THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

APARTMENT BUILDINGS

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

A. Paragraph **A.5. Additional Coverages** of **Section I – Property** is amended as follows:

The Pollutant Clean Up And Removal Limit of Insurance under Subparagraph **h.** is increased to $25,000.

B. The following coverages are added to Paragraph **A.5. Additional Coverages** of **Section I – Property:**

a. Reward Payment

(1) We will reimburse you for rewards paid as follows:

(a) Up to $5,000 to an eligible person for information leading to the arrest and conviction of any person or persons committing a crime resulting in loss or damage to Covered Property from a Covered Cause of Loss. However, we will pay no more than the lesser of the following amounts:

(i) Actual cash value of the Covered Property at the time of loss or damage, but not more than the amount required to repair or replace it; or

(ii) The amount determined by the loss settlement procedure applicable to the Covered Property under the Loss Payment Condition.

(b) Up to $5,000 to an eligible person for the return of stolen Covered Property, when the loss is caused by theft. However, we will pay no more than the lesser of the following amounts:

(i) Actual cash value based on the condition of the Covered Property at the time it is returned, but not more than the amount required to repair or replace it; or

(ii) The amount determined by the loss settlement procedure applicable to the returned Covered Property under the Loss Payment Condition.

(2) This Additional Coverage applies subject to the following conditions:

(a) An eligible person means that person designated by a law enforcement agency as being the first to voluntarily provide the information leading to the arrest and conviction or return of the stolen Covered Property, and who is not:

(i) You or any family member;

(ii) Your employee (including a temporary or leased employee) or any of his or her family members;

(iii) An employee of a law enforcement agency;

(iv) An employee of a business engaged in property protection;

(v) Any person who had custody of the Covered Property at the time the theft was committed; or

(vi) Any person involved in the crime.

(b) No reward will be reimbursed unless and until the person(s) committing the crime is (are) convicted or the Covered Property is returned.

(c) The lesser of the amount of the reward or $5,000 is the most we will reimburse for loss under this Additional Coverage in any one occurrence.

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b. Ordinance Or Law – Equipment Coverage

(1) Subject to Paragraph **(2),** if a Covered Cause of Loss occurs to equipment that is Covered Property, we will pay to repair or replace the equipment as required by law.

(2) If a Covered Cause of Loss occurs to refrigeration equipment that is Covered Property, we will pay:

(a) The cost to reclaim the refrigerant as required by law;

(b) The cost to retrofit the equipment to use a non-CFC refrigerant as required by the Clean Air Act of 1990, and any amendments thereto or any other similar laws; and

(c) The increased cost to recharge the system with a non-CFC refrigerant**.**

(3) The terms of this coverage apply separately to each piece of covered equipment.

(4) We will not pay under this endorsement for the costs associated with the enforcement of or compliance with any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungi", wet or dry rot or bacteria.

(5) Loss to the equipment will be determined as follows:

(a) If the equipment is repaired or replaced, on the same or another premises, we will not pay more than the lesser of:

(i) The amount you actually spend to repair the equipment, but not for more than the amount it would cost to replace the equipment with equipment of the same kind and quality; or

(ii) The Limit Of Insurance shown in the Declarations as applicable to the covered Building or Business Personal Property.

(b) If the equipment is not repaired or replaced, we will not pay more than the lesser of:

(i) The actual cash value of the equipment at the time of loss; or

(ii) The Limit Of Insurance shown in the Declarations as applicable to the Building or Business Personal Property.

(c) We will not pay for loss due to any ordinance or law that:

(i) You were required to comply with before the loss, even if the equipment was undamaged; and

(ii) You failed to comply with.

c. Lock Replacement

(1) We will pay for the cost to repair or replace locks at the described premises due to theft or other loss to keys.

(2) The most we will pay under this Additional Coverage for all loss or damage in any one occurrence is $5,000.

(3) A per occurrence deductible of $100 will apply.

d. Tenant Move-back Expenses

(1) We will pay for expenses that you incur to move your tenants back to the described premises from a temporary location in the event that your tenants must temporarily vacate a Building at the premises described in the Declarations due to untenantability. The vacancy must result from a direct physical loss or damage to your Covered Property caused by or resulting from a Covered Cause of Loss.

(2) We will only pay for the following expenses:

(a) Packing, transporting and unpacking of tenants' property; and

(b) The net cost to reestablish the tenants' utility and telephone services, after any refunds due the tenants.

(3) We will only pay for expenses listed in Paragraphs **(2)(a)** and **(2)(b)** above that you incur within 60 days of the date that the damaged building has been repaired or rebuilt.

(4) The most we will pay under this Additional Coverage in any one occurrence at each described premises is $15,000.

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C. If the Employee Dishonesty Optional Coverage is shown as an applicable coverage in the Declarations, the following is added to Paragraph **3. Employee Dishonesty** of Paragraph **G. Optional Coverages** of **Section I – Property** and is subject to the provisions of that paragraph:

We will also pay for loss of or damage to "money", "securities" and "other property" sustained by your tenant resulting directly from theft committed by an identified employee, acting alone or in collusion with other persons.

The property covered under this coverage is limited to property:

a. That your tenant owns or leases;

b. That your tenant holds for others; or

c. For which your tenant is legally liable;

while the property is in a covered Building at the premises described in the Declarations.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization, including your tenant. Any claim for loss that is covered under this coverage must be presented by you.

With respect to the Employee Dishonesty Optional Coverage in Paragraph **G.3.,** other property means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property excluded under this policy.

D. The following are added to Paragraph **A. Coverages** of **Section II – Liability:**

1. Tenants' Property Legal Liability Coverage

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "property damage" to which this insurance applies to a "tenant's property" (or the property of others for which the tenant is legally liable) only while the property is in your care, custody or control inside your leased unit, apartment or storage at the premises described in the Declarations. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Paragraph **e.;**

(2) We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds $250. We will then pay the amount of loss or damage in excess of $250 up to the applicable Limit of Insurance for this coverage; and

(3) Our right and duty to defend end when we have used up the applicable Limit of Insurance in the payment of judgments or settlements under the Tenants' Property Legal Liability Coverage.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under that Supplementary Payments provision.

b. This coverage applies to "property damage" only if:

(1) The "property damage" is caused by an "occurrence" that takes place in the "coverage territory"; and

(2) The "property damage" occurs during the policy period.

c. This coverage does not apply to:

(1) "Property damage" to any land motor vehicle, trailer or semitrailer stored by a tenant at the described premises.

(2) "Property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

(3) Liability arising out of intentional "property damage" or dishonest or criminal acts by you, your "employees" or any other person to whom you may entrust such property.

(4) Liability arising out of your "sale and disposal operations".

(5) Any loss covered under Section **I** – Property.

d. The Supplementary Payments provision applicable to the Bodily Injury, Property Damage and Personal And Advertising Injury Liability Coverages also applies to this Tenants' Property Legal Liability Coverage.

e. The most we will pay for the sum of all damages under Tenants' Property Legal Liability Coverage because of "property damage" to "tenants' property" in any one "occurrence" is $10,000. This limit applies separately to each premises described in the Declarations.

f. The **Duties In The Event Of Occurrence, Offense, Claim Or Suit** Condition under Paragraph **E. Liability And Medical Expenses General Conditions** of **Section II – Liability** applies to **Tenants' Property Legal Liability Coverage.**

2. Lock-out Or Sale, Removal And Disposal Liability Coverage

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of acts or omissions arising out of a "lock-out", or the sale, removal or disposal of "tenants' property" in the course of "sale and disposal operations". We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for acts or omissions to which this insurance does not apply. We may, at our discretion, investigate the circumstances of any act or omission and settle any claim or "suit" that may result. But:

(1) The amount we will pay for damages is limited as described in Paragraph **e.**

(2) Our right and duty to defend end when we have used up the applicable Limit of Insurance in the payment of judgments or settlements under this Lock-out Or Sale, Removal And Disposal Liability Coverage.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under that Supplementary Payments provision.

b. This coverage applies only to an act or omission which takes place in the "coverage territory" and during the policy period.

c. This coverage does not apply to:

(1) Liability for damages which the insured is obligated to pay by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

(2) Liability arising out of dishonest or criminal acts by you, your "employees" or any other person to whom you may entrust such property.

d. The Supplementary Payments provision applicable to the Bodily Injury, Property Damage and Personal And Advertising Injury Liability Coverages also applies to this Lock-out Or Sale, Removal And Disposal Liability Coverage.

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e. The most we will pay for the sum of all damages because of all acts or omissions arising out of a "lock-out", or the sale, removal or disposal of "tenants' property" under the Lock-out Or Sale, Removal And Disposal Liability Coverage is $5,000 in any annual period starting with the beginning of the policy period shown in the Declarations. This limit applies separately to each premises described in the Declarations.

f. The following replaces the **Duties In The Event Of Occurrence, Offense, Claim Or Suit** Condition under Paragraph **E. Liability And Medical Expenses General Conditions** of **Section II – Liability** for the **Lock-out Or Sale, Removal And Disposal Liability Coverage:**

Duties In The Event Of Claim Or Suit As A Result Of A Lock-out Or Sale, Removal Or Disposal Of Tenants' Property

a. You must see to it that we are notified as soon as possible of a "lock-out", or the sale, removal or disposal of "tenants' property" which may result in a claim. To the extent possible, notice should include how, when and where the "lock-out" or sale, removal or disposal of "tenants' property" took place.

b. If a claim is made or "suit" is brought against any insured as a result of a "lock-out" or sale, removal or disposal of "tenants' property", you must:

(1) Immediately record the specifics of the claim or "suit" and the date received; and

(2) Notify us as soon as practicable.

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

c. You and any other involved insured must:

(1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";

(2) Authorize us to obtain records and other information;

(3) Cooperate with us in our investigation or settlement of the claim or defense against the "suit"; and

(4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of an action to which this insurance may apply.

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

3. Heating Or Air Conditioning Loss Reimbursement Coverage

a. We will reimburse you for payments you make voluntarily or because of a demand for a per diem remuneration of rent from a tenant as a result of the complete loss of heat or air conditioning to a tenant's leased unit or apartment due to mechanical breakdown or electrical failure of the heating or air conditioning system at the described premises.

The amount of such reimbursement is limited as described in Paragraph **e.** below. No other obligation or liability to pay sums or perform acts or services is covered.

b. This coverage applies only if:

(1) The mechanical breakdown or electrical failure of the heating or air conditioning system at the described premises occurred during the policy period; and

(2) You have received a notarized notification of a demand for a per diem remuneration of rent from a tenant within 90 days after the mechanical breakdown or electrical failure of the heating or air conditioning system at the described premises; or

(3) You reasonably determine that a voluntary payment to the tenant is necessary to prevent "bodily injury" or "property damage".

c. We shall have no duty or obligation to defend the insured or perform acts or services.

d. This coverage does not apply to:

(1) Expenses incurred by you to repair or replace the heating or air conditioning system at the described premises.

(2) "Bodily injury", "property damage" and "personal and advertising injury".

e. The most we will reimburse you for the sum of all voluntary payments and demands for per diem reimbursement by tenants under the Heating Or Air Conditioning Loss Reimbursement Coverage is $5,000 as the result of any one mechanical breakdown or electrical failure of the heating or air conditioning system at a described premises and $10,000 in any annual period starting with the beginning of the policy period shown in the Declarations.

f. The following replaces the **Duties In The Event Of Occurrence, Offense, Claim Or Suit** Condition under Paragraph **E. Liability And Medical Expenses General Conditions** of **Section II – Liability** for the **Heating Or Air Conditioning Loss Reimbursement Coverage:**

Duties In The Event Of A Heating Or Air Conditioning System Failure

a. You must notify us as soon as possible of a demand for remuneration from a tenant or of a payment you make voluntarily. The notice should include:

(1) A notarized letter from the tenant of the demand for remuneration;

(2) A written description by you of how, when and where the mechanical breakdown or electrical failure of the heating or air conditioning system occurred;

(3) The name and address of the affected tenant; and

(4) A cancelled check or money order written to the tenant.

b. At our request, give us complete information as to:

(1) The cause of the mechanical breakdown or electrical failure of the heating or air conditioning system; and

(2) The actions you took to have the heating or air conditioning system repaired or replaced by a competent technician as soon as possible.

c. Cooperate with us in the review of the reimbursement.

E. For coverage provided under this endorsement, the following are added to Paragraph **F. Liability And Medical Expenses Definitions** under **Section II – Liability:**

1. "Lock-out" means denying a tenant access to the "tenants' property" or the occupancy of an apartment the tenant is renting, leasing or otherwise occupying.

2. "Sale and disposal operations" means all activities you conduct to reclaim an apartment or storage space when a tenant's rent is delinquent or unpaid.

3. "Tenants' property" means "money", "securities" and other tangible property having intrinsic value that belongs to your tenants.

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