

To be completed only if issued after
effective date of the policy

Policy #:
Effective Date:

ACCOUNTS RECEIVABLE ENDORSEMENT

This endorsement modifies insurance provided under the following:

LOCAL GOVERNMENT PROPERTY INSURANCE FUND VALUATION POLICY OCI 41-080

A. PROPERTY COVERED

This endorsement provides coverage for the following as a result of damage to your accounts receivable records due to a "covered" peril:

1. All amounts due from your customer that you are unable to collect;
2. Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
3. Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and
4. Other reasonable expenses that you incur to re-establish your records of accounts receivable.

B. PERILS COVERED.

This endorsement insures against all sudden and accidental direct physical loss or damage to your accounts receivable except as limited or excluded in the following sections.

C. DEDUCTIBLE See the **DEDUCTIBLE** Section of the basic policy.

D. LOSSES EXCLUDED. We will not pay for loss or damage caused directly or indirectly by any of the following:

1. Nuclear reaction, nuclear radiation, or radioactive contamination. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss.
2. War, warlike action, insurrection, rebellion, and revolution or action taken by governmental authority in hindering or defending against any of these. Such loss is excluded regardless of any other cause or event contributing concurrently or in any sequence to the loss.
3. Dishonest or criminal act committed by any employees, directors, officials, trustees, or authorized representatives. This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment. This exclusion does not apply if the criminal act results in a "specified causes of loss."
4. Bookkeeping, accounting or billing errors or omissions.
5. Alteration, falsification, concealment or destruction of records of accounts receivables done to conceal the wrongful giving, taking or withholding of money, securities or other property. However, this exclusion only applies to the extent of such wrongful giving, taking or withholding.
6. Any audit of records or inventory computation needed to prove the factual existence of an accounts receivable loss.
7. Electrical or magnetic injury, disturbance or erasure of electronic recordings that is caused by or results from:
 - a. Programming errors or faulty machine instructions:
 - b. Faulty installation or maintenance of data processing equipment or component parts:But we will pay for direct loss or damage caused by lightning.

E. LIMIT OF COVERAGE. The most we will pay for loss or damage in any one "occurrence" is the coverage amount shown on the Policy Declarations page for Accounts Receivable.

F. BASIS OF RECOVERY. In determining the amount of "covered" loss under this endorsement, the following applies:

1. If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage, the following method will be used:

OCI 41-926 (C 01/2012)

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- a. Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
 - b. Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
2. The following will be deducted from the total amount of accounts receivable, however that amount is established:
- a. The amount of the accounts for which there is no loss or damage;
 - b. The amount of the accounts that you are able to re-establish or collect;
 - c. An amount to allow for probable bad debts that you are normally unable to collect; and
 - d. All unearned interest and service charges.

G. CONDITIONS. All of the **CONDITIONS** in the basic policy apply to this endorsement.

H. ADDITIONAL CONDITIONS. You will pay us the amount of all recoveries you receive for loss or damage paid by us. But any recoveries in excess of the amount we have paid belong to you.

I. DEFINITIONS. The **DEFINITIONS** section in the basic policy applies to this endorsement.