

STATEMENT OF VALUES - BLANKET COVERAGES

AMERICAN FAMILY MUTUAL INSURANCE COMPANY

BUSINESSOWNERS

BP 86 13 08 10

Applicant or Named Insured: MEADOW COVE CONDO ASSOCIATION

Doing Business As Name (if applicable):

Insured Mailing Address: 23024 US HIGHWAY 6 UNIT 202
KEYSTONE, CO 80435-7793

Valuation Type: Replacement Cost

Effective Date: 02-21-2011

Policy Number to which Blanket coverages are to apply (N/A if new business): 05XK197301

The Statement Of Values - Blanket Coverage must be submitted for all new business, coverage changes and value changes. **Loss Payment Penalties may apply if property is not insured to at least 80% of replacement cost value at the time of loss.** Building Limit Inflation Protection Coverage and Business Personal Property Automatic Increase In Coverage will apply to each renewal.

* Blanket Coverages are only available for the following types of property: Buildings, Auxiliary Buildings/Structures, Business Personal Property, Auxiliary Buildings Business Personal Property, Signs, Fences and Antennas. Blanket Coverage applies per property type.

Specific rates apply to each item listed in this Schedule.

PREMISES NO.	1	BUILDING NO.	1
LOCATION	22 COVE BLVD DILLON, CO 80435-8424		
OCCUPANCY	CONDOMINIUM ASSOCIATION - RESIDENTIAL WITHOUT MERCANTILE		
CONSTRUCTION	FRAME		
*PROPERTY TYPE	BUSINESS PERSONAL PROPERTY		
VALUES	\$1,170		
PREMISES NO.	1	BUILDING NO.	1
LOCATION	22 COVE BLVD DILLON, CO 80435-8424		
OCCUPANCY	CONDOMINIUM ASSOCIATION - RESIDENTIAL WITHOUT MERCANTILE		
CONSTRUCTION	FRAME		
*PROPERTY TYPE	BUILDINGS		
VALUES	\$671,450		

CONTINUED ON NEXT PAGE

APPLICANT OR INSURED

All property values submitted are 100% of the replacement cost value to the best of my knowledge and American Family can rely upon my statements in providing Blanket Coverages.

Signed _____

Name _____

Title _____

Date _____

AGENT

I have explained to the insured the Loss Payment Penalties that may apply if the property is not insured to 80% of replacement cost value.

Signature _____

Name LESLIE A WIESE

Agent/District Code 167-307

Date _____

Schedule (continued)

Specific rates apply to each item listed in this Schedule.

PREMISES NO.	2	BUILDING NO.	1
LOCATION	18 COVE BLVD DILLON, CO 80435-8424		
OCCUPANCY	CONDOMINIUM ASSOCIATION - RESIDENTIAL WITHOUT MERCANTILE		
CONSTRUCTION	FRAME		
*PROPERTY TYPE	BUSINESS PERSONAL PROPERTY		
VALUES	\$1,170		
PREMISES NO.	2	BUILDING NO.	1
LOCATION	18 COVE BLVD DILLON, CO 80435-8424		
OCCUPANCY	CONDOMINIUM ASSOCIATION - RESIDENTIAL WITHOUT MERCANTILE		
CONSTRUCTION	FRAME		
*PROPERTY TYPE	BUILDINGS		
VALUES	\$671,450		
PREMISES NO.	3	BUILDING NO.	1
LOCATION	20 COVE BLVD DILLON, CO 80435-8424		
OCCUPANCY	CONDOMINIUM ASSOCIATION - RESIDENTIAL WITHOUT MERCANTILE		
CONSTRUCTION	FRAME		
*PROPERTY TYPE	BUSINESS PERSONAL PROPERTY		
VALUES	\$1,170		
PREMISES NO.	3	BUILDING NO.	1
LOCATION	20 COVE BLVD DILLON, CO 80435-8424		
OCCUPANCY	CONDOMINIUM ASSOCIATION - RESIDENTIAL WITHOUT MERCANTILE		
CONSTRUCTION	FRAME		
*PROPERTY TYPE	BUILDINGS		
VALUES	\$671,450		
PREMISES NO.	4	BUILDING NO.	1
LOCATION	16 COVE BLVD DILLON, CO 80435-8424		
OCCUPANCY	CONDOMINIUM ASSOCIATION - RESIDENTIAL WITHOUT MERCANTILE		
CONSTRUCTION	FRAME		
*PROPERTY TYPE	BUSINESS PERSONAL PROPERTY		
VALUES	\$1,170		

Schedule (continued)

Specific rates apply to each item listed in this Schedule.

PREMISES NO.	4	BUILDING NO.	1
LOCATION	16 COVE BLVD DILLON, CO 80435-8424		
OCCUPANCY	CONDOMINIUM ASSOCIATION - RESIDENTIAL WITHOUT MERCANTILE		
CONSTRUCTION	FRAME		
*PROPERTY TYPE	BUILDINGS		
VALUES	\$671,450		

PREMISES NO.	BUILDING NO.
LOCATION	

OCCUPANCY
CONSTRUCTION
*PROPERTY TYPE
VALUES

PREMISES NO.	BUILDING NO.
LOCATION	

OCCUPANCY
CONSTRUCTION
*PROPERTY TYPE
VALUES

PREMISES NO.	BUILDING NO.
LOCATION	

OCCUPANCY
CONSTRUCTION
*PROPERTY TYPE
VALUES

PREMISES NO.	BUILDING NO.
LOCATION	

OCCUPANCY
CONSTRUCTION
*PROPERTY TYPE
VALUES

AMERICAN FAMILY MUTUAL INSURANCE COMPANY

MADISON, WISCONSIN 53783-0001

BUSINESSOWNERS POLICY**DECLARATIONS****POLICY NUMBER**

05XK197301

CUSTOMER BILLING ACCOUNT

013-783-776 90

NAMED INSURED MEADOW COVE CONDO ASSOCIATION**MAILING ADDRESS** 23024 US HIGHWAY 6 UNIT 202
KEYSTONE, CO 80435-7793**POLICY PERIOD** FROM 02-21-2011 TO 02-21-2012
12:01 A.M. Standard Time at your mailing address shown above.**FORM OF BUSINESS** CORPORATION

In return for the payment of the premium, and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

SECTION I PROPERTY

COVERAGE	LIMIT OF INSURANCE	PREMIUM
OPTIONAL COVERAGE		
EMPLOYEE DISHONESTY	\$10,000	\$117.00
ADDITIONAL COVERAGE - HIGHER LIMITS		
FORGERY AND ALTERATION	\$10,000	\$29.00

COVERAGE PROVIDED. BLANKET INSURANCE AT THE FOLLOWING DESCRIBED PREMISES ONLY FOR COVERAGES FOR WHICH A LIMIT OF INSURANCE IS SHOWN UNLESS COVERAGE IS PROVIDED BY AN ENDORSEMENT.**DESCRIPTION OF PREMISES**PREMISES NO. 0001 BUILDING NO. 001
LOCATION 22 COVE BLVD
DILLON, CO 80435-8424BUILDING INTEREST LEASED TO OTHERS
PREDOMINANT OCCUPANCY CONDOMINIUM ASSOCIATION - RESIDENTIAL WITHOUT MERCANTILENUMBER OF UNITS 4
CONSTRUCTION FRAME
YEAR BUILT 1984**COMMERCIAL BUILDING CONSTRUCTION COST INDEX LEVEL** 318**DESCRIPTION OF PREMISES**PREMISES NO. 0002 BUILDING NO. 001
LOCATION 18 COVE BLVD
DILLON, CO 80435-8424BUILDING INTEREST LEASED TO OTHERS
PREDOMINANT OCCUPANCY CONDOMINIUM ASSOCIATION - RESIDENTIAL WITHOUT MERCANTILE**AGENT** 167-307

LESLIE A WIESE

PO BOX 24359

SILVERTHORNE, CO 80497-4359

PHONE

970-668-6600

PAGE 0001**BRANCH** HNC003 RENW**ENTRY DATE** 12-28-2010**BP AF 01 07 09**

INSURED

Stock No. 15141

AMERICAN FAMILY MUTUAL INSURANCE COMPANY

MADISON, WISCONSIN 53783-0001

BUSINESSOWNERS POLICY**POLICY NUMBER**

05XK197301

DECLARATIONS**CUSTOMER BILLING ACCOUNT**

013-783-776 90

NUMBER OF UNITS 6
 CONSTRUCTION FRAME
 YEAR BUILT 1984
COMMERCIAL BUILDING CONSTRUCTION COST INDEX LEVEL 318

DESCRIPTION OF PREMISES

PREMISES NO. 0003 BUILDING NO. 001
 LOCATION 20 COVE BLVD
 DILLON, CO 80435-8424

BUILDING INTEREST LEASED TO OTHERS
 PREDOMINANT OCCUPANCY CONDOMINIUM ASSOCIATION - RESIDENTIAL WITHOUT MERCANTILE

NUMBER OF UNITS 4
 CONSTRUCTION FRAME
 YEAR BUILT 1999
COMMERCIAL BUILDING CONSTRUCTION COST INDEX LEVEL 318

DESCRIPTION OF PREMISES

PREMISES NO. 0004 BUILDING NO. 001
 LOCATION 16 COVE BLVD
 DILLON, CO 80435-8424

BUILDING INTEREST LEASED TO OTHERS
 PREDOMINANT OCCUPANCY CONDOMINIUM ASSOCIATION - RESIDENTIAL WITHOUT MERCANTILE

NUMBER OF UNITS 4
 CONSTRUCTION FRAME
 YEAR BUILT 1999
COMMERCIAL BUILDING CONSTRUCTION COST INDEX LEVEL 318

CERTIFIED ACTS OF TERRORISM \$66.00

PROPERTY DEDUCTIBLE \$1,000

OTHER PROPERTY DEDUCTIBLE(S)

OPTIONAL COVERAGE/GLASS DEDUCTIBLE \$500

COVERAGE

	LIMIT OF INSURANCE	PREMIUM
BUILDING - Blanket REPLACEMENT COST	\$2,685,800	\$3,239.00
BUSINESS PERSONAL PROPERTY - Blanket REPLACEMENT COST	\$4,680	\$4.00
AUTOMATIC INCREASE IN COVERAGE	4%	

AGENT 167-307

LESLIE A WIESE

PO BOX 24359

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970-668-6600

PAGE 0002

BRANCH HNC003 RENW

ENTRY DATE 12-28-2010

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INSURED

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AMERICAN FAMILY MUTUAL INSURANCE COMPANY

MADISON, WISCONSIN 53783-0001

BUSINESSOWNERS POLICY**POLICY NUMBER**

05XK197301

DECLARATIONS**CUSTOMER BILLING ACCOUNT**

013-783-776 90

ADDITIONAL COVERAGE
BUSINESS INCOME**LIMIT OF INSURANCE**
ACTUAL LOSS SUSTAINED**PREMIUM**
INCLUDED**OTHER COVERAGES OR OPTIONS**
ORDINANCE OR LAW COVERAGE**LIMIT OF INSURANCE**
SEE BP 04 46**PREMIUM**
\$471.00

Property forms and endorsements applying to this premises and made part of this policy at time of issue:

Any endorsement followed by a state abbreviation will only apply to coverages within this state.

BP 04 46 01 06 BP 84 10 07 98 BP 84 11 07 98 BP 85 11 12 08

APPLICABLE PROPERTY ENDORSEMENT CHARGES \$5.00**TOTAL ADVANCE PROPERTY PREMIUM** \$3,931.00

Property forms and endorsements applying to all premises and made part of this policy at time of issue:

Any endorsement followed by a state abbreviation will only apply to coverages within this state.

BP 06 01 01 07 BP 83 01 07 98 BP 83 02 01 07 BP 84 04 01 07

SECTION II LIABILITY AND MEDICAL EXPENSESEach paid claim for the following coverages reduces the amount of insurance we provide during the applicable annual period. Please refer to **Section II Liability** in the BUSINESSOWNERS COVERAGE FORM and any attached endorsements.

COVERAGE	LIMIT OF INSURANCE
AGGREGATE LIMIT (OTHER THAN PRODUCTS COMPLETED OPERATONS)	\$2,000,000
PRODUCTS-COMPLETED OPERATIONS AGGREGATE LIMIT	\$2,000,000
DAMAGE TO PREMISES RENTED TO YOU	\$50,000
LIABILITY AND MEDICAL EXPENSES	\$1,000,000
PREM 0001 BLDG 001 MEDICAL EXPENSES - ANY ONE PERSON	\$5,000
PREM 0002 BLDG 001 MEDICAL EXPENSES - ANY ONE PERSON	\$5,000
PREM 0003 BLDG 001 MEDICAL EXPENSES - ANY ONE PERSON	\$5,000
PREM 0004 BLDG 001 MEDICAL EXPENSES - ANY ONE PERSON	\$5,000

LOCATION	PREMIUM BASIS	RATE	ADVANCE PREMIUM
PREMISES NO. 0001 BUILDING NO. 001	4 UNITS		\$15.00
PREMISES NO. 0002 BUILDING NO. 001	6 UNITS		\$23.00
PREMISES NO. 0003 BUILDING NO. 001	4 UNITS		\$15.00

AGENT 167-307

LESLIE A WIESE

PO BOX 24359

SILVERTHORNE, CO 80497-4359

PHONE

970-668-6600

PAGE 0003**BRANCH** HNC003 RENW**ENTRY DATE** 12-28-2010**BP AF 01 07 09**

INSURED

Stock No. 15141

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AMERICAN FAMILY MUTUAL INSURANCE COMPANY

MADISON, WISCONSIN 53783-0001

BUSINESSOWNERS POLICY

POLICY NUMBER

05XK197301

DECLARATIONS

CUSTOMER BILLING ACCOUNT

013-783-776 90

PREMISES NO. 0004 BUILDING NO. 001

4 UNITS

\$15.00

CERTIFIED ACTS OF TERRORISM

\$4.00

TOTAL ADVANCE BUSINESS LIABILITY PREMIUM

\$72.00

Liability forms and endorsements applying to all premises and made part of this policy at time of issue:

Any endorsement followed by a state abbreviation will only apply to coverages within this state.

BP 04 17 07 02	BP 04 39 07 02	BP 04 54 01 06	BP 04 93 01 06
BP 05 17 01 06	BP 05 77 01 06	BP 05 98 01 06	BP 10 05 07 02
BP 84 24 01 07	BP 85 04 07 10	BP 85 05 07 98CO	BP 85 10 07 98
BP 85 12 01 06	IL 75 26 12 05		

TOTAL ADVANCE BUSINESS PREMIUM

\$4,003.00

This premium may be subject to adjustment.

Forms and endorsements applying to property and liability at all premises and made part of this policy at time of issue:

Any endorsement followed by a state abbreviation will only apply to coverages within this state.

BP IN 01 01 06	BP 00 03 01 06	BP 01 81 07 02	BP 05 01 07 02
BP 05 15 01 08	BP 05 23 01 08	BP 05 38 06 08	BP 80 01 01 07
BP 87 01 08 10			

AUTHORIZED REPRESENTATIVE

John Samuel
President

[Signature]
Secretary

COUNTERSIGNED
LICENSED RESIDENT AGENT

AGENT 167-307
LESLIE A WIESE
PO BOX 24359
SILVERTHORNE, CO 80497-4359

PHONE
970-668-6600

PAGE 0004
BRANCH HNC003 **RENEW**
ENTRY DATE 12-28-2010

BP AF 01 07 09

INSURED

Stock No. 15141

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**EXCLUSION – LEAD LIABILITY**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following is added to Paragraph **B. Exclusions** in **Section II – Liability** with respect to Business Liability Coverage and Medical Expenses Coverage:

Lead Liability

This insurance does not apply to "Bodily injury", "property damage" or "personal and advertising injury" with respect to:

- a. Actual or alleged "bodily injury" arising out of the ingestion, inhalation or absorption of lead in any form.
- b. Actual or alleged "property damage" arising out of the presence of lead in any form. "Property damage" also includes any claim for the reduction in the value of real estate or personal property due to its contamination with lead in any form.
- c. Actual or alleged "personal and advertising injury" arising out of the presence of lead in any form.
- d. Any loss, cost or expense arising out of any request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize or in any way respond to or assess the effects of lead.
- e. Any loss, cost or expense arising out of any claim or "suit" by or on behalf of any governmental authority or any other responsible party or entity for damages resulting from testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing or in any way responding to lead or assessing the presence or effects of lead.
- f. Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with any of the above.
- g. Any obligation to share damages to repay someone in connection with any of the above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
CONDOMINIUM ASSOCIATION COVERAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

A. Paragraph A.1.a. Building in Section I – Property is replaced by the following:

a. Building, meaning the described building shown in the Declarations and defined in the Condominium Association Agreement, including:

- (1) Completed additions;
- (2) Fixtures, outside of individual units, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering that are not contained within individual units;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;
 - (b) Materials, equipment, supplies, and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure; and
- (6) Any of the following types of property contained within a unit, regardless of ownership, if your Condominium Association Agreement requires you to insure it:
 - (a) Fixtures, improvements and alterations that are a part of the building or structure; and
 - (b) Appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping.

But Building does not include personal property owned by, used by or in the care, custody or control of a unit-owner except for personal property listed in Paragraph **A.1.a.(6)** above.

B. Paragraph A.1.b. Business Personal Property in Section I – Property is replaced by the following:

b. Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following:

- (1) Personal property owned by you or owned indivisibly by all unit-owners;
- (2) Your interest in the labor, materials or services furnished or arranged by you on personal property of others;
- (3) Leased personal property which you have a contractual responsibility to insure, unless otherwise provided for under personal property of others.

Business Personal Property does not include personal property owned only by a unit-owner, unless it is in your care, custody or control as covered below.

This also includes property of others that is in your care, custody or control except as otherwise provided in Loss Payment Property Loss Condition **E.5.d.(3)(b)**.

C. The following is added to Paragraph **C. Limits of Insurance**:

6. Increased Building Limit Coverage.

We will settle covered losses to a building listed in the Declarations at replacement cost up to a maximum of 125% of the limit applying to the damaged building(s) at the time of loss subject to the following provisions:

- a.** You have notified us within 90 days of the start of any additions to or remodeling of an insured building which increases its replacement cost value by 20% or more. If you fail to notify us within 90 days, our payment will not exceed the limit applying to the building, as outlined in **E. Property Loss Conditions, 5. Loss Payment of the Businessowners Coverage Form**.
- b.** You have paid any additional premium due for the increase in value.
- c.** This provision does not apply to any auxiliary buildings/structures shown in the declaration.

The **Increased Building Limit Coverage** applies only to buildings that are repaired or replaced at the same premises after a covered loss. This coverage does not apply to buildings under construction until they are completed and occupied.

D. The following is added to the **Loss Payment Condition in Section I – Property**:

If you name an insurance trustee, we will adjust losses with you, but we will pay the insurance trustee. If we pay the trustee, the payments will satisfy your claims against us.

E. The following is added to the **Property Loss Conditions in Section I – Property**:

9. Unit-Owner's Insurance

A unit-owner may have other insurance covering the same property as this insurance. This insurance is intended to be primary, and not to contribute with such other insurance.

- F. The following is added to Paragraph C. – **Who Is An Insured** in **Section II – Liability**:
3. Each individual unit-owner of the insured condominium, but only for liability arising out of the ownership, maintenance or repair of that portion of the premises which is not reserved for that unit-owner's exclusive use or occupancy.
- G. The following is added to Paragraph K. **Transfer Of Rights Of Recovery Against Others To Us** in **Section III – Common Policy Conditions**:
3. **Waiver Of Rights Of Recovery**
We waive our rights to recover payment from any unit-owner of the condominium that is shown in the Declarations.

POLICY NUMBER: 05XK197301

BUSINESSOWNERS
BP 04 46 01 06

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
ORDINANCE OR LAW COVERAGE**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE					
Prem. No.	Bldg. No.	Coverage 1 (Check If Applies)	Coverage 2 Limit Of Insurance	Coverage 3 Limit Of Insurance	Coverages 2 And 3 Combined Limit Of Insurance*
0001	001	X			\$64,000
0002	001	X			\$64,000
0003	001	X			\$64,000
0004	001	X			\$64,000

Business Income And Extra Expense Optional Coverage Enter Yes or No: Yes No

Number Of Hours Waiting Period For Period Of Restoration Applicable To Business Income And Extra Expense Optional Coverage: 72

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

* Do **not** enter a Combined Limit of Insurance if individual Limits of Insurance are selected for Coverages 2 and 3, or if one of these Coverages is not applicable.

Section I – Property is amended as follows:

A. Each Coverage – Coverage 1, Coverage 2 and Coverage 3 – is provided under this endorsement only if that Coverage(s) is chosen by entry in the above Schedule and then only with respect to the building identified for the Coverage(s) in the Schedule.

B. Application Of Coverage(s)

The Coverage(s) provided by this endorsement apply only if both **B.1.** and **B.2.** are satisfied and are then subject to the qualifications set forth in **B.3.**

1. The ordinance or law:

- a. Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
- b. Is in force at the time of loss.

But coverage under this endorsement applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this endorsement.

2. The building sustains direct physical damage:
 - a. That is covered under this policy and such damage results in enforcement of the ordinance or law; or
 - b. That is covered under this policy and direct physical damage that is not covered under this policy, and the building damage in its entirety results in enforcement of the ordinance or law.
 - c. But if the damage is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this endorsement even if the building has also sustained covered direct physical damage.
3. In the situation described in **B.2.b.** above, we will not pay the full amount of loss otherwise payable under the terms of Coverages **1, 2** and/or **3** of this endorsement. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

(Section **H.** of this endorsement provides an example of this procedure.)

However, if the covered direct physical damage alone would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under terms of Coverages **1, 2** and/or **3** of this endorsement.

- C. We will not pay under Coverage **1, 2,** or **3** of this endorsement for:
 1. Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread of any activity of "fungi", wet or dry rot or bacteria; or
 2. The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungi", wet or dry rot or bacteria.

D. Coverage

1. Coverage 1 – Coverage For Loss To The Undamaged Portion Of The Building

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage **1** for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building. Coverage **1** is included within the Limit of Insurance shown in the Declarations as applicable to the covered building. Coverage **1** does not increase the Limit of Insurance.

2. Coverage 2 – Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

Paragraph **E.5.d. Loss Payment** Property Loss Condition does not apply to Demolition Cost Coverage.

3. Coverage 3 – Increased Cost Of Construction Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

- a. Repair or reconstruct damaged portions of that building; and/or
- b. Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

However:

- a. This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
- b. We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

Paragraph **E.5.d. Loss Payment** Property Loss Condition does not apply to the Increased Cost of Construction Coverage.

E. Loss Payment

1. All following loss payment Provisions **E.2.** through **E.5.**, are subject to the apportionment procedure set forth in Section **B.3.** of this endorsement.
2. When there is a loss in value of an undamaged portion of a building to which Coverage **1** applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:
 - a. If the property is repaired or replaced on the same or another premises, we will not pay more than the lesser of:
 - (1) The amount you actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
 - (2) The Limit of Insurance shown in the Declarations as applicable to the covered building.
 - b. If the property is **not** repaired or replaced, we will not pay more than the lesser of:
 - (1) The actual cash value of the building at the time of loss; or
 - (2) The Limit of Insurance shown in the Declarations as applicable to the covered building.
3. Unless Paragraph **E.5.** applies, loss payment under Coverage **2 – Demolition Cost Coverage** will be determined as follows:

We will not pay more than the lesser of the following:

- a. The amount you actually spend to demolish and clear the site of the described premises; or
 - b. The applicable Limit of Insurance shown for Coverage 2 in the Schedule above.
4. Unless Paragraph E.5. applies, loss payment under Coverage 3 – Increased Cost of Construction Coverage will be determined as follows:
- a. We will not pay under Coverage 3:
 - (1) Until the property is actually repaired or replaced, at the same or another premises; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage 3 is the lesser of:
 - (1) The increased cost of construction at the same premises; or
 - (2) The applicable Limit of Insurance shown for Coverage 3 in the Schedule above.
 - c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage 3 is the lesser of:
 - (1) The increased cost of construction at the new premises; or
 - (2) The applicable Limit of Insurance shown for Coverage 3 in the Schedule above.
5. If a **Combined** Limit of Insurance is shown for Coverages 2 and 3 in the Schedule above, Paragraphs E.2. and E.3. of this endorsement do not apply with respect to the Building property that is subject to the Combined Limit, and the following loss payment provisions apply instead:

The most we will pay, for the total of all covered losses for Demolition Cost and Increased Cost of Construction, is the Combined Limit of Insurance shown for Coverages 2 and 3 in the Schedule above. Subject to this Combined Limit of Insurance, the following loss payment provisions apply:

- a. For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.
- b. With respect to the Increased Cost of Construction:
 - (1) We will not pay for the increased cost of construction:
 - (a) Until the property is actually repaired or replaced, at the same or another premises; and
 - (b) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (2) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.
- (3) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

- F. The terms of this endorsement apply separately to each building to which this endorsement applies.
- G. Under this endorsement, we will not pay for loss due to any ordinance or law that:
 1. You were required to comply with before the loss, even if the building was undamaged; and
 2. You failed to comply with.
- H. Example of Proportionate Loss Payment for Ordinance or Law Coverage Losses (procedure as set forth in Section B.3. of this endorsement).

Assume:

- Wind is a Covered Cause of Loss. Flood is an excluded Cause of Loss;
- The building has a value of \$200,000;
- Total direct physical damage to building: \$100,000;
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value;
- Portion of direct physical damage that is covered (caused by wind): \$30,000;
- Portion of direct physical damage that is not covered (caused by flood): \$70,000; and
- Loss under Ordinance or Law Coverage 3 of this endorsement: \$60,000.

Step 1: Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$\$30,000 \text{ divided by } \$100,000 = .30$

Step 2: Apply that proportion to the Ordinance or Law loss.

$\$60,000 \times .30 = \$18,000$

In this example, the most we will pay under this endorsement for the Coverage 3 loss is \$18,000, subject to the applicable Limit of Insurance and any other applicable provisions.

NOTE: The same procedure applies to losses under Coverages 1 and 2 of this endorsement.

- I. If shown as applicable in the Schedule of this endorsement, the following applies:

BUSINESS INCOME AND EXTRA EXPENSE OPTIONAL COVERAGE

1. If a Covered Cause of Loss occurs to property at the premises described in the Declarations, coverage is extended to include the amount of actual and necessary loss you sustain during the increased period of suspension of your "operations" caused by or resulting from the enforcement of any ordinance or law that:
 - a. Regulates the construction or repair of any property;

- b. Requires the tearing down of parts of any property not damaged by a Covered Cause of Loss; and
- c. Is in force at the time of loss.

However, coverage is not extended under this endorsement to include loss caused by or resulting from the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

2. Paragraph **H.9. Period Of Restoration** Definition is replaced by the following:

9. "Period of Restoration" means the period of time that:

a. Begins:

- (1) 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the described premises, unless a lesser number of hours is shown in the Schedule of the endorsement; or
- (2) Immediately after the time of the direct physical loss or damage for Extra Expense Coverage caused by or resulting from any Covered Cause of Loss at the described premises; and

b. Ends on the earlier of:

- (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
- (2) The date when business is resumed at a new permanent location.

"Period of restoration" includes any increased period required to repair or reconstruct the property to comply with the minimum standards of any ordinance or law, in force at the time of loss, that regulates the construction or repair, or requires the tearing down of any property.

The expiration date of this policy will not cut short the "period of restoration".

POLICY NUMBER: 05XK197301

BUSINESSOWNERS
BP 85 11 12 08

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
BUILDING AND BUSINESS PERSONAL PROPERTY CHANGES**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE*

Premises No.	Building No.	Auxiliary Building/Structure Description	Auxiliary Building/ Structure Limit	Auxiliary Buildings Business Personal Property Limit
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* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

Section I - Property is amended as follows:

A. Paragraph A.1. Covered Property is replaced with the following:

Covered Property includes Building as described under Paragraph **a.** below, Business Personal Property as described under Paragraph **b.** below, Auxiliary Buildings/Structures as described under Paragraph **c.** below, Auxiliary Buildings Business Personal Property as described under Paragraph **d.** below, or all four, depending on whether a Limit of Insurance is shown in the Declarations for that type of property. Regardless of whether coverage is shown in the Declarations for Buildings, Business Personal Property, Auxiliary Buildings/Structures, Auxiliary Buildings Business Personal Property, or all four, there is no coverage for property described under Paragraph **A.2. Property Not Covered.**

- a.** Building, means the described building shown in the Declarations, including:
- (1) Completed additions;
 - (2) Fixtures, including outdoor fixtures;
 - (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
 - (4) Your personal property in apartments, rooms or common areas furnished by you as landlord;
 - (5) Personal property owned by you that is used to maintain or service the described building or the premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
 - (6) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the described building;
 - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the described building.
- b.** Business Personal Property located in or on the described building at the premises shown in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, including:
- (1) Property you own that is used in your business;
 - (2) Property of others that is in your care, custody or control, except as otherwise provided in Loss Payment Property Loss Condition **E.5.d.(3)(b)**;
 - (3) Tenant's improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:

- (a) Made a part of the described building you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
 - (4) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Paragraph **1.b.(2)**; and
 - (5) Exterior building glass, if you are a tenant and no Limit of Insurance is shown in the Declarations for Building property. The glass must be owned by you or in your care, custody or control.
- c.** Auxiliary Buildings/Structures, meaning the auxiliary buildings/structures described in the above Schedule located at the premises shown in the Declarations, including:
- (1) Completed additions;
 - (2) Fixtures;
 - (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
 - (4) Personal property owned by you that is used to maintain or service the auxiliary buildings/structures, including:
 - (a) Fire extinguishing equipment;
 - (b) Floor coverings; and
 - (c) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
 - (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the auxiliary buildings/structures;
 - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the auxiliary buildings/structures, used for making additions, alterations or repairs to the auxiliary buildings/structures.
- d.** Auxiliary Buildings Business Personal Property located in or on the auxiliary buildings/structures described in the above Schedule located at the premises shown in the Declarations, including:
- (1) Property you own that is used in your business;
 - (2) Property of others that is in your care, custody or control, except as otherwise provided in Loss Payment Property Loss Condition **E.5.d.(3)(b)**;
 - (3) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Paragraph **1.b.(2)**.
- B.** The following is added to **E.3.**, Property Loss Conditions – Duties In the Event of Loss or Damage:
- (10) Keep records of your property in such a way that we can accurately determine the amount of any loss.