EARTHQUAKE SHOCK INSURANCE

INSURING CLAUSE

Subject to the exclusions, limits and conditions hereinafter contained, this Policy insures buildings against Earthquake Shock occurring during the period of this Policy as stated in the Declaration Page attaching to and forming part hereof.

Earthquake Shock shall mean physical damage caused by Earth Movement including Landslide, Mudflow, Earth Sinking, Earth Rising or Shifting, only as a direct and immediate result of Earthquake and not any consequential loss or damage.

Each loss by Earthquake will constitute a single claim hereunder, provided, if more than one Earthquake shall occur within any period of seventy-two hours during the term of this Policy, such Earthquake shocks shall be deemed to be a single Earthquake within the meaning hereof. We will not be liable for any loss caused by any Earthquake Shock occurring before the effective date and time of this Policy, nor for any loss occurring after the expiration date and time of this Policy.

DEFINITIONS

The language of this policy includes certain common words for easy understanding. They have exact defined meaning. In this policy:

1. The words "you" and "your" mean the policyholder first named in the policy declaration.
2. The words "we", "us", "our", and "the company" mean Underwriters at Lloyd's of London.
3. The word "declaration" means the page that completes this policy by showing coverages, limits of protection and other basic information.

LOSSES EXCLUDED

THIS POLICY DOES NOT INSURE AGAINST:

1. Loss or damage arising directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination, however such nuclear reaction, nuclear radiation or radioactive contamination may have been caused.
2. Loss or damage to the property insured occasioned directly or indirectly by war, invasion, hostilities, acts of foreign enemies, civil war, rebellion, insurrection, military or usurped power or martial law or confiscation by order of any government or public authority.
3. Loss or increased cost occasioned by any Civil Authority's endorsement or any ordinance or law regulating the reconstruction, repair or demolition of any property insured hereunder.

PROPERTY NOT COVERED

THIS POLICY DOES NOT COVER:

1. Land or Land Values.
2. Buildings or structures in process of construction, including materials and supplies therefore except as stated on the Declaration Page.
3. Sidewalks, driveways or patios.
4. Water supply systems including, but not limited to wells, irrigation systems, residential sprinkler systems and water reclamation systems.
5. Underground structures or equipment that are located outside the foundation wall of the building, including underground pipes, cables, flues, and drains (Plumbing pipes which are in the walls, ceiling, or floor system of the building and plumbing extending to the exterior surface of the foundation wall of the building are covered items. Essential utility service located outside of the foundation wall and within the property boundaries of the building, which affects its habitability, is covered.)
6. Swimming pools, spas and hot tubs, including:
   a. tile, concrete, masonry or decking surrounding any portion of the pool, spa, or hot tub;
b. plumbing and filter systems of the pool, spa, or hot tub.

7. Bulkheads, piers, wharves and retaining walls.

8. Masonry veneer construction on wood frame walls and floors, masonry walls, masonry fences and masonry chimneys, unless specifically shown on latest Declaration as insured.


10. Awnings.

11. Any items that consist of a work of art, or ornate or decorative items including but not limited to wall murals, stained glass, mirrors permanently affixed to the building, mosaics, statuary, paintings drawings, pottery, and ceramics.

12. Glassware, china or porcelain.

13. Landscaping, trees, shrubs, lawns or plants.

14. Data, including data stored in:
   a. books of account, drawings or other paper records;
   b. electronic data processing tapes, wires, records, discs or other software.

15. Trailers designed for use with any motorized vehicle.

16. Animals, birds, or fish.

17. Motor vehicles, and any parts thereof.

18. Property of roomers and boarders.

19. Aircraft, and any parts thereof.

20. Watercraft, and any parts thereof.

OTHER INSURANCE

This Policy does not cover any loss or damage which at the time of the happening of such loss or damage is insured by, or would, but for the existence of this Policy, be insured by any other insurance policy or policies either primary or excess.

TERRITORIAL LIMITS

This policy insures Buildings and Other Properties owned by you, and located as described in the Declaration Page.

SUM INSURED

We will not be liable for more than the sum insured stated in the Declaration Page in respect of each loss or series of losses arising out of one event and in the annual aggregate.

DEDUCTIBLE

The value of your destroyed or damaged property which is not covered by this policy will not be considered as any part of your deductible.

The following deductible provisions apply to this policy:

1. The amount of the deductible for your building and other property will be determined by applying the earthquake deductible percentage to your building amount. If you have coverage for other property, the deductible will be determined by applying the earthquake deductible percentage to your other property amount.

2. A deductible will apply to each occurrence of loss or damage to your building and contents. When you have coverage for other property, a separate deductible will apply.

3. We will not pay for any covered earthquake loss or damage to your building, contents or other property unless it exceeds the applicable earthquake deductible. Our payment of loss will not exceed the applicable limit of insurance shown on your Declaration Page.
DEBRIS REMOVAL

This Policy also covers, within the sum insured, expenses incurred in the removal of debris of the property covered hereunder which may be directly destroyed or damaged by the cause insured against. The cost of removal of debris shall not be considered in determination of the valuation of the property covered.

CONDITIONS

1. VALUATION

This policy is an Actual Cash Value policy, and it is understood that, in the event of damage, settlement will be calculated as the amount it would cost to repair, or replace Covered Property, at the time of damage, with material of like kind and quality, subject to a deductible for deterioration, depreciation and obsolescence. This settlement applies to valuation of Covered Property regardless of whether that property has sustained partial or total damage.

Our liability for loss under the Policy will not exceed the amount of the Policy applicable to the destroyed or damaged property.

2. NOTIFICATION OF CLAIMS

You, upon knowledge of any occurrence likely to give rise to a claim hereunder, will give immediate written advice thereof to us through the correspondent named in this Policy.

3. PROOF OF LOSS

You will render a signed and sworn proof of loss within sixty (60) days after the occurrence of a loss (unless such period be extended by written agreement of us) stating the time, place and cause of loss, your interest and all others in the property, the sound value thereof and the amount of loss or damage thereto.

4. SUBROGATION

If we become liable for any payment under this Policy in respect of loss or damage we will be subrogated, to the extent of such payment, to all your rights and remedies against any party in respect of such loss or damage and we will be entitled at their own expense to sue in your name. You will give to us all such assistance in your power as we may require to secure our rights and remedies and, at our request will execute all documents necessary to enable us effectively to bring suit in your name including the execution and delivery of the customary form of loan receipt.

5. SALVAGE AND RECOVERIES

All salvages, recoveries and payments recovered or received subsequent to a loss settlement under this Policy will be applied as if recovered or received prior to the said settlement and all necessary adjustment shall be made by the parties thereto.

6. FALSE OR FRAUDULENT CLAIMS

If you make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this Policy will become void and all claims hereunder will be forfeited.

7. ABANDONMENT

There will be no abandonment to the company of any property.

8. INSPECTION AND AUDIT

We will be permitted but not obligated to inspect your property at any time. Neither our right to make inspections nor the making thereof nor any report thereon will constitute an undertaking, on behalf of or for your benefit or others, to determine or warrant that such property is safe.

We may examine and audit your books and records at any time during the policy period and extensions thereof and within three years after the final termination of this Policy, as far as they relate to the subject matter of this Insurance.
9. **ASSIGNMENT**

Assignment or transfer of this Policy will not be valid except with the written consent of the company.

10. **MORTGAGEES AND LOSS PAYEES**

**MORTGAGEE CLAUSE**

This clause applies only to coverage on buildings and other property and does not affect your right or duties. If a mortgagee is shown on the Declaration Page, we will pay any loss covered by this policy to the mortgagee and you as interests appear. If more that one mortgagee is shown for an insured location, the order of our payment to each mortgagee is the same as the order of the precedence of the mortgagees.

**SETTLEMENT OF LOSS**

If we deny your claim, that denial does not apply to a valid claim of a mortgagee, if the mortgagee:

(a) notifies us of any change in ownership, occupancy or substantial change in risk of which the mortgagee is aware;
(b) pays any premium due under this policy on demand by us;
(c) submits a signed, sworn proof of loss within sixty (60) days after receiving notice from us of your failure to provide the same;
(d) fully cooperates with us in the investigation or settlement of a loss to the insured property;
(e) has not participated in the breach of any term or condition of this policy by you or any insured person. This includes causing or procuring the damage or destruction of the property insured by this policy.

**LOSS PAYEE CLAUSE**

The loss payee shown by endorsement or on the Declaration Page is a person or organization you have entered a contract with for the sale of property insured by this policy.

When both you and the loss payee have an insurable interest in property insured by this policy we will:

(a) adjust covered losses with you; and
(b) pay any covered claim for loss or damage jointly to you and the loss payee, as interest may appear on the policy.

**SUBROGATION**

If we pay the mortgagee or loss payee for any loss and deny payment to you;

(a) we are subrogated to all the rights of the mortgagee, or loss payee, granted by the mortgage, promissory note, lien or debt on the policy; or
(b) At our option, we may pay to the mortgagee the debt secured by the mortgage, lien or promissory note plus any accrued interest. In this event, we are entitled to receive a full endorsement, assignment and or transfer of the mortgage, lien, promissory note or debt and other security to the extent of our payment to the mortgagee, or loss payee.

(c) we will release the rights, assignment, security and mortgage we have obtained from the mortgagee, or loss payee, if we later determine that we owe your claim for loss.

Subrogation will not impair the right of the mortgagee, or loss payee, to recover the full amount of the mortgagee's or loss payee's claim.

If this policy is cancelled for non-payment of premium the mortgagee, loss payee or additional interest shown on the declaration page will be given ten (10) day notice. If we cancel or refuse to renew this policy for any other reason, we will provide a twenty (20) day notice.

11. **SUIT AGAINST THE COMPANY**

No legal action may be brought against the company concerning any of the coverages provided in this policy until you have fully complied with all terms of the policy.
12. **BAILEE**

We will not recognize any assignment or grant any coverage for the benefit of any person or organization, other than you, holding, storing or transporting property for a fee regardless of any other provision of this policy.

13. **POLICY PERIOD**

This policy applies to earthquake loss or damage which occurs during the policy period. Unless cancelled, this policy may be renewed at our option if the required renewal premium is paid by you and accepted by us. Failure to pay within the time allowed will terminate coverage as of the expiration date. If your policy does expire and you send a later payment of the required premium we may reinstate your policy at our option, as of the date and time payment is received. A new policy period is then established.

14. **NON-RENEWAL**

We may elect not to renew this policy. We may do so by delivering to you or mailing to you, written notice at least twenty (20) days before the expiratory date of the policy period. Notice will be delivered or mailed to the latest mailing address shown in our records. Proof of mailing will be sufficient proof of notice. The policy period will end on the date and time stated in the notice.

15. **CANCELLATION**

(a) This policy may be cancelled by you at any time by written notice or by surrender of this Policy. This Policy may also be cancelled by or on our behalf by delivery to you or by mailing to you by registered, certified or other first class mail, at your address as shown in this Policy, written notice stating when, not less than 10 days thereafter, the cancellation shall be effective. The mailing of such notice as aforesaid shall be sufficient proof of notice and this Policy shall terminate at the date and hour specified in such notice.

(b) In the event that a loss occurs, then, if you at any time afterwards cancel, premium will be considered as having been earned in the same ratio as the claim made bears to the aggregate limit, provided that this does not result in a larger return premium than would have been developed by paragraph (c) immediately following.

(c) In the event that no loss has occurred, then, if this Policy is cancelled by you, then we will be entitled to premium calculated according to the following formula:

(i) Calculate 90% (ninety percent) of the proportion of premium applicable to the period between date of cancellation and normal expiry.

(ii) Deduct the result of (a) from the premium applicable to the full policy period.

(iii) If the result of (b) above is greater than the premium already received by us then the difference shall be due to us. If the result of (b) above is less than the premium already received by us then the difference shall be due to you.

(iv) If this Policy is cancelled by or on our behalf we will retain the pro-rata proportion of the premium hereon.

Payment or tender of any unearned premium by us will not be a condition precedent to the effectiveness of cancellation, but such payment shall be made as soon as practicable.

If the period of limitations relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.
SEVERAL LIABILITY NOTICE

The subscribing insurers’ obligations under contracts of insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing insurers are not responsible for the subscription of any co-subscribing insurer who for any reason does not satisfy all or part of its obligations.

LSW 1001 (Insurance)

U.S.A. & CANADA

LAND, WATER AND AIR EXCLUSION

Notwithstanding any provision to the contrary within the Policy of which this Endorsement forms part (or within any other Endorsement which forms part of this Policy), this Policy does not insure land (including but not limited to land on which the insured property is located), water or air, howsoever and wherever occurring, or any interest or right therein.

N.M.A. 2341 (24/11/88) Form approved by Lloyd's Underwriters' Non-Marine Association

SEEPAGE AND/OR POLLUTION AND/OR CONTAMINATION EXCLUSION:

DEBRIS REMOVAL AND COST OF CLEAN UP EXTENSION:

AUTHORITIES EXCLUSION

SEEPAGE AND/OR POLLUTION AND/OR CONTAMINATION EXCLUSION

Notwithstanding any provision in the Policy to which this Endorsement is attached, this Policy does not insure against loss, damage, costs or expenses in connection with any kind or description of seepage and/or pollution and/or contamination, direct or indirect, arising from any cause whatsoever.

NEVERTHELESS if fire is not excluded from this Policy and a fire arises directly or indirectly from seepage and/or pollution and/or contamination any loss or damage insured under this Policy arising directly from that fire shall (subject to the terms, conditions and limitations of the Policy) be covered.

However, if the insured property is the subject of direct physical loss or damage for which Underwriters have paid or agreed to pay then this Policy (subject to its terms, conditions and limitations) insures against direct physical loss or damage to the property insured hereunder caused by resulting seepage and/or pollution and/or contamination.

The Assured shall give notice to the Underwriters of intent to claim NO LATER THAN 12 MONTHS AFTER THE DATE OF THE ORIGINAL PHYSICAL LOSS OR DAMAGE.

DEBRIS REMOVAL AND COST OF CLEAN UP EXTENSION

Notwithstanding the provisions of the preceding exclusion in this Endorsement or any provision respecting seepage and/or pollution and/or contamination, and/or debris removal and/or cost of clean up in the Policy to which this endorsement is attached, in the event of direct physical loss or damage to the property insured hereunder, this Policy (subject otherwise to its terms, conditions and limitations, including but not limited to any applicable deductible) also insured, within the sum insured by not exceeding $25,000

(a) expenses reasonably incurred in removal of debris of the property insured hereunder destroyed or damaged from the premises of the Assured; and/or
(b) cost of clean up, at the premises of the Assured, made necessary as a result of such direct physical loss or damage:

PROVIDED that this Policy does not insure against the costs of decontamination or removal of water; soil or any other substance on or under such premises.

It is a condition precedent to recovery under this extension that Underwriters shall have paid or agreed to pay for direct physical loss or damage to the property insured hereunder unless such payment is precluded solely by the operation of any deductible and that the Assured shall give notice to the Underwriters of intent to claim for cost of removal of debris or cost of clean up NO LATER THAN 12 MONTHS AFTER THE DATE OF SUCH PHYSICAL LOSS OR DAMAGE.

AUTHORITIES EXCLUSION

Notwithstanding any of the preceding provisions of this Endorsement or any provision of the Policy to which this Endorsement is attached, this Policy does not insure against loss, damage, costs, expenses, fines or penalties incurred or sustained by or imposed on the Assured at the order of any Government Agency, Court or other Authority arising from any cause whatsoever.
WAR AND CIVIL WAR EXCLUSION CLAUSE
(Approved by Lloyds Underwriters Non-Marine Association)

Notwithstanding anything to the contrary contained herein this Policy does not cover Loss or Damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, revolution, insurrection, military or usurped power or confiscation or nationalization or requisition or destruction of or damage to property by or under the order of any government or public or local authority.

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N.M.A. 464

USA.

RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE-
PHYSICAL DAMAGE-DIRECT
(Approved by Lloyd’s Underwriters’ Fire and Non-Marine Association)

This Policy does not cover any loss or damage arising directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination however such nuclear reaction, nuclear radiation or radioactive contamination may have been caused NEVERTHELESS if Fire is an insured peril and a Fire arises directly or indirectly from nuclear reaction, nuclear radiation or radioactive contamination any loss or damage arising directly or indirectly from that Fire shall (subject to the provision of this Policy) by covered EXCLUDING however all loss or damage caused by nuclear reaction, nuclear radiation or radioactive contamination arising directly or indirectly from that Fire.
Note- If Fire is not an insured peril under this Policy the words "NEVERTHELESS" to the end of the clause do not apply and should be disregarded.

7/5/59
N.M.A. 1191

ELECTRONIC DATE RECOGNITION EXCLUSION (EDRE)

This Policy does not cover any loss, damage, cost, claim or expense, whether preventative, remedial or otherwise, directly or indirectly arising out of or relating to:

(a) the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or
(b) any charge, alteration or modification involving the date changed to the year 2000, or any other date change, including leap year calculations to any such computer, hardware, program or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not. This clause applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

NMA2802 (12/97)
SERVICE OF SUIT CLAUSE (U.S.A.)

It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters’ rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. It is further agreed that service of process in such suit may be made upon MENDES & MOUNT

750 7th Avenue
New York, NY 10019-6829

and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to have a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon Underwriters’ behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision thereof, Underwriters hereon hereby designate the Superintendent, commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding of insurance (or reinsurance), and hereby designate the above-named person to whom the said officer is authorized to mail such process-or a true copy thereof.

NMA 1998 (24/4/86) Form approved by Lloyd’s Underwriters’ Non-Marine Association

U.S.A. AND CANADA

CANCELLATION CLAUSE

NOTWITHSTANDING anything contained in this Insurance to the contrary this Insurance may be canceled by the Assured at any time by written notice or by surrender of this contract of insurance. This insurance may also be canceled by on behalf of the Insurers by delivering to the Assured or by mailing to the Assured, by registered, certified or other first class mail, at the Assured’s address as shown in this Insurance, written notice stating when, not less than 10 days thereafter, the cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice and this Insurance shall terminate at the date and hour specified in such notice.

If this Insurance shall be canceled by the Assured the Insurers shall retain the customary short rate proportion at the premium hereon, except that if this Insurance is on an adjustable basis the Insurers shall receive the earned premium hereon or the customary short rate proportion of any minimum premium stipulated herein whichever is the greater.

If this Insurance shall be canceled by or on behalf of the Insurers the Insurers shall retain the pro rata proportion of the premium hereon, except that if this Insurance is on an adjustable basis the Insurers shall receive the earned premium hereon or the pro rata proportion of any minimum premium stipulated herein whichever is the greater.

Payment or tender of any unearned premium by the Insurers shall not be a condition precedent to the effectiveness of Cancellation but such payment shall be made as soon as practicable.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

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