

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLOOD COVERAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

A. This endorsement applies to the Covered Property and coverages, under **Section I – Property**, for which a Flood Limit Of Insurance is shown in the Flood Coverage Schedule or in the Declarations.

B. Additional Covered Cause Of Loss

The following is added to the **Covered Causes Of Loss**:

Flood, meaning a general and temporary condition of partial or complete inundation of normally dry land areas due to:

1. The overflow of inland or tidal waters;
2. The unusual or rapid accumulation or runoff of surface waters from any source; or
3. Mudslides or mudflows which are caused by flooding as defined in **B.2.** of this endorsement. For the purpose of this Covered Cause of Loss, a mudslide or mudflow involves a river of liquid and flowing mud on the surface of normally dry land areas as when earth is carried by a current of water and deposited along the path of the current.

All flooding in a continuous or protracted event will constitute a single flood.

C. Exclusions, Limitations And Related Provisions

1. The **Exclusions** and **Limitations** sections of **Section I – Property** apply to coverage provided under this endorsement except as provided in **C.2.** and **C.3.** of this endorsement.
2. To the extent that a part of the **Water** Exclusion might conflict with coverage provided under this endorsement, that part of the **Water** Exclusion does not apply.
3. To the extent that a tsunami causes the overflow of tidal waters, the exclusion of earthquake, in the **Earth Movement** Exclusion, does not apply.

4. The **Ordinance Or Law** Exclusion of **Section I – Property** continues to apply with respect to any loss under the Businessowners Coverage Form including any loss under this endorsement, unless Ordinance Or Law Coverage is added by endorsement.

5. The following exclusions and limitations are added and apply to coverage under this endorsement:

- a. We will not pay for any loss or damage caused by or resulting from any Flood that begins before or within 72 hours after the inception date of this endorsement. However, this limitation does not apply to a particular location if Flood coverage was in effect for that location for at least 72 hours immediately prior to the inception date of this endorsement, under a policy issued by us or by another insurer, and this policy replaces the previous policy without a lapse in coverage. If you request and we provide an increase in the stated Limit of Insurance for Flood during the term of this policy, with the exception of an increase at the time of renewal of the policy, the increase will not apply to loss or damage from any Flood that begins before or within 72 hours after your request was made.

If the Flood is due to the overflow of inland or tidal waters, then the Flood is considered to begin when the water first overflows its banks.

- b. We will not pay for loss or damage caused by or resulting from destabilization of land arising from the accumulation of water in subsurface land areas.

- c. As set forth under Property Not Covered in Section I – Property, land is not covered property. Therefore, coverage under this endorsement does not include the cost of restoring or remediating land due to the collapse or sinking of land caused by or resulting from Flood, nor is coverage provided for the cost of excavations, grading, backfilling or filling. However, coverage under this endorsement includes damage to the covered portions of the building and to covered personal property, caused by collapse or sinking of land along the shore of a body of water as the result of erosion or undermining caused by waves or currents of water which exceed the cyclical levels and cause Flood.
- d. We do not cover loss or damage by Flood to Business Personal Property in the open except to the extent that such coverage, if any, is specified in the Flood Coverage Schedule or in the Declarations.
- e. **Property Not Covered** is amended and supplemented as follows with respect to Flood Coverage:
 - (1) Property Not Covered includes any building or other property that is not eligible for flood insurance pursuant to the provisions of the Coastal Barrier Resources Act, 16 U.S.C. 3501 *et seq.* and the Coastal Barrier Improvement Act of 1990, Pub. L. 101-591, 16 U.S.C. 3501 *et seq.*
 - (2) Property Not Covered includes boat houses and open structures, and any property in or on the foregoing, if the structure is located on or over a body of water.
 - (3) Property Not Covered includes bulkheads, pilings, piers, wharves, docks, and retaining walls that are not part of a building.
- f. We will not pay for loss or damage caused by discharge of water or waterborne material from a sewer, drain or sump unless such discharge results from Flood and occurs within 72 hours after the Flood recedes.

D. Additional Coverages And Coverage Extensions

1. With respect to Flood Coverage, Paragraph **A.5.a. of Section I – Property, Debris Removal** Additional Coverage is not applicable and is replaced by the following:

Debris Removal

- a. We will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from Flood. However, we will not pay to remove deposits of mud or earth from the grounds of the described premises.
 - b. We will also pay the expense to remove debris of Covered Property that has floated or been hurled off the described premises by Flood.
 - c. This coverage for Debris Removal, as set forth in **D.1.a.** and **D.1.b.** of this endorsement, does not increase the applicable Limit of Insurance for Flood. Therefore, the most we will pay for the total of debris removal and loss or damage to Covered Property is the Limit of Insurance for Flood that applies to the Covered Property at the affected described premises covered under this endorsement.
2. With respect to Flood Coverage, Paragraph **A.6.a. of Section I – Property, Newly Acquired Or Constructed Property** Coverage Extension is amended by adding the following:
 - a. With respect to Flood Coverage, this Coverage Extension does not apply to any building or structure that is not fully enclosed by walls and roof.
 - b. With respect to a building or structure covered under this Coverage Extension, the amounts of coverage stated in the Coverage Extension do not apply to Flood Coverage. Instead, the most we will pay for all loss or damage to property covered under this Coverage Extension is 10% of the total of all Limits of Insurance for Flood Coverage as provided under this endorsement. Such coverage does not increase the Limit of Insurance for Flood.
 3. With respect to any applicable Additional Coverages and Coverage Extensions in Section I – Property, other than those addressed in **D.1.** and **D.2.** of this endorsement, amounts payable under such other provisions, as set forth therein, do not increase the Limit of Insurance for Flood.

E. Limit Of Insurance

1. General Information

Flood Coverage may be written at a Limit of Insurance that is equal to or less than the Limit of Insurance which applies to other Covered Causes of Loss (e.g., Fire) under this policy.

The Limit Of Insurance for Flood is shown in the Flood Coverage Schedule or in the Declarations. If such Limit is not shown, then the Limit applicable to Fire also applies to Flood.

2. Application Of Limit And Aggregate

The Limit of Insurance for Flood is the most we will pay in a single occurrence of Flood for loss or damage caused by the Flood. If there is more than one Flood 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 Flood is the amount that is identified as the Annual Aggregate for Flood as shown in the Flood Coverage Schedule or in the Declarations.

If the Limit of Insurance and the Annual Aggregate amount are the same, or if there is no amount stated as an Annual Aggregate, then the Limit of Insurance is the most we will pay for the total of all loss or damage that is caused by Flood in a 12-month period (starting with the beginning of the present annual policy period), even if there is more than one occurrence of Flood during that period of time. Thus, if the first Flood does not exhaust the applicable Limit of Insurance, then the balance of that Limit is available for a subsequent Flood(s).

If a single occurrence of Flood begins during one annual policy period and ends during the following annual policy period, any Limit of Insurance or Annual Aggregate applicable to the following annual policy period will **not** apply to that Flood.

The Limit of Insurance that applies to flood coverage under this endorsement also applies to the Business Income and Extra Expense Additional Coverages.

3. Ensuing Loss

In the event of covered ensuing loss, for example, loss caused by Fire, Explosion and/or Sprinkler Leakage which results from the Flood, the most we will pay, for the total of all loss or damage caused by Flood, Fire, Explosion and Sprinkler Leakage, is the Limit of Insurance applicable to Fire. We will **not** pay the sum of the Fire and Flood Limits.

EXAMPLES – ENSUING LOSS

Two examples follow: A building is damaged by Flood and by Fire which is caused by the Flood. The value of the damaged building is \$1,000,000. The Limit of Insurance applicable to the building, for all Causes of Loss, is \$800,000. The Limit of Insurance for Flood is \$400,000. The Flood deductible amount is \$5,000.

EXAMPLE 1

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

Payment for Flood damage is \$400,000 (\$500,000 damage minus \$5,000 Flood deductible = \$495,000; Limit is \$400,000).

Payment for Fire damage is \$400,000 (\$500,000 damage capped at the difference between the Property Coverage Limit and the Flood Limit).

Total Loss Payment is \$800,000.

EXAMPLE 2

The damage due to Flood is \$800,000. The damage due to Fire is \$100,000.

Payment for Flood damage is \$400,000 (\$800,000 damage minus \$5,000 Flood deductible = \$795,000; Limit is \$400,000).

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

Total Loss Payment is \$500,000.

Note: These examples are given only to illustrate the situation of Flood and ensuing loss. Therefore, the loss payment stated for Flood damage does not address the situation where another policy also covers the Flood damage.

F. Deductible

1. The deductible for coverage provided under this endorsement is the deductible applicable to Flood as shown in the Flood Coverage Schedule or in the Declarations.
2. We will not pay that part of the loss that is attributable to any deductible(s) in the National Flood Insurance Program policy.
3. If Flood results in another Covered Cause of Loss and if both Covered Causes of Loss cause loss or damage, then only the higher deductible applies (e.g., the Flood deductible or the Fire deductible).

G. Other Insurance

The **Other Insurance** Condition is replaced by the following with respect to the coverage provided under this endorsement:

Other Insurance

1. If the loss is also covered under a National Flood Insurance Program (NFIP) policy, or if the property is eligible to be written under an NFIP policy but there is no such policy in effect, then we will pay only for the amount of loss in excess of the maximum limit that can be insured under that policy. This provision applies whether or not the maximum NFIP limit was obtained or maintained, and whether or not you can collect on the NFIP policy. We will not, under any circumstances, pay more than the applicable Limit Of Insurance for Flood as stated in the Flood Coverage Schedule or the Declarations of this policy.

However, this Provision **G.1.** does not apply under the following circumstances:

- a. At the time of loss, the property is eligible to be written under an NFIP policy but such policy is not in effect due solely to ineligibility of the property at the time this Flood Coverage endorsement was written; or

- b. An NFIP policy is not in effect because we have agreed to write this Flood Coverage endorsement without underlying NFIP coverage. There is such an agreement only if the Flood Coverage Schedule or the Declarations indicate that the Underlying Insurance Waiver applies.
2. If there is other insurance covering the loss, other than that described in **G.1.** of this endorsement, we will pay our share of the loss. Our share is the proportion that the applicable Limit of Insurance under this endorsement bears to the total of the applicable Limits of Insurance under all other such insurance. But we will not pay more than the applicable Limit Of Insurance stated in the Flood Coverage Schedule or the Declarations of this policy.