THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INCREASED COST OF LOSS AND RELATED EXPENSES FOR GREEN UPGRADES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Premises Number	Building Number	Green Upgrades (Maximum Amount)		Increased Cost Of Loss**	Related Expenses	Number Of Days For Extended Period Of Restoration
		Building	Business Personal Property*			
		$	$	%	$	
		$	$	%	$	
		$	$	%	$	

*If coverage under this endorsement for Business Personal Property is to be limited to a certain type of personal property, describe such property:

**If different percentages are to apply to Building and Business Personal Property, use separate lines on the Schedule.

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

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A. This endorsement applies to the Covered Property and coverages, under **Section I – Property.**

B. Green Upgrade Coverage

The meanings given under this Paragraph **B.** apply only to the coverage provided under this endorsement.

1. With respect to the property indicated in the Schedule, the corresponding amount of coverage shown in the Schedule for Green Upgrades is the maximum amount provided under this endorsement for the total of all costs attributable to Green Upgrades. In the event of covered direct physical loss or damage, we will determine the amount payable for the total of all costs attributable to Green Upgrades as follows:

a. Determine the amount of covered direct physical loss or damage prior to application of the deductible, in accordance with the terms of this policy, excluding any increased cost attributable to the coverage that would be provided under this endorsement. With respect to the determination being made in this Paragraph **a.,** the amount of covered direct physical loss or damage does not include any amount attributable to loss or damage to property not subject to this endorsement or property excluded from eligibility under Paragraph **B.9.** of this endorsement;

b. Multiply the amount determined in Paragraph **a.** by the appropriate Increased Cost Of Loss percentage shown in the Schedule;

c. Unless Paragraph **d.** applies, we will pay the least of the following amounts for the total of all costs attributable to Green Upgrades:

(1) The actual cost of covered Green Upgrades as determined in accordance with all applicable provisions of this endorsement;

(2) The amount determined in Paragraph **b.;** or

(3) The applicable amount shown for Green Upgrades in the Schedule;

d. This Paragraph **d.** applies if the direct physical loss or damage is not payable because the amount does not exceed the applicable deductible in this policy. We will calculate the difference between the amount of the direct physical loss or damage and the amount of the deductible. The resulting amount is the balance of the deductible. If the balance of the deductible exceeds the cost of covered Green Upgrades, we will pay nothing. If the cost of covered Green Upgrades exceeds the balance of the deductible, we will pay the least of the following amounts:

(1) The actual cost of covered Green Upgrades as determined in accordance with all applicable provisions of this endorsement, less the balance of the deductible;

(2) The amount of covered direct physical loss or damage prior to application of the deductible, multiplied by the appropriate Increased Cost Of Loss percentage shown in the Schedule; or

(3) The applicable amount shown for Green Upgrades in the Schedule.

2. Green standards-setter means an organization or governmental agency which produces and maintains guidelines related to Green products and practices. Green standards-setters include but are not limited to:

a. The Leadership in Energy and Environmental Design (LEED®) program of the U.S. Green Building Council;

b. ENERGY STAR, a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy; and

c. Green Globes™, a program of the Green Building Initiative.

3. Green means enhanced energy efficiency or use of environmentally preferable, sustainable materials, products or methods in design, construction, manufacture or operation, as recognized by a Green standards-setter.

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4. With respect to coverage provided under this endorsement, Paragraph **E.5.d.(1)** of the **Loss Payment** Property Loss Condition is amended to include Green Upgrades, meaning reasonable additional costs to repair or replace lost or damaged parts of the Covered Property indicated in the Schedule, in the event of covered direct physical loss or damage, with materials and products that are recognized by a Green standards-setter as Green, subject to all applicable terms and conditions of this endorsement. Repair or replacement of lost or damaged parts of the Covered Property is at our option.

   With respect to property that qualified as Green prior to loss or damage, nothing in this endorsement is intended to reduce the coverage otherwise applicable under this policy for repair or replacement of such property with comparable materials and products.

5. With respect to coverage provided under this endorsement, Paragraph **E.5.d.(2)** of the **Loss Payment** Property Loss Condition does not apply.

6. In the event of a loss for which we determine that it is necessary to replace a building component (such as a roof) or building system (such as a heating system), such replacement:

   a. Is limited to replacement of the damaged building component or system with a Green building component or system which serves the same primary function as the damaged property; and

   b. Does not extend to modification or replacement of any other building component or system. However, we may pay to repair or replace property that is necessarily damaged or destroyed in the course of replacing the damaged building component or system.

   For example, if your traditional roof sustains damage and we pay to replace it with a vegetated roof, we would also pay to restore damaged electrical wiring, if any, that ran through the damaged roof and supported the building's existing electrical power system. But in such case we would not pay to replace the electrical wiring with solar panels, because the roof's primary function is not to generate energy or distribute electrical power. (In referring to costs we pay, this example assumes that such costs are within the amount payable as otherwise determined under this endorsement.)

   This Paragraph **B.6.,** reinforces the policy's loss settlement provisions in the context of coverage for Green Upgrades, and is not meant to imply broader coverage for replacement of property other than building components or systems.

7. We will not pay any additional cost, above the cost of a Green Upgrade, solely for the purpose of satisfying the minimum requirements or recommended actions or standards of an ordinance or law that regulates the repair, use or construction of a building. However, we will not disallow the cost of a Green Upgrade on the sole basis that such upgrade also falls under the provisions of the ordinance or law.

   With respect to coverage for Green Upgrades under this endorsement, we will not pay any cost that is actually paid in loss settlement under another coverage, including but not limited to the Ordinance Or Law Coverage endorsement or Increased Cost Of Construction Additional Coverage.

8. We will not pay any additional cost to repair or replace damaged property solely for the purpose of achieving points toward certification or recertification of the property by a Green standards-setter.

9. With respect to business personal property, Green Upgrade Coverage does not apply to:

   a. Personal property of others;

   b. The Coverage Extension for Personal Effects;

   c. Leased personal property; or

   d. "Stock".

10. We will not pay under this endorsement unless the property is actually repaired or replaced at the same or another premises, and unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. If the property is being relocated to another premises, the most we will pay for Green Upgrades is the cost of Green Upgrades at the original premises, subject to all other terms and conditions of this endorsement.

    We may extend the two-year period in writing during the two years.

11. We will not pay under this endorsement for the costs associated with enforcement of or conformance to any standard which:

a. Requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot;

b. 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 rot or dry rot. However, this Paragraph **11.b.** does not negate the coverage set forth in Building Air-out And Related Air Testing, provided such coverage applies; or

c. You were required to comply with before the loss (even if the property was undamaged) and you failed to comply.

12. If you elect not to make a Green Upgrade in the course of necessary repair or replacement of the property that has sustained loss or damage, we will settle the loss to such property in accordance with the applicable terms and conditions of this policy excluding this endorsement.

C. Related Expenses

The following Related Expenses, as described in Paragraphs **C.1.** through **C.4.,** apply only with respect to a loss that is covered under Paragraph **B.** of this endorsement and only if an amount is entered in the Schedule for Related Expenses for the property that has sustained loss or damage. The most we will pay under this endorsement for the total of all such Related Expenses is the applicable amount shown in the Schedule for Related Expenses. However, if any such Related Expenses are otherwise covered under this policy, the amount provided under this endorsement for Related Expenses will apply in excess of such coverage.

1. Waste Reduction And Recycling

We will pay your expense to:

a. Reuse or salvage building materials and contents; and

b. Extract and transport recyclable construction waste to appropriate sites;

but any income received as a result of such waste reduction and recycling reduces the amount of loss that otherwise would have been payable under this endorsement.

2. Design And Engineering Professional Fees

We will pay reasonable and customary fees for the services of an accredited architect or engineer with respect to any necessary design and engineering recommendations in the course of repair or replacement of damaged portions of the building.

3. Certification Fees And Related Equipment Testing

a. We will pay fees imposed by the Green standards-setter in order to determine if certification or recertification is appropriate according to the organization's standard.

b. We will pay your reasonable expenses to test building systems and building equipment following their repair or installation as replacements, when such testing is undertaken in the course of submitting to the certification or recertification process.

c. We will not pay for any further modification if the building fails to obtain certification, recertification or a specific level of certification.

4. Building Air-out And Related Air Testing

After repair or reconstruction is completed, we will pay your reasonable expenses to flush out the renovated space and/or conduct air quality testing of the renovated space in accordance with the recommended procedures of a Green standards-setter and for the purpose of mitigating indoor air quality deficiencies resulting from the repair or reconstruction.

D. Business Interruption

The following provisions apply only to the Additional Coverages for Business Income (including Extended Business Income) and Extra Expense:

1. The "period of restoration" is extended to include the increased period of time attributable to the coverage described in Paragraph **B.** and/or Paragraph **C.** Such extension is limited to the greater of 30 days or the number of days, if any, indicated in the Schedule.

2. The Extended Business Income, within Business Income Additional Coverage, referenced above in this Paragraph **D.,** does not commence until the extended "period of restoration" ends.

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