

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EARTHQUAKE AND VOLCANIC ERUPTION (SUB-LIMIT)**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

### **SCHEDULE**

<b>Blanket Earthquake – Volcanic Eruption Limit</b>		<b>\$</b>
<b>Premises Number</b>	<b>Check Applicable Covered Property For Blanket Limit</b>	
	<input type="checkbox"/> Building	<input type="checkbox"/> Business Personal Property
	<input type="checkbox"/> Building	<input type="checkbox"/> Business Personal Property
	<input type="checkbox"/> Building	<input type="checkbox"/> Business Personal Property
<b>Separate Limits</b>		
<b>Premises Number</b>	<b>Earthquake – Volcanic Eruption Limit Of Insurance – Building</b>	<b>Earthquake – Volcanic Eruption Limit Of Insurance – Business Personal Property</b>
	\$	\$
	\$	\$
	\$	\$
<b>Earthquake – Volcanic Eruption Percentage Deductibles</b>		
<b>Premises Number</b>	<b>Percentage</b>	
	%	
	%	
	%	
<b>Increased Annual Aggregate Limit Option</b>		<input type="checkbox"/> Yes <input type="checkbox"/> No
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

**Section I – Property** is amended as follows with respect to the Covered Property for which an Earthquake – Volcanic Eruption Limit is shown in the Schedule of this endorsement:

- A.** The following are added to the **Covered Causes Of Loss**:
1. Earthquake.
  2. Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.

- B.** All Earthquake shocks or Volcanic Eruptions that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this policy will not reduce the 168-hour period.
- C.** With respect to the coverage provided by this endorsement, we will not pay for loss or damage caused by or resulting from any Earthquake or Volcanic Eruption that begins before the inception of this insurance.

But if this policy replaces earthquake insurance that excludes loss or damage that occurs after the expiration of the policy, we will pay for loss or damage by Earthquake or Volcanic Eruption that occurs on or after the inception of this insurance, if the series of Earthquake shocks or Volcanic Eruptions began within 168 hours prior to the inception of this insurance.

- D.** To the extent that Exclusion **B.1.b. Earth Movement** might conflict with coverage provided under this endorsement, that exclusion does not apply.

**E. Loss Payment**

With respect to the coverage provided by this endorsement, the section of the Loss Payment Property Loss Condition contained in this policy, which limits loss payment when the Limit of Insurance for the lost or damaged property is less than 80% of the replacement cost at the time of loss, does not apply.

**F. Limit Of Insurance**

**1. General Information**

With respect to the coverage provided by this endorsement, the term Limit of Insurance means the Limit of Insurance applicable to Earthquake – Volcanic Eruption for the coverage or Covered Property under which loss or damage is sustained.

**2. Annual Aggregate Limit**

The Limit Of Insurance shown in the Schedule for Earthquake and Volcanic Eruption is an annual aggregate limit and as such is the most we will pay for the total of all loss or damage that is caused by Earthquake or Volcanic Eruption in a 12-month period (starting with the beginning of the present annual policy period), even if there is more than one Earthquake or Volcanic Eruption during that period of time. Thus, if the first Earthquake or Volcanic Eruption does not exhaust the Limit of Insurance, then the balance of that limit is available for a subsequent Earthquake(s) or Volcanic Eruption(s).

If a single Earthquake or Volcanic Eruption (as defined in Paragraph **B.** of this endorsement) begins during one annual policy period and ends during the following annual policy period, any Limit of Insurance applicable to the following annual policy period will **not** apply to such Earthquake or Volcanic Eruption.

**3. Increased Annual Aggregate Limit Option**

If the Schedule indicates that the Increased Annual Aggregate Limit Option applies, then the following applies instead of Paragraph **F.2.** of this endorsement. The Limit Of Insurance shown in the Schedule for Earthquake and Volcanic Eruption is the most we will pay in a single Earthquake or Volcanic Eruption (as defined in Paragraph **B.** of this endorsement) for loss or damage caused by the Earthquake or Volcanic Eruption. If there is more than one Earthquake or Volcanic Eruption in a 12-month period (starting with the beginning of the present annual policy period), the most we will pay for the total of all loss or damage sustained during that period of time and caused by Earthquake or Volcanic Eruption is two times the Limit of Insurance.

If a single Earthquake or Volcanic Eruption (as defined in Paragraph **B.** of this endorsement) begins during one annual policy period and ends during the following annual policy period, any Limit of Insurance applicable to the following annual policy period will **not** apply to such Earthquake or Volcanic Eruption.

**4. Special Limitation – Property Subject To Blanket Earthquake – Volcanic Eruption Limit**

For Covered Property that is subject to a Blanket Earthquake – Volcanic Eruption Limit (as shown in the Schedule), the maximum amount payable for any such property is the Limit Of Insurance specific to that property as shown in the Declarations.

**5. Additional Coverages And Coverage Extensions**

With respect to the coverage provided by this endorsement, the following provisions apply:

- a.** The Limit of Insurance that applies to coverage under this endorsement also applies to the Business Income and Extra Expense Additional Coverages.
- b.** Amounts payable under any other Additional Coverages or any Coverage Extensions, as set forth in the policy, do not increase the Limit of Insurance for Earthquake and Volcanic Eruption.

## 6. Ensuing Loss

With respect to the coverage provided by this endorsement, the following provisions apply:

If a cause of loss (such as Fire) is covered by this policy by means of an exception to Exclusion **B.1.b.** Earth Movement, we will also pay for the loss or damage caused by that other Covered Cause of Loss. But the most we will pay, for the total of all loss or damage caused by the Earthquake, Volcanic Eruption and other Covered Cause of Loss, is the Limit of Insurance applicable to such other Covered Cause of Loss. We will **not** pay the sum of the two Limits.

### EXAMPLES – ENSUING LOSS

Two examples follow, using these facts: A policy includes this Earthquake And Volcanic Eruption (Sub-limit) endorsement. A building is damaged by Earthquake and by Fire which is caused by the Earthquake. The value of the damaged building is \$1,000,000. The Limit Of Insurance applicable to the building, as shown in the Declarations, is \$800,000. The Limit of Insurance for Earthquake and Volcanic Eruption is \$400,000. The Earthquake Deductible amount is \$50,000.

#### Example 1

The damage due to Earthquake is \$500,000.

The damage due to Fire is \$500,000.

Payment for Earthquake damage is \$400,000 (\$500,000 damage minus \$50,000 Earthquake deductible = \$450,000; Limit is \$400,000).

Payment for Fire damage is \$400,000 (\$500,000 damage capped at the difference between the applicable Property Coverage Limit Of Insurance shown in the Declarations and the Earthquake Limit).

Total Loss Payment is \$800,000.

#### Example 2

The damage due to Earthquake is \$800,000.

The damage due to Fire is \$100,000.

Payment for Earthquake damage is \$400,000 (\$800,000 damage minus \$50,000 Earthquake deductible = \$750,000; Limit is \$400,000).

Payment for Fire damage is \$100,000 (amount of damage).

Total Loss Payment is \$500,000.

G. With respect to the coverage provided by this endorsement, Paragraph **D. Deductibles** is replaced by the following:

1. We will subtract a sum from the amount of loss or damage in any one occurrence.

a. The sum we subtract from each separate item will be a percentage of its value. The applicable percentage is shown in the Schedule.

b. This Deductible applies separately to the following:

(1) Each building or structure;

(2) The contents of each building or structure; and

(3) Personal property in the open.

#### Example

When:

The value of the property is \$100,000

The Earthquake Deductible is 5%

The amount of loss is \$20,000

Step (a):  $\$100,000 \times 5\% = \$5,000$

Step (b):  $\$20,000 - \$5,000 = \$15,000$

The most we will pay is \$15,000. The remaining \$5,000 is not covered because of the Deductible.

2. No deductible applies to the following Additional Coverages:

a. Business Income;

b. Extra Expense; and

c. Civil Authority.