Step 5: Contents damage less deductible = \$600,000 - \$70,000 = \$530,000

Step 6: Business Income loss less deductible = \$150,000 - \$20,000 = \$130,000

The most we will pay is \$680,000. That portion of the total adjusted loss not covered due to the application of the deductibles is \$170,000.

b. Per Location

When "Per Location" is indicated in the Declarations, your deductibles are calculated separately for, and applies separately to each location stated in Section E. **SCHEDULE OF LOCATIONS AND VALUES** in the Declarations. The deductible is calculated by multiplying the deductible percentage to the sum of the coverage values for all Coverage Items associated with each location stated in Section E. **SCHEDULE OF LOCATIONS AND VALUES** of the Declarations, regardless of whether such Coverage Items incurred loss or damage.

EXAMPLE – APPLICATION OF PER LOCATION DEDUCTIBLE

The coverages and amounts shown in the example may not be applicable to your policy. They are being used only to provide you with an example.

Two locations with two Buildings at Location #1 and one building at location #2:

Location #1, Building #1 - The total stated value of the Building, Contents and Business Income is \$1,920,000. The total adjusted loss for Building, Contents and Business Income at Building #1 = \$1,000,000

Location #1, Building #2 - The total stated value of the Building, Contents and Business Income is \$140,000. The total adjusted loss for Building, Contents and Business Income at Building #2 = \$30,000

Location #2, Building #1 - The total stated value of the Building, Contents and Business Income is \$900,000. The total adjusted loss for Building, Contents and Business Income at Location #2 = \$200,000

Deductible = 10%

Step 1: Total adjusted loss at Location #1 = Building #1 loss plus Building #2 loss = \$1,000,000 + \$30,000 = \$1,030,000

Step 2: Total adjusted loss at Location #2 = \$200,000

Step 3: Deductible applied to Location #1 = stated value at Building #1 plus the stated value at Building #2 = (\$1,920,000 + \$140,000) x 10% = \$206,000

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Step 4: Deductible applied to Location #2 = stated value of Location #2 = \$900,000 x 10% = \$90,000

Step 5: Location #1 loss minus deductible = \$1,030,000 - \$206,000 = \$824,000

Step 6: Location #2 loss minus deductible = \$200,000 - \$90,000 = \$110,000

The most we will pay is \$934,000. That portion of the total adjusted loss not covered due to the application of the deductible is \$296,000.

c. Per Policy

When "Per Policy" is indicated in the Declarations, your deductible is calculated by multiplying the deductible percentage to the sum of the collective values for all Coverage Items stated in Section **E. SCHEDULE OF LOCATIONS AND VALUES** in the Declarations, regardless of whether such Coverage Items incurred loss or damage.

EXAMPLE – APPLICATION OF PER POLICY DEDUCTIBLE

The coverages and amounts shown in the example may not be applicable to your policy. They are being used only to provide you with an example.

Two locations with one Building at each location:

Location #1 - The total stated value of the Building, Contents and Business Income is \$2,000,000.

The total adjusted loss for Building, Contents and Business Income at Location #1 = \$1,600,000

Location #2 – The total stated value of the Building, Contents and Business Income is \$400,000.

The total adjusted loss for Building, Contents and Business Income at Location #2 = \$0

Deductible = 10%

Step 1: \$2,000,000 + \$400,000 = \$2,400,000 (total Policy values for all Coverage Items)

Step 2: Deductible applied to the policy = \$2,400,000 x 10% = \$240,000

Step 3: Loss minus deductible = \$1,600,000 - \$240,000 = \$1,360,000

The most we will pay is \$1,360,000. That portion of the total adjusted loss not covered due to the application of the deductible is \$240,000.

C. PROPERTY EXCLUDED

We will not pay for loss or damage to the following property unless, for the specific property, a stated value is shown in Section **E. SCHEDULE OF LOCATIONS AND VALUES** and/or a sub-limit of insurance is shown in Section **A.1.a. LIMITS OF INSURANCE** in the Declarations or in an endorsement to this policy:

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1. Accounts, bills, deeds, evidences of debt, currency, money, notes, securities, stamps, original drawings and specifications, letters of credit, passports, tickets (including lottery tickets), valuable papers or records. We will not pay for the cost or expense to research, replace or restore the information on valuable papers and records, including those which exist on electronic or magnetic media;
2. Living organisms of any kind, including but not limited to animals, growing plants, trees or shrubs (except when held for sale, or when used for decorative purposes inside buildings), growing crops or lawns;
3. Antiques, objects of art, sculpture, property of artistic, historical or scientific significance whether or not constituting part of the covered buildings; or any item scheduled under a Fine Arts or other scheduled property floater;
4. Bridges, tunnels, dams, trestles, culverts, swales, roadways, walks, patios or other paved surfaces;
5. Contraband, or property in the course of illegal transportation or trade;
6. Contractors' equipment;
7. Electronic data processing equipment including but not limited to computers, servers, networks, mainframes, electronic accounting machines, all supporting machinery, magnetic tapes, discs, cards, drives, blades, and any storage device owned by you, leased to, or rented to you, unless specifically endorsed to this policy;
8. Electronic data, including but not limited to information, records, files, facts, and all software including operating systems, computer programs, procedures, applications, and source material stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment, including the cost or expense to research, replace or restore electronic data. The term computer programs means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph 8. does not apply to your "stock" of prepackaged software;
9. Exported or imported property that is covered under any ocean marine cargo insurance policy or any similar policy covering exports and imports;
10. Signs (other than signs attached to buildings); radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
11. Foundations of buildings, 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;Even if the building sustains covered direct physical damage that results in enforcement of an ordinance or law requiring demolition and construction or repair of damaged or undamaged foundations, these foundations are excluded from coverage under this policy except to the extent provided under Section **A.2.c., Limited Coverage for Land Stabilization and Building Foundations**;
12. Grain, hay, straw or other crops;
13. Jewelry, watches, pearls, precious and semi-precious stones, gold, silver, platinum, other precious metals or alloys, bullion, furs, and articles trimmed with fur;

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14. Land or land value (including land on which the property is located), or air or water, howsoever and wherever located, or any interest or right therein, including underground or surface water, water rights and mineral rights. We will not pay for the cost of excavations, grading, backfilling or filling except to the extent provided under Section **A.2.c. Limited Coverage for Land Stabilization and Building Foundations**;
15. Mining equipment;
16. Motor vehicles, watercraft, aircraft;
17. Pilings, piers, bulkheads, wharves or docks;
18. Pools, spas, hot tubs, or fountains;
19. Property in the course of construction, including materials and supplies thereof;
20. Property sold by you under conditional sales, trust agreements, installment payments or other deferred payment plans after delivery to customers;
21. Property in transit, including but not limited to shipments in the mail;
22. Power transmission and/or distribution lines;
23. Railroad rolling stock, including locomotives, or roadbeds;
24. Fences;
25. Retaining and non-retaining walls unless they are part of the building(s) described in the Declarations;
26. Underground Utilities, meaning underground pipes, flues or drains; including, but not limited to water, gas, electrical, communications and sanitary systems;
27. Irrigation systems;
28. Electric vehicle charging stations;
29. Solar energy systems, unless permanently affixed to the building described in the Declarations.

D. CAUSES OF LOSS EXCLUDED

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

1. The following causes of loss are excluded whether or not insurance for such causes of loss is being maintained by you at the time of the loss and whether or not such loss or damage is directly or indirectly caused by or contributed to by a cause of loss covered under this policy:
 - a. Aircraft or vehicles, including loss or damage by objects falling from aircraft as well as loss or damage caused by or resulting from vehicles owned by you or operated in the course of your business;
 - b. Any causes of loss covered under policies maintained by you as required by Section **F.7., All Risk Coverage Warranty**, of this form;
 - c. Explosion, including, but not limited to, 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. Explosion also includes:

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- (1) The rupture, bursting, or operation of pressure relief devices; and
- (2) The rupture or bursting due to expansion or swelling of the contents of any building, caused by or resulting from water;
- d. Falling objects, including loss or damage to personal property in the open and to the interior of a building or property inside a building;
- e. Fire and/or lightning;
- f. Flood, including but not limited to:
 - 14. The overflow or breaking of natural or artificial boundaries or confines of inland or tidal waters;
 - 15. The unusual and rapid accumulation or runoff of inland surface waters from any source or by their spray;
 - 16. Waters changing course;
 - 17. Waves, wave wash, wave action, storm surge, or their spray, all whether driven by wind or not;
 - 18. The release or overtopping of water held by a dam, levee, dike, canal or conduit or by any water or flood control device or system, regardless of location, or from breach or failure, by any cause, of any of the foregoing;
 - 19. Underground waters rising;
 - 20. Tsunami or tidal wave;
 - 21. Seiche;

All whether such loss or damage results from an event that occurs suddenly or gradually, or involves isolated or widespread damage.

We will not pay for loss or damage resulting from waterborne material involved in the flood. We will not pay for loss or damage whether the flood is driven by wind or not; or whether the flood was caused by natural, external, or man-made forces. We will not pay for loss or damage due to flood which results from the intentional or negligent act, error, omission or professional negligence of any party.

However, if flood coverage is endorsed to and made part of this policy, we will pay for loss subject to the limited coverage provided by that endorsement.

- g. Riot or civil commotion, including, but not limited to:
 - (1) Acts of striking employees while occupying the described location; and/or
 - (2) Looting occurring at the time and place of a riot or civil commotion;
- h. Sinkhole collapse, including but not limited to loss or damage caused by the sudden sinking or collapse of land into underground empty spaces created by the action of water on soil and/or bedrock, or the sinking or collapse of land into man-made underground cavities;
- i. Smoke, including, but not limited to, gas, vapor and smoke from agricultural smudging or industrial operations;
- j. Sprinkler leakage, meaning leakage or discharge of any substance from an "automatic sprinkler system", including collapse of a tank that is part of the system;

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- k. Vandalism and malicious mischief, meaning willful and malicious damage to, or destruction of, Covered Property;
- l. Water. This includes water from any source whatsoever above, on or below the surface of the ground, whether natural or otherwise. This water exclusion applies even if water combines or contributes in any way with any other excluded cause of loss to cause the loss or damage.

However, if flood coverage or earthquake sprinkler leakage coverage is endorsed to and made part of this policy, we will pay for loss subject to the limited coverage provided by those endorsements.

- m. Weather Conditions, including, but not limited to:

- (1) Windstorm or hail;
- (2) Frost or cold weather;
- (3) Ice, rain, snow or sleet, whether driven by wind or not;
- (4) Loss or damage to the interior or exterior of any building, or the property inside or outside the building, caused by rain, snow, sleet, sand or dust, whether driven by wind or not;

- n. Weight of snow, hail, ice or sleet, including loss or damage to personal property outside of buildings;

- 2. a. Acts or decisions, including the failure to act or decide, of any person, organization or governmental body;

- b. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation, or remodeling; or
- (4) Maintenance of part or all of any property on or off the locations covered;

- 3. Any fraudulent scheme, trick, device or false pretense perpetrated upon you or upon any person(s) to whom the property may be entrusted;

- 4. Asbestos, dioxins, nano materials or polychlorinated biphenyls removal, encapsulation, covering, or any manner of control or abatement from any goods, products, "stock", contents or building. We will not pay for loss or damage caused by or resulting from:

- a. Demolition, increased cost of construction, repair, debris removal or loss of use necessitated by the enforcement of any law or ordinance regulating asbestos, dioxins, nano materials or polychlorinated biphenyls;

- b. Any governmental direction or request declaring that asbestos materials, dioxins, nano materials or polychlorinated biphenyls present in or part of or utilized on any undamaged portion of your property can no longer be used for the purpose for which it was intended or installed and must be removed or modified; or

- c. The presence of asbestos, dioxins, nano materials or polychlorinated biphenyls in any building as defined in Section A.1.a. of this policy;

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5. Dampness of atmosphere, dryness of atmosphere, extremes or changes of temperature or barometric pressure, all whether atmospheric or not, shrinkage, evaporation, loss of weight, rust or corrosion;
6. Delay, loss of market, loss of use, interruption of business, consequential loss of any nature; except when specifically covered by endorsement and then only to the limited extent of coverage provided by that endorsement;
7. Denial of service, including but not limited to authorized or unauthorized direction of a high volume of messages or inquiries to web sites or e-mail destinations, effectively denying, interrupting or limiting legitimate access, including but not limited to spamming or phishing;
8. Earth movement, including but not limited to:
 - a. "Earthquake". However, this exclusion a. only applies if "earthquake" contributes in any way with one of the following causes or events to produce the loss or damage:
 - a. Fire;
 - b. Explosion;
 - c. Volcanic Eruption;
 - d. Tsunami;
 - e. Nuclear reaction, nuclear radiation or radioactive contamination;
 - f. "Pollutants", including the discharge, dispersal, seepage, migration, release or escape of "pollutants", including but not limited to any cost or expense to extract "pollutants", remove, restore or replace polluted land, air or water, or investigate any loss, injury or damage or for any cost, fine or penalty or any related expense or claim or suit;
 - g. Flood, except when flood coverage is purchased and made a part of this policy and then only to the limited extent of coverage provided by that endorsement;
 - h. Power surge or failure of power, communication, water or other utility service supplied to the described location;
 - i. Sprinkler leakage, meaning leakage or discharge of any substance from an "automatic sprinkler system", including collapse of a tank that is part of the system; except when covered by an Additional Coverage Earthquake Sprinkler Leakage endorsement attached to and made a part of this policy and then only to the limited extent of coverage provided by that endorsement;
 - j. Water excluded in 1.I. of this section **D. CAUSES OF LOSS EXCLUDED** and water, other liquids, gas, powder or molten material that leaks or flows from plumbing, heating, air conditioning, or other equipment;
 - b. Landslide and/or avalanche, and any earth sinking, rising or shifting related to such an event;
 - c. Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
 - d. Subsidence, earth sinking, rising or shifting, including soil conditions which cause settling, cracking, or other disarrangement of foundations or other parts of real property. Soil conditions include, but are not limited to, contraction, expansion, freezing, thawing, erosion, improperly compacted, graded and/or maintained soil and/or the action of water under the ground surface;
 - e. Collapse of volcanic edifice;

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- f. Man-made shaking or vibrations;
 - g. Mudslide or mudflow;
9. Electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with electrical or electronic wire, device, appliance, fixture, system or network. For the purposes of this exclusion, electrical, magnetic or electromagnetic energy includes, but is not limited to:
- a. Electrical current, including arcing;
 - b. Electrical charge produced or conducted by a magnetic or electromagnetic field;
 - c. Pulse of electromagnetic energy; or
 - d. Electromagnetic waves or microwaves;
10. Enforcement of or compliance with any ordinance or law regulating the construction, use, repair or demolition of any real property insured under this policy. This exclusion applies whether the loss results from an ordinance or law that is enforced even if the property has not been damaged; or the loss results from the increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property;
11. Errors in design, errors in processing, faulty workmanship or faulty materials;
12. Explosion or rupture or bursting of pressure vessels, pipes, or steam boilers, or steam engines, or steam turbines, or flywheels; any of which is owned, leased or operated by you;
13. Failure of power, communication, water or other utility service supplied to the described location, however caused. Failure of any utility service includes lack of sufficient capacity and reduction in supply. Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular, satellite or other communication network;
14. a. The failure, malfunction or inadequacy of:
- (1) Any of the following, whether belonging to you or to others:
 - (a) Computer hardware including microprocessors;
 - (b) Computer application software;
 - (c) Computer operating systems and related software;
 - (d) Computer networks;
 - (e) Microprocessors (computer chips) not part of any computer system; or
 - (f) Any other computerized or electronic equipment or components; or
 - (2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph a.(1) above.
- b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph a. (1) and a. (2) above;
- We will not pay for repair, replacement or modification of any items in Paragraphs a. (1) and a. (2) above to correct any deficiencies or change any features;
15. Freezing and/or thawing of plumbing or heating systems;
16. "Fungus", wet rot, dry rot and bacteria

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This exclusion applies regardless of whether “fungus”, wet rot or dry rot or bacteria arises from any other cause of loss, which may otherwise be covered by this policy, except to the extent provided under Section **A.2.b., Limited Coverage for “Fungus”, Wet Rot, Dry Rot and Bacteria**;

17. Geomagnetic storms, solar flares, solar eruptions or bursts including plasma bubbles or ejections, magnetic field or magnetosphere fluctuations or disruptions, comets, asteroids, meteorites, or any falling spacecraft, part or fragment thereof;
18. Hostile or warlike action in time of peace or war, including:
 - a. Action in hindering, combating or defending against an actual, impending or expected attack by:
 - (1) Any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or
 - (2) Military, naval or air forces; or
 - (3) Any agent of any government, power, authority or forces;
 - b. Use of any weapon in time of peace or war, including but not limited to weapons employing atomic fission or radioactive force;
 - c. Insurrection, rebellion, revolution, civil war, usurped power or martial law or action taken by governmental authority in hindering, combating or defending against any such occurrence, seizure or destruction under quarantine or customs regulation, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade;
19. Infidelity or any dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
 - a. Acting alone or in collusion with others; or
 - b. Whether or not occurring during the hours of employment;
20. Spoilage, leakage of contents, breakage of glass or similar fragile materials, marring, scratching, exposure to light, contamination, change in flavor or color or texture or finish, changes in temperature or humidity;
21. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
22. Nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled;
23. Pilferage, burglary, larceny, looting, robbery, theft, or attempted theft;
24. “Pollutants”, including loss or damage caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of “pollutants”, including but not limited to any cost or expense to:
 - a. Extract “pollutants” from land, air or water; or
 - b. Remove, restore or replace polluted land, air or water; or
 - c. Investigate any loss, injury, or damage, or for any cost, fine, or penalty or for any expense or claim or suit related to either **a.** or **b.** above;
25. Settling, shrinkage, subsidence or expansion of foundations, walls, floors, or ceilings;
26. Seizure or destruction of property by order of governmental authority;

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27. "Terrorism", including loss, damage, cost or expense caused by, resulting from or in connection with:
- a. Any act of "terrorism";
 - b. The use or threatened use of biological, chemical, radiological or nuclear substances for the apparent purpose of or with the result of harming or intimidating a civilian population, whether in time of peace or war, and regardless of who commits the acts; or
 - c. Any action taken to control, counter, prevent, respond to, mitigate or suppress either **a.** or **b.** above;

This does not apply to "Certified Acts of Terrorism" if such coverage is purchased and made part of this policy;

28. Unexplained disappearance of property or loss or shortage of property disclosed on taking inventory;
29. Volcanic eruption, explosion or effusion, including any related shaking or trembling of the earth and/or ensuing "volcanic action";
30. Water, other liquids, gas, powder or molten material that leaks or flows from plumbing, heating, air conditioning, or other equipment;
31. Wear and tear, depreciation, inherent vice, latent defect, gradual deterioration, decay, smog, nesting or infestation, vermin, rodents, termites or other insects including larvae or pupae thereof;
32. Your neglect to use all reasonable means to save and preserve property from further damage at and after the time of loss;
33. Erroneous, negligent or intentional acts by any person or persons;
34. Any controlled, uncontrolled, or naturally occurring situation or incident involving the threat, actual use, presence, release, or escape of biological, chemical, nuclear, or radioactive materials;
35. Silica or silica-related dust, or any product containing silica or silica-related dust, including any cost or expense to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize silica or silica-related dust;
36. Collapse, except for collapse caused directly by:
- a. "Earthquake", or
 - b. Flood, but only when flood coverage endorsement is purchased and made a part of this policy and then only when the collapse is caused by a flood loss covered under that endorsement.

E. CANCELLATION POLICY CONDITION

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 10 days before the effective date of cancellation.
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.

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5. If this policy is canceled, 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.

F. OTHER POLICY CONDITIONS

1. Changes

This policy contains all 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. Notice to any agent or broker or knowledge possessed by any agent or broker or by any other person will not constitute a waiver or a change in any part of this policy or stop us from asserting any right(s) under the terms of this policy.

2. 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.

3. Inspections And Surveys

a. We have the right to:

- (1) Make inspections and surveys at any time;
- (2) Give you reports on the conditions we find;
- (3) Recommend changes; and
- (4) Make appraisals and valuations.

b. We are not obligated to make any inspections, surveys, reports, appraisals, valuations or recommendations. Valuations and appraisals do not constitute a recommendation regarding the adequacy of Limits of Insurance under this policy.

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:

- (1) Are safe or healthful,
- (2) Comply with laws, regulations, codes or standards.

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

4. Minimum Retained Premium

In the event of cancellation of this policy at your request, the policy Minimum Retained Premium will be the percentage of the policy premium shown in the Declarations. Your failure to make a timely payment of premium will be considered a request by you for us to cancel. If we cancel for non-payment of premium, the Minimum Retained Premium or earned premium, whichever is greater, will be immediately due and payable.

5. Premiums

The first Named Insured shown in the Declarations:

- a. Is responsible for the payment of all premiums; and
- b. Will be the payee for any return premiums we pay.

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6. 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.

7. All Risk Coverage Warranty

You warrant that the property insured is covered and at all times during the Policy Period will continue to be covered, by standard all risk insurance for the term of this policy, equivalent to Insurance Services Office, Inc. forms CP 0010 and CP 1030 or their equivalent(s) as approved by the insurance department of the state where the predominant exposure is located. All losses under this policy will be adjusted as though such coverage was in effect at the time of loss.

It is agreed that your failure to comply with this warranty shall constitute a violation of a material warranty and make this policy voidable by us.

G. LOSS CONDITIONS

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the values 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 or a court having jurisdiction. The appraisers 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. Brands And Labels

In the event of loss of or damage to labels, capsules or wrappers, the loss will be adjusted on the basis of an amount sufficient to pay the cost of new labels, capsules or wrappers.

If branded or labeled merchandise covered by this policy is damaged and we elect to take all or any part of such merchandise at the value established by the terms of this policy, you may, at your own expense, stamp "salvage" on the merchandise or its containers, or may remove or obliterate the brands or labels, if such stamp, removal or obliteration will not physically damage the merchandise; but you must re-label the merchandise or containers in compliance with the requirements of law.

4. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:
 - (1) Notify the police if a law may have been broken.
 - (2) Give us prompt notice of the loss or damage. Include a description of the property involved.

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(3) As soon as possible, give us a description of how, when and where the 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 Limits 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.

No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, without our written consent.

(5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

(6) 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.

(7) 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.

(8) Cooperate with us in the investigation or settlement of the claim.

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.

5. Excess Insurance

Permission is granted to you to have excess insurance over the Limits of Insurance set forth in this policy without prejudice to this policy, and the existence of such insurance, if any, will not reduce any liability under this policy.

6. Loss Clause

Following an "earthquake" or flood loss, we have the option but not the duty of reinstating the Limits of Insurance shown in the Declarations for "earthquake" and flood, for an additional premium.

7. Loss Payment

a. In the event of loss or damage covered by this policy, 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, subject to **b.** below;
- (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, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of paragraph **G.14 Valuation** Condition in this policy or any applicable provision which amends or supersedes the terms of paragraph **G.14 Valuation** Condition.

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- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. 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.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this policy and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.
- h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, paragraph **G.14. Valuation** Conditions, and all other provisions of this **Loss Payment** Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any party, including the owner or insurer of the adjoining building, and does not alter the terms of paragraph **H.6. Transfer Of Rights Of Recovery Against Others To Us** condition of this policy.

8. Other Insurance

Pursuant to Section **D., CAUSES OF LOSS EXCLUDED**, exclusion **1.b.**, this policy does not provide coverage for any loss covered under standard all risk insurance as warranted under paragraph **F.7., All Risk Warranty** of Section **F. OTHER POLICY CONDITIONS**. Only if you have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this policy, will we pay our share of the covered loss or damage. Our share is the proportion that the applicable Limits of Insurance under this policy bears to the Limits of Insurance of all insurance covering on the same basis.

9. Pair, Set Or Parts

- a. Pair or Set
In case of loss or damage to any part of a pair or set we may:
 - (1) Repair or replace any part to restore the pair or set to its value before the loss; or
 - (2) Pay the difference between the value of the pair or set before and after the loss.
- b. Parts
In case of loss or damage to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

10. Records and Inventory

You will keep accurate books, records and accounts in the following manner:

A detailed and itemized inventory record of all property covered hereunder will be maintained and physical inventory will be taken periodically at intervals not more than 12 months apart.

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Step 1: Determine the stated value of each building by multiplying the total reported building value of \$7,500,000 by the proportion that the individual building square footage bears to the total square footage.

Building 1: $\$7,500,000 \times (10,000/50,000) = \$1,500,000$.

Building 2: $\$7,500,000 \times (25,000/50,000) = \$3,750,000$.

Building 3: $\$7,500,000 \times (15,000/50,000) = \$2,250,000$.

Step 2: Determine applicable deductible by multiplying the deductible percentage of 5% times the stated value of the Coverage Item.

Building 1: $5\% \times \$1,500,000 = \$75,000$

Building 2: $5\% \times \$3,750,000 = \$187,500$

Building 3: $5\% \times \$2,250,000 = \$112,500$

Step 3: Determine the maximum amount payable for each building per Section **A.2.b LIMITS OF INSURANCE** in the Declarations, subject always to the entire provisions of that section.

Building 1: stated value minus deductible: $\$1,500,000 - \$75,000 = \$1,425,000$

Building 2: stated value minus deductible: $\$3,750,000 - \$187,500 = \$3,562,500$

Building 3: stated value minus deductible: $\$2,250,000 - \$112,500 = \$2,137,500$

14. Valuation

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

- a. At Replacement Cost (without deduction for depreciation);
- b. Replacement cost does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Antiques, objects of art, sculpture, property of artistic, historical or scientific significance whether or not constituting part of the covered buildings; or any item scheduled under a Fine Arts or other scheduled property floater;
 - (4) "Stock", unless the "stock" is a listed Coverage Item with a corresponding stated value in Section **B. SCHEDULE OF LOCATIONS AND VALUES** in the Declarations;
 - (5) Manuscripts;
 - (6) Any item covered under the Additional Coverage Valuable Papers and Records Endorsement, when attached to and made a part of this policy.

The items listed under **b.** above will be valued at actual cash value, meaning replacement cost minus depreciation unless defined differently by applicable state law, as of the time of loss or damage.

Under the terms of this **Valuation LOSS CONDITION**, Tenant's Improvements and Betterments are not considered to be the personal property of others.

- 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 replacement cost valuation if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:

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- (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.

With respect to Tenant's Improvements and Betterments, the following also apply:

- (3) If the conditions in **d.(1)** and **d.(2)** above are not met, the value of Tenant's Improvements and Betterments will be determined as a proportion of your original cost. 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.

- (4) We will not pay for loss or damage to Tenant's Improvements and Betterments if others pay for repairs or replacement.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3) below, subject to f. below:
 - (1) The Limit of Insurance applicable to the loss or damaged property as described in **A.2. LIMITS OF INSURANCE** in the Declarations.
 - (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality, and
 - (b) Used for the same purpose; or
 - (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new location, the cost described in this paragraph e. is limited to the cost which would have been incurred if the building had been rebuilt at the original location.
- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

H. ADDITIONAL CONDITIONS

1. Claims Against Third Parties

In the event of any loss of or damage to the property covered hereunder you will immediately make claim in writing against the carrier(s), bailee(s) or others involved.

2. Concealment, Misrepresentation Or Fraud

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

- a. This policy;
- b. The Covered Property;
- c. Your interest in the Covered Property; or
- d. A claim under this policy.

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3. Legal Action Against Us

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

- a. There has been full compliance with all of the terms of this policy; and
- b. The action is brought within 12 months after the date on which the direct physical loss or damage occurred.

However, if by the laws of the state within which this policy is issued such limitation is invalid, then any such claims will be void unless such action, suit or proceeding be commenced within the shortest limit of time permitted by the laws of such state.

4. No Benefit To Bailee

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

5. Policy Period, Coverage Territory

Under this policy:

- a. We cover loss or damage commencing:
 - (1) During the Policy Period shown in the Declarations; and
 - (2) Within the coverage territory.
- b. The coverage territory is the "state" in which the location(s) described in the Declarations is located.

6. Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this policy 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:

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

This will not restrict your insurance.

I. DEFINITIONS

The following definitions are hereby added to this policy.

- 1. "Automatic sprinkler system" means:
 - a. Any automatic fire-protective or extinguishing system, including connected:
 - (1) Sprinklers and discharge nozzles;
 - (2) Ducts, pipes, valves and fittings;
 - (3) Tanks, their component parts and supports; and
 - (4) Pumps and private fire protection mains.

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- b. When supplied from an automatic fire-protective system:
- (1) Non-automatic fire-protective systems; and
 - (2) Hydrants, standpipes and outlets.
2. "Certified Act of Terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act.
 3. "Earthquake" means a sudden movement of the crust of the earth caused by the release of stress accumulated along geologic faults.
 4. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
 5. "Loss occurrence" means any one loss or disaster, or series of losses or disasters, arising out of one event.
 6. "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.
 7. "State" means one of the 50 United States of America and the District of Columbia.
 8. "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.
 9. "Terrorism" means an activity that involves a violent act or the use of force, including the threat of any such activity or the preparation for any such activity, that is committed for political, religious, ideological, economic, social, or cultural purposes, by any person or group(s) of persons, whether acting alone or on behalf of or in concert with or in connection with any organization(s), government(s), or other political entities), and:
 - a. Has been labeled, identified or described as a terrorist act by the executive branch of the United States government;
 - b. Causes either:
 - (1) Damage to property;
 - (2) Injury to person(s);
 - (3) Disruptions of financial, governmental, transportation, communication, computer or utility services; or
 - c. Appears to be intended to:
 - (1) Disrupt any segment of an economy;
 - (2) Intimidate, harm, coerce or punish a civilian population;
 - (3) Put the public, or any section of the public, in fear;
 - (4) Influence the policy of a government by intimidation, coercion or punishment; or
 - (5) Affect the conduct of a government by destruction, assassination, kidnapping or hostage-taking.
 10. "Volcanic action" means the direct loss or damage resulting from the eruption, explosion or effusion of a volcano when the loss or damage is caused by airborne volcanic blast or airborne shock waves, ash, dust or particulate matter, or lava flow. Volcanic action includes the cost to

remove ash, dust or particulate matter that does not cause direct physical loss or damage to the Covered Property.

SPECIMEN