

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

HOME BUSINESS INSURANCE COVERAGE

SCHEDULE*

We cover your "business" described in this Schedule, conducted at or from the "residence premises", subject to the provisions of this endorsement.

SECTION I – PROPERTY

"Business" Name And Description:

"Business" Location (Check 1. and/or 2. that follows):

- 1. In the dwelling building or unit in which the "insured" resides and shown as the "residence premises".
- 2. In an other structure on or at the location of the "residence premises".
(Enter the Limit of Liability and Description of the Structure(s) below)

Limit Of Liability	Description Of Other Structure(s)
\$	
\$	
\$	

Check Whichever Applies

Increased Limit – Property Away From the "Residence Premises"

- The Coverage C Special Limit of Liability described in C.3. in this endorsement under Category i. is increased to \$10,000.

Form Of "Business"

- Individual
- Joint Venture
- Partnership
- Organization (Other)

SECTION II – LIABILITY

Limits Of Liability

Coverage is provided on an aggregate limit basis. The annual aggregate limits of liability are as follows:

A. Aggregate Limits Of Liability

- 1. \$ **Products-Completed Operations Hazards Liability** (The Coverage E Limit)
- 2. \$ **All Other "Business" Liability** (Twice the Combined Limits of Coverages E and F)

B. Sub-Limit Of Liability

- \$ **Coverage F – Medical Payments To Others** (Per Person/Per Accident)

*Entries may be left blank if shown elsewhere in this policy for this coverage.

With respect to the "business" described in the Schedule, all provisions of the Homeowners policy to which this endorsement is attached apply, except as modified herein.

DEFINITIONS

3. Definition 3, which defines "business" is deleted and replaced by the following:

3. "Business" means the trade, profession, occupation or activity described in the Schedule of this endorsement that is conducted at or from the "residence premises" and is owned by:

- a. You; or
- b. A partnership, joint venture or other organization of which you and your resident relatives are the only partners, members or stockholders.

4. Definition 4, which defines "employee" is deleted and replaced by the following:

4. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

5. Definition 5, which defines "insured" is deleted and replaced by the following:

5. "Insured" means:

- a. You;
- b. Residents of your household who are your relatives, but only if they are partners, members or stockholders in your "business";
- c. A resident of your household, who is not a relative, but is a partner, member or stockholder of the covered "business" or;
- d. Under Section II of this endorsement, "Insured" also means:

(1) With respect to the conduct of your "business", any partnership, joint venture or other organization provided those persons described in a. or b. above are the only partners, members or stockholders;

(2) Your "employees", but only for acts within the scope of their employment by you or while performing duties related to the conduct of your "business". However, no "employee" is an "insured" for:

- (a) "Bodily injury" or "personal and advertising injury":

(i) To you, to your partners or members (if you are a partnership or joint venture), or to a co-"employee" while that co-"employee" is either in the course of his or her employment by you or performing duties related to the conduct of your "business";

(ii) To the spouse, child, parent or sibling of the co-"employee" as a consequence of (i) above;

(iii) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described (i) or (ii) above; or

(iv) Arising out of the "employee's" providing, or failing to provide, professional health care services; or

(b) "Property damage" to "business" property:

(i) Owned, occupied or used by; or

(ii) Rented to, in the care of, or over which physical control is being exercised for any purpose by;

you, any of your "employees" or, if you are a partnership or joint venture, by any partner or member; and

(3) Any person (other than your "employee") or any organization while acting as your real estate manager.

Under both Sections I and II, when the word an immediately precedes the word "insured", the words an "insured" together mean one or more "insureds".

12. Additional Definitions

The following definitions are added:

a. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters.

- b. "Business Income" means the:**
- (1)** Net income (net profit or loss before income taxes) that would have been earned or incurred if no physical loss had occurred, but not including any net income that would likely have been earned as a result of an increase in "business" activities due to favorable business conditions caused by the impact of the Peril Insured Against on customers or on other businesses; and
 - (2)** Continuing normal operating expenses incurred, including payroll.
- c. "Coverage Territory" means:**
- (1)** The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - (2)** Under Section II of this endorsement, "coverage territory" also means:
 - (a)** International waters or airspace, provided the "bodily injury", "personal and advertising injury", or "property damage" does not occur in the course of travel or transportation to or from any place not included in **c.(1)** above; or
 - (b)** All parts of the world if:
 - (i)** The "bodily injury", "personal and advertising injury", or "property damage" arises out of:
 - (a)** Goods or products made or sold by you in the territory described in **c.(1)** above; or
 - (b)** The activities of a person whose home is in the territory described in **c.(1)** above when such person is away for less than one month on your "business"; and
 - (ii)** An "insured's" responsibility to pay damages is determined in a "suit" on the merits in the territory described in **c.(1)** above or in a settlement we agree to.
- d. "Extra expense" means:**
- (1)** Expense incurred:
 - (a)** To avoid or minimize the suspension of "business" and to continue "operations"; or
 - (b)** To minimize the suspension of "business" if you cannot continue "operations";
 - (2)** Expense incurred:
 - (a)** To repair or replace any "business" property; or
 - (b)** To research, replace or restore the lost information on damaged "valuable papers and records";

to the extent that the activities described in **(2)(a)** and **(b)** above reduce the amount of loss that otherwise would have been payable under Section I Additional Coverages **E.13.c.** "Business Income" or **E.13.e.** "Extra Expense" of this endorsement.
- e. "Impaired Property" means tangible "business" property, other than "your product" or "your work":**
- (1)** That cannot be used or is less useful because:
 - (a)** It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - (b)** You have failed to fulfill the terms of a contract or agreement; or
 - (2)** If such property can be restored to use by:
 - (a)** The repair, replacement, adjustment or removal of "your product" or "your work"; or
 - (b)** Your fulfilling the terms of the contract or agreement.
- f. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your "business". "Leased worker" does not include a "temporary worker".**
- g. "Loading or unloading" means the handling of property:**
- (1)** After it is moved from the place where it is accepted for movement into or onto a "motor vehicle", aircraft, hovercraft or watercraft;
 - (2)** While it is in or on a "motor vehicle", aircraft, hovercraft or watercraft; or
 - (3)** While it is being moved from a "motor vehicle", aircraft, hovercraft or watercraft to the place where it is finally delivered;
- but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the "motor vehicle", aircraft, hovercraft or watercraft.

h. "Operations" means your "business" activities occurring at the "residence premises".

i. "Period of restoration":

(1) Means for "Business Income" Coverage, the period of time that begins 72 hours after the time of direct physical loss; or

(2) Means for "Extra Expense" Coverage, the period of time that begins immediately after the time of direct physical loss;

caused by or resulting from a Peril Insured Against at the "residence premises"; and

(3) Means the period of time that ends on the earlier of:

(a) The date when the property at the "residence premises" should be repaired, rebuilt or replaced with property of similar quality and with reasonable speed; or

(b) The date when "business" is resumed at the "residence premises";

(4) Does not include any increased period required due to the enforcement of any ordinance or law that:

(a) Requires or regulates the construction, demolition, remodeling, renovation or repair of property; or

(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".

The "period of restoration" is not limited by expiration of this policy.

j. "Personal and Advertising Injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

(1) False arrest, detention or imprisonment;

(2) Malicious prosecution;

(3) Invasion of privacy, wrongful eviction or wrongful entry;

(4) Oral or written publication of material that:

(a) Slanders or libels a person or organization; or

(b) Disparages a person's or organization's goods, products or services; or

(5) Oral or written publication of material that violates a person's right of privacy;

(6) The use of another's advertising idea in your "advertisement"; or

(7) Infringing upon an other's copyright, trade, dress or slogan in your "advertisement".

k. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

l. "Products-Completed Operations Hazard":

(1) Includes all "bodily injury" and "property damage" occurring away from the "residence premises" and arising out of "your product" or "your work" except:

(a) Products that are still in your physical possession; or

(b) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:

(i) When all of the work called for in your contract has been completed;

(ii) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site; or

(iii) When that part of the work done at the job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

(2) Does not include "bodily injury" or "property damage" arising out of:

(a) The transportation of property, unless the injury or damage arises out of a condition in or on a "motor vehicle" not owned or operated by you, and that condition was created by the "loading or unloading" of that "motor vehicle" by an "insured"; or

(b) The existence of tools, uninstalled equipment or abandoned or unused materials.

m. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", "personal and advertising injury" are alleged. "Suit" includes:

(1) An arbitration proceeding in which such damages are claimed and to which an "insured" must submit or does submit with our consent; or

- (2) Any other alternative dispute resolution proceeding in which such damages are claimed and to which an "insured" submits with our consent.
- n. "Temporary worker" means a person who is furnished to you to:
 - (1) Substitute for a permanent "employee" on leave; or
 - (2) Meet seasonal or short-term workload conditions.
- o. "Valuable papers and records":
 - (1) Means "business" materials such as inscribed, printed, or written:
 - (a) Documents;
 - (b) Manuscripts; or
 - (c) Records;
 - including abstracts, books, deeds, drawings, films, maps, or mortgages;
 - (2) Does not mean:
 - (a) Money or securities;
 - (b) Converted data meaning information that is stored on electronic media that is capable of being communicated, processed or interpreted by electronic data processing equipment; or
 - (c) Programs or instructions used in your data processing operations, including the materials on which the data is recorded.
- p. "Your product":
 - (1) Means:
 - (a) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (i) You;
 - (ii) Others trading under your name; or
 - (iii) A person or organization whose business or assets you have acquired; or
 - (b) Containers (other than "motor vehicles"), materials, parts or equipment furnished in connection with such goods or products; and
 - (2) Includes:
 - (a) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; or
 - (b) The providing of, or failure to provide, warnings or instructions; but

- (3) Does not include:
 - (a) Vending machines; or
 - (b) Other property rented to or located for the use of others but not sold.
- q. "Your work":
 - (1) Means:
 - (a) Work or operations performed by you or on your behalf; or
 - (b) Materials, parts or equipment furnished in connection with such work or operations; and
 - (2) Includes:
 - (a) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
 - (b) The providing of or failure to provide warnings or instructions.

SECTION I – PROPERTY COVERAGES

B. Coverage B – Other Structures

Coverage B does not apply to an other structure described in the Schedule of this endorsement.

We cover an other structure:

1. Used for "business"; and
2. Described in the Schedule of this endorsement; for direct physical loss by a Peril Insured Against. Our Limit of Liability will not be more than the Limit of Liability that applies to the other structure, as shown in the Schedule.

(Coverage B – Other Structures does not apply to Forms HO 00 04 or HO 00 06.)

C. Coverage C – Personal Property

(This is Paragraph B. in Forms HO 00 04 and HO 00 06.)

1. Covered Property

The following "business" personal property is also covered under Coverage C:

- a. Property of others that is in your care; and
- b. Leased personal property for which you have a contractual responsibility to insure.

3. Special Limits Of Liability

Under 3. Special Limits of Liability:

- a. Category a. is deleted and replaced by the following:
 - a. \$1,000 on money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.

- b. The last paragraph in Category b. is deleted and replaced by the following:

This limit does not apply to the cost to research, replace or restore the information from lost or damaged material pertaining to your "business". Refer to Section I Additional Coverage E.13.b.(1) below for the limit that applies.

- h. Category h. is deleted with respect to property pertaining to your "business".

(This is Category e. in Form HO 00 08.)

- i. Category i. is deleted and replaced by the following:

- i. \$5,000 on property other than money, scrip, stored value cards, smart cards and securities, away from the "residence premises", used primarily for purposes related to your "business". However, this limit does not apply to loss to adaptable electronic apparatus as described in Categories j. and k.

(Categories i., j., and k. are Categories f., g. and h. in Form HO 00 08.)

4. Property Not Covered

Under 4. Property Not Covered, the following is added:

- i. Contraband, or property in the course of illegal transportation or trade.

E. Additional Coverages

(This is Paragraph C. in Form HO 00 04 and Paragraph D. in Form HO 00 06.)

3. Trees, Shrubs And Other Plants

The preclusion of coverage for property grown for commercial purposes does not apply to trees, shrubs, plants or lawns grown for purposes of your "business".

6. Credit Card, Electric Fund Transfer Card Or Access Device, Forgery And Counterfeit Money

The preclusion of coverage for loss arising out of commercial use does not apply. In addition, the limit of \$500 is increased to \$1,000 for the coverage provided under this endorsement.

13. The following Additional Coverages are added:

a. Accounts Receivable

We will pay for:

- (1) Amounts due from your customers 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; and

- (4) Other reasonable expenses that you incur to re-establish your records of accounts receivable;

that result from direct physical loss by a Peril Insured Against to your records of accounts receivable. For accounts receivable that are on the "residence premises", the most will pay is \$5,000.

For accounts receivable away from the "residence premises", the most we will pay is \$2,500.

This coverage is additional insurance.

b. "Valuable Papers And Records"

- (1) We will pay, up to \$2,500, for direct physical loss to "valuable papers and records" that you own, or that are in your care, caused by or resulting from a Peril Insured Against. This coverage includes the cost to research lost information on "valuable papers and records" for which duplicates do not exist.

- (2) This coverage does not apply to:

- (a) Property held as samples or for delivery after sale; or
- (b) Property in storage away from the "residence premises".

This coverage is additional insurance.

c. "Business Income"

- (1) We will pay for the actual loss of "business income" you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss to property at the "residence premises". The loss must be caused by or result from a Peril Insured Against. With respect to loss to "business" personal property in the open or "business" personal property in a "motor vehicle", the "residence premises" includes the area within 100 feet of the site at which the "residence premises" is located.

(2) We will only pay for loss of "business income" that:

- (a) You sustain during the "period of restoration"; and
- (b) Occurs within 12 consecutive months after the date of direct physical loss.

We will only pay for ordinary payroll expenses for 60 days following the date of direct physical loss.

(3) Ordinary payroll expenses mean payroll expenses for all your "employees" except:

- (a) Officers;
- (b) Executives;
- (c) Managers; and
- (d) "Employees" under contract.

(4) Ordinary payroll expenses include:

- (a) Payroll;
- (b) "Employee" benefits, if directly related to payroll;
- (c) FICA payments you pay;
- (d) Union dues you pay; and
- (e) Workers' compensation premiums.

This coverage is additional insurance. No deductible applies to this coverage.

d. Extended "Business Income"

(1) If the necessary suspension of your "operations" produces a "business income" loss payable under this endorsement, we will pay for the actual loss of "business income" you incur during the period that:

(a) Begins on the date property, except finished stock, is actually repaired, rebuilt or replaced and "operations" are resumed; and

(b) Ends on the earlier of:

- (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the "business income" amount that would have existed if no direct physical loss had occurred; or
- (ii) 30 consecutive days after the date determined in (1)(a) above.

(2) Loss of "business income" must be caused by direct physical loss at the "residence premises" caused by or resulting from a Peril Insured Against.

(3) Extended "business income" does not apply to loss of "business income" incurred as a result of unfavorable business conditions caused by the impact of the Peril Insured Against in the area where the "residence premises" is located.

This coverage is additional insurance. No deductible applies to this coverage.

e. Extra Expense

We will pay necessary "extra expense" you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss to property at the "residence premises". The loss must be caused by or result from a Peril Insured Against. With respect to loss to "business" personal property in the open or "business" personal property in a "motor vehicle", the "residence premises" includes the area within 100 feet of the site at which the "residence premises" is located.

We will only pay for "extra expense" that occurs within 12 consecutive months after the date of direct physical loss.

This coverage is additional insurance. No deductible applies to this coverage.

f. Civil Authority Prohibits Use

We will pay for the actual loss of "business income" you sustain and necessary "extra expense" caused by action of a civil authority that prohibits access to the "residence premises" due to direct physical loss of or damage to property, other than at the "residence premises", caused by or resulting from a Peril Insured Against.

The coverage for "business income" will begin 72 hours after the time of that action and will apply for a period of up to three consecutive weeks after coverage begins.

The coverage for necessary "extra expense" will begin immediately after the time of that action and ends:

- (1) Three consecutive weeks after the time of that action; or
- (2) When your "business income" coverage ends;

whichever is later.

This coverage is additional insurance. No deductible applies to this coverage.

SECTION I – EXCLUSIONS

10. The following exclusions are added. This is Exclusion **A.10.** in Forms **HO 00 03** and **HO 00 05**:

a. Dishonesty

We will not pay for loss caused by or resulting from dishonest or criminal acts by you, anyone else with an interest in the property, or any of your or their partners, "employees", directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

- (1) Acting alone or in collusion with others; and
- (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your "employees"; but theft by "employees" is not covered.

With respect to accounts receivable and "valuable papers and records", this exclusion does not apply to carriers for hire.

b. False Pretense

We will not pay for loss caused by or resulting from voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

c. "Business Income" And "Extra Expense"

We will not pay for:

- (1) Any "extra expense", or increase of "business income" loss, caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your "business income" during the "period of restoration"; or
- (2) Any other consequential loss.

d. Accounts Receivable And "Valuable Papers And Records"

The following exclusions apply to Section I Additional Coverages **E.13.a.** Accounts Receivable and/or **E.13.b.** "Valuable Papers And Records" in the following manner:

- (1) With respect to both Accounts Receivable and "Valuable Papers and Records":
 - (a) The following are the only Section I – Exclusions of the policy to which this endorsement is attached that apply to these Additional Coverages:
 - (i) Neglect;
 - (ii) War;
 - (iii) Nuclear Hazard; and
 - (iv) Intentional Loss.
 - (b) All Section I – Exclusions added by this endorsement apply except Exclusion **c.** "Business Income" And "Extra Expense" above; and
 - (c) We will not pay for:
 - (i) Loss caused by or resulting from electrical or magnetic injury, disturbance or erasure of electronic recordings that is caused by or results from:
 - (a) Programming errors or faulty machine instructions; or
 - (b) Faulty installation or maintenance of data processing equipment or component parts.
 - (ii) Loss to contraband, or property in the course of illegal transportation or trade.
- (2) With respect to "Valuable Papers and Records" only:

We will not pay for loss caused by or resulting from any of the following:

 - (a) Errors or omissions in processing or copying. But we will pay for direct physical loss caused by resulting fire or explosion; or
 - (b) Wear and tear, deterioration or latent defect.

