

# BUSINESS INCOME ENDORSEMENT

This endorsement modifies insurance provided under the following:

**LOCAL GOVERNMENT PROPERTY INSURANCE FUND VALUATION PROJECT POLICY OCI 41-080**

**LOCAL GOVERNMENT PROPERTY INSURANCE FUND BUILDERS RISK POLICY OCI-41-104**

## A. Coverage

### 1. "Business Income"

(a) We will pay for the actual loss of "Business Income" you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at "premises" which are described in the Statement of Values and for which a "Business Income" Coverage limit is shown in the Declarations. The loss or damage must be caused by or result from a Peril Covered. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described "premises" include the area within 1000 feet of the site at which the described "premises" are located.

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

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

(b) We will only pay for loss of "Business Income" that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage.

### 2. Perils Covered, Losses Excluded and Property Not Covered

See the applicable Section of the policy.

### 3. Additional Limitation – Interruption Of Computer Operations

a. Coverage for "Business Income" does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage – Interruption Of Computer Operations.

b. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

## 4. Additional Coverages

### a. Expenses To Reduce Loss

In the event of a covered loss of "Business Income", we will pay necessary expenses you incur, except the cost of extinguishing a fire, to avoid further loss of "Business Income". The total of our payment for "Business Income" loss and Expenses To Reduce Loss will not be more than the "Business Income" loss that would have been payable under this endorsement if the Expenses To Reduce Loss had not been incurred. This coverage does not increase the Coverage limit.

### b. Civil Authority

In this Additional Coverage – Civil Authority, the described "premises" are "premises" to which this endorsement applies, as shown in the Declarations.

When a Peril Covered causes damage to property other than property at the described "premises", we will pay for the actual loss of "Business Income" you sustain caused by action of civil authority that prohibits access to the described "premises", provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described "premises" are within that area but are not more than one mile from the damaged property; and

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- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the **Peril Covered** that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage will begin at the time of the first action of civil authority that prohibits access to the described "premises" and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

#### c. Alterations And New Buildings

We will pay for the actual loss of "Business Income" you sustain due to direct physical loss or damage at the described "premises" caused by or resulting from any Peril Covered to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 1000 feet of the described "premises" and:
  - (a) Used in the construction, alterations or additions; or
  - (b) Incidental to the occupancy of new buildings.

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

#### d. Extended "Business Income"

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

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

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

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

#### e. Interruption Of Computer Operations

- (1) Under this Additional Coverage, electronic data has the meaning described under 3. **Additional Limitation – Interruption Of Computer Operations.**
- (2) Subject to all of the provisions of this Additional Coverage, you may extend the insurance that applies to "Business Income" to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Peril Covered.
- (3) With respect to the coverage provided under this Additional Coverage, the Perils Covered are subject to the following:
  - (a) Coverage under this Additional Coverage – Interruption Of Computer Operations is limited to the "specified causes of loss".
  - (b) There is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage – Interruption Of Computer Operations is \$2,500 for all loss sustained in any one policy year, regardless of the number of interruptions or the number of "premises", locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss sustained as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss in a subsequent policy year(s), all loss is deemed to be sustained in the policy year in which the interruption began.

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- (5) This Additional Coverage – Interruption in Computer Operations does not apply to loss sustained after the end of the "period of restoration", even if the amount of insurance stated in (4) above has not been exhausted.

## 5. Coverage Extension

You may extend the insurance provided by this endorsement as follows:

### NEWLY ACQUIRED LOCATIONS

- a. You may extend your "Business Income" Coverage to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay for loss under this Extension is \$100,000 at each location.
  - c. Insurance under this Extension for each newly acquired location will end effective the date you terminate this insurance or at the first renewal of this policy that follows acquisition of the newly acquired location.

## B. Limits Of Insurance

The most we will pay for loss in any one occurrence is the applicable Coverage limit shown in the Declarations.

Payments under the following Additional Coverages will not increase the applicable Coverage limit:

1. Alterations And New Buildings;
2. Civil Authority;
3. Extended "Business Income"; or
4. Expenses To Reduce Loss.

The amounts of insurance stated in the Interruption Of Computer Operations Additional Coverage and the Newly Acquired Locations Coverage Extension apply in accordance with the terms of those coverages and are separate from the Coverage limit(s) shown in the Declarations for any other Coverage.

## C. Loss Conditions

The following loss conditions also apply to "Business Income" losses:

### 1. "Business Income" Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss per the procedures established in the Item entitled Appraisal in the CONDITIONS section of the policy. :

### 2. "Business Income" Loss Determination

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

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

## b. Resumption Of Operations

We will reduce the amount of your "Business Income" loss to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described "premises" or elsewhere.

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

**D. Additional Business Income Exclusion.** We will not pay for:

1. Any increase in "Business Income" loss, caused by or resulting from:
  - a. Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
  - b. "Suspension", lapse or cancellation of any license, lease or contract. But if the "suspension", lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your "Business Income" during the "period of restoration".
2. Any other consequential loss.

**E. Definitions.** The following definitions are added to the DEFINITIONS SECTION of the policy.

**1. "Business Income" means the:**

- a.** Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Peril Covered on customers or on other businesses; and,
- b.** Continuing normal operating expenses incurred, including payroll.

**2. "Period of restoration" means the period of time that:**

- a.** Begins at the time of direct physical loss or damage caused by or resulting from any Peril Covered at the described "premises"; and
- b.** Ends on the earlier of:
  - (1)** The date when the property at the described "premises" should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
  - (2)** The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

- (1)** Regulates the construction, use or repair, or requires the tearing down, of any property; or
- (2)** Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

**3. "Specified causes of loss" means the following:** Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage; "virus". Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. Sinkhole collapse does not include the cost of filling sinkholes; or, sinking or collapse of land into manmade underground cavities.

**4. "Suspension" means:**

- a.** The slowdown or cessation of your business activities; or
- b.** That a part or all of the described "premises" is rendered untenable.

**5. "Virus" means a harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation.**