1. *APPLICATION OF THIS MANUAL*

A. This manual contains the rules and rating procedures for the Businessowners Policy.

B. The Businessowners Policy provides both property and liability coverage for eligible small and medium size businesses.

C. The Businessowners Program insures against risk of direct physical loss, unless specifically excluded. The package rate includes all of the mandatory coverages unless otherwise noted in the Premium Development – Mandatory Coverage section; optional coverages and endorsements may be added for additional charges.

D. Refer to the state exceptions for any exceptions to the rules in this manual.

E. **Automatic Increase in Insurance**

The limit of liability applicable to Buildings is automatically adjusted by an annual percentage rate of 5% on a pro rate basis as the policy term progresses. The Company may increase or decrease the limits of liability for Buildings at the beginning of each renewal policy period, based upon reports of recognized appraisal agencies, reflecting changes in cost of construction.

F. **Older and Converted Buildings**

1. On buildings over 25 years old, a photograph of the building (which includes adjacent buildings) is recommended on all new submissions.
2. Complete information must be shown in the appropriate section of the application regarding updating of the wiring, heating, plumbing and roof.

G. **Payment Plans**

Refer to the Billing Guide Manual for Direct Bill and Mortgagee Bill information and procedures.

2. *GENERAL RULES*

A. **Application of General Rules**

With the exception of company underwriting guidelines, the rules, forms and classifications in this manual constitute the entire Businessowners Program and must not be amended except as specifically permitted in accordance with these rules.

B. **Effective Date Rules**

The date shown at the bottom of the page is a printing date and not necessarily the effective date. The effective date or distribution date will be announced on the bulletin accompanying new or revised pages.

C. **Policy Term**

The Businessowners Policy may be written:

1. For one year and renewed annually by renewal certificate or renewal policy. Compute the premium for each year according to the then current rules and rates. A policy renewed by renewal certificate shall be endorsed to reflect all then current forms.
2. For less than one year. When the policy term is less than one year compute the premium by prorating the annual premium.

D. **Factors or Multipliers**

Factors or multipliers are to be applied consecutively and not added together unless otherwise specified.

2. ***GENERAL RULES (Cont.)***

E. **Rounding Rule**

1. Rates. Round rates, factors and multipliers after the final calculation to three decimal places.
2. Premium. Round the premium for each coverage for which a separate premium is calculated to the nearest whole dollar. Round a premium involving $.50 or over to the next higher whole dollar.

   Note: Charge a premium of at least $1.00 for each instance where a separate premium is calculated.

F. **Policy Writing Minimum Premium**

Refer to the state rate pages for applicable Minimum Premium.

The Minimum Premium applies to all mandatory coverages that are described in this manual except Equipment Breakdown. The premium for Equipment Breakdown is added in addition to the Minimum Premium.

Premiums for all Optional Coverages and Endorsements and Druggist Professional Liability that are added to this policy are in addition to the stated Minimum Premium.

G. **Mid-term Changes**

1. **Additional Premiums**
   a. Pro rate all changes requiring additional premium.
   b. Apply the rates, premium and rules in effect on the effective date of the policy or most current renewal certificate.
   c. If the policy inception premium was less than the policy writing minimum premium, add the additional premium for the change to the previously generated premium. If the new total premium is still below the policy writing minimum premium, do not charge the additional premium generated by the change. If the new total premium is above the policy writing minimum premium, charge the amount which is in excess of the policy writing minimum premium.
2. **Return Premiums**
   a. Deletion of a mandatory coverage is not permitted unless the entire policy is cancelled. See Cancellation Rule.
   b. Compute return premium at the rates used to calculate the policy premium.
   c. Compute return premium pro rata and round to the next higher whole dollar when any coverage or exposure is deleted or limit of insurance is reduced.
   d. Grant any return premium due to the insured.
   e. Retain the policy writing minimum premium.
3. **Changed Conditions**

   If because of materially changed conditions a rate proves inequitable, a new rate may be established and policies in force may be endorsed to reflect this changed rate. The effective date of the new rate is the date the Company receives notification of the changed conditions.

2. ***GENERAL RULES (Cont.)***

H. **Policy Cancellations**

1. Compute return premium pro rata and round to the next higher whole dollar when:
   a. A policy is cancelled at the Company's request;
   b. the insured no longer has a financial or insurable interest in the property or business operation that is the subject of insurance; or
   c. a policy is cancelled and rewritten in the same company or company group.
2. Retain the earned premium when the insured requests cancellation, except when a policy is cancelled as of the inception date.

3. ***MANDATORY FORMS, COVERAGE, AND LIMITS***

A. **Mandatory Coverages**. The Businessowners Policy must be written to provide:

1. Coverage on all business Buildings and Personal Property.
2. If the insured owns both the Building(s) and the Business Personal Property at a location, we must insure both on the same policy.

B. **Mandatory Forms**

1. **Businessowners Coverage Form** BP 00 03
2. **Businessowners Amendatory Endorsement** M2732B
3. **Business Income Changes – Time Period** BP 04 41
4. **Calculation of Premium Endorsement** BP 05 01
5. **Employment Related Practices Exclusion** BP 04 17 (CA, ID, OR), BP 04 60 (WA)
6 **Fungi or Bacteria Exclusion (Liability)** BP 05 77 (CA, ID, OR), M2601BW (WA)
7. **Exclusion – Year 2000 Computer-Related and Other Electronic Problems – With Exception for Bodily Injury on Your Premises**

   There is no coverage for liability arising out of any injury or damage related to any computer or other electronic equipment's inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond except for Bodily Injury on the Insured Location.

   Form: BP 10 07
8. **Automobile Service Operations Supplemental Coverages**

   Automobile Service Operations Supplemental Coverages will be attached to policies which include the Garage Service Operation classification and other classes which operate customers' automobiles. This endorsement broadens the non-owned auto coverage to include automobile medical payments coverage.

   Form: M2441B
9. **Tech Shield™ Equipment and Technology Breakdown Coverage**

   This endorsement provides coverage for a loss caused by or resulting from an accident to covered equipment along with microelectronics coverage, cloud computing service interruption, service interruption data restoration, off premises business income, extra expense and data restoration, and public relations coverage

   Form: M2477B

3. ***MANDATORY FORMS, COVERAGE, AND LIMITS (Cont.)***

B. 10. **Florists Errors & Omissions Liability Endorsement**

Florists Errors & Omissions Liability Endorsement will be added to all retail and wholesale florists (Class codes 50381 and 59685) unless the risk is a Lessor. This endorsement extends coverage to apply to the insured's professional services as a retail or wholesale florist.

Form: M2700B

11. **Barbers and Beauticians Professional Liability**

Barbers and Beauticians Professional Liability Endorsement will be added to all Barber Shops (71332) and Beauty Parlors and Nail Salons (71952) unless the risk is a Lessor. This endorsement provides professional liability for barbers and beauticians and also extends business liability and professional liability coverage to independent operators who rent or lease space in the insured premises for the purpose of conducting barber or beautician services.

Form: BP 08 01

12. **Bakery Services Errors and Omissions Liability Endorsement**

Bakery Services Errors and Omissions Liability Endorsement will be added to all retail and wholesale bakeries (Class codes 50141 and 54606) unless the risk is a Lessor. This endorsement extends $50,000 of coverage to apply to damages resulting from the insured's negligent act, error or omission in providing bakery services.

Form: M2740B

13. **Wake Up Call Errors and Omissions Liability Endorsement**

Wake Up Call Errors and Omissions Liability Endorsement will be added to all Motels, Hotels (Class codes 67132, 67133, 67141 and 67134) and Bed and Breakfasts (Class code 68141). This endorsement extends $50,000 of coverage to apply to damages resulting from the insured's negligent act, error or omission in providing wake-up call services.

Form: M2739B

14. **Mail Services Errors and Omissions Liability Endorsement**

Mail Services Errors and Omissions Liability Endorsement will be added to all Mail Box/Direct Mailing/ Packaging Operations (Class code 71837) unless the risk is a Lessor. This endorsement extends $50,000 of coverage to apply to damages resulting from the insured's negligent act, error or omission in providing mail services.

Form: M2741B

15. **Motels Endorsement**

When insuring eligible motel or hotel risks, Motel Endorsement BP 07 10 must be attached. For other endorsements available for use with motel or hotel risks, refer to rule 7.AV.

Motel Endorsement BP 07 10 modifies several provisions of the property and liability coverages as follows:

a. Property Coverage.

Amends the business personal property provisions to specify that property belonging to guests is not considered property of others; adds property in motel rooms furnished by the motel operator as business personal property; and includes a $2,500 limit for lock replacement coverage.

b. Liability Coverage.

This endorsement includes a $25,000 Liability For Guests' Property Limit, which is subject to a $1,000 per guest limit. Exclusions specific to these coverages are also included.

3. ***MANDATORY FORMS, COVERAGE, AND LIMITS (Cont.)***

B. 16. **Condominium Associations**

When insuring eligible condominium associations (61000, 69145) the Condominium Association Coverage Endorsement will be attached.

Form: M2730B (CA, ID, OR), M2731B (WA)

17. **Condominium Commercial Unit Owners**

When insuring commercial condominium unit owner's business (60999, 63015) the Condominium Commercial Unit-Owners Coverage Endorsement must be attached.

Form: BP 17 02

18. **Art Dealer or Galleries**

When insuring eligible art dealer and galleries the Fine Art Dealer and Galleries Coverage Form must be attached.

Form: M2795B (CA, ID, OR), M2800BW (WA)

19. **State Specific Forms**

Refer to the State Rates and Exceptions

20. **Limited Fungi, Wet Rot, Dry Rot and Bacteria Coverage (Property)**

Form: M2620B

21. **Cannabis Exclusions**

a. **Cannabis Property Exclusion With Hemp Exception**

Coverage for cannabis and that part of Business Income loss or Extra Expense incurred, due to a suspension of operations, which is attributable to the design, cultivation, manufacture, storage, processing, packaging, handling, testing, distribution, sale, serving, furnishing, possession or disposal of cannabis is excluded, with a hemp exception.

Form: BP 15 31

b. Cannabis Liability Exclusion With Hemp And Lessors Risk Exceptions

Liability arising out of the design, cultivation, manufacture, storage, processing, packaging, handling, testing, distribution, sale, serving, furnishing, possession or disposal of cannabis; the actual, alleged, threatened or suspected inhalation, ingestion, absorption or consumption of, contact with, exposure to, existence of, or presence of cannabis is excluded, with a hemp and lessor's risk exception.

Form: BP 15 34

22. **Cyber Incident Exclusion**

This endorsement excludes loss or damage caused directly or indirectly by a cyber incident. The exclusion in this endorsement includes an exception for fire or explosion.

Form: BP 15 60

C. **Liability Limits of Insurance**

1. Liability and Medical Expenses coverage has a basic limit of insurance of $500,000 per occurrence which may be increased to $1,000,000 or $2,000,000. The $2,000,000 limit is not available for Comprehensive Personal Liability coverage.

The **products-completed operations aggregate** and the **General Aggregate** are shown on the Declarations page. Options for $3,000,000, $4,000,000 and $5,000,000 General Aggregate are available with the $1,000,000 Occurrence Limit. This general aggregate does not apply to Damage To Premises Rented to You Liability.

2. A "per person" Medical Expenses limit of $5,000 applies unless excluded under Rule 7.AS.

4. ***ELIGIBILITY***

A. **Subject to meeting the company underwriting guidelines, the Businessowners Policy will cover the following classes of risks**:

1. No building in any category should exceed 150,000 square feet. Do not use basement areas not open to the public in computing floor areas.
2. **Apartment buildings** or groups of apartment buildings which do not exceed five (5) stories in height (above ground level parking is to be counted as a story). Apartment buildings greater than (5) five stories must be submitted for approval prior to binding. Apartments which contain more than a total of 15,000 square feet of mercantile space are treated as retail and wholesale buildings.
3. **Office buildings** (including Office Condominiums) occupied principally for office purposes. Office buildings which contain more than 15,000 square feet of mercantile space are not eligible as an office and should be rated using the appropriate retail or wholesale classification.
4. **Retailers and Wholesalers buildings** occupied principally for mercantile purposes where the principal business is the buying and selling of merchandise.
   a. **Lessors Risk Multiple Occupancy – Nonmanufacturing Maintained by the Insured (60003)**
      (1) Office, service or mercantile combinations;
      (2) Maximum 30% restaurant occupancy;
      (3) The only non-lessors risk occupancy acceptable is the area occupied by the insured for the sole purpose of operating and maintaining the building.
5. **Bed and Breakfast buildings** operated by the owner are rated under lessor's risk.
6. **Car Washes**

   A minimum liability property damage deductible of $500 applies for class code 66601, unless the risk is a lessor.
7. **Reserved for Future**
8. **Offices which are located in the insured's home**. (Class Codes 60999 and 65121)

   The office area of the home must be in an area that is separate from the rest of the dwelling and there must be no exchange of property from one area to the other.
9. **Rental dwellings** are eligible for coverage. Dwellings built prior to 1980 must be bolted to foundation – CA only.
10. **Wine Shops** (With or without tasting rooms)
    a. Specialty/gourmet wine shops which sell no hard liquor are eligible.
    b. No food or beverages may be served on premises except for "tasting room" exposures.
    c. Liquor liability coverage is available.
11. **Motels/ Hotels** are rated as lessor's risk.
    a. If the motel/hotel complex has a restaurant in a separate building, rate that building as a restaurant.

       If there is a restaurant in the same building as the motel/hotel, rate the entire building as a Motel/Hotel with restaurant.
    b. Motels/Hotels which have a value of less than $200,000 are not eligible under this program.

4. ***ELIGIBILITY (Cont.)***

A. 12. **Garage Service Operations** (Entities that do automobile mechanical and body repair work)

a. A minimum Property Damage Deductible of $500 is required for class codes 10071 & 10073, unless the risk is a lessor.

b. A minimum Business Personal Property limit of $50,000 is required for class codes 10071, 10073, 09321 and 09351.

13. **Quick Lube Auto Service**

A minimum property damage deductible of $500 applies for class code 10072, unless the risk is a lessor.

14. **Restaurants** are eligible according to the following criteria:

a. **Fast Food (09014)**

(1) Seating Capacity no greater than 75.

(2) Without service to tables by servers.

b. **Buffets (09015)**

(1) Seating Capacity not limited.

(2) Without service to tables by servers.

c. **Casual Restaurants without Separate Lounge Area (09011)** (Casual dining is a term denoting a market segment between fast food establishments and fine dining restaurants. It is usually characterized by table service, a relatively fully-stocked and full service bar, and a bill per diner averaging $10 to $30 for an evening meal and slightly less for lunch. Includes Pizza Parlors)

(1) Seating capacity not limited.

(2) With service to tables by servers.

d. **Casual Restaurants with Separate Lounge Area (09012)**

(1) Seating capacity not limited.

(2) With service to tables by servers.

e. **Fine Dining Restaurants (09013)**

Fine dining is a term denoting a restaurant that creates a dining experience. The experience can start with the location and the view. The interior of the restaurant is often quite elegant. Service is usually impeccable with chefs usually from the best culinary schools.

(1) Seating capacity not limited.

(2) With service to tables by servers.

(3) If beer and wine sales are more than 25% of total sales, refer to underwriting before binding.

15. **Adult Foster Homes** which meet the following criteria are eligible. Owner-operated Adult Foster Care Homes are eligible for Property Coverage only.

a. Attach endorsement M2375B – Businessowners Liability (Section II) Exclusion if owner operated.

4. ***ELIGIBILITY (Cont.)***

A. 16. **Vacant Land (49451)**

Vacant land may be covered if there are also other classifications on the policy that are eligible for coverage. There cannot be any development of the land anticipated.

a. Attach endorsement M2794B Construction Related Exclusion (CA, ID, OR), M2808BW (WA).

b. Attach endorsement BP 14 08 Exclusion – Exterior Insulation and Finish Systems.

c. See State Rate Pages for rate. (Classification Table)

17. **Appliances, Electronics, Furniture, and Household Appliances & Home Furnishings – Retail**

A minimum property damage deductible of $500 applies for Class codes 57224, 57326, and 66671, unless the risk is a lessor.

18. **Art Galleries (84112)** Second hand stores are not eligible. Insured must have written documentation of value of items held for sale including values of consignment items.

19. **Fire Departments (43551)** Owner-operated risks are eligible for Property Coverage only. Attach endorsement M2375B – Businessowners Liability (Section II) Exclusion.

20. **Health or Exercise Clubs (44311)** Owner-operated risks are eligible for Property Coverage Only. Attach endorsement M2375B – Businessowners Liability (Section II) Exclusion.

21. **Libraries (66309)** Owner-operated risks are eligible for Property Coverage only. Attach endorsement M2375B – Businessowners Liability (Section II) Exclusion.

22. **Manufacturing Risks** are eligible if a class is shown in the classification table.

a. Machine Shops (97220) must work to customers' specifications; liability rated on sales.

b. Wineries (59964) Vineyard operations must be covered in Farm/AgriBusiness/Ranch Program.

c. Wood Products Manufacturing (59985); no baby furniture or toys; liability rated on sales. Sawdust producing equipment must be attached to a central dust collection system vented to the outside with spark arrestor. (No installation)

B. **The following classes of business are not eligible for the Businessowners Policy. This list is not exhaustive.**

1. Automobile, motor home, mobile home and motorcycle dealers, parking lots, unless incidental to another otherwise eligible class;
2. Businesses with bars or taverns occupying more than 25% of the total insured area;
3. Risks with over 10% of their receipts derived from installation, servicing, or repair;
4. Precision and scientific tools and instruments manufacturing;
5. Manufacturing of invasive medical tools or products used in the aerospace industry;
6. Contractors (except as permitted under rule 4.C);
7. Insured's whose business operation involves one or more locations which are used for more than 25% light manufacturing, processing or servicing unless rated as manufacturing;
8. Places of amusement (e.g. arcades, carnivals, miniature golf, etc.);
9. Risks with bankruptcies within the last 10 years.

4. ***ELIGIBILITY (Cont.)***

C. **Office Exposures**

All Office Classes, unless restricted elsewhere in this manual or in the ineligible list below, are eligible for the Businessowners Policy. Unless a separate class code applies for the type of risk rate as Office Buildings (Class code 65121) or Office Condominium (Class code 60999).

Some examples of eligible office exposures are:

1. Accounting Services
2. Bookkeeping Services
3. Dentists
4. Lawyers
5. Physicians
6. Veterinarians

Professional coverage is required to be in force for:

1. Accounting
2. Physicians or other medical services
3. Mortgage Brokers
4. Law Offices
5. Chiropractors
6. Insurance Agents

Offices Eligible for Property Coverage Only

1. Advertising agencies
2. All offices with five or more outside employees or salespersons
3. Architects
4. Collection agencies
5. Commodity brokers
6. Contractors
7. Consultants
8. Detective or investigative agencies
9. Employment agencies
10. Inspection services
11. Travel agents

Offices Eligible for Lessor's Risk Only

1. Advertising agencies
2. All offices with five or more outside employees or salespersons
3. Architects
4. Banks, building and loan and savings and loan associations, credit unions, stockbrokers, title insurance firms, investment firms, and similar financial institutions.
5. Broadcasting
6. Consultants
7. Contractors
8. Import/export brokers
9. Mail order
10. Manufacturer's representatives

4. ***ELIGIBILITY (Cont.)***

Offices Eligible for Lessor's Risk Only (Cont.)

11. Market survey services
12. Municipal
13. Patrol or security services
14. Real estate management
15. Telephone answering services
16. Travel agents
17. Unions
18. Volunteer, social or charitable services
19. Welfare

Ineligible Office Exposures

1. Bail bondsmen
2. Offices offering unique or unusual services
3. Physiotherapist
4. Political

5. ***PREMIUM DEVELOPMENT – MANDATORY COVERAGE***

A. **General Rules**

1. All rates and premiums referred to in this subdivision are for an annual period.
2. Compute premium for mandatory coverage by using the limit of insurance, rounded to the nearest $1,000, separately which applies each to building and business personal property. The limit of insurance must be the 100% replacement cost value (Rating Basis Code 2) of the property to be insured unless the Actual Cash Value – Buildings Option or Functional Replacement Cost applies. Refer to Rule 6.A.2.

B. **Special Rules**

1. Rate combined apartment and office properties with 50% or less of the total floor area used for office occupancy as apartments; if more than 50% of the total floor area is occupied as office, rate as office.
2. If apartment or office buildings contain eligible mercantile, service or processing occupancies (See Rule 4.A.2): Rate as apartment or office if the total mercantile, service or processing occupancies are not more than 15,000 square feet and not more than 15% of the total floor area of the building.
3. If the occupants are a combination of mercantile, servicing, or processing, the rate of the predominant mercantile, service or processing occupancy applies. (If no such occupancy is predominant, use the highest rate).
4. If the insured occupies 75% or less of the total area of the premises then classify the occupancy as lessor using the predominant occupancy as a class. If the insured occupies more than 75% of the total area of the premises then classify the occupancy as owner occupied or tenant.
5. On policies which insure both building and building owners business personal property, the policy premium will be the sum of the premiums computed separately for the building and business personal property.
6. The premiums developed in the computation step contemplate only Section II exposures for the premises designated in the policy declarations. Should the insured have or acquire during the term of the policy any other liability exposure which is not eligible for the Businessowners Program, the ineligible exposure will be excluded. The new exposure may qualify for a package policy.
7. Apartments, Rental Dwellings, Condominiums, Motel/Hotel, and Mini Warehouse/Self Storage facilities, Bed & Breakfast, Assisted Care, Lessor's Risk Retail and Wholesale and Lessors Risk Multiple Occupancy – Nonmanufacturing Maintained by the insured must be classified as lessor.

C. **Building Construction**

Classify buildings according to the following construction types:

a. For mixed construction, use the highest rated construction type.

b. Frame/Pre-engineered steel frame (Construction Code 1)

(1) Predominantly constructed of wood floors and wood roof with sheet metal, stucco, brick veneer or wood exterior walls.

(2) Pre-engineered steel frame employs a system of pre-fabricated steel framing members. The roof is usually constructed of metal panels, the exterior walls of metal siding, sandwich panels, or masonry materials.

c. Masonry/Non-Combustible (Construction Code 4)

Predominantly constructed of wood floors or roof in either brick, concrete, concrete block exterior walls or unprotected steel frame walls and roof.

d. Fire Resistive (Construction Code 6)

Walls, floors and roof constructed of reinforced concrete or brick.

5. ***PREMIUM DEVELOPMENT – MANDATORY COVERAGE (Cont.)***

D. **Sprinklered Property** (Rating Identification Code 5)

a. Sprinklered Property is property insured in a building fully protected by an automatic sprinkler system or subject to rating by the applicable fire rating bureau.

b. Definition of Automatic Sprinkler System

(1) Any automatic fire protective or extinguishing system, including connected:

(a) Sprinklers and discharge nozzles;

(b) Ducts, pipes, valves, and fittings;

(c) Tanks, their component parts, and supports; and

(d) Pumps and private fire protection mains.

(2) When supplied from an automatic fire protective system;

(a) Non-automatic fire protective systems; and

(b) Hydrants, standpipes, and outlets.

c. Maintenance of Sprinkler Systems

(a) Annual maintenance of the sprinkler system is required.

(b) Attach BP 04 30, Protective Safeguards, symbol "P-1".

d. Credit Eligibility

(1) Apply sprinkler factor to building and personal property when the building is adequately sprinklered, which may be verified when ISO or applicable fire rating bureau rates the building as being sprinklered (RCP Code 4XXX).

E. **Property Deductibles**

1. A standard deductible of $500 applies to the covered property described as buildings and business personal property in paragraph A.1., of Section I of the Businessowners Coverage Form. The standard deductible does not apply to the certain optional and additional coverages.

2. Optional deductible amounts are available for buildings and business personal property. Refer to the State Rate Pages for deductible options and relativities.

F. **Premium Computation – Mandatory Coverage**

1. **Buildings**

a. Complete a separate application for each separate premises. (**Note:** Detached structures such as service station canopies and carports must be listed on the policy. Use the same classification as the building to which the structure is related and check the appurtenant structure box.)

b. Determine 100% replacement cost value, actual cash value, or functional replacement cost, depending on the coverage desired, to the nearest $1,000 of:

(1) Buildings, meaning the buildings and structures at the premises described in the Declarations, including:

(a) Completed additions;

(b) Fixtures, including outdoor fixtures;

(c) Permanently installed:

(1) Machinery; and

(2) Equipment;

(d) Your personal property in apartments, rooms or common areas furnished by you as landlord;

5. ***PREMIUM DEVELOPMENT – MANDATORY COVERAGE (Cont.)***

F. **Premium Computation – Mandatory Coverage (Cont.)**

1. **Buildings (Cont.)**

(e) Personal property owned by you that is used to maintain or service the buildings or structures or the premises, including:

(1) Fire extinguishing equipment;

(2) Outdoor furniture;

(3) Floor coverings; and

(4) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering.

c. Determine territory from the Territory by Zip Code table in the State Rate Pages.

d. Select the building base rate for the selected territory.

e. Multiply the building limit in thousands by the building base rate for the selected territory.

f. Multiply the result form "e" by the Building Amount of Insurance relativity from the State Rate Pages.

g. Multiply the result from "f" by the Classification relativity from the State Rate Pages.

h. Multiply the result from "g" by the Protection Class relativity from the State Rate Pages.

i. Multiply the result from "h" by the Property Deductible relativity from the State Rate Pages.

j. Multiply the result from "i" by the Property Damage Liability Deductible relativity from the State Rate Pages (does <u>not</u> apply to classes with liability rated on sales or payroll).

k. Multiply the result from "j" by the Construction relativity from the State Rate Pages.

l. Multiply the result from "k" by the Sprinkler factor in the State Rate Pages if the building is sprinklered.

m. Multiply the result from "l" by the Age of Building relativity from the State Rate Pages.

n. Multiply the result from "m" by Loss History Credit described in 5.I.1.

o. Multiply the result from "n" by the Number of Late Payments relativity from the State Rate Pages.

p. Multiply the result from "o" by the Persistency Credit relativity from the State Rate Pages.

q. Multiply the result from "p" by the Workers Compensation Waiver of Subrogation and Indemnity Agreement Credit relativity from the State Rate Pages.

r. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "q".

s. Multiply the result from "r" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

2. **Business Personal Property** – (Does not apply to Apartments) (Complete a separate application for each separate premises.)

a. Determine the 100% replacement cost value or functional replacement cost, depending on the coverage desired to the nearest $1,000 of:

(1) The business personal property;

(2) Personal property of others in the insured's care, custody and control;

(3) Tenant's improvements and betterments;

(4) For apartments add the business personal property to the building value in 5.F.1.

5. ***PREMIUM DEVELOPMENT – MANDATORY COVERAGE (Cont.)***

F. **Premium Computation – Mandatory Coverage (Cont.)**

2. **Business Personal Property (Cont.)**

b. Determine territory from the Territory by Zip Code table in the State Rate Pages.

c. Select the business personal property base rate for the selected territory (if Druggists Professional Liability coverage is being provided add the increment here, see Rule 7.W). For Manufacturing, Restaurant, Machine Shop or Art Gallery classes use the Sales or Payroll Based Class BPP Base Rate table.

d. Multiply the business personal property limit in thousands by the business personal property base rate for the selected territory.

e. Multiply the result form "d" by the BPP Amount of Insurance relativity from the State Rate Pages.

f. Multiply the result from "e" by the Classification relativity from the State Rate Pages.

g. Multiply the result from "f" by the Protection Class relativity from the State Rate Pages.

h. Multiply the result from "g" by the Property Deductible relativity from the State Rate Pages.

i. Multiply the result from "h" by the Property Damage Liability Deductible relativity from the State Rule Pages (does <u>not</u> apply to classes with liability rated on sales or payroll).

j. Multiply the result from "i" by the Construction relativity from the State Rate Pages.

k. Multiply the result from "j" by the Sprinkler factor in the State Rate Pages if the building is sprinklered.

l. Multiply the result from "k" by the Loss History Credit described in 5.I.1.

m. Multiply the result from "l" by the Age of Building relativity from the State Rate pages.

n. Multiply the result from "m" by the Persistency Credit relativity from the State Rate Pages.

o. Multiply the result from "n" by the Number of Late Payments relativity from the State Rate Pages.

p. Multiply the result from "o" by the Workers Compensation Waiver of Subrogation and Indemnity Agreement Credit relativity from the State Rate Pages.

q. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "p".

r. Multiply the result from "q" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

3. **Liability Increased Limits** (This section does not apply to classes with liability rated on sales or payroll).

The base rates for property coverage include a liability limit of $500,000. To develop the amount of premium for increasing the liability limits to $1,000,000 or $2,000,000:

a. Depending on the occupancy, select the Liability Increased Limits Base Rate from the table in the State Rate pages.

b. Multiply the Increased Limits Base Rate times the Liability Increased Limits Relativity from the Classification Codes table in the State Rate pages. Use the correct relativity based on the occupancy type – Owner Occupied/Tenant or Lessor's Risk.

c. Multiply the result from "b" by either the Building limit or the Business Personal Property limit. Use the Building limit if the Lessor's Risk relativity was used in "b". Use the Business Personal Property limit in all other cases.

d. Multiply the result from "c" by the Loss History Credit described in 5.I.1.

5. ***PREMIUM DEVELOPMENT – MANDATORY COVERAGE (Cont.)***

F. 3. **Liability Increased Limits** (This section does not apply to classes with liability rated on sales or payroll). **(Cont.)**

e. Multiply the result from "d" by the Persistency Credit relativity from the State Rate Pages.

f. Multiply the result from "e" by the Number of Late Payments relativity from the State Rate Pages.

g. Multiply the result from "f" by the Workers Compensation Waiver of Subrogation and Indemnity Agreement Credit relativity from the State Rate Pages.

h. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "g".

i. Multiply the result from "h" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

4. **Swimming Pools** (Coverage Code 073)

Refer to the State Rate Pages for the charge for each swimming pool on eligible classifications.

a. Multiply the charge for each swimming pool by the Age of Building relativity from the State Rate Pages.

b. Multiply the result from "a" by the Loss History Credit described in 5.I.1.

c. Multiply the result from "b" by the Persistency Credit relativity from the State Rate Pages.

d. Multiply the result from "c" by the Number of Late Payments relativity from the State Rate Pages.

e. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "d".

f. Multiply the result from "e" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

5. **Tech Shield™ Equipment and Technology Breakdown Coverage**

Tech Shield™ Equipment and Technology Breakdown Coverage (M2477B) is mandatory on all policies.

To develop the premium for this coverage add together 75% of the Building premium, 75% of the Business Personal Property premium, and the premium for the Cluster (M2630B), Special Cluster (M2624B) or Xtreme Cluster (M2864B) endorsement (if any); multiply this amount by the charge shown in the State Rate Pages.

6. **Liability Coverage For Classes With Property and Liability Rated Separately** (This rule applies to restaurants, manufacturing and machine shops).

a. Determine the territory from the Territory by Zip Code table in the State Rate Pages.

b. Select the liability base rate from the Liability Coverage For Classes With Property and Liability Rated Separately Table found in the State Rate Pages.

c. Multiply the result from "b" by the sales or payroll as described in 5.G.per thousand.

d. Multiply the result from "c" by the Amount of Sales/Payroll relativity from the State Rate Pages.

e. Multiply the result from "d" by the Liability Class Relativity based on the class code from the Classification Codes table in the State Rate Pages.

5. ***PREMIUM DEVELOPMENT – MANDATORY COVERAGE (Cont.)***

F. 7. **Liability Coverage For Classes With Property and Liability Rated Separately** (This rule applies to restaurants, manufacturing and machine shops). **(Cont.)**

f. Multiply the result from "e" by the Property Damage Deductible Liability relativity from the State Rate Pages.

g. Multiply the result from "f" by the Loss History Credit Factor described in 5.I.1.

h. Multiply the result from "g" by the Age of Building relativity from the State Rate Pages.

i. Multiply the result from "h" by the Persistency Credit relativity from the State Rate Pages.

j. Multiply the result from "i" by the Number of Late Payments relativity from the State Rate Pages.

k. Multiply the result from "j" by the Liability Increased Limits Relativity for Classes with Property and Liability Rated Separately relativity from the State Rate Pages.

l. Multiply the result from "k" by the Workers Compensation Waiver of Subrogation and Indemnity Agreement Credit relativity from the State Rate Pages.

m. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "l".

n. Multiply the result from "m" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

G. **Determination of Sales or Payroll**

Refer to State Exception Pages of the Commercial Lines Manual, Division Six for determination of payroll or sales and applicable executive minimum payroll.

H. **Premium Audit**

The premium charged at the time the policy is issued may be provisional if an advance premium is shown in the Declarations. Liability And Medical Expenses Coverage may be subject to audit. The earned premium for the coverage, subject to audit, shall be determined by applying to the audited exposures the rules, classifications, and rates in effect at the inception of the policy.

I. **Credits/Surcharges**

1. **Loss History Credit**

Subject to verification of the risk's loss experience, determine the loss history credit as described below. The experience period for determining the number of losses begins 795 days prior to the effective date of the policy being rated. The experience period ends 65 days prior to the effective date of the policy being rated.

a. Refer to the State Rate Pages for Loss History Credit factor.

b. Divide the number of paid losses in excess of $1,000 in the experience period by the number of locations (if the result is greater than 1.0, use 1.0).

c. Subtract the result from "b" from 1.0.

d. Multiply the result from "c" by 1.00 minus the Loss History Credit factor determined in "a".

e. Subtract the result determined in "d" from 1.00.

2. **Age of Building Credit or Surcharge**

An Age of Building credit or surcharge will be applied to all qualifying policies. The credit or surcharge is based on the year built of the building. Refer to the State Rate Pages for the appropriate relativity to apply.

5. ***PREMIUM DEVELOPMENT – MANDATORY COVERAGE (Cont.)***

I. 3. **Persistency Credit**

A persistency credit will be applied to all qualifying policies that have been insured by Oregon Mutual Insurance for a period of at least 5 years with the first credit being applied on the 5th renewal. If there are locations in multiple states, this credit will be applied to the policy in accordance with the rules applicable to the first location on the policy. Refer to the State Rate Pages for the appropriate relativity to apply.

4. **Fixed Expense Credit**

A fixed expense credit will be applied to all qualifying policies. If there are locations in multiple states, this credit will be applied to the policy in accordance with the rules applicable to the first location on the policy. Refer to the State Rate Pages for the appropriate relativity to apply. The relativity for the policy will be determined at the effective date and not revised until the next effective date regardless of any policy changes. Earthquake premiums, terrorism premiums and blanket additional insured flat charges are not included when determining Fixed Expense Credit.

5. **Number of Late Payments Surcharge**

A number of late payments surcharge will be applied to all qualifying policies. No surcharge applies until the third late payment.

The experience period for determining the number of late payments begins 795 days prior to the effective date of the policy being rated. The experience period ends 65 days prior to the effective date of the policy being rated. Refer to the State Rate Pages for the appropriate relativity to apply.

6. **Workers Compensation Waiver of Subrogation and Indemnity Agreement Credit**

A workers compensation wavier of subrogation and indemnity agreement credit will be applied to all qualifying policies.

A credit will be applied to the building, business personal property and liability increased limits premiums when the insured has signed form M3148, Workers Compensation Waiver of Our Rights to Recover and Indemnity Agreement stating they require all their subcontractors and vendors to endorse their workers compensation policy with a Waiver of Our Right to Recover From Others Endorsement scheduling the insured on that endorsement and that the insured's contracts with all subcontractors or vendors contain an indemnity clause in favor of the insured. Refer to the State Rate Pages for the appropriate relativity to apply.

6. ***OPTIONAL COVERAGES***

The following optional coverages are activated by entry on the Declarations Page:

A. **Property Coverages**

1. **Actual Cash Value – Buildings Option** (Rating Basis Code 1)

   Description of Coverage

   Building coverage may be written on an Actual Cash Value basis. If this option is chosen it will be shown in the Declarations.

2. **Functional Replacement Cost**

   Refer to Endorsements 7.AG. for details.

3. **Blanket Insurance**

   a. Description of Coverage

      Blanket insurance covers under one amount:

      1. More than one separately rated building or
      2. Business personal property in more than one separately rated building.

   b. Premium Determination

      Each location will be rated separately according to Rule 5., Premium Development.

   c. Forms

      Attach form **M2737B** to all policies that have Blanket Limits for buildings and form **M2738B** to those policies which have Blanket Limits for BPP.

4. **Employee Dishonesty** (Coverage Code 061)

   Optional coverage limits are available for dishonesty or fraudulent acts of the insured's employees.

   a. Policy includes: $10,000 Limit of Liability
   b. Available Options: $25,000, $50,000, $100,000, $250,000 and $500,000
   c. Optional Premium Charges are found the State Rate Pages (Note: total all employees at all locations and make the charge on the first location);
   d. Determine the total number of employees for all locations. Determine the 0-5 employees rate shown in the State Rate pages. Multiply the number over 5 employees by the rate shown in the state rate pages and add them together to get the charge for Employee Dishonesty.
   e. Multiply the charge for Employee Dishonesty by the Loss History Credit described in 5.I.1.
   f. Multiply the result from "e" by the Persistency Credit relativity from the State Rate Pages.
   g. Multiply the result from "f" by the Number of Late Payments relativity from the State Rate Pages.
   h. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "g".
   i. Multiply the result from "h" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

6. ***OPTIONAL COVERAGES (Cont.)***

A. 5. **Forgery or Alteration**

The $2,500 limit of insurance for Forgery or Alteration coverage may be increased.

a. Available Options: $25,000, $50,000, $100,000, $250,000 and $500,000

b. Optional Premium Charges are found the State Rate Pages (Note: total all employees at all locations and make the charge on the first location);

c. Determine the total number of employees for all locations. Determine the 0-5 employees rate shown in the State Rate pages. Multiply the number over 5 employees by the rate shown in the state rate pages and add them together to get the charge for Forgery or Alteration.

d. Multiply the charge for Forgery or Alteration by the Loss History Credit described in 5.I.1.

e. Multiply the result from "d" by the Persistency Credit relativity from the State Rate Pages.

f. Multiply the result from "e" by the Number of Late Payments relativity from the State Rate Pages.

g. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "f".

h. Multiply the result from "g" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

6. **Glass Deductible Waiver**

The deductible for glass coverage in the policy can be waived for a flat charge in the State Rate Pages.

a. Multiply the charge for the Glass Deductible Waiver by the Loss History Credit described in 5.I.1.

b. Multiply the result from "a" by the Age of Building Credit from the State Rate Pages.

c. Multiply the result of "b" by the Persistency Credit relativity from the State Rate Pages.

d. Multiply the result from "c" by the Number of Late Payments relativity from the State Rate Pages.

e. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "d".

f. Multiply the result from "e" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

6. ***OPTIONAL COVERAGES (Cont.)***

A. 7. **Money and Securities**

Optional coverage limits are available for Money and Securities.

a. Policy includes $10,000 on premises; $2,000 off premises and in transit.

b. Available Optional Limits – off premises limits of $5,000, $10,000 and on and off premises limits of $25,000.

c. Optional Limits Premium Charges are found in the State Rate Pages.

1. Multiply the charge for Money and Securities by Loss History Credit described in 5.I.1.
2. Multiply the result from "1" by the Persistency Credit relativity from the State Rate Pages.
3. Multiply the result from "2" by the Number of Late Payments relativity from the State Rate Pages.
4. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "3".
5. Multiply the result from "4" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

B. **Liability and Medical Expenses Coverages**

1. **Damage to Premises Rented to You Liability**

a. Description of Coverage

Coverage is automatically provided in the policy for Damage To Premises Rented To You Liability coverage up to a limit of $100,000 and higher optional limits are available.

b. Limits of Insurance

The available optional limits for this coverage are from $101,000 up to $1,000,000.

c. Premium Determination

(1) Develop the additional premium by multiplying the building rate by the Damage to Premises Rented to Your Liability factor shown in the State Rate Pages. Multiply the result by the limit of insurance per $1,000 in excess of the $100,000 included limit.

(2) Multiply the result from “1” by the Age of Building relativity from the State Rate Pages.

(3) Multiply the result from "2" by the Loss History Credit described in 5.I.1.

(4) Multiply the result from "3" by the Persistency Credit relativity from the State Rate Pages.

(5) Multiply the result from "4" by the Number of Late Payments relativity from the State Rate Pages.

(6) Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "5".

(7) Multiply the result from "6" by the Fixed Expense Credit relativity form the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

7. ***ENDORSEMENTS***

A. **Abuse or Molestation Exclusion**

1. Description of Coverage

This endorsement is used to exclude coverage for actual or threatened abuse or molestation on risks presenting a substantial exposure to such allegations.

2. Form: BP 04 39

B. **Additional Insured Endorsements**

1. **Additional Insured – Co-owner of Insured Premises**

a. Description of Coverage

This endorsement is used to include as insureds, co-owners of insured premises for their liability as such.

b. Form: M2721B

2. **Additional Insured – Concessionaires Trading Under Your Name**

a. Description of Coverage

This endorsement is used to include as insureds, concessionaires trading under the insured's name for their liability as such.

b. Form: M2390B

3. **Additional Insured – Condominium Unit Owners**

a. Description of Coverage

This endorsement is used to include as insureds, condominium unit owners as respects their liability for that part of the premises not reserved for their exclusive use.

b. Form: M2391B

4. **Additional Insured – Controlling Interest**

a. Description of Coverage

This endorsement is used to include as insureds, persons or organizations exercising financial control over the insured, or for premises leased by them to the insured, but only for their liability arising out of those relationships.

b. Form: M2716B

5. **Additional Insured – Designated Person or Organization**

a. Description of Coverage

This endorsement is used to include as insureds, persons or organizations named in the schedule for their liability arising out of the insured's operations or premises owned by or rented to the insured.

b. Form: BP 04 48

6. **Additional Insured – Executors, Administrators, Trustees or Beneficiaries**

a. Description of Coverage

This endorsement is used to include as insureds, executors, administrators, trustees or beneficiaries of the insured's estate while acting within the scope of their duties as such.

b. Form: M2394B

7. ***ENDORSEMENTS* (*Cont.)***

B. 7. **Additional Insured – Grantor of Franchise**

a. Description of Coverage

This endorsement is used to include as additional insureds, named persons or organizations for their liability as grantors of a franchise to the insured.

b. Form: M2396B

8. **Additional Insured – Lessor of Leased Equipment**

a. Description of Coverage

This endorsement is used to include as additional insureds, designated persons or organizations for their liability as lessors of equipment leased to the insured.

b. Form: M2722B

9. **Additional Insured – Managers or Lessor of Premises** (Coverage Code 066)

a. Description of Coverage

This endorsement is used to include as additional insureds designated persons or organizations for their liability as owners of designated premises leased to the named insured.

b. Form: M2715B

c. Premium Charges – Refer to State Rate Pages

These charges apply per each location and per each additional insured.

(1) Multiply the charge for this endorsement by the Age of Building relativity from the State Rate Pages.

(2) Multiply the result from "(1)" by Loss History Credit described in 5.I.1.

(3) Multiply the result from "(2)" by the Persistency Credit relativity from the State Rate Pages.

(4) Multiply the result from "(3)" by the Number of Late Payments relativity from the State Rate Pages.

(4) Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "(4)".

(5) Multiply the result from "(5)" by the Fixed Expense Credit relativity from the State Rate Pages. **Note**: This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

10. **Additional Insured – Mortgagee, Assignee, or Receiver**

a. Description of Coverage

This endorsement is used to include as additional insureds designated persons or organizations for their liability as mortgagees, assignees, or receivers.

b. Form: M2719B

11. **Additional Insured – Owners, Lessees, or Contractors (Form B)**

a. Description of Coverage

This endorsement is used to include as additional insureds designated persons or organizations for their liability as owners, lessees, or contractors, but only for liability arising out work done by or for the insured.

b. Form: M2726B

7. ***ENDORSEMENTS (Cont.)***

B. 12. **Additional Insured – State or Political Subdivisions – Permits Relating To Premises**

a. Description of Coverage

This endorsement provides coverage for certain premises hazards, for governmental organizations issuing permits to owners or lessees.

b. Form: M2717B

13. **Additional Insured – State or Political Subdivisions – Permits**

a. Description of Coverage

This endorsement provides coverage for certain premises hazards or for governmental organizations issuing permits to contractors. This Rule does not apply to operations performed for such governmental organizations.

b. Form: M2728B

14. **Additional Insured – Owners or Other Interests From Whom Land Has Been Leased**

a. Description of Coverage

This endorsement is used to include as additional insureds, owners or other interests from whom land has been leased for their liability as such.

b. Form: M2720B

15. **Additional Insured – Vendors**

a. Description of Coverage

This endorsement is used to include vendors as additional insureds for their liability arising out of the insured's products sold in the vendor's business.

b. Form: BP 04 47

c. Refer to the State Rate Pages for charge to be applied after Step 5.F.1., 5.F.2. and 5.F.3. or 5.F.6. for classes with property and liability rated separately.

16. **Additional Insured – Blanket Vendors**

a. Description of Coverage

This endorsement is available for vendors' product liability on policies covering manufacturers or distributors and when any person or organization with whom the insured has entered into a written contract or agreement requires that such person or organization be added as an additional to the Insured's policy.

b. Form: M2869B

c. Charge $100 flat charge – no other factors apply.

17. **Additional Insured – Blanket Additional Insured**

a. Description of Coverage

This endorsement is available for use when any person or organization with whom the insured has entered into an insured contract and has agreed in writing in a contract or agreement that such person or organization be added as an additional insured to the insured's policy.

b. Form: M2870B

c. Charge $100 flat charge – no other factors apply.

7. ***ENDORSEMENTS (Cont.)***

C. **Amendment – Liquor Liability Exclusion – Exception For Scheduled Activities Endorsement**

1. Description of Coverage

This endorsement amends the liquor exclusion in Section II – Liability of the Businessowners Coverage Form by specifying that the exclusion applies:

a. Whenever a charge is made for serving or furnishing alcoholic beverages, and

b. when alcohol is served or furnished without charge, if a license is required for the activity.

However this endorsement permits exemption of functions scheduled in the endorsement.

2. Form: BP 04 19

D. **Art Dealer and Galleries Coverage**

1. Description of Coverage

This endorsement provides coverage for art held for sale by art galleries and other businesses that may have an incidental exposure of art for sale. Coverage applies to art owned by the named insured and art in the care, custody or control of the named insured. Breakage may be included. Transit is included at 25% of the limit kept on premises, this limit does not increase the total applicable limit. The deductible may vary from other coverages on the policy.

2. Form: M2795B

3. Premium Charges – Refer to State Rate Pages

a. Determine the limit of insurance for this endorsement and round to the nearest $1,000

b. Determine the Territory from the Territory by Zip Code table from the State Rate Pages.

c. Select the applicable business personal property rate for the territory from the State Rate Pages.

d. Multiply the amount of insurance per $1,000 by the applicable Classification relativity from the State Rate Pages.

e. Multiply the result from "d" above by the BPP Amount of Insurance relativity from the State Rate Pages.

f. Multiply the result from "e" above by the Protection Class relativity from the State Rate Pages.

g. Multiply the result from "f" above by the Construction relativity factor from the State Rate Pages.

h. Multiply the result from "g" above by the Sprinkler factor from the State Rate Pages.

i. Multiply the amount of insurance by the Art Dealer and Galleries loading factor from the State Rate Pages.

j. If applicable, multiply the amount on insurance by the breakage loading factor from the State Rate Pages.

k. Add the results of "h", "i" and "j".

l. Multiply the result from "k" above by the Loss History Credit described in 5.I.1.

m. Multiply the result from "l" above by the Property Deductible relativity from the State Rate Pages.

n. Multiply the result from "m" by the Number of Late Payments relativity from the State Rate Pages.

o. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "n".

7. ***ENDORSEMENTS (Cont.)***

D. **Art Dealer and Galleries Coverage (Cont.)**

3. p. Multiply the result from "o" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

E. **Bed and Breakfast Supplemental Coverages** (Coverage Code 074)

1. Description of Coverage

This endorsement provides the following supplementary coverage for Bed and Breakfast risks:

a. Comprehensive Personal Liability Coverage:

$500,000, $1,000,000 and $2,000,000 limits are available

b. Liquor Liability Coverage:

$500,000, $1,000,000 and $2,000,000 limits are available

c. Liability for Guests Property:

Limits are: $25,000 – any one occurrence
$1,000 – any one guest

2. Form: M2332B (CA, ID, OR), M2333BW (WA)

3. Premium Charges – Refer to the State Rate Pages

a. Multiply the charge for Bed and Breakfast Supplemental Coverages by the Loss History Credit described in 5.I.1.

b. Multiply the result from "a" by the Persistency Credit relativity from the State Rate Pages.

c. Multiply the result from "b" by the Number of Late Payments relativity from the State Rate Pages.

d. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "c".

e. Multiply the result from "d" by the Fixed Expense relativity from the State Rate Pages. Note: This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

F. **Businessowners Aggregate Limit of Insurance Per Location Endorsement**

1. Description of Coverage

This endorsement is for use when a separate aggregate limit is desired for each insured location.

2. Form: M2442B

3. Premium Charge

a. Determine the total premium after all credits and surcharges have been applied for all Buildings, Business Personal Property, and Liability coverages, including the liability increased limits charge. Note: Do not include any optional coverages or endorsements.

b. Determine the total number of locations -1.

c. Obtain the Aggregate Limit per Location Factor form the State Rate Pages.

d. Multiply "a", "b", and "c" together.

7. ***ENDORSEMENTS (Cont.)***

G. **Businessowners Comprehensive Personal Liability Coverage Endorsement**

1. Description of Coverage

   Provides Comprehensive Personal Liability Coverage for the insured for such risks as offices operated out of the insured's residence.

2. Form: M2345B (CA, ID, OR), M2346BW (WA)

3. Premium Charge – Refer to the State Rate Pages

   a. Multiply the charge for Businessowners Comprehensive Personal Liability by the Loss History Credit described in 5.I.1.

   b. Multiply the result from "a" by the Persistency Credit relativity from the State Rate Pages.

   c. Multiply the result from "b" by the Number of Late Payments relativity from the State Rate Pages.

   d. Multiply the result from "c" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

H. **Businessowners Food Contamination Coverage**

1. Description of Coverage

   This endorsement provides coverage for certain expenses and Business Income losses sustained as a result of the described premises being ordered closed by the Board of Health or any other governmental authority as a result of the discovery or suspicion of food contamination. The endorsement provides a $50,000 Food Contamination limit of insurance which can be increased in the Schedule. The endorsement also provides a $3,000 limit for Additional Advertising Expenses which can also be increased in the Schedule.

2. Form: M2799B

3. Premium Charges – Refer to the State Rate Pages

   a. Refer to the State Rate Pages for the charge for Businessowners Food Contamination Business Income.

   b. If higher limits are purchased refer to the State Rate Pages for the additional rate to be multiplied by the additional limit per coverage.

   c. Add the results of "a" and "b" and multiply the charge by the Age of Building relativity from the State Rate Pages.

   d. Multiply the result from "c" by the Loss History Credit Factor described in 5.I.1.

   e. Multiply the result from "d" by the Persistency Credit relativity from the State Rate Pages.

   f. Multiply the result from "e" by the Number of Late Payments relativity from the State Rate Pages.

   g. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "f".

   h. Multiply the result from "g" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

7. ***ENDORSEMENTS (Cont.)***

I. **Businessowners Food Contamination Contingent Business Income**

1. Description of Coverage:

This endorsement provides coverage for Business Income losses sustained as a result of alleged or actual Food Contamination at locations not owned or operated or co-owned by the named insured that carry the same scheduled trade name as the insured.

Available limits are $25,000, $50,000, $100,000, $300,000, $500,000, or $1,000,000.

2. Form: M2797B
3. Premium Charges – Refer to State Rate Pages
   a. Multiply the charge for Food Contamination Contingent Business Income by the Loss History Credit described in 5.I.1.
   b. Multiply the result from "a" by the Persistency Credit relativity from the State Rate Pages.
   c. Multiply the result from "b" by the Number of Late Payments relativity from the State Rate Pages.
   d. Multiply the result from "c" by the Fixed Expense Credit relativity from the State Rate Pages. **Note**: This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

J. **Businessowners Liability (Section II) Exclusion**

1. Description of Coverage

This endorsement is used to exclude Section II-Liability coverage from the policy so as to provide a "property coverage only" policy.

2. Form: M2375B.
3. Premium Charges – apply credit shown in State Rate Pages to step 5.F.1.q. and 5.F.2.p.
4. This credit does not apply when Liability is Rated Separately under rule 5.F.7.

K. **Cameras & Photographic Equipment Coverage**

1. Description of Coverage

Coverage is provided for cameras, projection machines, films, and related equipment and accessories.

2. Forms: CM 0001 & CM 0020 (All States), CM 0107 (WA)
3. Premium Charges

Develop the additional premium for Cameras & Photographic Equipment Coverage as follows:

   a. Obtain the Business Personal Property rate for the location at which the equipment is usually stored.
   b. Multiply the result from "a" by the Cameras & Photographic equipment Limit of Insurance per $1,000.
   c. Multiply the result from "b" by the BPP amount of insurance relativity from the State Rate Pages.
   d. Multiply the result from "c by the Loss History Credit described in 5.I.1.
   e. Multiply the result from "d" by the Persistency Credit relativity from the State Rate Pages.
   f. Multiply the result from "e" by the Number of Late Payments relativity from the State Rate Pages.
   g. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "f".
   h. Multiply the result from "g" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

7. ***ENDORSEMENTS (Cont.)***

L. **Cluster Endorsement Standard** (Also see Special and Xtreme Cluster Endorsements)

1. Description of Coverage

The following group of coverages is available as a package which can be added to the policy for a flat premium charge:

Property Coverages:

• Accounts Receivable	$25,000 On Premises $ 7,500 Off Premises
• Arson Reward	$ 2,500
• Brands and Labels	$50,000
• ERISA Extension	Included in Employee Dishonesty Limit
• Errors and Omissions in Describing a Premises or Location	Included in Section I Limit
• Fine Arts	$10,000
• Fire Department Service Charge and Replacement of Fire Extinguishing Materials	$10,000
• Inventory and Appraisal Cost	$ 2,500
• Mechanical Breakdown of Computer Equipment	$10,000
• Money Orders and Counterfeit Paper Currency	$25,000
• Newly Acquired or Constructed Property	$1,000,000 Building $ 500,000 BPP 90 Days
• Outdoor Property	$10,000/$500 Per Tree Shrub or Plant
• Outdoor Unattached Signs	$10,000
• Permanent Outdoor Structures for Trash Bins	$ 5,000
• Personal Property Off Premises	$10,000
• Spoilage of Perishable Stock	$15,000
• Valuable Papers and Records	$35,000 On Premises $10,000 Off Premises
• Water Back Up and Sump Overflow	$ 10,000

Liability Coverage:

• Employment Related Practices Liability Insurance	$ 5,000

2. Form: M2630B

3. Premium Charges – Refer to State Rate Pages

(Deductible must be the same as the policy deductible.)

a. Multiply the charge for Standard Cluster Endorsement by the Age of Building relativity from the State Rate Pages.

b. Multiply the result from "a" by the Loss History Credit described in 5.I.1.

c. Multiply the result from "b" by the Persistency Credit relativity from the State Rate Pages.

d. Multiply the result from "c" by the Number of Late Payments relativity from the State Rate Pages.

e. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "d".

f. Multiply the result from "e" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

7. ***ENDORSEMENTS (Cont.)***

M. **Cluster Endorsement Special** (Also see Standard and Xtreme Cluster Endorsements)

1. Description of Coverage

The following group of coverages is available as a package which can be added to the policy for a flat premium charge.

Property Coverages:

• Accounts Receivable	$25,000 On Premises $ 7,500 Off Premises
• Arson Reward	$ 2,500
• Brands and Labels	$50,000
• Computer Fraud	$ 5,000
• Computers Off Premises Including World Wide Coverage	$10,000
• Debris Removal	$20,000
• Employee Dishonesty	$25,000
• Employee Tools	$ 5,000
• ERISA Extension	Included in Employee Dishonesty Limit
• Errors and Omissions in Describing a Premises or Location	Included in Section I Limit
• Extended Business Income (Resumption of Full Operations)	90 Days
• Fine Arts	$10,000
• Fire Department Service Charge and Replacement of Fire Extinguishing Materials	$25,000
• Forgery or Alteration	$25,000
• Inventory and Appraisal Cost	$ 5,000
• Lost Key and Lock Replacement	$ 5,000
• Mechanical Breakdown of Computer Equipment	$10,000
• Money and Securities	$ 5,000 Inside Premises $ 5,000 Outside Premises
• Money Orders and Counterfeit Paper Currency	$25,000
• Newly Acquired or Constructed Property	$1,000,000 Building $ 500,000 BPP 90 Days
• Ordinance or Law – Building Coverage	Coverage 1 = Building Limit Coverage 2 & 3 = $250,000 or 10% of the Building Limit
• Ordinance or Law – Increased Period of Restoration	Included
• Outdoor Property	$10,000/$500 Per Tree Shrub or Plant
• Outdoor Unattached Signs	$10,000
• Permanent Outdoor Structures for Trash Bins	$ 5,000
• Personal Effects	$ 5,000

7. ***ENDORSEMENTS (Cont.)***

M. **Cluster Endorsement Special (Cont.)**

Property Coverages: (Cont.)

• Personal Property Off Premises	$25,000
• Pollution Clean Up and Removal	$25,000
• Property of Others	$25,000
• Spoilage of Perishable Stock	$15,000
• Utility Services – Direct Damage	$10,000
• Utility Services – Time Element	$10,000
• Valuable Papers and Records	$35,000 On Premises $10,000 Off Premises
• Water Back Up and Sump Overflow	$100,000

Liability Coverages:

• Bailees Coverage	$25,000
• Employment Related Practices Liability Insurance	$ 5,000
• Product Recall	$10,000

2. Form: M2624B
3. Premium Charges – Refer to State Rate Pages

   (Deductible must be the same as the policy deductible.)

   a. Multiply the charge for Special Cluster Endorsement by the Age of Building relativity from the State Rate Pages.
   b. Multiply the result from "a" by Loss History Credit described in 5.I.1.
   c. Multiply the result from "b" by the Persistency Credit relativity from the State Rate Pages.
   d. Multiply the result from "c" by the Number of Late Payments relativity from the State Rate Pages.
   e. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "d".
   f. Multiply the result from "e" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

7. ***ENDORSEMENTS (Cont.)***

N. **Cluster Endorsement Xtreme** (Also see Standard and Special Cluster Endorsements)

1. Description of Coverage

The following group of coverages is available as a package which can be added to the policy for a flat premium charge.

Property Coverages:

• Accounts Receivable	$25,000 On Premises $ 7,500 Off Premises
• Arson Reward	$ 5,000
• Attached Outdoor Signs	Included in BPP
• Business Income From Computer Operations and Websites	$10,000
• Business Income From Dependent (Including Supporting) Properties	$50,000
• Business Income From Mobile Operations	$25,000
• Business Income From Newly Acquired or Constructed Premises	$250,000
• Business Personal Property at Described Premises or in the Open	1,000 Feet
• Brands and Labels	$50,000
• Computer Fraud	$10,000
• Computers Off Premises Including World Wide Coverage	$20,000
• Damage to Leased Property	Included in BPP
• Debris Removal	$50,000
• Emergency Management Expenses	$10,000
• Emergency Vacating Premises Expense	$ 5,000
• Employee Dishonesty	$50,000
• Employee Tools	$10,000
• ERISA Extension	Included in Employee Dishonesty Limit
• Errors and Omissions in Describing a Premises or Location	Included in Section I Limit
• Extended Business Income (Resumption of Full Operations)	180 Days
• Fine Arts	$25,000
• Fire Department Service Charge and Replacement of Fire Extinguishing Materials	$25,000
• Forgery or Alteration	$50,000
• Ingress or Egress Due to Direct Damage to Premises Other Than Scheduled Premises	$25,000
• Inventory and Appraisal Cost	$10,000

7. ***ENDORSEMENTS (Cont.)***

N. **Xtreme Cluster (Cont.)**

Property Coverages: (Cont.)

• Lost Key and Lock Replacement	$10,000
• Mechanical Breakdown of Computer Equipment	$10,000
• Money and Securities	$10,000 Inside Premises $10,000 Outside Premises
• Money Orders and Counterfeit Paper Currency	$25,000
• Newly Acquired or Constructed Property	$1,000,000 Building $500,000 BPP 180 Days
• Ordinance or Law – Building Coverage	Coverage 1 = Building Limit Coverage 2 & 3 = $250,000 or 10% of the Building Limit
• Ordinance or Law – Increased Period of Restoration	Included
• Outdoor Property	$10,000/$500 Per Tree Shrub or Plant
• Outdoor Unattached Signs	$50,000
• Pairs or Sets	Included in BPP
• Permanent Outdoor Structures for Trash Bins	$ 5,000
• Personal Effects	$10,000
• Personal Property Off Premises	$50,000
• Pollution Clean Up and Removal	$50,000
• Property of Others	$25,000
• Spoilage of Perishable Stock	$15,000
• Unauthorized Business Card Use	$ 5,000
• Utility Services – Direct Damage	$25,000
• Utility Services – Time Element	$25,000
• Valuable Papers and Records	$50,000 On Premises $15,000 Off Premises
• Water Back Up and Sump Overflow	$250,000

Liability Coverages:

• Bailees Coverage	$25,000
• Blanket Additional Insured For Special Events	Included
• Claims Data Expense	$ 5,000
• Employment Related Practices Liability Insurance	$25,000
• Product Recall	$25,000
• Waiver of Subrogation If Required By Contract	Included

7. ***ENDORSEMENTS (Cont.)***

N. **Xtreme Cluster (Cont.)**

2. Form: M2864B
3. Premium Charges – Refer to State Rate Pages

(Deductible must be the same as the policy deductible.)

a. Multiply the charge for Xtreme Cluster Endorsement by the Age of Building relativity from the State Rate Pages.
b. Multiply the result from "a" by the Loss History Credit described in 5.I.1.
c. Multiply the result from "b" by the Persistency Credit relativity from the State Rate Pages.
d. Multiply the result from "c" by the Number of Late Payments relativity from the State Rate Pages.
e. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "d".
f. Multiply the result from "e" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

Note – if endorsement M2375B Businessowners Liability (Section II) Exclusion applies, then liability coverages in this cluster are not triggered and the Xtreme Cluster charge will be adjusted to reflect the removal of these coverages – see State Rate pages for the applicable credit.

O. **Cluster Endorsement Extension – Accounts Receivable**

1. Description of Coverage

$25,000 (on premises) of Accounts Receivable coverage is provided in the Cluster Endorsements. If more coverage is needed schedule the total limits on endorsement M2637B. There is also an off premises limit of $7,500 in the Cluster Endorsements, but the higher limits options do not apply to that coverage.

2. Form: M2637B
3. Premium Charges

a. Multiply the Business Personal Property Rate in step 5.F.2.p. by the factor shown in the State Rate Page;
b. Multiply the result from "a" by the Accounts Receivable limit of insurance per $1,000 in excess of $25,000.

P. **Cluster Endorsement Extension – Fine Arts**

1. Description of Coverage

$10,000 of Fine Arts coverage is provided in the Standard and Special Cluster Endorsements and $25,000 in the Xtreme Cluster. If more coverage is needed, schedule the total limit on endorsement M2708B.

2. Form: M2708B

7. ***ENDORSEMENTS (Cont.)***

P. **Cluster Endorsement Extension – Fine Arts (Cont.)**

3. Premium Charges

Develop the additional premium for Fine Arts Coverage as follows:

a. Obtain the Business Personal Property rate for the location at which the fine art is usually located.

b. Multiply the result from "a" by the Fine Arts Limit of Insurance per $1,000 in excess of $10,000.

c. Multiply the result from "b" by the BPP amount of insurance relativity from the State Rate Pages

d. Multiply the result from "c by the Loss History Credit described in 5.I.1.

e. Multiply the result from "d" by the Persistency Credit relativity from the State Rate Pages.

f. Multiply the result from "e" by the Number of Late Payments relativity from the State Rate Pages.

g. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "f".

h. Multiply the result from "g" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

Q. **Cluster Endorsement Extension – Personal Property Off Premises**

1. Description of Coverage

$10,000 of Personal Property Off Premises coverage is provided in the Standard and Special Clusters and $50,000 in the Xtreme Cluster Endorsement. If more coverage is needed schedule the total limit on endorsement M2709B. An additional $40,000 of coverage above the Standard and Special Cluster Endorsements may be provided by this endorsement for a total limit of $50,000.

2. Form: M2709B

3. Premium Charges

Develop the additional premium for Personal Property Off Premises Coverage as follows:

a. Multiply the Personal Property Off Premises limit of insurance per $1,000 in excess of $10,000 by the charge shown in the State Rate Pages.

b. Multiply the result from "a" by Loss History Credit described in 5.I.1.

c. Multiply the result from "b" by the Persistency Credit relativity from the State Rate Pages.

d. Multiply the result from "c" by the Number of Late Payments relativity from the State Rate Pages.

e. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "d".

f. Multiply the result from "e" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

7. ***ENDORSEMENTS (Cont.)***

R. **Cluster Endorsement Extension – Spoilage** (For Spoilage Coverage in the absence of a Cluster Endorsement, see Rule 7.BJ.)

1. Description of Coverage

   $15,000 of Spoilage of Perishable Stock coverage is provided in the Cluster Endorsements. To increase the limit to $50,000, attach endorsement M2639B.

2. Form: M2639B

3. Premium Charge – Refer to the State Rate Pages.

   a. Multiply the flat charge for the Cluster Endorsement Extension – Spoilage by the Age of Building relativity from the State Rate Pages.

   b. Multiply the result from "a" by the Loss History Credit described in 5.I.1.

   c. Multiply the result from "b" by the Persistency Credit relativity from the State Rate Pages.

   d. Multiply the result from "c" by the Number of Late Payments relativity from the State Rate Pages.

   e. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "d".

   f. Multiply the result from "e" by the Fixed Expense Credit relativity from the State Rate Pages. **Note**: This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

S. **Cluster Endorsement Extension – Valuable Papers and Records**

1. Description of Coverage

   a. $35,000 on premises Valuable Paper and Records coverage and $10,000 off premises) coverage is provided in the Standard and Special Cluster.

   b. $50,000 on premises Valuable Papers and Records coverage and $15,000 off premises coverage is provided in the Xtreme Cluster.

   If higher on premises coverage is needed, schedule the total limits on endorsement M2892B. Higher limits are not available for off premises coverage.

2. Forms: M2892B

3. Premium Charges

   a. Multiply the Business Personal Property Rate in step 5.F.2.p. by the factor shown in the State Rate Page.

   b. Multiply the result from "a" by the Valuable Papers limit of insurance (per $1,000) in

      (1) Excess of 35,000 limit for the Standard and Special Cluster; or

      (2) Excess of $50,000 limit for the Xtreme Cluster.

7. ***ENDORSEMENTS (Cont.)***

T. **Commercial Policy Change**

1. Description of Coverage

   Blank endorsement for making various policies changes.

2. Form: M2282

U. **Comprehensive Business Liability Exclusion**

(All Hazards in Connection with a Designated Premises, Operations or Products)

1. Description of Coverage

   This endorsement excludes specific projects, location hazards, operations or equipment, if clearly separable and definable.

2. Form: BP 04 01

V. **Reserved For Future**

W. **Druggist Professional Liability**

1. Description of Coverage

   When coverage is written for retail drug stores, Druggist Professional Liability coverage is available for an additional charge. Increments for Druggists Professional Liability are shown in the State Rate pages. Add the increment from the table in the State Rate Pages to the Business Personal Property rate in paragraph 5.F.2.c.

2. Form: BP 08 06

X. **Earthquake Endorsements**

1. Description of Coverage

   This optional coverage extends the Businessowners Property Section to include loss by Earthquake and Volcanic Eruption with full limit or with sub-limit.

2. Forms: BP 10 03 – Full Limit
   BP 10 11 – Sub-Limit

3. Premium Charges

   a. Deductible.

      Apply the mandatory percentage deductible as specified in the Earthquake company rates/ISO loss costs of CLM Division Five – Fire and Allied Lines.

   b. Rating.

      Multiply the 80% coinsurance Earthquake company rate/ISO loss cost determined in CLM Division Five – Fire and Allied Lines by a factor of 1.20 (in recognition of coverage granted for loss of income) to obtain the Businessowners Earthquake company rate/ISO loss cost. Multiply the result by the limit of insurance per $100 to determine the additional premium.

Y. **Employee Benefits Liability Coverage**

1. Description of Coverage

   This is a claims made form covering claims by an employee against the insured for the insured's liability arising out of the administration of employee benefit programs.

2. Form: M2729B

3. Premium Charges – Refer to the State Rate Pages

   a. Multiply the charge for Employee Benefits Liability Insurance by the Loss History Credit described in 5.I.1.

   b. Multiply the result from "a" by the Persistency Credit relativity from the State Rate Pages.

7. ***ENDORSEMENTS (Cont.)***

Y. **Employee Benefits Liability Coverage (Cont.)**

c. Multiply the result from "b" by the Number of Late Payments relativity from the State Rate Pages.

d. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "c".

e. Multiply the result from "d" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

Z. **Employee Benefits Liability Coverage**

Extended Reporting Period Option

1. Description of Coverage

The reporting period can be extended indefinitely upon written request from the insured within 60 days of the end of the policy period if:

a. Coverage is cancelled or non-renewed for any reason except nonpayment of premium;

b. we renew or replace the coverage with other insurance which provides claims-made coverage and has a Retroactive Date later than the one shown in the endorsement schedule; or

c. we replace the coverage with other insurance that does not apply on a claims-made basis.

2. Form: M2386B

3. Premium Charges

The premium charge is 200% of the expiring annual premium for this coverage.

AA. **Employees' Tools Coverage**

1. Description of Coverage

Coverage is provided for Employees' Tools. There is a per tool maximum limit of $2,000 on a blanket basis. Individual tools may be scheduled for higher limits. A $500 deductible per occurrence applies.

Form: M2707B

2. Premium Charges

Develop the additional premium for Employees' Tools Coverage as follows:

a. Obtain the Business Personal Property rate for the location where the Employee's Tools are usually located. Use the $500 deductible relativity to calculate this rate.

b. Multiply the result from "a" by the Employee's Tools Limit of Insurance per $1,000.

c. Multiply the result from "b" by the BPP Amount of Insurance Relativity from the State Rate Pages.

d. Multiply the result from "c by the Loss History Credit described in 5.I.1.

e. Multiply the result from "d" by the Persistency Credit relativity from the State Rate Pages.

f. Multiply the result from "e" by the Number of Late Payments relativity from the State Rate Pages.

g. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "f".

h. Multiply the result from "g" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

7. ***ENDORSEMENTS (Cont.)***

AB. **Exclusion – Financial Services**

1. Description of Coverage

   This endorsement excludes bodily injury, property damage or personal and advertising injury resulting from the rendering or failure to render financial services by any insured to others.

2. Form: M2746B

AC. **Exclusion – Inspection, Appraisal And Survey Companies**

1. Description of Coverage

   This endorsement excludes bodily injury, property damage or personal and advertising injury resulting from the rendering or failure to render professional services in the performance of any claim, investigation, adjustment, engineering, inspection, appraisal, survey or audit service.

2. Form: M2747B

AD. **Exclusion – Insurance Related Operations**

1. Description of Coverage

   This endorsement excludes bodily injury, property damage or personal and advertising injury for which the insured may be held liability for insurance related operation

2. Form: M2748B

AE. **Exclusion – Volunteer Workers Endorsement**

1. Description of Coverage

   This endorsement amends the Businessowners Liability Coverage to exclude volunteer workers as insured's under the policy.

2. Form: BP 04 71

AF. **Extended Business Income Coverage**

1. Description of Coverage

   This endorsement provides the option to increase the number of consecutive months after the date of direct physical loss or damage to 18 or 24 months for Business Income Coverage.

2. Form: M2846B
3. Premium Charges – Refer to State Rate Pages
   (a) To develop the premium for this coverage add together the final premiums for the Building, Business Personal Property and Property coverages.
   (b) Multiply the result of (a) by the Extended Business Income factor from the State Rate Pages.

AG. **Fire Department Service Contract**

1. Description of Coverage

   This Endorsement is for use when maintenance of a service contract with a privately owned fire department is required to apply a Public Protection (Fire) Classification.

2. Form: BP 12 02

AH. **Reserved for Future**

7. ***ENDORSEMENTS (Cont.)***

AI. **Functional Replacement Cost**

Building Coverage

1. Description of Coverage
   a. Coverage is provided for specifically scheduled buildings which can be replaced with similar property that performs the same function as currently used but that cost less to replace.
   b. Form: BP 04 84 (ID, OR, WA), M2917BC (CA)
   c. There is no premium charge.

Business Personal Property

2. Description of Coverage
   a. Coverage is provided for specifically scheduled items of business personal property which can be replaced with similar property that performs the same function as currently used but that costs less to replace.
   b. Form: BP 04 85 (ID, OR), BP 05 51 (WA), M2918BC (CA)
   c. There is no premium charge.

AJ. **Funeral Directors, Morticians, and Cemeteries Professional Liability**

1. Description of Coverage

   This endorsement provides coverage for liability arising out of the insured's professional acts as a Funeral Director, Mortician, or Cemetery Operator.
2. Form: M2299
3. Premium Charges
   a. Multiply the charge for Funeral Directors, Morticians and Cemeteries Professional Liability found in the State Rate Pages by the Loss History Credit described in 5.I.1.
   b. Multiply the result from "a" by the Persistency Credit relativity from the State Rate Pages.
   c. Multiply the result from "b" by the Number of Late Payments relativity from the State Rate Pages.
   d. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "c".
   e. Multiply the result from "d" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

7. ***ENDORSEMENTS (Cont.)***

AK. **Garagekeepers Coverage**

1. Description of Coverage

   This endorsement is to provide coverage for customer's autos. Coverage may be available for watercraft with underwriter approval before binding. Coverage is available for Direct Primary and Legal Liability Coverages, Comprehensive and Collision at various deductibles as indicated in Division 1 of the ISO Commercial Lines Manual on file for the company.

   Available limits are:

$15,000	$ 60,000	$125,000	$250,000	$ 750,000	$2,500,000
$20,000	$ 70,000	$150,000	$300,000	$ 900,000	
$25,000	$ 80,000	$175,000	$375,000	$1,000,000	
$30,000	$ 90,000	$180,000	$450,000	$1,200,000	
$40,000	$100,000	$200,000	$500,000	$1,500,000	
$50,000	$120,000	$225,000	$600,000	$2,000,000	

2. Form: M2406B
3. Premium Charges

   Rating for this coverage is from the ISO Commercial Lines Manual on file for the Company. Do not apply any credits or debits derived from the Automobile Physical Damage Rating Plan or the Automobile Fixed Expense Credit.

   a. Multiply the charge for the Garagekeepers Coverage by the Age of Building relativity from the State Rate Pages.
   b. Multiply the result from "a" by the Loss History Credit described in 5.I.1.
   c. Multiply the result from "b" by the Persistency Credit relativity from the State Rate Pages.
   d. Multiply the result from "c" by the Number of Late Payments relativity from the State Rate Pages.
   e. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "d".
   f. Multiply the result from "e" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

AL. **Hired Auto and Non-Owned Auto Liability**

1. Description of Coverage

   The non-owned auto coverage provides coverage for autos that are not owned, borrowed or hired by the insured. The hired auto coverage provides coverage for autos leased, hired or borrowed by the insured. The coverage is not available to insureds that have a policy covering other commercial auto exposures. Hired Auto Liability coverage may not be purchased unless Non-Owned Auto Liability coverage is also purchased.
2. Form: M2734B (ID, OR), M2735 BC (CA), M2736BW (WA). If there is a Retail Delivery exposure such as Pizza or Restaurant Delivery use endorsement M2781B (ID, OR), M2782BW (WA), M2783BC (CA) instead of M2734B, M2735BC or M2736BW and complete form M3020B.
3. Premium Charge – Hired Auto; Non-owned Auto For Non-Delivery Exposures

   a. Multiply the charge for Hired Auto and Non-Owned Auto Liability from the State Rate Pages by the Loss History Credit described in 5.I.1.
   b. Multiply the result from "a" by the Persistency Credit relativity from the State Rate Pages.
   c. Multiply the result from "c" by the Number of Late Payments relativity from the State Rate Pages.

7. ***ENDORSEMENTS (Cont.)***

AL. **Hired Auto and Non-Owned Auto Liability (Cont.)**

3. d. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "c".

e. Multiply the result from "d" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

4. Premium Charge For Non-Owned Auto for Delivery Exposures

a. Multiply the charge from the table in the State Rate Pages below by the delivery drivers' payroll per thousand.

b. Multiply the charge for Non-Owned Auto Liability by the Loss History Credit described in 5.I.1.

c. Multiply the result from "b" by the Persistency Credit relativity from the State Rate Pages.

d. Multiply the result from "c" by the Number of Late Payments relativity from the State Rate Pages.

e. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "d".

f. Multiply the result from "e" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

AM. **Household Personal Property Coverage**

1. Description of Coverage

This endorsement is to provide coverage for the household personal property of the insured that lives at the insured location.

2. Form: M2701B

AN. **Liability for Property of Guests or Residents**

1. Description of Coverage

This endorsement is used for such risks as motels, hotels or adult foster care facilities to provide coverage for the insured's liability for safekeeping of guests or residents property.

2. Form: M2410B

3. Premium Charges – Refer to State Rate Pages

a. Multiply the charge for Liability for Property of Guests or Residents by the Loss History Credit described in 5.I.1.

b. Multiply the result from "a" by the Persistency Credit relativity from the State Rate Pages.

c. Multiply the result from "b" by the Number of Late Payments relativity from the State Rate Pages.

d. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "c".

e. Multiply the result from "d" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

7. ***ENDORSEMENTS (Cont.)***

AO. **Limitation of Coverage To Designated Premises or Project**

1. Description of Coverage

   This endorsement limits liability coverage to only those premises, operations and projects specifically designated.

2. Form: BP 04 12

AP. **Liquor Liability Coverage**

1. Description of Coverage

   The policy liquor liability exclusion is modified to apply only if the insured is liable for causing bodily injury or property damage by serving liquor while a required license is suspended or expired.

   Coverage is available for **grocery stores, fuel mart/convenience food stores, restaurants, wineries, hotels/motels, bed & breakfast, pizza delivery and delicatessens**.

   Coverage is also available for **wine shops** which have no on-premises consumption other than a tasting room.

2. Form: M2343B
3. Premium Charges
   a. Multiply the Liquor Liability rate found in the State Rate Pages by the amount of liquor receipts in thousands.
   b. Multiply the result from "a" by the Age of Building relativity from the State Rate Pages.
   c. Multiply the result from "b" by the Loss History Credit described in 5.I.1.
   d. Multiply the result from "c" by the Persistency Credit relativity from the State Rate Pages.
   e. Multiply the result from "d" by the Number of Late Payments relativity from the State Rate Pages.
   f. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "e".
   g. Multiply the result from "f" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.
   h. The final premium is the higher of $100 or the result from "f".

AQ. **Loss Payable Provisions**

1. Description of Coverage

   Provides for naming a loss payee; lenders loss payee; or a loss payee under a contract of sale.

2. Form: BP 12 03 (CA, ID, OR), BP 12 06 and M2788W (WA)

7. ***ENDORSEMENTS (Cont.)***

AR. **Mechanics Errors and Omission Coverage**

1. Description of Coverage

   This endorsement provides coverage for faulty workmanship and defective products. This coverage is only available for Auto Parts & Accessories & Tires-Retail, Garage Service Operations-Mechanical Repair, Garage Service Operations-Auto Body Repair, Quick Lube Auto Service, Convenience/Fuel Mart-With Fuel.
2. Form: M2847B
3. Premium Charges
   a. Multiply the charge for this coverage from the State Rate Pages times the number of Garage Locations
   b. Multiply the result from "a" by the Loss History Credit described in 5.I.1.
   c. Multiply the result from "b" by the Persistency Credit relativity from the State Rate Pages.
   d. Multiply the result from "c" by the Number of Late Payments relativity from the State Rate Pages.
   e. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "d".
   f. Multiply the result from "e" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

AS. **Medical Expenses – Exclusion**

1. Description

   This endorsement amends Businessowners Liability Coverage by excluding Medical Payments Coverage. This endorsement is optional at the insured's request.
2. Form: M2744B

AT. **Mini-storage Warehouse Coverage Changes**

1. Description of Coverage

   Mandatory endorsement for the Mini-storage Warehouse class excluding coverage for customers property unless coverage is purchased on endorsement M2412B.
2. Form: M2411B

7. ***ENDORSEMENTS (Cont.)***

AU. **Mini-Storage Warehouse Legal Liability**

1. Description of Coverage

   Allows for the buy-back of the legal liability coverage excluded by endorsement M2411B.

   a. Mini-storage Warehouse Customers' Property Legal Liability.
   b. Mini-storage Warehouse Sale or Disposal of Customers' Property Legal Liability.

2. Form: M2412B
3. Premium Charges
   a. Mini-storage Warehouse Customers' Property Legal Liability – Rates are shown in the State Rate Pages.
   b. Mini-storage Warehouse Sale or Disposal of Customers' Property Legal Liability – Rates are shown in the State Rate Pages.
   c. Multiply the charge for "a" and/or "b" by the Age of Building relativity from the State Rate Pages.
   d. Multiply the result from "c" by the Loss History Credit described in 5.I.1.
   e. Multiply the result from "d" by the Persistency Credit relativity from the State Rate Pages.
   f. Multiply the result from "e" by the Number of Late Payments relativity from the State Rate Pages.
   g. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "f".
   h. Multiply the result from "g" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

AV. **Motels – Liability For Guests' Property In Safe Deposit Boxes**

1. Description Of Coverage

   Motel – Liability For Guests' Property In Safe Deposit Boxes Endorsement BP 07 11 amends the Businessowners Coverage Form BP 00 03 by adding a coverage grant to cover guests' property held in a safe deposit box on the insured's premises. It should be used in conjunction with Motel Endorsement BP 07 10 (See rule 3.B.15).

   Coverage is available for Guest's Property In Safe Deposit Boxes at limits of $25,000, $50,000, $100,000 or $250,000 per occurrence.

2. Form: BP 07 11
3. Premium Determination
   a. Multiply the charge for Motel – Liability For Guests' Property In Safe Deposit Boxes by the Age of Building relativity from the State Rate Pages.
   b. Multiply the result from "a" by the Loss History Credit described in 5.I.1.
   c. Multiply the result from "b" by the Persistency Credit relativity from the State Rate Pages.
   d. Multiply the result from "c" by the Number of Late Payments relativity from the State Rate Pages.
   e. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "d".
   f. Multiply the result from "e" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

7. ***ENDORSEMENTS (Cont.)***

AW. **Ordinance or Law Coverage**

1. Description

   This endorsement provides optional Ordinance or Law Coverage. If indicated on the declarations, this endorsement may also be used to extend coverage for additional loss for the time necessary to repair or replace the damaged building to conform to current building laws or ordinances.

   a. Coverage 1

      Covers loss in value of the undamaged portion of the building due to demolition pursuant to a building ordinance or law. This is not a separate limit of insurance. Building Property Coverage under Businessowners Coverage Form is extended to include loss to the undamaged portion of the building.

   b. Coverage 2

      Demolition Cost covers the cost of demolishing and removing the debris of the undamaged portion of the building, if demolition is required by building ordinance or law. This coverage is not included in the limit of insurance applicable to the building. Enter a limit of insurance in the declarations for Coverage 2.

   c. Coverage 3

      Increased Cost of Construction covers the increased cost to repair, reconstruct, or remodel damaged or undamaged parts of the building to comply with building ordinance or law, following damage to the building by a covered cause of loss. This coverage is not included in the limit of insurance applicable to the building. Enter a limit of insurance in the declarations for Coverage 3, or a combined limit for Coverages 2 and 3.

2. Form: BP 04 46 (ID, OR, WA), M2916BC (CA)

3. Rules

   a. Coverage applies to buildings specified in the Schedule of Ordinance or Law Coverage Endorsement BP 04 46 (ID, OR, WA), M2916BC (CA)

   b. Coverages 1, 2 and 3 may be purchased under Endorsement M2916BC for:

      (1) Package 1: Coverage 1 only; or

      (2) Package 2: Coverage 3 only; or

      (3) Package 3: Coverages 1 and 2; or

      (4) Package 4: Coverages 1, 2 and 3 separately, or

      (5) Package 5: Coverage 1, with Coverages 2 and 3 combined.

   c. Indicate the applicable coverage(s) in the Schedule of BP 04 46 (ID, OR, WA), M2916BC (CA)

   d. The limit of insurance for Coverage 1 must reflect the 100% replacement cost or actual cash value of all buildings insured.

   e. If a combined limit applies over Coverages 2 and 3, do not enter separate limits of insurance for these coverages.

7. ***ENDORSEMENTS (Cont.)***

AW. **Ordinance or Law Coverage (Cont.)**

4. Premium Charges

a. Causes of Loss Other Than Earthquake

(1) Coverage 1 – Coverage for Loss In Value of The Undamaged Portion of The Building

Multiply the Building premium determined in Rule 5.F. by 1.15. The resulting premium reflects Building Coverage including Coverage 1. Therefore the surcharge for Coverage 1 is 15%.

(2) Coverage 2 – Demolition Cost Coverage

Use the Building company rate determined in Rule 5.F without surcharge. Multiply the company rate by the limit of insurance for Demolition Cost Coverage to obtain the additional premium for Coverage 2.

(3) Coverage 3 – Increased Cost of Construction Coverage

Use the Building company rate determined in Rule 5.F. without surcharge. Multiply the company rate by the limit of insurance for Increased Cost of Construction to obtain the additional premium for Coverage 3.

(4) Combined Limit for Coverages 2 and 3

If a combined limit applies to Coverages 2 and 3, multiply the Building company rate determined in Rule 5.F without surcharge by the combined limit of insurance to obtain the additional premium for Coverages 2 and 3.

b. Earthquake

Use the same procedure as in Paragraph 4.a. above, except change the factor in Paragraph 4.a.(1) to 1.85.

AX. **Outdoor Unattached Signs Coverage**

1. Description of Coverage

Additional coverage is available for outdoor signs not attached to buildings which are the property of the insured or the property of others in the care, custody and control of the insured. This optional outdoor unattached sign coverage provides a method to either schedule an amount for outdoor unattached signs or, if the policy has a cluster endorsement attached, a method to increase the limits of insurance provided in the cluster for this coverage.

Schedule the deductible amounts desired on the form listed below.

2. Form: M2340B

3. Premium Charges – Refer to State Rate Pages

a. Multiply the charge for Outdoor Unattached Signs Coverage from the State Rate Pages by the amount of insurance per $100.

b. Multiply the result from “a” by the Age of Building relativity from the State Rate Pages.

c. Multiply the result from "b" by the Loss History Credit described in 5.I.1.

d. Multiply the result from "c" by the Persistency Credit relativity from the State Rate Pages.

e. Multiply the result from "d" by the Number of Late Payments relativity from the State Rate Pages.

f. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "e".

g. Multiply the result from "f" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

7. ***ENDORSEMENTS (Cont.)***

AY. **Personal Injury Liability Exclusion**

1. Description of Coverage

   This endorsement is used to exclude coverage for Personal Injury.

2. Form: BP 04 37

AZ. **Pet Boarders and Pet Groomers Professional Liability Coverage**

1. Description of Coverage

   This endorsement is used to provide professional liability coverage for Pet Boarders and Pet Groomers.

2. Form: M2407B

3. Premium Charge

   Charge – Refer to State Rate Pages

   a. Multiply the charge for Pet Boarders and Groomers Liability by the Age of Building relativity from the State Rate Pages.

   b. Multiply the result from "a" by the Loss History Credit described in 5.I.1.

   c. Multiply the result from "b" by the Persistency Credit relativity from the State Rate Pages.

   d. Multiply the result from "c" by the Number of Late Payments relativity from the State Rate Pages.

   e. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "d".

   f. Multiply the result from "e" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

BA. **Physicians and Surgeons Equipment Coverage Form**

1. Description of Coverage

   Provides Physicians and Surgeons Equipment floater coverage.

2. Form: CM 00 01 & CM 00 26 (All States), CM 01 07 (WA)

3. Premium Charge

   Rates from the ISO Commercial Lines Manual, Division VIII, on file for the company will be used.

   a. Multiply the charge for Physicians and Surgeons Equipment by the Loss History Credit described in 5.I.1.

   b. Multiply the result from "a" by the Persistency Credit relativity from the State Rate Pages.

   c. Multiply the result from "b" by the Number of Late Payments relativity from the State Rate Pages.

   d. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "c".

   e. Multiply the result from "d" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

7. ***ENDORSEMENTS (Cont.)***

BB**. Primary and Noncontributory – Other Insurance Condition**

1. Description of Coverage

   This endorsement provides that the coverage made available to an additional insured will be provided on a primary and noncontributory basis.

2. Form: BP 14 88

3. No Premium charge

BC. **Printer's Errors and Omissions Liability**

1. Description of Coverage
2. This endorsement provides liability coverage for the insured's negligent acts, errors or omissions in providing printing services. The endorsement does not apply to any claim resulting from any publishing function. A $1,000 per occurrence deductible applies to this coverage.
3. Form: M2745B
4. Premium Charge
   a. Multiply the sales per $1,000 for the printing class by the applicable rates from the table found in the State Rate Pages for Printer's Errors and Omissions Liability.
   b. Multiply the result from "a" by the Loss History Credit described in 5.I.1.
   c. Multiply the result from "b" by the Persistency Credit relativity from the State Rate Pages.
   d. Multiply the result from "c" by the Number of Late Payments relativity from the State Rate Pages.
   e. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "d".
   f. Multiply the result from "e" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.
5. Classification of Hazard:
   a. Average Hazards are all those that are not classified as High Hazard.
   b. High Hazards are risks which have more than 10% and up to 40% of their receipts from high hazard printing activities which include:
      (1) Business forms including standard and custom contracts;
      (2) engineering and construction plans, designs, blueprints, and maps;
      (3) financial reports and corporate statements;
      (4) printing, screen printing, embossing, or engraving on customers promotional goods such as pens, notebooks, clothing, electronics, etc.; and
      (5) product warranty information and other product packaging.
   c. Ineligible risks are those that:
      (1) Have greater than 40% of their receipts from high hazard printing activities;
      (2) do publishing, broadcasting, telecasting or web casting;
      (3) provide advertising, data processing, or software services;
      (4) are internet service providers, provide internet website content, or hosting services; or
      (5) print negotiable instruments, tickets, items related to games of chance, or prizes.

7. ***ENDORSEMENTS (Cont.)***

BD. **Product Withdrawal**

1. Description of Coverage

   This endorsement provides coverage for expenses and liability associated with product recall. The product withdrawal must be initiated in the coverage territory during the policy period. The duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements. **This coverage is only available in California and Idaho.**
2. Form: M2820B
3. Premium Charges
   a. Multiply the Product Withdrawal rate found in the State Rate Pages by the amount of annual product sales in thousands.
   b. Multiply the result of "a" by the Loss History Credit described in 5.I.1.
   c. Multiply the result of "b" by the Persistency Credit relativity from the State Rate Pages.
   d. Multiply the result from "c" by the Number of Late Payments relativity from the State Rate Pages.
   e. Multiply the result of "d" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

BE. **Property Damage Deductible Liability Insurance**

1. Description of Coverage

   This endorsement applies a property damage deductible to the liability coverage. It is for use on risks which have a substantial exposure to small property damage liability claims. A deductible of $500 is mandatory on appliance dealers which have a delivery exposure.
2. Form: BP 07 04
3. Premium Charges – Refer to State Rate Pages

   This factor is to be applied to the Building rate and the Business Personal Property rate before all credits are applied.

BF. **Protective Devices or Services**

1. Description of Coverage

   Protective devices or services may be required. The policy must be endorsed to require that the Company be notified if the devices or services are discontinued or out of service.
2. Form: BP 04 30

BG. **Removal Of Insurance to Value**

1. Description of Coverage

   This endorsement deletes the applicability of the insurance-to-value requirements contained in the Loss Payment Property Loss Conditions in Section I – Property of the Businessowners Coverage form BP 00 03. If this endorsement is attached to the policy, no insurance-to-value requirements apply to the Covered Property.
2. Form: BP 04 83 (OR, WA, ID), M2785BC (CA)

7. ***ENDORSEMENTS (Cont.)***

BH. **Scheduled Personal Property Floater**

1. Description of Coverage

   This coverage may be attached to a policy that also covers Household Personal Property – See Rule 7.AM. Coverage is provided for personal property scheduled in the floater. The following type of property may be scheduled: jewelry, furs, cameras and related items, musical instruments and related items, silverware and gold ware, golf equipment, fine arts, postage stamps, coins, bicycles, guns, and sports equipment.
2. Form: HO61
3. For rates refer to the Personal Lines Inland Marine Rates and Underwriting Guide.
   a. Multiply the charge found in the Personal Lines Inland Marine Rates by the Loss History Credit as described in 5.I.1.
   b. Multiply the result from "a" by the Persistency Credit relativity from the State Rate Pages.
   c. Multiply the result from "b" by the Number of Late Payments relativity from the State Rate Pages.
   d. Multiply the result from "c" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

BI. **Small Animal Services Cluster – Grooming, Kennel, and Pet Boarders**

1. Description of Coverage

   The following group of coverages is available as a package which can be added to the policy for a flat premium charge. This endorsement is mandatory on the classes Pet Boarding (66691) and Pet Grooming (66791):

a.	Animal Care Custody or Control	$ 2,000	Per Animal
		$25,000	Annual Aggregate
b.	Animal Preservation or Disposal Expense	$ 1,000	Per Occurrence
		$25,000	Annual Aggregate
c.	Quarantine and Government Closure (Occurrence and Aggregate)	$25,000 $ 2,500	Business Income Extra Expense
d.	Recovery of Lost or Stolen Animals	$ 1,000	Per Occurrence

2. Form: M2640B (CA, ID, OR), M2645BW (WA)
3. Premium Charges – Refer to State Rate Pages
   a. Multiply the charge for the Small Animal Services Cluster by the Loss History Credit described in described in 5.I.1.
   b. Multiply the result from "a" by the Persistency Credit relativity from the State Rate Pages.
   c. Multiply the result from "b" by the Number of Late Payments relativity from the State Rate Pages.
   d. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "c".
   e. Multiply the result from "d" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

7. ***ENDORSEMENTS (Cont.)***

BJ. **Spoilage Coverage**

1. Description of Coverage

   This endorsement covers spoilage of perishable stock resulting from equipment breakdown, contamination, and/or power outage.
2. Form: BP 04 15
3. Premium Charges – Refer to the State Rate Pages
   a. Determine the classification based on the type of property or occupancy. For other types of property or occupancies, refer to the Company to be assigned a classification.
   b. Using the classification from "a", select the rate from the table in the State Rate Pages that corresponds to the coverage desired.
   c. Multiply the rate obtained in "b" by the limit of insurance per $1,000.
   d. Multiply the result from "c" by the Age of Building relativity from the State Rate Pages.
   e. Multiply the result from "d" by the Loss History Credit described in described in 5.I.1.
   f. Multiply the result from "e" by the Persistency Credit relativity from the State Rate Pages.
   g. Multiply the result from "f" by the Number of Late Payments relativity from the State Rate Pages.
   h. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "g".
   i. Multiply the result from "h" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

BK. **Sprinkler Leakage – Earthquake Extension**

1. Description of Coverage

   Earthquake Sprinkler leakage is added as a covered Cause of Loss.
2. Form: BP 10 10
3. Premium Charges
   a. Deductible:

      Apply the policy deductible.
   b. Rating:

      Multiply the 80% coinsurance Sprinkler Leakage – Earthquake Extension company rate/ISO loss cost determined in CLM Division Five – Fire and Allied Lines by a factor of 1.20 (in recognition of coverage granted for loss of income) to obtain the Businessowners Sprinkler Leakage – Earthquake Extension company rate/ISO loss cost. Multiply the result by the limit of insurance per $100 to determine the additional premium.

BL. **Stacking of Limits Endorsement**

1. Description of Coverage

   Use this endorsement when the Company issues more than one policy which have primary liability coverage to avoid pyramiding limits of liability.
2. Form: M2440

BM. **Tenant's Improvements and Betterments Included as Building**

1. Description of Coverage

   Redefines Building Property to apply to scheduled property which would otherwise be included in the description of Business Personal Property.
2. Form: M2428B

7. ***ENDORSEMENTS (Cont.)***

BN. **Terrorism**

1. Introduction

On December 26, 2007, President Bush signed into law the Terrorism Risk Insurance Program Reauthorization Act of 2007. That Act extended the Terrorism Risk Insurance Extension Act of 2005 for an additional seven years through December 31, 2014.The federal Terrorism Risk Insurance Program has been revised again and extended until December 31, 2020 by the Terrorism Risk Insurance Program Reauthorization Act of 2015.

For all new and renewal business, an insurer must make available to insureds coverage for losses caused by certified acts of terrorism. The insurer must disclose to the policyholder the premium for losses covered and the federal share of compensation for such losses under the Program at the time of offer, purchase and renewal of the policy.

2. Coverage Options

a. When coverage for certified acts of terrorism:

(1) Is to be provided, the following option is available:

(a) Provide coverage for certified acts of terrorism, excluding certified nuclear, biological, chemical or radiological acts of terrorism. Refer to the State Rate Pages for applicable endorsements and rates.

(2) Is not to be provided the following option is available:

(a) Exclude coverage for all certified acts of terrorism and exclusion of other acts of terrorism committed outside the United States. Refer to the State Rate Pages for applicable endorsements. A signed waiver must be retained.

b. Premium Determination

(1) When the coverage for acts of terrorism is to be provided develop the additional premium as follows:

(a) Sum the limits of insurance for Buildings, Business Personal Property and Tenants Improvements and Betterments.

(b) Multiply the result from "a" by the appropriate rate in the State Rate Pages table.

(c) Multiply the result from "b" by the protection class relativity from the State Rate Pages.

(d) Multiply the result from "c" by the property deductible relativity from the State Rate Pages.

(e) Multiply the result from "d" by the sprinkler factor in the State Rate Pages if the building is sprinklered.

BO. **Total Pollution Exclusion**

1. Description of Coverage

This endorsement is used with garage service risks, car washes, risks which deliver petroleum fuel and quick lubes to exclude pollution exposures.

Form: BP 04 92

BP. **Total Pollution Exclusion With A Building Heating Equipment And A Hostile Fire Exception**

1. Description of Coverage

This endorsement replaces the pollution exclusion with a total pollution exclusion. However, an exception is provided for bodily injury arising out of smoke, fumes, vapor, soot from equipment used to heat that building and liability arising out of the heat, smoke or fumes from a hostile fire. (This form applies when the BP 04 92 is not being used.)

Form: BP 04 93

7. ***ENDORSEMENTS (Cont.)***

BQ. **Utility Services – Time Element**

1. Description Of Coverage

   Time Element Coverage may be extended to cover loss at the described premises resulting from the failure of utility services located on or off-premises. The failure of utility must last at least 24 hours for coverage to apply.
2. Form: M2796B
3. Rules
   a. Use the Schedule of Utility Services – Time Element Endorsement M2796B indicate the following utility property:
      (1) Water supply,
      (2) Communication supply including or excluding overhead transmission lines, and
      (3) Power supply including or excluding overhead transmission lines.
   b. For each described premises at which coverage applies, enter a limit of insurance. This limit of insurance is the only limit of insurance applicable to coverage under Utility Services – Time Element Endorsement M2796B.
4. Premium Determination
   a. Determine the desired utility properties to be covered and add the rates from the State Rate Pages:
   b. Multiply the result from "a" by the limit of insurance per $1,000.
   c. Multiply the result from "b" by the Loss History Credit described in 5.I.1.
   d. Multiply the result from "c" by the Persistency Credit shown in the State Rate Pages.
   e. Multiply the result from "d" by the Number of Late Payments relativity from the State Rate Pages.
   f. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "e".
   g. Multiply the result from "f" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

BR. **Unexpected Wine Oxidation**

1. Description of Coverage

   This endorsement provides coverage for Unexpected Wine Oxidation. Enter the limit of insurance in the declarations.
2. Form: M2815F
3. Premium Determination
   a. Multiply the rate for Unexpected Wine Oxidation from the State Rate pages by the amount of insurance per $1,000.
   b. Multiply the result from "a" by the Loss History Credit described in 5.I.1.
   c. Multiply the result from "b" by the Persistency Credit shown in the State Rate Pages.
   d. Multiply the result from "c" by the Number of Late Payments relativity from the State Rate Pages.
   e. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "d".
   f. Multiply the result from "e" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

7. ***ENDORSEMENTS (Cont.)***

BS. **Unexpected Wine Contamination**

1. Description of Coverage

   This endorsement provides coverage for Unexpected Wine Contamination. Enter the limit of insurance in the declarations.

2. Form: M2805F

3. Premium Determination

   a. Multiply the rate for Unexpected Wine Oxidation from the State Rate Pages by the amount of insurance per $1,000.

   b. Multiply the result from "a" by the Loss History Credit described in 5.I.1.

   c. Multiply the result from "b" by the Persistency Credit shown in the State Rate Pages.

   d. Multiply the result from "c" by the Number of Late Payments relativity from the State Rate Pages.

   e. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "d".

   f. Multiply the result from "e" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

BT. **Vacancy Changes**

1. Description of Coverage

   With respect to a policy issued to the owner or general lessee of a building, the building is considered vacant unless at least 31% of its total square footage is:

   a. Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its Customary operations; and/or;

   b. Used by the building owner to conduct customary operations.

      The requirement of 31% may be reduced to a minimum of 10%.

2. Form: BP 04 86

3. Rule:

   a. There is no rate modification for this endorsement.

   b. The Vacancy Changes Endorsement BP 04 86 and the Vacancy Permit Endorsement BP 04 87 may not be written on the same property.

BU. **Vacancy Permit**

1. Description of Coverage

   Coverage during a period of vacancy may be extended by these rules beyond the limitations.

   In the property section of the Businessowners Coverage Form BP 00 03:

   a. For vandalism, sprinkler leakage, building glass breakage, water damage, and theft or attempted theft, coverage is suspended for periods of vacancy beyond 60 days.

   b. For all other causes of loss, a 15% loss payment penalty applies for periods of vacancy Beyond 60 days.

2. Form: BP 04 87

3. Rule:

   a. Limited Term

      The period of extension must not extend beyond the anniversary date of the policy.

   b. Vacancy At Inception

      Describe the property as vacant and attach Endorsement BP 04 87 effective from inception of policy.

7. ***ENDORSEMENTS (Cont.)***

BV. **Veterinarians Professional Liability Coverage**

1. Description of Coverage

   This endorsement provides professional liability coverage for Veterinarians. This endorsement also extends coverage for professional liability to Locum Tenens Veterinarians.
2. Form: M2643B
3. Premium Charges – Refer to State Rate Pages
   a. Multiply the charge for the Veterinarians Professional Liability by the Loss History Credit described in 5.I.1.
   b. Multiply the result from "a" by the Persistency Credit relativity from the State Rate Pages.
   c. Multiply the result from "b" by the Number of Late Payments relativity from the State Rate Pages.
   d. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "c".
   e. Multiply the result from "d" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.
4. This endorsement is mandatory if Veterinarian Cluster Endorsements – Small Animal or Large Animal are purchased.

BW. **Veterinarians Cluster Endorsement – Small Animal**

1. Description of Coverage

   The following group of coverages is available as a package which can be added to the policy for a flat premium charge if Veterinarians Professional Liability Coverage is purchased.

a.	Animal Care Custody and Control	$ 4,000	Per Animal
		$25,000	Annual Aggregate
b.	Animal Preservation or Disposal Expense	$ 1,000	Per Occurrence
		$25,000	Annual Aggregate
c.	Equipment and Supplies Floater	$10,000	Per Occurrence
d.	Government Closure Due to Animal Sickness		
	Business Income	$25,000	Any One Policy Period
		$25,000	Per Occurrence
	Extra Expense	$ 2,500	Any on Policy Period
		$ 2,500	Per Occurrence
e.	Recovery of Lost or Stolen Animals	$ 1,000	Any One Animal
		$ 5,000	Annual Aggregate
f.	Veterinarian Medical Board Coverage	$10,000	Per Investigation
		$30,000	Aggregate

2. Form: M2642B (CA, ID, OR), M2647BW (WA)
3. Premium Charges – Refer to State Rate Pages
   a. Multiply the charge for the Veterinarians Small Animal Cluster by the Loss History Credit described in described in 5.I.1.
   b. Multiply the result from "a" by the Persistency Credit relativity from the State Rate Pages.

7. ***ENDORSEMENTS (Cont.)***

BW. **Veterinarians Cluster Endorsement – Small Animal (Cont.)**

3. c. Multiply the result from "b" by the Number of Late Payments relativity from the State Rate Pages.

   d Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "c".

   e. Multiply the result from "d" by the Fixed Expense Credit relativity from the State Rate pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

4. Veterinarians Professional Liability Coverage is mandatory with this coverage option.

BX**. Veterinarians Cluster Endorsement – Large Animal**

1. Description of Coverage

   This coverage may also be purchased by Veterinarians who predominately work on large animals and require the higher limits provided by this endorsement.

   The following group of coverages is available as a package which can be added to the policy for a flat premium charge if Veterinarians Professional Liability Coverage is purchased.

a.	Animal Care Custody and Control	$50,000	Per Animal
		$300,000	Annual Aggregate
b.	Animal Preservation or Disposal Expense	$ 1,000	Any one Animal
		$25,000	Annual Aggregate
c.	Equipment and Supplies Floater	$25,000	Per Occurrence
d.	Government Closure Due to Animal Sickness		
	Business Income	$25,000	Any one Policy Period
		$25,000	Per Occurrence
	Extra Expense	$ 2,500	Any on Policy Period
		$ 2,500	Per Occurrence
e.	Recovery of Lost or Stolen Animals	$ 1,000	Any One Animal
		$ 5,000	Annual Aggregate
f.	Veterinarian Medical Board Coverage	$10,000	Per Investigation
		$30,000	Aggregate

2. Form: M2641B (CA, ID, OR), M2646BW (WA)
3. Premium Charges – Refer to State Rate Pages
   a. Multiply the charge for the Veterinarians Large Animal Cluster by the Loss History Credit described in described in 5.I.1.
   b. Multiply the result from "a" by the Persistency Credit relativity from the State Rate Pages.
   c. Multiply the result from "b" by the Number of Late Payments relativity from the State Rate Pages.
   d. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "c".
   e. Multiply the result from "d" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.
4. Veterinarians Professional Liability Coverage is mandatory with this coverage option.

7. ***ENDORSEMENTS (Cont.)***

BY. **Veterinarians Cluster Extension – Animals in Care Custody and Control**

1. Description of Coverage

   The annual aggregate for Animals in Care Custody and Control may be increased up to $1,000,000.

2. Form: M2823B (CA, ID, OR), M2848BW (WA)
3. Premium Charges – Refer to State Rate Pages
   a. Multiply the rate from the State Rate Pages by the limit of insurance per $1,000.
   b. Multiply the charge for Animals in Care Custody and Control by the Loss History Credit described in described in 5.I.1.
   c. Multiply the result from "b" by the Persistency Credit relativity from the State Rate Pages.
   d. Multiply the result from "c" by the Number of Late Payments relativity from the State Rate Pages.
   e. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "d".
   f. Multiply the result from "e" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

BZ. **Veterinarians Cluster Extension – Government Closure Due to Animal Sickness**

1. Description of Coverage

   The amount of insurance for Government Closure Due to Animal Sickness-Coverage A – Business Income may be increased up to $250,000; the amount of insurance for Government Closure Due to Animal Sickness – Coverage B – Extra Expense may be increased up to $25,000. Coverage B – Extra Expense may not be written without Coverage A – Business Income Coverage.

2. Form: M2825B (CA, ID, OR), M2850BW (WA)
3. Premium Charges – Refer to State Rate Pages

   Coverage A:

   a. Multiply the rate from the State Rate Pages by the limit of insurance per $1,000.
   b. Multiply the charge for Government Closure Due to Animal Sickness by the Loss History Credit described in 5.I.1.
   c. Multiply the result from "b" by the Persistency Credit relativity from the State Rate Pages.
   d. Multiply the result from "c" by the Number of Late Payments relativity from the State Rate Pages.
   e. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "d".
   f. Multiply the result from "e" by the Fixed Expense Credit relativity from the State Rate pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

   Coverage B. Repeat the above steps.

7. ***ENDORSEMENTS (Cont.)***

CA. **Veterinarians Cluster Extension – Veterinarian's Equipment**

1. Description of Coverage

   The amount of insurance that can be extended to apply to Business Personal Property under Equipment and Supplies Floater may be increased to a maximum limit of $1,000,000. The Small Animal Cluster includes a limit of $10,000; the Large Animal Cluster includes a limit of $25,000.
2. Form: M2821B (CA, ID, OR), M2849BW (WA)
3. Premium Charges – Refer to State Rate Pages
   a. Multiply the rate from the State Rate Pages by the limit of insurance per $1,000.
   b. Multiply the charge for the increased limit of Equipment by the Loss History Credit described in 5.I.1.
   c. Multiply the result from "b" by the Persistency Credit relativity from the State Rate Pages.
   d. Multiply the result from "c" by the Number of Late Payments relativity from the State Rate Pages.
   e. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "d".
   f. Multiply the result from "e" by the Fixed Expense Credit relativity from the State Rate pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

CB. **Veterinarians Consent To Settle**

1. Description of Coverage

   Provides a consent to settle provision under the Veterinarians Professional Liability Coverage.
2. Form: M2644B
3. Premium Charges
   a. Multiply the result of 7.BV.3.c. Veterinarian Professional Liability Coverage by the factor shown in the State Rate Pages.
   b. Multiply the result from "a" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

CC. **Waiver of Transfer of Rights of Recovery Against Others to Us**

1. Description of Coverage

   Provides a waiver of our right to recovery against the person or organization shown in the schedule of the endorsement.
2. Form: BP 04 97
3. Premium Charge – Refer to State Rate Pages
   a. Multiply the charge for the Waiver of Transfer of Rights by the Loss History Credit described in described in 5.I.1.
   b. Multiply the result from "a" by the Persistency Credit relativity from the State Rate Pages.
   c. Multiply the result from "b" by the Number of Late Payments relativity from the State Rate Pages.
   d. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "c".
   e. Multiply the result from "d" by the Fixed Expense Credit relativity from the State Rate Pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

7. ***ENDORSEMENTS (Cont.)***

CD. **Winery Cluster Endorsement**

1. Description

   Coverage is available for all otherwise acceptable wineries.

a.	Fire Department Service Charge	$10,000
b.	Money and Securities	$10,000 on premises
		$ 2,000 off premises
c.	Wine Leakage	$50,000
d.	Property in Transit	$10,000
e.	Accounts Receivables	$25,000
f.	Valuable Papers & Records And Electronic Media and Records	
	(1) Valuable Papers and Records	$25,000 on premises
		$ 2,500 off premises
	(2) Electronic Media and Records	$10,000 on premises
		$ 1,000 off premises
g.	Errors and Omissions in Describing a Premises or Location	
h.	Arson Reward	$ 2,500
i.	Brands and Labels	
j.	Mechanical Breakdown of Computer Equipment	$10,000
k.	Outdoor Unattached Signs	$ 5,000
l.	Display Booths and Equipment	$ 5,000

2. Form: M2378F
3. Premium Determination
   a. Multiply charge for the Winery Cluster Endorsement found in the State Rate Pages by the property deductible relativity in the State Rate Pages.
   b. Multiply the result from "a" by the Loss History Credit described in described in 5.I.1.
   c. Multiply the result from "b" by the Persistency Credit relativity from the State Rate Pages.
   d. Multiply the result from "c" by the Number of Late Payments relativity from the State Rate Pages.
   e. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "d".
   f. Multiply the result from "e" by the Fixed Expense Credit relativity from the State Rate pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

7. ***ENDORSEMENTS (Cont.)***

CE. **Winery Cluster Extension – Wine Leakage**

1. Description

   This endorsement allows additional limits of coverage for Wine Leakage.

2. Form: M2798B

3. Premium Determination

   a. Multiply the rate for the Winery Cluster Extension – Wine Leakage found in the State Rate Pages by the amount of insurance in excess of $50,000 rounded to the nearest $1,000.

   b. Multiply the result from "a" by the Loss History Credit described in described in 5.I.1.

   c. Multiply the result from "b" by the Persistency Credit relativity from the State Rate Pages.

   d. Multiply the result from "c" by the Number of Late Payments relativity from the State Rate Pages.

   e. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "d".

   f. Multiply the result from "e" by the Fixed Expense Credit relativity from the State Rate pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

CF. **Winery Special Cluster Endorsement**

1. Description

   The following coverages are combined in a single endorsement, and may be added to the Businessowners Coverage Form by endorsement.

   Coverage is available for all otherwise acceptable wineries that maintain a backup power supply that is designed to keep the air conditioning and refrigeration equipment operating sufficiently to prevent the spoilage of insured property for up to 72 hours in the event of an accident or interruption of the primary source of power. If the insured does not have sufficient backup power the Winery Cluster Endorsement, M2378F must be used instead.

a.	Fire Department Service Charge	$10,000
b.	Money and Securities	$10,000 on premises
		$ 2,000 off premises
c.	Wine Leakage	$50,000
d.	Property in Transit	$10,000
e.	Accounts Receivables	$25,000
f.	Valuable Papers & Electronic Media and Records	
	(1) Valuable Papers and Records	$25,000 on premises
		$ 2,500 off premises
	(2) Electronic Media and Records	$10,000 on premises
		$ 1,000 off premises
g.	Errors and Omissions in Describing a Premises or Location	
h.	Arson Reward	$ 2,500
i.	Brands and Labels	
j.	Mechanical Breakdown of Computer Equipment	$10,000
k.	Outdoor Unattached Signs	$ 5,000
l.	Display Booths and Equipment	$ 5,000
m.	Consequential Loss	

7. ***ENDORSEMENTS (Cont.)***

CF. **Winery Special Cluster Endorsement (Cont.)**

2. Form: M2377F
3. Premium Determination
   a. Multiply the charge for the Winery Special Cluster Endorsement found in the State Rate Pages by the property deductible relative in the State Rate Pages.
   b. Multiply the result from "a" by the Loss History Credit described in 5.I.1.
   c. Multiply the result from "b" by the Persistency Credit relativity from the State Rate Pages.
   d. Multiply the result from "c" by the Number of Late Payments relativity from the State Rate Pages.
   e. Apply any credit or debit resulting from the application of the Individual Risk Premium Modification Plan to the result from "d".
   f. Multiply the result from "e" by the Fixed Expense Credit relativity from the State Rate pages. **Note:** This step cannot be performed until premiums for all coverages have been determined except for the application of this credit.

CG. **Winery Stock Valuation Endorsement**

1. Description

   This endorsement is attached to all policies covering wineries and wine tasting rooms. It provides specific loss conditions for the valuation of Finished Stock, Irreplaceable Wines, and Stock in Process.
2. Form: M2380F
3. Premium Determination
   a. No additional premium is added.

CH. **CyberOne™ Coverage**

1. Description of Coverage (see endorsements for exact description, limitations)

   The CyberOne™ coverage is comprised of two coverage components – first party Computer Attack coverage and third party Network Security Liability coverage.

   Computer Attack Coverage consists of the following coverage components:

   - Data Restoration Costs – Coverage for the cost of a professional firm hired by the insured to replace lost or corrupted data from electronic sources.
   - System Restoration Costs – Coverage for the cost of a professional firm hired by the insured to restore its computer system to its pre-attack level of functionality by replacing or reinstalling software, removing malicious code and correcting the configuration of the insured's computer system.

   Additional coverages apply when the Computer Attack annual aggregate limit is $100,000:

   - Data Recreation Costs – Coverage for the cost of a professional firm hired by the insured to research, recreate and replace lost or corrupted data from non-electronic sources. Subject to a sublimit of $5,000.
   - Loss of Business – Coverage for business income lost by the insured and extra expenses incurred by the insured during the period of time when system and data recovery activities are taking place. Subject to a sublimit of $10,000.
   - Public Relations Services – Coverage for assistance from a professional public relations firm in communicating with outside parties concerning the Computer Attack and the insured's response. Subject to a sublimit of $5,000.

   Discovery of the attack must occur during the policy period. Coverage does not apply to breaches that occur prior to the first inception of the coverage.

7. ***ENDORSEMENTS (Cont.)***

CH. **CyberOne™ Coverage (Cont.)**

Network Security Liability Coverage provides coverage for:

- The breach of third party business information
- The unintended propagation or forwarding of malware
- The unintended abetting of a denial of service attack

There need not be a covered loss under the first party Computer Attack coverage in order for there to be a loss under the third party Network Security Liability coverage.

The Network Security Liability limit is separate from that afforded under the Computer Attack Coverage. Limits cannot be combined or stacked. Only the limit in force during the policy period when notice of the suit was first received by the insured will apply.

Receipt of notice of the suit must occur during the policy period, and the suit must arise from an event that occurs after the first inception of the coverage.

The coverage will be defense within the limits.

2. Eligibility

Insureds, except those listed below or with any invalid or unknown occupancy codes, are automatically eligible for CyberOne™ Coverage.

Ineligible classes are as follows:

Adult Business, Gambling or Gaming, Financial Institutions, Municipalities, Schools, Colleges and Universities.

3. Coverage Limits

Refer to the rate table for available limits.

4. Deductible

Refer to the rate table for available deductibles.

5. Supplemental Extended Reporting Period Elected

In the event of cancellation or nonrenewal, the Named Insured has the right, upon payment of an additional premium to buy an Extended Reporting Period Elected endorsement. This applies only to the Network Security Liability Coverage.

The additional premium for the Extended Reporting Period Elected endorsement is equal to 100% of the full annual premium applicable to the Network Security Liability coverage. For example, if the annual Network Security Liability premium for the immediately preceding policy period was $52, the additional Extended Reporting Period Elected endorsement premium is $52.

6. Rate Table

The premiums below are annual gross premiums per policy for the chosen coverage, limit and deductible option. Premiums may be pro-rated for short term policies.

These premiums are not subject to further modification by the application of any other factors.

Coverage	Annual Aggregate Limit	Deductible	Per Policy Premium
Computer Attack – Limited First Party Coverage	$50,000	$5,000	$39
Computer Attack – Full First Party Coverage	$100,000	$10,000	$113
Network Security Liability – Limited Third Party Coverage	$50,000	$5,000	$45
Network Security Liability – Full Third Party Coverage	$100,000	$10,000	$166

7. ***ENDORSEMENTS (Cont.)***

CH. **CyberOne™ Coverage (Cont.)**

7. Forms:

M2875 – Limited Coverage

M2876 – Full Coverage

M2891 – Supplemental Extended Reporting Period Endorsement

8. Minimum Premium

This coverage is not subject to a minimum premium.

9. Mid-term Coverage Request

This endorsement may be added at the anniversary of the policy or may be added mid-term. CyberOne™ Coverage deductible, limit and coverage changes may only be made upon inception or subsequent anniversary only; no mid changes allowed.

CI. **Data Compromise Coverage**

1. Description of Coverages (see endorsement for exact description, limitations)

The Data Compromise (DC) form provides coverage for specified expenses arising from a "Personal Data Compromise" involving "Personally Identifying Information" of "Affected Individuals."

"Affected Individuals" may be customers, clients, members, directors or employees of the insured entity.

Data Compromise coverage includes $50,000 of Named Malware coverage and the following additional coverage components:

- Forensic IT Review – Coverage for the cost to hire outside computer experts to determine the nature and extent of the breach.
- Legal Review – Coverage for the cost to obtain professional legal advice.
- Notification to Affected Individuals – Coverage for reimbursement of expenses associated with the notification of those whose personal information was compromised.
- Services to Affected Individuals – Coverage for the cost of providing services (Packet of informational materials, Toll-free help line, One year of credit monitoring and Identity restoration case management) to affected individuals for 12 months from the date of the notice.
- Public Relations Services – Coverage for the cost to implement public relations recommendations of a professional public relations firm. This may include advertising and special promotions designed to retain the relationship with affected individuals. Subject to a sublimit of $5,000.

The second section, Defense and Liability coverage, supplements the program by providing coverage for defense and settlement costs in the event that "affected individuals" sue the insured.

2. Eligibility

Insured entities are eligible unless they are included in the following ineligible classes: Financial Institutions, Adult Business, Gambling or Gaming, Credit Card or Financial Transaction Processing, Hospitals, Credit Reporting Agencies, Collection Agents and Information/Data Brokers.

Any new policy with a package premium over $125,000 will be referred for eligibility.

3. Coverage Limits

Data Compromise: The standard annual aggregate limits of liability are $50,000 for Response Expenses coverage and a separate $50,000 for Defense and Liability coverage.

7. ***ENDORSEMENTS (Cont.)***

CI. **Data Compromise Coverage (Cont.)**

All annual aggregate limits apply with respect to losses first discovered by the insured during any one policy year.

Increased limits of $100,000 and $250,000 are available. A questionnaire is required when limits greater than $50,000 are requested.

4. Deductible

Refer to the Data Compromise rate table for available deductibles.

5. Premium Determination

Please refer to the Data Compromise rate table. The rate table indicates the applicable premium based on limit.

6. Data Compromise Rate Table

The premiums below are annual gross premiums per policy. Premiums may be pro-rated for short term policies.

These premiums are not subject to further modification by the application of any other factors.

Annual Aggregate Limit	Deductible	Forensic IT/Legal Review Sublimit	Annual Gross Premium
$50,000	$1,000	$5,000/$5,000	$118
$100,000	$1,000	$10,000/$10,000	$229
$250,000	$1,000	$25,000/$25,000	$459

These rates include $50,000 of Named Malware and $5,000 of Public Relations Services

7. Forms:

M2872 – $50,000

M2873 – $100,000

M2874 – $250,000

8. Minimum Premium

This coverage is not subject to a minimum premium.

9. Mid-term Coverage Request

This endorsement may be added at the anniversary of the policy or may be added mid-term. Increased limits are available upon coverage inception or subsequent anniversary only; no mid-term limit changes allowed.

7. ***ENDORSEMENTS (Cont.)***

CJ. **Employment Practices Liability Insurance**

1. a. Description of Coverage (See Coverage Form for exact description, limitations)

Employment Practices Liability covers liability and defense costs from claims that allege unlawful employment practices caused by a "wrongful employment act" brought by full-time, part-time, seasonal and temporary employees, recognized volunteers, contract employees and applicants. It includes coverage for prior acts occurring before policy's inception date. See the EPL Coverage Form for the definition of "wrongful act".

Punitive damages coverage (where insurable under state law).

Coverage is provided on a claims made and reported, defense within limits, duty to defend basis.

Optional Third-party coverage for discrimination and harassment claims brought by business customers or vendors is available.

b. Two EPL programs

(1) Portfolio Program is designed to cover small business insureds. Premium will be calculated by multiplying the percentage of premium by the total Businessowners premium (Line 81).

(2) Non-Portfolio Program is for those risks that do not qualify for the Portfolio program due to employee size or risks seeking limits/deductibles other than those offered under the Portfolio program.

2. Eligibility

Individual insureds are eligible if:

a. They employ 250 full-time equivalent employees or fewer.

b. They are in any class of business except for those listed below in item 12. EPL Excluded Classes of Business.

c. They are domiciled in any state of the United States, except Louisiana.

d. They are an entity with no more than 5 employee staffed locations whether under one policy or separate policies. The 5 location restriction does not apply to habitational business.

e. They are a law firm with 100 full-time equivalent employees or less seeking Coverage Limits of $250,000 or less.

As respects the preceding rules, if a Policy that was in compliance with such rules at the time of its issuance subsequently becomes non-compliant with such rules during its term, that Policy will be covered under the Reinsurance Agreement until its expiration.

3. Coverage Limits

Annual Aggregate Limit of Liability options of $25,000, $50,000, $75,000, $100,000, $250,000, $500,000 and $1,000,000 for all loses combined, including defense costs within the limit of liability.

7. ***ENDORSEMENTS (Cont.)***

CJ. **Employment Practices Liability Insurance (Cont.)**

4. Deductible

Portfolio Coverage:

Per Claim Deductible Options of $2,500, $5,000, $10,000 and $25,000 are available.

Non-Portfolio Coverage:

*Per Claim Deductible Options of $2,500, $5,000, $10,000 and $25,000 are available.

*$2,500 Deductible Option is not available in California.

Refer to table in 7. Premium Determination below.

The following classes of business have minimum Per Claim Deductibles when the Coverage Limit is either $500,000 or $1,000,000.

- Auto-dealers/Garages/Service Stations – $25,000 Per Claim Deductible
- Hotels/Motels – $10,000 Per Claim Deductible
- Doctors' Offices/Dental Offices/Health Clinics/Medical Offices – $25,000 Per Claim Deductible
- Restaurants – $10,000 Per Claim Deductible

5. Reserved For Future Use

6. Supplemental Extended Reporting Period

In the event of cancellation or nonrenewal, the Named Insured has the right, upon payment of an additional premium of 100% of the annual expiring EPL coverage premium to buy the Supplemental Extended Reporting Period Elected endorsement which provides an extended reporting period of one (1) year following the effective date of cancellation or nonrenewal, to report claims which occurred on or after the retroactive date and on or before the date of cancellation or nonrenewal.

The additional premium for the Supplemental Extended Reporting Period endorsement will be fully earned when the endorsement takes effect. The insured must request the Supplemental Extended Reporting Period endorsement in writing and pay the additional premium due within thirty (30) days of the effective date of the cancellation or nonrenewal.

7. ***ENDORSEMENTS (Cont.)***

CJ. **Employment Practices Liability Insurance (Cont.)**

7. Premium Determination

PORTFOLIO COVERAGE (100 Full-Time Equivalent Employees or Less)

Multiply the % of Premium by the Businessowners (Line 81) premium.

This premium is not subject to further modification by the application of any other factors, including but not limited to, company deviations, IRPM factors, or expense modifications.

This premium includes full prior acts and coverage for punitive damages (where insurable by law).

EPL Pricing

Premiums shown include a 30% ceding commission.

Rounding Rule

Round to the nearest whole dollar after the application of all rating factors.

BUSINESSOWNERS

Annual Aggregate Limit of Liability	Per Claim Deductible	EPL Premium as a % of BOP "Written Premium" States Other Than VT/CA/WA	EPL Premium as a % of BOP Premium - California	EPL Premium as a % of BOP Premium - Washington
$25,000	$2,500	5.68%	Not available	5.24%
$25,000	$5,000	4.55%	10.38%	4.19%
$50,000	$2,500	6.82%	Not available	6.29%
$50,000	$5,000	5.68%	12.97%	5.24%
$75,000	$5,000	6.82%	15.57%	6.29%
$100,000	$2,500	8.72%	Not available	8.04%
$100,000	$5,000	7.58%	17.30%	6.99%
$100,000	$10,000	6.82%	15.57%	6.29%
$250,000	$2,500	10.99%	Not available	10.13%
$250,000	$5,000	9.85%	22.49%	9.08%
$250,000	$10,000	9.10%	20.76%	8.38%
$250,000	$25,000	7.96%	18.16%	7.34%

7. ***ENDORSEMENTS (Cont.)***

CJ. **Employment Practices Liability Insurance (Cont.)**

8. Minimum Premiums

The following minimum premiums apply. In the event the individual policy premium calculation results in a per policy premium less than those shown below (for the applicable Liability of Liability) then the Minimum Premium shown below shall apply.

Annual Aggregate Limit of Liability	Minimum EPL Premium Per Policy Idaho & Oregon	Minimum EPL Premium Per Policy California	Minimum EPL Premium Per Policy Washington
$25,000	$72	$179	N/A
$50,000	$72	$179	N/A
$75,000	$108	$272	N/A
$100,000	$143	$358	N/A
$250,000	$215	$536	N/A
$500,000 (referral limit only)	$550	$1,376	N/A
$1,000,000 (referral limit only)	$1,100	$2,750	N/A

9. Mid-Term Additions and Limit Increases

No midterm additions of coverage with terms of less than 6 months. Premium will be pro-rated for short term policies, subject to minimum premium. Any midterm additions or limit increase involving limits of $250,000 or greater are subject to a warranty statement of no known claims or incidents.

10. Third Party EPL Coverage

Optional coverage for allegations brought by customers, clients or vendors may be purchased for 15% additional premium.

NOTE: If the base EPL premium is subject to the minimum EPL premium, the Third Party additional percentage premium should be applied before the calculation of the EPL minimum premium.

7. ***ENDORSEMENTS (Cont.)***

CJ. **Employment Practices Liability Insurance (Cont.)**

11. Forms

M2187 Commercial Employment Practices Liability Insurance Coverage Supplemental Declarations

M2893 Employment Practices Liability Insurance Coverage Endorsement

M2894W Employment Practices Liability Insurance Coverage Endorsement – WA

M2895C Employment Practices Liability Insurance Coverage Endorsement – CA

M2896 Supplemental Extended Reporting Period Endorsement

M3029 Employment Practices Liability Insurance Supplemental Application

Attached to policies that are ineligible for Portfolio pricing but have been referred to and approved by Hartford Steam Boiler for EPL coverage under the Non-Portfolio program.

M2897B Businessowners Cluster Amendment

Add M2897B when any of the following Cluster Endorsements are attached to the policy:

- Businessowners Cluster Endorsement – M2630B
- Businessowners Special Cluster Endorsement – M2624B
- Businessowners Xtreme Cluster Endorsement – M2864B

M2898 Idaho Changes

Mandatory on all Idaho policies with Employment Practices Liability Coverage Endorsement (M2893).

12. EPL Excluded Classes of Business

Class of Business	Class Code
Employment Agencies – Office	65121
Employment Agencies – Lessors Risk Only	65198
Employment Agencies – Condominium - Office	60999
Libraries – Property Only	66309

CK. **Americans With Disabilities Act Exclusion**

1. Description of Coverage

This endorsement excludes bodily injury, property damage or personal and advertising injury arising out of any violation of the Americans with Disabilities Act of 1990.

2. Form: M2714B

CL. **Driver Exclusions**

1. Description of Coverage

This endorsement is used to exclude a specific driver. Refer to endorsement for complete details.

2. Form: M0734A (CA), OMG 566 (ID), M2308 (OR/WA)

7. ***ENDORSEMENTS (Cont.)***

CM. **Wine Stock Valuation**

1. Description of Coverage

   This endorsement provides specific loss conditions for the valuation of wine stock, wine stock of others and rare, cellared or vintage wines.

2. Form: M2905B

CN. **Condominium Association Additional Coverage Endorsement**

1. Description of Coverage

   This endorsement amends building coverage provided in the Condominium Association Coverage form to include permanently installed fixtures, improvements, alterations, and appliances that are part of the buildings, whether or not the Insured's Condominium Association Agreement requires the Insured to insure it and specifies the insurance is primary.

2. Form: M2909B

CO. **Condominium Association – Medical Expenses for Unit Owners**

1. Description of Coverage

   This endorsement is used with condominium association risks to provide medical expenses to their unit owners for bodily injury caused by an accident in any common area as defined in the Condominium Association Agreement.

2. Form: M2910B
3. Premium Determination

   Multiply the final condominium association building premium by 2%.

8. ***INDIVIDUAL RISK PREMIUM MODIFICATION PLAN***

This Section contains the Individual Risk Premium Modification (IRPM) Plan.

A. Application Of The Plan

   This Plan will be applied to all Businessowners policies which develop an annual company premium of $500 or more before application of the Plan, subject to the limitations contained in Paragraph B. The modification developed shall be applied after the application of all other rating procedures except Fixed Expense.

B. Limitations

   This Plan is to be applied to all coverages except Earthquake and Terrorism.

C. Rating Modification – Refer to the State Rate Pages.